PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.:PIDA0132790

Program Name	Municipal Support Program
Region	Middle East and North Africa
Country	Morocco
Sector	Social, Urban, Rural, and Resilience Global Practice
Financing Instrument	Program for Results
Program ID	P149995
Parent Program ID	N/A
Borrower(s)	Municipality of Casablanca
Implementing Agency	Municipality of Casblanca
Date PID Prepared	10/13/2017
Estimated Date of Appraisal Completion	10/18/2017
Estimated Date of Board Approval	12/11/2017

I. Country Context

1. **Cities are central to Morocco's future, while confronted with social and economic vulnerabilities**. The share of urban population has increased from 35% to 60% since 1970. Despite higher rural fertility rates (2.7 compared to 1.8 in urban areas), sustained rural-urban migration makes population growth an essentially urban phenomenon. By 2050, 70% of Moroccans will live in cities. Accounting for about 75% of Morocco's total GDP, cities generate positive spillovers for both their surrounding metropolitan areas and the country at large: 80% of total tax receipts and 60% of total employment stem from urban areas. With agriculture's share of GDP declining and subject to climatic variability, Moroccan cities are key to sustaining the country's recent positive economic performance (3.4% average annual GDP growth over 2008-2015 compared to 2.8% in the 1990s). However, cities' role in driving Morocco's socio-economic progress confronts them with mounting challenges. Whilst absorbing rural poverty through in-migration, cities remain plagued by important pockets of poverty (with rural poverty rates currently at 13.9%, compared to 4.2% in urban areas[1]). Roughly 1 million people in urban areas live below the relative poverty threshold (US$1.3 per day) and an additional 2.3 million is economically vulnerable, with higher likelihood of falling into poverty when exposed to shocks. Urban unemployment stands at 14% compared to 3.8% in rural areas.

2. **Cities' shifting importance increasingly ties them to the country's political stability**. In Morocco the Arab Spring reverberated mainly in urban areas, through a series of demonstrations underscoring citizens' demands for improved economic opportunities and public services. Youth unemployment remains an essentially urban phenomenon (36% compared to 8.4% in rural areas)[2]. Local service delivery is marred by a sharp mismatch between municipal mandates and cities' technical and financial capacity, compounded by poor coordination between

[1] Morocco Systematic Country Diagnostic, World Bank, 2017
[2] National Employment Survey, Haut-Commissariat au Plan, 2013

central and local agencies. If left unmanaged, urbanization will further strain urban infrastructure and service delivery, with both economic and political consequences.

3. **The Government's decentralization agenda stems from the recognition of Local Governments' pivotal role in reshaping the social contract in Morocco.** Municipalities' responsibilities put them at the forefront of the interaction between citizens and their administration. Their mandate for the provision of key basic services and infrastructure, taxation, standard administrative services, and the reception and treatment of citizen grievances make them the first point of contact between citizens and public authorities. In providing a framework for increased decentralization, Morocco's 2011 Constitution recognized the role of cities as the key interface between State and citizens. The 2015 Organic Law on Communes confirms cities' primary role in local governance and service delivery.

4. **Strengthening municipalities, both financially and institutionally, is key to allowing them to fulfill their service provision mandate.** Municipalities have seen their autonomy increased by the reforms, but they still face mounting challenges to step up to the task of delivering the infrastructures needed to accommodate the continued increase in urban population. From a financial perspective, it is estimated that cities will need to multiply their current level of investment by five in to accommodate future investment needs. The estimated investment requirements for urban infrastructure in Moroccan cities amounts to around MAD 320 billion (US$34 billion equivalent) over the 2017-2027 period, with an estimated 69% of this - or MAD 22.2 billion (US$2.37 billion equivalent) per year over the ten-year period - to be financed by urban municipalities themselves. In comparison, the total capital expenditure of urban municipalities has stagnated at around MAD 4.5 billion (US$0.48 billion equivalent) per year over the 2009-2015 period, around 20% of the estimated annual investment required from them to provide cities with the infrastructure they need to support improved living standards and economic activity in their territories. Although challenging, the objective of bridging this investment gap can be achieved through realistic improvements in the way municipal revenues and expenditures are managed, and through increased mobilization of commercial financing through borrowing and Public-Private Partnerships.

5. **Recognizing the primary role of Municipalities in local governance and service delivery, the Government launched ambitious integrated urban development plans in Morocco's largest cities.** Integrated urban development plans (*plans de développement urbain intégré*) have been launched for the cities of Rabat, Sale, Tangier, Tetouan, and Marrakech in 2014, and for the cities of Casablanca, and Kenitra in 2015. These plans have been prepared based on participative diagnostics, and involve the formalization of partnerships between the Central Government, Local Governments and other local stakeholders through Memorandums of Understanding (*Conventions Cadres*). All plans include an investment program aimed at improving spatial connectivity, access to basic services, the urban environment, and social inclusion in the respective cities. Beyond investments, the plans also aim at increasing Local Governments' institutional and financial capacity and improving coordination between Central and Local Governments.

