



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 18-Oct-2022 | Report No: PIDC269058



BASIC INFORMATION

A. Basic Project Data

| | | | |
|------------------------------|---------------------------------|--|--|
| Project ID | Parent Project ID (if any) | Environmental and Social Risk Classification | Project Name |
| P179612 | | Moderate | Accelerating Blue Economy Development in Morocco |
| Region | Country | Date PID Prepared | Estimated Date of Approval |
| MIDDLE EAST AND NORTH AFRICA | Morocco | 18-Oct-2022 | |
| Financing Instrument | Borrower(s) | Implementing Agency | |
| Investment Project Financing | Ministry of Economy and Finance | Ministry of Economy and Finance | |

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PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

| | |
|---------------------------|------|
| Total Project Cost | 5.00 |
| Total Financing | 5.00 |
| Financing Gap | 0.00 |

DETAILS

Non-World Bank Group Financing

| | |
|--------------|------|
| Trust Funds | 5.00 |
| PROBLUE MDTF | 5.00 |

B. Introduction and Context

Country Context

Morocco's economy has largely rebounded from the COVID-19 pandemic. The recovery was driven by strong agricultural outputs, solid exports, remittances, supportive macroeconomic policies, and significant progress on the COVID-19 vaccination. The Gross Domestic Product (GDP) has grown 7.4 percent in 2021 after contracting by 6.3 percent in 2020. However, real GDP is still 6.4 percent lower than the pre-pandemic trend and the potential growth has been declining since the early 2010s. The crisis may leave socio-economic scars if not well addressed. In addition, Morocco's economy is currently facing new pressures, such as another severe drought and surging energy and commodity prices linked to the war in Ukraine. The



consumer price posted a 3.6 yearly increase in February 2022. Given the inflationary pressures, the government will need to take measures to support the most vulnerable populations.

In 2021, the Government of Morocco (GoM) adopted the New Development Model (NDM) to foster greener and more resilient and inclusive growth. Given the wealth of marine resources, the NDM recommends harnessing the full potential of the blue economy (BE) and developing existing and emerging blue activities such as aquaculture, seaweed farming, and marine renewable energy. The NDM further notes that unleashing the potential of the BE requires an accelerated implementation of the development plans in coastal regions and calls for developing ‘coastal clusters’ to attract investments and generate jobs while ensuring sustainability.

The GoM needs to develop a climate-resilient blue economy. Morocco is vulnerable to climate change and already facing increasingly frequent and intensifying droughts, rising temperatures, and changing rainfall patterns. Coastal ecosystems are among the most vulnerable ecosystems. Sea-level rise leads to coastal erosion, coastal flooding, and saltwater intrusion. 54 percent of the coastline is subject to coastal erosion and approximately 140 ha of land is lost every year. Saltwater intrusion impacts the health of soil and agricultural production. Ocean acidification, warming and change in circulation affect the distribution patterns of fish species. Low-income, marginalized populations, especially women and youth, are particularly vulnerable as they often rely on natural resources and lack the means to adapt to these changes.

Against this backdrop, the GoM has launched a government BE program to build a more inclusive and resilient BE. The government program has three pillars: (a) economic growth and job creation, (b) food security, and (c) sustainability and resilience of natural resources. The World Bank supports the GoM in establishing the foundation of the government BE program through the Blue Economy Program for Results (PforR - P172926). The PforR aims to develop Morocco’s institutional frameworks, improve integrated management of natural resources, and strengthen selected sectors for a climate-resilient blue economy in targeted areas. It stimulates transformational changes for integrated governance and uses budget programming to incentivize collaborative planning across blue sectors. The Bank also provides technical assistance for analysis and capacity building, supported by the PROBLUE trust fund, the Korean Green Growth trust fund and the World Bank- Korean Partnership trust fund.

This project, funded by the PROBLUE Trust Fund, will provide technical support for the government to accelerate the development and implementation of the ambitious BE program. The project will serve as a parallel financing to the PforR and help the government develop institutional mechanisms, organize multi-stakeholder consultations, conduct supporting analytical work, enhance capacity of all the stakeholders and integrate climate actions in key blue sector activities.

