



Additional Financing Appraisal Environmental and  
Social Review Summary  
Appraisal Stage  
**(AF ESRS Appraisal Stage)**

Date Prepared/Updated: 04/28/2023 | Report No: ESRSAFA566



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Borrower(s)	Implementing Agency(ies)
Morocco	MIDDLE EAST AND NORTH AFRICA		
Project ID	Project Name		
P180741	Morocco COVID-19 Social Protection Emergency Response Project AF		
Parent Project ID (if any)	Parent Project Name		
P172809	Morocco COVID-19 Social Protection Emergency Response Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Protection & Jobs	Investment Project Financing	4/19/2023	6/8/2023

Proposed Development Objective

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.

Financing (in USD Million)	Amount
Current Financing	400.00
Proposed Additional Financing	250.00
<b>Total Proposed Financing</b>	<b>650.00</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

Public Disclosure



The proposed Additional Financing (AF) would extend the support already provided under the parent project to the Government of Morocco (GoM) to build the foundations for a seamless transition towards the Family Allowance (FA) program and the non-contributive health insurance.

The parent project component 1 – Emergency Cash Transfers (ECT) in response to COVID-19 (US\$165 million) has supported the ECT made through the “Tadamon” program in March, April, and July 2020 to mitigate the impact of the strict confinement policy on informal workers and their families. This component will remain unchanged. Furthermore, the ongoing activity will contribute to the preparation and publication of a process evaluation of the ECT through a Performance-Based Condition (PBC), including results from a social impact assessment, audit recommendations, and an action plan to improve cash transfer programs.

The parent project component 2 - Cash Transfer Program for Recovery and Protecting Human Capital (US\$189.25) will be revised and renamed as “Improve and modernize cash transfer and social support programs to protect human capital,” and its initial allocation will be increased to US\$289 million. This component will continue supporting and financing cash transfer programs to preserve household welfare levels impacted by consecutive shocks, the COVID-19 pandemic, the Ukraine war, and the drought. The cash transfer programs linked to education are an effective tool to improve school retention and reinforce children’s human capital in poor and vulnerable households. In addition, the component finances PBCs to assess and monitor key results of cash transfer programs to women-headed households and simplify the application and eligibility process for women-headed households to benefit from cash transfer programs. These activities will build the relevant elements and recommendations to design an inclusive and adaptive FA program to be supported by component 3.

The initial allocation of the parent project component 3 - Strengthening the social protection system of US\$45 million will be increased to US\$54.50 million. 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 with accompanying measures for human capital development and productive inclusion. In addition to the national population registry and the social registry (supported by the Identity and Targeting for Social Protection Project (P155198)), the activities of this component will contribute to the implementation of social assistance programs management information systems that will complement the target architecture to (i) ensure better identification of the beneficiaries of the various social assistance programs; (ii) facilitate the automatic data exchange to serve the beneficiaries more efficiently; and (iii) guarantee delivery of social services in a coherent manner that is adapted to the needs of the beneficiaries in particular people with disabilities and those living in remote rural areas.

The new component 4 - Protect the poorest and vulnerable against health risks (US\$140 million) will support the enrollment of beneficiaries, especially the poorest and most vulnerable, in the non-contributory health insurance (AMO TADAMON), which is part of the overall social protection reform project in Morocco and already supported by the Strengthening Human Capital for a Resilient Morocco Development Policy Financing series (P176937). This component will include four PBCs to improve program implementation, including (i) the deployment of a multi-channel process for enrollment; (ii) the monitoring of enrollment and coverage of the poor and vulnerable, including women and children; (iii) designing and deploying a beneficiary recertification strategy based on analyses and evaluations of program coverage; (iv) ensuring the inclusion of certain groups of people in vulnerable situations such as people with disabilities and the elderly.



Component 5: Contingent Emergency Response (CERC) (US\$ 0.00) 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.

#### D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

This is the first Additional Financing (AF) to the ongoing Morocco COVID-19 Social Protection Emergency Response Project (P172809). The PDO will be modified from “ Mitigate the negative impacts of the COVID-19 crisis by providing emergency cash transfers and improving access and reach of social protection for poor and vulnerable households” to “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.” It will cover activities in the defined project areas as follows: (a) regions of Béni Mellal-Khénifra, Casablanca-Settat, Drâa-Tafilalet, Fès-Meknès, Marrakech-Safi, Oriental, Rabat-Salé-Kénitra, Souss-Massa and Tanger-Tétouan-Al Hoceïma; (b) provinces of Guelmin, Tan-Tan and Sidi Ifni; and (c) municipality of Assa.

