



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 07-Nov-2020 | Report No: PIDA29981



**BASIC INFORMATION**

**A. Basic Project Data**

Country Morocco	Project ID P172809	Project Name Morocco COVID-19 Social Protection Emergency Response Project	Parent Project ID (if any)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 06-Nov-2020	Estimated Board Date 01-Dec-2020	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Kingdom of Morocco	Implementing Agency Ministry of Economy, Finance, and Administration Reform and its Directorate General of Budget	

Proposed Development Objective(s)

The objective of the Project is to mitigate the negative impacts of COVID-19 crisis by providing Emergency Cash Transfers, guaranteeing access to existing Cash Transfers and strengthening cash transfer programs to support poor and vulnerable households.

Components

- Emergency Cash Transfers in Response to COVID-19
- Cash Transfer Program for the Recovery and Protecting Human Capital
- Enhanced Cash Transfer programs for resilience
- Contingency Emergency Response

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	400.00
<b>Total Financing</b>	400.00
<b>of which IBRD/IDA</b>	400.00



<b>Financing Gap</b>	0.00
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**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	400.00
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Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

N/A

**B. Introduction and Context**

**Country Context**

1. The spread of the COVID-19 pandemic and subsequent confinement and social distancing measures have significantly altered economic activity. Since the first reported case of COVID-19 in Morocco on March 2, 2020, thousands of residents have contracted the disease, with more than 240,951 confirmed cases and 4,059 deaths thus far.<sup>1</sup> Recognizing the limitations of the health care system and the importance of acting swiftly, Morocco introduced stringent measures to reduce the spread of the virus. On March 20, 2020, the country imposed a State of Emergency that suspended public events, enforced nighttime curfews, limited movements within and across cities, closed schools and public offices, and banned international travel.

2. These necessary measures have had a direct impact on both economic activity and people’s livelihoods. Real Gross Domestic Product (GDP) is projected to contract by 6.3 percent in 2020, with a drop in the production of goods and services, a reduction in exports, disruption of global value chains, and a decline in tourism due to travel restrictions and border lockdowns. With mobility restrictions and a considerable share of economic activity stopped, either temporarily or permanently, the welfare of the poor and vulnerable have been ever more at risk of further deterioration and destitution.

3. The Government of Morocco (GoM) has taken a number of key measures to support economic recovery and partly financed by a Special Pandemic CAS-COVID-19 Fund. The GoM’s recovery strategy, spearheaded by a special Economic Watch Committee, is built on: (i) strengthening the health system and implementing an efficient test/trace/isolate strategy to contain further the spread of the virus; and (ii) supporting households and Micro, Small, Medium, Enterprises.

4. The GoM has also implemented measures to enhance digital connectivity to better monitor and optimize

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<sup>1</sup> World Health Organization Health Emergency Dashboard for COVID-19, accessed 11/06/2020 - [Link](#).



the digital networks to accommodate the traffic increase, including connectivity solutions for remote decision-making processes, free-of-charge educational platforms, and digital solutions for financial compensations of workers.

### Sectoral and Institutional Context

5. The labor market is facing a shock of historical proportion, with vulnerable workers, including those in the informal sector, being particularly affected. The pandemic is expected to have halted around 712,000 jobs in the formal sector and at least 4 million jobs in the informal sector.<sup>2</sup> This number represents 45 percent of the estimated number of the employed in the country in 2019.<sup>3</sup> Data shows that 83 percent of enterprises in the country declared total or partial shutdown during the confinement, and 15 percent remained closed after the confinement was lifted.<sup>4</sup> Consequently, poverty is anticipated to increase significantly. Data collected by the High Commission of Planning, in April 2020, showed that more than a third of households had completely lost their sources of income during the first few weeks of the pandemic. Among poor households, this share rose to 44 percent.<sup>5</sup> The World Bank estimates that poverty is expected to increase, with the share of people earning US\$5.5 a day or less increasing from an estimated 24.4 percent to 27.5 percent in 2020, slightly dropping the year after.