II. Sectoral and Institutional Context

6. **As the country's largest city and economic capital generating 20% of the national**

GDP, Casablanca embodies the opportunities of Morocco's urbanization. With roughly 35,000 additional people moving to the city every year, the Greater Casablanca conurbation today concentrates over 12% of the population (4.3 million people, compared to 1.1 million in 1960) on only 0.6% of national territory. As one of Africa's leading financial centers and the core of Morocco's industrial sector (60% of industrial workers and 55% of the country's production units), Casablanca is also the driver of the Moroccan economy's diversification and structural transformation. As the main economic engine of the country, it directly generates one fifth of national GDP, nearly half of the country's industrial production, 55% of total net tax revenues and 40% of secondary sector employment. Its port provides the country's key commercial gateway between Europe and Africa, uniquely placing the city as the logistics node towards further integration in the world economy.

7. **Yet, with entrenched inequality and vulnerability Casablanca also encapsulates the country's social inclusion challenges**. The city is marked by stark inequalities, persistent poverty (about 150,000 people) and vulnerability (450,000 people) equivalent to about 18% of the total poor and vulnerable population of the country. At 0.52, Casablanca's Gini coefficient remains significantly higher than the national average (0.395), and ranks it as the third most unequal city in Africa.[3] A March 2015 survey highlighted the increasing marginalization of groups including widows, the elderly and the persons with disabilities. The housing gap is estimated to reach 500,000 units by 2020, and unmatched housing demand keeps leading to the proliferation of informal settlements.

8. **Casablanca epitomizes Morocco's challenges in terms of generating economic opportunities for its youth.** The Morocco Systematic Country Diagnosis identifies youth unemployment as one of the key challenges facing the country. Morocco counts approximately one million unemployed (9 to 10 percent of the working-age population), the vast majority of whom are young men living in cities. Despite Casablanca's being the country's economic powerhouse, youth unemployment in the city remains high. Over 80% of the unemployed are less than 34 years old, and within the 15-24 age group unemployment has been close to 30% since 2007. Casablanca hosts 784,287 youth who are considered "Not in Education, Employment, or Training" (NEETs) – equal to roughly 11% of its total population and 17% of the total NEET population of Morocco.

9. **Weak financial and institutional capacities prevent the Municipality from answering the growing demands of its citizens.** Despite its acceptable debt/operating income ratio (less than 10%), the financial capacity of the Municipality of Casablanca (*Commune de Casablanca*, CC) remains weak. Both its operating income (about 1000 MAD, or US$100 equivalent, per inhabitant) and its investment expenditures (183 MAD, US$18 equivalent, per inhabitant) ratios are insufficient to deliver on the rapidly increasing demand for urban services. In addition to limiting the investment capacity allowed by the generation of operating surpluses, the city's untapped fiscal potential (estimated at a minimum of US$150 million per year)[4] limits its capacity to attract commercial financing to address the municipal infrastructure gap[5].

---

[3] UN Habitat (2011). Gini figures are calculated here based on consumption. If based on income, the degree of inequality would be even larger.

[4] Charles Riley Consultants International, 2008

10. **Once the main driver of Morocco's growth, Casablanca now risks turning into a key bottleneck**. Over the last decade, Casablanca's contribution to national GDP shrank from 24% to 19%, driven by a relative decline in secondary sector activities (particularly construction) without a commensurate increase in the service sector share. Its growth rate (3.4% between 2004 and 2010) remains lower than the national average. In highlighting the city's weak performance, Morocco's Central Audit Institution (*Cour des Comptes* – CdC) recently noted the need to streamline red tape affecting the enabling environment for entrepreneurship, the city's attractiveness to external investors and the viability and evolution of the city's existing firms, which are largely constituted by small and medium sized enterprises (90% of Casablanca's firms have less than 5 employees), operating mainly in the informal sector (60%). The annual World Bank Doing Business (DB 2017) survey for Morocco also concluded that red tape and lengthy procedures result not only in bottlenecks for business and entrepreneurs, but also in low transparency, encouraging rent seeking behaviors. The World Bank's latest (2013) Enterprise Survey - which measures the perception of businesses in Morocco and in Casablanca in particular – confirms these results. Casablanca based companies point out long, complicated and opaque local procedures due to poorly readable regulations giving discretionary interpretation to a plethora of administrative units, with entrepreneurs identifying corruption as a key constraint to their activity.

11. **Casablanca has become a national priority**. **The city finds itself at a crossroads between being the beacon of urbanization's promises and the example of its multi-faceted challenges** . With increasing global competition, Morocco's largest city has to act resolutely and rapidly to preserve its central position as the country's main growth pole and main window to the world economy. The authorities' renewed attention led to the September 2014 launch of the Greater Casablanca Development Plan (*Plan de Développement du Grand Casablanca*, PDGC) - a US$3.4 billion initiative over six years (2015-2021) aimed at increasing policy and investment coordination between central and local government in the Casablanca agglomeration. In addition to calling on the Casablanca Commune to contribute directly to PDGC investments through own revenues and external borrowing, the PDGC mandates the CC to implement a set of institutional reforms aimed at increasing its financial sustainability, business attractiveness and service delivery capacity.

