



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 19-Apr-2023 | Report No: PIDA35726



**BASIC INFORMATION**

**A. Basic Project Data**

Country Morocco	Project ID P180741	Project Name Morocco COVID-19 Social Protection Emergency Response Project Additional Financing	Parent Project ID (if any) P172809
Parent Project Name Morocco COVID-19 Social Protection Emergency Response Project	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 19-Apr-2023	Estimated Board Date 08-Jun-2023
Practice Area (Lead) Social Protection & Jobs	Financing Instrument Investment Project Financing	Borrower(s) KINGDOM OF MOROCCO	Implementing Agency Ministry of Economy and Finance

Proposed Development Objective(s) Parent

Mitigate the negative impacts of the COVID-19 crisis by providing emergency cash transfers and guaranteeing access to and strengthening cash transfer programs to support poor and vulnerable households.

Proposed Development Objective(s) Additional Financing

Mitigate the negative impacts of the COVID-19 crisis by providing emergency cash transfers and improving access and coverage of social protection for poor and vulnerable households.

Components

- Emergency Cash Transfers in Response to COVID-19
- Improve and modernize CT programs to protect human capital
- Enhanced Cash Transfer and social programs for resilience
- Contingency Emergency Response
- Protect the poor and vulnerable against health risks

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	250.00
<b>Total Financing</b>	250.00
<b>of which IBRD/IDA</b>	250.00



Financing Gap	0.00
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**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	250.00
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Environmental and Social Risk Classification

Substantial

Other Decision (as needed)

**B. Introduction and Context**

**Introduction**

**This proposed Additional Financing (AF) in the amount of US\$250 million equivalent is a scale-up of the Morocco COVID-19 Social Protection Emergency Response Project (P172809) (The parent project).** The AF will restructure the activities of the parent project to further support the design and implementation of the social protection reform in Morocco. The parent project is financed by a US\$400 million IBRD loan. It was approved on December 3, 2020 and became effective on February 8, 2021. Its development objective is to “Mitigate the negative impacts of the COVID-19 crisis by providing Emergency Cash Transfers (ECTs) and guaranteeing access to and strengthening cash transfer programs to support poor and vulnerable households.” It consisted of four key components to accompany the social protection initiatives of the Government of Morocco (GoM) to provide relief from the impacts of the pandemic on the population and support the design of Morocco’s universal Family Allowance (FA) program, and a stronger and adaptive safety net. As of April 2023, the parent project made considerable progress toward achieving its development objective and has disbursed US\$245 million, representing 61 percent of the project’s total loan amount.

**Country and Sectorial Context**

**The COVID-19 pandemic, climate-related shocks, and the ongoing conflict in Ukraine have all had significant impacts on the Moroccan economy, hampering its recovery following a recession in 2020.** The pandemic led to reduced economic activity, disrupted supply chains, and decreased demand for Moroccan goods and services, particularly in tourism. Climate-related shocks, in particular droughts, have also affected the agricultural sector, leading to reduced productivity and higher production costs. Furthermore, the ongoing conflict in Ukraine has impacted global energy prices affecting Morocco's energy imports and increasing its energy costs. All these factors have contributed to the slowdown of Morocco's economic recovery, creating challenges for reducing



poverty in the country. Real Gross Domestic Product growth dropped from 7.9 percent in 2021 to an estimated 1.2 percent in 2022.

**Morocco has launched a comprehensive reform program of the whole social protection sector.** The King announced the reform of the social protection system on July 29, 2020, during his annual speech on the anniversary of his accession to the throne. In April 2021, this call for reform was translated by the GoM into the Social Protection Framework Law (Loi Cadre 09-21). The reform strategy envisions gradually building and improving an integrated social protection system that protects the country's citizens and residents against potential risks by: (i) harmonizing and regrouping existing social protection interventions to create more efficiency and effectiveness; (ii) expanding the coverage of interventions progressively; and (iii) prioritizing and reforming contributive systems. In May 2021, the Government introduced a strategic reform agenda, the New Development Model, charting a path toward holistic, sustainable growth and defining key priorities for the period up to 2035. The model is focused heavily on strengthening human capital, aiming to pursue sustainable and inclusive economic growth while ensuring that all citizens benefit from these economic and social advances.

**The GoM has made significant headway in implementing the social protection reform.** In December 2022, the GoM promulgated an amendment to the basic medical coverage (Loi 65-00) to integrate the previous health insurance scheme for the poor and vulnerable<sup>1</sup> as the non-contributive pillar of the mandatory health insurance regime<sup>2</sup> implemented by the National Fund for Social Security (*Caisse nationale de sécurité sociale* (CNSS)). This new non-contributive pillar, called AMO-TADAMON (solidarity in Arabic), harmonizes benefits and coverage parameters with the contributive pillars of AMO for salaried and non-salaried workers. It also ensures the coverage of spouses, children 21 years old or up to 26 years old if they are in tertiary education, and children living with a disability regardless of age. Within this new regime, the government pays the premium of the poorest 27.5 percent of the population covered by AMO-TADAMON. Given the importance of existing cash transfer programs to the welfare and resilience to economic and climate shocks of beneficiaries, including widows with orphans and households living in rural and remote areas, ensuring a seamless and successful transition from existing cash transfer programs into the new FA program and the continuity of program benefits will be paramount. The GoM, through the Management and Deposit Fund,<sup>3</sup> has already begun a process to digitalize Tayssir<sup>4</sup> and DAAM<sup>5</sup> payments. However, more support is needed to ensure that all beneficiaries of both cash transfer programs can receive their transfers digitally and on time. The GoM is also keen on guaranteeing that the progress made in digitizing payments is maintained and further leveraged by the FA program.

