

Document of
The World Bank

Report No: ICR1955

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IBRD-74150)

ON A

LOAN

IN THE AMOUNT OF EURO 78.9 MILLION

(US\$ 100.0 MILLION Equivalent)

TO THE

KINGDOM OF MOROCCO

FOR THE

NATIONAL INITIATIVE FOR HUMAN DEVELOPMENT SUPPORT PROJECT
(‘INDH’)

January 31st, 2012

Maghreb Department
Middle East and North Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective July 31st, 2011)

Currency Unit: MAD

Moroccan Dirham 1.00 = US\$0.1259

US\$ 1.00 = Moroccan Dirham 7.9414

FISCAL YEAR: JANUARY 1-DECEMBER 31

ABBREVIATIONS AND ACRONYMS

ADS	<i>Agence de Développement Social</i> (Morocco's social development fund)
AGR	<i>Activités Génératrices de Revenus</i> (The INDH income-generating activities program)
CAS	Country Assistance Strategy
CBD	Community-based development
CDD	Community-driven development
CLDH	<i>Comité Local de Développement Humain</i> (The INDH commune-level governance body)
CN	<i>Coordination nationale</i> (The INDH national coordination unit)
CPDH	<i>Comité Provincial de Développement Humain</i> (The INDH provincial-level governance body)
CPS	Country Partnership Strategy
CRDH	<i>Comité Régional de Développement Humain</i> (The INDH regional-level governance body)
DAS	<i>Division d'Action Social</i> (The INDH provincial-level support teams)
DO	Development objective
EAC/Q	<i>Equipes d'Animation Communal/du Quartier</i> (The INDH commune-level social mobilization teams)
EAP	Environmental Action Plan
EMP	Environmental Management Plan
EN	<i>Entraide Nationale</i> (Morocco's national social support agency)
EU	European Union
ICR	Implementation Completion Report
ILDH	<i>Initiative Locale de Développement Humain</i>
ILICR	Intensive Learning ICR
INDH	<i>Initiative Nationale de Développement Humain</i> (The National Initiative for Human Development Support Project)
MAD	Moroccan Dirham
M&E	Monitoring and Evaluation
MFI	Micro-finance institution
MIS	Management Information System
MTR	Mid-Term Review
NGO	Non-Governmental Organization
ONDH	<i>Observatoire Nationale de Développement Humain</i> (Morocco's national human development 'observatory')
PAD	Project Appraisal Document

PCD	<i>Plan Communal de Développement</i> (Commune-level development plans)
PCF	Provincial Competitive Fund
PDO	Project/Program Development Objective
QAG	Quality Assurance Group of the World Bank
QALP	Quality Assessment of Lending Program
RSF	Resettlement Framework
SWAp	Sector-wide approach

Vice President	Inger Andersen
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KINGDOM OF MOROCCO
NATIONAL INITIATIVE FOR HUMAN DEVELOPMENT SUPPORT PROJECT
(INDH)

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A. Basic Information			
Country:	Morocco	Project Name:	National Initiative for Human Development Support Project (INDH)
Project ID:	P100026	L/C/TF Number(s):	IBRD-74150
ICR Date:	01/19/2012	ICR Type:	Intensive Learning ICR
Lending Instrument:	SIL	Borrower:	KINGDOM OF MOROCCO
Original Total Commitment:	EUR 78.9MILLION (\$ 100.0 MILLION Equivalent)	Disbursed Amount:	EUR 78.9MILLION (\$ 110.5 MILLION Equivalent)
Revised Amount:	EUR 78.9MILLION (\$ 100.0 MILLION Equivalent)		
Environmental Category: B			
Implementing Agencies: Ministry of the Interior			
Cofinanciers and Other External Partners: European Union and fifteen others			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	03/23/2006	Effectiveness:	02/08/2007	02/08/2007
Appraisal:	09/18/2006	Restructuring(s):		03/18/2010
Approval:	12/12/2006	Mid-term Review:	11/10/2008	11/03/2008
		Closing:	07/31/2011	07/31/2011

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	MS
Risk to Development Outcome:	Moderate to significant
Bank Performance:	MS
Borrower Performance:	MS

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	MS	Government:	S
Quality of Supervision:	S	Implementing Agency/Agencies:	MS
Overall Bank Performance:	MS	Overall Borrower Performance:	MS

C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA):	MS
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA):	S (QALP)
DO rating before Closing/Inactive status:	Moderately Satisfactory		

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
General agriculture, fishing and forestry sector	20	20
General public administration sector	10	5
General water, sanitation and flood protection sector	10	10
Other social services	60	65

Theme Code (as % of total Bank financing)		
	Original	Actual
Other social development	22	20
Participation and civic engagement	23	22
Rural services and infrastructure	22	24
Social safety nets	11	8
Urban services and housing for the poor	22	26

E. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Inger Andersen	Daniela Gressani
Country Director:	Simon Gray	Theodore O. Ahlers
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F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

The project was to assist the Government in improving inclusiveness, accountability and transparency of decision making and implementation processes at the local level in order to enhance use of social and economic infrastructure and services by poor and vulnerable groups.