12. **The proposed Operation would pilot a model for the Government to support Municipalities in addressing their main challenges.** The Government of Morocco (GoM) values the demonstration effect of the integrated package of reforms and investment being supported in Casablanca, and sees it as the pilot for a model that could be replicated in other large cities in Morocco. The model being piloted in Casablanca enables the Municipality to address its key challenges with particular focus on how to a) maximize private investment to help the city close its urban infrastructure gap; and b) reduce intra city disparities in term of access to municipal services.

---

[5] Improved fiscal administration to enhance tax revenues is a key challenge for Morocco's local and central authorities. In a recent report (May 2015) Morocco's Central Audit Institution (*Cour des Comptes* – CdC) highlighted the need to improve local tax collection systems by reinforcing cooperation between the different stakeholders: the National Tax Directorate (DGI), the Kingdom's General Treasury (TGR) and local authorities, reinforcing information system and reviewing performance incentives and responsibilities.

III. Program Scope

The Government program

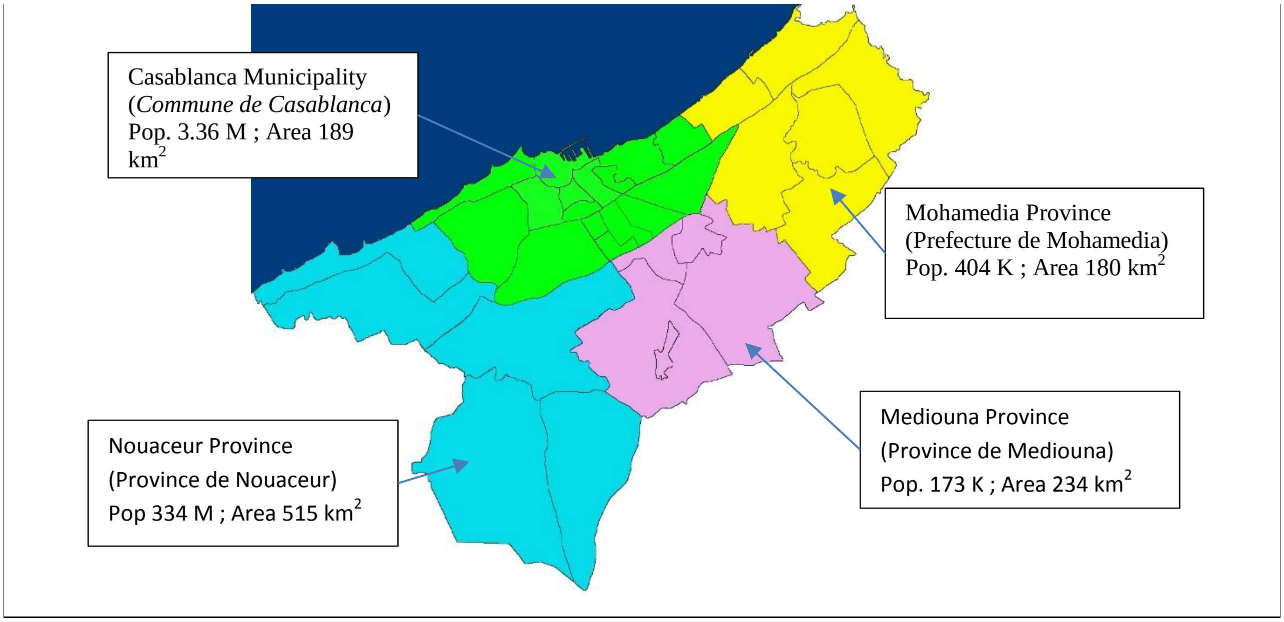
13. **The Greater Casablanca Development Plan.** With a budget of US$3.4 billion (MAD 33.6 billion) and a 6-year overall programming (2015-2021), the Greater Casablanca Development Plan (PDGC) lays out a strategic and integrated investment and reform program for the Greater Casablanca (See. Box 1 for a description of the Greater Casablanca). The PDGC mandates the municipality to implement a series of institutional reforms aimed at increasing its financial sustainability, its capacity to deliver quality services and to attract private investment. In addition to strengthening coordination between central departments and local governments (LGs), the PDGC aligns policy and investment decisions with local needs. Its formulation relied on a six month long participatory process based on the mobilization of several hundred participants. In addition to receiving input from the City Council (*Conseil de la Ville*) and District Councils (*Conseils d'Arrondissements*) members, the deliberations of the nine working groups were shaped by civil society representatives, local entrepreneurs, academics and technical experts.

14. **The PDGC objectives revolve around four Strategic Pillars**: (1) Improving living conditions, especially in the most vulnerable communities, through the upgrading and extension of basic services; (2) Enhancing urban and regional mobility, through the development of public transport and the rehabilitation of key urban roads and associated infrastructure; (3) Promoting the economic competitiveness of the Greater Casablanca through the rehabilitation and development of industrial, logistics and service areas, as well as through the improvement of the business environment; and (4) Developing the city's attractiveness through investments to improve urban safety, cultural and sports infrastructure, as well as green spaces. An initial set of Framework Memorandum of Understanding (MoUs) (*conventions-cadre*) was signed in 2015 with the launch of the PDGC, for a total investment amount of US$33.6 million[6].

