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The World Bank

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Report No: 94201-MA

PROJECT APPRAISAL DOCUMENT

FOR A

MENA TRANSITION FUND GRANT

IN THE AMOUNT OF US\$1.75 MILLION

TO THE

AGENCE NATIONALE DE PROMOTION DE L'EMPLOI ET DES COMPETENCES

(ANAPEC)

IN THE

KINGDOM OF MOROCCO

FOR THE

ACCESSING OVERSEAS EMPLOYMENT OPPORTUNITIES FOR MOROCCAN YOUTH

PROJECT

March 31, 2015

Social Protection and Labor Global Practice

Middle East and North Africa

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CURRENCY EQUIVALENTS
(Exchange Rate Effective as of February 2, 2015)

Currency Unit = Moroccan Dirhams (MAD)
MAD 9.57 = US\$1
MAD 1 = US\$ 0.10

MOROCCO FISCAL YEAR
January 1 - December 31

ABBREVIATION AND ACRONYMS

ANAPEC	<i>Agence Nationale de Promotion de l'Emploi et des Compétences</i> (National Agency for Promotion of Employment and Skills)
ANETI	<i>Agence Nationale pour l'Emploi et le Travail Indépendant</i> (National Agency for Employment and Independent Work)
BA	<i>Bundesagentur für Arbeit</i> (Federal Employment Agency)
BLA	Bilateral Labor Agreement
CPS	Country Partnership Strategy
CV	Curriculum Vitae
DEC	Development Economics Research Department, World Bank Group
DEPP	<i>Direction des Entreprises Publiques et de la Privatization</i> (Directorate of Public Enterprises and Privatization)
EU	European Union
FM	Financial Management
FMR	Financial Monitoring Report
FMS	Financial Management System
GCC	Gulf Cooperation Council
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (German Society for International Cooperation)
IAB	<i>Institut für Arbeitsmarkt- und Berufsforschung</i> (Institute for Employment Research)
ICR	Implementation Completion and Results Report
IFMIS	Integrated Financial Management Information System
ISA	International Standards on Auditing
IUFR	Interim Unaudited Financial Report

MAD	Moroccan Dirhams
MAGG	Ministry of Governance and General Affairs
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa
MESA	Ministry of Employment and Social Affairs
MEF	Ministry of Economy and Finance
MRE	<i>Ministère Chargé des Marocains Résidant à l'Etranger et des Affaires de la Migration</i> (Ministry in Charge of the Moroccans Residing Abroad)
OECD	Organization for Economic Co-operation and Development
OFPTT	<i>Office de la Formation Professionnelle et de la Promotion du Travail</i> (Office for Vocational Training and Employment Promotion)
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PFS	Project Financial Management Statement
PIU	Project Implementation Unit
PNEI	<i>Pacte National pour l'Emergence Industrielle</i> (National Emerging Industries Agreement)
SOE	Statement of Expenses
STEM	Science, technology, engineering, and mathematics
TGR	<i>Trésorerie Générale du Royaume</i> (Kingdom's General Treasury)
UAE	United Arab Emirates
USD	United States Dollars

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Task Team Leader:	Manjula Luthria

**AGENCE NATIONALE DE PROMOTION DE L'EMPLOI ET DES COMPETENCES
(ANAPEC) IN THE KINGDOM OF MOROCCO**

**ACCESSING OVERSEAS EMPLOYMENT OPPORTUNITIES FOR MOROCCAN
YOUTH**

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Agence Nationale de l'Emploi et des Competences in the Kingdom of Morocco

Accessing Overseas Employment Opportunities for Moroccan Youth

PROJECT APPRAISAL DOCUMENT

MIDDLE EAST AND NORTH AFRICA REGION

SOCIAL PROTECTION AND LABOR GLOBAL PRACTICE

Report No: 94201-MA

Basic Information			
Date:	March 18, 2015	Sectors:	Other Social Services (100%)
Acting Country Director:	Joelle Dehasse Businger	Themes:	Improving Labor Markets (80%); Other trade and integration (20%)
Sector Manager/ Director:	Yasser El-Gammal	EA Category:	C
Project ID:	P150064		
Lending Instrument:	IPF		
Team Leader(s):	Manjula Luthria		
Joint IFC:			
Beneficiary: Agence Nationale de Promotion de l'Emploi et des Compétences (ANAPEC)			
Responsible Agency: ANAPEC			
Contact:	Mr. M. Doukkali	Title:	Director General
Telephone No.:	+212 (0) 522 789 502	Email:	
Project Implementation Start Date:		Project Implementation End Date:	
March 31, 2015		June 30, 2018	

Expected Effectiveness Date March 31, 2015 Expected Closing Date: October 31, 2018

Project Financing Data (USD, Million)

[] Loan [X] Grant [] Other
 [] Credit [] Guarantee

For Loans/Credits/Others

Total Project Cost : 1.75 Total Bank Financing : 1.75
 Total Co-financing : 0.00 Financing Gap : 0.00

Financing Source	Amount(USD, Million)
RECIPIENT	0.00
IBRD	0.00
IDA:	0.00
Others (MENA Transition Fund)	1.75
Financing Gap	0.00
Total	1.75

Expected Disbursements (in USD, Million) *pertaining to Transition Fund financing only*

Fiscal Year	2015	2016	2017	2018					
Annual	.05	1.50	0.10	0.10					
Cumulative	0.05	1.55	1.65	1.75					

Project Development Objective(s)

The proposed project development objective is to strengthen institutional capacity to pilot the reform of international labor intermediation services in Morocco and better prepare the Moroccan workforce for greater integration with international labor markets.

Components

Component Name	Cost (USD Millions) <i>pertaining to Transition Fund financing only</i>

Institutional capacity building for the selection and preparation of overseas employment candidates	1.30
Developing sustainable partnerships between public and private actors within and across borders for job placement and project implementation support	0.25
Project evaluation and knowledge sharing	0.20

Compliance

Policy

Does the project depart from the CPS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the regional criteria for readiness for implementation?	Yes [X]	No []

Safeguard Policies Triggered by the Project

	Yes	No
Environmental Assessment OP/BP 4.01		X
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency
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Schedule 2, Section I A.3	No	No later than three months after the signing of the Grant Agreement	Once
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Description of Covenant

Not later than three (3) months after the date of the Agreement, the Recipient shall recruit the Supporting Agency, and a financial management specialist and a procurement specialist to support the relevant focal points in the Project Implementation Unit, all in compliance with the provisions of Section III.C. of Schedule 2 to the Agreement.

Team Composition

Bank Staff

Name	Title	Specialization	Unit	UPI
Manjula Luthria	Senior Economist	Social Protection	GSPDR	86676
Yann Pouget	Consultant	Social Protection	GSPDR	362705
Pamela Dale	Consultant	Social Protection	GSPDR	311095
Amy Champion	Operations Analyst	Operations	GPSOS	21975
Laila Moudden	Operations Assistant	Operations	GGODR	179516
Kamel Bezzine	Financial Management Specialist	Financial Management	GGODR	460399
Abdoulaye Keita	Senior Procurement Specialist	Procurement	GGODR	316825
Maged Mahmoud Hamed	Regional Safeguards Adviser	Safeguards	OPSOR	290949
Amr Moubarak	Social Protection Economist	Social Protection	GSPDR	385261
Jean-Charles De Daruvar	Senior Counsel	Legal	LEGAM	147760
Ruxandra Costache	Counsel	Legal	LEGAM	254710
Aïssatou Dicko	Operations Analyst	Operations	GSPDR	301713
Suzanne Essama	Operations Officer	Operations	GSPDR	89208

Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Kingdom of Morocco					Nationwide

KINGDOM OF MOROCCO

Accessing Overseas Employment Opportunities for Moroccan Youth

I. STRATEGIC CONTEXT

A. Country Context

1. **In the wake of the 2011 constitutional reform and high social demands for inclusive growth and expanded opportunities, youth unemployment is a defining economic, social, and political issue in Morocco.** Strong macroeconomic policies have delivered an average growth of nearly five percent and reduction in absolute and relative poverty between 2001 and 2011. However, growth has declined recently due to the Eurozone crisis and efforts to counteract the social impacts of the economic slowdown and price hikes have drawn the Government's attention away from planned, and necessary economic reforms. Tackling unemployment—particularly female and youth unemployment—remains a considerable challenge. There has been a marked improvement in social indicators over the past decade, including improvements in health and educational outcomes, but many youth still enter the job market insufficiently prepared to obtain gainful employment. A 2008 investment climate survey found that 35 percent of firms identify the difficulty of hiring appropriately skilled workers as a constraint. A report on employability attributed the mismatch in skills and the labor force in part to limited communication between educational institutions and the private sector and to limited labor intermediation services. Youth at all skill levels are affected by lack of economic opportunities; unemployment rates are highest among university-educated youth, though most youth have less than a pre-secondary education. Youth are also disproportionately represented in the informal sector and are thus poorly covered by social protection.

2. **The Government is focused on delivering higher economic performance through a series of reforms.** The reforms will increase competitiveness and economic integration (particularly with the European Union [EU]), improve the business environment and labor market, increase support for professional and vocational training, insert new graduates into the labor market, and promote entrepreneurship and self-employment. The *Pacte National pour l'Emergence Industrielle* (National Emerging Industries Agreement [PNEI]) 2009–2015 focuses on private sector development and competitiveness, including through vocational training policies that link training outcomes to economic needs. Efforts to address unemployment include training focused on recruitment needs and a system of employment subsidies. A new vocational training strategy, currently under preparation, seeks to forge better links between public and private partners on identifying training needs and providing market-relevant training. The multi-tier 2014–2016 strategic plan of the Ministry of Employment, among other priorities, aims to improve the governance of labor market and intermediation systems. A national strategy for employment for 2015–25 is being finalized. The *Agence Nationale de Promotion de l'Emploi et des Compétences* (National Agency for the Promotion of Employment and Skills [ANAPEC]), administratively located under the Ministry of Employment and Social Affairs (MESA), is charged with identifying and matching job seekers to employment opportunities, in Morocco and abroad. ANAPEC has initiated a new sectoral strategy for employment promotion and additional efforts are underway to operationalize the strategy.