Sectoral and Institutional Context

Morocco has rich blue assets from the Mediterranean Sea and the Atlantic Ocean. The coastal areas are home to more than 60 percent of the population and host 90 percent of the industry. In total, Morocco’s coastal areas contribute 59 percent of GDP and provide 52 percent of jobs in the country. Tourism and



fisheries are key sectors, contributing 7 percent and 1.5 percent of GDP, respectively. These two sectors alone provide over 1.2 million direct and indirect jobs. In addition to these established blue sectors, there are emerging sectors such as aquaculture, offshore wind energy and marine biotechnology. These emerging sectors have the potential for creating new jobs and generating wealth.

The GoM has identified that fragmented planning and limited intersectoral cooperation across blue sectors are undermining the potential of the BE. Blue sectors have not shared any coordinated strategy. Sector-based siloed approaches have led to inefficient resource use and, in some cases, caused user conflicts over space and resources. To address the challenge, the government decided to develop a common blue economy strategy and set up an inter-ministerial commission and regional coordinating mechanisms to foster horizontal and vertical coordination. To further facilitate stakeholder coordination, the GoM plans to use an innovative approach based on behavioral insights and collaborative leadership skills. These behavioral and leadership skills development will complement institutional and strategic development to drive changes toward more integrated management of marine and coastal resources.

The inter-ministerial commission for the blue economy will play a central role in making strategic decisions on Morocco's blue economy. At the same time, the commission serves as a space for information-sharing, coordination, and negotiation among the blue sectors. The commission is expected to be established under the Office of the Chief of the Government and will be chaired by the Ministry of Economy and Finance (MEF). The commission will guide the preparation of the BE strategy, the development of the BE data portal and support the coordinated inter-sectoral budgeting process. Such a budgeting process will improve efficiency by encouraging cross-sectoral coordination and minimizing overlaps and conflicting efforts.

At the sub-national (regional) level, the GoM will set up regional coordination groups in two pilot regions under the PforR: Souss Massa and Tangier-Tetouan-Al-Hoceïma. These groups will bring together stakeholders to coordinate their actions. Initially, the coordination groups will be composed of representatives from the sectors involved in the PforR. The MEF will lead these groups together with the Directorate of Local Governments (*Direction Générale des Collectivités Territoriales*, DGCT) in the Ministry of Interior (MI). These regional coordination groups are expected to prepare budgeted regional blue economy action plans in line with the BE strategy.

Relationship to CPF

By supporting the PforR, the proposed project is aligned with the World Bank Group (WBG) Country Partnership Framework (CPF) (2019–2024) for Morocco. The Project will contribute particularly to the following objectives: (a) CPF Objective 2 “Increase Opportunities for Private Sector Growth with a Focus on MSMEs and Youth Employability” by analyzing opportunities to develop innovative financing instruments and (b) CPF 10 “Strengthen Adaptation to Climate Change and Resilience to Natural Disasters”, by supporting the GoM to further strengthen climate adaptation measures. The project is in line with the recommendations of the Country Climate and Development Report and takes a “Whole-of-Government” approach to address



climate change. Thus it contributes to the WB Climate Change Action Plan (2021-2025) and the MENA Climate Roadmap (2021-2025).

C. Project Development Objective(s)

Proposed Development Objective(s)

The Project Development Objective is to develop Morocco's institutional frameworks, improve integrated management of natural resources, and strengthen selected sectors for a climate-resilient blue economy in targeted areas. The targeted areas refer to the geographical scope of the PforR program as described in its Operation Manual.

Key Results

PDO level indicators will include the following:

- Institutional frameworks are strengthened to guide collaborative implementation of the BE strategy in targeted areas based on analyses supported by the project. (PDO Indicator 1 of the PforR)
- Tourism MSMEs that are established or transformed integrate climate actions in line with Nationally Determined Contributions (NDC) pathway for development through SMIT's incubator program in targeted areas (PDO Indicator 2 of the PforR)
- Government officials at the national and regional levels are certified in capacity building on collaborative leadership and behavioral science to promote the BE in alignment with NDC (Intermediate Indicator 2 of the PforR)

Relevant PROBLUE outcome indicators are as follows:

- Outcome indicator 3.5: Men and women participating in planning and decision-making on the Blue Economy (number), of which women (%)
- Outcome indicator 3.20: Coastal tourism hotspots under improved environmental destination management (number)

D. Preliminary Description

Activities/Components

Component 1: Develop collaborative governance for the blue economy

The objective of this component is to support the government in establishing an analytical foundation and enabling condition for developing institutional frameworks for the blue economy. The component has two sub-components: (a) Sub-component 1.1 Accelerate institutional and policy development; and (b) Sub-component 1.2 Apply behavioral science and collaborative leadership.