Box 1. The Greater Casablanca

Greater Casablanca is constituted of the CC and the surrounding Provinces of Nouaceur, Mediouna and Mohammedia. When the PDGC was formulated, the Greater Casablanca corresponded to the regional subdivision of the Greater Casablanca Region. Following the new territorial division set in place in 2015 to further reinforce the regions as a key level of decision-making, the Greater Casablanca region was replaced by the Casablanca-Settat region, with extended boundaries. The PDGC has kept its initial denomination, initial activities and geographical focus.

[6] See Annex 1 for a detailed presentation of the PDGC Strategic Pillars and the planned investments under the frameworks MoUs.



15. **In addition to investments, the PDGC also mandates the city to implement a set of institutional and financial reforms aligned with the Government's decentralization agenda** and its objective of strengthening municipalities and making them more accountable to their citizens. These include actions to enhance local institutions and governance, strengthen municipal finances and make the municipality more responsive to citizens and private sector demands.

16. **The PDGC relies on a strong inter-institutional cooperation and financing framework.** As is typical in Morocco with any large integrated Government program, the financial commitments behind the PDGC were formalized through the signature of several MoUs amongst central departments, the Casablanca Region and the Municipality. Based on these agreements, the Municipality will finance its share of projected PDGC activities through: (i) its own resources, including both municipal taxes and Central Government transfers from the Value Added Tax (VAT) Special Purpose Account (*Compte d'Affectation Spéciale - Part des Collectivités Locales dans la Taxe sur la Valeur Ajoutée* – CAS TVA); (ii) domestic or external borrowing; and (iii) leveraging commercial financing, including through new PPPs. Since its launch, the overall progress in the execution of the PDGC investments has been satisfactory, and it was estimated in June 2017, that the overall budgetary execution was around 29%. However, the Municipality has been facing difficulties to meet its financial commitments in terms of contribution to the PDGC investments from its capital budget. Through its focus on the financial and institutional strengthening of the Municipality, this operation would address the main existing bottleneck in the PDGC's implementation.

The PforR Program

17. **Program Boundaries:** As a subset of the Government program (the PDGC), the Program is defined according to the following boundaries:

- ***Activities***: The Program finances a subset of the PDGC investments, including technical assistance, transaction advisory services for PPPs restructuring; studies and information technology (IT) systems to support the financial and institutional strengthening of the CC and the improvement of the business environment in the CC, as well as activities to improve the urban space and access to basic services in the Program Area (see Table 2). The estimated budget for the Program activities is US$ 345 million, of which US$ 200 million are expected to be financed with the loan proceeds. The subset of PDGC activities included in the Program has been identified based on the following criteria: (i) the Program activities directly support the achievement of the PDO, (ii) the CC has a clear role in the implementation and the financing of the Program activities

- ***Duration**:* Matching the PDGC programming period, the Program covers the period between January 1, 2016 and December 31, 2021;
- ***Program Area**:* The Program's geographical scope corresponds to the Government program's and includes the Casablanca Municipality as well as the neighboring Provinces of Mohammadia, Nouaceur, and Mediouna. In the rest of this document, this geographical scope is referred to as the Program Area. Casablanca Municipality is fully urbanized and concentrates 3.36 million inhabitants, around 79% of the population of the Greater Casablanca. The rest of the population is spread in the urban and peri-urban areas in the provinces of Mohammadia (9%), Nouaceur (8%), and Mediouna (4%). While most of the Program expenditures will be focused in the CC, the Program will also finance activities in the neighboring and peri-urban areas where investments have a significant impact, including in terms of economic efficiency and benefits (as is the case with mobility investments) and social inclusion (as with investments to improve access to services in disadvantaged neighborhoods). The Program's geographical scope is in line with the geographic scope in which the CC has been mandated to intervene under the PDGC MOUs. The CC has a direct stake in promoting economic efficiency, mobility, and social inclusion at the metropolitan level, and has a lead role – as the largest Municipality in the Greater Casablanca – in promoting and supporting inter-municipal cooperation at the metropolitan level;
- ***Beneficiaries***: Under Results Area 1, the Program activities aimed at increasing the municipality's investment capacity will benefit the entire population of the Casablanca Municipality. Program investments aimed at improving access and quality of service delivery under Results Area 2 (see below) will be particularly targeted to disadvantaged neighborhoods of the Program Area. Under Results Area 3, the Program measures activities at improving the business environment that will benefit all businesses and residents of the Casablanca Municipality.
- ***Accountability**:* The PDGC is an integrated Program which several agencies contribute to under the coordination of the Wilaya. In the case of the Program, the City of Casablanca has the main accountability for implementation and results achievement, with the Wilaya in a supporting role to ensure Program stakeholders' buy-in;
- ***Results**:* Building on the PDGC areas of focus for both investments and reforms, the Program results are organized under three results areas: (1) Increasing municipal investment capacity, (2) Improving the urban environment and access to public services, (3) and Improving the business environment (see below);

