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Report No: PAD5005

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRAM PAPER

ON A

PROPOSED ADDITIONAL LOAN

IN THE AMOUNT OF EUR 94.70 MILLION

(US\$ 100 MILLION EQUIVALENT)

TO THE MUNICIPALITY OF CASABLANCA

WITH A GUARANTEE FROM THE KINGDOM OF MOROCCO

FOR

Casablanca Municipal Support Program-for-Results

MAY 31, 2022

Urban, Resilience And Land Global Practice

Middle East And North Africa Region

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**CURRENCY EQUIVALENTS**

(Exchange Rate Effective April 30, 2022)

Currency Unit = Moroccan Dirham (MAD)

US\$1= EUR 0.9465

US\$1 = MAD 9.9754

**FISCAL YEAR**

January 1 - December 31

**CALENDAR YEAR**

January 1 - December 31

Regional Vice President: Ferid Belhaj

Country Director: Jesko S. Hentschel

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ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
ANCFCC	National Property Registration Agency (Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie)
CAS	Special Purpose Account - Compte d'Affectation spéciale
CC	Municipality of Casablanca - Commune de Casablanca
COVID-19	Coronavirus disease 2019
CPF	Country Partnership Framework
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result
E&S	Environmental & Social
ESSA	Environmental and Social System Assessment
FSA	Fiduciary Systems Assessment
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIR-CT	Local Governments' Integrated Revenue Management System ( <i>Gestion Intégrée des Recettes des Collectivités Territoriales</i> )
GoM	Government of Morocco
GRM	Grievance Redress Mechanism
HCP	Haut-Commissariat au Plan/National Statistics Institute
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IGAT	General Inspectorate of Territorial Administration ( <i>Inspection Générale de l'Administration Territoriale</i> )
IP	Implementation Progress
IPF	Investment Project Financing
ISR	Implementation Status Report
MoU	Memorandum of Understanding
NDC	Nationally Determined Contributions
O&M	Operations and Maintenance
PAC	Municipal Action Plan ( <i>Plan d'Action Communal</i> )
PACC	Casablanca Municipal Support Program ( <i>Programme d'Appui à la Commune de Casablanca</i> )
PAP	Program Action Plan
PDGC	Greater Casablanca Development Plan ( <i>Plan de Développement du Grand Casablanca</i> )
PDO	Program Development Objective
PforR	Program for Results
PPP	Public-Private Partnership
RA	Results Area



SDL	Local joint ownership company ( <i>Société de Développement Local</i> )
TA	Technical Assessment
TCAP / PTRC	Territorial Climate Action Plan/ Plan Territorial de lutte contre le Réchauffement Climatique
WBG	World Bank Group



**BASIC INFORMATION – PARENT (Casablanca Municipal Support Program - P149995)**

Country Morocco	Product Line IBRD/IDA	Team Leader(s) Sateh Chafic El-Arnaout	
Project ID P149995	Financing Instrument Program-for-Results Financing	Does this operation have an IPF component? No	Practice Area (Lead) Urban, Resilience and Land

Implementing Agency: Casa Prestations / UNITE DE GESTION DU PROGRAMME (UGP)

Is this a regionally tagged project? No	Bank/IFC Collaboration No	
Original Approval Date 13-Dec-2017	Effectiveness Date 15-Feb-2018	Closing Date 31-Mar-2023

**Program Development Objective(s)**

The Program Development Objective (PDO) is to increase the investment capacity of the Municipality of Casablanca, improve the business environment in the Municipality of Casablanca, and enhance access to basic services in the Program Area.



Ratings (from Parent ISR)

	Implementation					Latest ISR
	24-Jun-2019	20-Dec-2019	19-Jun-2020	07-Jan-2021	13-Jul-2021	28-Jan-2022
Progress towards achievement of PDO	S	S	MS	MS	MS	MS
Overall Implementation Progress (IP)	S	S	S	S	S	MS
Overall Risk	S	S	S	S	M	M
Technical	S	S	S	S	S	S
Fiduciary Systems	S	S	S	S	S	S
E&S Systems	S	S	S	S	S	S
Disbursement Linked Indicators (DLI)	S	S	MS	MS	MS	MS
Monitoring and Evaluation	S	S	S	S	S	S




**BASIC INFORMATION – ADDITIONAL FINANCING (Casablanca Municipal Support Program – Additional Financing - P178141)**

Project ID	Project Name	Additional Financing Type
P178141	Casablanca Municipal Support Program – Additional Financing	Restructuring, Scale Up



Financing instrument	Product line	Approval Date	Will there be additional financing for the IPF component?
Program-for-Results Financing	IBRD/IDA	22-Jun-2022	No
Projected Date of Full Disbursement	Bank/IFC Collaboration		
30-Jun-2026	No		
Is this a regionally tagged project?			
No			

**Disbursement Summary (from Parent ISR)**

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD	200.00	190.71	6.56	 97 %
IDA				 %
Grants				 %

**PROGRAM FINANCING DATA – ADDITIONAL FINANCING (Casablanca Municipal Support Program – Additional Financing - P178141)****FINANCING DATA (US\$, Millions)****SUMMARY (Total Financing)**

	Current Financing	Proposed Additional Financing	Total Proposed Financing
<b>Government program Cost</b>	345.00	156.31	501.31
<b>Total Operation Cost</b>	345.00	156.31	501.31
Total Program Cost	345.00	156.31	501.31



<b>Total Financing</b>	345.00	156.31	501.31
<b>Financing Gap</b>	0	0	0

**DETAILS – Additional Financing**

<b>Counterpart Funding</b>	<b>56.31</b>
Borrower/Recipient	56.31
<b>International Bank for Reconstruction and Development (IBRD)</b>	<b>100.00</b>

**COMPLIANCE**

**Policy**

Has the parent Program been under implementation for at least 12 months?

Yes

Have the DO and IP ratings for the parent Program been rated moderately satisfactory or better for at least the last 12 months?

Yes

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

No

Does the Program require any waivers from Bank policies?

No



**INSTITUTIONAL DATA****Practice Area (Lead)**

Urban, Resilience and Land

**Contributing Practice Areas**Finance, Competitiveness and Innovation  
Governance**Climate Change and Disaster Screening**

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

**TASK TEAM****Bank Staff**

Name	Role	Specialization	Unit
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Khalid Anouar	Environmental Specialist (ADM Responsible)	Environmental Risk Management	SMNEN
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Lamia Zaki	Team Member	Urban development	SMNUR
Mohammed Bennani	Procurement Team	procurement	EMNRU
Soukaina Bachar	Team Member	program assistant	MNCMA
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<b>Extended Team</b>			
Name	Title	Organization	Location



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## I. INTRODUCTION

**1. This Program Paper seeks the approval of the Board of Executive Directors for an Additional Financing (AF) through a loan from the International Bank for Reconstruction and Development (IBRD) in the amount of US\$100 million equivalent for the Casablanca Municipal Support Program (P149995).**

The parent Program-for-Results (PforR) was approved on December 13, 2017, became effective in February 2018, for a loan amount of US\$200 million and is currently set to close on March 31, 2023<sup>1</sup>. Overall, the Program has disbursed approximately US\$190.71 million as of May 2022, which is about 96.7 percent of the loan amount. Progress towards achieving the Program Development Objective (PDO) and overall Implementation Progress (IP) is, for both rated as “Moderately Satisfactory” (MS); with the IP rating downgraded for the first time to MS at the last Implementation Status and Results Report due to some implementation delays explained by the municipal elections held in September 2021 and the subsequent transition of the municipal administration following the elections. The proposed AF aims to: (i) scale up the development impact of a satisfactorily performing Program, (ii) accelerate the post COVID-19 pandemic recovery in the Municipality of Casablanca (Commune de Casablanca - CC), while (iii) ensuring the sustainability, resilience, and inclusiveness of the city’s development model.

**2. The proposed AF both deepens and broadens the parent PDO.** Leveraging on the parent operation achievements, the AF deepens the emphasis on fiscal sustainability and social inclusion, especially considering the impacts of the pandemic on municipal revenues enhancement efforts. In parallel, the AF broadens the parent Program PDO to introduce an additional focus on the city’s action to combat climate change effects. This new focus on climate change is complementing and strengthening the parent operation PDO, as some of the proposed climate proof actions will contribute to: (i) expenditures savings (e.g., through increased use of treated reused water), and (ii) through targeted adaptation investments targeting, namely disadvantaged neighborhoods. The Program boundaries and expenditure framework will be expanded to reflect the new focus on climate. The Program institutional arrangements will also be adjusted to reflect this. The Program’s geographic boundaries remain unchanged.

**3. The proposed AF will be complemented by the restructuring of the parent Program.** This includes changes in selected Disbursement Linked Indicators (DLI) (DLI#1, DLI#2 DLI#4 and DLI#5) and the extension of the original loan’s closing date by 39 months to June 30, 2026, to align it with the proposed AF closing date.

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<sup>1</sup> The initial closing date, set at September 30, 2022, was extended by six months through a Program restructuring, to take into account the initial impact of the COVID-19 pandemic on Program implementation.



## II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

### A. Background and context

#### Country context

**4. Over the past two decades, Moroccan cities have been an engine of economic growth for the country. However, they also face persistent socio-economic challenges.** Urbanization continues to transform Moroccan society and its economy. Today, more than 60 percent of Moroccans reside in urban areas, compared to only 30 percent in the 1970s. By 2050, over 73.6 percent of the population will be urban<sup>2</sup>. Cities, especially large urban agglomerations, have become important drivers of the Moroccan economy, contributing to around 75 percent of the national Gross Domestic Product (GDP), 70 percent of investments, and 60 percent of total employment<sup>3</sup> at the national level. However, Moroccan cities are still characterized by significant disparities with important pockets of poverty absorbing rural poverty (14.5 percent compared to 4.8 percent in urban areas), namely through rural-urban migration.<sup>4</sup> As part of the ongoing regionalization process, municipalities are at the heart of the urban development dynamic. They play, under Organic Law 113-14, an important role in promoting the enabling environment for increased competitiveness and productivity, benefitting from increasing autonomy. This role has been reaffirmed in the recent “New Development Model”, NMD (2022-2035), a strategic vision document prepared under the leadership of King Mohamed VI.

**5. Moroccan municipalities were severely impacted by the COVID-19 pandemic. However, early signs of recovery are showing in 2021, calling for targeted efforts to accelerate the pace of recovery.** The pandemic has negatively impacted the country’s macroeconomic situation and has considerably curtailed economic growth. At the subnational level, overall municipal finances suffered from the “scissor effect” marked by a decrease in revenues (14 percent<sup>5</sup> on average - see Figure 1 below) and a sizable increase in expenditures related to health, sanitation, and waste collection. However, preliminary signs of recovery are showing. Municipal revenues increased by 12.9 percent in 2021 after dropping by 14 percent in 2020<sup>6</sup>. This encouraging performance is a key factor behind the AF as it aims to build on the reform momentum established under the parent Program and to further strengthen both revenue and expenditure management efforts at the local level. This is particularly relevant, as shocks are emerging at the macroeconomic level, given the international context, and which are likely to impact the municipal level.

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<sup>2</sup> Leveraging urbanization to promote a new growth model while reducing territorial disparities in Morocco, The World Bank, 2018.

<sup>3</sup> Ibid.

<sup>4</sup> The World Bank, 2019. Leveraging Urbanization to Promote a New Growth Model While Reducing Territorial Disparities in Morocco. Urban and Regional Development Policy Note.

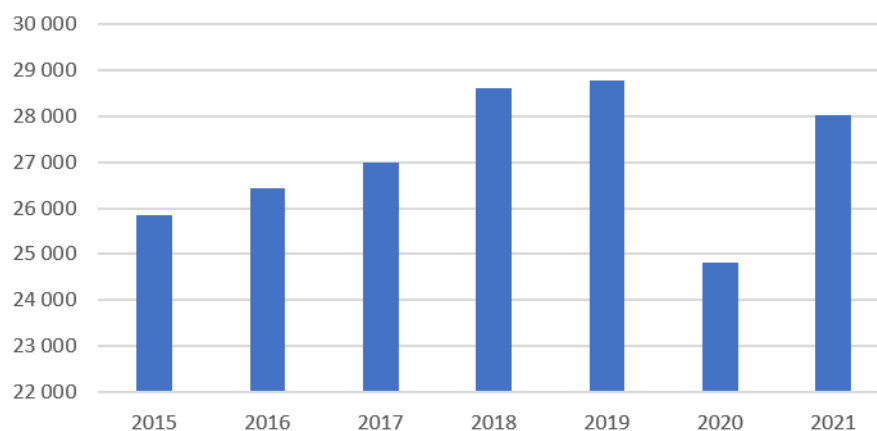
<sup>5</sup> Monthly local finances reporting, TGR (2019,2020).

<sup>6</sup> Source: National treasury, Monthly reportings on local finances



**6. Moroccan cities, considered as climate change hotspots, are also expected to further strengthen their climate action to enhance the sustainability and the resilience of their growth path.** Morocco has demonstrated a strong leadership on the climate change agenda. Despite being considered as a low contributor to Greenhouse Gas (GHG) emissions<sup>7</sup>, Morocco has developed a strategic vision and an operational framework to fulfil its climate commitments. At the national level, a strategy for sustainable development and a national climate action plan were developed which were later materialized in an action plan to achieve the Nationally Determined Contributions (NDCs). Acknowledging that Moroccan cities are at risk of climate related hazards, the government has launched the preparation of Territorial Climate Action Plans (TCAP) at the regional level. Also, sector focused efforts have been made by large municipalities to promote low-carbon investments, namely in urban mobility. However, most Moroccan cities still require the mobilization of the appropriate expertise to develop collaborative and integrated climate action plans.

Figure 1 – Overall municipal revenue trends between 2015 and 2021 (in millions MAD)<sup>8</sup>



### Sectoral & Institutional Context

**7. Casablanca, the country’s economic capital and largest city, embodies both the opportunities and the challenges of Morocco’s urbanization.** The region of Casablanca-Settat is a key engine for economic growth in Morocco and has contributed to 22.6 percent of the national GDP in 2019<sup>9</sup>. However, Casablanca is marked by persisting social inequalities and inadequate access to quality of infrastructure and services in some of its neighborhoods. The city also displays persistent poverty pockets as described in the parent Program. The municipality faces significant financial challenges limiting its ability to carry-

<sup>7</sup> Morocco’s total emissions represented in 2018, 0.2 percent of global emissions.

<sup>8</sup> Source: Monthly reports on local finances (between December 2015 and December 2021), Morocco’s National treasury

<sup>9</sup> Source: HCP, 2019 regional GDP accounts.



out meaningful local investments and to effectively deliver municipal services. During the period between 2015 and 2021, the municipality's average annual capital expenditure was only MAD 761 million (US\$ 76 million) while its average annual current expenditure was MAD 2.9 billion (US\$ 290 million). Capital expenditures mostly consist in transfers to Local Joint Ownership companies (Société de développement local – SDL), for new investments in transit infrastructure, street upgrading, etc., and municipal debt capital repayment, but do not allow answering the city's needs for investment in new infrastructure as well as maintenance and rehabilitation of its existing infrastructure.

**8. After being impacted by the COVID-19 crisis, the municipality shows signs of recovery, but its financial situation remains constrained.** In 2021, the Municipality's net savings represented only 3 percent of its current revenues and its debt-to-gross-savings ratio was around 12. This ratio is higher than the reference level of 7 or 8, but its level is due more to limited revenues in 2021 than the level of debt. Between 2015 and 2021, the growth of municipal revenues has been limited and uneven. The municipalities revenues have increased by 18.6 percent, equivalent to an annual average increase of 2.9 percent. This evolution results from different trajectories of the main elements of municipal revenues: (i) a gradual reduction transferred, (ii) a significant increase in the revenues from taxes administered by the State, (iii) a limited increase of taxes administered directly by the municipality. The Municipality's revenues reached their maximum in 2018. After a relatively limited decrease in 2020, Municipal revenues have recovered in 2021 to a level close to their peak of 2018<sup>10</sup>.

**9. Currently, the municipality of Casablanca benefits from considerable levers and a favorable enabling environment for increasing its own-source revenues.** The potential for developing the municipality's financial resources is major. Studies carried out indicate that own-source revenues collected by the municipality of Casablanca can increase by threefold if the appropriate actions are leveraged<sup>11</sup>. Several levers can contribute to the above and these are listed below:

- **Taxes managed by the central state:** These account for 67 percent of municipal revenues and their management benefits from the structural changes introduced under the new law on local taxation (07-20) currently being operationalized. The greater focus by the national treasury (TGR) on both the tax on municipal services, the housing tax, and the national tax administration's (DGI) emphasis on the business tax are expected to introduce greater efficiency in the management of taxes administered by the state. This shift in selected local taxes management is supported under the Morocco Public Sector Performance Program - Ennajaa (P169330) with associated results in terms of local taxes improvement expected through central tax administrations contribution. The establishment of the addressing system, supported under the Parent Program (DLR 2.3), to become operational by end of 2022, will also benefit the proper management of these taxes. The synergy between the Bank's AF and Ennajaa Program will inevitably contribute to marked improvements in the collection of taxes managed by the state (see Box 1 below).

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<sup>10</sup> Source : World bank calculations based on the CC's financial statements analysis between 2015 and 2021.

<sup>11</sup> Source : Casablanca's fiscal potential study, Charles Riley consultants et Philippe Laurent consultants, 2009



- **Taxes managed by the municipality:** These consist of the tax on undeveloped urban land -TNB -, taxes on beverage licenses, on construction operations, etc.). They represent 10 percent of current municipal revenues and are expected to increase following the operationalization of the Local Governments' Integrated Revenue Management System (GIR-CT) developed as part of the parent operation but also remaining tools to be operationalized, including Casa Mawarid (DLR 2.6), the update of these taxes census (DLR 2.8).
- **Occupancy fees for public land:** Revenues from such fees are expected to increase (*currently 9 percent of municipal revenues*) due to better management and monitoring by the municipality. An effective engagement by the municipal administrative police (PAC), responsible for monitoring compliance with municipal regulations, coupled with increased coordination between the PAC and the municipality's financial services, should lead to a significant increase of these resources.
- **Revenues generated from municipal real estate assets:** While revenues generated from municipal real estate assets account for 1 percent of the municipality's current revenues, they offer promising potential for improvement<sup>12</sup>. This is possible following the completion of the related asset inventory carried-out under the parent operation.

**10. Financial simulations carried-out on Casablanca's municipal finances show that the pace of increase in municipal revenues is the determining factor and key driver for the Municipality's medium term financial sustainability and enhanced investment capacity.** Several simulations were carried out by the World Bank with assumptions of annual growth in current revenues and expenditures over the period 2022-2028. The reference scenario assumes an average annual increase of current expenditure of 3 percent, significantly above the average annual increase of 1.7 percent over the 2015-2021 period and taking into account the medium-term outlook for the main expenditure categories consisting in salaries and payments to operators of public services. In this reference scenario, an average annual increase in current revenues of 6 percent would allow the municipality to repay its debt, including the proposed new loan, but would not leave additional resources for the Municipality to invest. With an average increase in current revenues of 10 percent, the Municipality would rapidly restore its financial sustainability with a debt-to-gross-savings ratio of 6.5 in 2024, considering the proposed new loan. It would also rapidly restore its investment capacity with cumulated net savings of MAD 4.2 billion (US\$ 420 million) over the 2022-2028 period. A sustained inflation scenario was examined, in which expenditures on salaries continue increasing by 3 percent while all other expenditures increase by 5 percent every year. In this scenario, a 10 percent annual increase in revenues would still lead to a rapid return to a debt-to-gross revenues ratio of 4.8 in 2025, and cumulated net savings of MAD 3.3 billion (US\$ 336 million) over the 2022-2028 period.

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<sup>12</sup> This only includes revenues collected through rental. Overall revenues related to municipal assets including taxation and paid services are about 10 percent of the overall municipal revenues.





**11. The AF has also a limited impact on the municipality's debt sustainability.** The debt-to-gross-savings ratio stands at 3 in 2025 without the loan and at 4.3 and with the AF. The AF also marginally affects the Municipality's annual net savings since these amounts to MAD 3.5 billion without the loan and MAD 3.2 billion, including the loan.

*Box 1: Synergies with Ennajaa Program*

*The ENNAJAA Program for Results (P169330), signed in November 2021, reflects the strong commitment of the Ministry of Finance (MoF) to the development of municipal finances in Morocco. It aims to achieve the following that will strongly contribute to the achievement of Casablanca's revenue development objectives:*

- The operationalization of Law 07 20 that entrusts, on one hand, the management of the tax on communal services and the housing tax to the General Treasury while on the other, the management of the professional tax to the General Tax Directorate (DLI 6.4 forecasts that this reform will be operational in the country's 100 largest communes by 2023 and the country's 400 largest communes by 2025).*
- The deployment of the GIR CT system, developed by the Kingdom's General Treasury, with effective interfaces with local systems (DLI 6.2 with 2023 as the target).*
- The operationalization of the electronic declaration and payment of communal taxes (DLI 6.3 with a target of 2024).*

*The Ennajaa Program would capture as part of its PDO, the municipal revenue enhancement with a target of +8 percent expected in the 4 coming years in selected municipalities.*

**12. Casablanca is also impacted by climate change, jeopardizing the sustainability of its growth path.** The city of Casablanca is vulnerable to extreme weather events, including floods, heatwaves, and droughts, all of which are expected to worsen in the upcoming decades, as well as geological hazards such as earthquakes, coastal erosion, and tsunamis. In addition, Casablanca's coastal zone is highly vulnerable to incremental sea level rise, further exacerbated by storm surges. In the Casablanca-Settat region, average annual temperatures have increased from 1.0 to more than 1.8°C and precipitation has experienced up to 30 percent decline between 1960 and 2005. The drought hazard has intensified rural to urban migration in the region increasing urbanization and adding further pressure and water resources mobilization. On the other hand, the region is marked by limited green spaces with the average ratio being less than 1 square meter per inhabitant. This is far from the international standards of 10 to 12 square meters per inhabitant as a minimum threshold set by the World Health Organization (WHO). Additionally, total GHG emissions in the Casablanca - Settat region are expected to increase by 44 percent between 2016 and 2030 (from 35,890 Gg. eq CO<sub>2</sub> in 2016, to 40,837 Gg. eq CO<sub>2</sub> by 2020 and 51,607 Gg.eqCO<sub>2</sub> by 2030). Acknowledging the above challenges, the region has developed a Territorial Climate Action Plans (TCAP) at the regional level. However, the TCAP needs to be articulated at the city level as several mitigation measures fall within the mandate of municipalities, namely in areas related to urban transport, streetlighting, solid waste management etc.



### Government program

**13. Government program.** In 2014, the Government of Morocco (GoM) launched the Greater Casablanca Development Plan (Plan de Développement du Grand Casablanca, PDGC-2015-2020), to unlock a sustainable and inclusive growth dynamic in the Greater Casablanca<sup>13</sup>. With a budget of US\$3.5 billion (MAD 33.6 billion), the PDGC sets up a program of investments and integrated strategic reforms that aim to: (i) enhance the city's competitiveness and attractiveness for investors, but also (ii) improve the city's livability with better living conditions, especially in disadvantaged areas<sup>14</sup>. Additionally, sustainable development is a key pillar under the Government program since 2014, justifying the additional focus on climate change introduced under the AF. Several activities contributing to climate resilience have been initiated since 2014 under the PDGC.

**14. The PGDC gave a central role to the CC to implement a series of reforms and investments, supported through the parent operation.** Interventions under the PDGC were formalized within specific contractual frameworks (Memorandums of Understanding - MoUs) between the CC and a series of implementing agencies. The parent Program is supporting the implementation of a set of those MoUs (including with Casa Aménagement for street upgrading; Lydec for water and sanitation connections of households in under-equipped neighborhoods; Casa Patrimoine for the management of municipal real estate assets) and the PDGC continues to enjoy great leadership at both local and central level.

**15. The newly elected municipal council reiterated its commitment to the strategic orientations set under the PDGC and its intent to incorporate the reforms pursued into the updated municipal action plan, PAC (2023-2028), due in October 2022.** Following municipal elections in September 2021, the newly elected mayor confirmed the council's strong political will to enhance municipal revenues as a key lever for improved municipal service delivery. In addition, gender concerns and climate action are at the core of the anticipated PAC. Contractual frameworks between the CC and its SDLs are in place or being prepared to materialize the ambitions and priorities set, considered as part of the Government program. The AF would support a set of these MoUs<sup>15</sup>.

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<sup>13</sup> The region of the Greater Casablanca included the Municipality of Casablanca as well as the provinces of Mohamedia, Mediouna, Nouaceur. The region was previously one of the 16 administrative regions of Morocco. It was enlarged to include additional provinces in the 2015 administrative reorganization with a newly created region called Casablanca-Settat.