B. Sector and Institutional Context

3. **Morocco has one of the lowest labor force participation rates among emerging economies.** Though Morocco's unemployment rate fell from 13 percent in 2000 to 9 percent in 2012, the youth unemployment rate rose during this period. A recent survey found that 49 percent of Moroccan youth are neither in school nor in the workforce.¹ Furthermore, unemployment rates for higher education and vocational training graduates are also higher than average, with particularly high rates in fields such as construction, engineering, fisheries, and tourism. The school-to-job transition in Morocco remains a problem, and first-time job seekers and the long-term unemployed represent 52 percent and 65 percent of the 2012 unemployed population, respectively. Morocco's expected labor market growth is insufficient to meet labor demand. Annual labor market growth is expected to be approximately 1.8 percent through 2020; however, an expansion of at least 6 percent per year is necessary to absorb new labor market entrants. Morocco's ongoing labor market reforms, while important, are unlikely to lead to a substantial improvement in domestic labor market opportunities in the short run. To complement its national employment strategy, Morocco intends to enhance international labor mobility of its young workforce.

4. **The EU25+ countries (in particular, Spain, France, Belgium, Italy, and the Netherlands) are expected to lose an estimated 66 million workers.** A one-third decline in the total workforce in these countries is expected between 2005 and 2050. Furthermore, European labor shortages will occur at all skill levels, with strong demand in particular in the health and service sectors. Congruently, Morocco's working age population is expected to increase through 2035.

5. **The demographics and geographic proximity of Morocco and Europe point to an opportunity for mutually beneficial labor partnerships, but these movements require effective facilitation.** In the 1960s and 1970s, Moroccan labor migration occurred through direct recruitment by foreign employers, informal intermediaries, spontaneous settlement, and migrant networks. Many of these movements occurred informally, with migrants entering European territories on student or tourist visas, or through family reunification channels, and then finding employment upon arrival. However, with the implementation of stricter border policies, in Europe in particular, most migrants must now have a job in place before migrating. The role of managing overseas employment intermediation has grown, and a range of services and regulations now facilitate the placement of workers abroad.

6. **To respond to the changing environment for international placement, ANAPEC established a department for international placement in 2006.** The international division has the following roles: (i) creating an intermediation channel for accessing jobs abroad at all skill levels; (ii) providing a centralized service for developing employment opportunities in overseas markets; (iii) marketing Moroccan workers abroad; (iv) managing the implementation of labor agreements with international partners; and (v) offering a single contact point for foreign

¹ Morocco Household and Youth Survey (2009–2010). Source: Promoting Youth Opportunities and Participation (Washington D.C.: World Bank, 2012).

intermediation agencies and employers. Together with its partners, ANAPEC has placed a significant number of low-skilled workers overseas since 2006, with a peak of 11,550 in 2008. Placements have diminished more in recent years, dropping to 6,807 in 2011, as receiving markets grapple with the economic crisis—these figures do not take into account seasonal migrations to France. Most of the agency’s resources are used to assist the management of circular migration to Spain, and it has had minimal activity in other markets, with the exception of its recent and occasional involvement in placements in Canada, Qatar, and the United Arab Emirates (UAE). This is mainly due to: (i) limited prospecting and marketing approaches in receiving countries; (ii) lack of collaboration with the private sector in domestic and overseas markets; (iii) limited presence in receiving countries; and (iv) stretched budget and staff for effective placement.

7. **ANAPEC’s intermediation activities have occurred largely through bilateral labor agreements (BLAs) and direct contact with public employment agencies in relevant destination countries.** Beyond BLAs, ANAPEC has become the default point of contact for the recruitment of Moroccan workers abroad, though its relations with overseas employers remains limited. The agency manages a large database of low-skilled candidates in Morocco, mainly with Baccalaureate (BAC) +2 (post-secondary) years of education. The database is not dedicated to the international market and focuses primarily on domestic placements. Many candidates in the database are fresh entrants into the market with no work experience and employers have expressed concerns that the system does not adequately screen their curriculum vitae (CVs). The system is not comparable to the databases of the private recruiting agencies, which are rigorously updated and meticulously curated to meet employers’ needs.

8. **ANAPEC’s placement strategy aims at market diversification beyond the traditional markets for low- to mid-skilled Moroccan workers (France and Spain).** In North America, Canada is currently piloting temporary recruitment schemes for low- to mid-skilled technical professions with ANAPEC through its embassy in Rabat. In the Gulf Cooperation Council (GCC), Qatar and the UAE are also piloting recruitment operations in several sectors, mainly mid-skilled service jobs. In Europe, the only receptive market for now is Germany, given its unique combination of very low fertility rates and declining workforce and a strong and resilient economic performance. In all these new destination markets, ANAPEC works toward building recruitment channels through formal institutional partnerships with relevant public agencies to ensure sustainability and safe recruitment conditions for Moroccan migrant workers. Such partnerships are already underway in Canada and the GCC, but no institutional arrangement exists with Germany. Establishing such a partnership with relevant German agencies is considered a priority for ANAPEC to fulfill its market diversification strategy. Similarly, Germany continues to look for labor imports to fulfill specific needs in the labor market as the ratio of active laborer to pensioners steadily declines.

9. **Recruitment from developing countries to Germany requires the involvement of specific employment and development agencies.** The *Bundesagentur für Arbeit* (Federal Employment Agency [BA]) and the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (German Society for International Cooperation [GIZ]) established a unique partnership in 2012, through a cooperation agreement which provides the principles for safe recruitment and integration of migrant workers in Germany by recognizing the importance of: (i) sustainability of labor intermediation systems beyond filling immediate labor needs in Germany; (ii) language acquisition and migrants’ integration in the host society as essential components of a ‘Triple

Win' immigration concept; and (iii) considering the interests of the country of origin when leveraging the potential of their qualified labor. Recruiting these workers calls for "a considerate and balanced approach". This is the only partnership of this kind between the main public employment and development agencies in Germany. Through this partnership, the two agencies have established international good practices in working with employers and employees from diverse sectors and educational backgrounds (health/nursing or science, technology, engineering, and mathematics (STEM).in various countries such as: Tunisia, Bosnia and Herzegovina, Vietnam, and the Philippines.

C. Higher Level Objectives to which the Project Contributes

Alignment with the Objectives of the Middle East and North Africa (MENA) Transition Fund

10. **The proposed project is closely aligned with the objectives of the MENA Transition Fund**, particularly in the areas of: (i) inclusive development and job creation; and (ii) competitiveness and integration. The transition process in the MENA region was driven to a great extent by calls for social inclusion and access to better opportunities by the large youth cohorts in Morocco and other transition countries. In Morocco, major reforms are underway to bring excluded youth into the labor market. Following on the recommendations of the Deauville Partnership report on trade and foreign direct investment, improved labor market integration and mobility partnerships can provide better economic opportunities for Moroccan youth while simultaneously expanding their skills sets and leveraging investment for development through remittances.

11. **The proposed project pilots a reform that is potentially transformational for Morocco's labor market and Moroccan workers.** The Project will design and test a revised international labor intermediation model in one country (Germany) and sector (Tourism-Hospitality). A thorough quantitative and qualitative evaluation of the pilot, including a process evaluation, will determine which design features are central to the model's success. Capacity building and partnership development undertaken as part of the Project will enable ANAPEC to substantially scale up its labor intermediation efforts, with the aim of gaining a foothold for Moroccan workers to pursue job opportunities in other Organization for Economic Co-operation and Development (OECD) markets and employment sectors. The pilot will support the transition of ANAPEC itself to a more demand-driven, proactive agency that effectively responds to the needs of both job seekers and employers, at home and abroad. The pilot builds on the lessons learned from successful (and unsuccessful) labor mobility schemes in Morocco and neighboring countries. The substantial learning component of the Project will ensure that lessons from the pilot will likewise be shared, through South-South learning fora, with other MENA transition countries, including Tunisia, with which Germany through GIZ has successfully piloted a labor mobility scheme for young unemployed engineers.

Alignment with the Country Partnership Strategy (CPS) and World Bank Group Twin Goals.

12. **The proposed project is closely aligned with the World Bank Group’s Country Partnership Strategy (CPS) 201414–2017(Report 86518-MA)**, discussed by the Board of Executive Directors on April 29, 2014. In particular, the Project supports the Results Area 1 (Promoting Competitive and Inclusive Growth) and Results Area 3 (Strengthening Governance and Institutions for Improved Service Delivery to All Citizens) as well as the crosscutting theme of youth. The CPS also includes a strong focus on global integration, including liberalization of trade in services, to which this project is also expected to contribute. In addition, the project is aligned with the World Bank Group’s twin goals of ending extreme poverty and boosting shared prosperity to the extent that it seeks to better equip the Moroccan workforce for insertion in the labor market at the international level.

II. PROJECT DEVELOPMENT OBJECTIVES

A. Proposed Development Objective(s)

13. The Project development objective (PDO) is to strengthen institutional capacity to pilot the reform of international labor intermediation services in Morocco and better prepare the Moroccan workforce for greater integration with international labor markets.

B. Project Beneficiaries

14. The project’s direct beneficiaries are young adults and job seekers in Morocco. The project aims to benefit approximately 105 young Moroccans who will be selected to participate in this pilot program. The indirect beneficiary is ANAPEC whose institutional capacity for labor intermediation services will be strengthened.

C. PDO Level Results Indicators

15. At the PDO level, the Project is expected to strengthen institutional capacity and to foster competitiveness and international labor market integration as indicated by:

- a. Indicator 1: Number of project direct beneficiaries for employment from this pilot program
- b. Indicator 2: Morocco, through ANAPEC, has established stronger pre-selection procedures and pre-departure training modules for candidates seeking overseas employment
- c. Indicator 3: A sustainable public-private partnership between ANAPEC, GIZ, and German employers’ representatives is established and is used to scale up and replicate the pilot initiative
- d. Indicator 4: Percentage of German employers participating in the pilot and willing to hire again from Morocco
- e. Indicator 5: A regional model of good practice is developed and shared through the World Bank and other networks

III. PROJECT DESCRIPTION

A. Project Components

16. **The Project has three components:** (1) institutional capacity building for the selection and preparation of overseas employment candidates; (2) developing sustainable partnerships between public and private actors within and across borders for job placement and Project implementation support; and (3) Project evaluation and knowledge sharing. The first two components will be implemented by ANAPEC in partnership with GIZ—ANAPEC’s information and capacity building needs related to placement on the German market will be addressed by the GIZ team in the framework of this partnership. Component 3 will be implemented by the Bank in order to (i) maintain independence in the evaluation process and (ii) leverage learning from other countries in MENA and elsewhere.

Component 1: Institutional capacity building for the selection and preparation of overseas employment candidates (US\$1.3 million)

17. **This component finances migration experts, consultant and firm services, travel, and workshops to support institutional capacity-building activities for the pre-selection and preparation of up to 105 overseas candidates for a professional apprenticeship in the tourism/hospitality sector in Germany.** The activities described hereafter will be implemented through a partnership between ANAPEC and GIZ. Hosting companies will be identified in coordination with relevant employers’ associations and through the partnership with GIZ. Throughout the pre-selection and pre-departure training phase, this component will allow for regular consultations with employers in Germany through GIZ, in view of preparing and implementing the placement activities as well as the design and implementation of training and integration modules for the candidates.

