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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 23-Oct-2024 | Report No: PIDIA00869

**BASIC INFORMATION****A. Basic Project Data**

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Morocco	MIDDLE EAST AND NORTH AFRICA	P504398	Morocco Second Identity and Targeting for Social Protection Project
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	02-Sep-2024	30-Oct-2024	Social Protection & Jobs
Borrower(s)	Implementing Agency		
Ministry of Economy and Finance	Ministry of Interior		

Proposed Development Objective(s)

The PDO is to expand coverage of the Digital Civil and Social Identifier (DCSID) for the Moroccan population and foreign residents and strengthen the NPR and SR inclusion, including in rural, remote areas, to improve the targeting of Social Protection programs in the project area.

Components

Strengthening and Extending Coverage of the NPR and the Operationalization of the NRA
Expanding and Enhancing the SR System
Project Management, Capacity Building, and Monitoring and Evaluation

PROJECT FINANCING DATA (US\$, Millions)**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

SUMMARY

Total Operation Cost	60.00
Total Financing	60.00
of which IBRD/IDA	60.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	60.00
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Environmental And Social Risk Classification

Moderate

Decision

B. Introduction and Context

Country Context

1. Morocco has made significant strides in sustainable development and has been a beacon of progress since 2000. Its ambitious social protection and health reforms have made public spending more equal and expanded the protection of citizens against various risks. The country's political stability, large public investments, and institutional and sector reforms have further bolstered its development. Between 2019 and 2000, accelerated economic growth has led to a significant increase in income and a sharp decline in the national poverty rate. Extreme poverty was close to being eradicated, with a national poverty rate of just 1.7 percent.¹ The increased economic growth in Morocco has improved life expectancy and access to basic public services and paved the way for significant public infrastructure development.

2. However, over the past few years, Morocco has had to face challenges, including the impact of inflation and climate change. These factors are expected to significantly affect future economic growth and shared prosperity, directly impacting the poor, vulnerable, and rural households. The COVID-19 pandemic led to the first recession in over two decades, with reduced economic activity, disrupted supply chains, and decreased demand for local goods and services. Inflation has also affected trade in 2022, leading to greater Gross Domestic Product (GPD) fluctuations and a slower economic recovery. Morocco's climate-related risks, such as drought, pose a significant threat to its economy. Since 2019, final consumption expenditure per capita has remained stable, and inactivity rates in labor markets have continued to rise, particularly for women and youth. Unemployment reached a historical high in the first quarter of 2024 at 13.7 percent nationally. Consecutive years of drought led to significant job losses in agriculture². Rainfed agriculture, which covers 80 percent of the country's cultivated area and represents a third of the workforce, has been severely impacted by successive droughts, leading to significant job losses and food price increases, disproportionately affecting poorer vulnerable and

¹ Official Haut-Commissariat au Plan's (HCP) rate, based on the *Enquête Nationale sur les Sources de Revenus* (ENSR) 2019. The World Bank calculations based on data from the Household Consumption and Expenditures Survey 2013/14, HCP, and updated using quintile growth from ENSR 2019, indicate a 3 percent rate.

² Agriculture represents one-third of the labor force.



rural households³, including farmers. It is worth noting that the 2011 Constitution provided further reform impulse, resulting in concrete measures to reduce public spending and expand the protection of citizens against several risks. Most petroleum price subsidies were phased out between 2012 and 2015. Implementing an adaptive and better-targeted social protection system will be a more cost-effective tool in complementing the Government of Morocco (GoM)'s reform efforts and mitigating these economic and environmental shocks.