Table 1. Program expenditures

Activities	**Estimated Budget**

	(US$ M)
Technical assistance, IT systems, and incremental operating costs for the improvement of fiscal resources management and institutional strengthening of the municipality of Casablanca , including towards the improvement and development of e-government platforms for citizen engagement as well as commercial and administrative services, and support for the development and restructuring of municipal PPP operations	40
Extension of water supply, sanitation, and electricity networks in disadvantaged neighborhoods in the Program Area	25
Repair and upgrading of the urban road network and surrounding areas including traffic lanes, sidewalks, drainage, green spaces, street lighting, buildings and signaling in the Municipality of Casablanca	240
Development of an integrated traffic management system in the Municipality of Casablanca.	40
Total	**345**

18. **Program Results Areas.** The Program objectives are grouped under three Results Areas (RA) described. The allocation of Program financing to the different Results Areas is presented in Table 2.

- ***RA1: Increasing the investment capacity of the Municipality of Casablanca*.** Under RA1, the Program will support measures to increase: (i): the financial capacity of the CC (by expanding the tax base and collection rates, carrying out re-valuation and recovery of municipal assets), and the fiduciary performance of the municipality (by improving the control environment and the effectiveness of financial management and procurement); (ii) the improvement of CC's revenue management systems through the implementation of an integrated information system for local tax administration, an inventory of taxpayers, the operationalization of an addressing framework and the inventory and valuation of municipal assets; and (iii) the mobilization of private investment in municipal infrastructure through new public-private partnerships (PPPs)[7] and tapping into the municipal borrowing market.

- ***RA2: Improving the urban environment and access to basic services in the Program Area.*** The Program will focus on improving the living conditions of the Casablanca population and particularly of the most vulnerable groups through:
  - (i) **improved access to basic services** through the connection of 14,000 households living in selected disadvantaged neighborhoods of the Greater Casablanca to the electricity, water and sanitation networks;
  - (ii) **improved citizen engagement** through the development of effective and transparent grievance redress mechanisms and an e-government platform allowing citizens to access online the main administrative services, such as online birth certificates;
  - (iii) **improved public spaces** through upgrading of the municipal road network

[7] The specific investments financed through these PPPs will be considered outside the boundaries of the Program.

responding to international design standards including requirements for enabling access to persons with disabilities . Investments will include upgrading/building of roads, sidewalks, pedestrian ways, installation of public lighting, road markings and road signs, landscaping of public spaces, green areas management and rehabilitation, and traffic management equipment;

- ***RA3: Improving the business environment in the Municipality of Casablanca.*** The Program will support reforms aiming to promote an environment conducive to business development. The program will support in particular the automation of business procedures, to help improve the interface between entrepreneurs and the administration. This will increase transparency and reduce delays and discretionary power of the administration, which are among the key constraints identified in enterprise surveys and consultations with the private sector. This result area will focus on: building permits and operating licenses (commercial authorizations) which are on the critical path for business to effectively start operating. These procedures are currently being automated by the municipality. The activities supported under the Program will include goods acquisition (software, cloud and computer systems) aimed at accelerating and digitizing business transactions through the automation and dematerialization of the administrative procedures for business licenses and building permits. Through this pillar the ongoing digitalization efforts undertaken by the CC will improve the quality of government to business services, a key challenge for the long-term success of the business environment in Casablanca, and in synergy with the ambitions of Casablanca Smart City in which the C.C is playing a prominent role..

Table 2. Results Chain

Result Area	Inputs	Outputs	Outcomes
1. Increasing the investment capacity of the Municipality of Casablanca	• Technical assistance, IT systems, and incremental operating costs for the improvement of the CC's revenue management systems and other Public Financial Management (PFM) systems. • Technical assistance for the identification and development of PPP transactions.	• Improved PFM systems are deployed. • PPP transactions are identified and structured	• Increased municipal revenues • Private capital is mobilized through PPP transactions
2. Improving the urban environment and access to basic services in the Program Area	• Studies, small and medium works for the extension of water supply, sanitation and electricity networks; • Studies, small and medium works for comprehensive street	• Increased water supply, sanitation, and electricity coverage in selected disadvantaged neighborhoods; • 116 km of street is upgraded	• 14,000 households living in disadvantaged neighborhoods are provided with formal access to water supply, sanitation, and electricity; • urban environment, as

	upgrading • Studies and information systems for improvement of platforms for citizen relationship management	• Platforms for citizen engagement are strengthened	well as pedestrian and vehicular mobility is enhanced in upgraded streets • CC accountability to citizens is increased
3. Improving the business environment in the Municipality of Casablanca.	• Studies and IT systems for the dematerialization of administrative processes for the issuance of urban planning approvals and business licenses	• Administrative processes are dematerialized	• Reduction in time required to process transactions and increased transparency

Table 3. Program Financing ($ Million)

Results Area	**CY 2017**	**CY 2018**	**CY 2019**	**CY 2020**	**CY 2021**	**Total**
RA1	0	26.7	39.7	48.7	10	130
RA2	0	13.4	10.5	24.2	11.4	49.5
RA3	0	10	5	0	0	20
Sub-total – DLI disbursements	0	50	55.2	72.9	21.4	199.5
Front-end Fee to be paid pursuant to Section 2.03 of the Legal Agreement						0.5
Total financing						200

19. **Exclusions.** The Program does not include any activities assessed to have a significant adverse impact on the environment and/or affected people as defined in the Policy and Directives on PforR Financing, nor works, goods, and consultancy contracts above the Operations Procurement Review Committee (OPRC) thresholds. As part of its implementation support, the Bank will screen Program execution to ensure that no high-risk activity is included in the Program to ensure compliance with the PforR policy requirements.