6. Moreover, the COVID-19 crisis and resulting school closures are expected to have long-lasting consequences on human capital. Despite the Ministry of Education's efforts of to ensure learning continuity, about half of primary and lower-secondary education students attended distance learning programs either irregularly or not at all.<sup>6</sup> Simulations estimate that this could result in significant learning losses, equivalent to 0.7 learning-adjusted years of education and a 6 percent loss in future average annual earnings.<sup>7</sup> With many schools in Morocco still operating either through distance learning or in an "in-classroom and online learning" hybrid mode, the pandemic may also lead to increased dropouts, especially for children from vulnerable households.

7. **Pre-crisis legacy.** Despite Morocco's significant spending on Social Safety Nets (SSN), equivalent to 3 percent of GDP compared to an average of 1.8 percent among other middle-income countries, half of this spending finances regressive consumer subsidies for liquified petroleum gas (LPG), sugar and flour. Only 7 percent of the LPG subsidy, for example, benefited households in the bottom quintile of consumption, while about 50 percent went to the wealthiest quartile.<sup>8</sup> At the same time, Morocco's non-contributory social

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<sup>2</sup> Based on recipients of the COVID-19 Pandemic Fund mentioned in the following section.

<sup>3</sup> Haut-Commissariat du Plan (2020). La situation du marché. é du travail en 2019. Rabat. Link [here](#)

<sup>4</sup> Haut-Commissariat du Plan (2020). Principaux résultats de l'enquête de conjoncture sur les effets du COVID-19 sur l'activité des entreprises. Rabat. Link [here](#).

<sup>5</sup> Haut-Commissariat du Plan (2020). Enquête sur l'impact du coronavirus sur la situation économique, sociale et psychologique des ménages au Maroc. Rabat. Link [here](#).

<sup>6</sup> Haut-Commissariat au Plan. 2020. Enquête sur l'impact du coronavirus sur la situation économique, sociale et psychologique des ménages. Note de synthèse des principaux résultats. [https://www.hcp.ma/Enquete-sur-l-impact-du-coronavirus-sur-la-situation-economique-sociale-et-psychologique-des-menages-Note-de-synthese\\_a2506.html](https://www.hcp.ma/Enquete-sur-l-impact-du-coronavirus-sur-la-situation-economique-sociale-et-psychologique-des-menages-Note-de-synthese_a2506.html).

<sup>7</sup> Joao Pedro Azevedo, Koen Geven, Diana Goldemberg, Amer Hasan, Syedah Aroob Iqbal (2020) "Country tool for simulating COVID-19 impacts on learning and schooling outcomes." World Bank, Washington DC (version 5)

<sup>8</sup> World Bank estimate based on ONDH 2017 household panel survey



assistance system is fragmented, with over 40 programs of little generosity and large coverage gaps, and does not have a cash transfer program that can sufficiently support its poor.<sup>9</sup>

8. **The Tayssir cash transfer program constitutes a significant share of the country's non-contributory social assistance.** The program supports poor and vulnerable families, conditional on their school-aged children attending school, to improve school enrollment and reducing dropout rates. It was first launched in 2008 and is managed by the Ministry of Education. During the 2019/20 school year, Tayssir disbursed about US\$200 million to support 2.4 million children in primary and secondary school. Yet, despite its considerable expansion in coverage, Tayssir only reaches 30-35 percent of children in the poorest quintile.

9. Recognizing the weaknesses of its safety nets, the GoM adopted a comprehensive but gradual reform program of the whole Social Protection (SP) sector, the Integrated SP Public Policy (*Politique publique intégrée de la protection sociale* – PPIPS) in November 2019. The strategy envisions gradually building and improving an integrated SP system that protects the country's citizens and residents against potential risks by: (i) harmonizing and regrouping existing SP interventions to create more efficiency and effectiveness; (ii) expanding the coverage of interventions progressively; and (iii) prioritizing and reforming contributory systems. However, the crisis illustrated that Morocco does not have the luxury of a long and gradual reform.