<sup>14</sup> the PDGC sets up a program of investments and integrated strategic reforms for the Greater Casablanca region around four pillars : (i) improving living conditions, especially in the most vulnerable communities, through the upgrading and extension of access to basic services; (ii) enhancing urban and regional mobility, through the development of public transport and the rehabilitation of key urban roads and associated infrastructure; (iii) promoting the economic competitiveness of the Greater Casablanca; and (iv) Developing the city's attractiveness through investments to improve urban safety, cultural and sports infrastructure, as well as green spaces.

<sup>15</sup> MoUs included as part of the AF are already in place or expected to be signed prior to the AF effectiveness date.



Parent Program performance

**16. Parent operation.** The proposed AF in the amount of US\$100 million will support the ongoing Casablanca Municipal Support Program-for-Results (PACC), a US\$200 million subnational loan approved in December 2017. The Program Development Objectives (PDO) of the parent operation consists of increasing the investment capacity and improving the business environment in the Municipality of Casablanca, as well as enhancing the access to basic services of a select number of underserved neighborhoods located in the Program Area. The PACC was restructured in early 2021 to take into consideration the impact of the Covid-19 pandemic and the closing date was extended to March 31, 2023.

**17. Over its implementation period, the parent Program has shown a satisfactory performance with tangible results, despite external factors impacting the IP over the past 2 years.** Progress was made under all PDO indicators, thanks to substantial results achieved under the Program’s 3 results areas. Progress toward PDO achievement is rated moderately satisfactory since 2020 and IP is rated moderately satisfactory since January 2022. As highlighted in the Program datasheet above, all other Program performance ratings have been rated satisfactory since effectiveness, except for the one related to DLIs given the delays incurred under DLI#4. Key results to date are presented in table 1 below. Additionally, as of March 2022, the cumulative loan disbursement reached US\$190.71 million (i.e., 96.72 percent of the loan amount, including the 25 percent advance). The Covid-19 pandemic and the associated lockdown severely impacted the CC’s own source revenues (DLI#1) and delayed the execution of works pertaining to provision of access to basic services (DLI#4) and street upgrading (DLI#5). This was proactively handled through the restructuring of the Program in April 2021. Additionally, the 2021 municipal elections led to a political transition delaying decision making, resulting in the downgrading of the IP performance. The newly elected municipal council and its administration have been quickly catching up to bridge the delays incurred<sup>16</sup>.

*Table 1: Key indicators and related results of parent operation*

Indicator	Status	Details
<b>RA1: Increasing the investment capacity of the Municipality of Casablanca</b>		
PDO-1/DLI-1: Percentage Increase in Municipal Revenues excluding transfers from a baseline of 0 percent in CY 2015	Achieved	Municipal own-source revenues increased by 22.76 percent between 2015- 2018. To take into consideration the covid-19 pandemic impact on the CC’s revenues, the indicator’s final target was restructured and capped at the 2019 achievement. Additionally, in 2021, the municipal own-source revenues showed a 30 percent increase compared to the 2015 baseline (out of the 40 percent initial target), despite of the

<sup>16</sup> For instance, a verification protocol mission took place on March covering DLI 4 and DLI 5 additional achievements, showing good progress on those indicators. Additionally, a new Managing Director has been appointed at Casa Mawarid, relaunching its operationalization process.



		Pandemic.
DLI-2: Modernization of the CC revenue management systems	Partially achieved	Several results have already been achieved: inventory of taxpayers and tax items (DLRs 2.1 and 2.2) and inventory and valuation of the municipal real estate assets (DLR 2.5). Additional results are expected by the end of this calendar year, including the set-up of a street addressing system (DLR 2.3, on track), the development of Local Government’s integrated information system (GIR-CT) (DLR 2.4, on track). The creation of an <i>SDL</i> in charge municipal revenue management, named Casa Mawarid (DLR 2.6) and related DLRs 2.7 and 2.8 are delayed and will be extended under the AF.
PDO-2/DLI 3: Private capital mobilized for investments through new or additional value of Public-Private Partnership (PPP) contracts	Achieved	MAD 940 million (US\$ 98.6 million) was mobilized in private capital through the signing of a municipal waste collection PPP contract (exceeding MAD 900 million final target).
<b>RA2: Improving the urban environment and access to basic services in the Program Area</b>		
PDO-3/DLI 4: Households in disadvantaged neighborhoods provided with improved access to basic services (at least one of the following: water supply, sanitation, or electricity)	Partially achieved, to be revised	Delays were experienced in the provision of basic services in the targeted neighborhoods during the pandemic. Additionally, changes in the type of works to provide selected disadvantaged neighborhoods with access to essential services are impacting the eligibility of some investments <sup>17</sup> . To date, 5,884 households in disadvantaged neighborhoods were connected, and about 8,000 households are expected to be connected by Parent Program closing date. The final target for this DLI will be capped at the expected results by end of 2022.
DLI 5: Number of kilometers of comprehensive street upgrading	Partially achieved, on track	99.71 km of roads were upgraded, and on track for achieving the target value of 116 km by end of 2022.
<b>RA3: Improving the business environment in the Municipality of Casablanca</b>		
DLI 6: Simplification and digitalization of administrative transactions for the issuance of: (i)	Achieved	Rokhas IT system is fully operational, which has allowed to significantly reduce the number of days to issue building permits and business licenses (captured under PDO indicator 4).

<sup>17</sup> Civil works to provide households in selected neighborhoods (Bouskoura) with access to water and sanitation require additional off-site works that have not been initially envisaged at the concept stage. In fact, the local authorities included these neighborhoods in new areas open to urbanization, within a regional Sanitation Master Plan (schéma directeur d’assainissement) that requires off-site works. In-site connections financed under the Program, would need to await the completion of these off-site works. Additionally, these changes might induce adverse social and environmental impacts for program beneficiaries. All other eligible neighborhoods have already been provided with access to water and sanitation. It is considered to cap the end target for this DLI to exclude those investments.



authorizations related to urban planning, and (ii) business licenses.		.
PDO-4: Reduction in the average number of days required for the issuance of a building permit at the Municipality’s one-stop-shop.	Partially achieved, on track	The number of days to issue these permits and licenses were reduced significantly from 72 to 39 days (target result of 30 days) through the operationalization of two IT platforms (DLI 6).

**18. The Program Action Plan (PAP) implementation has seen satisfactory progress to date;** of its twelve planned actions, eight have been completed, the remaining four actions are currently in progress, including: (i) one<sup>18</sup> originally included under the PAP that has been included through restructuring as a DLR in the Program results framework under DLI#2, and (ii) two<sup>19</sup> that are being considered as new results under the AF.

**19. Several lessons learned are emerging from the parent Program implementation.** First, the Program’s institutional set up was a key success factor that facilitated Program implementation. Anchoring the Program around the PDGC, helped build momentum around the reforms supported through the PACC with a collaborative approach at the local level. Additionally, setting the Program Management Unit (PMU) at Casa Prestation ensured smooth collaboration and close follow up on Program implementation. Furthermore, the Program served as a reference and experimentation platform to encourage reforms at the municipal level in the rest of Morocco (see box below).

**B. Rationale for the Additional Financing**

**20. The proposed AF aims to consolidate the reforms initiated under the Parent Program and to accelerate the city’s post pandemic recovery.** Building on both the achievements and tools developed under the parent Program as well as the reform momentum established, an additional financing to the PACC would pursue the path of strengthening the CC’s financial and institutional situation. The enhancement of the city’s investment capacity remains at the core of the AF through diligent and responsible revenue and expenditure management, as well as enhanced private sector participation in local public service delivery. The importance of pursuing those efforts is relevant given the impact of the COVID-19 pandemic on municipal revenues as well as the nascent recovery path that needs to be accelerated through targeted and selected efforts. Additionally, the current international context, affecting the macroeconomic situation, calls for a redoubling of efforts.

**21. The proposed AF would support CC in pivoting towards a resilient, sustainable, and inclusive urban growth trajectory.** The AF will support the CC in undertaking priority interventions that would enhance city’s resilience to climate hazard related risks and contribute to long-term emission reduction targets. In addition, the AF will also support the city in enhancing the resource efficiency of its service delivery systems – more specifically on water and energy consumption to pivot towards more sustainable and efficient ways of delivering services to an expanding urban population. In addition, ensuring increased

<sup>18</sup> “Definition of an adequate organization of the services responsible for the administration of taxes and other revenues”

<sup>19</sup> “Credit Rating of the Municipality of Casablanca” and operationalization of the internal audit function at the municipal level.



social inclusion and gender equity remains a paramount objective under the AF operation. Overall, the AF will build upon the successful results achieved in the parent Program, consolidate/deepen the critical institutional and service delivery reforms, and mainstream climate action focusing on critical priorities at the municipal level – this will enable the program to present a model in which climate action can be integrated as part of a wider reform-oriented service delivery approach.

**22. Support to Casablanca remains a national priority, given its transformative impact at country level as well as its strong replicability potential.** The AF would reinforce Casablanca’s economic role and also serve as a ‘model’ that informs and influences the actions undertaken by other municipalities in Morocco as well as cities in the Middle East and North Africa region for enhancing service performance, quality, resilience and governance. Box 2 shows the strong replicability potential of reforms carried out in Casablanca as it illustrates how pilot initiatives supported through the parent Program are being scaled-up namely through the Municipal Performance Program (P168147), co-financed by IBRD and the French Development Agency (AFD).

*Box 2: Building on the replicability potential of Casablanca, the case of the Municipal Performance Program*

**Key initiatives piloted under the Casablanca Municipal Support Program are being replicated at the national level.** The PACC supported the development of several reforms to improve: (i) the city’s investment capacity through enhanced own source revenue mobilization, as well as (ii) the access to quality local services, namely through a more transparent and inclusive access to municipal services. To this end, the city ramped up its digitalization efforts and several platforms have or are being operationalized, namely to : (i) improve municipal resource management (integrated information system for revenue administration called GIR-CT, Single addressing system, inventory and valuation of municipal real estate assets...), and (ii) enhance administrative procedures efficiency, improving the city’s attractiveness for investors (information system for the issuance of building permits and commercial authorizations called Rokhas). These pilots are being deployed in a large set of urban cities covering about half of the Moroccan population, through a national level Program, the Municipal Performance Program – MPP (P168147), launched by the Ministry of Interior in April 2020. Furthermore, Rokhas platform and GIR-CT have been deployed at the level of all Moroccan local governments (i.e., all municipalities, provinces and wilayas). In addition, the focus on financial sustainability initiated under the PACC informed the MPP performance framework design, which includes several indicators pertaining to financial planning, budgeting, as well as indicators monitoring municipal own source revenues enhancement.

**23. Since the current PDO remains relevant and given that most of the Program results areas will be scaled up, an Additional Financing is the preferred modality.** The parent Program’s PDO remains valid and will only be expanded to include emerging challenges related to climate change. The AF will also slightly expand the Program boundaries and the Program Expenditure Framework, in line with the initial government program objectives, as mentioned in section III. Finally, the AF will draw upon slightly adjusted implementation arrangements.



### C. Alignment with objectives of CPF

**24. The proposed AF is in line with the Kingdom of Morocco Country Partnership Framework (CPF) with the World Bank Group (WBG) for FY2019-2024 (Report No. 131039-MA) that was discussed by the Board of Executive Directors on February 19, 2019.** CPF Focus Area 3 aims at Promoting Inclusive and Resilient Territorial Development, including through improving performance of key infrastructure delivery services of cities and agglomerations (objective 8) and enhancing adaptation to climate change and resilience to natural disasters (objective 10). Through the proposed AF, the Bank will continue to support the CC in enhancing the quality of local service delivery, through strengthened financial and institutional capacity as well as targeted interventions to improve the city’s livability and attractiveness. Additionally, in alignment with the MNA Strategy and the Sustainable Development Strategy, the proposed AF would support the CC in its green, resilient, and inclusive growth trajectory, namely through strengthened climate action both in terms of adaptation and mitigation.

## III. PROPOSED CHANGES

**25. The proposed AF of US\$100 million will both deepen and broaden reform efforts under the first and second results areas of the parent operation with a closing date of June 30, 2026.**

### A. Program Boundaries

**26. The Program boundaries will be slightly expanded within the PDGC’s framework, while reflecting priorities to be embedded in the new PAC.** The AF boundaries are defined as following:

- ***Activities:*** The AF would finance activities to deepen and broaden the engagement under the 2 first RAs identified under the PACC as part of the Government program. The activities to be financed through the AF include: (i) technical assistance, studies, and information technology (IT) systems to support the financial and institutional strengthening of the CC, as well as (ii) investments to improve the urban environment and resilience to climate change in the Program Area. These activities are part of the enlarged Government program considered under the AF, including the PDGC as well as emerging priorities to be integrated under the broader municipal action plan.
- ***Duration:*** the AF will extend Program implementation to June 30, 2026, aligning with the still ongoing PDGC commitments and the PAC to be developed for the period of 2023-2028.
- ***Program area:*** the AF retains the same geographic boundaries as the Parent Program<sup>20</sup>.
- ***Results:*** The AF would keep the focus on the 2 first results areas identified under the PACC (increasing municipal investment capacity and improving the urban environment and access to

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<sup>20</sup> The Program area includes the Municipality of Casablanca, as well as the neighboring provinces of Mohammedia, Nouaceur, and Mediouna.



basic services), while reflecting priorities to be embedded in the new PAC, considered as part of the Government program.

**B. Changes to PDO and Results Chain**

**27. The parent operation PDO will be expanded to include an additional focus on the city’s adaptation and mitigation efforts to combat climate change.** The AF would deepen the efforts under the financial capacity and social inclusion pillars of the AF while broadening the PDO to include an additional focus on climate change. The revised PDO would be: *“to increase the investment capacity of the Municipality of Casablanca, improve the business environment in the city, strengthen the city’s climate resilience and enhance access to basic services in the Program Area”*. The AF’s results chain is presented below.

**28. Changes to the results framework.** All PDO Indicators under the Parent Program remain relevant and will be retained under the AF. A new PDO indicator reflecting the focus on climate change will be added. Table 2 summarizes the proposed changes. Additional changes will be introduced to intermediate results indicators to align with the changes in DLIs, as reflected in the section covering the detailed results framework.

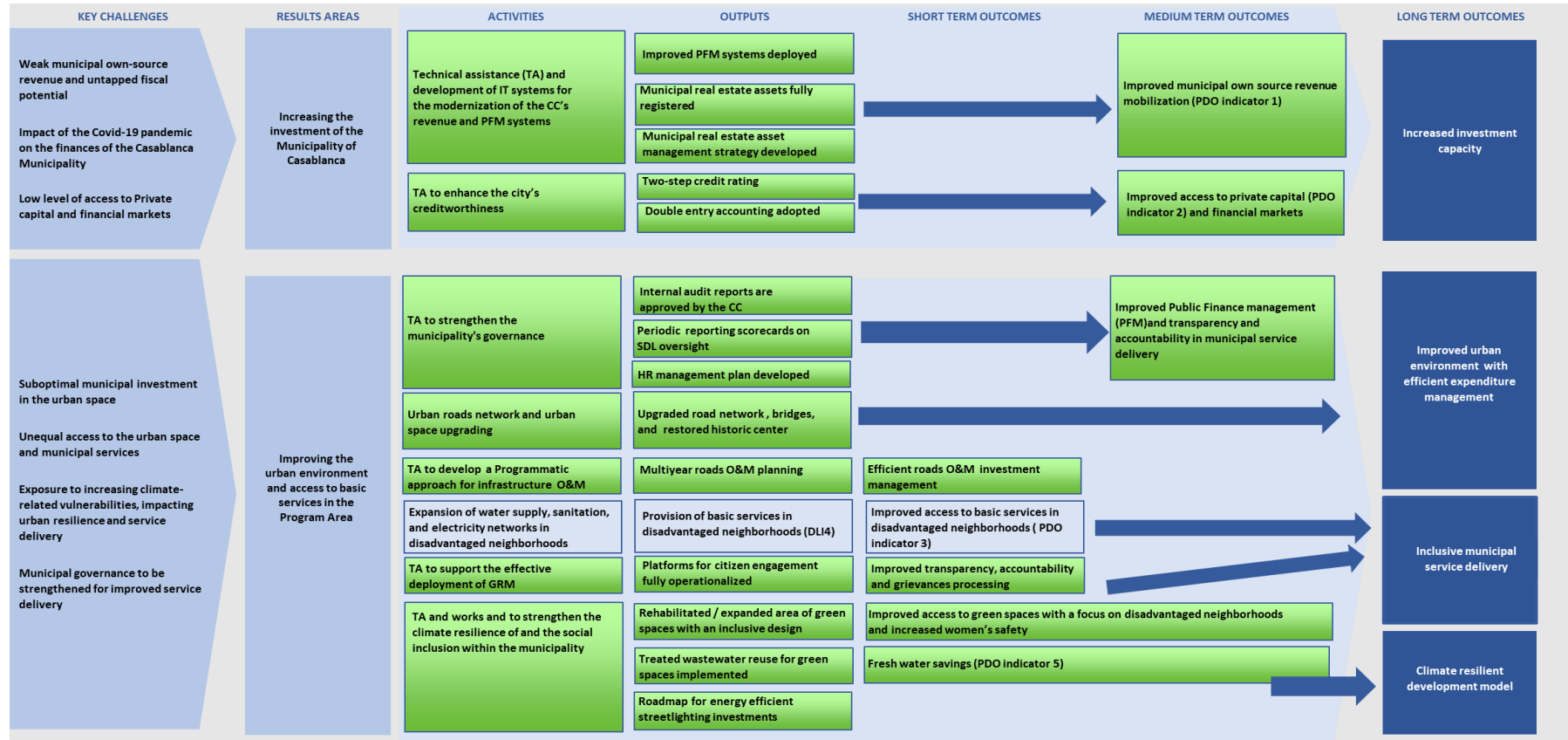
*Table 2. Summary of the change and/or expansion to PDO*

Indicator	Status	Expansion/revision in AF
PDO Indicator 1: Percentage increase in municipal revenues, excluding transfers from a baseline of 0 percent in CY 2015.	<b>Achieved</b>	Expanded scope and duration to align with DLI 1 new targets
PDO Indicator 2: Private capital mobilized for investments through new or additional value of PPP contracts, from a baseline of 0.	<b>Achieved</b>	No additional target
PDO Indicator 3: Households in disadvantaged neighborhoods provided with improved access to basic services (at least one of the following: water supply, sanitation, or electricity), from a baseline of 0.	<b>Partially Achieved</b>	To be capped to align with the parent Program restructuring (see proposed changes under DLI 4)
PDO Indicator 4: Reduction in the average number of days required for the issuance of a building permit at the Municipality’s one-stop-shop.	<b>Partially Achieved on track</b>	No additional target
PDO indicator 5: Daily savings in freshwater use resulting from the treated reused wastewater system set up.	<b>N/A</b>	New indicator





Figure 2: Program results chain reflecting the AF contribution to the PDO achievement as well as longer term government program goals



Legend:

- Additional financing
- Parent Program



**C. Program Financing and Program Expenditure Framework**

**29. The proposed Additional Financing consists of US\$ 100 million of IBRD financing, complemented by a government contribution of US\$ 56.31 million.** It will thus scale up the overall program volume from US\$ 345 million to US\$ 501.31 million.

*Table 3: Program Financing (in US\$ million)*

Financing Source	Original Program	AF Program	Total
BORROWER/RECIPIENT	145	56.31	201.31
IBRD/IDA	200	100	300
OTHER	-	-	-
<b>TOTAL</b>	<b>345</b>	<b>156.31</b>	<b>501.31</b>

**30. Expenditure Framework.** The Program expenditure framework is expanded to align behind the anticipated CC’s Municipal Action Plan. AF-related expenditures will be incurred by the following agencies:

*Table 4: AF Program Expenditure Framework*

Implementing agency	Activity	Allocated envelope (in MAD)	Allocated envelope (in USD)
Casa Patrimoine	Technical assistance for improved Municipal asset management	46,000,000.00	4,684,317.72
	Rehabilitation works	280,000,000.00	28,513,238.29
Casa Baia	Green spaces rehabilitation and management	240,000,000.00	24,439,918.53
	Water reuse investment programs	189,000,000.00	19,246,435.85
Casa Aménagement	Rehabilitation and upgrading for roads network	721,000,000.00	73,421,588.61
Casa Prestation	IT systems for improved digitalization	59,000,000.00	6,008,146.64
<b>Total</b>		<b>1,535,000,000.00</b>	<b>156,313,645.64</b>

**31.** An interim financial reconciliation has been carried out. Further analysis is included in Annex 2.

*Table 5: Program Expenditure Framework – Interim financial reconciliation*

Implementing agency	Expenditures to date in MAD	Expenditures to date in US\$
Casa Prestations	7,170,000.00	717,717.72
Casa Patrimoine	3,548,680.00	355,223.22
Casa Aménagement	858,402,598.90	85,926,186.08
Casa Transport	559,103,589.96	55,966,325.32
Lydec	187,929,164.00	18,811,728.13
<b>Total</b>	<b>1,616,154,032.86</b>	<b>161,777,180.47</b>



#### D. Revised Disbursement Linked Indicators (DLIs)

**32. The AF covers the 2 first results areas, contributing to achieving the expanded PDO.** The specific changes introduced to each DLI are presented below and are also summarized in annex 6. Additionally, the Program results chain in figure 2 shows how the proposed changes in DLIs contribute to achieving the Program expanded PDO.

**33. DLI#1, “Percentage Increase in municipal revenues, excluding transfers from a baseline of 0 percent in CY 2015”, will be reformulated and expanded in scale and duration.** DLI#1 will be expanded under the AF given the pivotal role revenue enhancement plays in improving both the municipality’s debt sustainability and investment capacity. The DLI will be reformulated as follows: *“Percentage increase in municipal revenues, excluding transfers”*. On top of the results already achieved (under DLR 1), an additional result (DLR 1.1) will be introduced, with a target of 46 percent increase in municipal revenues excluding transfers with a new a baseline of 0 percent in CY 2021<sup>21</sup>. This target builds on an in-depth analysis of the CC’s financials (between 2015 and 2021), the projected trajectories to achieving fiscal sustainability, along with revenue enhancement options discussed with the counterparts. The adoption by the Municipality of a revenue mobilization action plan is a condition for disbursement under DLI.1. Additionally, the CC’s commitment to ensure the effective implementation of this action plan and set up the associated implementation arrangements was included as a legal covenant in the Loan Agreement.

**34. DLI#2 – “Modernization of the CC’s revenue management systems”.** The DLI will be extended in both scope and duration with the following changes:

- *DLR 2.6: The operationalization of the Local Joint Ownership (Société de Développement Local), Casablanca Mawarid*<sup>22</sup>. This DLR will be extended in duration. It is expected that the SDL’s prerogatives will be refined in CY2022, and a first action plan will be approved by its board in CY2023.
- *DLR 2.7: The regular update of the action plan to improve the CC’s revenue.* This DLR will be reformulated as follows to reflect the objective of monitoring the implementation of the newly developed revenue mobilization action plan throughout the AF timeframe: *“Monitoring of the implementation of the Revenue Mobilization Action Plan to improve the CC’s revenue with at least nine quarterly meetings held”*. The associated verification protocol will be updated in the POM to reflect the proposed changes.
- *DLR 2.8: The update of the inventory of taxpayers and tax bases relating to the taxes on unbuilt land* This DLR will be extended in duration given the delays in the operationalization of Casa Mawarid.
- *A new DLR will be introduced (DLR 2.9)* related to the operationalization of a new module on financial reporting under GIR-CT (GIR-CT Reporting) to monitor the municipality’s own-source revenues (expected to be achieved by end of CY2023).

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<sup>21</sup> This target represents an annual increase of 10 percent on average over the period of 2022 to 2025. The new DLR target also represents a 90 percent increase compared to a baseline of 0% in 2015 (PDO indicator 1).

<sup>22</sup> Aimed at strengthening the revenue management tools of the CC, improving the means for collecting local taxes and broadening their base.



**35. DLI#3 – “Private capital mobilized for investments through new or additional value of PPP contract”, has been achieved and will not be expanded.** The DLI has been met in 2019 through the mobilization of private capital for the financing and management of municipal services through the signing of a PPP contract for waste collection valued at MAD 940 million. The AF would focus on providing the enabling environment to improve the CC’s access to financial markets through DLI#12.

**36. DLI#4 – “Households in disadvantaged neighborhoods provided with improved access to basic services” is partially achieved and will be restructured to cap the end target, given the emerging changes in the implementation of part of the investments.** By end of 2022, around 8,000 households (out of the 10,000 initially targeted) would benefit from improved access to water and sanitation in the areas originally targeted by the program upgrading disadvantaged neighborhoods in the Greater Casablanca (Convention de Restructuration des Quartiers sous équipés, RQSE). However, similar investments targeting additional 4,000 households in selected neighborhoods of Bouskoura are subject to significant implementation delays and potential adverse social and environmental impacts<sup>23</sup>. As a result, those investments are excluded<sup>24</sup> from the Parent Program and the undisbursed amount would be allocated to new DLIs under the AF.