Revised Project Development Objectives (as approved by original approving authority)

No revision

(a) PDO Indicators

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
Indicator # 1	Number of persons (men, women and youth) reporting increased use of basic infrastructure and socio-economic services created by INDH, broken down by program (rural/urban/vulnerable/ cross-cutting)			
Value (quantitative or qualitative)	Men 0% Women 0% Youth 0%		Men 70% Women 50% Youth 30%	Men 73-84% Women 66-75% Youth 41-65%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: Range of actual values reflects breakdown by program. Impacts on welfare will be confirmed by the INDH impact evaluation due out in the first half of 2012.				
Indicator # 2	% of CLDH, CPDH and CRDH's decisions published, relating to the projects approved/rejected and annual physical and financial reports. <i>Disbursement indicator # 1.</i>			
Value (quantitative or qualitative)	0%		95%	100%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: There were shortcomings in other key transparency instruments, particularly M&E and communications				
Indicator # 3	% of projects implemented by communities, NGO, Communes			
Value (quantitative or qualitative)	Rural 0% Urban 0% Cross-cutting 0%		Rural 60% Urban 70% Cross-cutting 70%	Rural 90% Urban 72% Cross-cutting 79%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: Most projects were implemented by NGOs or by public agencies on behalf of communes. Few projects were actually implemented by communities, although this varied across provinces and the trend was improving by the end of the project.				
Indicator # 4	% of women in CLDH, CPDH and CRDH. <i>Disbursement indicator # 2.</i>			
Value (quantitative or qualitative)	CLDH 0% CPDH 0% CRDH 0%		CLDH 14% CPDH 14% CRDH 7%	CLDH 17% CPDH 17% CRDH 11%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: A satisfactory result.				
Indicator # 5	% of youth in CLDH, CPDH and CRDH.			
Value (quantitative or qualitative)	0%		7%	12%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: A satisfactory result				

(b) Intermediate Outcome Indicators

Rural Component

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
Indicator # 6	% of targeted population (men, women and youth) who report having participated in the participatory process.			
Value (quantitative or qualitative)	Men 0% Women 0% Youth 0%		Men 40% Women 20% Youth 10%	Men: 58% Women: 54% Youth: 48%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: A highly satisfactory result, with exceptional participation by women and youth.				
Indicator # 7	Beneficiary financial contribution to income-generating projects (%). <i>Disbursement indicator # 3.</i>			
Value (quantitative or qualitative)	0%		10%	12%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: Satisfactory contributions, but the income-generating activities overall were slow to start and proved problematic.				
Indicator # 8	% of persons (men, women and youth) declaring improved access to basic infrastructure and socio-economic services.			
Value (quantitative or qualitative)	Men 0%, Women 0%, Youth 0%		Men 70%, Women 50%, Youth 20%	Men: 78% Women: 71% Youth: 61%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: A highly satisfactory result, with impacts remaining to be confirmed by the impact evaluation.				
Indicator # 9	O&M is provided for infrastructure subprojects financed by INDH (from the community, local government, or other sources). <i>Disbursement Indicator # 4</i>			
Value	0%		70%	77%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: The indicator has been satisfactorily met, but there are concerns over sustainability that need to be addressed under Phase II.				

Urban Component

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
Indicator # 10	% of targeted population (men, women and youth) who report having participated in the participatory process			
Value (quantitative or qualitative)	Men 0%, Women 0% Youth 0%		Men 40%, Women 20% Youth 10%	Men 54% Women 42% Youth 37%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: As for Indicator # 6.				
Indicator # 11	Beneficiary financial contribution to AGR projects (%). <i>Disbursement Indicator # 5</i>			
Value	0%		10%	14%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: As for Indicator # 7				
Indicator # 12	% of beneficiaries (men, women and youth) reporting improved access to basic infrastructure and socio-economic services.			
Value (quantitative or qualitative)	Men 0%, Women 0%, Youth 0%		Men 70%, Women 50%, Youth 20%	Men 73% Women 72% Youth 56%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: As for Indicator # 8				
Indicator # 13	O&M is provided for at least 70 percent of subprojects financed by INDH (from the community, local government, or other sources). <i>Disbursement Indicator # 6.</i>			
Value	0%		70%	78%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: As for Indicator # 9				

Vulnerability Component

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
Indicator # 14	% of associations working with vulnerable groups who have participated in the development and implementation of vulnerability reduction plans			
Value	0%		70%	72%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: A satisfactory result with real strengthening of NGOs under INDH.				
Indicator # 15	% of associations working with vulnerable groups who have participated in implementation of vulnerability reduction plans			
Value	0%		50%	77%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: As for Indicator # 14. The indicator does not, however, capture the impact of this program on the more than half million vulnerable and marginal people who benefitted.				
Indicator # 16	% of centers identified in vulnerability reduction plans in which services and maintenance are covered by program contracts. <i>Disbursement indicator # 7.</i>			
Value (quantitative or qualitative)	0%		50%	59%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: The result is positive, but there are concerns over the sustainability of the O&M of some centers.				
Indicator # 17	% of programs identified in vulnerability reduction plans in which services are covered by program contracts.			
Value	0%		60%	61%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: As for Indicator # 16.				

