

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC11848

Project Name	Investing in Opportunities for Youth in Morocco (P151169)
Region	MIDDLE EAST AND NORTH AFRICA
Country	Morocco
Lending Instrument	Investment Project Financing
Project ID	P151169
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of General Affairs and Governance (MAGG)
Environmental Category	B-Partial Assessment
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Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

In 2011, Moroccans—young people in particular—called for a revamped democratic system, improved governance, and greater freedoms, voice, and opportunities. Young people aged 15-29 years account for some 30 percent of Morocco’s total population, and 44 percent of the working age population. Despite positive rates of economic growth over the previous 10 years, averaging 4.3 percent annually, Morocco’s youth have been disproportionately affected by economic exclusion. The Moroccan economy has created, on average, a net of only 87,500 jobs per year, not nearly enough to absorb the estimated 224,000 new labor market entrants, which include 148,000 youth. Overall, there is currently a stock of more than 1 million unemployed job seekers in Morocco, 70 percent of whom are aged 15–29 years, as well as between 2.7 million and 3.5 million inactive/ disconnected youth aged 15–29 (not in education, employment or training, NEET).

Against the background of its new constitution (2011), the Moroccan government (GoM) has begun a dynamic process to strengthen economic opportunities and social inclusion across the country. However, although GoM has initiated several high profile development programs (for example, the second phase of the National Human Development Initiative, INDH) and new sectoral strategies in

the areas of education, youth and employment, additional efforts are needed to support the implementation capacity for country-led reforms and interagency coordination to provide effective programming and services to young people, especially those from disadvantaged groups.

Sectoral and Institutional Context

Creating opportunities for young people, and especially for disadvantaged youth, constitutes an important challenge for the country. Youth (aged 15 to 29) accounting for some 30 percent of Morocco's total population and 44 percent of the working age population (aged 15 to 64), have been largely excluded from the sustained economic growth the country experienced in recent years. Estimates for 2015 indicate that there are about 2.7 million inactive youth 15-29 (notably women) that are neither in school nor employed or in training (NEETs). A staggering 82 percent of girls drop out of school and are not in the labor force due to family reasons or discouragement. The group of NEETs is particularly subject to social exclusion. Moreover, there about 700 thousand unemployed youth (notably male) and about 1.7 million youth working under precarious employment conditions as informal wage earners or as self-employed workers (about 88% of employed youth worked without a contract).

Moroccan youth, especially the most disadvantaged, are not able to access existing economic opportunities because they lack adequate skills and information regarding such opportunities. Employment creation is estimated at over 750,000 new jobs by 2020, conditional on an adequate supply of labor. There is a significant skills gap for semi-qualified technicians and operators, as reported by various employer groups and individual firms. Based on the interviews conducted with employers' federations, associations of human resource professionals, individual firms, and youth training providers in early 2015, in close collaboration with the International Finance Corporation (IFC), there is a strong need for semi-qualified workers with no secondary school diploma, especially in high-growth and key economic sectors, such as tourism, logistics, automotive, retail, information technology and business process outsourcing (IT/BPO), and construction. Employers also report a relatively high turnover in semi-skilled positions in some of the key sectors, including tourism (as high as 20 percent), retail, call centers and automotive, thus gross job creation is higher than the net job creation. Moreover, recent studies (including IFC's "Assessment for E4E Initiative" [2014]) indicate that labor demand and employment growth in Morocco (currently at about 90,000 jobs per year) could be higher if employers were able to fill the many vacancies that currently exist due to lack of candidates with adequate technical, language, behavioral, and IT skills.

Most existing public programs do not fill these gaps, and mainly target high-skilled graduates/professionals, not low- or semi-skilled job seekers. Employability programs in Morocco have traditionally focused on addressing the needs of young graduates/job seekers with tertiary education. In recent years, agencies with a clear mandate to address employability constraints amongst youth (notably the National Agencies for Vocational Training (OFPPT) and the National Employment Agency (ANAPEC), have served mainly youth with tertiary education (BAC+). Moreover, available employability programs are often supply driven (World Bank, 2012) and do not develop the skills of job-seekers to meet the requirements of existing vacancies. Institutional capacity and program coverage remains low. For instance, the National Employment Agency's (ANAPEC) ability to deliver employment services, as proxied by the number of ANAPEC staff relative to the number of registered job seekers (staff caseload), is limited. Existing active labor market programs (ALMP) target mainly unemployed graduates and cover only about 60,000 people per year. To improve its capacity to serve a larger population (including non-graduates), ANAPEC will need to develop partnerships and reinforce the capacity of private labor market intermediation agencies and

specialized NGOs to improve job matching based on available vacancies at the local level.

