PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA65319

Project Name	Identity and Targeting Systems for Social Protection Project (P155198)
Region	MIDDLE EAST AND NORTH AFRICA
Country	Morocco
Lending Instrument	Investment Project Financing
Project ID	P155198
Borrower(s)	Kingdom of Morocco
Implementing Agency	Ministry of Interior
Environmental Category	C-Not Required
Date PID Prepared/Updated	14-Aug-2016
Date PID Approved/Disclosed	15-Aug-2016
Estimated Date of Appraisal Completion	27-May-2016
Estimated Date of Board Approval	08-Nov-2016
Appraisal Review Decision (from Decision Note)	The Chair authorized the upgrade of the pre-appraisal to appraisal conditional to: (i) agreement with the government on project areas which should not include disputed territories; and (ii) the satisfactory revision of the points highlighted in the decision note. The team was also authorized to subsequently proceed to Negotiations .

I.   Project Context
Country Context

Reducing inequality and exclusion is a priority for the government of Morocco (GoM). Morocco recently improved its macroeconomic framework. Public finances further improved in 2015 owing to reduced recurrent expenditures and a substantial cut to the fuel subsidy envelope. The country's external position benefited from an improved current account deficit and consolidation of foreign reserves. Moreover, with an average economic growth rate of 4.5 percent during the last decade, poverty has been reduced significantly, from 15.3 percent in 2001 to 4.2 percent in 2014. During the same period, the well-being of the bottom 40 percent of the population grew slightly faster than average, suggesting an increase in shared prosperity. However, Morocco➤(s Gini coefficient improved only slightly in the same period (0.38 in 2014 vs. 0.41 in 2001), reflecting important levels of inequality, notably between urban and rural areas and across different regions.

To continue reducing poverty and inequality, the GoM aims to build a more efficient, equitable, and integrated system of social service delivery. Nearly 15.7 percent of the population (5.3 million Moroccans, of which two-thirds live in rural areas) live under constant threat of falling back into

poverty due to lack of adequate social services in poorer regions and vulnerability to shocks (HCP 2015). The social and political implications of disparities in wealth and social outcomes continue to be of concern to the government. Improving social service delivery and ensuring higher efficiency of social spending constitute two important government priorities to promote equity and social inclusion in the context of the new constitution, adopted in 2011. Indeed, one of the five pillars of the 2012➢(2016 government national program goals was ➢(promoting social programs, guaranteeing equitable access to basic services, and strengthening solidarity and equal opportunities across citizens, generations, and regions.➢(

Sectoral and institutional Context

Traditionally, social expenditures in Morocco have been largely allocated to energy and food subsidies, benefiting mainly the wealthiest households and supply chain networks. Morocco➢(s system of energy and food subsidies, designed to safeguard the poor and vulnerable populations from price fluctuations of essential commodities, has traditionally favored the wealthiest households and the supply chain networks (World Bank 2012). At the same time, and despite important efforts undertaken by the GoM to reform the SSNs, social assistance programs remain limited in scope, fragmented, and poorly targeted. Latest available data for 2013, for example, indicate that the total public expenditures on subsidies (at 4.2 percent of gross domestic product [GDP]) represented 80 percent of all expenditures on social assistance while the budget of the non-subsidy safety net programs was only 20 percent (at 1.1 percent of GDP).

Furthermore, the current system of delivery social safety nets (SSNs) remains largely fragmented. This translates into a burdensome and redundant administrative process that citizens have to cope with to benefit from existing programs. In the case of SSNs in particular, Morocco has introduced, over the years, a multitude of different programs implemented by several sector ministries and agencies (see Angel-Urdinola et al., 2015). Coordination across institutions remains very scarce, the mandates of institutions usually overlap, different public institutions and agencies provide similar programs, and collaboration between programs at the central and local levels remains limited. Other middle- and high-income countries may face similar fragmentation and complexity, but the costs of such fragmentation tend to be compensated by robust management information systems (MISs) that help identify existing and potential beneficiaries and allow connections between different public programs. In the case of Morocco, such bridges are still nonexistent.