Cross-cutting Component

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
Indicator # 18	% of elected officials and representatives of civil society in the governing bodies of INDH			
Value (quantitative or qualitative)	CLDH 0%, CPDH 0%, CRDH 0%		CLDH 70% CPDH 60% CRDH 60%	CLDH 67% CPDH 58% CRDH 58%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: Satisfactory testament to the establishment of participatory governance structures, although improvements in transparency and accountability remain to be made, for example in generalizing 'feedback' through two way communications and 'grievance procedures'				
Indicator # 19	% of INDH's governing bodies that have established internal operating procedures.			
Value	0%		100%	91%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: As for Indicator # 18.				
Indicator # 20	Number of persons trained under INDH by category (governance bodies, EAC/Q, DAS, associations, technical services)			
Value	0		70,000	104,437
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: A satisfactory result which has greatly strengthened both processes and institutional capacity				
Indicator # 21	% of beneficiaries (men, women and youth) reporting improved access to basic infrastructure and socio-economic services.			
Value (quantitative or qualitative)	Men 0% Women 0% Youth 0%		Men 70% Women 60% Youth 30%	Men 74% Women 67% Youth 58%
Date achieved				
Comments: As for Indicator # 8.				
Indicator # 22	Beneficiary financial contribution to income-generating projects (%). <i>Disbursement Indicator # 8</i>			
Value	0%		30%	30%
Date achieved	12/12/2006		06/30/2011	06/30/2011
Comments: As for Indicator # 7, a satisfactory result, with particularly high levels of contribution under the cross-cutting component.				

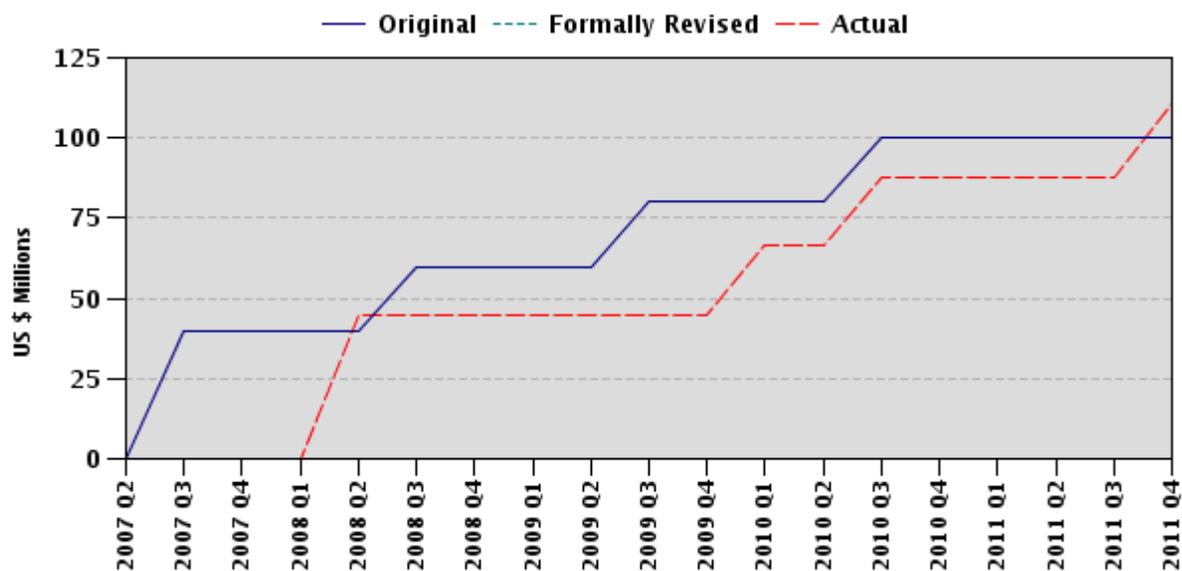
G. Ratings of Project Performance in ISRs

No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	12/21/2006	Satisfactory	Satisfactory	0.00
2	04/05/2007	Satisfactory	Satisfactory	0.00
3	08/03/2007	Satisfactory	Moderately Satisfactory	0.00
4	03/01/2008	Moderately Satisfactory	Moderately Satisfactory	44.85
5	09/10/2008	Moderately Satisfactory	Moderately Satisfactory	44.85
6	06/19/2009	Moderately Satisfactory	Moderately Satisfactory	44.85
7	12/30/2009	Moderately Satisfactory	Moderately Satisfactory	66.84
8	04/25/2010	Moderately Satisfactory	Moderately Satisfactory	87.95
9	01/23/2011	Moderately Satisfactory	Moderately Satisfactory	87.95

H. Restructuring (if any)

Restructuring Date(s)	Board Approved PDO Change	ISR Ratings at Restructuring		Amount Disbursed at Restructuring in USD millions	Reason for Restructuring & Key Changes Made
		DO	IP		
03/18/2010	N/A	MS	MS	66.84	Formalization of process started at MTR to simplify results tracking and align with government and partner monitoring frameworks by revising indicators

I. Disbursement Profile



1. Project Context, Development Objectives and Design

1.1 Context at Appraisal

1. At the time of the 2006 appraisal of the National Initiative for Human Development Support Project ('INDH', 'the Project'), Morocco suffered from high levels of poverty (14.2%, with a further 23% 'economically vulnerable'), strikingly poor income inequality, and low human development indicators – over half of adults illiterate, compared to 10% for all lower middle income countries. Poverty was equally pronounced in both rural and urban areas, albeit with different characteristics. Although half of public expenditures were allocated to the social sectors, access and quality were limited, particularly for rural people.