While programs to promote self-employment and small-scale entrepreneurship are alternatives for improving labor market outcomes for less educated youth, many obstacles persist to implement these programs in Morocco. Yet, existing programs and initiatives display many gaps, including lack of access to relevant information, risk adverse culture, and the lack of proper skills development, financing, law and property rights, pre-/post-start-up orientation and support, as well as administrative hurdles. International evidence indicates that when providing a combination of skills, capital, and mentoring support, based on the target group's main constraints, entrepreneurship programs can lead to job creation and improvement in the target group's labor market outcomes. As such, it is important for Morocco to address existing barriers by linking disadvantaged youth to performing micro-entrepreneurship and self-employment programs.

At the same time, young people in Morocco face a multifaceted process of exclusion that requires an integrated approach to public service provision. Many young people in Morocco, especially those with at most secondary education and who already left the education system, have several behavioral and skills gaps that will likely affect negatively their likelihood to find jobs. As such, many of these individuals will need remedial/corrective interventions to address these skills gaps. Recent evidence indicates that community engagement and social recognition are important factors for developing skills to help increase the chances of employment and socioeconomic inclusion. In this context, the GoM, through its Ministry of Youth and Sports (MYS) and its National Youth Policy, is keen on exploring "one-stop-shop" approaches in its youth centers (MJs, Maisons des Jeunes), whereby disconnected and discouraged youth can socialize, have opportunities for building their character and skills, including through volunteering, and be able to join in sports and cultural activities. The positive inter-relations growing from such activities are expected to maximize GoM efforts to reduce young people's socioeconomic exclusion and increase participation in community life. To achieve the GoM's goal, this project would support the development of integrated, youth-friendly services (IYFSs) to reduce the current fragmentation between employment-focused activities and more social activities.

In this drive to improve social inclusion, there is a strong case for investing in the most vulnerable youth through a renewed approach that includes socioeconomic reintegration and more accessible youth support services. Importantly, these services should include preparation for and access to opportunities for youth who are likely to be further marginalized as a result of experiencing abuse or being exposed to, or participating in, criminal activities because of their placement in Child Protection Centers (CPCs). About 5,000 adolescents and youth are institutionalized in 17 CPCs every year. Investing in this vital population segment, however, requires a higher level of service intensity to successfully tackle the multiple social and psychological deficits resulting from, among others, early exposure to high risk behavior. The MYS asked the Bank to rise to this challenge as part of its broader request for support to improve the socioeconomic inclusion of disadvantaged youth in Morocco.

Finally, a major challenge for the GoM is to translate the strategic objectives of youth economic and social inclusion into an effective and sustainable institutional architecture. Traditionally, the delivery of youth inclusion and employment services in Morocco has been conducted notably by the public sector, in a centralized manner, and with limited success. In this context, the Bank was asked to contribute to this endeavor by supporting development of the institutional and implementation structure for a national system of IYFSs, far beyond project duration. In particular, GoM needs

support developing a systematic approach to provide flexible and performance-based youth services and programming adapted to local needs, which are currently lacking in Morocco. Also needed is the development and on-the-ground implementation of a decentralized, participatory delivery model—through public-private partnerships and youth-led nongovernmental organizations (NGOs) and/or youth-supporting NGOs—to drive peer-to-peer outreach, implementation, and sustainability.

Relationship to CAS

The strategic focus on less-educated, disadvantaged youth is critical for poverty reduction and improving shared prosperity for the bottom 40 percent of the Moroccan population, to which disadvantaged young people belong. It is also instrumental to achieve the new Country Partnership Strategy (CPS) 2014–17 goal to overcome the persisting duality in the country’s economic model and foster more inclusive growth. In particular, the proposed project will contribute to Strategic Outcome 1.6 (“Better matching skills developed through higher education or vocational training with the needs of the job market”) and Strategic Outcome 1.7 (“Improve access to and effectiveness of social protection programs, especially for youth”).

The proposed project will complement the World Bank’s Skills and Employment Development Policy Loan (DPL) Series, a program that supports the GoM’s efforts to improve the efficiency of skills development programs, intermediation services and labor market information systems. Since 2012, the World Bank has implemented two DPL programs and achievements include (i) the promulgation of laws that support reforms to improve the relevance of higher education and the formalization of microenterprises, (ii) the development and implementation of the Ministry of Labor and Social Affairs strategic action plan for 2012–16 and (iii) strengthening the labor market information system. The project will also complement the Competitiveness DPL series and contributes to the creation of “more and better jobs” by improving the investment climate; furthering trade policy reform and trade facilitation; and improving economic governance.