Subcomponent 1.1: Pre-selection of candidates (US\$0.4 million)

18. **This subcomponent will finance the provision of technical assistance and delivery of workshops to the recipient for activities related to the pre-selection and information briefing of up to 105 beneficiaries for a professional apprenticeship in the tourism/hospitality sector in Germany.** Specifically, the subcomponent will finance consultant services and workshops to provide technical assistance and capacity building to ANAPEC to strengthen the design of pre-selection procedures for Moroccan candidates seeking overseas employment opportunities. Given the demand conditions and openness of the German market,² apprenticeship opportunities in the German tourism and hospitality sector will be sought as a concrete test case to address the capacity gaps identified in the Bank report on Intermediation for Overseas Employment in Morocco.³ Close cooperation with partner agencies and employers’ representatives in the destination country can strengthen pre-selection procedures on both sides, help align institutional systems for recruitment, and deepen mutual understanding of the German

² World Bank 2013. *Exploring new markets via a sectoral approach: the example of Germany*. Marseille: World Bank/Center for Mediterranean Integration.

³ World Bank 2013. *Intermediation for Overseas Employment in Morocco: A Diagnostic of the System and Related Policy Options*. Marseille: World Bank/Center for Mediterranean Integration.

market and Moroccan competencies. Therefore the pre-selection procedures and criteria should be designed in close cooperation between MESA, ANAPEC, the employers' associations, and the partner agencies at destination, starting with GIZ and possibly other relevant European partner agencies. Even though pre-selection procedures and criteria will be defined by the stakeholders during the Project, these should take into account the following principles in accordance with the objectives of the Transition Fund:

- (a) *Youth employment creation.* Target beneficiaries are young adults (upper age limit to be defined according to Morocco's youth employment objectives) and job seekers in Morocco (according to the criteria currently used by ANAPEC).
- (b) *Transparency* in the description of criteria for the audience of potential candidates.
- (c) Equity between territories and genders.
- (d) *Demand-driven.* The definition of selection criteria should take into account the results of initial consultations with relevant employers' representatives.
- (e) *International integration* taking into account the experience and expertise of international placement divisions of the Moroccan, German, and potentially other European partner employment agencies.

A manual of pre-selection guidelines will be established on the basis of this pilot experience in the hospitality sector and will be used as a guide for potential placement operations for Moroccan workers in other sectors of the German economy in the future.

19. **This subcomponent will also finance consultant services, workshops, and travels to provide technical assistance and capacity building to ANAPEC in the implementation phase of the pre-selection process.** A relevant communication strategy for the targeted Moroccan audience will be designed in close coordination with ANAPEC, MESA, GIZ, and the Bank to avoid the risks related to the Moroccan employment context. ANAPEC will then be in charge of communication, with support from GIZ, through the identified channels and strategy adopted. After receiving the applications, the short-listing and screening of preselected candidates' CVs should involve destination country stakeholders to support ANAPEC in preparing a pool of candidates with the adequate qualities to perform at the interview stage and later on at the workplace. This subcomponent will also involve support and technical assistance for ANAPEC to organize pre-selection interviews in Morocco in close coordination with destination country players and other partner employment agencies at the European level. ANAPEC interviewers will work closely with German interviewers (and possibly other interested international recruiters) to assess the qualities and personal motivations of candidates. Employers' representatives will be invited to participate and possibly conduct interviews with the short-listed candidates to inform the selection process. As ANAPEC cannot be a stakeholder in the final pre-selection decision, this decision will rest with the German partners.

Subcomponent 1.2: Pre-departure training for the Beneficiaries (US\$0.6 million)

20. **This component will finance the provision of technical assistance, training, and workshops to the recipient for activities related to the preparation of the beneficiaries for their apprenticeship in Germany.** Specifically, the component will finance consultant and firm services, training modules, and seminars to support ANAPEC in preparing the preselected

candidates for their stay and employment abroad. Up to 105 candidates will leave Morocco for an apprenticeship in Germany at the end of this pre-departure training period. An intensive and thorough preparation of candidates in their country of origin is a decisive factor for the success of labor migration programs. In addition to language and intercultural training, expectations have to be properly managed to prevent intercultural shocks, personal disappointments, and frustration. A careful preparation process allows for quick integration into the new professional and personal environment, avoids mismatches, and consequently creates benefits for migrants and employers. Upgrading Morocco's capacities to deliver tailored training for overseas job candidates is critical to build a positive reputation for Moroccan workers on international labor markets in the longer term.

21. **This subcomponent will therefore support ANAPEC in: (i) organizing an intensive language and intercultural training course tailored to the specificities of the tourism/hospitality industry, work and daily life abroad, and (ii) developing a specific module on expectation management** in close coordination with destination country stakeholders and possibly involving diaspora members and/or return migrants. In line with the PDO, the worker preparation period including full-time intensive language and intercultural training and expectation management will take place in Morocco for a maximum of six months during which the preselected candidates will receive a scholarship to cover their training, housing, and daily expenses. Enrolled candidates will be evaluated on a continuous basis to ensure adequate linguistic progress and to anticipate issues that could emerge in case of insufficient progress of certain candidates with respect to the requirements for placement. The final selection of candidates by the participating employers will take place during the language training, with support from GIZ teams in Morocco and Germany. Selected candidates will sign an apprenticeship contract before departure. Upon completion of the selection and worker preparation phase, employers will fund the entire vocational training program at the workplace and will be asked to provide the participants with accommodation, in addition to the salary paid to trainees according to destination country labor norms and regulations.

Subcomponent 1.3: Assistance upon departure and integration support (US\$0.3 million)

22. **This subcomponent will finance the beneficiaries' travel-related expenses, other administrative and logistical expenses related to the migration process from Morocco to Germany, and provision of technical assistance and workshops in Germany to support the integration of the beneficiaries in the companies where they will do their professional apprenticeship.** Specifically, the component will support ANAPEC's supporting agency in the arrangement of visas, work permit processing, and travel arrangements for selected candidates. The component will also support consultant services, workshops, and travels at the destination to support the integration of the candidates in their hosting companies throughout the program. GIZ will be in charge of facilitating visa processes and relations with the German embassy in Morocco. The *Ministère Chargé des Marocains Résidant à l'Étranger et des Affaires de la Migration* (Ministry in Charge of the Moroccans Residing Abroad [MRE]) will be involved to mobilize its networks in Germany, including diaspora members and associations, to design and implement a mentoring scheme at the destination in partnership with relevant public and private German stakeholders and in coordination with ANAPEC. Both the participants and the hosting companies will receive tailored support through orientation seminars and 'integration mentors' to ensure that neither companies nor participants are left with potential frustrations or difficulties, which might hamper the successful completion of the apprenticeship program. This

subcomponent will also finance assistance to candidates in administrative and logistical issues emerging throughout the migration cycle.

Component 2: Developing sustainable partnerships between public and private actors within and across borders for job placement and project implementation support (US\$0.25 million)

2.1: Developing sustainable partnerships between public and private actors within and across borders for job placement (US\$0.2).

23. **This subcomponent will finance consultant services and travels to provide technical assistance for building sustainable partnerships between ANAPEC and relevant public and private partners in Germany to facilitate overseas job placement throughout and beyond the pilot and potentially in other employment sectors that could recruit Moroccan candidates.** Specifically, this subcomponent will build on a formal institutional partnership to be established between ANAPEC and GIZ to ensure safe recruitment practices, development-friendliness, and sustainability of the recruitment scheme over time. This subcomponent will finance the following activities to be implemented through this partnership between the relevant agencies of both countries: (i) prepare ANAPEC and MESA decision makers to acquire a detailed understanding of the legal framework and administrative schemes in place in Germany for the admission of foreign workers at different skill levels; (ii) formalize a full-fledged placement strategy on the German market for ANAPEC and MESA on the basis of recent and detailed information on growth prospects and labor needs in key sectors of the German economy and the legal and administrative schemes that apply; and (iii) organize targeted consultations with employers' federations and, if possible, other relevant private and public players in Germany identified on the basis of the sectoral analysis conducted in (ii), in order to build the networks needed to place Moroccan workers in the longer term and beyond the pilot hospitality sector.

2.2: Project implementation Support (US\$0.05 million).

This subcomponent will finance provision of technical assistance to the recipient for project implementation, including project management and financial monitoring. This portion of the Project will finance support to project management and responsibilities related to the execution of Components 1 and 2. The Project Implementation Unit (PIU) consists of the project director (civil servant), a financial management focal point (civil servant), and a procurement focal point (civil servant) and will coordinate the overall management and supervision of the Project as needed. Additional consultants will be financed to support the PIU during the implementation phase.

Component 3: Project evaluation and knowledge sharing (US\$0.2 million)

To be implemented by the World Bank

24. **This component will be implemented directly by the World Bank. It finances consultant services, workshops, and surveys to share the lessons learned from the design and implementation of the pilot.** This component will include South-South learning, monitoring and evaluation, as well as communication and dissemination activities. A mix of qualitative and quantitative monitoring and evaluation methods will be used to assess project implementation, to gauge the quality of cooperation between partners, to evaluate the results of the pre-departure and vocational training and the success of the trainees, to survey the

perceptions and level of satisfaction of the employers involved, and to measure the efficiency and distribution of costs. This will involve setting up survey instruments and a relevant framework to measure results and gathering data on employees and employers over time to create a rich dataset which allows for analyzing the schemes' impact against their initial objectives. A communication strategy and materials will be developed and used to disseminate the lessons learned from this pilot with a view of building a model of good practice that can be scaled up and replicated in Morocco and in the MENA region or with other destination countries.

B. Project Financing

Project Cost and Financing

25. **Financing instrument.** The proposed financing instrument is investment project financing, with a grant financed through trust fund financing. This project is approved by the MENA Transition Fund and is closely aligned with the following objectives of the fund: (i) inclusive development and job creation and (ii) competitiveness and integration.

26. **Project cost.** The total project budget is estimated to be US\$1.75 million over a four-year period.