2. Government's past approach to dealing with poverty and social exclusion had been centrally driven, with low levels of participation, weak coordination amongst line ministries, and inadequate targeting. From the end of the 1990s, Government began to test out participatory approaches to targeted poverty reduction, and as social and political tensions grew, the King announced, in May 2005, the launch of the INDH, a massive and high profile program designed to reduce poverty and close the social gaps in the national fabric. The program was designed to introduce a new bottom-up concept of integrated socio-economic development based on participation, local governance, partnership, sustainability and results orientation. In 2005, after the launch of the INDH, Government requested the technical support of the Bank as key technical partner for the program.

3. For the Bank, INDH was one of the main vehicles supporting the Country Assistance Strategy (CAS) outcome (# 2.2) of improving access of the poor and vulnerable population to basic services. INDH also contributed to the cross-cutting CAS objective of improving governance as transparency, accountability and inclusiveness were the principles on which INDH was based. Other donors shared the focus on poverty reduction and service delivery. The European Union (EU), which was to become a principal partner in INDH (see 1.5 below), had a particular focus on reduction of rural poverty.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

4. The approved project development objective and indicators were:

Table 1: Original PDO and indicators

PDO	PDO indicators
Improve inclusiveness, accountability and transparency of decision making and implementation processes at the local level in order to enhance use of social and economic infrastructure and services by poor and vulnerable groups.	Percentage of sub-projects identified by target communities that are funded
	Percentage of households, women and youth reporting increased access and use of basic infrastructure after sub-project implementation.
	Percentage of households, women and youth reporting increased access and use of socio-economic services after sub-project implementation.
	Number of sub-projects in which women are the main beneficiaries reach 50% of total INDH sub-projects (excluding infrastructure projects) by 2010.

1.3 Revised PDO and key indicators, and reasons for revision

5. Following the mid-term review (MTR) in November 2008, the Bank and Government agreed to amend the indicators. The four original PDO indicators were altered and increased to five to better capture the outcomes of inclusiveness, accountability and transparency, and to measure the impact on the target population. The revised PDO indicators matched to outcomes were:

Table 2: Revised PDO indicators matched to outcomes

PDO	Outcomes	Revised PDO indicators
Improve inclusiveness, accountability and transparency of decision making and implementation processes at the local level in order to enhance use of social and economic infrastructure and services by poor and vulnerable groups.	Inclusiveness	% of women in governance structures % of youth in governance structures
	Accountability	% of projects where communities take responsibility for infrastructure
	Transparency	% of decisions of governance bodies published
	Enhanced use of infrastructure and services	% of target population with enhanced use of infrastructure and services

1.4 Main Beneficiaries

6. The beneficiaries were the populations of 403 rural communes and 264 urban neighborhoods with high concentrations of poor and vulnerable people (rural and urban components), together with poor and vulnerable populations throughout Morocco (vulnerability and cross-cutting components). Each component had specific targeting criteria to ensure that benefits were directed towards the intended beneficiaries (details in Annex 2).

1.5 Original Components (as approved)

7. Component 1 Rural poverty reduction (the ‘rural component’, \$300 million) was targeted at the 403 poorest rural *communes*, with \$600,000¹ allowed over five years for each *commune* to finance sub-projects under four categories: (1) access to basic infrastructure and services; (2) promotion of social, cultural and sports activities; (3) building and developing local capacity; and (4) promoting and supporting local income generating activities (*activités génératrices de revenus*, AGR).

8. Component 2 Reduction of social exclusion in urban areas (the ‘urban component’, \$300 million) was targeted at 264 urban *quartiers* in 30 cities, with \$900,000² allowed for each *quartier*. Sub-project categories were the same as for Component 1.

9. Component 3 Tackling vulnerability (the ‘vulnerability component’, \$300 million) covered all Morocco and financed the preparation of vulnerability mapping and related action plans, and sub-projects which were typically: construction or rehabilitation of centers for

¹ This allocation averaged about 10% or more of the *communes*’ budgets, and in the case of the poorest and smallest *communes* actually doubled their budget.

² As the *quartier* is not a budgetary unit, it is not possible to express the allocation as a percentage of the budget otherwise available. However, in the smallest and poorest *communes urbaines*, the INDH annual allocation represented almost half of the total *commune* budget.

provision of social services for the vulnerable and capacity building for the governmental and non-governmental agencies involved.

10. Component 4 Strengthening governance and institutional capacity (the ‘cross-cutting component’, \$300 million) again covered all Morocco. The principal activities were: (1) finance of sub-projects (\$275 million) selected through a competitive fund with an open call for projects under the same four categories as for the rural and urban components; and (2) implementation support: (i) capacity building in participatory project design and management; in facilitation, social mobilization and animation; in administration and financial management; and in income generating activities; (ii) information systems and Monitoring and Evaluation (M&E) , including impact evaluation; (iii) partnerships; and (iv) communications.

