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Operation Name	Transparency and Accountability Development Policy Loan II (Hakama II)
Region	MIDDLE EAST AND NORTH AFRICA
Country	Kingdom of Morocco
Sector	Governance and public sector
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Borrower(s)	Kingdom of Morocco
Implementing Agency	Ministry of Economy and Finance (MEF) and Ministry of General Affairs and Governance (MAGG)
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Other Decision (Optional)	

I. Country and Sector Background

The Second Transparency and Accountability Development Policy Loan (DPL Hakama II) takes the form of a one-tranche budget support operation in the amount of US\$200 million. It is part of a first programmatic series of two DPL operations in support of structural reforms strengthening economic governance across the public sector and new policies fostering more inclusive and open governance in Morocco. The DPL series has been prepared jointly with the European Union (EU) and the African Development Bank (AfDB), leveraging a further US\$ 250 million in support of the budget, procurement and open governance reforms. This operation follows the *First Transparency and Accountability Development Policy Loan* (Hakama I), which was approved by the Executive Board on October 29, 2013.

While Morocco has been able to reduce extreme poverty, boosting shared prosperity and fostering more inclusive socio-economic development remain core priorities. Despite progress towards achieving the Millennium Development Goals, vulnerability and inequality remain challenges as evidenced by the high and steady Gini coefficient (0.41), fueling a sense of deprivation and discontent among the public¹. Numerous development programs and substantial social spending (24.4

¹ The surveys conducted by the Arab Center for the Rule of Law and Integrity and the report from the Economic and Social Council's on the governance of public services, published in October 2011, substantiate these perceptions.

percent of total public expenditures excluding debt) have not yielded the expected results. Socioeconomic disparities and access to quality public services remain major issues particularly affecting the poor and vulnerable, who are most dependent on public programs and services. This affects the government's goal to boost shared prosperity.

Persistent socio-economic disparities illustrate potential efficiency gains of development programs and public expenditures as well as underlying governance challenges of public policies and services. Unequal access to quality education and resources continue to hinder Morocco's human development progress, and particularly pertaining to women. In a country still confronted by significant social challenges, women are particularly affected by the lack of socio-economic progress in many areas.² The multiplication of public policies, programs and institutions has exacerbated coordination challenges and created redundancies and inefficiencies. The country's increasing regulatory and institutional complexity has blurred responsibility and accountability along the service delivery chain. Limited voice and accountability in the design and implementation of public policies undermine their effectiveness and hampers improvement. Insufficient checks and balances expose public institutions and services to capture, discretion and corruption, as shown by recent diagnostic studies undertaken by Morocco's Anti-corruption Institution (ICPC) in the health and transportation sectors.³

The new Constitution aims to respond to public discontent and to address existing challenges by strengthening the country's governance framework through a holistic and integrated approach. This approach includes the following elements: (i) empowering Parliament through greater legislative powers and increased oversight over the government; (ii) enhancing the role and electoral legitimacy of the Head of Government; (iii) strengthening the independence of the Judiciary; (iv) enhancing participatory democracy and citizen engagement; (v) strengthening the accountability of public institutions, and (vi) adopting far-reaching regionalization as a democratic and decentralized system of governance. In furthering these good governance principles, Article 154 of the new Constitution also stipulates that public services are subject to standards of quality, transparency, accountability, and responsibility, thus addressing civil service reform as integral to the reinforcement of performance and results. The new Constitution also provides for equality of Moroccan citizens and obligates public bodies to promote liberty and equality for male and female citizens and to foster participation in political, economic, social and cultural life. The Constitution foresees a five year period for the implementation of these provisions, which require an overhaul of the country's legislative framework, including 21 organic laws and over 240 laws and regulations, resulting in far reaching institutional and operational implications.

In this context, the objective of the DPL II is to consolidate and deepen the cross-cutting policy reforms initiated under DPL I in the areas of transparency and accountability. The first DPL series supports a package of inter-twinned measures aimed at increasing transparency, accountability and participation across the entire public sector, in order to improve the performance of public programs and services along the service delivery chain. The structural policy measures supported under pillar I "Strengthening transparency and accountability in the management of public resources" include the programmatic and performance informed budgeting reform, the procurement reform, a legal and institutional framework for public-private partnerships, corporate governance of State-owned Enterprises (SOEs) and agencies, as well as fiscal decentralization and local governance. Under pillar II the program aims to foster a more open and inclusive mode of governance through policy measures strengthening citizen voice and participation. These measures aim to strengthen fiscal transparency, access to information, public consultation and citizen petitions, in line with the new constitution. These essential new rights will expand the scope of public engagement, particularly to the benefit of women

² Morocco: Mind the Gap: Empowering Women for a More Open, Inclusive and Prosperous Society, World Bank (2014).