Project Component	Transition Fund (USD, million)	Country Co-Financing (USD, million)	Other Co-Financing (USD, million)	Total (USD, million)
Component 1. Institutional capacity building for the selection and preparation of overseas employment candidates	1.3	0.0	0.0	1.3
Component 2. Developing sustainable partnerships between public and private actors within and across borders for job placement and project implementation support	0.25	0.0	0.0	0.25
Component 3. Project evaluation and knowledge sharing	0.2	0.0	0.0	0.2
Total	1.75	0.00	0.00	1.75

C. Lessons Learned and Reflected in the Project Design

27. **Since 2012, the International Labor Mobility program of the World Bank in MENA has provided technical assistance to the Government of Morocco in the area of international labor intermediation.** The recent policy diagnostics in Morocco and direct

experience of Bank teams in upgrading behind-the-border systems⁴ for labor migration in different labor origin countries points towards a range of institutions and capacities that need to be developed in order to take better advantage of the existing prospects for international labor mobility in terms of employment and human development. Such institutions are most often missing or embryonic in labor origin countries. The evidence collected through analysis of the Moroccan labor intermediation system⁵ reveals important capacity gaps that public and private stakeholders involved in international labor intermediation have to jointly address to expand labor market access for Moroccan workers abroad. Significant employment and training opportunities exist for Moroccans willing to have the experience of working abroad, but to help them access such limited opportunities on international markets, Morocco needs to step up its recent efforts to develop public and private intermediation services for international labor intermediation, create the capacities needed to build sustainable relationships with employers in receiving countries, and adjust its marketing and training strategies according to international standards.

28. International experience demonstrates the importance of building behind-the-border capacities for international labor intermediation in labor origin countries through concrete pilot programs. Pilots have recently been designed and implemented in the region, between Tunisia and Germany in the engineering (implemented by GIZ in cooperation with BA) and health (implemented by private intermediaries) sectors. Early assessments of these schemes in coordination with the Bank show the importance of strengthening origin-country capacities for rigorous worker selection and preparation, balanced communication strategies and careful expectation management on both sides (targeted at job candidates and employers), and close coordination between public and private stakeholders at the origin and destination, with particular attention to consultation with employers early on to adjust design and implementation features. In particular, the GIZ scheme for Tunisian engineers has quickly translated into an international good practice (the only one at this higher skill level) thanks to careful worker selection and preparation in partnership with the German and Tunisian employment agencies, BA, and the *Agence Nationale pour l'Emploi et le Travail Indépendent* (National Agency for Employment and Independent Work [ANETI]), respectively, regular consultations with employers throughout the placement phase, and strong integration support toward candidates upon arrival.

29. The proposed project has been designed to incorporate the following lessons learned from past projects:

- a. Strong public capacity is needed for rigorous screening, pre-selection, and preparation of job candidates in close coordination with destination country players.** This can be challenging given the training gaps encountered in most cases and the asymmetries of information between the different stakeholders across borders. The

⁴ World Bank 2012. *Reviewing the functioning of bilateral labor agreements: Insights from the French-Tunisian agreement and other prominent schemes*. Marseille: World Bank/Center for Mediterranean Integration.

⁵ Ibid.

project design focuses precisely on building institutional capacities for thorough screening and preparation of job candidates in Morocco according to international standards. To ensure adequate worker preparation, it is also essential to deliver tailored information, counseling, and support services toward job candidates and employers at all stages of the recruitment process. The Project dedicates special resources to ensure coordinated efforts between the origin and destination countries' agencies involved in the selection and worker preparation phase.

- b. Consultations and partnerships need to be established to involve employers and other non-state actors throughout the recruitment process.** An important challenge in bilateral pilot projects is to set up regular collaboration spaces with private stakeholders for in-depth and operational discussions aiming at progressive improvement in the functioning of the program. In particular, involving employers' representatives on a regular basis allows for better identifying their needs, prospecting job offers, and organizing recruitment in effective ways. In the proposed pilot, an entire component focuses on building such collaboration mechanisms between public employment agencies on both sides and employers. The involvement of the MRE will allow for reaching out to diaspora members at the destination.
- c. Tailored intercultural training, expectation management, and integration support increases the potential for successful employment matching and integration.** Candidates' and employers' expectations need to be carefully managed to reduce the risks of intercultural shocks, personal disappointments, and mismatches that can jeopardize the success of the entire program and the reputation of Moroccan workers in the longer term. The Project design addresses this concern by dedicating specific resources to develop an expectation management module involving destination country stakeholders and diaspora members, as well as mobilizing a network of integration mentors at destination to ensure smooth integration in the host companies and society.
- d. Continuous monitoring and evaluation of the implementation outcomes is critical** to help fine-tune the project components as they develop so they can meet the development goals and commercial objectives of their stakeholders, starting with migrant workers and their employers. The Project dedicates specific resources to run field surveys to gather data on employees and employers over time and assess the effectiveness of project activities and partnerships.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

30. **ANAPEC will be the direct grant beneficiary and project implementing agency** through a PIU. Given the project rationale and concern for timely implementation, the Ministry of Finance has confirmed the option of ANAPEC signing a single grant agreement with the Bank as the preferred option. The legal status of ANAPEC allows it to be the signatory and beneficiary of the grant as a financially independent public agency. ANAPEC, through its Division of International Cooperation and Division of Budget and Accounting, is charged with the technical and financial execution of the Project. Immediately after signing the agreement, ANAPEC will open a designated account at the *Trésorerie Générale du Royaume* (Kingdom's General Treasury

[TGR]) to finance the envisaged activities according to the agreed timeline and procurement plan. The Ministry of Economy and Finance (MEF) will supervise ANAPEC's budgeting processes for this project to ensure timely disbursement. The Directorate of Employment at MESA will oversee the implementation of the Project through its usual procedures for labor intermediation measures implemented by ANAPEC. The International Employment Division of ANAPEC will work in close coordination with the Directorate of Employment at MESA, the MEF, and the MRE.

31. **Implementation and coordination responsibilities:** ANAPEC will implement project activities in partnership with GIZ and with oversight by the project director. The Project director will provide guidance and monitor progress through routine meetings and by monitoring reports at every key project step (worker selection, pre-departure training, integration upon arrival, and beginning of the apprenticeship at the destination).

32. **Project stakeholder assessment:** The main government stakeholders are: MESA, the MRE, the MEF, and ANAPEC. MESA and ANAPEC will be jointly responsible for all labor intermediation measures before departure. The MRE will mobilize its networks and resources to facilitate integration once job candidates arrive at the destination. The MEF will supervise ANAPEC's budgeting processes. The Ministry of Education and Vocational Training and the *Office de la Formation Professionnelle et de la Promotion du Travail* (Office for Vocational Training and Employment Promotion [OFPTT]) could also be involved in the discussions and activities related to worker training and preparation in Morocco.

33. **Role of civil society and non-governmental stakeholders:** The main civil society stakeholders include young candidates seeking overseas employment, foreign employers, and their representatives in the select sector and destination country, and diaspora members and support organizations at the destination. Job candidates and their potential employers will be regularly consulted throughout the course of the project to ensure that their interests are taken into account and that their expectations align with the Project development objectives. Training institutes in Morocco could be associated with the implementation of pre-departure training modules. Diaspora networks will be mobilized before and after departure to facilitate the integration of migrant workers in their host society and at the workplace.

34. **World Bank direct implementation of a portion of the Project:** The Bank will directly implement Component 3 of the Project titled "Evaluation and knowledge sharing". This direct involvement will provide value added through: (i) technical input and dissemination of experience with international labor mobility; (ii) project monitoring and evaluation (M&E); and (iii) convening an advisory group consisting of ANAPEC (including its international division), the Directorate of Employment at MESA, the Directorate of Budget (Social Sectors Division) at the MEF, the Ministry of Governance and General Affairs (MAGG), and the MRE for the purposes of sharing knowledge and best practices on the topic. For the M&E portion of this component, the Bank has recently completed a diagnostic of Morocco's existing international labor intermediation model and the drawn lessons have been taken on board by the Government to influence the design of the proposed pilot project.⁶ M&E will be directly implemented by the

⁶ Ibid.

Bank, in cooperation with the Bank's Development Economics Research Department (DEC) or other relevant M&E experts, to capture additional lessons from the Project. These lessons, together with other evaluations of international labor intermediation (including a comprehensive diagnostic in Tunisia and comparative reviews of labor intermediation models in North America and Pacific countries), will be disseminated widely through South-South learning exchanges, facilitated by the Bank.

B. Results Monitoring and Evaluation

35. **The M&E of the program and its expected results will be supervised by the Bank** to ensure independence and to share the lessons within and beyond Morocco with a view of building a good practice model at the regional (MENA and the EU) and international levels. M&E indicators will be shared with, and reviewed by all involved stakeholders in line with the results framework of this project as displayed in Annex 1. While the Bank will mobilize the expertise of DEC or other M&E experts to design survey instruments, employees and employers surveys will be implemented in close coordination with ANAPEC and its European partner agencies, including GIZ.

36. **A mid-term review will be carried out after two years** to assess project implementation, draw lessons from the Project, and provide an opportunity to adopt any corrective action that may be required to ensure that the Project meets its development objectives. An Implementation Completion and Results Report (ICR) will be prepared at the end of the Project.

C. Sustainability

37. **The Project is directly supporting the enhancement or reform of employment promotion measures identified by the Government.** As part of the 2014–2016 Strategic Action Plan on employment promotion, MESA aims to reinforce and develop the effectiveness of ANAPEC's labor intermediation functions with the vision of increasing the share of job seekers who find employment using ANAPEC's system of labor intermediation. To achieve this objective, the Strategic Action Plan envisions the development of new partnerships between ANAPEC and relevant private actors. The Project will provide the opportunity to initiate such partnerships and to strengthen ANAPEC's system of international labor intermediation in the longer term.

38. **On the demand side, Germany was selected as the destination country because it is currently the most receptive to economic immigration in the EU** due to the scope of labor shortages and growing demographic gaps. In the coming years, these shortages are expected to become more severe as birth rates remain low and as the population of retirees increases. According to forecasts released by the *Institut für Arbeitsmarkt- und Berufsforschung* (Institute for Employment Research [IAB]) of the BA in 2010, the labor force will decrease by 15 percent, generating a general labor shortage of 6.5 million by 2025 if the country's demographic pressures are left unaddressed. In particular, there are three sectors for which there are needs to test out policy settings and capacities: engineering, hospitality, and health care. Employers in these sectors are conveying interest in recruiting and training non-EU workers to help address their shortages, but still need support from a public intermediary to 'make the market' and test

out the commercial viability of new recruitment processes with third countries, especially for small and medium-sized enterprises.

Beyond the German market as a test case, the entire EU will experience major labor shortages in the coming years due to pervasive demographic decline.⁷ This pilot labor mobility project will be developed in the broader Euromed context, in complementarity with the European Mobility Partnership between Morocco and the EU. In the Mobility Partnership framework, the European Commission will support capacity-building activities in the area of international labor intermediation to strengthen partnerships between the Moroccan government, ANAPEC, and relevant public and private stakeholders across EU destination countries for more effective job prospection and placement operations. The Project provides a unique opportunity for concrete testing and development of such capacities on the ground. The lessons learned will provide the information base to help prepare Morocco for a labor mobility model that could work at a larger scale and possibly in other sectors and with several European countries in the mid to long-term.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Rating Summary

39. **Risk Rating.** The overall risk rating is Moderate. Though some risks, such as design and fiduciary institutional capacity, are High or Substantial, given ANAPECs first experience in implementing a Bank project, they are manageable with adequate supervision and support.