Sub-component 1.1: Accelerate institutional and policy development

The project will provide analytical bases to accelerate institutional and policy development under the government blue economy program. The activities under this sub-component will include the following: (i) supporting the operation of the inter-ministerial commission; (ii) identifying incentive mechanisms for inter-sectoral budget programming; (iii) analyzing climate vulnerability of marine and coastal ecosystems, including socioeconomic vulnerabilities; (iv) conducting policy and legal reviews of the blue sectors; (v) developing a methodology to measure the progress of Morocco's BE; (vi) analyzing the economic potentials of coastal regions for future coastal clusters; (vii) supporting the public consultation process of the BE strategy; (viii) integrating cross-sectoral data in the BE data portal; (ix) organizing consultation meetings at the regional level to establish regional coordination mechanisms; (x) providing support to the development of the regional BE action plans and (xi) assessing innovative financing instruments to implement the BE strategy and regional action plans. This sub-component will build on the existing technical assistance provided to the policy and institutional development of the government BE program, financed by PROBLUE. These activities will contribute to sub-Result Areas (RA) 1.1 and 1.2 of the PforR, including to operationalize the inter-ministerial commission, develop the BE strategy, form regional coordination groups, and prepare regional BE action plans.

Sub-component 1.2: Apply behavioral science and collaborative leadership

The project will support the MEF in applying behavioral science and collaborative leadership approaches to facilitate vertical and horizontal coordination of the BE. The government has identified that there are behavioral patterns, which prevent efficient and collaborative programming and budgeting of the BE. To address the challenge and create a more integrated planning process, the government will apply leadership skills and strategies informed by behavioral science. This is an innovative approach, which has not been tested elsewhere on the BE, and will give insights for the future BE projects in the region and beyond. The activity under the project will include the following: (i) designing a prototype of an executive program on behavioral science and collaborative leadership for the BE; (ii) piloting the prototype of the executive program; (iii) developing the capacity of local universities on the BE and the application of behavioral science and leadership; (iv) supporting the establishment of a behavioral science unit in MEF; (v) developing a strategy and toolkit to apply behavioral science and collaborative leadership in the BE; and (vi) applying the toolkit for priority issues of the government BE program. The government has prioritized the following areas for behavioral science to create a more collaborative culture: (a) the operation of the inter-ministerial commission, (b) cross-sectoral budget programming and (c) the BE strategy development. These activities will build on the experience under the existing technical assistance of the World Bank-Korea Partnership trust fund and will support Sub-RA 1.1 and 1.2 of the PforR by fostering vertical and horizontal coordination and enhancing the understanding of the BE among the stakeholders.

Component 2: Strengthen resilience and integrated planning

This component aims at supporting the government to integrate climate action in the blue sectors: coastal tourism, and fishery. The component has two sub-components which are designed to support respective



sectors: (a) sub-component 2.1: Strengthen climate action by coastal tourism, and (b) sub-component 2.2: Support climate-informed spatial planning. The activities under this component will contribute to the implementation of NDC under the United Nations Framework Convention on Climate Change.

Sub-component 2.1: Strengthen climate action by coastal tourism

The project will support the following two main activities: (i) developing a training module on climate change action for Micro, Small and Medium Enterprises (MSMEs) in coastal tourism; and (ii) preparing a climate action plan for the development of a tourism area in Aghroud. The training module for MSMEs is expected to be incorporated in the existing tourism MSME incubator program led by the Moroccan Society of Tourism Engineering (*Société Marocaine d'Ingénierie Touristique*, SMIT). The incubator program will mainly target youth and women-led tourism MSMEs to strengthen their capacity and help entrepreneurs to develop new tourism businesses. The project aims to help inspire MEMEs to develop sustainable business and integrate climate consideration in their operations by promoting sustainable tourism with practical actions. The climate action plan for Aghroud will support sustainable tourism planning for the future coastal tourism activities in Aghroud. The action plan is expected to include mitigation and adaptation actions such as measures to improve energy efficiency, in line with the NDC. The activities under this Sub-component will support RA 2.1 of the PforR.