The lack of a robust system to target the poor population and to assess their identity are factors that undermine subsidy reform. The GoM fully completed the decompensation of liquid fuels (fuel, gasoline, and diesel) in December 2015. Such reform contributed to decrease expenditures in subsidies from 4.6 percent of GDP in 2013 to 1.4 percent in 2015. This reform was achieved with success as these subsidies manly accrued to the richest segments of the population. However, pursuing further reforms seem more complex. While The GoM has announced its intention to liberalizing sugar, wheat, and butane prices, doing so is likely to have serious poverty and social implications as these goods constitute a substantial part of the budget of poor and middle class households. Moreover, assessing the identity of poor individuals (especially children) is complex in Morocco since the country does not have a universal identity program (see World Bank, 2015). This gap undermines the possibility to introduce targeted cash transfers; which require robust systems of identity verification; especially to develop secure payments methods. Lack of reliable mechanisms to assess the identity and the socio-economic status of individuals living in households that would need to be compensated after the implementation of these reforms has contributed to

delay the decision to take subsidy reform forward.

The GoM intends to improve targeting and integration of available SSNs. Morocco has recently introduced three flagship SSNs targeted to the poorest segments of the population : (a) the RAMED program, a noncontributory health insurance, benefiting about 8.5 million individuals in 2015; (b) the Tayssir program, an education conditional cash transfer (CCT) benefiting about 850,000 children in 2015; and (c) the DAAM program, a cash transfer program for widows in precarious situations and who take care of orphan children. While these programs are intended to reach the poor, analysis has shown that a significant share of resources reaches non-poor households and many poor households are excluded from these programs.

The GoM also envisions to extend coverage of the population whose identity can be verified by the administration. Social assistance programs in Morocco have their own identity systems and databases, most of which are not interoperable with each other and/or with other databases and often include phantoms, errors, and duplicates (World Bank 2015). Many individuals, especially the poor, find it hard to register in available SSN programs as the requirements needed to prove their identity are complex. Despite substantial efforts to develop a national identity card, the card excludes the population under 18 years, adults in remote areas, and has a cost of emission that may render it inaccessible for the poor (World Bank 2015). For individuals without a national identity card, the birth certificate is often the main document required by social programs to verify an individual➢(s identity. The civil register is not yet digitized, so citizens are required to provide a paper copy each time they submit an application to be considered in a social program. This complex ID ecosystem results in a heavy administrative burden for potential program beneficiaries, who often interface with several different public sector agencies that work in silos and require burdensome compilation of documents to prove identity. Given such gaps, the GoM wished to extend the coverage of the population whose identity can be verified to better assess their eligibility to available SSNs and to improve interoperability across different information systems of social assistance programs.

After high level political endorsement, the GoM requested the Bank technical and financial support to improve targeting and efficiency of expenditures on SSNs. Since November 2013, the GoM, with support from the World Bank, engaged in a broad process of technical consultations to assess the technical and political feasibility to improve the targeting and efficiency of expenditures on the flagship national SSNs, notably RAMED and Tayssir. With support from the programmatic Social Protection Reform Technical Assistance (SPR-TA) program (P133498), two flagship reports were launched in order to assess policy options to achieve the government➢(s aforementioned objectives. Recommendations in both reports indicated that a first step to develop a more efficient and equitable system of service delivery for SSNs in Morocco would be to develop information systems capable to reinforce the capacity of the administration to (i) better target and (ii) assess the identity of individuals benefiting (or seeking to benefit) from available SSNs. These recommendations were widely disseminated, consulted, and accepted by high-level decision makers (both at the technical and policy levels) as well as by non-governmental partners.

As a result, in March 5, 2015, the GoM requested the Bank technical and financial assistance to develop (i) a universal identity program through the development of a National Population Register (NPR) with a UIN; (ii) an integrated and performing targeting system through the development of a Social Register (SR); and (iii) the institutional, legal, and operational frameworks necessary to assure the proper use and sustainability of these new systems. To accompany this request, and as

testimony of strong technical and political ownership to the reform, the GoM decided to form, under the leadership of Ministry of Interior, a high level steering committee and two technical committees (one for the NPR and for the SR) to closely accompany the preparation of this project.