Sectoral and Institutional Context

3. Morocco has embarked on a comprehensive and ambitious reform program for the whole social protection sector and has made significant headway in implementing it. The reform strategy⁴ capitalizes on Morocco's achievements in developing and implementing the National Population Registry (NPR) and the Social Registry (SR), particularly in rural and remote areas. These strategic registries lay out the foundation of the overall social protection reform. They are the basis of an integrated and adaptive social protection system. During his speech to the nation in 2018, the King emphasized the need for a harmonized and integrated social protection system, which contributed to creating a targeting system with a unified social registry at its heart. Moreover, the experience with emergency cash transfers during the COVID-19 crisis underscored the urgency and feasibility of implementing this system. The Ministry of Interior (MoI) accelerated the implementation of the NPR-SR by encouraging the poor and vulnerable to enroll, thereby evaluating their potential eligibility for social programs. After the successful pilot phase, the MoI launched at the end of 2022, a strategy to accelerate the generalization of the NPR-SR, aligning it with the implementation schedule of the broader social protection reform. In December 2023, just two years after the launch of the pilot, nearly 50 percent of the total population was enrolled in the NPR and more than 40 percent in the SR.⁵

4. In December 2022, the health insurance scheme for the poor and vulnerable RAMED⁶ was replaced by a new non-contributory pillar of the mandatory health insurance regime (AMO⁷). This new non-contributory pillar, called AMO-TADAMON ("solidarity" in Arabic), harmonizes benefits and coverage parameters with the contributory pillars of AMO. It is also the first social protection program that utilizes the SR scoring system based on a Proxy-Means Test (PMT) formula. The new system is expected to improve the identification and targeting of the poor and vulnerable population.

5. The GoM also launched the Direct Social Benefit (DSB) program in December 2023. This program will cover up to 60 percent of the population, improve human capital, sustain growth, and enhance resiliency to shocks. About five (5) percent of Morocco's GDP is spent on Social Safety Net (SSN) programs, which include thirteen (13) cash or in-kind transfer programs targeting poor and vulnerable households. The overall social assistance system was initially complex, fragmented, and hindered by overlap. While these programs represent only 12 percent of the total spending on SSNs, more than two-thirds of this spending finances regressive consumer subsidies for liquified petroleum Gas (LPG), sugar, and flour.

6. The DSB program will capitalize on the NPR and Social Registry (SR) as efficient tools to correct these challenges. The successful implementation of the NPR and the SR relies on substantial technical and legal achievements⁸. The NPR

³ Morocco Economic Monitor, World Bank Summer 2024.

⁴ The reform strategy envisions gradually building and improving an integrated social protection system that protects people against potential risks by: (i) harmonizing and regrouping existing social protection programs to create more efficiency and effectiveness; (ii) progressively expanding the coverage of programs; and (iii) prioritizing and reforming contributory social protection programs.

⁵ SR data, December 2023.

⁶ Régime d'assistance médicale.

⁷ Assurance maladie obligatoire.

⁸ Law no. 72-18 and the three implementing decrees on the NPR, the system's unique identifier called the Digital Civil and Social Identifier (DCSID), the SR, and the NRA, developed with the World Bank support, provide a solid legal and institutional framework to use the NPR-SR as a single-entry point to all existing and future social programs.



provides a trusted and verifiable source of identity for onboarding into the SR, and its design incorporates services such as digital authentication and electronic “know-your-customer” (eKYC) services. These new services contribute to extending the usefulness of the system and establish the basis for a modern, digital platform for citizens and residents to verify their identity in a remote and paperless form when accessing social services and benefits.

7. The proposed operation will build on the first Identity and Targeting for Social Protection project (P155198) and continue improving and expanding the NPR, the SR, and the National Registry Agency (NRA), improving the efficiency of the identification and targeting tools to tailor social services to individuals and households’ needs while laying the foundations for an innovative and adaptive social protection system in Morocco.

Relationship to Country Partnership Framework (CPF)

8. The proposed project is aligned with the strategic objectives of the World Bank Group, Morocco’s CPF (2019-2025) (Report No. 131039-MA) – discussed by the Board of Executive Directors on February 19, 2019 – which was revised through the Performance and Learning Review (FY19-FY22) of July 26, 2023 (Report No. 184047-MA). More specifically, it is aligned with CPF objective 7 “Strengthening social protection for the poor and vulnerable” under the second Pillar, “Strengthening human capital⁹,” and the PLR cross-cutting themes, “gender, digitalization, and territorial development.”