Risk Category	Rating
Stakeholder Risk	Moderate
Implementing Agency Risk	
- Capacity	Substantial
- Governance	Moderate
Project Risks	
- Design	Moderate
- Social and Environmental	Low
- Delivery Monitoring and Sustainability	Moderate

⁷ World Bank 2013. *Unlocking the potential for labor market arbitrage: a realistic look at Europe and MENA*. Marseille: World Bank/Center for Mediterranean Integration.

-Other	Moderate
Overall Implementation Risk	Moderate

B. Overall Risk Explanation

40. **There are moderate risks to the success of the overall project, stemming from the nature of the work being proposed and the importance of consensus and coordination of multiple government agencies in different countries.** The governments of both Morocco and Germany have explicitly recognized the need for strong, consistent policies and programs to facilitate labor mobility. However, labor mobility remains an inherently political issue and as such is exposed to risks stemming from changes in government or political priorities over the course of the Project. The success of both the pilot project and the wider labor mobility reform it is testing will be contingent upon cooperation among government, private sector counterparts, and non-governmental partners in both countries. Relationship-building and communications from project design onward are thus essential to risk reduction and overall success of the reform.

41. **The overall project rating is also influenced by the substantial implementing agency risks, and significant mitigation measures will be required for the procurement aspects in particular.** ANAPEC’s inexperience with Bank-funded operations and procedures and the nature of procurement activities suggest a substantial risk. Initial procurement risk mitigation procedures are laid out in Annex 2; further mitigation activities may be identified during implementation.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analyses

42. **The Project is expected to have positive economic and social impacts on the pilot participants and society at large,** though reliable economic or fiscal estimates are difficult to predict. The Project will help build effective structures, processes, and relationships to facilitate the labor mobility of Moroccan workers. During the Project, economic benefits are expected to accrue largely to the job seekers selected to participate in the pilot. A successful pilot will nudge reforms, build ministerial capacity, build bridges between relevant agencies in Morocco and destination countries, and change perceptions about Moroccan workers. Full economic impact will be achieved only after the completion of the pilot and the launch of effective, full-fledged international labor intermediation partnerships with both Germany and other destination countries. This will contribute to a reduction in unemployment, improvements in youth employability and opportunities, and substantial income growth for successful job seekers. Positive spillovers are expected to result from improvements in the quality of training in the tourism and hospitality sector, and from the social benefits of young workers’ increased confidence in the Government’s ability to provide ‘good jobs’.

43. **Given the design features of the Project and the challenge of conducting an in-depth economic analysis with the available information, an economic analysis** measuring differences in expected salaries of participants in the pilot program with or without the intervention will be done. Though this analysis will not provide information on the long-term

impacts of improved capacity building for international labor intermediation, it will provide a minimum assessment of the direct and immediate economic impact of the pilot on direct beneficiaries during the pilot stage.

B. Technical

44. **The Project is technically sound and supports the government's strategies and priorities.** Capacity building of ANAPEC and piloting of an international labor intermediation partnership will directly contribute to youth employment creation, an economic development priority of the Government. The rationale for the Project is supported by work carried out under an ongoing Moroccan Employment Technical Assistance project and assessments performed under the aegis of the Deauville Partnership. The Project design is informed by lessons extracted from analytical work on labor mobility conducted by the Bank's international labor mobility team, together with the Government of Morocco, as well as analysis and projects in neighboring countries.

45. **The capacity-building and partnership components of the Project will ensure that ANAPEC has both the tools and the relationships needed to bring a labor intermediation program to scale and create new partnerships in other countries and sectors.** ANAPEC is an appropriate institutional partner. Since its founding in 2001, it has implemented labor mobility programs with a wide range of partner countries. It has put in place effective institutional frameworks and staffing arrangements and has identified a need for institutional capacity development to effectively design and implement international labor intermediation programs. The Project is designed as a pilot and lessons learned will be captured and fed back into program design.

C. Financial Management

46. **The financial management system (FMS) of ANAPEC, and specifically the Division of Finance and Accounting, was appraised** to determine if it complies with the requirements of the Bank with respect to OP/BP 10. The financial management (FM) assessment of these entities covered the areas of accounting and FM, as well as the reporting and auditing processes of the Project. The financial management system (FMS), including necessary arrangements to respond to the needs of the financial monitoring of the Project, satisfies the minimum requirements of the Bank.

47. **The assessment concluded that ANAPEC, strengthened by the suggested arrangements for project management in Annex 2, will have sufficient capacity to manage project financial matters and administer grant funds.** The main responsibilities will include project budgeting, treasury, general accounting, and reporting.

48. **Disbursement will be handled through the PIU at ANAPEC following established procedures.** Interim unaudited financial reports (IUFs), which will cover all the activities and sources of funds of the Project, will be prepared biannually by the PIU. The PIU within ANAPEC will ensure that the IUFs for the Project are prepared and furnished to the Bank not later than 45 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the Bank.

49. **ANAPEC shall have its financial statements for the Project audited** in accordance

with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the financial statements shall cover the period of one fiscal year of the recipient. The audited financial statements for each such period shall be furnished to the Bank not later than six months after the end of the period.

50. **Financial flow of funds will come from the grant funds of the Bank.** Flow of funds between the Bank and ANAPEC will be organized according to the disbursement procedures of the Bank.

D. Procurement

51. **Procurement under the Project is mainly for: (i) the selection of an international consultant as the strategic partner who will provide technical support to ANAPEC for the implementation of Components 1 and 2 of the Project; (ii) the selection of a local consultant to provide technical support in procurement and FM functions based on the identified needs; and (iii) the acquisition of goods and services other than consultants, for project management.** Procurement will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers", published by the World Bank in January 2011; and "Guidelines: Selection of Employment Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011. Given the specific nature of the international consultant's mission, which involves training and placement of young Moroccan workers in the labor market in Germany and also the need for a strategic partner who has similar past experience and good knowledge of the context and the labor market in Germany, such as GIZ, single source selection will be used for that assignment. ANAPEC will enter into agreement directly with this strategic partner.

52. ANAPEC will be in charge of the overall implementation of the Project, in close relation with MESA). More specifically, the international division of ANAPEC will be responsible for the implementation of the activities. The division of general resources (*division des moyens généraux*) and the financial division (*division Finances et Comptabilité*) will provide their support, respectively, in procurement and FM. A procurement capacity assessment of ANAPEC (division of general resources) was conducted on April 23, 2014. Overall, it shows that ANAPEC has no experience of Bank-funded projects and the staff is not familiar with Bank procedures.

53. The risk related to procurement is Substantial. This is due to the fact that ANAPEC in general and the procurement division staff in particular have neither the experience of Bank procurement procedures nor of Bank-funded projects.

54. To mitigate the risk and help facilitate the implementation of the Project, the following measures are recommended: (i) appointment of appropriate ANAPEC staff to serve as focal points for procurement within the PIU (completed); (ii) organization of training in Bank procurement for all relevant staff (MESA and ANAPEC) following project effectiveness to support in the selection of the international consultants and vendors; and (iii) recruitment of an additional consultant to support the focal point in the procurement activities. More details are provided in annex 3. The timeline shall be as follows: Not later than three months after the effectiveness of the Project, the PIU shall recruit a supporting agency, as well as an FM specialist and a procurement specialist to support the relevant focal points in the PIU, all in compliance

with the Bank's procurement rules and guidelines.

E. Social (including Safeguards)

55. **The Project is expected to have positive social impacts** by contributing to improvements in international placement services, and thereby increasing ANAPEC's capacity to connect job seekers with opportunities. Though the initial numbers of workers moved through the pilot will be small, the Project's strong capacity-building emphasis will equip ANAPEC to provide international labor intermediation services in other sectors and with other countries.

F. Environment (including Safeguards)

56. **The Project is expected to have minimal or no adverse impacts on the environment and hence is considered as a category 'C' project as per World Bank Operational Policy 4.01 Environmental Assessment.** The Project will be mostly financing technical assistance, analytical work, and institutional capacity building and no direct or indirect physical investment is envisaged.

ANNEX 1: RESULTS FRAMEWORK

MOROCCO: Accessing Overseas Employment Opportunities for Moroccan Youth

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
PDO LEVEL RESULTS INDICATORS:										
The proposed PDO is to strengthen institutional capacity to pilot the reform of international labor intermediation services in Morocco and better prepare the Moroccan workforce for greater integration with international labor markets.										
<u>Indicator 1:</u> Number of direct project Beneficiaries	Number	0	0	0	105	105	Annual	PIU reporting	ANAPEC and MESA	The Project beneficiaries are candidates enrolled in the program
<u>Indicator 2:</u> Morocco, through ANAPEC, has established stronger pre-selection procedures and pre-departure training modules for candidates seeking overseas employment	Qualitative (Yes or No)	No	Yes	Yes	Yes	Yes	Once, updated as necessary	Implementation Completion Report	ANAPEC and MESA	Lessons from the pilot inform the design of pre-departure and pre-selection guidelines that are in line with international good

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
										practice.
<p><u>Indicator 3:</u> A sustainable public-private partnership between ANAPEC, GIZ, and the German employers' representatives is established and functioning in practice to scale up and replicate the pilot initiative</p>	Qualitative (Yes or No)	No	No	No	No	Yes	Annually	A memorandum of understanding is signed; ANAPEC partnership databases shows functioning partnership(s)	ANAPEC	ANAPEC maintains lists of relevant partners in Germany and contacts them frequently to update selection requirements, discuss success of apprentices, etc.
<p><u>Indicator 4:</u> Percentage of German employers participating in the pilot and willing to hire again from Morocco</p>	Percent	TBD	TBD	TBD	TBD	TBD	Twice	Employer surveys	The World Bank	Increase in percentage of employers participating in the pilot who will be willing to hire a Moroccan worker

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
<p>Indicator 5: A regional model of good practice is developed and shared through the World Bank and other networks</p>	Qualitative (Yes or No)	No	No	No	No	Yes	Ongoing	Implementation Completion and Results Report, citations of program as a good practice, replication	ANAPEC and the World Bank	Pilot is endorsed by the Bank as a good practice and used as a model for other labor intermediation programs, in Morocco and abroad.
INTERMEDIATE OUTCOMES:										
<i>COMPONENT I: INSTITUTIONAL CAPACITY BUILDING FOR THE SELECTION AND PREPARATION OF OVERSEAS EMPLOYMENT CANDIDATES</i>										
Pre-selection manual which incorporates feedback from project stakeholders is developed and aligned with the established selection principles and international good practice	Qualitative (Yes or No)	No	Yes	Yes	Yes	Yes	Once	Project implementation reports	ANAPEC and chosen supporting agency	Manual is developed and used for candidate pre-selection
Candidate pre-selection completed in line with good practice and led jointly by private and	Percentage	0	90	90	90	90	Once	Project implementation reports	ANAPEC and supporting agency	List of all candidates who applied, were

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
public sector stakeholders from destination countries									shortlisted, and were selected; percentage of short-listed candidates who meet agreed selection criteria	
Pre-selection interviews held in Morocco, led by ANAPEC and destination country interviewers	Qualitative (Yes or No)	No	Yes	Yes	Yes	Yes	Once	Project implementation reports	ANAPEC and supporting agency	Successful pre-selection interviews; list of participating destination country interviewers

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
Pre-departure and orientation training, including language and intercultural training, tailored to the industry and specificities of work and daily life at the destination, designed and implemented	Qualitative (Yes or No)	No	Yes	Yes	Yes	Yes	Once	Project implementation reports	ANAPEC and supporting agency	Training designed and delivered by the supporting agency or together with another firm with a strong record in language training for employment in Germany. List of candidates with signatures to prove participation in the training modules.