Sub-component 2.2: Support climate-informed spatial planning for fisheries management

The project will support the Department of Maritime Fisheries (DPM) in applying marine spatial planning (MSP) approaches to create marine protected areas (MPAs) for fishery management. It builds on the ongoing analytical work, funded by the Korean Green Growth Trust Fund under the Programmatic ASA North Africa Blue Economy and Coastal Management (P170596). In this analytical work, cross sectoral data on spatial use were collected to map potential conflicts, compatibilities and interaction among existing human uses to guide the identification of suitable MPA location. Based on the experience, guidelines to apply MSP approaches to establish MPAs will be prepared based on a pilot activity in Agadir Bay. In this project, DPM will apply the guidelines and incorporate climate actions for climate-informed MSP and create and start managing MPAs in Larache and Cape Three Forks. The project will further support developing MPA management plans, which include climate mitigation and adaptation actions. In addition, the results of the spatial analyses may be used for planning other uses of the same marine areas, such as for aquaculture. The activity will strengthen RA 2.2 of the PforR by integrating climate actions and supporting the replication of MSP approaches to establish MPAs.

Component 3: Program management

The project will strengthen the capacity of the Program Implementation Unit (PIU) of the PforR and will use the same for this project's implementation. Additional consultants with specific expertise will be recruited to support the implementation of the project activities. The PIU will coordinate cross-sectoral stakeholders at the national and regional levels and provide secretariat services to the inter-ministerial commissions and organize consultation meetings at the national and regional levels. The PIU will conduct monitoring and



technical supervision and prepare overall project progress reports. It will also be responsible for fiduciary management and environmental and social risk management. The PforR will provide training in these areas.

Environmental and Social Standards Relevance

E. Relevant Standards

| ESS Standards | | Relevance |
|---------------|---|------------------------|
| ESS 1 | Assessment and Management of Environmental and Social Risks and Impacts | Relevant |
| ESS 10 | Stakeholder Engagement and Information Disclosure | Relevant |
| ESS 2 | Labor and Working Conditions | Relevant |
| ESS 3 | Resource Efficiency and Pollution Prevention and Management | Relevant |
| ESS 4 | Community Health and Safety | Not Currently Relevant |
| ESS 5 | Land Acquisition, Restrictions on Land Use and Involuntary Resettlement | Relevant |
| ESS 6 | Biodiversity Conservation and Sustainable Management of Living Natural Resources | Relevant |
| ESS 7 | Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities | Not Currently Relevant |
| ESS 8 | Cultural Heritage | Not Currently Relevant |
| ESS 9 | Financial Intermediaries | Not Currently Relevant |

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Legal Operational Policies

| Safeguard Policies | Triggered | Explanation (Optional) |
|---|-----------|------------------------|
| Projects on International Waterways OP 7.50 | No | |
| Projects in Disputed Areas OP 7.60 | No | |

Summary of Screening of Environmental and Social Risks and Impacts

The project is classified to have 'Moderate environmental and social risks' at the concept stage, after considering in an integrated manner the project types of activities. Specifically, the project will finance technical assistance and capacity-building focused interventions that will support the Government of Morocco in establishing an analytical foundation and enabling conditions for developing institutional frameworks for the blue economy. Based on the project components identified at the concept stage, the overall risks of the project are expected to be moderate. No physical interventions or studies focused on the delivery of infrastructure will be undertaken under project financing nor will it involve construction or other activities that involve physical interventions to the environment to be undertaken via the use of project



financing. Institutional strengthening activities proposed under the project will not include the purchasing and/or replacement of IT hardware. Project activities do not envisage any land acquisition, activities that would restrict land use, or cause impacts relating to involuntary resettlement. In this sense, the activities supported by the TA activities are likely to have minimal adverse impacts, if any. Instead, the TA will contribute toward good governance and greater social accountability and would strengthen the overall business environment, especially for the SMEs and new entrepreneurs that face many constraints currently. In this regard, the component 2 activities are envisaged to have a positive social impact through enhancing gender equity and social inclusion since they are intended to support the inclusion of youth and women entrepreneurs in tourism and fisheries. For the reasons stated above, the project is classified to have 'Moderate' environmental and social risks.

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