³ Corruption diagnostic studies by ICPC in the transport and health sectors in 2011: <http://www.icpc.ma/wps/portal>

and marginalized groups whose empowerment is paramount to achieving an open and inclusive society and to accelerate growth. These reforms will further enable Morocco to join the multi-lateral Open Government Partnership⁴.

7. The main challenges associated with the program relate to the scope and complexity of the constitutional reform agenda, which is exacerbating governance and capacity constraints in the short term. The Hakama DPL series aims to mitigate this risk through a holistic and integrated support over the medium term, including a follow up DPL series foreseen in the Country Partnership Framework and parallel technical assistance. The holistic approach aims to maximize reform synergies across the public sector at the national, local and SoE level. It aims also to strengthen the link between upstream policy reforms and downstream sector challenges and operations. The integrated approach aims to provide parallel support to the design and implementation of these key policy reforms. The Bank is providing parallel technical assistance to the central and local governments and to parliament for the implementation of the Hakama reforms. This includes a capacity building program for parliament including through a USD 4 million project financed by the Transition Fund, which supports the implementation of the public consultation and petition policies, the performance budgeting reform, the procurement and fiscal decentralization reforms. The EU and the AfDB are providing additional capacity building and training support. The design of the operation includes a sequenced implementation of the structural reforms, including quick wins to build the reform momentum and, where possible, an iterative process to allow adaptation based on the results from the ground (budget reform, corporate governance reform). The DPL series builds also on the previous Public Administration Reform Loan (PARL) series, which supported notably the modernization of the public administration and the civil service reform.

II. Operation Objectives

The development objective of the proposed DPL series is to strengthen mechanisms promoting transparency and accountability in the management of public resources and to support legal reforms fostering open governance in Morocco in line with the new Constitution.

Key results:

Pillar I: Strengthening transparency and accountability in the management of public resources, through:

- A more open and transparent budget process, specifying the programmatic allocation of resources and the corresponding performance objectives and indicators for 5 ministries;
- A more consistent implementation of public procurement rules across the public sector evidenced by the increase from 1571 to 3345 in the number of procuring entities subject to the new procurement rules;
- Real time information on budget execution in 100% of municipalities through the roll out of an integrated expenditure management information system (GID).

⁴ <http://www.opengovpartnership.org/> OGP was launched in September 2011 by 8 founding members and has now 65 members, with only two from MENA (Jordan and Tunisia). The high level inter-governmental partnership provides a platform to share commitments and experiences about reforms fostering a more open and inclusive mode of governance. To join, countries must meet minimum eligibility criteria and demonstrate commitments in four areas: (i) fiscal transparency, (ii) access to information through a law that guarantees the public's right to information and access to government data, (iii) asset disclosures related to elected or senior officials, and (iv) citizen engagement in policymaking through public consultation. Three of these four areas are supported by this DPL series.

Pillar II: Fostering open governance through:

- Enhanced access to budget information evidenced by a higher score in the Open Budget Index as well as through adoption by Cabinet of a law on access to information;
- Strengthening citizen voice and engagement through the adoption by cabinet of an organic law on petitions and a 20 percent increase in citizens having access to petitions and public participation measured by the World Justice Project's Rule of Law index;
- Improved citizen access to key administrative documents, evidenced by a five-fold increase in the number of birth certificates ordered online and delivered by registered mail.

III. Rationale for Bank Involvement

Pillar 1: Strengthening transparency and accountability in the management of public resources

The government program aims to modernize public financial management, improve external accountability and allocative efficiency of public resources. The adoption of multiannual budget perspectives combined with stricter control of the wage bill and subsidies aim to improve the efficiency of public resources management and the fiscal space over the medium term, while strengthening fiscal responsibility as foreseen by the constitution (Art. 77). These reforms should free up scarce public resources to support priority programs and services. **The programmatic and results-focused budget approach** will enhance the oversight function of an empowered Parliament by providing it with more say in the budget-setting process and increased external accountability over government use of public resources. Parliament will benefit from: (i) more timely information on budget assumptions and perspectives early in the budget process, (ii) greater visibility on budget allocations to different programs, intended objectives, and corresponding performance indicators; and, (iii) performance monitoring and evaluation. The executive's accountability towards citizens and taxpayers will also be strengthened by the publication of ministerial budget programs and their performance plans and reports. The increase in accountability and scrutiny over the allocation and use of public resources is expected to reduce inefficiencies, waste and disparities. The Government consecrate this new programmatic performance informed budget management approach in its new organic budget law, approved by Parliament in May 2015. The organic law foresees ministerial performance objectives and indicators aimed at improving the effectiveness and efficiency of public policies and programs and the quality of public services. It also foresees the adoption of gender informed performance objectives and indicators, when relevant. This represents an important opportunity to mainstream gender sensitive reforms across government. The new budget management approach is currently being rolled out to up to 16 ministries with the support from the Bank, which is also providing capacity building to parliament.