C. Proposed Development Objective (PDO)

Development Objective(s) (From PAD)

9. The PDO is to expand coverage of the Digital Civil and Social Identifier (DCSID) for the Moroccan population and foreign residents and strengthen the NPR and SR inclusion, including in remote, rural areas, to improve the targeting of Social Protection programs in the project area¹⁰.

Key Results

10. The PDO will be monitored through the following PDO-Level Indicators:

- Population in the project area to whom a DCSID has been attributed (of which at least 50 percent are female)
- Persons with disabilities in the project area to whom an DCSID has been attributed
- Beneficiaries of SSN programs
 - a. Number of Individuals registered in the SR in the project area with updated welfare scores
 - b. Numbers of beneficiaries of social protection programs in the project area with updated benefit information in the SR

D. Project Description

11. The proposed project builds on the first Identity and Targeting for Social Protection project to improve the

⁹The CPF, following its revision through the PLR, is structured around three strategic focus areas: (A) Promoting Job Creation by the Private Sector; (B) Strengthening Human Capital; and (C) Supporting the Climate Transition. It also includes governance and citizen participation as its foundational pillar and integrates three cross-cutting themes on gender, digital technology and territorial development.

¹⁰ “Project Area” means the Borrower’s regions, provinces, and municipalities listed in the Project Operations Manual.



effectiveness of the NPR and SR and will also support the Government's strategy to implement an adaptive and dynamic social protection system.

The proposed project will comprise four components:

Component 1: Strengthening and extending coverage of the NPR and operationalizing the NRA

12. **This first component will continue to support the national rollout of the NPR as an innovative, paperless, and inclusive identification tool to facilitate access to social protection programs, including access to benefits and financial services. Obtaining a DCSID is part of the application for SSN programs and will be optional for the rest of the population.** The NPR provides a means for accurately identifying and digitally authenticating individuals. It collects, registers, and stores biographic and biometric identity data and issues a DCSID on demand for the Moroccan population, including minors, newborns, and non-nationals living in Morocco. It will also provide reliable information on the citizens' residential location, improving the Government's ability to identify and reach individuals and households that might be adversely impacted by climate-related shocks quickly and efficiently, such as flooding, severe storms, and extreme heat, therefore allowing households to recover more rapidly. In the long term, the NPR and the SR could be instrumental in implementing and tracking sustainable development programs that aim to enhance the resilience of communities against recurrent environmental shocks. In addition, the NPR national rollout will enable SSN programs to transition to digital processes, minimizing paper-based procedures and the required travel time to complete the phases associated with the delivery chain of social protection programs and services, thereby contributing to reducing the carbon footprint.

13. **The activities of this component will also entail providing technical and financial support and contributing to the NRA operationalization.** They include the transfer of capacities from the responsibilities of the MoI to the NRA, the elaboration and extension of the legal framework, and the establishment of governance agreements with programs and other actors that rely upon the NPR-SR. The NRA operationalization will guarantee the sustainability of project efforts since the Agency will play a vital role in ensuring that the population perceives and associates the NPR and SR with access to assistance and social services.

Component 2: Expanding and enhancing the SR System

14. **This second component will support the expansion and strengthening of the SR system to improve social inclusion, control and data quality, security, and privacy.** The strengthening of the SR system activities will be guided by international good practices but tailored to Morocco's specificities towards transforming the social protection system into a modern, adaptive, and digital system. Through its digital enrolment process and interoperability platform, the SR promotes the implementation of an on-demand social protection system. It is designed to be flexible and responsive to changing circumstances, such as those arising from environmental or economic shocks. This component will also include activities to evaluate and revise the current welfare ranking system that helps further improve the targeting performance of selected user programs that use the SR system to support their eligibility criteria application. It will allow real-time collection, updating, and retrieval of data on individuals and households. Moreover, integrating beneficiaries' feedback from social protection programs into the SR will foster a more coordinated approach to service delivery and help identify overlaps, gaps, and opportunities for synergies across the social protection system. The SR will, therefore, become an instrumental tool to support adaptive risk management by providing real-time data on the changing socioeconomic conditions of individuals and households. This information could be valuable for adjusting social protection programs and allocating resources based on the affected population's evolving needs.