➤(¢   The National Population Register (NPR) is a comprehensive database of all individuals who have the right to reside in a country (all individuals having the country➤(s nationality irrespective of their place of residence as well as foreign residents legally in the country). Each individual in the register is represented a single time and is assigned a UIN. The NPR serves as a backbone for identity attribution and verification and can be used by all existing registries and social programs to ensure ID unicity and veracity and to facilitate the security and transparency of transactions (such service monitoring as payment of social benefits). Interoperability is ensured by using the UIN as the linking ➤(key➤(across different databases.

➤(¢   The Social Register (SR) is an information system used as a point of entry/registration for applicants of different social programs to collect and cross-check their socioeconomic information as well as that that of their household. Beyond screening households (or individuals) for eligibility of benefits and services, the SR is a powerful administrative tool that allows for monitoring, data mining, and business intelligence in relation to the design, implementation, and administration of social programs. The SR can be used for a single program or multiple programs or ➤(integrated bundles➤(of benefits and services. The development of the social registry, which will also be the basis for revising targeting methods of social programs, will allow the government to provide more effective support to the poor and vulnerable population of the country and reduce implementation errors and fraud and promote savings to the administration.

II. Proposed Development Objectives

The project development objective (PDO) is to expand coverage of a unique identifying number and improve targeting of social safety nets in the project area.

III. Project Description

Component Name

Development of a National Population Register (NPR) with a Unique Identifying Number (UIN)

Comments (optional)

This component will provide technical and financial support to (i) develop and update the NPR➤(s information system (architecture, software, hardware, interoperability protocols, data collection/ update, data quality, and the integration of the UIN into the MIS of selected social programs/ services) (sub-component 1.1); (ii) attribute a UIN to the population (sub-component 1.2); and (iii) establish the institutional arrangements necessary to oversee the utilization and sustainability of the NPR➤(s while assuring assure data privacy and confidentiality (sub-component 1.3).

Component Name

Development of a Social Register (SR)

Comments (optional)

This component will consist of providing technical and financial support to the Government of Morocco to (i) develop, feed, and update the SR➤(s information system (architecture, software, hardware, operation manuals, and household registration, among others) (sub-component 2.1); (ii) establish a legal framework for the SR as functional entry point for SSNs (sub-component 2.2); and

(iii) assure the transition of beneficiaries of RAMED, Tayssir, DAAM into the SR (sub-component 2.3).

Component Name
Project Management, Capacity Building, and Monitoring and Evaluation
Comments (optional)
This component will use a traditional investment financing approach and will support project management and ensure that the project is successfully and efficiently implemented in conformity with the Loan Agreement and the Project Operational Manual (POM). It will provide technical and financial support to the government to undertake the following tasks: (a) project management (including institutional capacity building and training); and (b) the design of an integrated information system for M&E. The component will also finance incremental operational costs resulting from day-to-day activities of the Project Implementation Unit (PMU).

IV. Financing *(in USD Million)*

Total Project Cost:	100.00	Total Bank Financing:	100.00
Financing Gap:	0.00		

For Loans/Credits/Others	Amount
Borrower	0.00
International Bank for Reconstruction and Development	100.00
Total	100.00

V. Implementation

The MI will be responsible for project implementation, through (a) an Inter-ministerial Steering Committee (IMSC), (b) a Project Management Unit (PMU), and (c) two technical committees (one for the NPR and one for the SR). In order to prepare the project➢(s readiness for implementation, the satisfactory establishment of these arrangements will need to be evidenced before negotiations.