The government aims to improve the effectiveness of public programs and services by strengthening managerial responsibility and internal accountability of performance. The new performance-informed budgeting approach will be implemented across the public sector. High level ministerial performance plans will be cascaded down along the management and service delivery chains. Program heads and managers will be responsible for implementing the programs, contracting with service providers and for reporting back on the programs' performance. A strengthened performance monitoring and evaluation framework is being adopted to inform management, improve accountability and foster a performance culture in the administration. Although performance-based pay is not yet planned, the new framework may gradually influence civil service incentive structures, which are mainly driven by administrative compliance and inputs. Likewise, reform of ex-ante

financial controls aims to provide managerial flexibility to administrations that strengthen internal control frameworks.

Enhancing transparency and competition in contractual relations with the private sector is another key priority for both the Government and businesses. It is the objective of the public procurement reform and the adoption of a legal framework for public-private partnerships (PPPs), supported by this program. These policy reforms, combined with the implementation of e-procurement are expected to increase competition and value for money of public spending while providing new economic opportunities to less connected firms. Likewise, the adoption of a legal framework for PPPs is expected to attract more private investment and expertise towards key public services in a context of constrained public finances. This framework is aligned with the core transparency and competition principles of the procurement code and includes institutional measures, such as a dedicated PPP unit and a gate-keeping commission headed by the Ministry of Finance, aimed at fostering sound PPPs and mitigating the risk of contingent liabilities. This approach is also expected to foster a more integrated and consistent management of public investments, irrespective of the sources of funding.

Building on lessons learned from past public sector reforms, the government reform agenda follows a holistic approach across the public sector. It adopted a code of corporate governance for SOEs on March 19, 2012 and started implementing it in 25 pilot entities. This code introduces good practice for principles and recommendations for better governance and accountability mechanisms for SOEs and agencies. These principles include measures for responsible and transparent management of SOEs, reliability, integrity and effectiveness of their actions, and accountability and transparency of the decision making process in order to meet expectations and aspirations of various stakeholders.

Pillar 2: Fostering open governance

Access to information is a key constitutional provision and, as such, a priority of the government program. A draft law which underwent national consultation and lengthy inter-ministerial reviews, presents a two-pronged approach: (i) fostering proactive disclosure of information (which will help to show quick results in the short term), and, (ii) enabling the public to request information from all central and local public bodies following clear and time bound request and appeals procedures and defined exceptions. This new policy represents a core lever to foster transparency and accountability across the public sector. It is also key to enable meaningful citizen engagement and to improve the business environment. An enterprise survey carried out in Morocco end of 2014, confirms the important economic impact of firms' access to public sector information and databases. The adoption of the access to information law will enable Morocco to fulfill the eligibility criteria for the membership to the multilateral Open Government Partnership. The Ministry of Economy and Finance has formalized a policy of regular disclosure of key budget information. Other ministries such as the Secretary General of the Government (SGG) also implement similar initiatives, such as publishing draft laws for public consultation online. Their scope has recently been expanded, including texts not strictly linked to the US Free Trade Agreement of 2009.

The right of petitions remains a priority in line with new constitutional principles of participatory democracy. The new right will be concretized through a legal framework, introducing an organic law on petitions at the national level, the integration of the right of petitions in the organic laws on regions and communes, and in the revision of the Parliament's internal bylaws. The reform of petitions is also identified a priority in the government's legislative plan. A draft of the organic

petitions law (ref. no 44-14) has been approved by the Council of Government subject to the integration of some revisions proposed through inter-ministerial consultation. The draft law integrates comments received through the year-long National Dialogue process which reached nearly 10,000 civil society representatives across Morocco at the national and local level. Having adopted an inclusive approach with civil society at the onset of this reform, the new legal framework marks a notable shift in government recognition of the importance of consultation and public engagement. The additional integration of the right to petition at the local level and in Parliament will further solidify a comprehensive access to this right across the country's governance system. Furthermore, these essential new rights will expand the scope of public engagement, particularly to the benefit of women and marginalized groups whose empowerment is paramount to achieving an open and inclusive society and to accelerate growth. Such new rights will help to encourage gender-sensitive policies by empowering more systematic engagement of women and marginalized groups in public decision making, particularly at the local level, thus helping mitigate their vulnerability. A more detailed description of World Bank support to this reform is included in the operation description section.