10. **Crisis emergency response.** Morocco's response to this unprecedented COVID-19 shock was fast, resolute, and comprehensive. For informal workers, who lack social security and are not affiliated with the *Caisse Nationale de Sécurité Sociale* (CNSS), the GoM set a specific budget line under its CAS-COVID-19 fund called Tadamon (meaning "solidarity" in Arabic) to distribute Emergency Cash Transfers (ECT).<sup>10</sup> The coverage of Tadamon was large, reaching two-thirds of households.<sup>11</sup> The first wave of the ECTs reached, in April 2020, 4.2 million heads of households. Eligible households automatically received a second wave in May 2020. Through the Grievance Redress Mechanism, 1.25 million households were added at a later date. As a result, 5.45 million households benefitted from the first and second ECT waves, of which 2.8 million were RAMEC beneficiaries, and 2.65 million were non-RAMEC recipients.<sup>12</sup>

11. **Post-crisis reforms.** On July 29, 2020, the King announced a broad set of measures to support the recovery of the Moroccan economy and the resilience of households, including a deep-reaching reform of SP.<sup>13</sup> To increase household's resilience, especially those in the informal sector, the King's Speech confirmed an important subset of reforms of the SP and health sectors, which will be deployed in two phases. The first phase, from January 2021 to December 2023, will expand and roll out mandatory health insurance and a new universal Family Allowance (FA). From 2024 to 2025, the second phase will expand the old-age pension coverage and compensation for loss of employment to those that do not already have it. Expanding the FA program means

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<sup>9</sup> SP policies comprise contributory and non-contributory programs. Social insurance is contributory and includes such programs as old-age, survivor, and disability pensions and health insurance coverage. Social assistance and SSN are non-contributory. In this report, Social Assistance and SSNs refer to conditional and unconditional CTs, food and in-kind support, and social services; social services are institutionalized (such as, shelters for orphans) or non-institutionalized (such as, productive and financial inclusion services), and are often linked to transfer programs.

<sup>10</sup> The website is: [www.tadamoncovid.ma](http://www.tadamoncovid.ma)

<sup>11</sup> In 2014, HCP estimated that Morocco had 7.3 million households, rising to 13.7 million by 2050 – meaning a rise of about 177,000 net new households per year (Haut-Commissariat au Plan. Les projections de la population et des ménages entre 2014 et 2050. Rabat. Link [here](#)).

<sup>12</sup> Haut-Commissariat au Plan. Les projections de la population et des ménages entre 2014 et 2050. Rabat. Link [here](#).

<sup>13</sup> The King's speech is linked [here](#).



reaching an additional 7 million children in Morocco, whose parents mostly work in the informal sector.

12. Enhancing and reforming the non-contributory SP system remains a priority for the country. Strengthening existing Cash Transfer programs, such as Tayssir and the gradual expansion of the FA program to families not covered by the formal social security system, is a step in the right direction, resulting in a harmonized and efficient Cash Transfer system. This is especially important as the country and the world slowly recover. It is ever more important for the resilience of poor and vulnerable households to future shocks and circumstances.

13. **World Bank support to the SP sector.** Since 2017, the World Bank has been investing in the building blocks of a modern SP system and, by so doing, supported a foundation for systemic SP reforms. The Identity and Targeting for SP Project (SP-1) (P155198) combines direct financing (of investment and Technical Assistance) and results-based disbursements to design and develop a National Population Registry (NPR) with a Unique Identifying Number; a Social Registry (SR); and a National Identity Agency (NIA). The NPR introduces biometrics for accurate and low-cost authentication of Morocco's residents.<sup>14</sup> The SR introduces a unique yet flexible entry point for Social Assistance, estimating per capita household consumption in line with global best practice. The NIA introduces a coordinating mechanism for the two registries, thus better harmonizing the Social Assistance. As of August 2020, legislation for the three components had been adopted by the Parliament, and the system integrator building the NPR had been contracted. Piloting will start in 2021.

### C. Proposed Development Objective(s)

14. Mitigate the negative impacts of COVID-19 crisis by providing Emergency Cash Transfers, guaranteeing access to existing Cash Transfers and strengthening cash transfer programs to support poor and vulnerable households.

### Key Results

### D. Project Description

15. The Project will alleviate the impact of the pandemic and ensuing economic downturn on the well-being of households and workers in Morocco, improve the capacity of the non-contributory SP system to support the poor and vulnerable population, and respond to future shocks through four main components.