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
Module on expectation management, incorporating input from destination country stakeholders and return migrants or diaspora, designed by ANAPEC and its partner agencies delivered	Qualitative (Yes or No)	No	Yes	Yes	Yes	Yes	Once	Project implementation reports	ANAPEC and supporting agency	Module designed and delivered

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
Apprenticeship participants and firms reporting participation in integration activities	Percent	0	0	100	100	100	Ongoing	Project implementation reports, survey reports	The MRE and supporting agency	Percentage of candidates and firms assigned and working with integration mentors; percentage of firms and candidates who participated in the orientation seminar (with signed lists to prove participation)

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
Percent of participants who report being adequately equipped for their apprenticeship	Percent	0	0	50	50	75	Twice	Participant survey report	The World Bank and the MRE	Participant surveys, administered in the first and the final year of the apprenticeship by the Bank and the MRE, and shared with the PIU director

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
<i>COMPONENT 2: DEVELOPING SUSTAINABLE PARTNERSHIPS BETWEEN PUBLIC AND PRIVATE ACTORS WITHIN AND ACROSS BORDERS FOR JOB PLACEMENT AND PROJECT IMPLEMENTATION SUPPORT</i>										
Preparation of a placement strategy for ANAPEC and MESA on the basis of recent and detailed information on growth prospects and labor needs in key sectors of the German economy, legal frameworks and administrative arrangements for the admission of foreign workers at different skill levels	Qualitative (Yes or No)	No	No	No	Yes	Yes	Once	Strategy document	ANAPEC/ MESA/ supporting agency	Strategy document completed with support from supporting agency
Consultations held with employers and other relevant public and private players in Germany based on the sectoral analysis to be conducted for the placement strategy beyond the pilot	Qualitative (Yes or No)	No	Yes	Yes	Yes	Yes	Ongoing	Project implementation reports	ANAPEC and supporting agency	List of employers, employers' representatives and other relevant players consulted in Germany

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
COMPONENT 3. PROJECT EVALUATION AND KNOWLEDGE SHARING										
South-South workshops with other MENA origin countries and Deauville partners, at least one of which is held in Morocco, to share experience on international labor intermediation and related pilot experiences	Qualitative (Yes or No)	No	No	Yes	Yes	Yes	Twice	Project implementation reports	The World Bank	South-South workshop proceedings prepared
Firms surveyed to measure level of satisfaction with candidates and perceptions of Moroccan workers	Percent	TBD	TBD	Baseline + % TBD	Baseline + % TBD	Baseline + % TBD	Three times during project implementation	Firm surveys	The World Bank	Firms surveyed to assess their perceptions of Moroccan workers
Communication strategy and material designed	Qualitative (Yes or No)	No	Yes	Yes	Yes	Yes	Once	Project implementation reports	The World Bank	Strategy to disseminate lessons learned from the pilot to national, regional, and World Bank audience

Indicators by Component	Unit	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition, etc.)
			2015	2016	2017	2018				
										developed

ANNEX 2: DETAILED PROJECT BUDGET AND IMPLEMENTATION ARRANGEMENTS

I. Detailed Project Budget

The total cost of this project is US\$1.75 million. The cost per component and subcomponent is as follows:

Component/Subcomponent Description	Amount in US\$
Component 1: Institutional capacity building for the selection and preparation of overseas employment candidates, of which	1,300,000
Subcomponent 1.1: Pre-selection of candidates	253,000
Subcomponent 1.2: Pre-departure training	662,000
Subcomponent 1.3: Assistance upon departure and integration support	385,000
Component 2: Developing partnerships between public and private actors within and across borders for job placement and project implementation support	250,000
Component 3: Project evaluation and knowledge sharing	200,000
Total Project Value (in US\$)	1,750,000

The detailed breakdown of costs per activity and functional category is estimated as follows:

COMPONENTS AND ACTIVITIES	BUDGET (in US\$)
COMPONENT 1: INSTITUTIONAL CAPACITY BUILDING FOR THE SELECTION AND PREPARATION OF OVERSEAS EMPLOYMENT CANDIDATES	
Subcomponent 1.1: Pre-selection of candidates	
Development of pre-selection criteria and detailed procedures in close cooperation with destination country stakeholders	Preliminary study and external support for the pre-selection process: 11,000
Technical assistance for CV pre-selection	Translation fees for CVs and other documents of participants: 15,000
Candidates screening through interviews in Morocco involving private partners and participation of employers or their representatives	Travel expenses for employers' representatives and other German stakeholders to attend the pre-selection process: 9,000
Subcomponent 1.2: Pre-departure training for the Beneficiaries	
Design and implementation of language and intercultural training module tailored to the workplace and life in Germany	Language and intercultural training: 400,000
Design and implementation of a module on expectation management including destination country stakeholders and possibly diaspora members	Expectation management: 8,000 Grants for participants: 81,000
Subcomponent 1.3: Assistance upon departure and integration support	

Assistance upon departure, visa procedures and work permit	<p>Travel expenses and visa costs for participants: 108,000</p> <p>Orientation seminars in Germany including cultural training (accommodation and meals included): 63,000</p> <p>Individualized support and mentoring scheme throughout Germany: 52,000</p>
Orientation seminars at the destination with employers and candidates	
Design and implementation of a mentoring scheme at the destination in coordination with the MRE and relevant public, private, and civil society stakeholders in Germany	
Assistance in administrative, legal, and logistical issues emerging throughout the migration cycle	
COMPONENT 2: DEVELOPING PARTNERSHIPS BETWEEN PUBLIC AND PRIVATE ACTORS WITHIN AND ACROSS BORDERS FOR JOB PLACEMENT AND PROJECT IMPLEMENTATION SUPPORT	
Collecting relevant information on the legal framework for foreign (non-EU) workers admission and labor needs in key sectors as a basis to devise a placement strategy in the German market for Morocco	<p>Advice about legal framework and key sectors for labor migration to Germany</p> <p>Mission from ANAPEC and ministry representatives to Germany (visit to German employers' associations and employment agency)</p> <p style="text-align: right;">Total: 11,000</p>
Consultations with employers' representatives and other relevant public and private stakeholders at destination for placement activities beyond the pilot	
<i>COSTS FOR SUPPORTING AGENCY ACROSS COMPONENTS 1 AND 2</i>	
<p>Staff costs</p> <ul style="list-style-type: none"> - team leader: 23 weeks - project manager: 85 weeks - junior project manager: 37 weeks - local consultants for activities in Morocco: 24 weeks - support from supporting agency headquarters: 15 weeks - support from supporting agency office in Morocco: 6 weeks 	415,000
Travel expenses for supporting agency	34,000
Rental fees, office equipment, communication	41,000
Overheads	252,000
PROJECT IMPLEMENTATION SUPPORT: PROJECT MANAGEMENT AND FINANCIAL MONITORING (ANAPEC)	50,000
TOTAL ANAPEC-EXECUTED THROUGH PARTNERSHIP WITH SUPPORTING AGENCY	1,550,000
COMPONENT 3: PROJECT EVALUATION AND KNOWLEDGE SHARING (WORLD BANK-EXECUTED)	

South-South learning workshop with destination country partners	50,000
Firm and candidates survey before and after departure	100,000
Communication material and strategy	50,000
TOTAL WORLD BANK-EXECUTED	200,000
TOTAL (USD)	1,750,000

II. Implementation Arrangements

A. General Framework

1. The Project will be submitted for financing to the MENA Transition Fund for the amount of US\$1.75 million. The Project has three components: (1) institutional capacity building for the selection and preparation of overseas employment candidates; (2) developing sustainable partnerships between public and private actors within and across borders for job placement and Project implementation support; and (3) project evaluation and knowledge sharing. The Project is recipient-executed for Components 1 and 2, with a total amount of US\$1.55 million, and Bank-executed for Component 3, for a total amount of US\$0.2 million.

B. Procurement

General

2. Procurement for the proposed project will be carried out in accordance with (i) the World Bank's Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and updated in January, 2011; (ii) the Guidelines: Procurement of Goods, Works, and non-consulting services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers published by the Bank in January; (iii) the Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, known as Consultant Guidelines dated January 2011; and (iv) all the accompanying standard bidding documents for any new procurement and the provisions stipulated in the Grant Agreement. The various items under different expenditure categories are described below in general. For each contract to be financed by the grant, the different procurement methods or consultant selection methods, the estimated costs, prior review requirements, and agreed time frame are set out in the procurement plan. The procurement procedures (including documents) that will be used by the recipient will also be well-defined; a draft document of procurement documents will be submitted to the nominated project director for finalization by the PIU.

3. Procurement under the Project is mainly for: (i) the selection of an international

consultant as the strategic partner who will provide technical support to ANAPEC for the implementation of Components 1 and 2 of the Project; (ii) the selection of a local consultant to provide technical support in procurement and FM based on the identified needs; and (iii) the acquisition of goods and services other than consultants, for project management.

4. **Procurement plan:** A project procurement plan dated February 5, 2015 for the first 18 months of the project was prepared and will be updated at least once a year. The procurement plan indicates the contracts which will be subject to the Bank's prior review. All other contracts will be subject to post review.

5. **Specific procurement arrangements:** No works contracts are contemplated under the Project.