While the country is still recovering from impacts related to COVID-19 crisis, poor and vulnerable households are suffering from the impact of rising food and other prices due to inflation. The World Bank estimates that poverty could have increased by 2.1 percentage points, from 3.4 percent to 5.5 percent in 2022 due to inflation. It is estimated that in the rural areas, the incidence of poverty increased from 6.7 percent to 10.6 percent.

Additionally, the survey-based household confidence index by Haut Commissariat au Plan (HCP) reached a 14-years low in the third quarter of 2022. More than half of surveyed households consider that their financial situation has worsened during the past year, while 81 percent consider that their standard of living has deteriorated, and 87 percent expect an increase in unemployment going forward. Between the Q3-2021 and Q3-2022, 136,000 jobs were created in urban centers, and 194,000 jobs lost in the rural areas, stabilizing the unemployment rate at 11.2 percent (Q3-2022).

The Government of Morocco (GoM) has made some significant progress into the goal of social protection reform announced by the King in 2020. In December 2022, the GoM published the mandatory health insurance (Assurance maladie obligatoire – “AMO”) law, number 60.22, and facilitate the transition from the previous regime (RAMED). The AMO ensures the coverage of spouses, children up to the age of 21 years old, or up to 26 years old if they are in tertiary education, as well as children living with disability regardless of age. Within this new regime, the government subsidizes the premium of the poorest 27.5 percent of the population through the AMO-TADAMON program through the National Fund for Social Security (Caisse Nationale de Sécurité Sociale – CNSS).

The GoM has also begun the conceptualization of the Family Allowance (FA) program. The Ministry of Economy and Finance (MEF), through its Budget Directorate, has formed a technical committee for the overall social protection reforms. The universalization of the FA program beyond its current arm for waged workers, will include coverage of the poorest households – who have children up to 21 years old – as well as poor households without children. With the support of the World Bank, the MEF has also begun a mapping exercise of existing cash transfer and other non-contributory programs to understand their reach, their design details and their budget – which would support design and implementation of the FA.



The smooth transition to a broader FA program will be supported by digitalisation. A new Performance Based Indicator (PBC) will be introduced; it will support reforms to improve the process and digitalization of Tayssir transfers to households, with a focus on rural areas. In doing so, this PBC will directly support the Caisse de Depot et de Gestion's (CDG) efforts to smoothen the process of paying Tayssir and DAAM beneficiaries, especially in areas where the financial infrastructure and inclusion is less strong.

In terms of project activities, Component 1 will remain unchanged. Component 2 will continue to finance Tayssir as well as DAAM which is a cash transfer program that support vulnerable widows and orphans. Component 3 will continue to support the design of the FA and simplify some PBCs. There will be a new Component 4 which will finance the implementation of the non-contributory health insurance scheme (AMO-TADAMON), which aims to cover poor and vulnerable households against health risks. The previous Component 4 – CERC – will become Component 5. The project does not involve civil works that would have physical impacts, such as relocation, impacts on biodiversity, etc.

#### D. 2. Borrower's Institutional Capacity

The project is progressively moving toward meeting its key development objective. The number of households receiving cash support through the project has met the targets under Component 1 and 2. The number of household heads working in the informal sector receiving emergency cash transfers, has reached 1,000,000 and the number of beneficiary children receiving Tayssir program cash transfers has reached 450,000. However, some other PDO indicators such as have yet to be reached such as the number of beneficiaries eligible for the Family Allowance program who are informed about the program and its procedures. In addition, the ex-post evaluation to draw lessons from the temporary ECT design and implementation with the objective of strengthening existing and future CT programs as part of PBC#1 has yet to be completed.

The last Implementation Status and Results (ISR) report (January 2023) rated the environmental and social performance as Moderately Unsatisfactory given the delay in the preparation of instruments stipulated in the Environmental and Social Commitment Plan (ESCP) namely: i) the update of the Stakeholder Engagement Plan, ii) the submission of the Environmental and Social (E&S) progress reports for 2022, and iii) the submission of the draft social audit for the cash transfer programs. During last March 2023 mission, the team noted the progress on the E&S documents which were submitted to the Bank in early April 2023. Consequently, the E&S rating has been upgraded to Moderately Satisfactory.