11. Total estimated cost was MAD (Moroccan Dirham) 10 billion (\$1.2 billion) over five years, 2006-2010, financed by: central government 60%; local government 20%; and international donors 20%. World Bank financing was EUR 78.9 million (\$100 million equivalent) over four years, 2007-2010, counted under central government’s share. Total support from fourteen grant donors was \$197 million, including an EU grant of 60 million Euros (\$47.2 million), focused on the rural component. Other grant financing included: Saudi Arabia (\$50 million); France (\$6.3 million); Italy (\$6.3 million); MCC (\$9.3 million); Germany (\$3.9 million); Belgium (\$3.1 million); Japan (\$4 million); China (\$4.7 million); Arab Fund for Economic and Social Development (\$25.3 million); Islamic Development Bank (\$1.0 million); Equatorial Guinea (\$1 million); and OPEC Fund (\$0.3 million). The EU also supervised the German and Belgian contributions.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

12. Soundness of the background analysis. INDH design took into account lessons learned from prior in-depth analytical work, notably the Bank’s *Poverty Report* of 2004 which demonstrated the need and mechanisms for targeting social expenditures to poorer communities. Lessons were also available on participatory processes and community-driven development from global experience and from previous projects financed by the Bank in Morocco, including several rural development and watershed management projects based on community-driven development models, and a social fund (ADS). The Bank’s decision to take part in the INDH was consistent with country and Bank objectives, and the Bank was uniquely qualified to add value to a community-driven program, due to its substantial global experience, its ability to mobilize a multi-sectoral team, and its experience in partnering Morocco in the participatory programs. Given the national priority accorded to the INDH, government made an urgent request for the Bank’s assistance, although the project was already on the move at the time of appraisal.

Assessment of the project design

13. A very Moroccan initiative in participatory development. INDH guiding principles and program design were outlined in government’s 2005 concept document (‘*Plateforme*’): bottom up participatory planning, increased delegation of responsibility to elected local government, and involvement of civil society through Non-Governmental Organization (NGOs) etc. INDH was presented as a uniquely Moroccan commitment to improve living standards in targeted communities, to give greater voice to the poor, and to develop new relationships between government, civil society, the population at large and elected officials. It represented a genuine and landmark national-scale initiative to foster greater participation and decentralization of

resources and decision making to local levels, building on the lessons of the previous community-based projects.

14. The program-based approach (SWAp) was clearly the right model, as it enabled the Bank to advise and guide the entire INDH process. It also allowed for a concerted approach amongst the fourteen donors involved. Bank finance was appropriately made available as a Specific Investment Loan (SIL) through a SWAp under which the Bank financed 10% of all expenditures and released annual tranches based on the satisfaction of disbursement indicators selected from amongst the PDO and intermediate outcome indicators (see Data Sheet).

15. Bank influence on design. By the time of Bank appraisal, government had already set the main framework of the INDH, the components were largely designed, and the program had been underway for a year. The Bank was nonetheless able to identify areas where improvements were needed, and these were built in to Bank support:

(1) *Design and support to the participatory process*, where particular Bank contributions included supporting the preparation or revision of the operational manuals that guided the entire program.

(2) *strengthened institutional design and rules to ensure inclusiveness and good governance*, including having the governance committees chaired by elected persons and not government officials, creating local ‘social mobilization teams’, setting a 20% quota for women and youth in the governance committees, having all decisions made public, and strengthening the coordination unit (CN, see below) to develop from a small ‘cell’ to a full-fledged program coordinating office.

(3) *stronger provision for capacity building, M&E, learning, and development communications*: , including ensuring a dedicated budget for each of these functions, elaboration of capacity building and development communication strategies, creation of a panel of experts, improvement of the Management Information System (MIS), and introduction of participatory M&E.

(4) *strong focus on procedures to ensure fiduciary soundness and safeguards*, including elaboration of financial and procurement manuals, an environmental management plan and a resettlement plan, inclusion of environmental screening in sub-project selection, and designation of a safeguards focal person at the CN level.

16. Components were generally well-defined and structured. The beneficiary population was (mostly – see below) clearly identified, and the implementation mechanisms were adequately engineered. Procedures for targeting and inclusiveness were on the whole sound, but with the following aspects that proved during implementation to need refinement (details in Annex 2): (i) targeting mechanisms of the urban neighborhoods could have been refined to ensure more objectivity in selection; (ii) the procedures to be adopted for the participatory planning process (*Initiative Locale de Développement Humain, ILDH*) left much to local initiative, which had potential advantages but often left local teams without adequate guidance; (iii) management of the vulnerability component at regional rather than provincial level resulted in weaker local anchoring and participation; and (iv) criteria for ensuring that only the poor benefitted from the competitive fund under the cross-cutting component were imprecise.

17. Little attention appears to have been given at design to exploiting the potential of community-driven programs for reducing infrastructure costs or to sustainability issues (see 2.5

below). The income generating activities facility available under the rural, urban and cross-cutting components suffered from the add-on of a micro-credit component (details in Annex 2).

18. The organizational arrangements were well thought through, although the institutional complexity was considerable, with over 700 hundred joint public/private governance bodies, almost 700 social mobilization teams (*Equipes d'Animation Communal/du Quartier*, EAC/Q), 70 provincial level support teams (*Division d'Action Social*, DAS), over a thousand local, provincial and regional level participatory plans, and several thousand largely non-governmental sub-project sponsors. All this multiplicity of organizations were to be coordinated by a small central unit in the Ministry of the Interior (*Coordination Nationale*, CN). Given the untested nature of the arrangements and the lack of a pilot phase, INDH could have benefitted from a slower build up, with learning and capacity building. However, the emerging lessons of the first year were well factored in to Bank support (see above), and going full scale nationally created momentum and demonstrated Government's seriousness.