20. **Gender-oriented benefits.** Under result Area 2, improving the urban environment and access to basic services in the Program Area, women in disadvantaged neighborhoods will directly benefit from the extension of water supply, sanitation and electricity networks, and especially women in Female-headed-households. Improved access to water supply and sanitation for those specific households contributes to reduce time, health and care-giving burdens and give women more time for productive endeavours, adult education, empowerment activities and leisure. Convenient access to water and sanitation facilities also increase privacy and reduce risk to women and girls of sexual harassment/ assault when gathering water[8]. Improved access to electricity, and the potential of lighting also appears to free up women's time by increasing their

[8] UN Water, 2006, *Gender, water and sanitation, A policy brief*.

available hours and their efficiency in completing the household chores that typically are their responsibility. This creates possibilities for them to invest more in childcare and housework, increase leisure including reading, participate in social and community activities, and earn income. All of these have the potential to increase women's well-being[9]. Female members of households living in disadvantaged neighborhoods provided with improved access to basic services under the Program will be specifically tracked as a sub-indicator under PDO indicator 3 (Number of households living in disadvantaged neighborhoods provided with improved access to basic services under the Program). Moreover, repair and upgrading of the urban network will incorporate typical safety, security, and universal access features that have a positive impact on women in urban areas, such as improved lighting, road safety grids for dedicated lane.

21. **Role of Development Partners.** IFC has joined forces with the International Bank for Reconstruction and Development (IBRD) during Program preparation, specifically in relation to its urban mobility investments. IFC is expected to support Program implementation by providing advisory services to Casa Transport, the Municipal Development Company (*Societé de Development Local*) tasked by the Municipality to oversee mobility investments under the PDGC. In particular, IFC is expected to support Casa Transport in the development of selected urban mobility related PPPs being considered. The CC has formalized its interest in receiving IFC's support in the structuring of A PPP for the development of two underground parkings, and IFC is expected to support a comparative study of public and private financing options the financing of the planned BRT lines. A joint WBG (IFC-IBRD) Global Infrastructure Facility (GIF) proposal is currently being considered to keep providing advisory support on these aspects during Program implementation, as part of the Program Implementation Support Plan (see Annex 9). The Program's focus on increasing Municipal investment capacity is in line with the priorities of other Development Partners in Morocco. Building on the implementation of the Bank-financed Local Government Strengthening Project (*Projet d'Appui aux Collectivités Locales*), the Bank has convened a coordination group of donors involved in supporting municipal development, including the French Development Agency (*Agence française de Développement* - AFD), the African Development Bank, the European Investment Banque (EIB), and the German Development Agency (*Gesellschaft für Internationale Zusammenarbeit* - GIZ). USAID and GIZ have provided training for local development planning, participatory governance, government transparency, and the organization and management of municipalities. AFD is supporting the Government's proposed reform of Local Governments' financing framework. In Casablanca, AFD and the EIB have contributed to financing the light rail systems. EBRD has expressed interest in coordinating with the Bank during Program preparation and implementation to support specific sector investments. In addition, the Multilateral Investment Guarantee Agency (MIGA) would be able to facilitate the Municipality's access to commercial borrowing through the provision of a risk guarantee, conditioned to the Municipality's credit rating which is part of the Program Action Plan (PAP).

22. ***Citizen Engagement:*** The Program will emphasize local ownership. It already integrated consultations with Program beneficiaries and key local stakeholders upfront during the preparation and will continue to do so during the implementation of the Program. During implementation, citizens will be consulted and included throughout the Program duration

---

[9] World Bank, 2012, *Energy, Gender and development. What are the linkages? Where is the evidence ?* Social development papers.

through a participatory approach that will lay the ground for ownership. Beneficiary feedback will also be mainstreamed at the local level, especially through using ICT platform and tools to strengthen access to information, consultation and inclusive participation, right to petition, appropriated grievance redress mechanisms, as well as monitoring user satisfaction pertaining to municipal utilities;

IV. Program Development Objective(s)

23. **The Program Development Objective (PDO)** is to increase the investment capacity of the Municipality of Casablanca, improve the business environment in the Municipality of Casablanca, and enhance access to basic services in the Program Area.