**37. DLI# 5 – “Number of kilometers of comprehensive street upgrading” is on track to be achieved. This DLI will be expanded and reformulated as follows:** “Number of kilometers of comprehensive street upgrading completed and number of facades restored from a baseline of 0”. The initial target under the parent operation (DLR 5) will be increased, and a new result related to the rehabilitation/restoration of the front façades of key historical and architectural city landmarks (DLR 5.1) will be added. The following changes will be introduced to the DLIs matrix:

- *DLR 5: Cumulative, number of kilometers of comprehensive street upgrading completed (works to include at least three (3) of the following elements: (i) roadway, (ii) sidewalk or pedestrian path, (iii) road drainage systems, (iv) road markings and signs, (v) street lighting, (vi) urban furniture, and (vii) landscape), as described in the POM.* This DLR will include 3 sub-results reflecting: (i) the results already achieved (DLR 5 (a)), the pending results under the parent operation (DLR 5 (b)) and the additional results expected under the AF (DLR (c)). The final target of is increased from 116 to 125 km rehabilitated.
- *DLR 5.1: number of facades restored* with a final target of 150.

**38. DLI# 6 – Simplification and digitalization of administrative transactions for the issuance of: (i) authorizations related to urban planning, and (ii) business licenses, is achieved and will not be scaled up.** The related DLRs were achieved and disbursed in 2019.

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<sup>23</sup> Additional results can be achieved within the timeframe of the AF based on connections to be completed in the area of Bouskoura. However, this area was included by the local authorities in the Sanitation Master Plan (schéma directeur d’assainissement) with off-site infrastructure needed to connect some of the large areas under urbanization in this neighborhood to water and sanitation. This change in the technical design implies mobilizing additional resources for: (i) the off-site works, estimated around 121 million MAD, to be financed through the Fonds de Travaux, (ii) land acquisition for the off-site infrastructure and (iii) onsite connections estimated at 168 million MAD. The team has also identified a risk of resettlement of part of Program beneficiaries to be targeted in this area.

<sup>24</sup> Additional investments excluded will be directly financed by the Borrower.



**39. New DLI (DLI# 7) – Improving the CC’s real estate asset management.** A comprehensive inventory and valuation of municipal real-estate assets was carried out under the Parent Program (DLR#2.5). These are currently estimated at more than US\$ 7 billion (75 billion MAD) with revenues representing only around 1 percent of municipal revenues. The AF will build on the above and will develop an asset management strategy and an associated action plan aimed at: (i) prioritizing the actions to enhance revenues related to real-estate municipal assets management, (ii) optimizing the Operations and Maintenance (O&M) costs related to these assets (through exploring energy efficiency aspects as part of municipal assets’ O&M). Furthermore, one third of municipal real-estate assets need to secure proper registration, to yield the expected benefits. As such, the proposed new DLI will include the following DLRs:

- DLR 7.1: A municipal real-state asset management strategy and an associated action plan have been adopted. The above will also include, as per a new PAP action, a methodology to identify, avoid and mitigate adverse impacts on low-income and vulnerable businesses and households.
- DLR 7.2: 100 percent of municipal real estate assets have been registered within the National Property Registration Agency (*Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie – ANCFCC*). It is expected that by end of CY2025, all real estate municipal assets will be properly registered<sup>25</sup> (out of a baseline of 69 percent).

**40. New DLI (DLI# 8) – Strengthening the sustainability of key municipal infrastructure through evidence-based O&M and targeted rehabilitation.** The additional financing would focus on promoting value-for-money through evidence-based maintenance of the municipal road network. This DLI would include the following DLRs:

- DLR 8.1: An annual road maintenance plan has been adopted as set forth in the POM. A new action will be introduced in the PAP related to the carrying out of a diagnostic of the existing road network to inform the road maintenance plan.
- DLR 8.2: Number of bridges in a critical condition rehabilitated from a baseline of 0 to 32.

**41. New DLI (DLI# 9) – Strengthening Casablanca’s climate action.** The AF will support the reduction of the city’s energy bill related to streetlighting through the preparation of an action plan of investments to enhance the streetlighting energy efficiency. Also, the AF would support the CC in tackling water scarcity through integrated program of reuse of treated wastewater for irrigating green spaces. This pilot initiative would potentially be scaled up to other green spaces managed by the municipality. Finally, the AF would support the upgrading and extension of green spaces, enhancing women’s access and use of green spaces. The AF would ensure that the design process is inclusive and participatory. This DLI would include the following DLRs:

- DLR 9.1: A roadmap of investments to enhance energy efficiency in the streetlighting sector has been adopted by the CC. This result is expected to be achieved during CY2023.
- DLR 9.2: Green spaces are watered through treated reused water mechanisms, from a baseline of 0 to 204. This result is expected to be achieved during CY2024.

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<sup>25</sup> Assets to be included under this DLR are assets that were subject to a successful demarcation process without opposition.



- DLR 9.3: Area of selected green spaces upgraded or created with an inclusive design<sup>26</sup>, as set forth in the POM, with a baseline of 0 and a target of 40 Ha.

The Program would also support the development by the CC of a climate action plan and its financing strategy.

**42. New DLI (DLI# 10) – Strengthening the CC’s governance to improve revenue and expenditure management.** To this end, this DLI would include the following DLRs:

- DLR 10.1: Two internal audit reports have been approved by the CC. This action initially included in the PAP has been one of the recommendations formulated following the Public Expenditure and Financial Accountability (PEFA) assessment performed in Casablanca in 2016.
- DLR 10.2.: Nine quarterly reporting scorecards on SDL oversight completed. This DLR would help reinforce the oversight by the CC over its contracts with SDLs. Implementing such reporting mechanisms will inform the potential introduction, at a later stage, of performance-based contracts with selected SDLs. Such contracts would promote value-for-money and would focus among others on levels of cost control/savings, efficient implementation of assets and delivery of services, quality of assets and services provided, level of citizen’s satisfaction, etc. The Bank will mobilize relevant technical assistance to support the above exercise.
- DLR 10.3: A human resources management plan is adopted as set forth in the POM. This would allow for the mobilization of the appropriate skill mix at the Municipality while closely monitoring staff costs.

**43. DLI#11. Effective digitalization of the municipal administration for a quality service delivery and improved accountability toward citizens.** Efficient municipal service delivery has been one of the areas targeted under this objective with several related platforms developed for that purpose. In parallel, citizen engagement has been at the heart of the approach under the parent operation. This DLI would therefore include the following DLR:

- DLR 11: At least 60 percent of the total grievances received across the CC’s territory have been processed through the Citizen Relationship Management Platform (Chikaya). This DLR would help deploy the Citizen Relationship Management platform, recently interfaced with Chikaya, across the municipality’s 16 districts CC. The definition of complaints processing is aligned with the national regulations as clarified in the verification protocol.

**44. DLI#12. Enabling the CC’s access to private capital and financial markets.** Building on the parent program efforts to mobilize private capital to finance municipal service delivery, the AF will help in setting the enabling environment to access financial markets. To this end, this DLI would focus on:

- DLR 12.1: A two-step credit rating has been carried out. This action already included in the PAP of the parent operation consists of a 2-phase rating exercise: (i) a shadow rating aimed at strengthening CC’s institutional and financial capacity followed by (ii) a public rating exercise aimed at facilitating the

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<sup>26</sup> Inclusive design refers to investments and operating costs that would enhance safety and comfortability of the public space (streetlighting, police patrols, ....) thus improving women use of such space. This will be further defined in the POM.



municipality’s access to financial markets and private investments. Given its impact on the fiscal sustainability of the CC, this action was included as a new DLR.

- DLR 12.2: Double entry accounting (Comptabilité Générale) standards have been used to develop the asset-based accounting covering the balance sheet in CY2023. This would increase transparency in the CC’s financial statements and increase its chances to access the financial markets or mobilize private capital. The use of such accounting standards has become mandatory for all Moroccan municipalities in 2022 and will be implemented progressively starting with large municipalities such as Casablanca and Agadir.

Table 6: Summary of additional allocation to DLIs

<b>Disbursement Linked Indicator</b>	<b>Additional allocation</b>
1. Percentage Increase in Municipal Revenues excluding transfers	US\$ 50 million
2. Modernization of the CC’s revenue management systems.	US\$ 2 million
3. Private capital mobilized for investments through new or additional value of PPP contracts.	US\$ 0 million
4. Households in disadvantaged neighborhoods provided with improved access to basic services (at least one of the following: water supply, sanitation, or electricity).	US\$ 0 million (- US\$ 8 million reallocated from DLI 4 through restructuring to new DLIs)
5. Number of kilometers of comprehensive street upgrading completed and number of facades restored	US\$ 10 million
6. Simplification and digitalization of administrative transactions for the issuance of: (i) authorizations related to urban planning, and (ii) business licenses.	US\$ 0 million
7. Improving the CC’s real estate asset management	US\$ 3 million
8. Strengthening the sustainability of key municipal infrastructure through evidence-based O&M and targeted rehabilitation	US\$ 6 million (+ US\$ 4 million reallocated from DLI 4 through restructuring)
9. Strengthening the CC’s climate action.	US\$ 21 million
10. Strengthening the CC’s governance to improve revenue and expenditure management	US\$ 4 million (+ US\$ 2 million reallocated from DLI 4 through restructuring)
11. Effective digitalization of the municipal administration for a quality service delivery and improved accountability toward citizens	US\$ 0 million (+ US\$ 2 million reallocated from DLI 4 through restructuring)
12. Enabling the CC’s access to private capital and financial markets.	US\$ 3.75 million
<u>Front end fees</u>	US\$ 0.25 million
<b>Total</b>	<b>US\$ 100 million</b>



#### E. Institutional Arrangement changes

45. **The AF will rely on the same institutional and implementation arrangements as those under the parent operation**, while : (i) further reinforcing the management, coordination and monitoring capacity of the municipality in implementing the revenue mobilization action plan (set as a Legal Covenant) and (ii) introducing Casablanca Baia as a new implementation agency, to reflect the addition of the climate focus under the AF.

#### F. Fiduciary arrangement changes

46. **The fiduciary arrangements** under the AF will replicate the ones of the parent program, with adaptations based on previously described changes to the institutional arrangements.

#### G. Environmental and social arrangement changes

47. **The E&S arrangements for the AF will be slightly adjusted to include the newly added implementing agencies.** The municipality's E&S focal point as part of the PIU will continue to verify the eligibility of activities to be carried out by the Program implementing agencies, with close follow up during their implementation phase. A new focal point from Casa Baia will be included in the E&S monitoring and reporting mechanism.

#### H. Parallel restructuring

48. **A parallel restructuring will capture the proposed changes under existing DLIs and extend the closing date of the original loan from March 31, 2023 to June 30, 2026 .** As such, specific changes in scope and/or duration, are expected under DLI# 1, 2, 4 and 5.

## IV. APPRAISAL SUMMARY

### A. Technical

49. **An updated Technical Assessment (TA) for the Additional Financing has been carried out.**

50. **The proposed Additional Financing (AF) is aligned with the results areas (RAs) of the parent project and aims at scaling up RA1 “Increasing municipal investment capacity” and RA2 “Improving the urban environment and the quality of public services”.** The AF will build on the encouraging achievements under the Parent operation and will contribute to increasing the municipality's investment capacity. The proposed AF will include an additional focus on the city's resilience to Climate Change in support of both adaptation and mitigation efforts.

51. **In line with the parent operation, the AF has been assessed as technically sound.** Building on the innovative approach adopted under the parent operation and leveraging the reform momentum established, the AF will both broaden and deepen the ongoing engagement focusing on enhancing the investment capacity





of the CC through diligent and responsible revenue and expenditure management, while pursuing the efforts engaged towards ensuring increased social inclusion and gender equity. The AF will also support the city in undertaking important actions to build resilience to climate change.

**52. The Technical design risk is raised to substantial.** This is due to the need for effective horizontal and vertical coordination under DLI# 1 and DLI# 8.

**53.** Based on the technical risk assessment, the following actions will be included in the Legal Agreement or the PAP:

- Action 1: Submission of an approved time-bound Revenue mobilization Action Plan to improve the CC own-source revenues. This action was included as a condition for disbursement for DLI# 1. The associated implementation arrangements are included as a dated legal covenant to ensure an effective implementation of this action plan.
- Action 2: Preparation of a roads network diagnostic to inform O&M planning informing the achievement of DLR# 8.1.

## **B. Fiduciary**

**54. The Fiduciary Systems Assessment (FSA) of the municipality of Casablanca (Commune of Casablanca-CC) was carried out by the World Bank** based on available analyses, documents and discussions with the key stakeholders. The FSA examines whether the Program’s fiduciary systems provide reasonable assurance that the loan proceeds will be used for intended purposes, with due attention to the principles of value for money, integrity, fit-for-purpose, fairness, economy, efficiency, effectiveness, transparency, and accountability. It covers the Program’s institutional arrangements, financial management, procurement and governance systems.

**55. Integrated FSA concluded that the Program’s integrated fiduciary systems meet the requirements of the Bank Policy and Bank Directive and provides reasonable assurance that the financing proceeds will be used for intended purposes with the objective of supporting the achievement of the Program objectives.** The FSA team concluded to the acceptability of the fiduciary systems in place to manage the parent program and its AF.

**56. The AF will benefit from the lessons learned from the fiduciary performance of the parent PforR.** The fiduciary (financial management and procurement) performance of the parent Program is rated as satisfactory and the fiduciary risk as moderate, with a disbursement rate of 96.7 percent. However, the following risks persist: (i) revenues and debt management risks along with delays in the transfers of resources to SDLs; (ii) institutional weakness due to the COVID 19-pandemic crisis and the recent elections, impacting the monitoring of the program activities; and (iii) delays in the operationalization of the internal audit function within the CC (Action 9 of the PAP). Overall, the residual fiduciary risk for the proposed AF is rated Moderate thanks to the mitigation measures identified below.



**57. Mitigating measures put in place for the parent PforR will continue to be used under the AF.** These consist of: (i) improving the municipality's real estate asset management through DLI7 and the implementation by the CC of the *Double entry accounting* (comptabilité patrimoniale) in the next three years, (ii) increasing tax collection through the development of a GIR-CT through a new DLR included in DLI#2, and (iii) strengthening institutional arrangements and PMU staffing to ensure timely consolidated financial reporting of enabling qualitative analysis and closer monitoring of the program. Besides, the newly added DLI#10 on strengthening governance and transparency to improve service quality will support the operationalization of the internal audit (IA) function in the AF, accompanied with TA. This will help strengthen the internal control system of the CC through the development of formalized IA tools.

**58. Procurement exclusions.** The Program does not envisage any activities involving the procurement of high value above the Operations Procurement Review Committee (OPRC) thresholds.

**59. The implementing agencies will execute the activities 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.** No cases of fraud and corruption were reported neither by the PMU nor the program's external auditor (IGF) during the implementation of the parent operation. The implementation agency will: (i) share information with the World Bank regarding all allegations of fraud and corruption in connection with the Program, investigate all credible allegations received, report to the World Bank on actions taken, and cooperate in any inquiry that may be conducted by the World Bank into allegations or other indications of fraud and corruption in connection with the Program; and (ii) monitor and abide by the World Bank's list of debarred/suspended firms.

## C. Environment and Social

**60. An Addendum to the Environmental and Social Systems Assessment (ESSA) of the parent Program has been prepared by the Bank team in close cooperation with Program counterparts and a draft has been disclosed before Appraisal.** The Addendum does not constitute a new ESSA and should be considered together with the ESSA of the parent Program. The ESSA of the parent program assessed national and municipal systems with respect to institutional capacity and performance, policy and regulatory bases, consultation mechanisms and grievance redress mechanisms (GRM) to manage and mitigate impacts. The Addendum to the ESSA is based on a review of the Program implementation performance, the existing regulatory and legal framework related to environmental and social matters, and consultations with the Program stakeholders. The new activities to be undertaken under the AF were analyzed to identify environmental and social effects. The intent of the Addendum is to ensure that environmental and social risks continue to be avoided, reduced, and mitigated adequately.

**61. The management of E&S risks and impacts of the parent Program is rated Satisfactory.** The ESSA Program Action Plan (PAP) of the parent project has been entirely completed (preparation and dissemination of the environmental and social management guide, training of stakeholders on its provisions and use, designation



of focal points at the level of the participating communes, etc.). The original Technical Environmental and Social Guide will be updated to reflect the AF's new activities.

**62. E&S systems to manage risks on physical works have been set up under the parent Program and will continue to be used, with the required strengthening, under the activities to be supported through the AF.** Under the parent program, two E&S focal points have been designated, trained, and acquired experience in the E&S management of activities managed by the CC (screening, monitoring, and reporting on mitigation measures, identification of non-compliances, training, and sensitization of stakeholders, archiving in the information system of the Program). This allowed for: i) the production of the E&S technical guide by the focal points; ii) carrying out the screening of all activities to categorize them and identify the appropriate E&S management tools; anticipating the effects of the COVID-19 pandemic on site management; iv) training of the Program implementing agencies (Lydec and Casa Aménagement) on the use of the guide; v) the continuous collection and analysis of monthly monitoring sheets from the implementation agencies. The original Program Area mentioned in the PDO will be retained in the AF as the current geographic scope remains relevant. No changes in the regulatory and legal framework pertaining to the management of E&S risks have been identified. All proposed new DLIs and adjustments to the results areas under the AF will utilize the existing E&S risk management systems, while DLI#7 will add a methodology to avoid and mitigate risks under this DLI.

**63. The environmental and social (E&S) risks and negative impacts associated with the AF are considered Substantial.** The AF introduces six new DLIs, three of which have a low E&S risk (#10, 11 and 12) and three which have a moderate/substantial risk (#7, 8, 9). Program impacts related to physical works will continue to be reversible and mitigated with the proposed mitigation measures in the Technical Environmental and Social Guide. They will be clearly identified, prevented and/or minimized through effective mitigation measures, which will be subject to an environmental and social monitoring and follow-up system that will allow for the identification and management of potential risks.

**64. The AF related activities will have positive environmental and social impacts on Casablanca's population in the following ways:**

- Improved living conditions through the provision of basic services to households in disadvantaged neighborhoods.
- Improved living environment through the rehabilitation and building of public urban spaces.
- Enhanced citizen engagement, through using ICT platform and tools to strengthen access to information, consultation, and inclusive participation, right to petition, appropriate GRM, as well as monitoring user satisfaction pertaining to municipal utilities.
- Enhanced access to administrative documents such as birth certificates and administrative authorizations through streamlined online procedures.
- Improved performance and governance of the municipality through improved oversight over SDL contracts, efficient local administration, and closer and accountable to citizens (including youth, women, and vulnerable persons).
- Citizens' environment and living conditions by the rehabilitation and expansion of green spaces.



- Reduced impact of water scarcity and contribution to reducing pressure on freshwater resources by reusing wastewater to water green spaces using passive design for green spaces to improve rainwater retention, aligned with NDC climate change adaptation provisions.

**65.** The program’s adverse impacts are foreseen to occur during the construction, and operation phase of the Program, which are not **expected to be significant**, provided that vegetation clearance, public and workers safety, consultations with affected people, avoidance of activities with resettlement impacts (physical as well as economic displacement) and other activities are implemented in a manner consistent with the World Bank PforR policy’s Core Principles 1, 2, 3 and 4. In line with the parent Program, none of the Program’s activities are likely to have any impact on Sites of Biological and Ecological Interest (SIBE) or to significantly transform natural habitats or significantly modify areas of biodiversity and/or potentially important cultural resources. On the other hand, there are risks associated to the asset management strategy for municipal properties that the municipality will be developing (as described under DLI#7). These risks will be mitigated through technical assistance provided by the Bank, to develop a methodology to identify, avoid and mitigate any major impacts on low-income and vulnerable businesses and households related to the potential restructuring of rental values of commercial and/or residential rents.

**66. All projects requiring private land acquisition will be excluded from the Program.** Physical investments will be systematically carried out within the public domain to avoid temporary impacts on land or land acquisition. Remaining resettlement risks to be managed will be limited to temporary restriction of access to sites or to sources of income (such as commercial occupants of public lands and rights-of-way) during the construction phase. To prevent or mitigate these risks, mitigation measures will be implemented, including planning and sequencing of works, alternative access options, information and consultation of affected people, and easy access to appropriate grievance redress mechanisms. Assistance, livelihood restoration, and/or compensation for income lost will be provided prior to the launch of civil works to people affected by temporary loss or temporary restriction of access to income sources or means of livelihood, in a manner acceptable to the Bank and as described in the POM. The mitigation of any residual impacts related to Program activities will be addressed through the contractual specifications for private construction work involved in construction works.

**67. Overall, the activities within the framework of this AF can be included in the following 4 main environmental & social risk categories:**

*Table 7: Activities risks categorization*

Cat	DLIs	Status
<b>Cat1</b>	<b>DLI#3</b> – Private capital mobilized for investments through new or additional value of PPP contract. <b>DLI# 6</b> – Simplification and digitalization of administrative transactions for the issuance of: (i) authorizations related to urban planning, and (ii) business licenses	Achieved and will not be extended.
<b>Cat2</b>	<b>DLI#1</b> – Percentage Increase in Municipal Revenues excluding transfers. <b>DLI#2</b> – Modernization of the CC’s revenue management systems.	Partially achieved  The mitigation actions in the PP ESSA with still be applied until the



	<p><b>DLI#4</b> – Households in disadvantaged neighborhoods provided with improved access to basic services.</p> <p><b>DLR#5:</b> Cumulative Number of kilometers of comprehensive street upgrading completed.</p>	activity total achievement with the addition of updates to the POM’s Technical E&S Guide on potential resettlement impacts in disadvantaged neighborhoods.
<b>Cat3</b>	<p><b>DLI# 10</b> – Strengthening the CC’s governance to improve revenue and expenditure management.</p> <p><b>DLI#11</b> – Effective digitalization of the municipal administration for a quality service delivery and improved accountability toward citizens.</p> <p><b>DLI#12</b> – Enabling the CC’s access to private capital and financial markets.</p>	New activities with low E&S risk level
<b>Cat4</b>	<p><b>DLI# 7</b> – Improving the CC’s real estate asset management.</p> <p><b>DLI# 8</b> – Strengthening the sustainability of key municipal infrastructure through evidence-based O&amp;M and targeted rehabilitation.</p> <p><b>DLI# 9</b> – Strengthening the CC’s climate action.</p> <p><b>DLR#5.1:</b> Number of facades restored, from a baseline of 0, up to 150.</p>	New activities with moderate to substantial risks that need to be mitigated.

**68. Category 4 activities are hereafter presented as well as their associated environmental and social risks:**

• **DLI#7 – Improving the CC’s real estate asset management.**

(i) **Main activities with moderate to substantial risk:** A comprehensive inventory and valuation of these assets was carried out under the Parent Program (DLR#2.5). The AF will build on this work to develop an asset management strategy and an associated operational action plan. The implementation of the latter implies raising revenues related to municipal asset management through several avenues, including updating of cadastral values, which will:

- Updating the rent values of commercial properties owned by the municipality.
- Selling residential assets.

(ii) **Associated risks & mitigation measures:** The social risk linked to this activity is Substantial. Rent increases that may result from the sale of a municipal asset to a private investor or from the increase of rents by the municipality itself, could have adverse impacts on small businesses and/or residents currently renting from the municipality. In the case of commercial property, it could render some small and medium businesses (SMEs) unable to operate in their current location. In terms of residential property, the current residents could be displaced by rising rents and living costs brought about by gentrification, if the new property owner who purchases a residential building from the municipality raises rents to a point that could force households to move. The risk is raised by the presence of low-income and vulnerable businesses and residents amongst those potentially affected, and the municipality’s limited capacity to manage the risks. The number of business and residents affected is unknown at this time. Therefore, it is essential to develop and apply a methodology within the asset



investment strategy to identify and avoid impacts on the poor and vulnerable households and to mitigate the impacts that cannot be avoided. The strategy needs to include robust and meaningful consultations with potentially impacted people to ensure that their voices and preferences on mitigation measures are reflected in the asset management plan and associated operational action plan.