In 2009, the government adopted a large e-government agenda “Maroc Numeric 2013” and is in the process of finalizing the follow up strategy for 2020. This strategy aims to develop a knowledge-based economy focusing on information and communication technologies (ICT), and improving public service delivery at the central and local levels. An inter-ministerial committee (CIGOV) was established to oversee implementation. Services and projects were prioritized based on international benchmarking conducted by the government and proposals from civil society. Among the 69 e-gov projects foreseen in the strategy, 25 are operational, including 6 transactional online services. The largest such transformative project is Watiqa, covering both central and local governments and enabling citizens to order birth certificates and other administrative documents online and to receive it by registered mail. This innovative application aims to reduce transaction costs and risk of discretion and corruption linked to direct interaction with local officials.

The constitution empowered regions as full-fledged local governments in order to strengthen local democracy and service delivery. This structural reform was developed through a year-long participatory process (consultative commission for regionalization). The commission's white paper recommended upgrading the regions from consultative bodies into directly elected local governments with enhanced functions and resources, based on the principle of subsidiarity. This new level of decentralization has been consecrated in the constitution and in organic laws. It further led to the consolidation of the current 16 regions in 12 bigger regions to increase their economic and social attractiveness and maximize synergies. This decentralization agenda is a core pillar of the government's program.

IV. Tentative financing

Source: IBRD

Amount: USD 200 million

V. Institutional and Implementation Arrangements

On the government side, the Hakama reform program is managed jointly by the Ministry of Economy and Finance (MEF) and by the Ministry of General Affairs and Governance, and involves directly numerous departments from the MEF (Budget, Treasury, the Treasurer General, the department in charge of SoEs and agencies, the tax administration, and the inspectorate general) as well as the following institutions/ ministries: the Secretary General of Government (Public procurement, public consultations and all legal reforms), the Ministry of Interior (regionalization and Watiqa), the Ministry of Civil Service and Administrative reform (access to information and civil service charter), the

Ministry in charge of relations with the Parliament and Civil society (public petitions and consultation), the Ministry of Trade, Industry and ICT (e-gov), as well as the 15 departments implementing the performance budgeting reform. Parliament is indirectly involved and supported by the Bank.

On the partner's side, Hakama is a program jointly supported by the World Bank, the African development Bank and the European Union. The core policy measures are common, such as the budget reform and supported by mutually reinforcing triggers and parallel technical assistance. Each institution follows its own procedures while ensuring that the sequencing, decisions, monitoring and evaluation are closely coordinated.

VI. Risks and Mitigation

Political and Governance Risk (moderate). Three years into the launch of a wide-range of reforms anchored in the new Constitution of 2011, popular tensions may potentially escalate in the absence of tangible results and the lack of visible improvements in socio-economic conditions. The second coalition party withdrew from Government on July 10, 2013. A new PJD-led coalition was established which reaffirmed support for the government program. This situation worked to delay the implementation of current reforms, though they are now underway. Local elections are foreseen in September 2015 and parliamentary elections mid-2016. The Government is eager to have the most important legislation, such as the one foreseen in the constitution in place before elections. This should be the case for the policy reforms supported by this DPL, thus reducing the risk of delays and disruptions. The Government and the Bank aim to continue working to mitigate this risk by locking in key policy changes, building consensus within the administration and with non-state actors about these reforms and by supporting quick wins on implementation.

Macroeconomic and fiscal risk (moderate). Morocco continues to face the challenge of leveraging its political stability, proximity to Europe, and relative investment attractiveness into a decisive edge for rapid and inclusive economic catching-up. Slower recovery of the global economy, especially in Europe, would limit Morocco's export potential and would require additional macroeconomic adjustments. Greater volatility of the world financial markets is also a source of risk. Yet, Morocco has also demonstrated its capability to adjust policies and introduce corrective measures to overcome the adverse effects of shocks. After a sharp deterioration of its public finances during 2009-2012, the Government took the necessary (unpopular) measures to put its fiscal stance back on track. The adoption of the new organic budget law, which foresees tighter controls of the wage bill and carry-overs as well as performance oriented budgeting will help mitigate the fiscal risks. Morocco also managed to keep its investment grade rating and its access to international financial markets at relatively favorable conditions. The IMF's two year PLL will further provide insurance against adverse external shocks.