6. **Procurement of goods and non-consulting services:** Procurement of goods and services related to project management; logistics for the organization of training, workshops, and consultations; and other capacity building events as part of the Project, will be carried out using the following methods:

- a) Shopping: Goods and non-consulting services estimated to cost US\$200,000 or less may be procured using shopping procedures.
- b) Direct contracting: Under circumstances which meet the requirements of paragraph 3.7 of the Procurement Guidelines, goods, non-consulting services, and works may be procured in accordance with the paragraph 3.7 of the Procurement Guidelines using the direct contracting procurement method.

7. **Selection of consultants:** International and local consultants' services required for the Project are mainly for the technical assistance of a strategic partner and support in procurement and FM (local), based on the identified needs.

In particular, an international consultant will be recruited as a strategic partner using single source selection method, to provide support to ANAPEC in the implementation of the whole project (Components 1 and 2). The use of single source selection is justified by the need to have a consultant with unique expertise in the recruitment of workers from developing countries to Germany. This requires, among others, that the consultant have an established partnership with the BA.

The following Bank methods and corresponding standard documents will be used:

- a) Quality & Cost Based Selection for all types of consultant services.
- b) Selection Based on Consultant's Qualifications. Services estimated to cost less than US\$100,000 equivalent per contract may be procured in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.
- c) Single Source Selection. Under circumstances which meet the requirements of paragraph 3.8 of the Consultant Guidelines for Single Source Selection, consultant services may be procured in accordance with the provisions of paragraph 3.8 through 3.11 of the Consultant Guidelines, with the Bank's prior agreement.

- d) **Individual Consultants.** Services for assignments that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provision of paragraph 5.2 and 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.6 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

Short lists may be composed entirely of national consultants for contracts of less than US\$200,000 equivalent per contract, complying with the remarks mentioned above.

8. **Publication of results and debriefing:** Online (UN Development Business, and/or Client Connection) publication of contract awards would be required for all direct contracting, and the selection of consultants for contracts exceeding a value of US\$200,000. All consultants competing for an assignment involving the submission of separate technical and financial proposals, irrespective of its estimated contract value, should be informed of the result of the technical evaluation (number of points that each firm received) before the opening of the financial proposals. The borrower would be required to offer debriefings to unsuccessful bidders and consultants should the individual firms request such a debriefing.

9. **Fraud, coercion, and corruption:** All procuring entities, as well as bidders, suppliers, and contractors shall observe the highest standard of ethics during the procurement and execution of contracts financed under the Project in accordance with paragraphs 1.16 & 1.17 of the Procurement Guidelines and paragraphs 1.23 & 1.24 of the Consultants Guidelines.

10. **Frequency of procurement supervision:** Supervision of procurement by the Bank is an integral part of project supervision and implementation monitoring. In addition to the prior review supervision to be carried out from Bank offices, it is recommended that two supervision missions take place during a year to visit the Project and to carry out post review of procurement actions.

11. **Recommendations:** Based on the risk associated with procurement (Substantial), as mitigation measures, the following actions need to be implemented:

- a) Hiring of an external consultant in addition to the focal point appointed at the PIU to support procurement functions and build capacities within ANAPEC following the start of project activities
- b) Organization of procurement training for all staff involved in the Project implementation (MESA and ANAPEC), following project effectiveness

C. **FM and Disbursements**

12. **Public FM:** The Bank's experience in Morocco and the main conclusions of the 2009 public expenditure and financial accountability (PEFA) assessment indicate that the

Moroccan public finance system is governed by an elaborate legal and regulatory framework. The FM risk of the Moroccan public finance system is considered Low.

13. **Assessment of the FMS.** An assessment of the FMS in place at ANAPEC was carried out to determine if it complies with the World Bank's minimum requirements for project management with respect to OP/BP 10. The FMS in place in the executing agency is based on principles and procedures defined by the legal framework applicable to the public sector and more specifically to governmental institutions.

14. **Risk analysis.** The inherent and control risks are presented in the tables on the succeeding pages.

Financial Management Risk Analysis: *Inherent risk*

Risk	Rating	Mitigation of Risk	Risk Rating After Mitigation
<p>Country level: The Moroccan public finance system is governed by a complex legal and regulatory framework that offers guarantees of high reliability and transparency.</p> <p>Morocco’s compliance with rules and regulations and existing accountability arrangements provide an adequate framework for the use of public funds and public financial management is considered broadly transparent.</p>	Low		Low
<p>Project level: ANAPEC does not have experience with Bank-financed projects; however, it has experience with participating and managing projects in this field with different international organizations, such as the EU, and also has some experience with national organizations. Its annual activity report displays all its project involvement.</p>	Substantial	<p>Capacity building of FM staff of the Project</p> <p>Close mentoring by the World Bank FM team</p> <p>The FM team within ANAPEC has a financial background, but needs more exposure on project management. Hiring of a knowledgeable consultant, to support the appointed focal point, will permit implementation in a structured manner and build capacity within the existing team.</p>	Moderate
Inherent risk before mitigation	Moderate	Inherent risk after mitigation	Moderate

Risk Analysis: Control Risks

Risks	Rating	Mitigation of Risk	Risk Rating After Mitigation
<p>Budget: The preparation of the budget is compliant with the ANAPEC's objectives and procedures for the considered exercise. This is not limited to, taking into account updated multi-year planning, the submission by the different departments of their budget to fulfill their units' needs. The director of ANAPEC is responsible for submission of the consolidated budget of all departments to the board before June 30 of each year. The board submits the budget to MESA and to the MEF for approval.</p>	Low		Low
<p>Accounting: The accounting system is based on accounting regulations applicable to public institutions (Royal Decree no. n° 330-66, April 21, 1967) BO. n° 2840, April 26, 1967, p. 452); relating to the maintenance of public accounting in accordance with General Code of Accounting Standards.</p>	Low	<p>An acceptable cash-based accounting system with the outline of budget components is operational according to the regulations described in the public accounting law. The transactions in terms of commitments and disbursements are reflected in the well-functioning Integrated Financial Management Information System (IFMIS), SAGE 1000 for general accounting related to the financial statements, and VICTIS for budgetary execution, commitments, and payments. This system will allow tracking commitments and expenditures.</p>	Low

<p>Financial reporting: ANAPEC uses SAGE 1000 for general accounting related to the financial statements, and the VICTIS information system for budgetary execution, commitments, and payments. This system will allow for tracking commitments and expenditures</p> <p>The accounting system of the executing agency will not allow producing financial monitoring reports (FMRs) for the Project from the system.</p>	Moderate	<p>The FM consultant will prepare the financial report in Excel, compare the information to SAGE, and submit it to the head of the division of finance and accounting for review, validation, and approval.</p> <p>The financial report will then be submitted to the PIU for approval and transmission to the Bank within the deadlines.</p>	Low
<p>Funds flow: Financial flows come from the Bank. The flow of funds from the Bank is organized according to the Bank's disbursement procedures.</p>	Low		Low
<p>Internal control: There will be an internal audit department which ensures the application of the existing procedures. The existing accounting and financial reporting system allows for the extraction of the financial reporting.</p>	Moderate	<p>The internal control procedures will be developed by the hired consultant.</p> <p>The FM consultant hired in addition to the FM focal point at the PIU, following project effectiveness, will extract the information on the Project from SAGE, document the additions of information needed to complete the required reporting, and explain the detail of validation process up until submission of the financial reporting to the Bank. The financial report must be validated by the Project director before transmission to the Bank.</p>	Low
<p>Auditing: The risk is having delays in the submission of the audit report of the Project to the Bank.</p>	Moderate	<p>The Bank team will ensure that the audit work is prepared in a timely manner submitted within the deadlines.</p>	Low
<p>Inherent risk before mitigation</p>	Moderate	<p>Inherent risk after mitigation</p>	Moderate

15. **FM risk.** Based on the assessment and the risks identified, the FM risk at this stage is considered Moderate.

16. **Implementing agency.** A PIU has been established within ANAPEC. The FM team comprises the chief of Division of Budget and Accounting, who will be supported by an external consultant in FM. The Division of Budget and Accounting has experience in managing projects financed by international donors.

17. **Procedures and policies.** ANAPEC (*Division des Finances et de la Comptabilité/Direction des Ressources*) has an elaborate budgetary and accounting manual.

18. **Budgeting.** The grant will be allocated to and managed by ANAPEC. The preparation of the budget is aligned with the agency objectives for each exercise. Each department submits its budgeting needs to the ANAPEC director who consolidates it to the ANAPEC budget and submits the budget to the board, which reviews it and submits it to the MEF for approval before June 30 of each year. The board approves the budget once it is approved by the MEF. In this case, ANAPEC will prepare an annex to the budget to be approved by the director of ANAPEC and presented to the board for approval. Once the agreement is signed, ANAPEC will request authorization from the *Direction des Entreprises Publiques et de la Privatization* (Directorate of Public Enterprises and Privatization [DEPP])/MEF for a designated account at the TGR.

19. **ANAPEC has adopted budgetary accounting to monitor the budget and expenditures.** They use the Integrated Expenditures Management System VICTIS, which has been adopted by several other state-owned enterprises in the country.

20. **Staffing.** The PIU is housed at ANAPEC and will work in close coordination with the Directorate of Employment at MESA and the Directorate of Budget at the MEF. The Bank project team will provide training and capacity building to ensure mastery of project management. The MEF will supervise the budgeting processes of ANAPEC for this project to ensure adequate capacity support and timely disbursement. The PIU includes the respective directors in charge of implementation and a focal point for procurement and FM (civil servants). These staff will be supported by external consultants in procurement who will have defined terms of references that cover relationships/responsibilities with each directorate following project effectiveness. The recruitment of a FM consultant is important to strengthen the PIU and to provide support to the Project. The PIU will have to control and supervise the work of the consultant to ensure ownership of the Project by ANAPEC.

21. **Accounting.** An acceptable cash-based accounting system with the outline of budget components is operational according to the regulations described in the public accounting law. The transactions in terms of commitments and disbursements are reflected in IFMIS, SAGE 1000 for the general accounting related to the financial statements, and VICTIS for budgetary execution, commitments, and payments. This system will allow tracking commitments and expenditures.

22. **The overall principles for project accounting are as follows:** (i) records of accounts for the Project will be maintained on cash basis principles, financial reports will be maintained to reflect all the transaction flow of funds, and the IUFR will be issued

each semester and (ii) project accounting will cover all sources and utilization of project funds, including payments made and expenditures incurred. All project-related transactions will be prepared in an Excel spreadsheet, which will be validated and approved by the PIU director before transmission to the Bank within the deadlines.

