



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 09-Jul-2019 | Report No: PIDC185737



BASIC INFORMATION

A. Basic Program Data

Country Morocco	Project ID P169330	Parent Project ID (if any)	Program Name Morocco Public Sector Performance (ENNAJAA) Program
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 16-Mar-2020	Estimated Board Date 28-Apr-2020	Does this operation have an IPF component? No
Financing Instrument Program-for-Results Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Finance	Practice Area (Lead) Governance

Proposed Program Development Objective(s)

The objective of this program is to improve effectiveness, transparency, accountability and equity of selected core government functions through a GovTech approach.

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	500.00
Total Operation Cost	300.00
Total Program Cost	300.00
Total Financing	300.00
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	300.00
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World Bank Lending	300.00
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B. Introduction and Context

Country Context

- **Over the last two decades, Morocco achieved relatively strong economic and social outcomes thanks to a series of reforms aimed at** (a) stabilizing the macroeconomic framework by reducing domestic and external vulnerabilities, including through phasing out energy and food subsidies; (b) enhancing the fiscal and financial policy frameworks, including adoption of the new Organic Budget Law; and (c) supporting economic diversification and competitiveness.
- **During this period, economic growth improved the well-being of the population.** Morocco real per capita GDP nearly doubled, over 2000-2017 (from US\$1,727 to US\$2,948). This growth was accompanied by major social achievements, including the near eradication of extreme poverty; a sharp decline in the national poverty rate; increased life expectancy; greater access to basic public services, including universal access to primary education; and significant public infrastructure development.
- **Over the past 10 years, however, growth has been on a downward trend.** Real GDP growth decelerated from an average of 4.8 percent over 1996-2006, to 4.6 percent over 2007-2011, and then to only 3.4 percent over 2012-2017. During the first half of 2018, GDP growth fell to 2.8 percent. This downward trend reflects the slow transformation of the economy, which still relies largely on resource-based activities (including the volatile agriculture sector), and on public investment and domestic demand. These shortcomings point to the fact that Morocco’s current economic model is reaching its limits. Recognizing this, H.M. the King has called in his speech on the occasion of the 20th Anniversary of Throne day for a new economic model to address the challenges of equitable growth, jobs and improved basic service delivery.
- **Redefining the development model as well as social contract will require redefining state interventions in the economy and the type and quality of public services provided to citizens (G2C), the private sector (G2B), and within government (G2G).** As highlighted by the World Bank’s Systematic Country Diagnostic (SCD), Morocco needs to improve its public policy formulation and coordination, guarantee a better access to quality services and increase citizen participation. Working towards these reforms will require improving governance and institutional quality, increasing evidence-based policymaking, and improving access to information and citizen engagement.
- **Under the new development model, government’s strategic use of digital technology through a GovTech approach could contribute to this redefinition of the role of the state.** GovTech is an approach that aims to combine public sector reform innovations with change management and fit-for-purpose digital technologies to address three fundamental areas of government concern : (a) designing human-centered services that are simple, transparent, and universally accessible; (b) strengthening citizen engagement to increase participation, foster transparency and



accountability, and build citizen trust; and (c) modernizing core government operations to bring the machinery of Government into the 21st century.

Sectoral (or multi-sectoral) and Institutional Context of the Program

- **Improvement in the effectiveness, transparency, accountability and equity of selected core government functions is central to Morocco’s new development model and the renewal of the social contract.** As such, the government carried out a series of legal and regulatory reforms to introduce results-based budgeting¹, improve oversight of the national public procurement system², simplify the Moroccan tax legislation³, improve government policy coordination and introduce monitoring and evaluation systems⁴, promote merit-based recruitment processes⁵, and decentralize and bring public services closer to citizens⁶. Along with the upcoming law on the digital administration (in French, *“loi sur l’administration numérique”*), such reforms are in line with the King’s Throne speech of July 27, 2018 during which he advocated for the adoption of Information and Communications Technologies - or digital technology - tools to improve the performance of the public administration.
- **Despite these efforts, several challenges remain, and the government of Morocco will be addressing them through a series of reform measures that seek to accelerate improvements in public sector performance by transforming three selected core government functions – data use and production; tax administration ; and procurement - through a GovTech approach.** These measures are anchored in two legislative frameworks and two national strategies: (i) the Draft National Statistical Act; and (ii) the Organic Budget Law (LOLF); as well as (iii) the Morocco Digital Strategy 2020; and (iv) the National Plan for Administrative Reform (2018-2021).