24. **PDO indicators.** Progress towards achieving the Development Objective of the Program will be measured through three key results indicators:

- PDO Indicator 1: Percentage increase in municipal revenues (excluding transfers from Central Government);
- PDO Indicator 2: Private Capital Mobilized for infrastructure Investments;
- PDO Indicator 3: Number of households living in disadvantaged neighborhoods[10] provided with improved access to basic services[11] under the Program;
- PDO Indicator 4: Reduction in the average number of days required for the issuance of a building permit at the Municipality's one-stop-shop

V. Environmental and Social Effects

25. **A draft Environmental and Social System Assessment (ESSA) has been prepared by the World Bank for the proposed PforR.** The ESSA assessed, against the requirements of the World Bank's Policy and Directives on PforR Financing, the national and municipal environmental and social management systems applicable to the Program. The portfolio of projects to be undertaken was also analyzed to identify potential environmental and social effects. The ESSA was supported by a broad consultation of Program stakeholders and on information collected during on-site visits. The assessment also drew on experience from previous Bank-funded projects in Morocco. The draft ESSA report has been shared with counterparts and will discussed during a consultation workshop to be held in September2017.

26. **The Program's supported activities will have positive social and environmental impacts on the populations living in the city of Casablanca**, through improving:

(i) Living conditions through access to drinking water, electricity and sanitation for 14 000 disadvantaged households living in poor and substandard neighborhoods;

[10] The target neighborhoods are peri-urban informal settlements identified as target neighborhoods under the National Social Development Program (*Initiative Nationale de Developpement Humain*, INDH) which applies a robust targeting mechanism for the identification of disadvantaged neighborhoods. In addition to low levels of access to basic amenities, the target neighborhoods display high rates of economic and social vulnerability.

[11] The beneficiary households will receive formal connections to water supply, sanitation, and electricity from the utility in charge of providing these services in the Program Area (Lydec).

(ii) Living environment through rehabilitation and building of public urban spaces (green spaces, efficient street lighting);
(iii) Urban mobility and safety, mainly for pedestrians including blind persons and people with reduced mobility (appropriate sidewalks and roads, road signs);
(iv) Citizen engagement, through using ICT platform and tools to strengthen access to information, consultation and inclusive participation, right to petition, appropriated grievance redress mechanisms, as well as monitoring user satisfaction pertaining to municipal utilities;
(v) Enhanced access to administrative documents such as birth certificates and administrative authorizations through streamlined online procedures;
(vi) Performance and governance of the municipality, which aims to establish an efficient local administration, delivering better services, and closer and accountable to citizens (including youth, women and vulnerable persons).

27. **Adverse environmental and social risks stemming from the Program's supported activities are anticipated to be low to moderate**. Based on the type, scope and scale of works under this Program, adverse social and environmental effects are expected to be typical construction risks that are site-specific and generally limited to the construction phase. All the activities will be developed inside the urban perimeter where no site of biological or ecological interest will be impacted.

28. **All projects requiring acquisition of private lands will be excluded from the Program**. Physical investments will be systematically carried out within the public domain to avoid temporary or permanent private land acquisition. Remaining resettlement risks to be managed will be limited to temporary restriction of access to sites or to sources of income (such as commercial occupants of public lands and rights-of-way) during the construction phase. To prevent or mitigate these risks, mitigation measures will be implemented, including planning and sequencing of works, alternative access options, information and consultation of affected people, and easy access to appropriate grievance redress mechanisms. These specific mitigation actions will be clearly included in the contractual specifications for private construction work involved in construction works related to Program Activities. In addition, adequate support and/or compensation will be provided prior to the launch of civil works to people affected by temporary loss or temporary restriction of access to income sources or means of livelihood, including non-authorized commercial occupants of public lands and rights-of-way.

29. **Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

VI. Financing

Source	Amount	% of Total
Government	145	**45%**
IBRD/IDA	200	**55%**
Other Development Partners	**-**	**-**

Total Program Financing	345	100%

VII. Program Institutional and Implementation Arrangements

30. **The Program Implementation Arrangements reflect the multi-stakeholder and partnership-based nature of the PDGC Government program, which relies on a close collaboration between actors across three Government tiers - local, regional and national.** The implementation arrangements reflect the following roles and accountabilities:

- *Leadership.* The Casablanca Commune, represented by its mayor (President du Conseil de la Ville), is ultimately responsible for the achievement of Program results. Given the intersectoral nature of Program activities and existing institutional mandates, the CC works in partnership with the Wilaya, to ensure overall Program coordination and the needed support by other entities (see below);
- *Coordination.* As the representative of the Central Government at the regional level, the Wilaya (Regional governorate) coordinates other entities' support provided to the CC in Program implementation, including the de-concentrated services of the national Government mentioned below;
- *Execution.* Given the nature of Program activities and existing institutional mandates, Program execution relies on several agencies. The National Treasury (Tresorerie Generale du Royaume, TGR), and the Directorate General of Taxes (Direction Generale des Impots) contribute to the achievement of results on fiscal management under RA1. The Regional Investment Centre (Centre Régional d'Investissement, CRI) plays a key role, together with the CC, in defining policies oriented towards the improvement of the business environment in Greater Casablanca, notably for results to be achieved under RA3. Implementation of RA3 will be led by the municipality, and executed by Ribatis, a firm contracted by the municipality to help automate building permits and licencing procedures,in cooperation with relevant stakeholders(municipality, borough and Ordre des Architectes). In addition, three municipal development companies (Casa Prestation, Casa Aménagement, Casa Transport), in which both the mayor and the wali enjoy board level representation, act as executing agencies for specific aspects of RAs 1 and 2.

