



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 05/05/2022 | Report No: ESRSC02721



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Morocco	MIDDLE EAST AND NORTH AFRICA	P175523	
Project Name	Financial Protection Program against Natural Disasters: Strengthening the Financial Resilience of Morocco		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Finance, Competitiveness and Innovation	Investment Project Financing		10/6/2022
Borrower(s)	Implementing Agency(ies)		
Department of Treasury	Fonds de Solidarité contre les Évènements Catastrophiques, Société Centrale de Réassurance		

Proposed Development Objective

The Project Development Objective is to strengthen the technical, operational and financial capacity of the Government of Morocco and the Solidarity Fund to respond to severe disasters and climate shocks, and alleviate their impact on the most vulnerable part of the population.

Financing (in USD Million)	Amount
Total Project Cost	5.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

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The Project's objective is to support the Government of Morocco and the Solidarity Fund in strengthening their technical and financial capacity and their preparedness to respond to severe disasters and climate shocks in order to alleviate the latter's impact on the most vulnerable part of the population.

Since 2008, with technical assistance support from the World Bank, the GoM has engaged in developing a catastrophe risk modeling and analytical capacity to assess exposure to natural disasters. Since 2015, the pace of reform has significantly stepped up with the adoption of Law 110-14 which extends private catastrophe insurance coverage for the insured (through mandatory inclusion into all property and motor insurance covers) and financial compensation for the uninsured through a newly created Solidarity Fund (FSEC) since December 31, 2019.

The Project builds upon the recent integrated disaster risk management operations (Program-for-Results P144539 and Cat DDO P168580) to further the redirection of Morocco's risk management from ex-post response toward an ex-ante culture of preparedness.

The Project, financed through a GRiF grant, has three components, namely (i) Climate Risk Understanding and Modelling; (ii) Systems Building and (iii) Start-up costs associated with a flood market-based risk transfer solution .

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The project which will be of national scope will contribute to strengthening social resilience by helping the Government of Morocco and Public Solidarity Fund against Catastrophic Events (FSEC) more effectively respond to needs from the poor and most vulnerable. The project will have a focus on poorer and most vulnerable communities, which are often the least prepared to deal with catastrophic risks, especially climate driven one, and their impacts. In addition, by furthering the redirection of Morocco's risk management from ex-post response toward an ex-ante culture through preparedness – initiated in the World Bank Program-for-Results (P144539) and Catastrophe Deferred Drawdown (P168580) operations, the Grant will further strengthen Morocco's proactive management of financial risks against a broader range of shocks. This approach could be replicated under other pillars of the Regional Strategy, such as the resilience to refugee and migration shocks, or the reconstruction and recovery thematic area.

The project has three components: Component 1: Climate Risk Understanding and Modelling, Component 2: Systems Building, and Component 3: Start-up costs associated with a flood market-based risk transfer solution.

Direct project beneficiaries are Ministry of Economy and Finance (MEF)/Department of Treasury and External Finance (DTFE) and FSEC. The insurance and reinsurance market, in particular the national reinsurer SCR (Société Centrale de Réassurance), will also benefit from an improved comprehension of climate risks, and from the development of claims evaluation and management platform.

Indirect project beneficiaries are the nearly 30 million uninsured citizens and 6 million people vulnerable to poverty.

D. 2. Borrower's Institutional Capacity

The Recipient Executed Trust Fund will be implemented by FSEC (Component 3) and SCR (Component 1 and 2). Morocco has vast experience implementing Bank projects. Since 2016, it has been implementing the Integrated Disaster Risk Management and Resilience Program-for-Results Project (P144539) in which DTFE/FSEC working relationship has already proven to be effective. Currently, MEF has been implementing one project under the Environmental and Social Framework (ESF) and has designated at the Project Implementing Unit (PIU) level (Directorate of budget) two dedicated focal points who are responsible for managing and monitoring E&S risks and



impacts. MEF has participated in a number of World Bank initiatives related to the ESF roll-out and implementation. This will be the first ESF project to be implemented by FSEC and SCR. While this small grant will be the first project under the ESF for the Finance, Competitiveness and Innovation (FCI) sector, there are other FCI projects under old safeguards under implementation.

A dedicated focal point within FSEC, supported by MEF/DTFE, will be nominated before appraisal and will be responsible for managing and monitoring E&S risks and impacts of all activities under the project.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Low

The environmental risk rating is estimated to be Low because the project's activities potential adverse risks and impacts on human populations and/or the environment are likely to be minimal or negligible and the project is not anticipating any construction or rehabilitation. The Project activities correspond to the modeling of climate risks, the development of a knowledge and e-learning platform, the acquisition of a software and information infrastructure on risks, and the assumption of transaction costs associated with a competitive, transparent, and optimized risk transfer procurement and implementation, covering severe flooding. The project will ensure that relevant OHS mitigation measures in the context of COVID-19 are taken into consideration and the small amount of electronic wastes generated during the project implementation is disposed in a satisfactory manner.

Social Risk Rating

Moderate

The social risk rating is considered moderate. The project will bring benefits to vulnerable communities by strengthening public and private sector's capacity to climate risk and resilience through modelling and knowledge and learning activities. It will also support the building of software infrastructure for risk information, which will allow a more efficient financial compensation to impacted individuals through the development of a digital platform. The Project will benefit the extreme poor and vulnerable people of Morocco, accounting to nearly 30 million uninsured citizens and 6 million people vulnerable to poverty. The project will not involve any civil works or land acquisitions. Social risks are limited in nature and scale, and can be summarized as related to protection of personal data, potential exclusion for the most vulnerable people including those in the poorest communities, those with limited access and/or understanding of technology, persons with disabilities, women and youth. Strong communication and outreach mechanism and strategy will be required to ensure that the most disadvantaged communities are included.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The project will support capacity building and improvement of natural disaster risk management systems only that will not result in any major environmental and social risks and impacts since the main objective of this project is to



strengthen the technical and financial capacity of the Government of Morocco and the Solidarity Fund to respond to severe disasters and climate shocks, and alleviate their impact on the most vulnerable part of the population. Activities include (i) capacity building events such as workshops, training sessions, etc., and (ii) software infrastructure development through the acquisition of a database management system, development of a digital platform for interaction with end-users and others.