- **DLI# 8** – Strengthening the sustainability of key municipal infrastructure evidence-based Operations and Maintenance (O&M). Under DLR 8.2 “The AF will finance rehabilitation costs on bridges in critical condition.
  - (i) **Main activities with moderate to substantial risk:** Infrastructure maintenance
  - (ii) **Associated risks & mitigation measures:** The risks generated by this activity are usual risks related to the construction phase.
    - Traffic interruption and accidents:** Due to the high level of traffic, road maintenance operations could lead to traffic interruption and/or accidents. To avoid these, a road safety plan would be prepared by Casa Aménagement before works begin. This plan, which will be included in the specifications of the works companies, must present the safety procedures to be implemented by these throughout the period of the works. The companies will develop and detail these procedures and will report on their implementation. Should any accident occur, the World Bank should be informed within 48 hours following the incident. The overall incidents reporting procedure and will be clarified in the POM. Casa Aménagement would follow the Bank’s procedures detailed in the PP ESSA as well as in the E&S Technical Guide.
- **DLI# 9** – Strengthening the CC’s climate action – **Under DLR 9.2** “The AF will also support the municipality in carrying investments for the reuse of treated wastewater for the irrigation of green spaces, to be implemented by end of 2024”
  - (i) **Main activities with moderate to substantial risk:** The wastewater reuse project will irrigate green spaces in Casablanca and Mohammedia.
  - (ii) **Associated risks & mitigation measures:** In addition to the risks related to the construction phase, the main risks associated with this activity relate to both water quality and sludge treatment. These risks, being properly identified by Casa Baia, will be addressed through the related EIA and will be included in the action plan and the water quality monitoring plan.
- **DLI# 9** – Strengthening the CC’s climate action – **Under DLR 9.3** “the AF will support the upgrading or creation of green spaces with an inclusive design, as set forth in the POM.”
  - (i) **Main activities with moderate to substantial risk:** The species to be planted should be water efficient and should be irrigated from a sustainable water source.
  - (ii) **Associated risks & mitigation measures:** In addition to the risks related to the development phase, the main risks associated to this activity are related to water efficiency. Therefore, it’s necessary to reduce as the irrigated areas, choose water efficient plant species and ensure that the irrigation water is from reused water or unused ground water.
- **DLI# 5** - Number of kilometers of comprehensive street upgrading completed and facades restored – **Under DLR 5.1** “the AF will support the renovation of facades” in the urban historical center. **Associated expenditures in under the AF include** works related to: Harmonization of shop facades in the city center around the MADAR



urban promenade; Development of thematic tourist circuits in the city center and improvement of street furniture; Renovation of the facades of heritage buildings; Lighting of heritage buildings and squares and squares; Rehabilitation of historic commercial passages.

- (i) **Main activities with moderate to substantial risk:** The renovation of the historical center of Casablanca.
- (ii) **Associated risks & mitigation measures:** Associated risks & mitigation measures: The environmental risks generated by this activity are usual risks related to the construction phase

**69. E&S actions of the PAP.** All the E&S actions of the PAP have been implemented within the allocated timing. For the AF, new actions will be included, under the following type of measures : I) E&S management system strengthening (E&S guide update, E&S staff strengthening, awareness raising and consultations); ii) Strengthening the implementation and follow-up of the environmental and social management system (apply procedures and mechanisms to the new activities, especially construction, providing an ESIA for the wastewater reuse program, capacity building and consultations); iii) Fostering social inclusion of adult women and youth (Including an indicator for “the number of women who have benefited from access to basic services”).

**70. Consultations and disclosure.** The final version of the ESSA of the parent program was disclosed on December 10, 2017, on the World Bank website, after a consultation workshop undertaken in September 2017. Additional consultations have been conducted with the civil society during the parent program midterm review. Further consultations have also been conducted (mainly with executing agencies representatives) prior to the completion of the AF appraisal and used remote consultation methodologies as appropriate in the COVID-19 context. Further public consultations have been undertaken on May, 12, 2022 on the draft addendum of the ESSA (which was disclosed on the CC and Bank websites before appraisal), to collect inputs from stakeholders and affected parties on the identified impacts and the proposed mitigation measures as well as on the institutional set-up proposed to monitor the E&S safeguards of the Program's activities. The information collected during the public consultations has been integrated into the final version of the Addendum, which will be published on the websites of the CC and the Bank.

- D. Are there any waivers of Bank policies approved by the MD and/or to be approved by the Board? If so, explain.** Not applicable
- E. Any changes to the risk profile of the operation can be noted here.** The technical design as well as the Program’s overall risk ratings were raised to substantial given the complexity and multi-stakeholders contribution to DLI 1 achievement. The environmental and social risk has also been raised to substantial to reflect emerging social risks related to new activities (under DLI#7).
- F. Any changes to implementation arrangements and appraisal thereof Changes mentioned in section F.** Mentioned above



## G. Corporate requirements

### *Gender*

**71. A gender gap has been identified with regards to both access and appropriation of public spaces in Morocco, which the proposed AF would address.** A recent study conducted by the Ministry of Urban Planning and Housing in coordination with UN-Women<sup>27</sup> (including field work conducted in the Greater Casablanca region) identified three main issues for women’s access and use of public spaces in Morocco. These consisted of: (i) perception of safety and comfortability, (ii) accessibility of public space (physical accessibility, mobility, etc.); (iii) appropriation of public space (lack of adequate services for women as public toilets for 95 percent of the women surveyed, changing rooms for babies for 96 percent of them, etc.). The AF would contribute to improving the appropriation by women of public space in Casablanca through targeted measures pertaining to the design of green spaces financed through the Program. Casa Baia, the entity responsible for green spaces in Casablanca, will identify targeted interventions to improve women safety and comfort in public spaces. Related investments will be carried-out namely streetlighting, safety patrols, etc. Casa Baia would also carry-out targeted surveys to assess the increase of women access / use of the rehabilitated or created spaces based on the gender inclusive design of those spaces. A dedicated indicator will monitor the increase in women access to rehabilitated green spaces financed through the Program.

### *Climate change*

**72. The proposed AF will support targeted interventions at the municipal level to strengthen resilience to climate risks and contribute to long-term mitigation efforts, first through the scale up on selected investments financed through the parent Program.** Climate benefits have been achieved under the parent operation through DLIs 3, 4, 5 and 6 as detailed in the parent Program Appraisal Document. DLI# 5 will be scaled up under the AF, enhancing the related climate benefits. Indeed, under DLR# 5, investments in road drainage will have adaptation benefits in terms of increased resilience to flooding. Investments in the improvement of sidewalks, pedestrian path, signs, and street lighting will also have mitigation co-benefits through the improvement of pedestrian mobility.

**73. The proposed AF will enhance the climate co-benefits of the Program with a specific focus on Climate Change under the PDO with associated new results.** Under DLI# 9, the AF will support the municipality in 3 key interventions (i) planning, prioritizing and initiating green municipal investments to enhance the city’s energy efficiency. This will be reflected through the implementation of an action plan aimed at: (i) implementing an energy efficient street lighting program (DLR 9.1) which would contribute to reducing the energy consumption and associated GHG emissions in the city, (ii) implementing a program for the reuse of treated wastewater to enhance the overall water resilience and to tackle water scarcity in the city (DLR 9.2), related outcomes will be captured under PDO indicator# 5 ; and (iii) the upgrading and extension of green spaces (DLR 9.3) to mitigate

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<sup>27</sup> [“Pour des espaces publics urbains plus accessibles aux femmes et aux filles. Annexe – Méthodologie d’enquête, analyse des résultats et boîte à outils”](#), Ministère de l’Aménagement du Territoire National, de l’Urbanisme, de l’Habitat et de la Politique de la Ville, ONU Femmes, 2020.





the urban heat island effects and to reduce carbon emissions by serving as carbon sinks within the city. These critical climate actions have significant adaptation and mitigation climate co-benefits. Furthermore, under DLI# 7 under the AF would help enhance the energy efficiency of municipal buildings and assets through an associated action plan to be prepared to: (i) maximize revenues related to municipal assets management and (ii) optimize their O&M costs, namely through: climate-smart construction and refurbishment, efficient energy use, and use of renewable energy generation, such as harnessing solar energy in public buildings. It is also expected that road maintenance works under DLI#8 would positively impact the GHG emissions related to urban transport by improving pedestrian mobility and other non-motorized transport.

#### *Citizen engagement and grievance redress*

**74. The AF will further strengthen the program’s focus on citizen engagement and GRM, already launched through the parent Program.** Several communications channels have been established between Casablanca’s citizens and their administration, namely: (i) a dedicated citizen relationship management (CiRM), (ii) citizen accounts on the city’s website to request any information or report a complaint. The municipality has also developed a communications plan to improve the visibility of its actions among citizens. Under the AF, GRM and beneficiary feedback will be closely monitored, and a new DLI (DLI# 11) that ensures the effective operationalization of the grievance redress mechanisms has been introduced. This will focus on complaints’ digital processing across the Municipality’s 16 districts.

#### *Private capital mobilization*

**75. The parent operation has provided support to the mobilization of private capital, namely through supporting the development of municipal PPP operations.** The Disbursement Linked Indicator (DLI#3) measuring the amount of private capital mobilized for investments through PPP transaction has been fully met in 2019 under the Parent Program. The AF would further contribute to reinforcing the CC’s readiness for private sector participation and access to market finance through the introduction of a new DLI (DLI#12) focusing on strengthening the city’s creditworthiness, through: (i) a municipal credit rating (DLR 12.1) exercise and (ii) shifting towards double entry accounting (DLR 12.2). Also, considering the potential for incorporating, at a later stage, specific interventions that leverage private capital (street lighting, etc.), the AF would incorporate these at Mid-Term Review stage once the municipality’s investment plan has been approved.

## **V. KEY RISKS**

**76. Program risks have been revised to reflect the potential challenges pertaining to activities under the AF.** The overall risk rating under the proposed AF is Substantial due to technical design and environment and social risks. The technical design is complexed as explained by the multi-stakeholder nature of the revenue mobilization targets set under the AF. Appropriate mitigation measures have been incorporated in the Legal Agreement (LA) and the PAP, with namely : (i) the submission of a time-bound Revenue Mobilization Action



Plan (set also as a condition for disbursement under DLI# 1), and (ii) the commitment to effectively implement this action plan and setup the associated implementation arrangements, included as legal covenants in the LA. Additionally, the social and environmental risk has been assessed as substantial given the potential social impact the asset management strategy implementation might have. The associated mitigation measures have also been embedded in the PAP to both avoid and mitigate adverse impacts on vulnerable businesses and low-income households.

## VI. WORLD BANK GRIEVANCE REDRESS

**77.** Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the World Bank’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank’s independent Inspection Panel which determines whether harm occurred, or could occur, because of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and World 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/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit: [www.inspectionpanel.org](http://www.inspectionpanel.org).

## VII. SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Change in Project's Development Objectives	✓	
Change in Program Scope	✓	
Change in Results Framework	✓	
Change in Loan Closing Date(s)	✓	
Reallocation between Disbursement Categories	✓	
Change in Program Action Plan	✓	



Change in Fiduciary	✓	
Change in Environmental and Social Aspects	✓	
Change in Implementing Agency		✓
Cancellations Proposed		✓
Change in Disbursements Arrangements		✓
Change in Safeguard Policies Triggered		✓
Change in Legal Covenants		✓
Change in Technical Method		✓

**VIII. DETAILED CHANGE(S)**

**PROGRAM DEVELOPMENT OBJECTIVE**

**Current PDO**

The Program Development Objective (PDO) is to increase the investment capacity of the Municipality of Casablanca, improve the business environment in the Municipality of Casablanca, and enhance access to basic services in the Program Area.

**Proposed New PDO**

The Program Development Objective (PDO) is to increase the investment capacity of the Municipality of Casablanca, improve the business environment in the city, strengthen the city’s resilience to climate change and enhance access to basic services in the Program Area.

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-88070	Effective	30-Sep-2022	31-Mar-2023	30-Jun-2026	30-Dec-2026



[Redacted content]

[Redacted content]

[Redacted content]

[Redacted content]

**Conditions**

Type	Financing source	Description
Disbursement	IBRD/IDA	Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made under Category (1), until and unless the Borrower has adopted the Revenue Mobilization Action Plan in form and substance acceptable to the Bank

[Redacted content]



**IX. RESULTS FRAMEWORK AND MONITORING**

**Results Framework**  
COUNTRY: Morocco  
Casablanca Municipal Support Program – Additional Financing

**Program Development Objective(s)**

The Program Development Objective (PDO) is to increase the investment capacity of the Municipality of Casablanca, improve the business environment in the city, strengthen the city’s resilience to climate change and enhance access to basic services in the Program Area.

**Project Development Objective Indicators by Objectives/ Outcomes**

Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Increase the investment capacity of the Municipality of Casablanca											



Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Percentage Increase in Municipal Revenues excluding transfers from a baseline of 0% in CY 2015 (Percentage)		0.00	9.60	18.00	22.76	20.53	30.00	43.00	57.00	73.00	90.00
<b>Action: This indicator has been Revised</b>											
Private capital mobilized for investments through new or additional value of PPP contracts (Number)		0.00	0.00	100.00	500.00	900.00					900.00
<b>Improve the business environment in the Municipality of Casablanca</b>											
Reduction in average number of days required for issuance of a building permit at the Municipality (Number)		72.00	72.00	60.00	45.00	30.00					30.00
<b>Enhance access to basic services in the Program Area</b>											



Indicator Name	DLI	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
Households in disadvantaged neighborhoods provided with improved access to basic services (Number)		0.00	0.00	1,500.00	3,000.00	4,069.00	5,884.00					8,000.00
<i>Action: This indicator has been Revised</i>												
<b>Strengthen the city's climate resilience (Action: This Objective is New)</b>												
Daily savings in fresh water use resulting from the treated reused wastewater system set up (Cubic Meter(m3))		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00		8,000.00
<i>Action: This indicator is New</i>	<b>Rationale:</b> <i>This indicator has been introduced given the AF additional focus on climate resilience under its PDO</i>											



Intermediate Results Indicators by Results Areas

Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
<b>To increase the investment capacity of the Municipality of Casablanca (Action: This Result Area has been Revised)</b>											
Increase in revenues administered by the municipality (Percentage)		0.00	15.00	14.00	23.00	15.00	17.00	43.00	57.00	74.00	90.00
<i>Action: This indicator has been Revised</i>											
Annual rate of execution of the Municipality's investment budget (Percentage)		0.00	42.00	60.00	29.00	35.00	24.00	50.00	60.00	70.00	80.00
<i>Action: This indicator has been Revised</i>											
Increase in operating surplus on the municipal budget (Percentage)		50.00	143.00	92.00	351.00	189.00	18.00	41.00	60.00	200.00	500.00
<i>Action: This indicator has been Revised</i>											
<b>To improve the urban environment and access to basic services in the Program Area</b>											





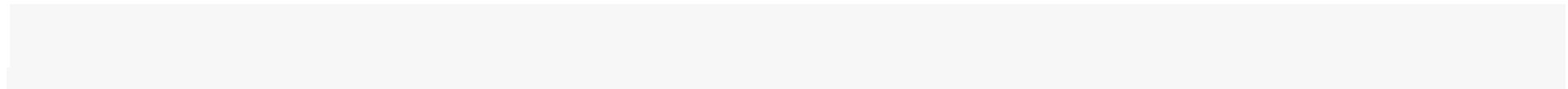
Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Number of kilometers of comprehensive street upgrading (Kilometers)		0.00	0.00	37.00	57.00	80.00	99.00	109.00	116.00	123.00	125.00
<b>Action: This indicator has been Revised</b>											
Female of households in disadvantaged neighborhoods provided with improved access to basic services (Number)		0.00	5,000.00	10,000.00	11,393.00	16,206.00					22,400.00
<b>Action: This indicator has been Revised</b>											
Deployment of a system to manage citizen requests (Text)		No standard GRM procedure	E-government masterplan adopted by the CC	Standard GRM procedure developed	Standard GRM procedure integrated in all systems	The system has been deployed in all districts. 17% of the complaints through the CiRM are finalized.	0.17		One integrated GRM system is in place (Chikaya and CiRM)		More than 60% of requests are addressed and closed
<b>Action: This indicator has been Revised</b>											



Indicator Name	DLI	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
Households in disadvantaged neighborhoods provided with improved access to drinking water service (Number)		0.00	1,000.00	2,000.00	3,000.00	3,600.00					5,200.00	
<i>Action: This indicator has been Revised</i>												
Increase in women use of green spaces (Number) (Percentage)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	10.00	15.00
<i>Action: This indicator is New</i>												
<b>Improving the business environment in the Municipality of Casablanca</b>												
Simplification and digitalization of administrative transactions for the issuance of: (i) authorizat (Text)		Platforms for the dematerialization of administrative procedures are not deployed	"V2 : full numeric" version of the Casaurba platform is deployed in the central single window of the CC	"V2 : full numeric" version of the Casaurba platform is deployed in the single window of all CC arrondissementen								Dematerialized procedures for all business licenses have been effectively deployed in the single windows of all CC arrondissementen



Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
				ts							



Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage Increase in Municipal Revenues excluding transfers from a baseline of 0% in CY 2015	Increase in municipal own source revenues	Yearly	CC's annual financial accounts	For each Calendar year (CY): Percentage increase as recorded in the financial statements of the previous CY, compared to the baseline of CY 2015.	Municipality local tax administration
Private capital mobilized for investments through new or additional value of PPP contracts					
Reduction in average number of days required for issuance of a building permit at the Municipality	Figures from January to October 2020 (10 months)				



Households in disadvantaged neighborhoods provided with improved access to basic services	This indicator measures the cumulative number of households in disadvantaged neighborhoods provided with access to at least one of the three following basic services: water supply, sanitation, or electricity, from a baseline of 0, up to 8,000 households.	Annual	Lydec customer registry		Lydec / CC
Daily savings in fresh water use resulting from the treated reused wastewater system set up	This measures the savings in amount of water resulting from the use of used water to water targeted green spaces	Annual starting CY24 (when first investments are finalized)	Casa Baia reporting systems	Reporting extracted from water reuse investments in place	Casa Baia

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Increase in revenues administered by the municipality	Percentage of increase in revenues administered by the municipality	Annual	Municipality's financial statements	For each Calendar year (CY): Percentage increase as recorded in the financial statements of the previous CY, compared to the baseline of CY 15.	Municipality of Casablanca
Annual rate of execution of the Municipality's investment budget	Rate of implementation of the Municipality's budget	annual	Annual accounts	$R = \text{Expenditure Executed} / \text{Total Budget}$	Municipal treasurer / PIU
Increase in operating surplus on the municipal budget	Operating surplus of the Municipality's budget	Annual	Annual accounts;	$R = (\text{Operating revenue} - \text{Operating expenses}) / \text{Baseline}$	Municipal treasurer / PIU
Number of kilometers of comprehensive street upgrading	This indicator measures the cumulative number of kilometers of comprehensive street upgrading completed (works to include at least three (3) of the following	Annual	Review of Program Progress Report; field visits Casa Amenagement	See DLR 5.1 verification protocol	Casa Amenagement



	elements: (i) roadway, (ii) sidewalk or pedestrian path, (iii) road drainage systems, (iv) road markings and signs, (v) street lighting, (vi) urban furniture, and (vii) landscape), as described in the POM),				
Female of households in disadvantaged neighborhoods provided with improved access to basic services	The value is calculated using the same assumption of 2.8 females per households which was used to define the annual targets for this indicator in relation with the annual targets for the number of households connected.	Annual	Lydec customer registry	The value is calculated using the same assumption of 2.8 females per households which was used to define the annual targets for this indicator in relation with the annual targets for the number of households connected.	CC / Lydec
Deployment of a system to manage citizen requests	Percentage of complaints/grievances processed through Chikaya	Annual	Citizen Relationship management platform	Percentage = Number of grievances processed / Number of grievances received by the municipality and its districts	Casa prestations



				Processed means treated, with a solution provided to the citizen and the process is considered as finalized in accordance with Decree No. 2-17-265 See DLI 11 verification protocol	
Households in disadvantaged neighborhoods provided with improved access to drinking water service		annual	Lydec accounts	The value is calculated using the same assumption of 65% of households which was used to define the annual targets for this indicator in relation with the annual targets for the number of households in disadvantaged neighborhoods provided with improved access to basic services	Lydec
Increase in women use of green spaces (Number)	Increase of green spaces use reported by women	Annual	Casa Baia reports /	Survey design and formula to include in the	Casa Baia



	within the areas where rehabilitation / extension works have been made under the Program		surveys conducted by Casa Baia	POM	
Simplification and digitalization of administrative transactions for the issuance of: (i) authorizat	The end target has been met.				

**Disbursement Linked Indicators Matrix**

<b>DLI 1</b>	<b>Percentage Increase in Municipal Revenues excluding transfers from a baseline of 0% in CY 2015</b>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Outcome	Yes	Percentage	28.43	0.00
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	0.00			
2017	9.60		12.00	
2018	18.00		10.50	
2019	22.76		5.93	





2020		0.00	
2021		0.00	
2022		0.00	
2023		0.00	
2024		0.00	
2025		0.00	

*Action: This DLI has been Revised. See below.*

<b>DLI 1</b>	<i>Percentage Increase in Municipal Revenues excluding transfers</i>			
<i>Type of DLI</i>	<i>Scalability</i>	<i>Unit of Measure</i>	<i>Total Allocated Amount (USD)</i>	<i>As % of Total Financing Amount</i>
<i>Outcome</i>	<i>Yes</i>	<i>Percentage</i>	<i>78.42</i>	<i>36.25</i>
<i>Period</i>	<i>Value</i>		<i>Allocated Amount (USD)</i>	<i>Formula</i>
<i>Baseline</i>	<i>0.00</i>			
<i>2017</i>	<i>9.60</i>		<i>12.00</i>	
<i>2018</i>	<i>18.00</i>		<i>10.50</i>	



2019	22.76	5.93	
2020		0.00	
2021		0.00	
2022	10.00	10.87	<i>For each 1 percent increase in municipal own source revenues US\$ 1.086 million will be available for disbursement</i>
2023	21.00	11.96	<i>For each 1 percent increase in municipal own source revenues US\$ 1.086 million will be available for disbursement</i>
2024	33.00	13.04	<i>For each 1 percent increase in municipal own source revenues US\$ 1.086 million will be available for disbursement</i>
2025	46.00	14.13	<i>For each 1 percent increase in municipal own source revenues US\$ 1.086 million will be available for disbursement</i>



DLI 2		Modernization of the Borrower’s revenue management systems		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	Yes	Text	36.44	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	The improved revenue systems are not operational			
2017	-		0.00	
2018	Installation of an integrated information system for the administration of taxes on non-built land, beverage licenses and tourism, including: (i) relevant Borrower’s staff have been equipped and trained to operate the system, and (ii) the system’s functionalities have been successfully activated Carrying out of a census of taxpayers and elements of taxation relating to the revenues administrated by by the Borrower, including upgrading tax bases undertaken for each of the tax revenues, when applicable (as described in the POM)		6.00	
2019	Establishment and operationalization of a single Addressing System (Système d’Adressage)		5.80	



2020	Integrated information system for revenue administration is fully operational and the revenues administered by the Borrower (but excluding small volume revenues and cash revenues, inter alia, as described in the POM) are able to be administered through the integrated information system Completion of an inventory and valuation of the Borrower’s real estate assets, in form and substance as set forth in the POM	11.60	
2021	Operationalization of the Local Joint Ownership (Société de Développement Local, SDL) Casa Mawarid and Regular update of the action plan to improve the CC’s revenue	10.40	
2022	Update of the inventory of taxpayers and tax bases relating to the taxes on unbuilt land, beverage licenses and City tax	2.64	
2023		0.00	
2024		0.00	
2025		0.00	

**Action: This DLI has been Revised. See below.**



<b>DLI 2</b>		<i>Modernization of the Borrower’s revenue management systems</i>		
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
<i>Process</i>	Yes	Text	38.48	30.67
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
<i>Baseline</i>	<i>The improved revenue systems are not operational</i>			
2017	-		0.00	
2018	<i>DLR 2.1 : Installation of an integrated information system for the administration of taxes on non-built land, beverage licenses and tourism, including: (i) relevant Borrower’s staff have been equipped and trained to operate the system, and (ii) the system’s functionalities have been successfully activated DLR 2.2 : Carrying out of a census of taxpayers and elements of taxation relating to the revenues administered by the Borrower, including upgrading tax bases undertaken for each of the tax revenues, when applicable (as described in the POM)</i>		6.00	
2019			0.00	



2020	<i>DLR 2.5 : Completion of an inventory and valuation of the Borrower’s real estate assets, in form and substance as set forth in the POM</i>	5.80	
2021		0.00	
2022	<i>DLR 2.3 : Establishment and operationalization of a single Addressing System ( Système d’Adressage) DLR 2.4 : Integrated information system for revenue administration is fully operational and the revenues administered by the Borrower (but excluding small volume revenues and cash revenues, inter alia, as described in the POM) are able to be administered through the integrated information system</i>	11.60	
2023	<i>DLR 2.6 :Operationalization of the Local Joint Ownership (Société de Développement Local, SDL) Casablanca Mawarid DLR : 2.8 : Update of the inventory of taxpayers and tax bases relating to the tax on unbuilt land DLR 2.9 : Operationalization of a new module on financial reporting under GIR-CT (GIR-CT Reporting) to monitor in real time the Municipal Revenues Excluding Transfers</i>	11.60	
2024		0.00	