Component 3: Project Management, Capacity Building, and Monitoring and Evaluation

15. **This third component will finance management, implementation, and monitoring activities to ensure it is successfully and efficiently implemented.** The activities of this component will finance the establishment of the MOSIP¹¹ Excellency Center to develop good skills and promote management while guaranteeing the system's continuous evolution in Morocco and other countries using the same technology. It will also finance incremental operating costs and expenditures incurred by the Project Management Unit (PMU) to implement the project and develop an integrated Monitoring and Evaluation (M&E) system and a big data and business intelligence system.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

16. The environmental and social risk rating is considered moderate. The project will not support any civil works nor land acquisition and/or resettlement. Potential negative impacts are expected to be negligible or minor, temporary, and fully reversible. The project will bring mostly positive social impacts by providing digital IDs to the entire Moroccan population including foreign residents as well as providing poor and vulnerable households and individuals greater access to social services. Certain groups, such as illiterate individuals, those who are digitally illiterate, or those without internet access, may face potential exclusion from benefits. The risk of exclusion can be further exacerbated by inefficient or inadequate public communication efforts. In addition, there is a potential risk of breach of personal data. Environmental risks are related to the usage of electronic devices (mobile units) that could generate e-waste, and/or their improper disposal. The relevant Environmental and Social Standards (ESSs) are ESS1 (Assessment and Management of Environmental and Social Risks and Impacts), ESS2 (Labor and Working Conditions), ESS3 (Resource Efficiency and Pollution Prevention and Management), ESS4 (Community Health and Safety), and ESS10 (Stakeholder Engagement and Information Disclosure). The staffing of the PMU will include one (1) dedicated Environmental and Social focal point to ensure adequate management of E&S risks. Mitigation measures to address risk of exclusion are already being implemented noting that nearly 1,600 Citizen Service Centers (CSC) available throughout the territory were mobilized and equipped to enroll citizens. The MoI has also deployed mobile units and satellite connection equipment to facilitate the enrollment of people living in isolated areas, seriously ill people, or people with disabilities. To mitigate residual potential risks of exclusion, the Borrower has prepared and disclosed a Stakeholder Engagement Plan (SEP) which will be implemented including comprehensive communication and engagement strategies and a project grievance mechanism. In addition, the Environmental and Social Commitment Plan (ESCP) includes commitments related to the (i) ESS2 gap-filling measures, (ii) presentation of reports on stakeholder consultation and engagement activities in each bi-annual report on E&S management and ESCP implementation, and (iii) provision of ESF-related training to project workers and stakeholders as relevant, including on stakeholder engagement, violence against women and children, workers' codes of conduct and grievance mechanisms. Mitigation measures related to data privacy and protection are part of the project

¹¹ Modular Open-Source Identity Platform, which embeds data protection by design and, by default, features for enrollment, deduplication, and authentication.



design. Environmental risks are mitigated by the small size of the mobile units, which are managed by trained operators and the use of software installed on existing IT equipment.

E. Implementation

Institutional and Implementation Arrangements

17. This operation will keep the same implementation arrangements as the first Identity and Targeting for Social Protection project (P155198). During the preparation and implementation of the first project, the Inter-ministerial Steering Committee (IMSC) was created and maintained to ensure coordination between the different stakeholders and approval of strategic decisions related to the design and implementation of the NPR and SR. The PMU was established under Decision No. 6450, dated September 8, 2016, and the technical committee for the NPR was set up by the Inter-ministerial agreement dated December 1, 2016. Therefore, the MoI will be responsible for implementing the project through an IMSC, a Project Director, a Project Management Unit, and two technical committees, one dedicated to the NPR/DCSID and one dedicated to the SR.

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APPROVAL

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