19. Government commitment and stakeholder involvement were strong. Following the King's announcement of the program, there was a vast mobilization, with top level committees, full involvement of the Prime Minister and Minister of the Interior, establishment of the National Coordination Unit (*Coordination Nationale*, CN) and 70 provincial units, full engagement of regional heads (*walis*), provincial governors, local councils, line ministries and public service staff at all levels. The social development fund (*Agence de Développement Social*, ADS) and the national social support agency (*Entraide Nationale*, EN) were fully committed. NGOs, CBOs showed their commitment from the start by participating in the local level *Comités Local de Développement Humain* (CLDH) committees and in the preparation of the local ILDH development plans, which led to over 1,100 sub-project approvals within the first year.

20. The design of the participatory process was for the most part well thought through. Sub-projects were to be identified largely by a bottom-up, participatory process in which local communities were to be empowered to have a say in proposing INDH investments. Specific provision was made for the inclusion of women and young people, and for NGOs and civil society, in both implementation and decision making. Beneficiary contribution in cash was mandatory in order to improve project quality and ensure ownership. Transparency and accountability were to be supported by regular bottom-up, participatory M&E, by frequent reporting, and by independent results evaluation (by the *Observatoire Nationale de Développement Humain*, ONDH). Sharing of experiences, learning and the incorporation of lessons into the program were to be systematic, through 'innovation teams'. Mechanisms for complaining and for seeking resolution of disputes were to be set up. The main weakness in the participatory process was that mentioned above - the under-design of participatory planning mechanisms, particularly for the vulnerability component.

Assessment of risks

21. The risk assessment at appraisal captured most of the foreseeable risks, and the mitigation measures were on the whole correctly identified. The table below summarizes the risks, assesses their reality, notes the mitigation measures (and also assesses whether in fact the mitigation measures proved effective). However, other risks emerged which were not foreseen at appraisal, particularly the difficulty of measuring impacts, and institutional capacity for the participatory process.

Table 3: Risks and mitigation measures assessed at appraisal*

Risk	Real?	Mitigation	Effective?	Para ref.
Elite capture, especially with the competitive fund	Yes	Participatory process, audits Communication and feedback process Governance and grievance mechanisms	Yes Not very Partly	26, 38-9 27 23, 27
Diversion of funds	Yes	Financial management and procurement procedures	Yes	36-38
Mismatch between bottom-up program objectives and public sector incentives and procedures	Yes	EAC/Q CN strengthened Decentralization and 'convergence' Training of top officials M&E, including participatory M&E	Partly Partly No Yes Not very	24 24 29 48,82 31-33
Lack of inclusion of women and youth	Yes	Tracking specific indicators	Yes	44
Weak capacity of NGOs and local government	Yes	Capacity building	Largely	24-25, 46, 48

* 'Real' risks are those correctly identified and evaluated in the PAD. Explanations of the level of 'effectiveness' of risk mitigation can be found in the referenced paragraph of the narrative on implementation.

QAE rating: Moderately satisfactory (see 5.1.a below)

2.2 Implementation

22. The project was fully implemented in terms of geographical coverage and target areas, and commitment and disbursement targets were met. A large number of sub-projects (over 22,000) were implemented, and over 5 million beneficiaries were tallied. The following factors contributed to successful implementation or gave rise to problems:

23. Governance set up: The roll-out of the more than seven hundred governance committees was an extraordinary accomplishment. These committees – the 667 *Comités Local de Développement Humain* (CLDH) at the rural commune or urban *quartier* level, the 70 *Comités Provincial de Développement Humain* (CPDH) at provincial level, and the 12 *Comités Régional de Développement Humain* (CRDH) at regional level - worked well on the whole. In some cases, the provincial level CDPH, which took most of the resource allocation decisions, was too directive, and sometimes the governor overtly used INDH financing as an integral part of an overall development plan rather than as a bottom-up program. The commune/quartier level CLDHs were of variable quality, and because of their number it is difficult to generalize. Some were dominated by politics, but the commonest weakness was low capacity for programming and contracting. The Bank continued its inputs to setting up and strengthening institutions throughout the implementation period through regular field visits and dialogue, guiding INDH particularly on the need for inclusion and transparency. A specific improvement prompted by the Bank was the requirement that all governance committees should establish formal internal operating procedures.

24. Support functions: The establishment of more than seven hundred support units was again a remarkable feat. After a hesitant start, these agencies grew in strength but with some weaknesses that affected the quality of outcomes. The national coordination unit (CN) was highly motivated and well-managed, and developed capacity over the period, overseeing implementation effectively. Its periodic reporting was of good quality. However, the CN was not always responsive to lessons or guidance aiming to strengthen the management of the Initiative

and to orient it more toward results and impacts. It tended not to use the results of M&E or ONDH to learn, and after an initial stage it disbanded the innovation teams which could have helped it capitalize on lessons. The CN was initially relatively weak on capacity building, communications and M&E, and these functions improved only slowly over the implementation period. The 70 provincial-level support teams (*Division d'Action Sociale*, DAS) were on the whole energetic and responsive, and grew greatly in strength over the period, although inevitably they were of variable quality. The 667 social mobilization teams were often highly motivated and competent, but overly dominated by professional civil servants, with too technical an approach. They lacked strong expertise in participatory programming approaches, and were generally under-resourced. The institutional framework of INDH, through the DAS and the social mobilization teams, established the support mechanisms for participatory programming and community-driven development. The Bank sustained a high level of supervision of all these structures, with particular emphasis on strengthening key CN functions such as capacity building, communications and M&E, on developing the capacity of the DAS, and on defining the role of the social mobilization teams in written terms of reference. Results of Bank support were largely positive. The slow rate of improvement in communications and M&E can be largely attributed to the issue of conflicting incentives between a bottom-up design and a top down legacy culture correctly identified as a risk at appraisal.