2025	<i>DLR 2.7 : Monitoring of the implementation of the Revenue Mobilization Action Plan to improve the Borrower’s revenue with at least nine (9) quarterly meetings held</i>	3.48
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**Rationale:**  
**Strengthened efforts to modernize revenue management to enhance investment capacity**

DLI 3				
Private capital mobilized for investments through new or additional value of PPP contracts				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Number	60.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
2017	0.00		0.00	
2018	100.00		6.70	
2019	500.00		26.60	
2020	900.00		26.70	
2021	900.00		0.00	



2022		0.00	
2023		0.00	
2024		0.00	
2025		0.00	

<b>DLI 4</b>	Households in disadvantaged neighborhoods provided with improved access to basic services (at least one of the following: water supply, sanitation, or electricity)			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Outcome	Yes	Number	40.00	0.00
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	0.00			
2017	0.00		0.00	
2018	1,500.00		7.10	
2019	3,000.00		7.20	
2020	5,500.00		10.00	





2021	8,000.00	10.00	
2022	10,000.00	5.70	
2023		0.00	
2024		0.00	
2025		0.00	

*Action: This DLI has been Revised. See below.*

<b>DLI 4</b>	<i>Households in disadvantaged neighborhoods provided with improved access to basic services (at least one of the following: water supply, sanitation, or electricity)</i>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
<i>Outcome</i>	<i>Yes</i>	<i>Number</i>	<i>32.00</i>	<i>50.94</i>
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
<i>Baseline</i>	<i>0.00</i>			
<i>2017</i>	<i>0.00</i>		<i>0.00</i>	
<i>2018</i>			<i>0.00</i>	



2019			0.00	
2020	4,069.00		16.28	<i>For each household provided with access to basic services, 4,000 USD is available for disbursement</i>
2021	5,884.00		7.26	<i>For each household provided with access to basic services, 4,000 USD is available for disbursement</i>
2022	8,000.00		8.46	<i>For each household provided with access to basic services, 4,000 USD is available for disbursement</i>
2023			0.00	
2024			0.00	
2025			0.00	

<b>DLI 5</b>	Number of kilometers of comprehensive street upgrading (works to include at least three (3) of the following elements: (i) roadway, (ii) sidewalk or pedestrian path, (iii) road drainage systems, (iv)			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Output	Yes	Kilometers	19.50	0.00
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>



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Baseline	0.00		
2017	0.00		0.00
2018	37.00		6.20
2019	57.00		3.40
2020	80.00		3.86
2021	116.00		6.04
2022			0.00
2023			0.00
2024			0.00
2025			0.00

**Action: This DLI has been Revised. See below.**



<i>DLI 5</i>				
<i>Number of kilometers of comprehensive street upgrading completed and number of facades restored from a baseline of 0</i>				
<i>Type of DLI</i>	<i>Scalability</i>	<i>Unit of Measure</i>	<i>Total Allocated Amount (USD)</i>	<i>As % of Total Financing Amount</i>
<i>Output</i>	<i>Yes</i>	<i>Text</i>	<i>29.50</i>	<i>39.19</i>
<i>Period</i>	<i>Value</i>		<i>Allocated Amount (USD)</i>	<i>Formula</i>
<i>Baseline</i>	<i>DLR 5 : 0 DLR 5.1 : 0</i>			
<i>2017</i>			<i>0.00</i>	
<i>2018</i>			<i>0.00</i>	
<i>2019</i>			<i>0.00</i>	
<i>2020</i>			<i>0.00</i>	
<i>2021</i>	<i>DLR 5 : 68.77 km upgraded</i>		<i>12.18</i>	<i>For each kilometer upgraded 177 k USD is available for disbursement</i>
<i>2022</i>			<i>0.00</i>	
<i>2023</i>			<i>0.00</i>	
<i>2024</i>			<i>0.00</i>	
<i>2025</i>	<i>RLD 5: 125 km upgraded RLD 5.1: 150 facades restored</i>		<i>17.32</i>	<i>For each km upgraded 237 k USD is available for disbursement // For each</i>



			<i>facade renovated 27 k USD is available</i>
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<b>DLI 6</b>	Simplification and digitalization of administrative transactions for the issuance of: (i) authorizations related to urban planning, and (ii) business licenses			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Outcome	Yes	Text	15.00	0.00
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	Platforms for the dematerialization of administrative procedures are not deployed			
2017	“V2: full numeric” version of the Casaurba platform is deployed in the central single window of the CC		6.00	
2018	“V2: full numeric” version of the Casaurba platform is deployed in the single window of all CC arrondissements		5.00	
2019	Dematerialized procedures for all business licenses have been effectively deployed in the single windows of all CC arrondissements		4.00	
2020			0.00	



2021		0.00	
2022		0.00	
2023		0.00	
2024		0.00	
2025		0.00	

DLI 7		Improving the CC's real estate asset management		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Text	3.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	DRL 7.1 : No municipal asset management strategy DLR 7.2 : 69% municipal real estate assets registered			
2017			0.00	
2018			0.00	
2019			0.00	



2020		0.00	
2021		0.00	
2022		0.00	
2023	DLR 7.1 : A municipal real-estate asset management strategy and an associated action plan have been adopted	2.00	
2024	DLR 7.2 : 100% municipal real estate assets have been registered	1.00	
2025		0.00	
<b>Action: This DLI is New</b>	<b>Rationale: Importance of mobilizing municipal asset management related revenues</b>		

<b>DLI 8</b>	Strengthening the sustainability of key municipal infrastructure through evidence-based Operations and Maintenance (O&M) and targeted rehabilitation			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Output	Yes	Text	10.00	0.00
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>



Baseline	No planning and budgeting of rehabilitation and road maintenance		
2017		0.00	
2018		0.00	
2019		0.00	
2020		0.00	
2021		0.00	
2022		0.00	
2023	DLR 8.1 : An annual road maintenance plan has been adopted in form and substance as set forth in the POM	4.00	
2024		0.00	
2025	DLR 8.2 : Number of bridges in a critical condition rehabilitated from a baseline of 0 to 32	6.00	For each bridge rehabilitated, 187,5 k usd will be available
<b>Action: This DLI is New</b>			





DLI 9		Strengthening the CC's climate action		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	21.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Weak planning and climate targeted investments			
2017			0.00	
2018			0.00	
2019			0.00	
2020			0.00	
2021			0.00	
2022			0.00	
2023	DLR 9.1 : A roadmap of investments to enhance energy efficiency in the streetlighting sector has been adopted by the CC		1.00	
2024	DLR 9.2 : Green spaces are watered through treated reused water mechanisms, from a		13.00	For each Ha watered through the new system 64 k USD is available



	baseline of 0 to 204		
2025	DLR 9.3 : Area of selected green spaces upgraded or created with an inclusive design as set forth in the POM, with a baseline of 0 and a target of 40 Ha	7.00	For each Ha rehabilitated or created, 175 k USD is available
<i>Action: This DLI is New</i>			

DLI 10				
Strengthening the CC's governance to improve revenue and expenditure management				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Text	6.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Internal audit is not fully operational			
2017			0.00	
2018			0.00	
2019			0.00	
2020			0.00	



2021		0.00	
2022		0.00	
2023	DLR 10.3 : A human resources management plan is adopted as set forth in the POM.	2.00	
2024		0.00	
2025	DLR 10.1 : 2 internal audit reports have been approved by the CC DLR 10.2 : 9 quarterly reporting scorecards on SDL oversight completed	4.00	
<b>Action: This DLI is New</b>			

<b>DLI 11</b>	Effective digitalization of the municipal administration for a quality service delivery and improved accountability toward citizen			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Process	No	Text	2.00	0.00
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	2% of the grievances received are processed through CIRM / Chikaya			
2017			0.00	



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2018		0.00	
2019		0.00	
2020		0.00	
2021		0.00	
2022		0.00	
2023	DLR11: At least 60% of the total grievances received across the CC's territory have been processed through the Citizen Relationship Management Platform (Chikaya).	2.00	
2024		0.00	
2025		0.00	
<b>Action: This DLI is New</b>			



DLI 12		Enabling the CC's access to private capital and financial markets.		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Text	3.75	0.00
Period	Value	Allocated Amount (USD)		Formula
Baseline	lack of measurement of creditworthiness			
2017		0.00		
2018		0.00		
2019		0.00		
2020		0.00		
2021		0.00		
2022		0.00		
2023	DLR 12.1: A two-step credit rating is carried out.	1.75		
2024	DLR 12.2: Double entry accounting (Comptabilité Générale) standards have been used to develop the asset-based accounting covering the balance sheet in CY2023.	2.00		



2025		0.00
<i>Action: This DLI is New</i>		

**Verification Protocol Table: Disbursement Linked Indicators**

<b>DLI 1</b>	Percentage Increase in Municipal Revenues excluding transfers from a baseline of 0% in CY 2015
<b>Description</b>	
<b>Data source/ Agency</b>	
<b>Verification Entity</b>	
<b>Procedure</b>	

<b>DLI 1</b>	Percentage Increase in Municipal Revenues excluding transfers
<b>Description</b>	DLI 1 measures the increase in operating municipal revenues – excluding transfers – of the CC with 2 DLRs : <b><u>Under the Parent Program</u></b> : DLR 1 : measures the increase in operating municipal revenues – excluding transfers – of the CC compared to the baseline of CY2015. Results achieved per year are as follows : CY2017 : 9.6% increase compared to CY2015 baseline



	<p>CY2018 : 18% increase compared to CY2015 baseline  CY2019 : 22.76% increase compared to CY2015 baseline  The annual target for each year corresponds to the increase in revenues for the previous year compared to the Baseline of CY2015, as documented in the annual financial statements.  <b><u>Under the AF</u></b> : DLR 1.1: measures the increase in Municipal Revenues Excluding Transfers from a baseline of 0% in CY2021. While the newly added DLR#1.1 disburses from a baseline of 0%, per % point up to 46% increase, based on a scalable formula with no yearly targets, estimates of annual results to be achieved are indicated below and the disbursement table :  CY2022 : 10% increase compared to CY2021 baseline  CY2023 : 21% increase compared to CY2021 baseline  CY2024 : 33% increase compared to CY2021 baseline  CY2025 : 46% increase compared to CY2021 baseline  The annual results estimated for each year corresponds to the increase in revenues for this year compared to the Baseline of CY2021, as documented in the annual financial statements.</p>
<b>Data source/ Agency</b>	Municipal Treasurer / CC's financial statements
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	<p>DLR 1: IGAT will review the financial statements approved by the Municipal Treasurer as of the 31st of December of each CY, and will confirm the % increase in the operating municipal revenues - excluding transfers and resources from the CAS TVA – compared to the baseline of CY2015.  DLR 1.1: IGAT will review the financial statements approved by the Municipal Treasurer as of the 31st of December of each CY, and will confirm the % increase in the operating municipal revenues - excluding transfers and resources from the CAS TVA – compared to the baseline of CY2021.  The development and adoption of the revenue mobilization action plan to improve the Borrower’s revenues by the</p>



	municipality will be a condition for disbursement under DLR 1.1
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<b>DLI 2</b>	Modernization of the Borrower’s revenue management systems
<b>Description</b>	
<b>Data source/ Agency</b>	
<b>Verification Entity</b>	
<b>Procedure</b>	

<b>DLI 2</b>	Modernization of the Borrower’s revenue management systems
<b>Description</b>	<p>DLI 2 measures the actions taken by the CC to improve and modernize the administration of its own revenue. These measures may be directly managed by the municipality and / or entrusted to a local development company of which it is a shareholder, under a specific agreement. The Disbursement Linked Results (DLR) are planned to be achieved as follows:</p> <p>In CY 2018:</p> <ul style="list-style-type: none"> <li>• DLR # 2.1: Installation of an integrated information system for the administration of taxes on non-built land, beverage licenses and tourism, including: (i) relevant Borrower’s staff have been equipped and trained to operate the system, and (ii) the system’s functionalities have been successfully activated.</li> <li>• DLR #2.2: Carrying out of a census of taxpayers and elements of taxation relating to the revenues administered by the Borrower, including upgrading tax bases undertaken for each of the tax revenues, when applicable (as described in the POM).</li> </ul> <p>In CY 2020:</p>





	<ul style="list-style-type: none"> <li>• DLR #2.5: Completion of an inventory and valuation of the Borrower’s real estate assets, in form and substance as set forth in the POM.</li> </ul> <p>In CY 2022:</p> <ul style="list-style-type: none"> <li>• DLR #2.3: Establishment and operationalization of a single Addressing System ( <i>Système d’Adressage</i>).</li> <li>• DLR #2.4: Integrated information system for revenue administration is fully operational and the revenues administered by the Borrower (but excluding small volume revenues and cash revenues, <i>inter alia</i>, as described in the POM) are able to be administered through the integrated information system.</li> </ul> <p>In CY 2023:</p> <ul style="list-style-type: none"> <li>• DLR #2.6: Operationalization of the Local Joint Ownership (Société de Développement Local, SDL) <i>Casablanca Mawarid</i>.</li> <li>• DLR #2.8: Update of the inventory of taxpayers and tax bases relating to the tax on unbuilt land</li> <li>• DLR#2.9: Operationalization of a new module on financial reporting under GIR-CT (GIR-CT Reporting) to monitor in real time the Municipal Revenues Excluding Transfers.</li> </ul> <p>In CY 2025:</p> <ul style="list-style-type: none"> <li>• DLR#2.7: Monitoring of the implementation of the Revenue Mobilization Action Plan to improve the Borrower’s revenue with at least nine (9) quarterly meetings held.</li> </ul>
<b>Data source/ Agency</b>	CC
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	<p>DLR 2.1: The CC or SDL sends to IGAT the minutes of reception of the integrated information system. IGAT then checks on site the full operationalization of the system (equipment, staff, functionalities activated) for the taxes and fees concerned.</p> <p>DLR 2.2: IGAT verifies that the inventory of taxpayers and elements of taxation for the TNB, tax on beverage licenses, tourist tax (<i>taxe de séjour</i>), is carried out by the services of the municipality and / or by the service providers, in accordance with</p>



the stipulations in their Terms of Reference.

DLR 2.3: IGAT will verify on site the effective operationalization of the information system. ,

DLR 2.4: IGAT ensures, onsite, the full operationalization of the system (equipment, staff, functionalities activated) for all the taxes and fees concerned. Regarding functionalities, IGAT will check that the whole value chain (from tax base to tax collection) is indeed processed through GIR CT at the level of the 16 districts.

DLR 2.5: IGAT will ensure the finalization of the inventory and valuation of the property of the municipality. The details of the audit are detailed in the POM. In order to carry out this verification, the municipality will have transmitted to IGAT in 2018 the list of properties already registered with the ANCFCC, which are in the process of being registered or only inscribed in the CC's asset registries (sommiers de consistance)

DLR 2.6: IGAT will ensure the achievement of this DLR through a review of the following elements: (i) Minutes of the Board of Directors relating to the appointment of the Managing director, (ii) MoU signed between Casa Mawarid and the CC setting out the respective roles of the CC and its SDL, as well as its operating and financing methods. (iii) Minutes of the Board of Directors approving the work program of the SDL . Detailed verification protocol will be included in the POM.

DLR 2.7: IGAT will ensure that a revenue mobilization action plan to increase Municipal Revenue has been developed and at least nine (9) meetings to follow up on its implementation are held between June 2022 and December 2025 under the leadership of the CC (meetings to be chaired by the Mayor), with the participation of representatives of the Directorate General of Taxes, General Treasury, Casa Mawarid and other stakeholders as needed. To carry out this verification, the municipality will send the minutes of these meetings to IGAT. Detailed verification protocol will be included in the POM.

DLR 2.8. IGAT will verify that the census of taxpayers and tax elements is indeed carried out in accordance with the specifications (cahier des charges) approved by the CC. IGAT will ensure, by random checks, the eligibility of the land for the TNB (large area plots) with regard to the criteria recognized by the DGCT and the comprehensiveness of the information relating to the taxpayers (name, geographic area, surface, land category) allowing the collection of this tax.

DLR 2.9. The CC will send to IGAT the minutes of the reception of the new module. IGAT will then check on site the full operationalization of the module's functionalities.



<b>DLI 3</b>	Private capital mobilized for investments through new or additional value of PPP contracts
<b>Description</b>	
<b>Data source/ Agency</b>	
<b>Verification Entity</b>	
<b>Procedure</b>	

<b>DLI 4</b>	Households in disadvantaged neighborhoods provided with improved access to basic services (at least one of the following: water supply, sanitation, or electricity)
<b>Description</b>	
<b>Data source/ Agency</b>	
<b>Verification Entity</b>	
<b>Procedure</b>	

<b>DLI 4</b>	Households in disadvantaged neighborhoods provided with improved access to basic services (at least one of the following: water supply, sanitation, or electricity)
<b>Description</b>	DLI 4 measures the cumulative number of households in disadvantaged neighborhoods provided with access to at least one of the three following basic services: water supply, sanitation, or electricity, from a baseline of 0, up to 8,000 households. The eligible disadvantaged neighborhoods are the 72 neighborhoods subject of the MoU signed by the authorities under the PDGC (Convention de Rehabilitation de Quartiers Sous Equipés), and any other disadvantaged neighborhoods as agreed



	between the CC and the Bank. The end of line target amounts to 8,000 households.
<b>Data source/ Agency</b>	Lydec accounts
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	<p>Review by IGAT of:</p> <ul style="list-style-type: none"> <li>- The list of beneficiaries established by Lydec, validated by the authorities indicating the connection water and / or sanitation and / or electricity</li> <li>- Reception records of works completion in civil engineering of water / and or sanitation and / or electricity in the eligible disadvantaged neighborhoods.</li> </ul> <p>On-site verification by IGAT: -Verification of the commissioning of sanitation: On-site verification of the physical connection based on a random sample of at least 5% of beneficiary households.</p> <p>Verification of water and electricity services: verification of customer contracts based on a random sample of at least 5% of beneficiary households and field visits.</p>

<b>DLI 5</b>	Number of kilometers of comprehensive street upgrading (works to include at least three (3) of the following elements: (i) roadway, (ii) sidewalk or pedestrian path, (iii) road drainage systems, (iv)
<b>Description</b>	
<b>Data source/ Agency</b>	
<b>Verification Entity</b>	
<b>Procedure</b>	



<b>DLI 5</b>	Number of kilometers of comprehensive street upgrading completed and number of facades restored from a baseline of 0
<b>Description</b>	<p>This DLI focuses on the urban environment upgrading through :</p> <ul style="list-style-type: none"> <li>• DLR 5: Cumulative, number of kilometers of comprehensive street upgrading completed (works to include at least three (3) of the following elements: (i) roadway, (ii) sidewalk or pedestrian path, (iii) road drainage systems, (iv) road markings and signs, (v) street lighting, (vi) urban furniture, and (vii) landscape), a with target of 125 kilometers from a baseline of 0.</li> <li>• DLR 5.1: Number of facades (public and private properties) restored from a baseline of 0, up to 150.</li> </ul> <p>For DLR 5, results are attributed to both the Parent Program and the AF with 3 sub DLRs :</p> <ul style="list-style-type: none"> <li>• DLR 5 (a) : from a baseline of 0, up to 68.77 kilometers (results already achieved under the Parent program),</li> <li>• DLR 5 (b) : from a baseline of 68.77 kilometers, up to 99.65 (results still to be achieved under the Parent program),</li> <li>• DLR 5 (c) : from a baseline of 99.65, up to 125 km (results to be achieved under the AF).</li> </ul>
<b>Data source/ Agency</b>	<p>DLR 5: Casa Aménagement DLR 5.1: Casa Patrimoine</p>
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	<p>DLR 5: Review by IGAT of the physical progress reports and invoices submitted by Casa Aménagement, and on-site verification of a sample of sections. DLR 5.1: Review by IGAT of the physical progress reports and invoices submitted by Casa Patrimoine, and on-site verification of a sample of sections.</p>



<b>DLI 6</b>	Simplification and digitalization of administrative transactions for the issuance of: (i) authorizations related to urban planning, and (ii) business licenses
<b>Description</b>	
<b>Data source/ Agency</b>	
<b>Verification Entity</b>	
<b>Procedure</b>	

<b>DLI 7</b>	Improving the CC's real estate asset management
<b>Description</b>	<p>Based on the inventory and valuation of the CC's real estate assets conducted through the parent operation (DLR 2.5), DLI 7 will provide a framework for improving the effective management of these assets.</p> <p>In CY 2023: - DLR 7.1: A municipal real estate asset management strategy and an associated action plan have been adopted. This work will cover both the revenues and expenditures, allow to prioritize the needed actions to enhance revenues related to real-estate municipal assets management, and to optimize operation and management costs related to these assets, including through exploring energy efficiency aspects as part of municipal assets' O&amp;M.</p> <p>This strategy will include, as per a new PAP action, a methodology to identify, avoid and mitigate adverse impacts on low-income and vulnerable businesses and households.</p> <p>In CY 2025: - DLR 7.2. 100% municipal real estate assets have been registered. The registration of municipal assets will require close coordination between Casa Patrimoine, the CC and the services of the National Property Registration Agency (<i>Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie - ANCFCC</i>) in charge of land titling.</p>



<b>Data source/ Agency</b>	Casa Patrimoine
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	<p>DLR 7.1. IGAT will review the strategy and action plan produced by Casa Patrimoine and its adoption by a steering committee (participants will be defined in the POM) chaired by the Mayor. To carry out this verification, Casa Patrimoine will share the relevant documentation, including the ToRs for the deliverables, the deliverables themselves and the steering committee minutes (deliverables approval). IGAT will verify that the deliverables produced comply with the proposed ToRs. In compliance with the PAP, the ToRs and related deliverables should include a methodology to identify, avoid and mitigate adverse impacts on low-income and vulnerable businesses and households to ensure the strategy is developed taking into consideration social aspects related to municipal assets valuation.</p> <p>DLR 7.2. IGAT will review the land/property titles of newly registered municipal real-estate assets delivered by the ANCFCC, to be presented under a consolidated report by Casa Patrimoine. The registration ratio will be calculated based on the following formula : Number of registered assets / (baseline of non registered assets at the AF's effectiveness - Assets where the demarcation phase raised issues).</p> <p>The baseline will be defined in the POM.</p>

<b>DLI 8</b>	Strengthening the sustainability of key municipal infrastructure through evidence-based Operations and Maintenance (O&M) and targeted rehabilitation
<b>Description</b>	<p>This DLI aims to ensure efficient maintenance is carried out on municipal roads, including the infrastructure developed under DLI 5.</p> <p>DLR 8.1: An annual road maintenance plan has been adopted in form and substance as set forth in the POM (based on a diagnostic of the existing road network managed by the municipality to be carried out by the CC, this will allow the plan to rely on systematic and updated information, which will contribute to the value-for-money and sustainability of public</p>



	investment).. DLR 8.2: Number of bridges in a critical condition will be rehabilitated from a baseline of 0 to 32. The bridges to be rehabilitated are identified in the MoU related to the rehabilitation of structures/bridges on the urban motorway signed between Casa Aménagement and the CC. .
<b>Data source/ Agency</b>	DLR 8.1: CC DLR 8.2: Casa Aménagement/CC
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	DLR 8.1: IGAT will review the documentation produced by the CC: (i) diagnostic of the existing road network managed by the municipality (focusing on the municipal road network, to the exclusion of structures such as tunnels, bridges, etc.); (ii) minutes of the meetings held at the level of the 16 districts, the 8 wilayas - préfectures d'arrondissement - and the CC to prepare the annual road maintenance plan to ensure that the diagnostic has been used to inform the prioritization of investment (namely on the physical state of the roads) in the annual road maintenance plan; (iii) Mayor's decision articulating the investment projected based on the diagnostic produced. (methodology to be refined in the POM) DLR 8.2: IGAT will review the physical work achievement reports and invoices submitted by Casa Aménagement, and systematic in-site verification of the works finalized. Eligible investment include upgrading of structures (bridges) and equipment to ensure the safety of users.