31. **In addition to reflecting the accountabilities above, the Program Implementation Arrangements are designed to ensure joint ownership of the Program by all stakeholders.** The implementation arrangements involve a three-tiered structure including: (i) a Strategic Committee, (ii) a Steering Committee, and (iii) a Program Management Unit.

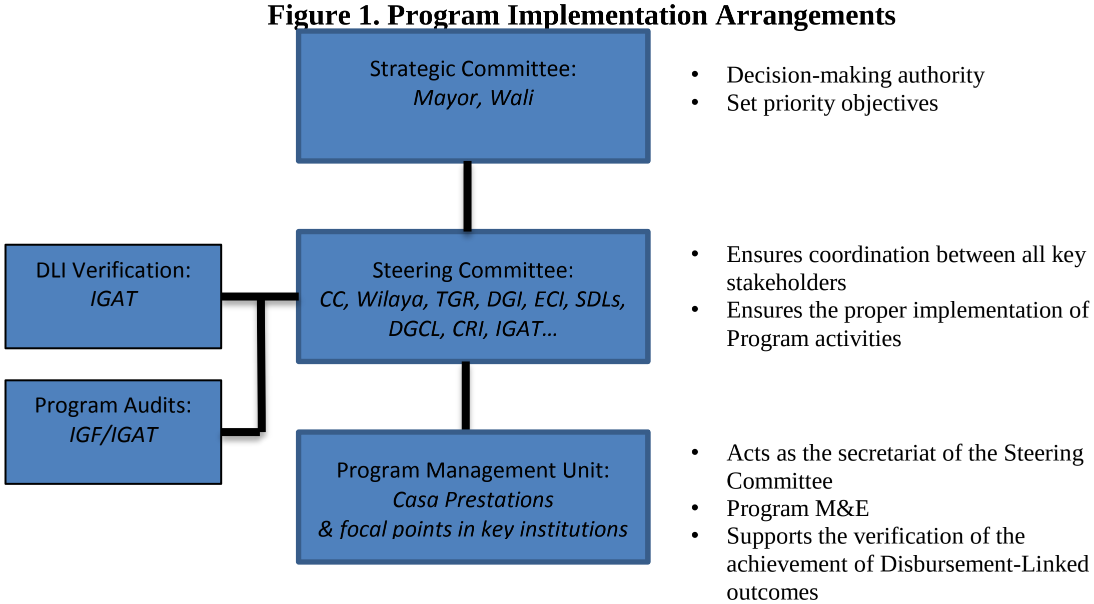
32. **The Strategic Committee (SC)** is the Program decision-making authority, sets the Program's priority objectives and reviews overall Program implementation. The SC is composed of the President of the CC and the Wali of Casablanca, and meets twice a year.

33. **The Steering Committee (Comité de Pilotage – COPIL) is** jointly chaired by the President of the CC and the Wali of Casablanca or their representatives and includes all entities associated to Program implementation (TGR, DGI, CRI, SDLs). In addition to being responsible for Program implementation at an operational level and ensuring coordination among key Program stakeholders, the COPIL oversees overall Program reporting, including the results

verification process, results achievement notification and Program audits. To this effect, COPIL discusses the draft Annual Program Report submitted by the Program Management Unit (PMU, see below). At least once a year, it hosts the General Inspectorate of Territorial Administration (Inspection générale de l'Administration territoriale – IGAT) and the General Inspectorate of Finance (Inspection générale des finances – IGF), two agencies external to the COPIL, for their respective presentation and discussions of the results of the DLI verification process and of the Program audits. COPIL meets quarterly or on an as needed basis.

34. **The Program Management Unit (PMU)** acts as the secretariat of the Steering Committee. Nested within Casa Prestations - one of the SDLs operating in Casablanca – the PMU includes focal points from Program stakeholders. It ensures day to day coordination of the Program's stakeholders; Program monitoring and evaluation (through aggregating the results sent by the various stakeholders involved in its implementation), drafting of annual Program reports; and technical support to the DLI verification process. A MoU between the CC and Casa Prestations is expected to be signed by Project effectiveness, which will mandate Casa Prestations to staff and operate the PMU's core team. Other relevant agencies participating in the COPIL will be required to nominate a specific officer to act as the PMU's focal point.

Figure 1. Program Implementation Arrangements



VIII. Contact point

World Bank

Contact 1: Augustin Maria
Title: Senior Urban Specialist
Email: amaria@worldbank.org

Contact 2: Anastasia Touati
Title: Urban Specialist
Email: atouati@worldbank.org

Borrower/Client/Recipient
Contact: Abdelaziz El Omari
Title: President of the Municipal Council of Casablanca
Email: contact@casablancacity.ma

Implementing Agencies
Contact : Taoufiq Ahmed Naciri
Titre: Directeur General des Services
Email: contact@casablancacity.ma

IX. For more information contact:

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