¹ The organic budget law No. 130-13, introducing programmatic performance-oriented budgeting has been published in the National Gazette No 6370 dated June 18, 2015. The implementing decree No 2-15-426 of such law has been published in the National Gazette No 6378 dated July 16, 2015.

² Public procurement Decree No.2-12-349 dated March 20, 2013 issued by the Head of Government to replace public procurement Decree No.2-06-388 dated February 2, 2007 to expand its scope to local governments, architect’s contracts and some SOEs (*établissements publics*) and to introduce e-procurement, has been published in the National Gazette No. 6140 dated April 4, 2013. The Council of Government has approved draft decree No 214-867 dated September 10, 2015 establishing the National Public Contracts Commission, with a mandate on oversight, complaints handling and training, and including non-State actors.

³ The General Tax Code was revised (Code général des impôts – CGI, 2007).

⁴ The Head of Government has issued circular No 4/2015 dated June 18, 2015, introducing a comprehensive performance monitoring and evaluation policy comprising the establishment of ministerial performance plans, performance audits and program evaluations.

⁵ The Civil Service Law adopted by parliament beginning of 2011 generalized competitions and introduced the principle of clear merit and performance criteria to be mainstreamed in HR policies and procedures. The Ministry of Civil Service has launched mid-2012 a central online platform for recruitments in the public administration (<http://www.emploi-public.ma/fr/index.asp>), thus improving competition and transparency of the selection process.

⁶ Through the 2015 Decentralization Act (Loi Organique sur la Régionalisation Avancée) and the 2018 Charter of Deconcentration



Relationship to CAS/CPF

- **Fostering the effectiveness and performance of Morocco’s public sector is a priority for the Bank’s engagement in the country, as reflected in the recently approved World Bank Morocco Country Partnership Framework (2019-2024).** The CPF has governance and citizen engagement as its foundational pillar, and gender and digital technology as cross-cutting themes, along with three identified strategic areas to guide World Bank support: promoting job creation by the private sector; strengthening human capital; and promoting inclusive and resilient territorial development. Specifically, the proposed operation will contribute to two key objectives of the CPF :
 - CPF Objective 11 “Improve the efficiency of public spending”; through the better use of data and statistics, informed and transparent budget decision-making; and improved performance monitoring and accountability.
 - CPF Objective 12 “Improve transparency and develop the building blocks for effective citizen-state engagement”; through the development of user-centric digitized and analog administrative services, and citizen engagement feedback mechanisms
- **The operation is fully aligned with the World Bank MENA Regional Strategy (updated in 2019).** With its focus on improved access to and quality of core administrative services and creating effective citizen and business feedback mechanisms, the operation is aligned with the strategy which highlights public trust and credibility in the provision of public services as an essential link to a renewed of the social contract.

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

Program Development Objective

The objective of the operation is to improve effectiveness, transparency, accountability and equity of selected core government functions through a GovTech approach.

PDO Level Results Indicators

The proposed **PDO results indicators** are the following:

- Indicator 1: Increased availability of quality public data.
- Indicator 2: Improved monitoring of tax compliance.
- Indicator 3: Increased share of public contracts awarded to SMEs.
- Indicator 4: Increased responsiveness of public administration to user feedback (disaggregated by gender).