<b>DLI 9</b>	Strengthening the CC's climate action
<b>Description</b>	The AF would support the city's climate action on both the adaptation and mitigation front, though : <ul style="list-style-type: none"> <li>DLR 9.1: A roadmap of investments to enhance energy efficiency in the streetlighting sector has been adopted by</li> </ul>





	<p>the CC.</p> <ul style="list-style-type: none"> <li>• DLR 9.2: Green spaces are watered through treated reused water mechanisms, from a baseline of 0 to 204.</li> <li>• DLR 9.3: Area of selected green spaces upgraded or created with an inclusive design as set forth in the POM, with a baseline of 0 and a target of 40 Ha.</li> </ul>
<b>Data source/ Agency</b>	Casa Baia
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	<p>DLR 9.1: The IGAT will review the documentation approved by the dedicated steering committee chaired by the CC (participants to be specified in the POM), including the list of planned investments, as well as minutes of the meeting of the steering committee when the roadmap is adopted.</p> <p>DLR 9.2: review by IGAT of the physical achievement reports on related investments carried out by Casa Baia, and on-the-ground verification of a sample of sites. Additionally, Casa Baia will provide the relevant reporting on the volume of daily wastewater treated and its use in selected green spaces. The verification protocol will be further detailed in the POM.</p> <p>DLR 9.3: Review by IGAT of the progress reports submitted by Casa Baia articulating investments and maintenance costs incurred in targeted areas), and on-the-ground verification (based on a random sample). The reports would at least include : (i) a document describing the initial state of spaces rehabilitated, (ii) documentation on investments carried out for both spaces rehabilitated and created. IGAT will also make sure that inclusive design measures, including gender targeted interventions have been carried out in the selected green spaces based on the guidelines / policy to be defined in the POM.</p>

<b>DLI 10</b>	Strengthening the CC's governance to improve revenue and expenditure management
<b>Description</b>	DLI 10 aims to enhance the institutional capacity of the CC in order to contribute to more effective revenue and expenditure management.



	<ul style="list-style-type: none"> <li>• DLR 10.1: 2 internal audit reports have been approved by the CC . This will show that the internal audit function within the CC is operational.</li> <li>• DLR 10.2: 9 quarterly reporting scorecards on SDL oversight completed.</li> <li>• DLR 10.3 : A human resources management plan is adopted as set forth in the POM.</li> </ul>
<b>Data source/ Agency</b>	CC
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	<p>DLR 10.1: Review by IGAT of the audit reports produced . Audit reports should be acceptable based on the mandate of the internal audit unit and the terms of reference prepared.</p> <p>DLR 10.2: Review of scorecards prepared periodically based on templates to be included in the verification protocol in the POM with a proposed frequency to complete them.</p> <p>DLR 10.3: Review HR management plan adopted by the CC. The plan should provide a medium-term vision for the renewal of the municipal staff (given the needed replacement of incoming retirees) taking into account the impact on expenditure. Adoption is formalized through a Decision of the Mayor.</p>

<b>DLI 11</b>	Effective digitalization of the municipal administration for a quality service delivery and improved accountability toward citizen
<b>Description</b>	<p><i>This DLI captures The full operationalization of the Citizen Relationship Management platform (Chikaya) across the municipality’s 16 districts CC, with a satisfactory level of grievances processed.</i></p> <p><i>DLR11: At least 60% of the total grievances received across the CC's territory have been processed through the Citizen Relationship Management Platform (Chikaya).</i></p>



<b>Data source/ Agency</b>	CC / Casa prestations
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	<p>IGAT will verify reporting prepared through the GRM system showing:</p> <ul style="list-style-type: none"> <li>- the number of grievances received, including the type of issue raised, date, and process status.</li> <li>- the number of grievances processed; in accordance with Decree No. 2-17-265 setting the procedures for receiving comments and proposals from citizens, monitoring and processing their complaints, a grievance is considered processed/ closed if the citizen has not re-opened the case after 15 days following its review by the CC and the provision of an answer/solution/timeline.</li> </ul> <p>The proportion of grievances processed will be measured on a 12-month basis</p>

<b>DLI 12</b>	Enabling the CC's access to private capital and financial markets.
<b>Description</b>	<p>This DLI aims to enhance the city's creditworthiness through the implementation of:</p> <ul style="list-style-type: none"> <li>• In CY2023 : DLR 12.1: A two-step credit rating is carried out.</li> <li>• In CY2024 :DLR 12.2: Double entry accounting (<i>Comptabilité Générale</i>) standards have been used to develop the asset-based accounting covering the balance sheet in CY2023.</li> </ul>
<b>Data source/ Agency</b>	CC
<b>Verification Entity</b>	IGAT
<b>Procedure</b>	<p>DLR 12.1: IGAT will review the deliverables of the 2 ratings process and verify the publication of the second rating.</p> <p>DLR 12.2: IGAT will review accounts prepared for CY2023 based on asset-based accounting.</p>




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**ANNEX 1: INTEGRATED RISK ASSESSMENT**

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Substantial
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate
Fiduciary	● Moderate	● Moderate
Environment and Social	● Moderate	● Substantial
Stakeholders	● Moderate	● Moderate
Other	● Moderate	● Moderate
Overall	● Moderate	● Substantial



## ANNEX 2: FIDUCIARY SYSTEMS ASSESSMENT – ADDENDUM (OPTIONAL)

### Expenditure Framework

- 1. As in the parent program, transfers to SDLs will constitute the AF expenditure framework.** The CC will continue to contribute in two ways to the financing of Program activities: (i) with the CC's own source revenues channeled through the CC's own budget, and (ii) with the CC's share of transfers from the VAT revenues earmarked for local government, channeled through the Special Purpose Account - Value-Added Tax part for local governments (CAS-TVA). Approximately 77.5 percent of expenses are physical assets. Other expenses include services, operational expenses, technical studies, consulting, goods and equipment or IT. All expenses will be programmed between 2022 and 2025.
- 2. The planning and budgeting processes at the CC suffers from the lack of effectiveness of the triennial budget programming,** as flagged in the PEFA for the municipality of Casablanca<sup>28</sup>, and the still untapped fiscal potential, mainly due to the shortcomings in the performance of the municipal tax administration. To mitigate these risks, the AF will continue to support municipality's effort to improve the performance of its tax administration and to increase the percentage of its own resources in its budgets. This would be implemented through DLI#1 and DLI#2.
- 3. The Program's expenditures will be included in the budgets of the implementing entities based on the MoUs that will be signed with the CC.** A periodic evaluation of these MoUs will be agreed with the CC to enable take stock on the progress in the execution of the PEF. The new DLI #10.2 will support close monitoring of contractual frameworks established between the CC and its SDLs. Periodic reports will be prepared for this purpose to ensure that the municipality's commitments within SDLs is timely and sufficient. Overall, the difficulties identified during the implementation of the parent program are mainly related to delays in the transfer of resources to the SDLs.
- 4. The type of expenditures supported under the AF remains the same as in the parent operation.** They will consist of investments in infrastructures, roads, rehabilitation of the municipality's real estate assets, procedures dematerialization and better management of the green's areas in the city. For Casa- Baia (newly added), expenditures relate to infrastructure, equipment, goods, and services.
- 5. The AF will finance approximately 63.9 percent of total Program expenditures.** Including both Parent and AF, WBG would fund 31.18 percent of the Program. Specifically, the AF will include financing of US\$ 156.3 million, including an IBRD loan of US\$100 million and the government contribution of US\$ 56.3 million. The

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<sup>28</sup> Rated D PI-15 in the PEFA for the municipality of Casablanca in 2016.



Program will use the CC’s investment budget as depository of funds. It will thus scale up the overall program volume from US\$ 345 million to US\$ 501.3 million.

**Table 1: Program costs and source of financing (US\$ million)**

Financing Source	Original Program	AF Program	Total
BORROWER/RECIPIENT	145	56.3	201.3
IBRD/IDA	200	100	300
<b>TOTAL</b>	<b>345</b>	<b>156.3</b>	<b>501.3</b>

6. The AF will maintain the same program expenditure framework as the parent program, with the addition of Casa Baia. Transfers to Casa Patrimoine will cover RA#1 to increase the program's impact on the municipality's own resources. RA#1 will have limited expenditures, compared to the other result area as it focuses on the performance of the tax administration. Transfers to Casa Patrimoine (Rehabilitation works of the city's heritage), Casa Prestations, Casa Baia, and Casa Aménagement will constitute RA#2.

7. The PEF is structured around two areas: (i) Increasing municipal revenues of the CC (3 percent) and (ii) Improving mobility and urban space as well as the quality of public services (97 percent). Based on the information provided by the Borrower on the implementation of the parent PforR over the period 2017-2021 and forecasts for 2022-2025, the program expenditures under these two areas can be grouped under three categories: (i) Works (81 percent), (ii) Goods and non-consulting services (16 percent), and (iii) Consulting services (3 percent). The procurement of works will consist of rehabilitation of infrastructures, maintenance of structures and roads upgrade. Regarding goods and non-consulting services category, it will consist of the purchase of goods and services related to the digitalization like setting up digital platforms and software development. Finally, consulting services category consists in legal assistance and expertise, and studies.

8. **An interim financial reconciliation has been carried out** including the determination of expenditures to date and detailed projections based on analysis of expenditures forecasts for the three areas of the AF. World Bank disbursement to date has reached US \$ 190.2 million<sup>29</sup> (96.7 percent of the loan amount, included an initial advance of US\$ 52.9 million. The reconciliation between disbursement (excluding initial advance disbursed by the Bank) and expenditures made to date shows that the executed expenditures are higher than the realized disbursements with nearly US\$ 24.3 million. Besides, there are remaining investments to be made under the parent program, amounting to US\$38.8 million, which will also be monitored during the AF.

**Table 2. Program Expenditure Framework (PEF)<sup>30</sup>**  
*Interim Financial reconciliation and updated financial projections (US \$, million) Awaiting new expenditure framework*

Program expenditure	To Date (December 2021)	Residual Parent Program Expenditures to be incurred	2022	2023	2024	2025	Total
RA1: Increasing municipal investment capacity	0,4	0	1,63	1,53	1,53	0	5,09

<sup>29</sup> The source is Bank Operations Portal

<sup>30</sup> Projections conducted by the World Bank, based on bi-annual implementation progress reports prepared by subproject implementers.



RA2: Improving the urban environment and the quality of public services	160,5	38,8	44,98	42,36	42,6	22,01	351,25
RA3: Improving the business environment	0,7	0	0	0	0	0	0,7
<b>Total</b>	<b>161,6</b>	<b>38,8</b>	<b>46,61</b>	<b>43,89</b>	<b>44,13</b>	<b>22,01</b>	<b>357,04</b>

9. The above table raises two main points. First, the importance of monitoring the execution of investments related to the parent program (US\$38.8 million) not yet achieved. Second, the gap between the borrower's contributions planned under the parent program and those effectively executed. Indeed, at end of 2021, the total expenditures incurred only represent 46.8 percent of the initial PEF forecasts, highlighting modest government's contribution to the PEF.<sup>31</sup> To mitigate this risk, strong commitment from the CC on executing the expenditure framework is to be guaranteed. Besides, the PMU will prepare periodic (e.g., bi-annually) consolidated financial management and procurement reports during execution of the program, which will be submitted on a bi-annual basis to the Bank. A unified reporting model for all implementing entities will be adopted in agreement with the Bank and included in the MOP. This will enable to reinforce fiduciary execution and monitoring of the Program activities.

10. **Program's financial sustainability and funding predictability.** The CC will continue its progress to make these MoUs approved in the PAC2022-2028 to be approved by October 2022 to ensure multi-year programming of activities to be implemented within this period.

**Financial Management Systems**

11. The Program's FM implementation arrangements have been assessed to evaluate the capacity of the implementing agency to record, control, and manage all program resources and produce timely, understandable, relevant, and reliable financial information for stakeholders.

***Program Planning, Budgeting, and Transparency***

12. **The planning and budgeting processes is acceptable.** However, some shortcomings in the investment prioritization/budget planning were identified during the implementation of the parent PforR.

***Program Accounting and Financial Reporting***

13. **The program budget execution, accounting, and reporting procedures need to be strengthened.** Bank fiduciary assistance on the ongoing PforR enabled to achieve positive results in the enhancement of the Program accounting and financial reporting. However, some aspects still need to be adjusted and/or strengthened.

***Treasury Management and Funds Flow***

14. The AF will use the funds flow arrangements used for the execution of the parent program. These arrangements were deemed acceptable during the implementation of the parent PforR. The AF agreement will be signed with the CC and covered by a sovereign guarantee of the Kingdom of Morocco. Therefore, the Program's

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<sup>31</sup> The Parent operation's PEF only captured part of the PDGC commitments.





funds will be directly disbursed to the CC upon achievement of the DLI in a dedicated account opened at Treasury of the Kingdom. This account will be reflected in the CC financial statements and be part of the Treasury Account. To mitigate the risk of delay in the release of the transfer and the payment, the actual monitoring mechanism between the CC and the contractors/SDLs will be reinforced through a bi-annual statements. This system will help to keep track on the payment lead time against the services standards. Disbursement of Bank proceeds will be made at the request of the Borrower upon achievement of DLIs. The disbursement arrangements for the Program may allow for advances up to 25 percent once the Program becomes effective. Justification and new requests for advance on DLIs will be stated in the DFIL and the revised version of the POM.

### ***Disbursement arrangements***

**15.** The Program envisages disbursement throughout the Program implementation period based on the verification of achieved DLRs for 12 DLIs. Application for withdrawal from the World Bank's lending account, as per the amounts allocated to individual DLRs will be sent to the World Bank any time after the World Bank 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. Details of the agreed disbursement procedures for each DLR are provided in the Results Framework as part of the Verification Protocol Table.

**16.** For scalable DLIs, payment would be made in proportion to the achieved results for each period after verifying the DLIs. An advance in the amount of up to US\$25 million may be disbursed once the loan becomes effective to facilitate the achievement of DLIs' results. This potential advance would be available throughout Program implementation on a revolving basis.

### ***Program's Internal Controls, Including Internal and External Audit***

#### ***Internal control and audit***

**17.** The AF will apply the internal control procedures implemented by the CC and the SDLs which are found acceptable. As recommended in the Parent PforR, internal control systems will need to be strengthened for Casa-Patrimoine in terms of (i) holding of regular meetings of the sub-program monitoring committee, (ii) preparing a budgetary and accounting management procedures manual and (iii) the creation of a structure responsible for internal control and internal audit. These measures will be included in the AF PAP. At the CC level, like the government financial and accounting transactions, there is an adequate internal control platform including a strict segregation of duties between the budget holder and the accountant. The accounting records are based on the Integrated Expenditure Management System (GID), which ensures a high degree of reliability and traceability of accounting records and operations. Furthermore, to assess the soundness of the control environment over the AF implementation, the external audit reports of the entities of the Program will include management letters on the internal control.

#### ***Internal audit***

**18.** The assessment of the internal audit arrangements in effect at the level of each entity of the Program is as follows.



1. CC. An internal audit entity exists but is not fully effective. The operationalization of this entity was introduced as a DLR in the AF.
2. Except for Casa-Patrimoine, all the SDLs involved in the program are endowed with an audit committee and an internal audit department. Although these departments have a small staff (between 1 and 2 auditors), they draw-up an annual audit plan, carry out regular mission on operational and financial aspects and are also responsible for updating their risk maps.

***Program external audit***

**19.** Each entity in charge of the execution of Program expenditures (CC and SDLs) will produce an annual financial statement on their respective share of Program expenditures. The IGF will carry out the financial audits of the Program expenditures incurred by the CC and the SDLs, based on the annual Program financial statements produced by each entity. The audit will cover Program expenses incurred on or after January 2022. The audits will be carried out following the Audit Terms of Reference (TORs) to be agreed between IGF and the Bank and will include a specific clause about the reconciliation between the Bank’s disbursements and the execution of the expenditure framework. The production of audit reports will be no later than 9 months after the closure of accounts. The World Bank has monitored the implementation of annual action plans to address IGF audit recommendations. Compliance with submission of audited financial statements were respected. No delays were observed in transmission of financial audits of the parent PforR, which were all with unqualified opinion. Overall, the performance of IGF as well as the quality of the audit reports received so far were deemed acceptable to the Bank.

**Procurement**

**20.** The implementation of the procurement processes and procedures for the parent project have been satisfactory. No shortcomings under the Program have been noticed during the implementation neither during the supervision missions. However, some weaknesses have been detected regarding the procurement KPIs reporting. The IAs have no systematic procurement performance reporting system to ensure the follow-up of the contracts execution and the bidding process in general. In addition, the IAs have no complaints management system in place, this point should be strengthened. Mitigation measures will be implemented by the IAs, as detailed in Table 5.

**21.** Regarding procurement data analytics, the annual number of contracts established by the SDLs over the last three years as well as the breakdown by procurement method and procurement times are summarized in the Table below.

**Table 4. Procurement Data**

Calendar Year	Average procurement lead time	Average advertising time	Average bids evaluation time	Number of tenders	% of ONCB	Average number of bidders
Casa Aménagement						
2018	66	32	30	37	97%	4
2019	61	35	24	32	97%	3



2020	59	31	21	75	100%	4
Casa Prestations						
2018	84	21	63	20	80%	3
2019	91	21	73	28	96%	3
2020	41	21	20	13	100%	3
Casa Patrimoine						
2019	28	21	2	1	100%	3

**22. The data received as for now shows a convenable procurement performance with good annual progress in procurement times.** Indeed, the fiduciary questionnaire received from the IAs demonstrate that in the case of Casa Prestations and Casa Aménagement that the procurement lead time and the evaluation time made significant progress over the past three years, and almost all the tenders are open. In addition, those two agencies have experience in public procurement since they have handled several procurement cases, where no complaints have been received. Both have dedicated staff handling the procurement activity and good archiving system. Plus, they have procurement procedure explaining in detail how to procure. In the case of Casa-Prestations, they are using an ERP to process bidding requests and tenders.

**23. Regarding Casa Patrimoine and Casa Baia, the data received shows that** (i) they are using a procurement regulation aligned on the PPD, (ii) they are using the eGP, (iii) no complaints received during the last three years, and (iv) they have dedicated staff handling the procurement activity. However, the lack of procurement statistics doesn't permit an in-depth analysis of the performance at this stage. More data will be collected during the implementation.

**24. Moreover, the PAP includes an action related to the reporting of procurement information to monitor and assess the procurement performance,** noticeably in the context of submission of bi-annual implementation reports. This reporting included in the PAP is also an opportunity to identify complaints that were expressed on procurement aspects, and their treatment by the IAs.

**25. Procurement planning and publication of the procurement plans are made mandatory by the Public Procurement Decree - PPD (No. 2-12-349 of March 20, 2013) and by the procurement regulations of the SDLs which are aligned on the later.** Each public procuring entity is required, according to the PPD, to publish its procurement plan which shall include all contracts planned for the fiscal year, under their budget. The publication should be done at least in two national newspapers (one in Arabic and one in foreign language) and on the procurement electronic portal<sup>32</sup>, no later than the end of the first quarter of each fiscal year. This requirement fosters the access to information on procurement opportunities for all potential bidders. The information received confirm that the procurement plans has been done and published as required during the past period of the parent program.

<sup>32</sup> [www.marchespublics.gov.ma](http://www.marchespublics.gov.ma). For Casa-Aménagement SDL, in addition to the portal, they are also publishing the procurement plan in their website.



**26. Procurement processes and procedures.** The procurement processes and procedures at the level of different agencies were assessed based on virtual meetings with them and data provided by heads of agencies or procurement divisions. The different agencies procurement systems are acceptable, and they provide reasonable assurance on the achievement of core procurement principles. The procurement activity of the implementing agencies is carried out by the Public Procurement Decree (PPD) or a regulation based and aligned on this PPD. As a summary of the procurement systems of the agencies, it's noticed that the SDLs are using a procurement regulation aligned on the PPD and are well staffed to handle the procurement activity thanks to a dedicated team.

**27. eProcurement.** The procurement system relies on the national e-procurement portal, which is used by the SDLs included in the Program, and contributes to improving public access to information, by widely publishing a call for tender, making bidding documents available online to all potential bidders, and publishing results of tendering processes. Furthermore, on March 11, 2021, the government adopted a decree<sup>33</sup> making the electronic submissions of bids mandatory through the portal. This new provision will be effectively applied starting from 2021. Overall, as anticipated, the main procurement method used for the Program expenditures is Open National Competitive Bidding (ONCB).<sup>34</sup>

#### **Anticorruption arrangements**

**28. Risk of fraud and corruption.** The Program ex-ante and ex-post financial controls were found adequate to address the risk of fraud and corruption. These arrangements comprise several effective institutions playing complementary roles: Ombudsman Office (Al Wassit), Court of Auditors, General Inspectorate of Ministry of Interior (IGAT), the National Commission for Public Procurement (Commission Nationale de la Commande Publique- CNCP), the Central Body for Corruption Prevention (Instance Centrale de Prévention de la Corruption - ICPC), and IGF. The National Commission of Public Procurement (CNCP) has been strengthened following its effective operationalization in 2018, gaining more autonomy and independence. As of May 2021, 132 decisions have been made by CNCP and published on its website. As mentioned below, these decisions did not cover the ongoing PforR operation.

**29. The country governance and anticorruption arrangements have been confirmed as adequate.** No report on fraud and corruption complaints has been submitted to the Bank team during the implementation period of the parent program. Also, the data received from the sample of subprojects has not reported any complaints related to the procurement process or contract execution.

**30. Actions related to fraud and corruption.** 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

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<sup>33</sup> Decree N'2.21.801.

<sup>34</sup> Data received from the IAs shows that the procurement method used is exclusively the ONCB.



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 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 shall be nominated for granting access to the Client Connection by the World Bank. The borrower will develop and operationalize the mechanism of enforcing these requirements through the issue of instructions/circular to all the procuring entities requiring the procuring officers to check the eligibility of firms and individuals from the World Bank's list of debarred and temporarily suspended firms and record the same in procurement award decision files. The borrower will report compliance to these requirements in annual Program Audit Report.



## ANNEX 3: ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT – Addendum

### A. INTRODUCTION – PARENT PROJECT AND ADDITIONAL FINANCING PRESENTATION

1. The Municipality of Casablanca (CC) has expressed interest in an Additional Financing (AF) to the current CASABLANCA MUNICIPAL SUPPORT PROGRAM Program-for-Results (PforR), whose closing date is March 31, 2023. This additional financing (for an amount of US\$ 100 million) will focus both on processes and institutional strengthening of the CC as well as expected outcomes. It will in fact help deliver sustainable results, namely in terms of revenues enhancement, while enhancing the CC's effectiveness and efficiency in service delivery.
2. The ongoing Casablanca Municipal Support Program-for-Results (P149995) has achieved tangible results in terms of institutional, financial, and operational performance of the municipality of Casablanca (Commune de Casablanca - CC). This flagship subnational loan (US\$ 200 million) was declared effective in February 2018, with a closing date on March 31st, 2023. Significant progress has also been made toward achieving the Program Development Objective (PDO) and disbursement Linked Indicators (DLI). However, progress toward PDO achievement has been kept at moderately satisfactory since 2020. This is attributed to the impact of both the COVID-19 pandemic and the municipal elections that took place in September 2021, on municipal revenues enhancement and provision of access to basic services in disadvantaged neighborhoods. The Program's Implementation Progress rating has been satisfactory (S) except for the one related to DLIs that is moderately satisfactory given the delays incurred during the pandemic. The Program Action Plan (PAP) implementation has seen satisfactory progress to date; of its twelve planned actions, eight have been completed, the remaining four actions are currently in progress. Overall, the Program has disbursed US\$ 190.71 million (96.72 percent of the loan amount), including a 25 percent advance.
3. The AF will scale up and expand the current PDO and accelerate the city's post-pandemic recovery. At its core remains the enhancement of the city's investment capacity through diligent and responsible revenue and expenditure management, as well as enhanced private sector participation in service delivery. The AF will focus both on processes and institutional strengthening of the CC as well as expected outcomes. In parallel, it will address emerging priorities identified by the CC as having both direct and indirect impacts on the CC's fiscal and socio-economic sustainability, namely the increased resilience to climate change. Ensuring extension of services to low-income populations and gender equity remains also a paramount objective under the AF operation.
4. The original geographic scope is expected to remain unchanged while the institutional arrangements will be marginally updated to reflect the inclusion of new implementing agencies in charge of additional results (i.e., Casablanca Baia, in charge of climate related results). The Program boundaries will be slightly expanded to reflect the city council's emerging priorities while keeping the focus on the initial results areas identified under the PDGC which are: **RA1: Increasing municipal investment capacity; RA2: Improving the urban environment and the quality of public services; RA3: Improving the business environment.** The AF would also include additional initiatives carried out by the CC while ensuring their alignment behind the results areas identified under the PDGC.
5. The Program Expenditure Framework will be expanded to align behind the anticipated CC's Municipal



Action Plan and reflect the expenses incurred by Casa Aménagement, Casa Baïa, Casa Patrimoine, Casa Prestations (see table 4 in the core document)

6. The proposed AF will also scale up the existing Disbursement Linked Results (DLI) under the first 2 result areas. Thus, DLIs 1, 2 and 5 will be scaled up in terms of both duration and scope. DLI 4 will be restructured with an extended duration and revised target so as to consider the operational challenges in program implementation. And finally, 6 additional DLIs will be added to support the municipality's fiscal sustainability along with the added focus on resilience to climate change.