Sector strategies and policies Risk (substantial). Despite the emphasis of the Constitution and the Government program on governance reforms, their scope and cross-cutting nature represent high coordination challenges at all levels of government. The operation aims to mitigate this risk through an integrated and holistic approach, supporting inter-twinned governance reform levers to strengthen transparency and accountability across the public sector (central administration, SoEs and Agencies and local governments). For instance, transparency measures are being mainstreamed across the program and stakeholders. The Bank supports the Government, Parliament, local Governments and civil society for a consistent implementation of the new petition right. The Secretary General of the Government and the Ministry of General Affairs and Governance (MAGG), who is managing the operation and a governance technical assistance grant, are playing a key coordination function. Inter-ministerial coordination structures or dedicated regulatory bodies are being incorporated in the cross-cutting reforms, such as the

budget reform, procurement, PPPs, access to information or petitions reforms. The new performance informed budgeting reform requiring ministries to translate their policies in programs with explicit performance objectives and indicators is also expected to contribute to greater policy coordination.

Technical design of program (moderate). The program benefited from substantial analytical underpinnings and takes into account the lessons learned from the past support to public administration reforms (PARL series) by maximizing synergies between reforms and stakeholders as well as by strengthening the citizen engagement. Nevertheless, the scope and depth of this constitutional reform agenda represents a challenge for this first DPL series, which is back-loaded with important laws (5 organic laws and 3 laws). This risk is mitigated by a follow up DPL series foreseen in the Country Partnership Strategy 2014-2017, which will be focused on implementation of these policies as well as through implementation support and technical assistance financed by the Bank and the Transition Fund. The program design aimed also to mitigate the implementation gap by adopting an iterative and rapid results approach. It supported the early implementation of the key structural reforms, namely the budget reform, the corporate governance of SoEs and agencies, access to information and public consultation through regulatory means, in parallel to the design and adoption of the corresponding policies and laws. This iterative reform process is also aimed to mitigate the risk of a capability trap.

Institutional capacity for implementation and sustainability (high). The Government's reform agenda is deep and comprehensive and exacerbating already limited implementation capacity in the administration. This risk is high and can only be partly mitigated through (i) a candid assessment of existing capacity taken into account in the reform design, (ii) a gradual and iterative reform implementation, and (iii) implementation support and capacity building. The Government is developing training and capacity development programs for public officials to mitigate this risk. The program is supporting all three mitigation measures and leveraging additional support from the Bank (TA, IDF, MDTF,..), the Transition Fund, as well as from the program's partners (EU and AfDB). A follow up Hakama DPL series is foreseen in the Country Partnership Strategy to support the implementation of these structural reforms. There remains the risk of resistance within the administration to reforms aimed at increasing transparency and accountability. Reforms such as performance budgeting, access to information, and citizen petitions have important behavioral underpinnings and consequences. This risk can only be partly mitigated by taking into account current incentive structures and to identify possible measures to better align incentives of staff with the objectives of the reform. Such measures notably include internal and external communication and consultation, training, monitoring and evaluation and, where possible, individual recognition.

VII. Poverty and Social Impacts and Environment Aspects

A. Poverty and Social Impacts

The reforms supported by the proposed operation are not expected to have significant distributional impacts. The focus of the operation is centered on reforms aimed at: (i) improving the government's transparency and accountability in the management of public resources; (ii) fostering open governance through access to information and citizen engagement. These reforms will contribute to implementing the new constitutional rights and governance principles, which are based on greater public accountability, transparency, and participation.

Citizen Engagement: this DPL series is actively supporting cross-cutting and sector specific policies and processes that foster citizen engagement at the national and at the local level, such as: (i) citizens' right to petition government, parliament and local governments. The national and regional organic laws include provisions mandating public bodies to respond within a binding time frame to eligible petitions