D. Program Description

PforR Program Boundary

- **The proposed operation is firmly anchored in an ambitious cross-cutting government reform program to improve public sector performance and consists of a set of actions embedded into two legislative frameworks and two national strategies:** (i) the Draft National Statistical Act; and (ii) the Organic Budget Law (LOLF); as well as (iii) the Morocco Digital Strategy 2020; and (iv) the National Plan for Administrative Reform (2018-2021). It should be noted that further discussions with government authorities are expected to take place during project identification and preparation phases to determine the choice of financing instrument.



- **The operation targets improvements in core government functions to support a more transparent, effective, accountable, and equitable government for the benefit of all Moroccan citizens and businesses.** The operation will specifically focus on three functions: data production and use for evidence-based policy making; tax administration; and public procurement. The activities are organized into two key results areas :

Key Results Area 1: Improving the Effectiveness and Transparency of selected Core Government Functions. The operation aims at improving the effectiveness and transparency of core government operations in the areas of data, tax administration and public procurement through evidence-based and coordinated policy and decision-making, as well as improved management and reuse of data. It will achieve these results by: (i) introducing collaborative leadership activities in specific areas targeted by the operation; (ii) supporting data production and dissemination strategy; (iii) designing and rolling-out secure data exchange protocols and data analytics; and (iv) supporting the publication and reuse of exploitable public data. Building on recent government commitment to tax reforms during the May 2019 National Tax Workshop as well as Morocco's joining the Open Government Partnership (OGP), the operation will also improve the effectiveness and transparency of public resources. This will be done through: (i) the development and management of the Tax Administration Data Lab human resource capacity; (ii) tax data analytics for improved risk management; (iii) the design and implementation of a property tax platform architecture for better data interoperability; and (iv) support to the implementation of the Open Contract Data Standards (OCDS)⁷.

Key Results Area 2: Improving Equity and Accountability of Selected Core Government Functions. The operation aims at improving the equity and accountability of selected core government operations, including public financial management (PFM), Tax Administration and public procurement to improve government's responsiveness to user needs. Drawing on the lessons learned from the success of the First and Second Transparency and Accountability Development Policy Loans Series (HAKAMA I and II), it will: (i) support the design and publication of second-generation annual ministerial performance contracts (M&E and stats) as per the provisions of the Organic Budget Law (Organic Law No. 130-13); and (ii) establish ministerial performance contracts as well as an indicator database and related M&E system. The operation will also achieve its results by: (i) reducing tax fraud and tax evasion using data analytics; (ii) strengthening existing citizen engagement and feedback mechanisms like Chikaya and the Tax Administration complaints and grievance mechanism; (iii) strengthening user focus of e-procurement and Tax Administration; (iv) increasing proportion of government contracts going to SMEs; and (v) promoting change management to increase the use of the e-government procurement (e-GP) system by ministries, agencies and private sector.

⁷ The proposed operation will support the full use of e-GP and the integration of the Open Contracting Data Standard (OCDS) into Morocco's e-GP system. Open Contracting consists of publishing and using open, accessible, and timely information on government contracting to engage citizens and businesses in identifying and fixing problems. OCDS achieves that objective by bringing together stakeholders, including government procuring entities and oversight agencies, private sector consultants and contractors, and civil society groups to make sure that data about public contracts are disclosed and that public contracts are implemented in the best possible manner. OCDS has a set of general functional requirements, including recommended fields to disclose, a common structured data model, and an approach to regular publication of information on all contracting processes. The upgrading of the "Procurement database" module of the e-GP system, following the OCDS will allow alignment with international standards. Thus, it can better meet modern requirements and serve information needs for different users (policy makers, public sector managers, private sector companies, academia, press and citizens)". Outcomes of OCDS include creating a level playing field for all businesses competing for public contracts, thereby encouraging SME participation, delivering better value for money for governments, and promoting smarter analysis and better solutions for public problems.