Under component 1 and 2, potential environmental and social risks include exclusion of vulnerable groups and discrimination, labor issues, and protection of personal data. Risks related to potential exclusion of vulnerable groups will be assessed and managed through a Social Impact Assessment (SIA). The SIA, to be prepared and disclosed prior to appraisal, will include: i) a baseline data on the demographic and social characteristics of the affected population, ii) draw a hazard and risk vulnerability mapping of groups and individuals vulnerable to climate change and targeted by the project, iii) provide appropriate mitigation measures for risks of exclusion of vulnerable groups from project benefits, for example, reducing barriers for vulnerable youth, people living with disabilities, illiterate, and women, including through digitalization, awareness raising sessions, and iv) outline roles and responsibilities for implementing recommendations. In addition, these measures will be accompanied by a strong communication, outreach and consultation campaign. The project will also seek to incorporate data privacy approach to help prevent breaches and enforce security.

Labor risks will be managed in an LMP.

Areas where “Use of Borrower Framework” is being considered:

While the Moroccan national E&S legislative framework mandates environmental licensing or permitting requirements for some of the physical works activities, the project does not intend to rely totally on these processes for purposes of environmental and social due diligence or risk management, especially regarding the social impacts that are not considered in Morocco Environmental evaluation process. The project will ensure that all applicable national laws and regulations are followed; in addition, wherever gaps exist between national requirements and the ESF, the project will ensure that the TORs for SIA and LMP preparation are consistent with ESF standards and will develop activity-specific management and mitigation plans in accordance with the ESF, and include appropriate implementation arrangements and capacity to ensure effective management of identified risks and impacts as per ESF standards.

ESS10 Stakeholder Engagement and Information Disclosure

Primary stakeholders of the project identified at this stage are: MEF/DTFE, FSEC, SCR, private sector entities, and indirect project beneficiaries including local communities currently uninsured (nearly 30 million people) and vulnerable to poverty (nearly 6 million people). Secondary stakeholders include other relevant ministries or government organizations, civil society organizations and academia. FSEC will be required to prepare and disclose a Stakeholder Engagement Plan (SEP), consistent with the requirements of ESS10, prior to appraisal. Consultations should be conducted during the preparation of the project with all stakeholders identified. Stakeholder engagement will be arranged and conducted within the covid-19 constraints and the national restrictions related to public gatherings. The SEP will include a strategy for engagement with stakeholders, especially the local communities to ensure their inclusion and that their voices are heard and concerns

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addressed. The SEP should identify different categories of vulnerability and propose actions for their inclusion. The SEP will be updated, as necessary, throughout the project’s life cycle.

A Project Grievance Mechanism will be defined by the implementing agency to address concerns coming from both project-affected peoples and other interested parties. As part of the information disclosure arrangement, the project-GM will be available to the public through the FSEC website.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

Project workers associated with the implementation of project activities will mainly be existing civil servants, who will retain the working conditions associated with their contract but will be subject to the requirement of ESS2 in regards of OHS, including provisions on COVID-19, codes of conduct and related grievance mechanisms. There will be contracted workers through selected vendor firms to support the project's activities. This project is not expected to use primary supply workers or community workers. The project is not expected to generate labor influx and make use of child labor. Labor risks are likely related to OHS, lack of equal opportunity, discrimination, lack of transparency in terms of conditions of employment and potential sexual exploitation and abuse and sexual harassment. A Labor Management Plan (LMP) will be prepared to establish how project workers will be managed, in accordance with the requirements of national law and ESS2. A GM will be put in place with confidential reporting and ethical documentation procedures for SEAH/SH and GBV cases.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS 3 is relevant. Project activities will not generate pollution to air, water, and land, and they will not consume finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels. However, the project activities will induce an increased use of energy in the software infrastructure development through the acquisition of a database management system and development of a digital platform for interaction. The ESCP will incorporate energy efficiency measures and the waste management procedures (solid and electronic wastes).

ESS4 Community Health and Safety

ESS 4 is relevant. Program activities will bring benefit to the users including alert system. Data privacy risks and related mitigations measures will be developed in the SIA.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 is not considered relevant. The project will not acquire any land or result in involuntary resettlement.



ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS 6 is not relevant at this stage. No biodiversity or living natural resources will be affected by the project, as the project activities will be limited to capacity building and improvement of natural disaster risk management systems.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS 7 is not relevant at this stage. No groups qualifying as Indigenous Peoples are among the beneficiaries of the project.

ESS8 Cultural Heritage

ESS8 is not considered relevant to the project at this stage. Project activities are not expected to affect tangible or intangible cultural heritage.

ESS9 Financial Intermediaries

ESS9 is not considered relevant. No FIs are expected to be involved.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

N/A

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Preparation and disclosure of the Environmental And Social Commitment Plan, SIA, and the Stakeholder Engagement Plan before appraisal.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

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- Timeline for implementation of the SEP
- Timeline for implementation of the recommendation of the SIA
- Timeline for preparation and implementation of LMP
- Procedure on e-waste management at the end of life cycle included in the POM.
- Training for E&S focal point

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Department of Treasury

Implementing Agency(ies)

Implementing Agency: Fonds de Solidarité contre les Évènements Catastrophiques

Implementing Agency: Société Centrale de Réassurance

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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