The overall oversight for parent project's implementation was under the responsibility of the Directorate General for Budget in the Ministry of Economy, Finance, and Administration Reform (MEFAR), with implementation and monitoring support from the Ministry of Interior (MoI). An Inter-Ministerial project steering committee led by MEFAR and including main actors such as MoI, Ministry of Social Affairs (MoSA), Ministry of Health (MoH), Initiative Nationale pour le Developpement Humain (INDH), Banque Al Maghrib, and others, was established for the parent project.

The implementing arrangements will be modified for the proposed AF. To implement the various components of the project, three technical and implementation committees will be formed. The first is a committee headed by the Budget Directorate that is in charge of the FA program design. The second is a committee headed and responsible by the Ministry of Interior as it manages the AMO-TADAMON beneficiary registration and eligibility. The third is a larger committee that is responsible for the overall enhancement and harmonization of the cash transfers program and social protection support, and will be composed of the Ministries of education, solidarity and the CDG. The modifications are driven by three reasons: (1) to ensure the inclusion of key implementing agencies in the overall



management of the project, namely the CDG that now manages the payments of Tayssir and DAAM, and the Ministry of Interior, which manages the registration of the AMO-TADAMON beneficiaries in the Registry Social Unit and Registry National Population ; (2) to ensure the functionality and ownership of the stakeholders in the management and decision-making of the project. The project would continue to be headed by a Steering Committee, whose members include the various ministries concerned with social protection reforms in general and headed by the MEF.

The overall oversight for parent project's implementation will remain the responsibility of the Directorate General for Budget in the Ministry of Economy and Finance. As part of the parent project, two E&S focal points were required. However, with the reshuffling within the administrations, these positions were not filled. It was agreed that the MEF will appoint a dedicated E&S focal point who will be responsible for overall management and monitoring of E&S risks and impacts and will coordinate with the other ministries. The E&S focal point was nominated and will be appointed and retained throughout project implementation. Additional capacity needs (i.e appointing two focal points) will be assessed regularly during project implementation.

## II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

### A. Environmental and Social Risk Classification (ESRC)

Substantial

#### Environmental Risk Rating

Low

The Environmental Risk Rating is Low. The Project will neither support the procurement of any materials or equipment nor rehabilitation or construction activities or civil works, therefore, the environmental footprint of the project continues to be low. Occupational health and safety risks are limited, given the delivery of cash transfers mostly through digital services.

#### Social Risk Rating

Substantial

The social risk rating of AF is considered 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. In addition, there are risks given the large size of beneficiaries namely in the various technical biases and errors in the identification of the beneficiaries and weak stakeholder engagement practices. The social risks associated with the activities of the new AF component (Component 4) are similar to those of the parent project since the activities target the same poverty demographics.

### B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

#### B.1. General Assessment

##### ESS1 Assessment and Management of Environmental and Social Risks and Impacts

##### **Overview of the relevance of the Standard for the Project:**

The interventions supported under the AF, similar to the Parent Project, provide social benefits, in the form of cash transfers to poor and vulnerable households. The AF will neither procure materials or equipment, nor support rehabilitation or construction activities or civil works, and therefore, will not result in any negative environmental



risks or impacts. As there are no activities with an identified physical footprint or that could lead to specific actions that could have associated environmental impacts, no environmental assessment is required.

The AF will expand coverage by increasing the number of beneficiaries with the inclusion of widows and orphans and the addition of new cash transfer component. To support its implementation, PBCs linked to number of beneficiaries registered are being introduced namely a final target of 7 million beneficiaries registered. Furthermore, the new component - Component 4 - will finance the implementation of the non-contributory health insurance scheme (AMO-TADAMON), which aims to cover poor and vulnerable households (poorest quintile of the population) against health risks. The AF will account for and cater to people living with disability. While recent data is scarce, a survey from 2014 estimated that there was more than 5 percent of the population in the country living with disability, with the prevalence in rural areas being slightly higher than urban – but no significant difference between men and women. To encourage and ensure the registration of people living with disability in the AMO-Tadamon, the AF will target at least 5% of registrants being among the group.