E. Initial Environmental and Social Screening

- The concept stage examination of potentially critical aspects of the proposed operation highlighted the following:
 - *Environmental and social risks:* Initial assessments show that social and environmental risks are expected to be moderate, and that E&S management capacities are likely to be adequate to manage risks related to the social and environmental context of the proposed operation. At this stage of preparation, no activities to be supported or funded by the operation are expected to cause significant harm to the Environment or would have significant Environmental consequences with irreversible adverse impacts on the Environment. No significant social risks are expected due to the proposed operation. The proposed operation will fund activities such as: Capacity building activities (training, coaching, retooling, etc.); Purchase of IT, hardware and network equipment (Computers, servers, internal cabling, etc.); Purchase of bandwidth (Non-consulting services), software and IT services; and Revamping, refurbishment and rehabilitation of existing office space, IT and office equipment. The operation will not fund development of large IT/ICT infrastructure (e.g. long-distance backbone, high towers and others), or large-scale works (construction of new structures). The main Environmental Risks and impacts identified at this stage are linked to Occupational Health and Safety and Community Health and Safety during refurbishment and rehabilitation works of existing office space. Other Risks/impacts are linked to pollution prevention and management of Hazardous and non-hazardous wastes of construction activities and of decommissioning and/or end of life of IT equipments; computers, servers, electronic devices. The proposed operation is likely to yield important societal benefits through its institutional strengthening activities. No physical investments that would have negative social impacts in terms of resettlement and land acquisition are expected.
 - *Environmental and Social Systems Assessment:* The proposed operation would not finance activities expected to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people. Operation proposals will be screened during preparation and implementation for such adverse impacts. Further environmental and social assessments of the operation risks and proposed mitigation measures will be conducted during preparation of the proposed operation to ensure E&S risk management capacities are adequate, that screening capacities are adequate, and that eventual gaps are mitigated during implementation of the proposed operation. The assessments will describe and confirm all the E&S Risks and Impacts of activities to be supported by the proposed operation. During the operation preparation, an in-depth environmental and social management assessment of the entities in charge to implement the proposed operation will be undertaken and outcome incorporate in the proposed operation Action Plan.
 - *National Regulatory framework :* Morocco has a legal framework in place for environmental and social management and impact assessments, and reliable country systems to manage the risks associated with operation activities. The key legislative text is Law no. 12-03 of May 12, 2003, aimed at minimizing the negative impact of projects and improving ecological sustainability. Regarding land tenure, for the protection of property ensured by Article 35 of the new Constitution of 2011 and implemented through numerous laws. The Constitution also establishes equality, inclusiveness, participation (art 136, 139), including disclosure and consultation processes, the right of petition, grievance redress mechanisms as well as citizen engagement (art 19, 136, 139, 156). Moreover, Morocco has adopted in March 2014 a National Charter of the Environment and Sustainable Development. As the main beneficiaries of the proposed operation include farmers, SMEs and agribusinesses, it will be important for operation design to identify cultural, social, economic, geographical and political constraints to equitable access to operation benefits, giving special attention to the needs and concerns of women, youth and



the most vulnerable groups. Some specific weaknesses still do exist. During the preparation of the proposed operation, an in-depth regulatory framework assessment will be undertaken, and relevant measures incorporated into instruments to be implemented in the proposed operation. The need for coordination of safeguards standards and procedures across several agencies executing activities deserves particular attention. Any specific weaknesses pertaining to the execution of the proposed operation’s activities will be the subject of corrective actions to be developed during preparation of the proposed operation.

- *Reputational and political risk:* At this stage, the proposed operation’s risk is judged as moderate. Citizen engagement activities should contribute to beneficiary support. Operation assessment should review both the overall decision-making processes and allocation of resources to strengthen social inclusiveness (e.g., ensuring that women, youth, and vulnerable groups at least have a fair opportunity to benefit from the operation).

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