IMSC. Given the importance and complexity of the reforms supported under the project, a high-level IMSC will be established through an inter-ministerial Memorandum of Understanding (MoU). The IMSC will be headed by the secretary general of the MI and composed of the secretary generals of the following ministries: Ministry of Economy and Finance (MEF); Ministry of Health (MoH); Ministry of Solidarity, Women, Family, and Social Development (MoSWFSD); Ministry of National Education and Vocational Training (MNEVT); Ministry of General Affairs and Governance (MGAG); and the High Planning Commission (Haut Commissariat au Plan, HCP). The MoU will also specify the terms of reference for the IMSC whose role will be to (a) ensure consistency of project activities with sectoral policies; (b) review and validate technical, institutional, and regulatory proposals for the design and the implementation of the project; (c) validate annual programs and follow their progress as well as the implementation of project activities; (d) examine difficulties in project implementation and propose appropriate solutions; (e) take measures to ensure effective project implementation; and (f) oversee the institutional communication of the project. In the medium-term (2 to 3 years after the project if launched), the government will consider the possibility of including private sector stakeholders in the IMSC, notably utility companies and Banks (i.e. stakeholders are likely to benefit from the roll out of a robust / universal identity and identification program).

PMU. A PMU will support project implementation. The PMU will be in charge of the overall coordination of project activities and the day-to-day management of the project, including all fiduciary aspects and project monitoring and reporting. It will report to the IMSC and will ensure the coordination across technical committees. The PMU will be composed of civil servants from various departments of the MI and will be strengthened by specialized consultants to support technical and fiduciary activities. The PMU will have a project manager to oversee the development of the NPR and a project manager to oversee the development of the SR. Initially, the project managers of the SR and NPR and their teams (under the supervision of the DSIC) will manage the development of the both information system. If the National Agency of Registers (NAR) does not materialize, the SR and NPR will be managed by the DSIC under the supervision of the General Secretariat of MI. Initially, the project manager of the NPR and his team will be in charge of managing the dataset of the NPR and of the attribution of a NIU to the population. Such roles are expected to be transfer to the NAR once it becomes operational.

Technical committees. An inter-ministerial MoU (one for component 1 (NPR/UIN) and one for component 2 (SR)) will be signed to formalize the two technical committees that have been working with the Bank team in the preparation of the project. The technical committee for the NPR/UIN is composed of representatives from different directorates within the MI (National Security, Local Communities, and Information Systems) and the department of MNEVT in charge of information systems. The technical committee for the SR is composed of representatives from the MI (General Secretariat and the Department of Information Systems) as well as representatives of other sectoral ministries (HCP, MoH, MNEVT, and MoSWFSD). Their tasks include the (a) preparation of road maps with activities for the design and implementation of the technical components of the project; (b) elaboration of technical tools for their implementation; (c) ensuring coordination and coherence of activities undertaken under Components 1 and 2; (d) review and evaluation of studies and consultancies; (e) oversight for the preparation of required technical specifications for equipment and labor (hardware and software) to be acquired through the project; and (f) execution of annual work programs and monitoring of their progress. Both technical committees will regularly report to the PMU.

DLI verification: Verification of progress towards achieving the program objectives and DLIs will be reviewed and assessed by the General Inspection of the Territorial Administration (IGAT) according to the compliance protocols described in detail in Annex 2. Verification/audit reports will need to be satisfactory to the World Bank team; who can request (as needed) additional information and clarification before authorizing disbursements.

Implementation support will be provided by the Bank throughout the project➤(s lifetime. Support will include regular supervision missions and a detailed midterm review mission about two years after project effectiveness. The midterm review mission will, among other things, analyze progress toward achieving the main result indicators and determine where adjustments are needed.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		✖
Natural Habitats OP/BP 4.04		✖
Forests OP/BP 4.36		✖
Pest Management OP 4.09		✖

Physical Cultural Resources OP/BP 4.11		✗
Indigenous Peoples OP/BP 4.10		✗
Involuntary Resettlement OP/BP 4.12		✗
Safety of Dams OP/BP 4.37		✗
Projects on International Waterways OP/BP 7.50		✗
Projects in Disputed Areas OP/BP 7.60		✗

Comments (optional)

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