25. Partnerships: INDH formed partnerships with ADS and EN, and increasingly effective partnerships with NGOs, which grew in strength during the period, thanks to capacity building and experience. However, local area associations that would have genuinely represented the poor and the marginalized were largely weak or absent at the outset. Program implementation witnessed an increase in their numbers and some development of existing associations, but still well short of genuine local representative institutional capacity in most communities. It was because of this absence or weakness of grassroots institutions that project design allowed for sponsors, typically NGOs, to act as proxies for the beneficiary communities, which proved a workable and largely successful approach. Bank guidance resulted in more structured relations between INDH and NGOs through the formulation of partnership conventions, which also began to address sustainability issues by requiring O&M provisions.

26. Participatory approach and strategic programming: Almost 700 participatory diagnostics and local investment programs (ILDH) were prepared and implemented for the rural and urban components, involving over 3 million beneficiaries. This is a remarkable achievement by any standards. However, there was no one clear model of how to do it. Some of the participatory processes were best practice; others were rather vague consultative processes. The resulting ILDHs were sometimes just project proposals and project lists, not real community-based needs assessments and prioritized investment plans. In terms of the INDH as a genuinely community-driven development (CDD) program, resources were delegated only to provincial (CPDH) level, which is far from local stakeholder control over resource allocation. In addition, much sub-project implementation was by government departments or by the provinces. These realities meant that in this first phase the poor and vulnerable end users were sometimes only marginally involved in a process driven mostly by officials. The Bank contributed through the supervision process to helping INDH address the challenges involved in introducing participatory approaches in an environment with entrenched top-down public sector management practices. Specific improvements resulting from Bank guidance included the multi-annual strategic planning process, and province-wide capacity building programs to strengthen the front-line social mobilization teams.

27. Communications/transparency/grievance procedures: The communications program was late in starting, but did produce some effective messages. The big gap was the lack of two-way

communications channels. The proposed ‘grievance mechanisms’ were written into the operations manuals but were only set up sporadically and largely informally, with variable quality and performance. Bank guidance gave substance to the development communications program through the elaboration of provincial communications plans, and helped to enhance transparency by mandating publication of governance committees’ decisions.

28. Revenue-generating activities: Support to small business start up (*Activités Génératrices de Revenus*, AGR) was provided under three components (rural, urban, and cross-cutting). The program initially suffered from design and implementation difficulties: the procedures manual was ill-adapted and initial sub-project sponsors were inexperienced. Arrangements to associate micro-finance institutions (MFI) required the MFI not only to cofinance the sub-project but also to provide technical assistance and M&E. The details of these arrangements proved hard for INDH to work out with MFIs, and the requirement that MFIs be involved in each sub-project was preventing the component from going forward. In early 2009, the manual was revised to reflect Bank guidance, introducing the use of business plans, increasing technical assistance, and leaving the choice to the sub-project sponsor whether or not to employ micro-finance. Thereafter, the program gathered speed and strength.

29. Decentralization and ‘convergence’. As INDH was intended to be demand-driven and programmed outside the classic programming and budgeting mechanism, there was a big risk of overlap or incoherence with the programs of line ministries. INDH institutions made considerable effort at systematic involvement of line ministries at least at CPDH level, and there was also considerable line ministry technical support to INDH, for example in sub-project preparation and implementation. However, Government intention to rapidly ‘deconcentrate’ line ministry budgets to be decided at provincial level, or to decentralize some budget decision-making to the control of local government, was not fulfilled during the Project period. The issue ran into opposition from line ministries, and was referred in 2007 to a special ‘convergence committee’ which has not yet reported. As a result, lack of ‘convergence’ between bottom-up and top-down planning, as well as simple lack of knowledge at the local level on ministry plans resulted in some duplication of projects, lost opportunities for integrated local development planning, and disconnect between investment and subsequent O&M. Nonetheless, the Bank constantly sought to move the process forward, helping (through WBI) to mobilize three high-level round table discussions on lessons learned on participatory approaches to poverty reduction, on change management, and on ‘convergence’, in preparation for Phase II of the INDH.

Findings of the Mid-Term Review and subsequent restructuring

30. A Mid-Term Review was conducted in November 2008. The main problems noted were: (i) weaknesses in the participatory process; (ii) the poor performance of the income generating activities; (iii) the need to apply the procedures manuals more generally; and (iv) weaknesses in M&E (see 2.3 below). Following the MTR, government and Bank agreed to simplify results tracking and align the Bank’s results framework with government and partner monitoring frameworks, with a smaller number of indicators more closely linked to the PDO and to project outcomes, and with more realistic and relevant targets. The disbursement indicators (para 14), which had proved ill-adapted and had held up the release of the third tranche, were reduced from ten to eight and reformulated in line with the new results framework. Because of the need to hold stakeholders’ workshops to refine the new results framework, and because consensus had to be reached not only with national stakeholders but with the numerous cofinanciers, the request from government for restructuring was not presented until December 2009, thirteen months after the Mid-Term Review. The restructuring was promptly processed by the Bank. Following the MTR, the Bank and EU increased supervision emphasis on the weaker performance areas, which proved

generally effective. Strengthened focus on M&E did have some impact, but overall the result fell short of expectations (see 2.3 below).