7. To ensure that adverse environment and social risks and impacts continue to be avoided, reduced and mitigated adequately, the World Bank team prepared this Addendum to the Environmental and Social Systems Assessment (ESSA) to cover potential additional environmental and social (E&S) aspects that may arise from the Additional Financing. The Addendum does not constitute a new ESSA and should be considered together with the ESSA of the parent Program. The ESSA of the parent program assessed, against the requirements of Bank Policy/Bank Directive Program-for-Results Financing, the national and municipal systems with respect to institutional capacity and performance, policy and regulatory bases, consultation mechanisms and GRM to manage and mitigate the impacts.

8. In accordance with the guide for the identification, appraisal, processing, support and monitoring of the implementation of PforR operations supported by additional funding, the scope to the purpose of the Addendum is to:

- Document the performance of the parent program with respect to Environmental and Social Considerations (E&S) (including an assessment of the implementation of the original ESSA recommendations) and the impact of the additional activities within the AF;
- Determine whether the risk mitigation measures in the original ESSA have been implemented effectively, or whether new measures are required; identify any new environmental or social risks resulting from the change in the scope of the AF and the modified scope of the AF and describe how they will be managed;
- Exclude activities that are not eligible under PforR financing, confirming that they are not necessary to achieve program outcomes;
- Update the actions required to meet capacity constraints in E&S systems, taking into account the performance to date and the needs of the AF;
- Engage in consultations with all new stakeholders (or existing stakeholders whose scope has changed);
- Include the original evaluation summary for reference.

## **B. PARENT PROGRAM ACTION PLAN EVALUATION**

9. **Municipalities are expected, under the advanced regionalization process, to have gained autonomy and provide quality services and infrastructure.** However, in order to be able to offer a quality service, it is mandatory to sustainably address challenges related to their financial and institutional capacity as well as their revenue and management system.

10. **Parent operation.** The Casablanca Municipal Support Program-for-Results (PACC), a US\$200 million



subnational loan, was designed to support the Municipality of Casablanca (CC) in fulfilling its engagements under the PDGC while contributing to strengthen its financial and institutional capacity. Therefore, the Parent Program Development Objectives (PDO) is to increase the investment capacity of the Municipality of Casablanca, improve the business environment in the Municipality of Casablanca, and enhance access to basic services in the Program Area (i.e., in selected underserved neighborhoods). The PACC was restructured in early 2021 to account for the impact of the COVID-19 pandemic, and the closing date of the original loan was extended to March 31, 2023.

11. **Program implementation progress has been rated satisfactory except for the one related to DLIs that is moderately satisfactory given the delays incurred during the pandemic.** Performance of the operation has been rated mostly satisfactory throughout its implementation period with significant progress made under all PDO indicators : (i) Municipal own-source revenues grew by 22.76 percent between 2015 and 2018 (PDO indicator 1); (ii) More than MAD 900 million have been channeled through private sector participation to support municipal service delivery (PDO indicator 2); (iii) 5,884 households have been provided with improved access to basic services in disadvantaged neighborhoods (PDO indicator 3); and (iv) the average number of days required for issuance of a building permit went from 79 to 39 (PDO indicator 4). Apart from the revenue enhancement indicator directly impacted by the pandemic, all other areas are on track and will achieve the expected results by the Program current closing date. Progress toward PDO achievement has been kept at “moderately satisfactory” since 2020 to factor in the impact of the pandemic as well as municipal elections that took place in September 2021. These factors were considered through a Program restructuring conducted in April 2021 at the request of the CC. Program implementation progress has been rated “satisfactory” except for the rating related to DLIs that is “moderately satisfactory”, given the delays incurred during the pandemic. The cumulative loan disbursement reached US\$ 190.71 million (i.e., 96.72 percent of the loan amount, including the 25 percent advance). The Program Action Plan (PAP) implementation has progressed satisfactorily to date. Of its twelve planned actions, eight have been completed, while the remaining four actions are currently in progress, including: (i) one that was in the PAP that has been included through restructuring as a DLR in the Program results framework under DLI#2, and (ii) two that are being considered as new results under the additional financing.

12. Following up on the recommendation of the parent program ESSA, two E&S focal points have been designated and trained. The E&S focal points of the PIU appointed since the start of the Program have acquired proven experience in the E&S management of activities managed by the municipality of Casablanca (screening, monitoring, and reporting on mitigation measures, identification of non-compliances, training, and sensitization of stakeholders, archiving in the information system of the Program). This experience was built on:

- The production of the E&S technical guide by the focal points at the start of the Program: This guide includes all the procedures and monitoring tools (in accordance with the recommendations of the ESSA of the parent project). This guide is currently being updated to incorporate the procedure for communicating any incident/accident to the Bank (within 48 hours) and for producing the fact-finding report and the related action plan.
- Carrying out the screening of all activities to categorize them and identify the appropriate E&S management tools.
- Anticipation of the effects of the Covid-19 Pandemic on site management: a note on the COVID-19 management procedure was prepared by the E&S focal points (Annex 1) and shared and distributed to all entities execution and works companies.





- Training executing entities (Lydec and Casa Aménagement), carried out by focal points, on the use of the guide and support for these entities to raise awareness and supervise the works companies: a training session. Support and awareness sessions are carried out continuously during field visits.
- The continuous collection and analysis of monthly monitoring sheets from the executing entities.
- Carrying out unannounced field visits to verify the information collected (more than 60 field visits have been carried out by the focal points since 2018 with only 6 during 2020 because of the COVID-19 pandemic).
- The establishment of non-conformity sheets, the identification of corrective actions and the monitoring of their resolution. The main anomalies observed by the Environmental focal point during site visits were, for some sites, the lack of application of procedures for attenuation of noise and dust reduction as well as the lack of reinforcement of site signage. These anomalies are dealt with by the site managers and their implementation is monitored by the Environmental focal point.
- Preparation of visit reports and the E&S section of the annual report.
- Participation in the provisional acceptance of the works to verify compliance with the closing clauses of the sites.

13. The COVID-19 pandemic had real impact on CC. Therefore, following the Municipality request, some adjustments were made to achieve the Program Development Objectives (PDO). Indeed, a project restructuration was proposed to comply with the pandemic’s impact on the project. This restructuration consisted mainly on:

- The extension of the project closing date as well as the introduction of new DLIs to replace the DLI#1 targets that were not achieved,
- The redefinition of some DLIs that were unlikely to be achieved and the introduction of new DLRs within the DLI#2 to reallocate the DLI#1 resources,
- The introduction of a new Intermediary Result Indicator (IRI) related to the effective connection of households to the drinking water system was added within the **DLI#4: Households in disadvantaged neighborhoods provided with improved access to basic services.**

14. All the actions of the PAP have been implemented within the allocated timing:

**Table 1: ESSA Action Plan status**

Action	Activities	Responsibility	Timing	Measures	Completion status
<b>Actions for E&amp;S management system strengthening</b>					
Technical Guide for E&S management	Preparation and dissemination of a practical guide for environmental and social management that will be integrated into	CC	During the first quarter following effectiveness.	Technical Guide submitted and approved by the Bank	Completed  An updated guide will be approved by CC



	the Program Operational Manual				
E&S Focal Point	Selection and appointment of an environment and social focal point within the UGP	CC/UGP	During the first quarter following effectiveness.	Environmental and social focal point nomination	Completed
Consultations	Organization of awareness raising sessions and dissemination of ESSA recommendations	CC	During the first semester following effectiveness.	Publication on the city's website  Consultations reports	Completed
<b>Measures for E&amp;S management and evaluation capacity building</b>					
Capacity building of all the actors involved (CC, E&S Focal point, SDL, Lydec) on the E&S technical guide	Organization of training sessions for: <ul style="list-style-type: none"> <li>• Mastering the E&amp;S technical Guide</li> <li>• Mastering the Simplified Diagnostic Sheet (SDS) filling process</li> <li>• Mastering the development</li> </ul>	CC/UGP	Before the end of the first year	Training plan	Even though no formal training plan has been submitted, all the stakeholders involved have benefited from the training, as



	<p>and monitoring of the ESMP</p> <ul style="list-style-type: none"> <li>Mastering the process of filling in the environmental and social monitoring sheets</li> </ul>				per training reports.
				Training reports	Completed
Strengthening monitoring and evaluation of the environmental and social management system	<p>Implementation of all procedures and tools defined in the technical guide</p> <p>Monitoring and reporting</p> <p>Integration in the information system</p>	CC/UGP	<p>Before the end of the first year</p> <p>Throughout the duration of the program</p>	<p>Monitoring and evaluation reports submission by the focal points</p> <p>Information system</p>	<p>Completed</p> <p>Completed</p>
<b>Measures related to the social risk management taking into account the gender and youth unemployment dimension</b>					
Promotion of youth and women employment in Program activities	<p>Recruitment mechanism for young people (women and men): temporary during rehabilitation work, construction and development; sustainable during operation (maintenance, management, etc.)</p> <p>Gender mainstreaming in ICT platforms</p>	CC/UGP/ Delegated contracting authority	During all the program lifetime	<p>Monitoring reports submitted by the companies and the delegated project authority</p> <p>Consolidated report submitted by the Environmental and Social Focal Point</p> <p>Information System</p>	Completed



Strengthening the Gender Approach in Program Activities	(information, consultations, participation, grievance management mechanism)				
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**C. EXPECTED ENVIRONMENTAL AND SOCIAL IMPACTS OF THE AF**

15. According to the Bank procedures, activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people are not eligible for the PforR financing and are excluded from the PforR Program. Activities that involve procurement of works, goods, and services under contracts whose estimated value exceeds specified monetary amounts (high-value contracts) are normally not eligible for the PforR Financing and are excluded from the PforR Program. However, such contracts may be included in the PforR Program if they are deemed to be important to the integrity of the PforR Program and their monetary value in relation to the overall PforR Program is modest.

16. The environmental and social impacts related to the construction phase of civil works are mainly categorized as low. They have been identified within the Parent Program ESSA and their corresponding mitigation measures have been formulated and included in the technical E&S guide to which all actors have been trained. All projects requiring acquisition of private lands will be excluded from the Program. Physical investments will be systematically carried out within the public domain to avoid temporary or permanent private land acquisition. Remaining resettlement risks to be managed will be limited to temporary restriction of access to sites or to sources of income (such as commercial occupants of public lands and rights-of-way) during the construction phase. To prevent or mitigate these risks, mitigation measures will be implemented, including planning and sequencing of works, alternative access options, information and consultation of affected people, and easy access to appropriate grievance redress mechanisms. These specific mitigation actions will be clearly included in the contractual specifications for private construction work involved in construction works related to Program activities. In addition, adequate support and/or compensation will be provided prior to the launch of civil works to people affected by temporary loss or temporary restriction of access to income sources or means of livelihood, all in a manner acceptable to the Bank and as described in the POM.

17. However, it is the technical assistance activity that will build on the parent project’s comprehensive inventory and valuation of municipal assets, that poses a substantial risk. The AF will build on this work to develop an asset management strategy and an associated operational action plan. The implementation of the latter would include updating of cadastral values, which will lead to: (i) Updating the rent values of commercial properties owned by the municipality; and (ii) Selling residential assets. The social risk linked to this activity is Substantial given that rent increases that may result from the sale of a municipal asset to a private investor or from the increase of rents by the municipality itself, could have adverse impacts on small businesses and/or residents currently renting from the municipality. In the case of commercial property, it could render some small and



medium businesses (SMEs) unable to operate in their current location. In terms of residential property, the current residents could be displaced by rising rents and living costs brought about by gentrification, if the new property owner who purchases a residential building from the municipality raises rents to a point that could force households to move. The risk is raised by the presence of low-income businesses and residents amongst those potentially affected, and the municipality's limited capacity to manage the risks. The number of business and residents affected is unknown at this time. Therefore, it is essential, as per a new PAP action under this AF, to develop and apply a methodology, within the asset investment strategy to identify and avoid impacts on the poor and vulnerable households and to mitigate the impacts that cannot be avoided. The strategy needs to include robust and meaningful consultations with potentially impacted people to ensure that their voices and preferences on mitigation measures are reflected in the asset management plan and associated operational action plan.

18. On the other hand, the AF related activities are expected to have positive social and environmental impacts on Casablanca's inhabitants in the following ways:

- Improved living conditions and the provision of basic services to households in disadvantaged neighborhoods.
- Improved living environment through rehabilitation and building of public urban spaces.
- Enhanced citizen engagement, through using ICT platform and tools to strengthen access to information, consultation, and inclusive participation, right to petition, appropriate GRM, as well as monitoring user satisfaction pertaining to municipal utilities.
- Enhanced access to administrative documents such as birth certificates and administrative authorizations through streamlined online procedures.
- Improved performance and governance of the municipality, which aims to establish an efficient local administration, delivering better services, and closer and accountable to citizens (including youth, women, and vulnerable persons).
- Citizens' environment and living conditions by the rehabilitation and expansion of green spaces.
- Reduced impact of water scarcity and contribution to reducing pressure on freshwater resources by reusing wastewater to water green spaces using passive design for green spaces to improve rainwater retention, aligned with NDC climate change adaptation provisions.

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



<http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

**I. ASSESSMENT OF MOROCCO'S ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM RELEVANT TO THE PROPOSED AF PROGRAM**

20. The World Bank's PforR financing policy sets out Core Principles and key planning elements to ensure that the Program's operations are designed and implemented in a manner that maximizes potential environmental and social benefits, while avoiding, minimizing, or mitigating environmental and social harm. To this end, it requires that all operations function within an adequate legal and regulatory framework to guide environmental and social impact assessment and management. This section reviews the policies, laws, and regulations relevant to AF implementation at the national level in Morocco, designed to manage environmental and social systems; and the MoE's environmental and social management practice and performance. It then analyzes these environmental and social management systems against the Core Principles of World Bank's PforR financing.

**i. National environmental impact assessment and management system**

21. The National Constitution, adopted in 2011, provides the overriding principles for all legislative frameworks in the country. It clearly stipulates in Art. 31: "The State, the public establishments and the territorial collectivities work for the mobilization of all the means available [disponibles] to facilitate the equal access of the citizens [feminine] and the citizens [masculine] to conditions that permit their enjoyment of the right [...] to the access to water and to a healthy environment."

22. In terms of environmental preservation, Morocco has put in place since the 80s a strong legal framework on a wide range of topics relating to the protection and enhancement of the environment, the remediation, classification and management of solid waste and its disposal, the preservation of protected areas or the conservation of historic monuments and sites, inscriptions, works of art and antiquity.

23. The Environmental Impact Assessment (EIA) ensures that the environmental impacts of new projects subject to the EIA are adequately addressed. In fact, the construction authorization is subject to the environmental acceptability issued by the Department of the Environment, for all projects listed in Law 12-03. In this respect, the system allows detailed analysis of environmental impacts and the identification of measures to be implemented to avoid, mitigate or compensate negative impacts at acceptable levels. An Environmental Monitoring and Surveillance Program (EMSP) is systematically required to control and monitor the compliance of approved projects during the construction and operation phases.

24. Some of the activities proposed within the AF framework are subject to the law 12-03 and require therefore carrying out an EIA. The integration of those activities is subject to the evaluation of the related EIA and



its acceptability by the Bank. The major risks, which shall remain low to moderate to comply with the PforR restrictions, will be integrated in the PAP.

25. Similarly, to the parent program, the Program Management Unit (PMU) through the E&S focal points will be trained to identify and manage those risks during all the project implementation period.

26. The law 12-03 has shown some limitations in practice. Therefore, the Ministry of Environment has adopted in august 2020 the law 47-18 related to Environmental Assessment. In addition to updating Law 12-03, the objectives of this Law are:

- To subject sectoral or regional development policies, strategies, programs, plans and schemes likely to have an impact on the environment to a strategic environmental assessment;
- To establish the modalities and procedures for the review of strategic environmental assessment and the use of public consultation in this process;
- To update the list of projects subject to the Environmental Impact Assessment by defining indicators for determining whether or not the project is subject to an EIA;
- To simplify the conditions for environmental assessment of small projects with low environmental impacts by submitting a simplified environmental impact statement instead of an EIA;
- To establish the environmental audit with a view to assessing existing activities which do not have environmental acceptability before the publication of this law.

27. Nevertheless, Act. 32 of the law 47-18 clearly stipulates that it is not applicable unless its implementing texts are published in the BO which is not yet the case.

28. The law 65-99 related to the labor code has shown strong limitations in terms of preserving workers health and safety. A new Occupational Health and Safety Act in both the private and public sectors is under approbation by General Secretary of the Government.

29. In addition to the laws previously mentioned in the parent Program ESSA, the law 13-03 related to the prevention of air pollution is also applicable to the Program activities.

## **ii. National social system applicable to the Program**

30. Similarly, to the parent Program, the Organic Law no. 113-14 relative to the communes is still applicable for the AF. This law not only fixes the attributions proper to the commune, those in association with the State and those which may be transferred to it by the State and the conditions for the democratic management of municipal affairs, but also the conditions of presentation of petitions by citizens and associations.

## **F. INPUTS INTO THE PROGRAM ACTION PLAN**



31. The ESSA for the parent program concluded that, overall, the project’s E&S impacts are rather moderate, and that the Program provides an opportunity to strengthen the overall environmental and social management system of the CC, LYDEC and SDLs.

32. For the AF, the main recommendations can also be classified in 4 categories:

*(1) Actions for E&S management system strengthening*

1.1. Develop and apply a methodology within the asset investment strategy to identify, avoid and mitigate adverse impacts on low-income and vulnerable businesses and/or households;

1.2. Update the E&S Technical Guide to include elements related to waste sorting, wastewater management and air pollution. The technical guide shall define the methodology (approach, processes and tools) for: the categorization of sub-projects according to their perceived level of environmental and social risk; the identification of mitigation measures for identified risks as well as monitoring - environmental and social assessment. The ESIA required for the additional DLIs will feed the sections on air pollution, water reuse;

1.3. Appointment of a qualified environmental and social safeguards focal person in Casa Baia to supervise the additional activities financed by the AF and who will be trained to the Guide and will be in charge of the implementation of the AP measures and the reporting; 1.4. Consultation and public distribution of the documentation (ESSA Addendum) as well as the organization of awareness-raising sessions and dissemination of the Addendum recommendations.

*2. Measures for strengthening the implementation and follow-up on the environmental and social management system*

2.1. Implementation of all the environmental and social management procedures and mechanisms defined in the Technical Guide, with close attention to the construction phase;

2.2. Providing an ESIA for the wastewater reuse program for the green space irrigation and ensure that all the environmental impacts of the compact wastewater treatment plants (odors, water quality and sludge elimination) are mitigated;

2.3 Implementation of methodology to avoid and mitigate economic impacts on low-income and/or vulnerable households of the valuation activity proposed by Casa Patrimoine, to be incorporated into the municipality’s asset management strategy and an associated operational action plan;

*3. Measures related to capacity building in environmental and social management*

3.1. Capacity building of all actors involved on the E&S technical guide update

*4. Measures to foster social inclusion of adult women and youth.*

4.1. Strengthening the program’s gender focus by including an indicator for “the number of women who have benefited from access to basic services”





33. The preparation of the addendum involved a series of interviews and consultation with stakeholders related to the Program. The updated ESSA addendum reflects the review of several documents, including the original ESSA and subsequent reports of World Bank implementation support missions. Formal virtual consultations on the ESSA addendum update have been held prior to appraisal. When relevant, environmental and social risk mitigation measures are incorporated into the Program Action Plan (PAP).

34. The following table presents the ESSA Action Plan that will be integrated into the Program Action Plan:

**Table 2 : ESSA Action Plan**

N°	Measure	Activity	Responsibility	Schedule of parent Program
<b>Area 1. Strengthening of the environmental and social system</b>				
1.1.	Valuation of assets	Develop a methodology within the asset management strategy to identify, avoid and mitigate adverse impacts to low-income businesses and households	CC/Casa Patrimoine	First semester after extension
1.2.	Technical Guide to the environmental and social management	Update to technical guide to include aspects related to green spaces (species, water consumption,...) wastewater management and air pollution, as well as land acquisition and reporting.	CC/UGP	First quarter after project extension
1.3.	E&S Focal Point	Appointment of a qualified environmental and social safeguards focal person in Casa Baia who will be in charge of the supervision of the additional activities financed by the AF and who will be trained to the Guide and will be in charge of the implementation of the AP measures and the reporting.	Casa Baia	First quarter after project extension
1.4.	Consultations	Consultation and public distribution of the documentation (ESSA Addendum). Organization of awareness raising sessions and dissemination of the Addendum recommendations.	CC/UGP	First semester after the project extension
1.5	Wastewater reuse program plan	Providing a detailed plan on the species used, irrigated area, the water consumption and source of water	Casa Baia	First semester after the project extension
<b>Area 2. Strengthening of the implementation and follow-up on the environmental and social management system</b>				
2.1	Environmental and social management procedures.	Implementation of all the environmental and social management procedures and mechanisms defined in the Technical Guide.	Lydec/CC/SDLs	Throughout the entire Program.
2.2	Wastewater reuse program ESIA	Providing an ESIA for the wastewater reuse program for the green space watering.	Casa Baia	Prior to activity implementation



2.3	Valuation of assets	Application of a methodology to identify, avoid and mitigate adverse impacts on low-income and/or vulnerable households to be incorporated into the municipality’s asset management strategy	Casa Patrimoine	Throughout the entire Program.
<b>Area 3. Capacity building in environmental and social management</b>				
3.1	Capacity building	Capacity building of all actors involved on the E&S technical guide update.	CC/UGP	Throughout the entire Program.
<b>Area 4. Measures related to the social risk management taking into account the gender and youth unemployment dimension</b>				
4.1	Strengthen social inclusion of adult women and youth	Including an indicator for “the number of women who have benefited from access to basic services”.	CC/UGP	Throughout the entire Program.



## ANNEX 4: DEBT SUSTAINABILITY ANALYSIS

### Summary

**1. A debt sustainability analysis (DSA) was carried out to assess the municipality's current fiscal situation, the impact of the loan, and the municipality ability to honor its financial obligations and finance needed investments.** The DSA conducts a series of tests to simulate the effect in the debt-to-gross-savings ratio of different scenarios of evolution of municipal revenues and expenditure. The analysis reveals the current challenges posed by the impact of the COVID-19 pandemic impact on the CC's revenues, which require a rapid increase in municipal revenues to allow the municipality to restore its financial sustainability and investment capacity. It confirms that considerable levers are available for the municipality to increase its own-source revenues, and that ambitious targets for the annual increase of own-source revenues can realistically allow the municipality to reconstitute a significant investment capacity.

### Definitions

The budgets and financial statements of Moroccan Local Governments are structured in four parts:

1. Current revenues, including taxes, fees, other operating revenues, and unconditional transfers.
2. Current expenditures, including salaries, municipal services operating expenditures, and debt interests' payments.
3. Capital revenues, including gross operating surplus, capital grants, and loans.
4. Capital expenditure, including municipal investments, transfers to SDLs, and debt capital repayment.

This section uses the following definitions:

- Gross Savings: Current revenues minus current expenditures including debt interest payments.
- Net Savings: Gross Savings minus debt capital repayment.
- Net Savings Ratio: Net Savings / Current revenues. This ratio provides a good indication of the municipality's capacity to finance capital expenditure.
- Debt-to-Gross-Savings Ratio: Outstanding debt / Gross savings. This ratio provides a good indication of the municipality's capacity to repay its debt. A sound financial situation for a municipality is generally considered to correspond to a Debt-to-Gross-Savings of around 7 to 8.