on the decision and measures taken. At the local level eligible petitions need to be included in the agenda of the council meetings and the corresponding decision will be included in council meeting minutes; (ii) these citizen engagement policies were prepared in a participatory manner through a yearlong National dialogue on citizens' constitutional rights, which consulted more than 10 000 CSOs across the country and abroad. These policies were also informed by international benchmarking and policy advice from the Bank as well as by an internet Nano survey that targeted a sample of 15 000 citizens across the country to assess their awareness, experience and interest in engaging with the government; (iii) citizen are consulted on draft laws and regulations on the Website of the Secretary General of Government. Citizen comments are public and the departments are required to respond; (iv) the access to information law is expected to foster informed citizen engagement and facilitate their follow up. The law foresees the establishment of an information commission that will include non-state actors and will provide citizen with an external appeals mechanism; (v) Likewise, the National Public Contracts Committee, another external appeals mechanism will also include non-state actors in its membership. These policies and reforms will improve the enabling environment for citizen engagement, thus enhancing participation and transparency and eventually trust in government. The Bank provides technical assistance for the implementation of these policies.

The programmatic budget reform is expected to improve internal and external transparency and accountability over the use of public resources. It will strengthen the link between the government's priorities and strategies (such as poverty reduction and better access to basic public services) and budget allocations. These priorities will be translated into public performance objectives and indicators, **including gender informed**, subject to monitoring and evaluation. This new budget management approach will strengthen Parliament's role in the oversight of the government's management of public resources. The extension of this approach to elected regional councils will lead in the medium term to greater account being taken of regional and local priorities and to improvements in the consistency and coordination of both central and local government's development efforts. In order to maximize the social impact, the first ministries selected for the implementation of the budget reform are the departments of Education, Agriculture, Water and Forestry and Finance, which all have a strong interface with the public. Likewise, interaction with citizens and the provision of public services are key selection criteria for the first ten SoEs implementing the corporate governance code.

The adoption of access to information and public petitions policies (prior actions # 9&10) **are key steps to foster a more open and inclusive mode of governance.** These policies foster transparency, voice and government accountability and thus are anticipated to have a positive social impact in the medium term once they are fully implemented. In the long term, the successful implementation of citizens' new right to petition will result in improved voice and citizen engagement in the policy process both at the central and at the local level. Likewise, access to public sector information is expected to have both direct and indirect positive impacts on citizen as well as on firms. Equal and timely access to information reduces information asymmetry and costs for firms, leads to a more level playing field, and reduces opportunities for corruption and rent seeking. Public sector information also has value in itself. Its use and re-use generates value and creates new products and services, fostering employment.

Despite important progress in recent years, Morocco still suffers from important gender disparities, particularly at the rural level as evidenced by the high illiteracy rate of women and the Bank's 2015 gender report. The program aims to contribute addressing the gender disparities related to the unequal access to public resources and services in different ways. First, by mainstreaming gender informed performance objectives and indicators in the relevant ministries' budget and performance plans submitted to parliament and published. This requirement has been incorporated in the new organic budget law and bylaws. Second, by strengthening the public sector's accountability on these gender

informed objectives, which will be subject to audits and evaluations. Third, by strengthening women's voice through the equal access to information, through increased opportunities for public consultation and through the possibility to petition government and parliaments both at the national and local level.

B. Environmental Aspects

The policies supported by this operation are not likely to have significant effects on the environment, forests, or other natural resources. The proposed operation is a development policy loan in support of a broad program of policy and institutional reforms. All of the actions supported throughout the operation are policy-oriented, and none support direct investments, involve physical works, or imply policy actions that would have significant environmental impacts. The proposed performance budgeting reform supported by this operation do not target environmental procedures and thus will neither directly improve nor degrade existing standards for public health and safety or the environment. However, the public disclosure of the performance of departments that have an impact on the environment, such as the departments of Water & Forestry, Agriculture, Health, Equipment and Transportation, which are part of the first waves implementing the performance budgeting reform, is expected to increase their transparency and accountability, which might in turn have an indirect positive impact on the environment. Likewise, the strengthening of transparency and accountability for PPPs through a unified legal framework will in turn strengthen their compliance with social and environmental laws. Indirectly, however, as these institutional capacities for the ministries are strengthened, so will public expectations for all other ministries, including those relating to the management of natural resources and the environment.

VIII. Contact point

World Bank

Contact: Fabian Seiderer
Title: Senior Public Sector Management Specialist
Governance Global Practice
Tel: +212 (0)537 54 42 00
Email: fseiderer@worldbank.org

Borrower/Client/Recipient

Name: Mrs Sabah Bencheqroun
Contact: Ministry of General Affairs and Governance
Title: Adviser to the Minister
Tel: 212537687316
Email: bencheqroun@affaires-generales.gov.ma

IX. For more information contact:

The InfoShop ,
The World Bank
1818 H Street, NW Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>