23. **Financial management reporting of the Project.** IUFs will be maintained in Excel spreadsheets. The FM focal point, with support by the recruited consultant will compare the information prepared with the information extracted from the ANAPEC accounting system, SAGE. The chief of the Division of Finance and Accounting will review, approve, and submit the IUFs to the PIU director for approval and submission to the Bank. The PIU will produce the IUFs every semester and submit them to the Bank within 45 days of the end of each semester.

24. **FMRs will be prepared every semester** and sent to the bank within 45 days of the close of each reporting period. The Bank guidelines on financial monitoring will be communicated to the Project. A sample of the FMR to use for the Project will be agreed upon and will be annexed to the implementation manual of the Project.

25. **In addition to a summary of project progress, the FMRs and IUFs will include the following:** (i) a summary of funding sources and uses of funds; (ii) uses of funds by project component and by project category; (iii) cash withdrawal; and (iv) cash forecast.

26. **Annually, audited project financial statements (PFSs) will be submitted to the Bank.** The PFSs will include: (i) a statement of sources and utilization of funds or balance sheet, indicating funds received from various sources, project expenditures, and assets and liabilities of the Project; (ii) schedules classifying project expenditures by components and expenditure categories; and (iii) a statement of reimbursement made on the basis of statements of expenses (SOEs).

27. **Controls.** In Morocco, the rules governing fund commitments and payment authorizations are clear, well-known, and enforced. The control framework is based on the segregation of duties between commitment (*ordonnateur*) and payment (*comptable*).

28. **Internal audit.** ANAPEC has an internal audit and management control division composed of three services: internal audit, management control, and legal. The division directly reports to the director general of ANAPEC and ensures: (i) the achievement of general and thematic audits missions, inspection, and evaluation; (ii) support to the director general and all ANAPEC entities in all legal aspects; and (iii) the implementation, monitoring, and consolidation of programs, monitoring dashboards, and analytical accounting. The division has an elaborate manual of procedures.

29. **External audit arrangements.** Annual project financial statements audited by auditors acceptable to the Bank will be submitted to the Bank within six months after the end of each fiscal year. The audit will be comprehensive and cover all aspects of the Project (that is, all sources and utilization of funds, and expenditures incurred). The audit will be carried out in accordance with International Standards on Auditing (ISA). The Project team will provide the auditor with access to project-related documents and records as well as information required for the purposes of the audit. The implementing agency will retain an auditor acceptable to the Bank to perform an annual audit in

accordance with the ISA, as issued by the International Federation of Accountants and with terms of reference acceptable to the Bank.

30. **Funds flow.** ANAPEC will prepare an annex to the budget to be approved by the director of ANAPEC and presented to the board for approval. Once the grant agreement is signed, ANAPEC will request authorization from MEF for a designated account at the TGR. The funds will be transferred to ANAPEC according to Bank disbursement guidelines and according to the method agreed through the disbursement letter. The Social Sectors Division of the Directorate of Budget at MEF will supervise the budgeting processes of ANAPEC for this project to ensure adequate capacity support and timely disbursement. The payment justifications supporting documents will be electronically submitted by ANAPEC to the Bank.

31. **Disbursements.** The proceeds of the grant will be disbursed in accordance with the traditional disbursement procedures of the Bank, that is, direct payment and reimbursement accompanied by appropriate supporting documentation (summary sheets with records and/or SOEs) in accordance with the procedures described in the Disbursement Letter and the Bank's Disbursement Guidelines. The minimum application size for direct payment and reimbursement will be determined during negotiations.

32. The Bank will honor eligible expenditures for services rendered and goods delivered by the Project closing date. A four-month grace period will be granted to allow for the payment of any eligible expenditure incurred before the grant closing dates.

Eligible Expenditures

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, non-consulting services, consultants' services, Training and Operating Costs under the Project	1,550,000	100%
TOTAL AMOUNT	1,550,000	

33. Necessary supporting documents will be sent to the Bank in connection with contracts that are above the prior review threshold, except for expenditures under contracts with an estimated value to be determined during negotiations. All operating costs, training, workshops, and field visits will be claimed on the basis of SOEs. The documentation supporting expenditures will be retained and will be readily accessible for review by the external auditors and Bank supervision missions. All disbursements will be subject to the conditions of the grant agreement and disbursement procedures as defined in the Disbursement Letter.

34. **Planning of supervision.** A FM supervision mission will be conducted every six

months based on the risk assessment of the Project. The mission's objectives will include: (i) ensuring that strong FM systems are maintained for the Project throughout its life; and (ii) semi-annual review of IUFs and review of annual audited financial statements and management letters.

35. **Action plan.** The following action plan was agreed.

Actions to be undertaken	When
Recruitment of a consultant in FM to support the PIU	3 months after effectiveness

ANNEX 3: OPERATIONAL RISK ASSESSMENT FRAMEWORK (ORAF)

Kingdom of Morocco: Accessing Overseas Employment Opportunities for Moroccan Youth

1. Project Stakeholder Risks	Rating	Moderate		
Description : <i>Potential beneficiaries have insufficient information to participate in the selection process. The youth targeted by this pilot often have limited access to information on employment opportunities. Outreach to young, appropriately skilled women in particular may be a challenge.</i> <i>In the face of competing employment programs and priorities, stakeholders display limited ownership over project implementation and results. This risk is expected to be Low overall.</i>	Risk Management: The Project design includes a communications plan to reach out to potential beneficiaries through news sources, NGOs, and training and employment institutions. However, to maintain the manageability of this small pilot and avoid disappointing expectations, the communications campaign will not include a wide request for CVs at the recruitment stage.			
	Resp: Client	Stage: Implementation	Due Date :	Status: Ongoing
	Risk Management: The Project responds to an urgent priority for the Government and the country, and overseas employment prospects are complementary to other employment prospects for Moroccan youth. As part of the monitoring process, a multi stakeholder advisory committee will review as needed.			
2. Implementing Agency Risks (including fiduciary)				
2.1. Capacity	Rating:	Substantial		
Description : <i>ANAPEC's lack of previous experience with Bank fiduciary processes leads to errors or delays in procurement. Though MESA has previously implemented a Bank project, ANAPEC itself has not. There will be a steep learning curve to prepare it for its fiduciary roles and requirements. Further, the proposed use of single source procurement under the Project will require procurement experience.</i>	Risk Management: FM and procurement capacity within ANAPEC will be strengthened during the implementation of the Project through the recruitment of two external consultants to support ANAPEC focal points who are appointed by the Government. All staff involved in project implementation will undergo procurement and FM training prior to effectiveness. The Project supervision budget will take into account ANAPEC's inexperience with Bank projects by providing for semi-annual procurement and FM reviews and capacity-building activities.			
	Resp: Client and WB	Stage: Implementation	Due Date :	Status: Ongoing
2.2. Governance	Rating:	Moderate		

<p>Description : <i>Employment selection process captured by elites.</i> Apprenticeship candidates are selected based on their connections rather than suitability, leading to poorly qualified candidates and disillusionment with the selection process and pilot program.</p>	<p>Risk Management: The German agency, GIZ is expected to be the service provider to ANAPEC and will manage the recruitment process based on their previous experience with matching German employers' needs to candidates' qualifications. The primary goal in making the selection is to ensure a high rate of applicant retention by German employers.</p>			
	<p>Resp: Client</p>	<p>Stage: Implementation</p>	<p>Due Date :</p>	<p>Status: Ongoing</p>
<p>3. Project Risks</p>				
<p>3.1. Design</p>	<p>Rating: Moderate</p>			
<p>Description : <i>Involvement of multiple stakeholders and coordination of inputs into the migration process.</i> Although project design is not complex, the Project involves coordination among various actors across Germany and Morocco. <i>Apprentices fail to successfully complete the apprenticeship process.</i> Passage of the apprenticeship is a prerequisite for finding continued employment in the sector and receiving a work visa for Germany.</p>	<p>Risk Management: The Bank's execution of Component 3 will facilitate incorporating lessons of international good practice in the implementation of such international migration schemes and facilitate multi stakeholder discussions. GIZ's previous experience in this area of migration is extensive and will mitigate the risk of coordination gaps.</p>			
	<p>Resp: Client</p>	<p>Stage: Implementation</p>	<p>Due Date :</p>	<p>Status: Ongoing</p>
<p>3.2. Social & Environmental</p>	<p>Rating: Low</p>			
<p>Description: The Project is not expected to entail major safeguards issues. Social impact is expected to be positive, though there is a risk of disappointment for those youth not selected to participate in apprenticeships or those who fail to complete the apprenticeships and obtain employment.</p>	<p>Risk Management: Preparation of safeguards frameworks to be completed and followed during implementation.</p>			
	<p>Resp: Bank</p>	<p>Stage: Implementation</p>	<p>Due Date :</p>	<p>Status: Ongoing</p>
<p>3.3. Delivery Monitoring & Sustainability</p>	<p>Rating: Moderate</p>			

<p>Description: <i>Sustainability and scalability.</i> Should the pilot be successful, partner institutions in both countries would need to take purposeful steps to scale-up the program.</p>	<p>Risk Management: Component 3 is Bank executed and will provide M&E as well as dissemination and scaling up advice for a follow up phase. If German employers are satisfied with progress, this small pilot could yield strong demonstration effects within Germany and elsewhere in Europe. GIZ will prepare guidelines for ANAPEC to extend similar activities on labor market access into other sectors in Germany. The Bank will keep the EU officials working on the Mobility Partnership with Morocco informed about the progress of this initiative.</p>			
	Resp: Client	Stage: Implementation	Due Date :	Status: Ongoing
<p>4. Other</p>	Rating:	Moderate		
<p>Description : <i>Changes in political leadership or agenda reduce the support (political, human resource, or financial) for the Project.</i> Successful implementation will require continued support from the origin and destination governments throughout the period of the pilot. Migration can be a sensitive and politically difficult topic, and bottlenecks or problems during project implementation could undermine political support.</p>	<p>Risk Management: The Project addresses political priorities in both Morocco (youth unemployment) and Germany (labor shortages in key sectors). These strong economic forces are expected to create continued buy-in from stakeholders in both countries.</p>			
	Resp: Client	Stage: Implementation	Due Date :	Status: Ongoing
<p>5. Overall Implementation Risk</p>	Rating	Moderate		
<p>Description: The overall risk rating for project implementation is “Moderate” and stems from the nature of the work being proposed and the importance of consensus and coordination of multiple government agencies in different countries.</p>	<p>Risk management: The Project will seek throughout implementation to build relationships and foster cooperation among government, private sector counterparts, and non-governmental partners in both countries. On the fiduciary side, initial procurement risk mitigation procedures are laid out in Annex 2; further mitigation activities may be identified during implementation.</p>			