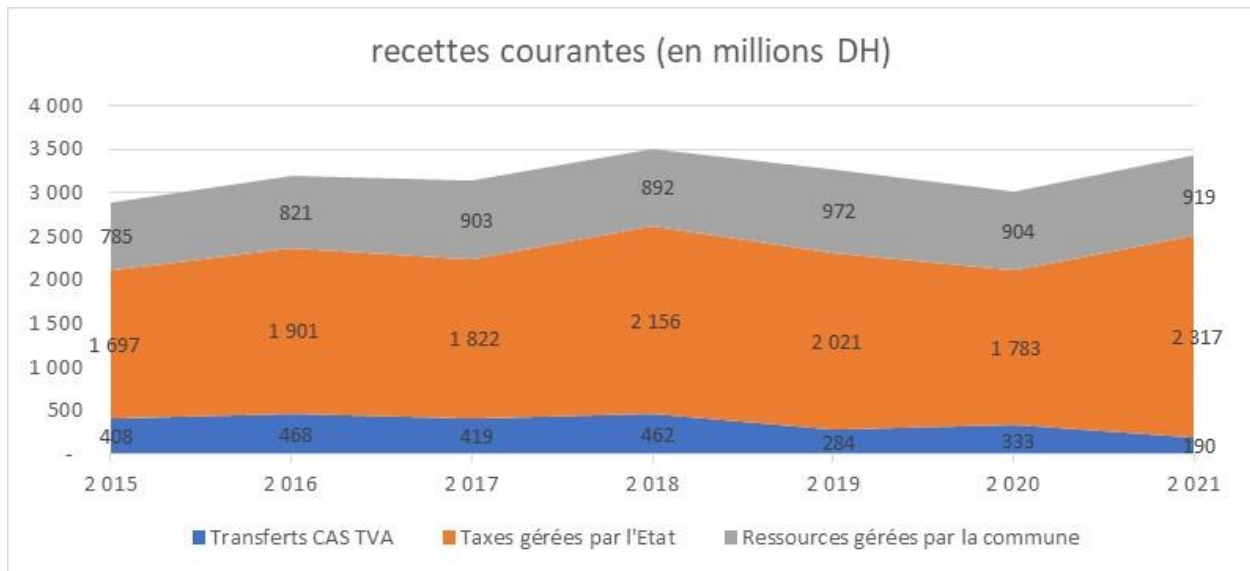
### Current situation

**2. The municipality faces significant financial challenges limiting its ability to carry-out meaningful local investments and to effectively deliver municipal services.** During the period between 2015 and 2021, the municipality's average annual capital expenditure was only MAD 761 million (US\$ 76.8 million) while its average annual current expenditure was MAD 2.9 billion (US\$ 292.6 million). Capital expenditures mostly consist in transfers to SDLs (for new investments in transit infrastructure, street upgrading, etc.) and municipal debt capital repayment, but do not allow answering the city's needs for investment in new infrastructure as well as maintenance and rehabilitation of its existing infrastructure.



**3. After being impacted by the COVID-19 crisis, the municipality shows signs of recovery, but its financial situation remains constrained.** In 2021, the Municipality’s net savings represented only 3 percent of its current revenues and its debt-to-gross-savings ratio was around 12. This ratio is higher than the reference level of 7 or 8, but its level is due more to limited revenues in 2021 than the level of debt. Between 2015 and 2021, the growth of municipal revenues has been limited and uneven. The municipalities revenues have increased by 18.6 percent over this period, equivalent to an annual average increase of 2.9 percent. This evolution results from different trajectories of the main elements of municipal revenues: (i) a gradual reduction of transfers, (ii) a significant increase in the revenues from taxes administered by the State, (iii) a limited increase of taxes administered directly by the municipality. The Municipality’s revenues reached their maximum in 2018. After a relatively limited decrease in 2020, Municipal revenues have recovered in 2021 to a level close to their peak of 2018.

Figure 1: Evolution of current revenues between 2015 and 2021



Source: CC Financial Statements

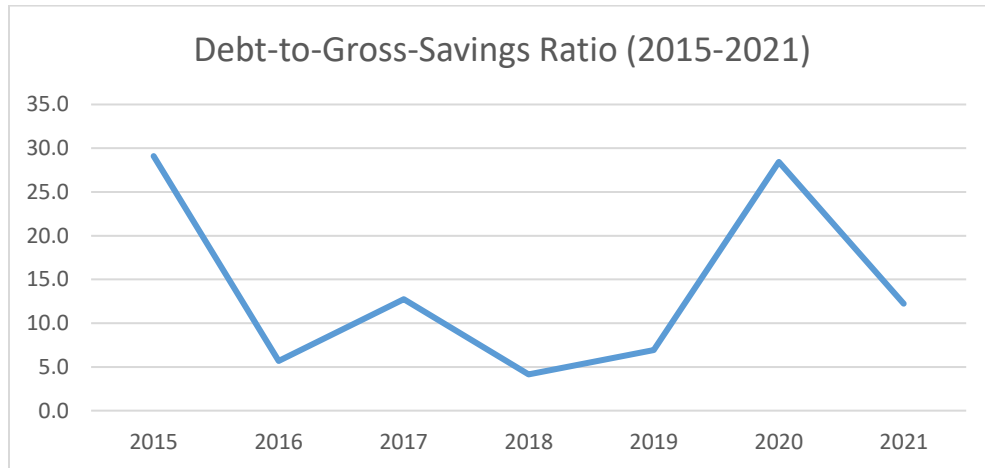
**4. The increase in current expenditures between 2015 and 2021 has been limited and mostly driven by expenditure on solid waste management.** The increase in current expenditures during this period was limited to 10.7 percent, equivalent to average annual increase of 1.7 percent. The increase is entirely driven by the increase of expenditures on solid waste management following the signature of new PPP contracts in 2020. Expenditure in salaries slightly decreased over the period, from MAD 1213 million (US\$ 122.4 million) in 2015, down to MAD 1143 million (US\$ 115.3 million) in 2021.

**5. The Municipality’s current debt level appears adequate considering the Municipality’s average revenues before the COVID-19 crisis.** The Municipality’s outstanding debt as of December 31, 2021, amounted to MAD 3145.7 million (US\$ 317.4 million) including (i) MAD 1275 million (US\$ 128.6 million) debt to the Fonds d’Equipement Communal (FEC), Morocco’s public Municipal Bank; (ii) MAD 20.7 million (US\$ 2 million) debt to the Instituto Credito Oficial (ICO) a Spanish public bank, and (iii) MAD 1850 million (US\$ 186.6 million) debt to the



World Bank from the parent program. The pre-crisis debt-to-gross-savings was below 7, indicating a structurally healthy level of indebtedness. The ratio increased to 28 in 2020 due to limited savings and decreased to 12 in 2021. Throughout the period, the Municipality never defaulted on its debt payments.

Figure 2: Debt-to-Gross Savings Ratio (2015-2021)



Source: CC Financial Statements

## Financial outlook

6. **Currently, the municipality of Casablanca benefits from considerable levers and a favorable enabling environment for increasing its own-source revenues.** The potential for developing the municipality's financial resources is major. Studies carried out indicate that own-source revenues collected by the municipality of Casablanca can increase by threefold if the appropriate actions are leveraged<sup>35</sup>. Several levers can contribute to the above and these are listed below:

- **Taxes managed by the state:** These account for 67 percent of municipal revenues and their management benefits from the structural changes introduced under the new law on local taxation (07-20) currently being operationalized. The greater focus by the national treasury (TGR) on both the tax on municipal services and the housing tax and the national tax administration's (DGI) emphasis on the business tax are expected to introduce greater efficiency in the management of taxes administered by the state. This shift in selected local taxes management is supported under the Morocco Public Sector Performance Program - Ennajaa (P169330) with associated results in terms of local taxes improvement expected through central tax administrations contribution. The establishment of the addressing system, supported under the Parent Program (DLR 2.3), to become operational by end of 2022, will also benefit the proper

<sup>35</sup> Source : Casablanca's fiscal potential study, Charles Riley consultants et Philippe Laurent consultants, 2009



management of these taxes. The synergy between the Bank’s AF and Ennajaa Program will inevitably contribute to marked improvements in the collection of taxes managed by the state (see Box 1 below).

- **Taxes managed by the municipality:** These consist of the tax on undeveloped urban land -TNB -, taxes on beverage licenses, on construction operations, etc.). They represent 10 percent of current municipal revenues and are expected to increase following the operationalization of theGIR-CT developed as part of the parent operation but also remaining tools to be operationalized, including Casa Mawarid (DLR 2.6), the update of these taxes census (DLR 2.8).
- **Occupancy fees for public land:** Revenues from such fees are expected to increase (*currently 9 percent of municipal revenues*) due to better management and monitoring by the municipality. An effective engagement by the municipal administrative police (PAC), responsible for monitoring compliance with municipal regulations, coupled with increased coordination between the PAC and the municipality's financial services, should lead to a significant increase of these resources.
- **Revenues generated from municipal real estate assets:** While revenues generated from municipal real estate assets account for 1 percent of the municipality's current revenues, they offer promising potential for improvement<sup>36</sup>. This is possible following the completion of the related asset inventory carried-out under the parent operation.

**7. In spite of current inflationary trends, the increase in current expenditures is expected to be limited.** Salaries which represent 38 percent of the Municipality’s expenditures are not expected to increase significantly over the coming years. 41 percent of the Municipality’s current staff of 10547 employees is due to retire within the next 5 years, which will create significant margins for maneuvers for the municipality to hire new staff with the required skills without increasing the overall expenditure on salaries. A human resources management plan is under development to plan for a renewal of the municipality’s staff while keeping expenditures under control. Payments to operators of public services, including solid waste management and transport, are susceptible to significant increases, however, the contractual increase for payment to solid waste management operators, which represents the largest share in the category, are capped at 5 percent.

**8. Financial simulations carried-out on Casablanca’s municipal finances show that the pace of increase in municipal revenues is the determining factor for the Municipality’s medium term financial sustainability and investment.** Several simulations were carried out with assumptions of annual growth in current revenues and expenditures over the period 2022-2028. The reference scenario assumes an average annual increase of current expenditure of 3 percent, significantly above the average annual increase of 1.7 percent over the 2015-2021 period and taking into account the medium-term outlook for the main expenditure categories consisting in salaries

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<sup>36</sup> This only includes revenues collected through rental. Overall revenues related to municipal assets including taxation and paid services are about 10% of the overall municipal revenues.



and payments to operators of public services. In this reference scenario, an average annual increase in current revenues of 6 percent would allow the municipality to repay its debt, including the proposed new loan, but would not leave additional resources for the Municipality to invest. With an average increase in current revenues of 10 percent, the Municipality would rapidly restore its financial sustainability with a debt-to-gross-savings ratio of 6.5 in 2024, taking into account the proposed new loan. It would also rapidly restore its investment capacity with cumulated net savings of MAD 4.2 billion (US\$ 423.8 million) over the 2022-2028 period. A sustained inflation scenario was examined, in which expenditures on salaries continue increasing by 3 percent while all other expenditures increase by 5 percent every year. In this scenario, a 10 percent annual increase in revenues would still lead to a rapid return to a debt-to-gross revenues ratio of 4.8 in 2025, and cumulated net savings of MAD 3367 million (US\$ 339.7 million) over the 2022-2028 period.

**9.** The AF has also a limited impact on the municipality's debt sustainability. The debt-to-gross-savings ratio stands at 3 in 2025 without the loan and at 4.3 and with the AF. The AF also marginally affects the Municipality's annual net savings since this amounts to MAD 3.5 billion (US\$ 353.2 million) without the loan and MAD 3.2 billion (US\$ 322.9 million) including the loan.



**ANNEX 5: MODIFIED PROGRAM ACTION PLAN**

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement	Action
Definition of an adequate organization of the services responsible for the administration of taxes and other revenues	Technical		Municipality of Casablanca	Due Date	30-Jun-2021	An updated procedures manual of the municipal fiscal administration has been adopted.	Revised
<b>Proposed</b> Definition of an adequate organization of the services responsible for the administration of taxes and other revenues	Technical	DLI 2	Municipality of Casablanca	Due Date	29-Dec-2023	Full operationalization of Casa Mawarid	
Credit Rating of the Municipality of Casablanca	Technical		Municipality of Casablanca	Due Date	31-Dec-2021	Credit rating has been completed and published	Revised
<b>Proposed</b> Credit Rating of the Municipality of Casablanca	Technical	DLI 12	Municipality of Casablanca	Due Date	29-Dec-2023	Credit rating has been completed and published	
Finalization of the new organization chart of the CC	Technical		Municipality of Casablanca	Due Date	29-Dec-2017	The organization chart is finalized	No Change
Implementation of the new organization chart of the CC	Technical		Municipality of Casablanca	Due Date	01-Apr-2020	Key positions in the new organization chart are filled.	No Change
Development of an urban streets manual	Technical		Municipality of Casablanca	Due Date	31-Dec-2019	The manual was developed	No Change





(règlement de voirie)							
Revision of the financing model of the ECI to ensure its financial sustainability	Technical		Municipality of Casablanca	Due Date	31-Dec-2019	The CC has proposed the setting up of sustainable financial arrangements of the ECI	No Change
Preparation and dissemination of a practical guide for environmental and social management, including social (such as resettlement /compensation) and environmental procedures and tools, in form and substance acceptable to the Bank	Environmental and Social Systems		Municipality of Casablanca	Due Date	31-Dec-2018	Guide has been prepared, approved and disseminated among all the entities actors involved in the Program implementation, including the Borrower, Casa Prestations, Casa Transport, Casa Aménagement, Casa Patrimoine, Lydec.	Revised
<b>Proposed</b>							
Update to technical guide to include aspects related to green spaces (species, water consumption...) wastewater management and air pollution as well as land acquisition and reporting	Environmental and Social Systems		Municipality of Casablanca	Due Date	01-Sep-2022	Guide has been updated to technical guide to include aspects related to green spaces (species, water consumption...) wastewater management and air pollution as well as land acquisition and reporting	
Capacity building of all the actors involved (CC, E&S Focal point, SDL, Lydec) on the E&S technical guide	Environmental and Social Systems		Municipality of Casablanca	Due Date	31-Dec-2018	Annual Planning of training sessions submitted (during the first three months after effectiveness); reports on	No Change



						organized trainings submitted (in the first year of Program implementation)	
Selection and appointment of an environment and social focal point within the PMU	Environmental and Social Systems		Municipality of Casablanca	Due Date	15-May-2018	Environmental and social focal point has been appointed and trained under terms and conditions acceptable to the Bank	No Change
Preparation and implementation of a Communication strategic plan, to ensure wide information and mobilization of local populations (including women, youth, vulnerable groups, illiterate, etc.) and associations	Other		Municipality of Casablanca	Due Date	01-Feb-2019	The communication plan was elaborated, approved and implemented (services guide, online monitoring, etc.)	No Change
Operationalization of the CC's internal audit unit	Fiduciary Systems		Municipality of Casablanca	Due Date	31-Dec-2021	Internal audit report prepared by the established internal audit unit is produced.	Revised
<b>Proposed</b> Operationalization of the CC's internal audit unit	Fiduciary Systems	DLI 10	Municipality of Casablanca	Due Date	29-Dec-2023	Internal audit report prepared by the established internal audit unit is produced.	
Deployment at the CC of the integration budgeting/accounting system including procurement and contract	Technical		Municipality of Casablanca	Due Date	31-Dec-2021	Report confirming the deployment of the new budgeting/accounting system	No Change



management modules							
Preparation of periodic reports with a performance analysis, on budgetary and contract execution (including SDL/LYDEC).	Fiduciary Systems		CC, SDLs, LYDEC	Recurrent	Yearly	Reports prepared and submitted	Revised
<b>Proposed</b> Preparation of periodic reports with a performance analysis, on budgetary and contract execution (including SDL/LYDEC).	Fiduciary Systems		CC, SDLs, LYDEC	Recurrent	Yearly	Reports prepared and submitted	
Preparation of a climate action plan	Technical		CC	Due Date	29-Dec-2023	A climate action plan is developed by the municipality, informing its annual budgeting and investment planning.	New
Appointment of a qualified environmental and social safeguards focal person in Casa Baia	Environmental and Social Systems		Casa Baia / CC	Due Date	30-Dec-2022	Social safeguards focal person appointed in Casa Baia	New
Implementation of all the environmental and social management procedures and mechanisms defined in the Technical Guide	Environmental and Social Systems		Implementing agencies	Recurrent	Continuous	the environmental and social management procedures and mechanisms defined in the Technical Guide are implemented, with close	New



						attention to the construction phase	
Provide an ESIA for the wastewater reuse program for the green spaces watering	Environmental and Social Systems		Casa Baia	Other	Prior to activity implementation	ESIA completed for the wastewater reuse program for the green spaces watering	New
Implementation of the revenue mobilization action plan developed	Technical		Municipality of Casablanca	Other	After the Disbursement condition under DLI 1 is met	Ensuring the revenue mobilization action plan (disbursement condition) is implemented with the associated institutional arrangements in place	New
Providing a detailed plan on the species used, irrigated area, the water consumption and source of water	Environmental and Social Systems		Casa baia	Due Date	30-Dec-2022	plan on the species used, irrigated area, the water consumption and source of water is developed	New
Develop methodology within the asset management strategy to identify, avoid and mitigate adverse impacts to low-income businesses and households	Environmental and Social Systems		Casa Patrimoine	Due Date	30-Dec-2022	A methodology has been developed within the asset management strategy to identify, avoid and mitigate adverse impacts to low-income businesses and households	New
Capacity building of all actors involved on the E&S technical guide update	Environmental and Social Systems		CC	Recurrent	Continuous	Capacity building of all actors involved on the E&S technical guide update is carried out	New
Preparation of a roads network diagnostic to inform O&M planning	Technical		CC	Due Date	30-Dec-2022	A diagnostic of the roads network is finalized allowing informed planning under DLR 8.1	New



Application of a methodology to identify, avoid and mitigate adverse impacts on low-income and/or vulnerable households to be incorporated into the municipality's asset management strategy	Environmental and Social Systems		CC	Recurrent	Continuous	The methodology developed by Casa Patrimoine is implemented throughout the AF timeframe, to avoid and mitigate adverse impacts on low-income and/or vulnerable households	New
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**ANNEX 6: PROPOSED CHANGES TO DLI**

Result Area	DLI	End target	Allocation <sup>37</sup> (disbursed)	Status	Proposed change under AF	Additional allocation under AF
RA1: Increasing municipal investment capacity	1. Percentage Increase in Municipal Revenues excluding transfers.	<b>DLR 1:</b> 22.76 percent	US\$ 27.48million (US\$ 27.48million)	<b>Existing DLI,</b> Achieved, verified, entirely disbursed	Scale up: New result  DLR 1.1: 46 percent increase in Municipal Revenues excluding transfers from a baseline 0% in 2021  Existing DLI will be restructured into a DLR while keeping its formulation and target	US\$ 50 million  DLR 1.1: US\$ 50 million
	2. Modernization of the CC's revenue management systems.	<b>DLR 2.1:</b> Installation of the integrated information system for the administration of taxes on non-built land (TNB), beverage licenses and tourism, including: (i) relevant CC staff have been equipped and trained to operate the system, and (ii) the system's functionalities have been successfully activated <b>DLR 2.2:</b> Carrying out of a census of taxpayers and elements of taxation relating to the revenues administered by the CC, including upgrading tax bases undertaken for each of the tax revenues, when applicable <b>DLR 2.3:</b> Establishment and operationalization of a single Addressing System <b>DLR 2.4:</b> Integrated information system for revenue administration is fully operational and the revenues administered by the CC (but excluding small volume revenues and cash revenues, inter alia, as	US\$ 37.55 million (US\$ 11.90 million)	<b>Existing DLI,</b> Partially achieved  DLR 2.1, 2.2, 2.5 achieved  DLR 2.3, 2.4 on track  DLR 2.6, 2.7 and 2.8 delayed	Extension in duration and scope  DLR 2.6, 2.7, 2.8 extended duration  Extension in scope: new result (DLR 2.9)	US\$ 2 million  DLR 2.9: US\$ 2 million

<sup>37</sup> Amounts allocated may slightly differ from the results framework given the exchange rate



		<p>described in the POM) are able to be administered through the integrated information system</p> <p><b>DLR 2.5:</b> Completion of an inventory and valuation of the CC’s real estate assets in form and substance as set forth in the POM</p> <p><b>DLR 2.6:</b> Operationalization of Casa Mawarid</p> <p><b>DLR 2.7:</b> Monitoring of the implementation of the revenue mobilization action plan to improve the CC’s revenue with at least nine meetings held</p> <p><b>DLR 2.8:</b> Update of the inventory of taxpayers and tax bases relating to the tax on unbuilt land</p> <p><b>DLR 2.9:</b> The operationalization of a new module on financial reporting under GIR-CT (GIR-CT Reporting) to monitor in real time the CC’s own-source revenues</p>				
	3. Private capital mobilized for investments through new or additional value of PPP contracts.	MAD 900m (CY2021)	US\$ 56.11 million (US\$ 56.11 million)	<b>Existing:</b> Achieved, verified, entirely disbursed	No additional results under the AF	US\$ 0 million
	7. Improving the CC’s real estate asset management	<p><b>DLR 7.1:</b> A municipal real-estate asset management strategy and action plan have been adopted.</p> <p><b>DLR 7.2:</b> Percentage of municipal real estate assets registered</p>		<b>New</b>		<p>US\$ 3 million</p> <p>DLR 7.1: US\$2 million</p> <p>DLR 7.2: US\$1 million</p>
	12. Enabling the CC’s access to private capital and financial markets.	<p><b>DLR 12.1:</b> A two steps credit rating is carried out.</p> <p><b>DLR 12.2:</b> Double entry accounting (Comptabilité Générale) standards have been used to develop the asset-based accounting covering the balance sheet in CY2023.</p>		<b>New</b>		<p>US\$ 3.75 million</p> <p>DLR 12.1: US\$1.75 million</p> <p>DLR 12.2: US\$2 million</p>



RA2: Improving the urban environment and the quality of public services	4. Households in disadvantaged neighborhoods provided with improved access to basic services (at least one of the following: water supply, sanitation, or electricity).	10,000 (CY2022)	US\$ 40.40 million (US\$ 15.75 million)	Existing, Partially achieved,	Restructured with a final target of 8000	US\$ 0 million
	5. Number of kilometers of comprehensive street upgrading completed and number of facades restored	<p><b>DLR #5:</b> Cumulative, number of kilometers of comprehensive street upgrading completed (works to include at least three (3) of the following elements: (i) roadway, (ii) sidewalk or pedestrian path, (iii) road drainage systems, (iv) road markings and signs, (v) street lighting, (vi) urban furniture, and (vii) landscape), as described in the POM:</p> <p><b>(a)</b> from a baseline of 0, up to 68.77 kilometers.</p> <p><b>(b)</b> from 68.77 kilometers, up to 99.65 kilometers</p> <p><b>(c)</b> from 99.65 kilometers, up to 125 kilometers.</p> <p><b>DLR 5.1:</b> Number of facades restored, from a baseline of 0, up to 150.</p>	US\$ 19.66 million (US\$ 11.32 million)	Existing, Partially achieved, on track	<p>DLI reformulated to include restoration of facades</p> <p>Extended in duration and scope</p> <p>DLR 5.1: end target increased, extended in duration</p> <p>Extension in scope: new result (DRL 5.2)</p>	<p>US\$ 10 million</p> <p>DLR 5: US\$6 million</p> <p>DLR 5.1: US\$4 million</p>
	8. Strengthening the sustainability of key municipal infrastructure through evidence-based Operations and Maintenance (O&M) and targeted rehabilitation	<p><b>DLR 8.1:</b> An annual road maintenance plan has been adopted in form and substance as set forth in the POM</p> <p><b>DLR 8.2:</b> Number of bridges in a critical condition that are rehabilitated from a baseline of 0 to 32.</p>		New		<p>US\$ 10 million (including US\$4 million of the Parent Program reallocated to this DLI)</p> <p>DLR 8.1: US\$4 million</p> <p>DLR 8.2: US\$6 million</p>
	9. Strengthening the climate action of Casablanca.	<p><b>DLR 9.1:</b> A roadmap of investments to enhance energy efficiency in the streetlighting sector has been adopted by the CC.</p> <p><b>DLR 9.2:</b> Green spaces are watered through treated reused water mechanisms, from a baseline of 0 to 204</p> <p><b>DLR 9.3:</b> Area of selected green spaces upgraded or</p>			New	





		created with an inclusive design as set forth in the POM, with a baseline of 0 and a target of 40 Ha.				
	10. Strengthening the CC's governance	<p><b>DLR 10.1:</b> Two (2) internal audit reports have been approved by the CC</p> <p><b>DLR 10.2:</b> Nine (9) quarterly reporting scorecards on SDL oversight completed.</p> <p><b>DLR 10.3:</b> A human resources management plan is adopted as set forth in the POM.</p>		<b>New</b>		<p>US\$ 6 million (including an envelope of US\$ 2 million from the parent operation reallocated to this DLI)</p> <p>DLR 10.1: US\$ 2 million DLR 10.2: US\$ 2 million DLR 10.3: US\$ 2 million</p>
	11. Effective digitalization of the municipal administration for quality service delivery and improved accountability toward citizens	<b>DLR 11:</b> At least 60% of the total grievances received across the CC's territory have been processed through the Citizen Relationship Management Platform (Chikaya).		<b>New</b>		US\$ 2 million (including an envelope of US\$ 2 million from the parent operation reallocated to this DLI)
RA3: Improving the business environment	6. Simplification and digitalization of administrative transactions for the issuance of: (i) authorizations related to urban planning, and (ii) business licenses.	Dematerialized procedures for all business licenses have been effectively deployed in the single windows of all CC arrondissements (CY2019).	US\$ 14.68 million (US\$ 14.68 million)	<b>Existing, Achieved, verified and, entirely disbursed</b>	No additional results	US\$ 0 million
Front end fees						US\$ 0.25 million
						<b>US\$ 100 million<sup>38</sup></b>

<sup>38</sup> With an additional US\$ 8 m reallocated from the parent program.