### C. Proposed Development Objective(s)

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<sup>1</sup> Régime d'assistance médicale (RAMED)

<sup>2</sup> Assurance maladie obligatoire (AMO)

<sup>3</sup> Caisse de dépôt et de gestion (CDG)

<sup>4</sup> Tayssir means the GoM's conditional cash transfer program against school drop-out for children from poor and deprived families.

<sup>5</sup> DAAM means *Programme d'aide directe aux veuves en situation de précarité ayant à charge des orphelins*, the GoM's safety net program that provides direct cash transfers to widows in difficult socio-economic situation taking care of orphans.



Original PDO

Mitigate the negative impacts of the COVID-19 crisis by providing emergency cash transfers and guaranteeing access to and strengthening cash transfer programs to support poor and vulnerable households.

Current PDO

Mitigate the negative impacts of the COVID-19 crisis by providing emergency cash transfers and improving access and coverage of social protection for poor and vulnerable households.

Proposed PDO Indicators:

- Share of household heads working in the informal sector receiving emergency cash transfers (disaggregated, women heads of households)
- Beneficiary children receiving cash transfer programs (disaggregated, girls)
- Beneficiaries eligible for the FA program who are informed about the program and its procedures
- Share of current Tayssir and DAAM beneficiaries informed about the FA program and its procedures
- Existing and new programs updating or implementing their grievance redress mechanisms based on lessons learned and feedback from beneficiaries of the emergency cash transfers experience
- Beneficiaries of cash transfers who have payment accounts or bank accounts (disaggregated, women beneficiaries)
- Individuals covered by the non-contributory health insurance program
  - a. Women covered by the non-contributory health insurance program
  - b. Children, aged 0-18 years old, covered by the non-contributory health insurance program

#### D. Project Description

The AF would extend the support provided under the parent project to the GoM to build the foundations for a seamless transition towards the FA program and the non-contributive health insurance.

**Component 1 – Emergency Cash Transfers (ECTs) in response to COVID-19** has supported, under the parent project, the transfers made through the “Tadamon” program in March, April, and July 2020 to mitigate the impact of the confinement policy on informal workers and their families. This component will remain unchanged. The ongoing activities will support, through a Performance-based Condition (PBC), the preparation and publication of a process evaluation of the ECTs, including results from the social impact assessment, audit recommendations, and an action plan to improve cash transfer programs.

**Component 2 - Cash Transfer Program for Recovery and Protecting Human Capital** will be revised and renamed as “Improve and modernize cash transfer programs to protect human capital.” This component will continue supporting and financing cash transfer programs to preserve household welfare that has been impacted by consecutive shocks, including the COVID-19 pandemic, the Ukraine war, and the drought. This component will also support the monitoring and evaluation of cash transfer programs to women-headed households and simplify their application process.

**Component 3 - Enhanced Cash Transfer programs for resilience** will be revised and renamed as “Enhanced Cash Transfer and social programs for resilience.” This component supports the design of the FA program, which will strengthen the coverage and efficiency of cash transfers in Morocco. It will also support the digital transformation of social programs and services to prepare for the implementation of the FA program. This



component will also contribute to the design and implementation of a management information system for social programs that can complement the FA.

**Component 4- Protecting the poor and vulnerable against health risks (new component)** will support the enrollment of beneficiaries, especially the poorest and most vulnerable, in AMO-TADAMON. It will improve the program implementation, including the enrollment and coverage of the poor and vulnerable, especially women and children, as well as people living with disabilities and the elderly. Furthermore, it will contribute to the design and deployment of a beneficiary recertification strategy.

**Component 5: Contingent Emergency Response (CERC)** will allow the GoM to request a rapid reallocation of the project funds from the World Bank to respond promptly and effectively to an eligible emergency or crisis.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

**The overall Environmental and Social (E&S) project risk rating is substantial.**

**The Environmental Risk Rating is assessed to be low.** The project will not entail procuring any materials or equipment nor rehabilitation or construction activities. The environmental footprint will therefore remain low. Occupational health and safety risks are also limited, given the delivery of cash transfers mostly through digital services.

**The Social Risk Rating is substantial** similarly to the parent project. The targeted beneficiaries among the poor and vulnerable households include female-headed households and orphans, informal workers, people living with disabilities, and the elderly. Social risks are related to the potential exclusion of vulnerable and disadvantaged groups or individuals such as people with disabilities, illiterate individuals, individuals and groups with limited digital literacy, people living in remote areas, the elderly, and women. Given the large size of beneficiaries, there are also risks in the various technical biases and errors related to the identification of beneficiaries and weak stakeholder engagement practices. The social risks associated with the activities of the new component 4 are similar to those of the parent project since they target the same poverty demographics. They will be mitigated through the E&S Framework instruments to be prepared for this AF.

**E. Implementation**

The current institutional arrangements of the parent project will be revised. The Budget Directorate (BD) within the MEF will remain responsible for the overall oversight of the project and daily management of the project



as well as monitoring and evaluation. The BD will, however, coordinate closely with other stakeholders responsible for the implementation of Tayssir, DAAM, and AMO-TADAMON. The new institutional arrangements will guarantee the inclusion of key implementing ministries or agencies involved in the overall management of the project to ensure the participation and ownership of all stakeholders in the management and decision-making of the activities supported by the project. They will also better meet the GoM's needs to implement the social protection reform, allow a better anchoring of the activities, and guarantee the sustainability of the project results.

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**APPROVAL**

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