The activities under Component 1 will remain unchanged. The achievement of PBC#1 included preparing and disclosing a process evaluation report of the implementation of the Emergency Cash Transfers (ECT), including results of the Social Assessment (SA), audit recommendations, and an action plan to improve the cash transfer programs. A draft SA was submitted to the Bank for review on April 26, 2023. The SA shall be finalized and disclosed by negotiations.

Under component 2, the activities will be scaled up to include the DAAM program. The Social Impact Assessment (SIA) prepared and disclosed for the parent project should be updated and redisclosed as part of component 2 and 3 within sixty (60) days of effectiveness and before disbursement of any funds related to DAAM.

The SIA will be updated further to assess potential risks of activities under component 4 (AMO-TADAMON) and design appropriate mitigation, management and monitoring measures to ensure disadvantaged or vulnerable individuals or groups, have access to the benefits. The SIA shall be finalized and disclosed within sixty (60) days of effectiveness and before any disbursement of funds to component 4 related activities.

Under Component 3, there will be a new activity to finance the acquisition of goods and advisory services to develop a coherent information system including the design and the implementation of the Disability Evaluation System. It shall be subject to a social audit which will identify appropriate measures and actions to mitigate potential risks of exclusion, before the start of the use of evaluation of the system.

Due to the project design and the time required for in-depth assessment, some of the social instruments indicated above will be updated/prepared during project implementation. The ESCP updated for the proposed AF includes the borrower commitment relevant to such social instruments with specific timelines.

Mitigating measures incorporated into the parent project design will also apply to the AF, namely the use of existing national systems and databases (social registry -RSU- and national population registry -RNP) that will be further updated; the digitalization of all payments; and the improvement and implementation of existing grievance redress mechanisms based on lessons learned. Gender and social gaps in digital access potentially hindering access to project



benefits and information will be bridged through the Stakeholder Engagement Plan (SEP), including project GRM systems, a robust communication strategy and the use of payment centers.

In the event of a future eligible crisis or emergency, the project will contribute to an immediate and effective response via a Contingency Emergency Response Component (CERC). All activities under the CERC will be subject to World Bank E&S measures, including paragraph 12 of the IPF Policy applied once the CERC is triggered. The CERC activities will apply the E&S risk management procedures based on the Project’s social and environmental assessments, namely, but not limited to, ESCP, SEP, and LMP. Depending on the risk associated with the activities, a separate E&S instrument might be prepared as needed.

**ESS10 Stakeholder Engagement and Information Disclosure**

This standard is relevant. A preliminary Stakeholder Engagement Plan (SEP) for the parent project was prepared and disclosed in November 2020. The SEP has been updated as of April 26, 2023 and submitted for disclosure. The stakeholders identified include: (i) the cash transfer beneficiaries, including those most vulnerable such as the people living with disabilities, illiterate individuals, individuals lacking digital literacy and/or digital access, women, and the elderly, (ii) other interested parties include other government agencies and coordinating parties, civil society and press and media.

The SEP considers the needs of various stakeholders and recognized the need for inclusive consultations. As part of the communication process, the GoM uses a variety of tools to diffuse information such as radio, TVs, social media, SMS, and use of proximity services.

Focus groups discussions as part of the AF were undertaken in March 2023 with beneficiaries of the TADAMON COVID, DAAM and Tayssir. Beneficiaries confirmed the importance of the cash transfer and some emphasized the necessity to be accompanied during the registration phase due to their lack of access to technology or understanding of technology. Further details will be shared in the social audit to be prepared and disclosed prior to disbursement of activities related to Component 2 which will further refine design of the activities. Additional focus group discussions are scheduled for April 2023.

The grievance mechanism is being operated at different levels.

For TADAMON-COVID, a Call Center (1212) and an online platform (tadamoncovid.ma) had been established to receive grievances and support requests from beneficiaries throughout the process. Nearly two million claims have been registered by households in the informal sector;

As of May 27, 2020, 800,000 claims have been accepted, 400,000 have been rejected, and 800,000 are currently under review.

For Tayssir, grievances can be registered via the online platform (<https://tayssir.cdgprevoyance.ma>), social media, mail. The total number of grievances related to the Tayssir program and received reached 32,773 claims in the first quarter of the year 2023. Out of the total number of grievances received, 7,792 were found to be legitimate; and 100% of the complaints received as of March 29, 2023 were processed with an average processing time of 10 days.