The project directly supports the World Bank Group Strategy under preparation, Promoting Peace and Stability for Development in the Middle East and North Africa, by improving youth access to economic opportunities and young citizen’s engagement in community life (first pillar, “Renewing the Social Contract”). The delivery system will be designed through an inclusive approach to build youth ownership, trust in institutions, and buy-in through systematic consultations and a strong participation of beneficiaries in the delivery system in which civil society organizations (CSOs) are an effective social intermediary. Beneficiary feedback mechanisms will be mainstreamed in the project to enhance young citizen’s voice and reinforce accountability and transparency. A grievance redress mechanism will be in place at the local level in addition to the creation of e-platforms that will facilitate the monitoring of project activities by young citizens. Building sustainable partnerships with CSOs will also contribute to reaching out to youth groups that are excluded. These activities will be conducted throughout the project cycle.

The proposed project will also build on lessons learned from Strengthening Micro-Entrepreneurship for Disadvantaged Youth in the Informal Sector, a project currently being implemented by the MYS. This project provides 5,000 beneficiaries with access to micro-entrepreneurship development services through tailored outreach, selection processes and learning content, thus complementing entrepreneurship programs for tertiary graduates, such as Moukawalati.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The project's proposed development objective (PDO) is to improve access to economic opportunities and increase the active participation of disadvantaged youth in community life in Morocco.

Key Results (From PCN)

Progress toward the PDO will be measured by a series of quantitative and qualitative indicators, including:

- (i) Number of project beneficiaries (male and female) who complete any of the Integration Services within the IYFSs.
- (ii) Number of project beneficiaries (male and female) of Employability Services who are in employment, education, training, or participating in a local social activity 12 months after completing an Employability Service within the IYFSs.
- (iii) Percentage of youth (males/females) involved in local youth activities who report that their community involvement has improved as a result of the project.
- (iv) Beneficiaries that feel project investments reflected their needs (%).
- (v) Number of youth venues that increase the range of services offered.

III. Preliminary Description

Concept Description

The proposed project provides integrated solutions for expanding youth access to opportunities by combining learning and employability measures with young citizens' engagement. Given the specific barriers encountered by Moroccan youth, including the high number of discouraged, inactive and disengaged young men and women, a traditional employment project would not provide the required spectrum of learning and engagement opportunities tailored to their needs. Therefore, as indicated below, youth-led community development, soft skills, sports, volunteering, and peer mentoring will be used as entry points for youth engagement at the local level, although not exclusively, in preparation for employability interventions and job placement with private sector. While there is hard evidence on the importance of the early years in shaping all skills, new evidence indicates that some life skills, which are important for employability, are more malleable than cognitive skills at later youth ages, such as when young people are in their twenties. Successful interventions at any age emulate the mentoring and attachment that successful families give their children.

The IYFSs under the proposed project will complement existing formal educational and employment programs by offering hands-on skills development and referrals to disadvantaged young people in their respective communities through a "one-stop shop," with the goal of filling the gaps in the current outreach capabilities of ANAPEC and other national providers. The proposed project is consistent with GoM's vision to provide engagement and employability opportunities to less-educated youth across the country. In this context, it will include school dropouts and illiterate youth through outreach and referrals back into the education system, so that these young people can have access to further learning and income opportunities available in the private sector.

1. Description

Component I: Provision of IYFSs at the Local Level (US\$75 million)

This component seeks to provide disadvantaged youth access to economic opportunities, encourage their active participation in community life and ensure basic protection for those who are most at risk. To meet this objective, the component will finance the provision of IYFS through the establishment of one-stop shops throughout Morocco, and partnerships with local NGOs, the private sector, and other relevant agencies. In addition, the component will finance specialized services for the most vulnerable youth, in partnership with the United Nations Children's Fund (UNICEF) and the National Council of Human Rights (CNDH).

1.1 Provision of IYFSs for Enhanced Economic Opportunities and Community Participation

This subcomponent will support the development and financing of two levels of services: (i) social and community engagement as well as life-skills and job readiness services (Integration Services), which will be available to all project beneficiaries upon registration and which seek to engage young beneficiaries in their communities. Each center may provide different set of engagement activities, depending on its capacity and the needs and interests of its youth; and (ii) a range of more advanced services geared towards enhanced employability and self-employment opportunities (Employability Services) for a relatively smaller number of beneficiaries, that is, only those who have completed a specific number of integration services credit hours and required hours of volunteering. To better tailor some of these services (and notably training services) to the needs of existing vacancies, the project will establish very close links with employer federations and existing sectoral employment observatories, such as the tourism and logistics employment observatories (currently supported by IFC).