16. **Component 1 - ECT in response to COVID-19 (US\$165 million)** will provide retroactive financing to some of the ECT made through the "Tadamon" program in March, April, and July 2020, to mitigate the impact of the strict confinement policy on informal workers and their families. Beyond this retroactive financing, the component will also disburse against the preparation and publication of an ex-post process evaluation report of the ECT, including results from social impact assessment, audit recommendations, and process evaluation and an action plan for improving cash transfer programs through a Performance-based Condition (PBC).



17. **Component 2 – Cash transfer program for the recovery and protecting of human capital (US\$189.25 million)** will provide financing to the Tayssir program as an effective tool to preserve income and improve school retention. It aims to ensure that vulnerable households receive the support they need to maintain their consumption and provide their children with adequate health care and basic services, and protect their food security and nutritional status, especially in rural areas. In addition, the component finances PBCs related to adjustments to Tayssir’s procedures and rules to ensure timely and continued transfers to beneficiaries in the COVID-19 crisis context, and GoM’s efforts to monitor key results from Tayssir in terms of beneficiary access to school and attendance and the delivery of the cash transfers.

18. **Component 3- Enhanced cash transfer programs for resilience (US\$45 million)** will finance existing Cash Transfer programs upon the achievement of strategic actions aligned with on-going government reforms and vision. These actions aim to lay the foundation for a modern and efficient social system that can promote the resilience of the poor and vulnerable and better respond to present and future shocks. More specifically, this component will: (i) support the design and preparation for an expanded FA program to include the children of informal sector workers; (ii) strengthen the harmonization of institutional arrangements for cash transfer programs; (iii) capitalize on progress made in the digitalization of payments for the FA and other social assistance programs; and (iv) support the preparation of the feasibility study on strengthening harmonized cash transfers, with accompanying knowledge exchanges with other countries.

19. **Component 4 - Contingency Emergency Response** will allow the GoM to request from the World Bank a rapid reallocation of project funds to respond promptly and effectively to an eligible emergency in the future.

Legal Operational Policies	
	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

**The Environmental Risk Rating is Low**

The environmental risk is assessed to be low since the project components are expected to have limited to no impact on the environment. The project will not carry out activities that will generate any adverse risks or impacts on the environment. The project will neither support the procurement of any materials or equipment nor rehabilitation or construction activities or civil works; therefore, none of the interventions under this project will result in any adverse environmental impacts.



### **Social Risk Rating is Substantial**

The Social Risk Rating of the Project is considered Substantial, given the large number of project beneficiaries, the wide spread of the project area, the potential impact of Cash Transfers on power dynamics within households and possible exploitation or abuse, and some uncertainties about the Project's social risks. There are four key risks associated with the project: (i) the risk of excluding eligible beneficiaries; (ii) the risk of including non-eligible beneficiaries; (iii) the risk of further spread and propagation of the pandemic; and (iv) the risk of insufficient or absent consultations with stakeholders. To ensure that potential exclusion errors are adequately dealt with, the Project has reliable built-in mechanisms to manage such social risks.

Cash transfer programs can also exacerbate intra-household tensions and increase the risk of Sexual Exploitation and Abuse due to changing power dynamics within the household and the potential risk of exchange of project benefits against sexual favors. The risks associated with Gender-based Violence (GBV) and Sexual Exploitation Abuse and Sexual Harassment (SEA/SH) were assessed low. They will be managed through proper targeting and by substituting in-person interactions with monetary transactions via mobile platforms.

The risk associated with exclusion on the basis of gender was also assessed and will be managed through a gender-agnostic targeting to ensure that female-headed households are adequately targeted. The project will also include assessing the outreach and grievance redress mechanisms, and social impacts will be conducted to identify lessons learned that will inform project activities under Components 2 and 3.

The Project will not support any civil works that would directly impact livelihoods through risks such as land acquisition. Finally, Labor Management Procedures and community health and safety planning will be established, most notably in cases where vulnerable households with low literacy and/or digital literacy interact with service providers.

The appropriate mitigation measures have been proposed and are included in the Environmental and Social Commitment Plan.

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**APPROVAL**

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