Public Disclosure





For DAAM, grievances can be registered by phone, in person, and via online platform (www.cnra.ma). Grievances will be treated within 10 days.

For AMO-TADAMON, the GM will rely on the use of the chikaya system. The system is accessible through website, mobile application and phone number (3737). Once a complaint is filed, it is recorded in a register and then sent to the administration concerned. Administrative units within each public institution will be created to receive, process, and respond to the complaints within 60 days.

The GM system will allow for anonymous grievances and will include referral pathways for complaints and grievances of gender-based violence, including grievances about sexual harassment and sexual exploitation and abuse. The Project will engage the services of a specialized NGO on these issues. This NGO will be asked to propose approaches and solutions adapted to this type of complaint.

Reporting on functionality and performance of the GMs will be provided to the Bank through semi-annual E&S progress reports throughout implementation.

## **B.2. Specific Risks and Impacts**

**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

### **ESS2 Labor and Working Conditions**

ESS2 is relevant to the project. The parent project workforce included direct which mainly consisted of civil servants. The parent project prepared, adopted and disclosed Labor Management Procedures (June 2022) to establish and maintain a safe working environment; covering terms and condition of employment; non-discrimination and equal opportunities; prohibition of child labor; and workers' rights for project workers in a manner consistent with national law and ESS2. The GM for workers is functioning and there have not been any project-related grievances to date.

Morocco has a comprehensive system of laws and regulations, and institutions, to ensure the maintenance of labor standards. The country has signed all relevant International Labor Organization (ILO) conventions and translated them into national provisions. The labor code outlines the conditions of the employment of underage labor, and forbids child labor and the use of forced labor. A national, regional and local system of labor inspectorates supervises the application of the labor code and functions as grievance mechanism for employees. Labor unions represent another layer to address labor-related grievances, being present in most formal and informal sectors and representing a large part of the labor force. Other mechanisms for labor-related litigation are the administrative courts in charge of enforcing the labor code.

While the activities of the AF do not introduce any material changes in labor risks and impacts under the project, the AF will hire contracted workers. The updated LMP will reflect the AF implications and, given that there is no material changes in labor risks and impacts, will be disclosed within 30 days of effectiveness. It will include a description of the GM accessible to all project workers. Provisions on Sexual Exploitation and Abuse/Sexual Harassment will be added to the LMP, which will include awareness-raising sessions and the signing of Codes of Conduct for all project workers who do not have existing Behavioral Standards, including those contracted by the MEF-Directorate General of Budget.



**ESS3 Resource Efficiency and Pollution Prevention and Management**

ESS 3 is not currently relevant. The project will not use any relevant resources or necessitate pollution prevention and management.

**ESS4 Community Health and Safety**

ESS4 is relevant. The SEA/SH risks are assessed as moderate. Key risk relates to the large scope of activities at registration and cash-out points. Key mitigating factors are the continuous effort to the digitalization of payments, SEA/SH sensitization and training, and implementation of GM including SEA/SH referral pathways.

**ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

ESS 5 is not currently relevant. No land will be needed by the project, and therefore no land acquisition, restrictions of land use, or physical or economic resettlement triggered by the project.

**ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

ESS 6 is not currently relevant. No biodiversity or living natural resources will be affected by the project.

**ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

ESS 7 is not currently relevant. No groups qualifying as Indigenous Peoples are among the beneficiaries or negatively impacted by the project.

**ESS8 Cultural Heritage**

ESS 8 is not currently relevant. No tangible or intangible Cultural Heritage will be affected by the project.

**ESS9 Financial Intermediaries**

ESS9 is not currently relevant. There are no financial intermediaries that are part of the project.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways** No

**OP 7.60 Projects in Disputed Areas** No

Public Disclosure



**B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts**

**Is this project being prepared for use of Borrower Framework?**

No

**Areas where “Use of Borrower Framework” is being considered:**

The use of the Borrower Framework is not being considered.

**IV. CONTACT POINTS**

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**Borrower/Client/Recipient**

**Implementing Agency(ies)**

**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s):	Dalal Hasan Sharif Sayed Moosa, Mahdi Barouni
Practice Manager (ENR/Social)	Senait Nigiru Assefa Cleared on 28-Apr-2023 at 19:35:15 EDT
Safeguards Advisor ESSA	Aki Tsuda (SAESSA) Concurred on 28-Apr-2023 at 20:00:49 EDT

Public Disclosure