1.2 Support for IYFS Providers

This sub-component will ensure the delivery of IYFS by: (i) providing selected public-owned facilities technical and in-kind support, to enable them to become one-stop shops; (ii) engaging in results-based PPPs with Moroccan NGOs and the private sector ; and (iii) establishing a referral system to services offered by other institutions/agencies at the local level, such as the National Agencies for Vocational Training (OFPPT), ANAPEC, ADS, local employers, and others. This sub-component will also finance an outreach campaign to encourage eligible project beneficiaries to register in the one-stop shops and participate in IYFS. With regards to (i), this sub-component will finance: (a) refurbishment/equipment of existing physical locations; (b) learning platforms and (c) support for human resource development (for example, center managers, counselors, monitoring/IT officers, and others). With regards to (ii), this sub-component will provide financial support to eligible Moroccan private providers and NGOs/CSOs, so that they can in turn provide IYFS and complement the services delivered through the one-stop-shops. This can include the development of training tools and curricula, drawing from international best practices, to be used for integration and employability services. Civil society and public providers implementing and conducting activities for this project component will be selected through a competitive grant mechanism. The involvement of civil society and private sector organizations in the delivery of employment and social services will help address shortcomings in staff and the existing capacity constraints.

1.3 Integration Services for Most Vulnerable Youth

Integration Services for most vulnerable youth will be tailored to adolescents and youth institutionalized in CPCs under the responsibility of the MYS, taking into consideration that the profiles, ages, and situations of young people in this subgroup vary markedly. The project will

finance tailored services to this highly vulnerable youth population, including: counseling, psychosocial support, life-skills development, access to legal services, and information services to promote social and economic reintegration and follow-up through specialized NGOs. A needs assessment of adolescents and youth institutionalized in CPCs will inform the specific modalities of engagement, sequencing of service delivery and referral mechanisms to public services and IYFSs available in their respective communities. The assessment will also clarify areas of collaboration and partnership arrangements with UNICEF and CNDH.

Component II: Institutional Development and Project Management (US\$10 million)

This component supports the MYS capacity to design, implement, monitor, and evaluate cost-effective youth policies, programs and services across the country. It also emphasizes local level capacity building and ownership of local institutions of the new IYFSs model and youth participation in IYFS delivery so as to strengthen sustainability prospects. Specifically, this component will finance several technical assistance (TA) contracts, as well as individual consultants and expenditures supporting project implementation.

2.1 Institutional Strengthening to Deliver Youth Policies and Programs at the National and Local Levels

National level: National-level institutional strengthening will be supported through TA to strengthen (i) national policy implementation capacity; (ii) budget planning and execution; (iii) internal controls; (iv) reporting; and (v) performance management systems, including communication and IT.

Local-level: Local-level institutional strengthening will be supported through TA to improve the local planning, delivery and monitoring of youth services at three levels:

(i) Institutional strengthening for local governments aimed at developing the competencies of public officials on territorial planning and monitoring of youth needs and services in collaboration with relevant private and public entities such as ANAPEC, ADS, MJs, FFs, CPCs, local NGOs, religious institutions, and local youth councils and platforms.

(ii) Capacity building of existing youth facilities aimed at reforming the current centralized management to introduce a youth-led/NGO-led management system to ensure greater youth participation and voice in decision making at the community level. The Fondation Mohamed VI centers, whose management is contracted out to NGOs, offer relevant models for managing youth venues.

(iii) Certification and capacity building for all implementing NGOs, following their preselection for program implementation is aimed at ensuring fiduciary accountability of interested NGOs while reducing the risk of funds mismanagement, a hazard noted in recent studies on NGOs' lack of capacity.

2.2 Project Management

This subcomponent will finance the M&E system, communication campaign, and project management costs, including:

- (i) An integrated M&E framework consisting of (a) the World Bank's Results Framework; (b) a management information system and corresponding database of information containing both the M&E and the case management data of the project; and (c) a continuous process evaluation and impact evaluation to measure a variety of core labor market outcomes and youth inclusion indicators.
- (ii) A communications campaign consisting of: (a) project communication strategy to raise awareness among beneficiaries and the public at large about the project and its various activities, (b) citizens engagement to ensure proper feedback from youth platforms and concerned beneficiaries to seek their recommendations on project design and implementation, (c) interactive communication tool to engage with youth and youth organizations throughout the country.
- (iii) Technical specialized support for project implementation for specific tasks such as procurement, online monitoring and impact evaluation, periodic consultations with youth stakeholders and youth-led NGOs, oversight of safeguards, and regional implementation support.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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	

V. Financing (in USD Million)

Total Project Cost:	65.00	Total Bank Financing:	50.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			15.00
International Bank for Reconstruction and Development			50.00
Total			65.00

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