QALP rating: Implementation moderately satisfactory; Bank supervision satisfactory (see 5.1.b)

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

31. M&E design. M&E design was thorough, with emphasis on the importance of M&E not only as a mechanism for tracking and improving INDH performance and for measuring achievements against targets, but also as a key element in two-way communication with beneficiaries. A baseline was established through a diagnostic and vulnerability mapping, to be updated every two years as a gauge of progress. Quantitative and participatory surveys of providers and users were to measure how far the needs of the target population were being met, as well as degrees of satisfaction with services. CLDH would collect quantitative and financial data on implementation and on key outcome indicators; the DAS would collate the information at provincial level and input it to a web-based information system; and the CN would consolidate the data in the MIS. Periodic surveys were to be conducted. ONDH was to be responsible for independent evaluation. A rigorous impact evaluation was designed covering 3,570 households in 121 rural communes (61 treatment/61 control) and 114 urban *quartiers* (57 treatment/57 control). As it was not possible to randomize, a regression discontinuity approach was used to identify control groups. For the Bank, indicators were selected to measure both use and process. There was, however, no indicator for benefits e.g. number of beneficiaries, increase in incomes etc.; nor for efficiency e.g. cost of infrastructure, quality of infrastructure.

32. M&E implementation. INDH set up an M&E system, with officers responsible both in the CN and in all 70 DAS. Over time, a flow of information on implementation resulted, allowing the CN to prepare good progress reports. However, from the outset, it emerged that the M&E design was overambitious, and this proved a handicap throughout the Project period. The big lacunae were: (i) no monitoring of the efficiency of infrastructure implementation; (ii) information on outcomes was not collected; (iii) no mechanism for beneficiaries to report systematically on implementation, usage and satisfaction; (iv) the specific, elaborate M&E provisions for the vulnerability component were not activated; (v) the web-based system was only partly operationalized; and (vi) the reports of the ONDH are largely neglected. INDH also commissioned qualitative surveys and impact evaluations in 2009 and 2011. Only summary results from the 2009 and 2011 qualitative survey are so far available. The impact evaluation mentioned above has been conducted, with the baseline survey completed in 2009, and the follow-up round in 2011. Results are not yet available.

33. M&E utilization. The CN produced reports on the satisfaction of the disbursement indicators (para 14) as part of the tranche release process. All four tranches were released. Three were released on satisfaction of the indicators, but with some delays due to shortcomings (subsequently corrected) in the initial versions of the reports. One tranche (the third) was released after a waiver, because two disbursement indicators under the original results framework were not satisfied (see para 30 above). More generally, the progress reports produced by the CN since 2008 are a useful source of information on INDH implementation and outputs. They give government and donors a clear picture of progress. However, they contain little information on outcomes, and little critical evaluation. By and large, M&E data was used only partially to inform decision taking and resource allocation. In general information flowed up, but not back down, and much reporting was essentially oriented towards donor requirements as well as to government's needs to oversee implementation and disbursement progress, rather than to the interests of beneficiaries or managers, who would be able to use the data to check progress against benchmarks and comparators for their projects and ILDH local development plans. There was no post-completion tracking of projects. CN was not fully responsive to ONDH reports or to many mission recommendations.

2.4 Safeguard and Fiduciary Compliance

34. Environment. INDH was classed as a Category B project. The Environmental Management Plan (EMP) defined the screening process, and simple tools were incorporated into the operational manuals, together with a list of generic mitigating measures. However, the environmental and social safeguards were new for the governance bodies and supporting agencies and for the sub-project sponsors, and INDH did not carry out the proposed campaign of training and environmental awareness raising. Major efforts were made by the Bank during supervision to raise awareness and to train staff and sponsors in the implementation of the EMP. Environmental screening did begin in 2008 and all INDH's projects were screened, even those before 2008 became systematic and effective from 2009, with retrospective review of sub-projects approved before that date. Levels of awareness of decision-making bodies, support agencies (including the DAS) and beneficiaries initially remained low, but improved towards the close of the project. On balance, the judgement of the Bank's safeguards team is that the sub-projects financed as well as the project overall were compliant with the Bank's environmental safeguards, but that environmental awareness and safeguards compliance need to be systematically factored in to the next phase from the outset.

35. Resettlement. An agreed RPF was included in the Operational Manuals. Most sub-projects were expected to have no major negative impacts in terms of physical or economic displacement, due to their generally small size. Land acquisition and resettlement screening was, however, slow to be implemented and was only mainstreamed in sub-project selection in 2008 after the CN launched training and information campaigns on the subject. At project completion, local awareness of OP 4.12 issues had been raised and screening was systematic. Overall, the judgement of the Bank's safeguards team is that the project was compliant with the Bank's resettlement requirements, but with recommendations for improvement in Phase II (see Annex 2).

36. Procurement. Procurement arrangements had to take account of the fact that the vast majority of expenditures would be on numerous sub-projects executed at the decentralized level. The procurement capacity assessment carried out at appraisal found generally adequate capacity in public agencies. A Manual of Fiduciary Procedures set out procurement rules and capacity requirements for project sponsors. Overall, risk for procurement was assessed at appraisal as 'average'. In implementation there was no misprocurement declared and no fraud or corruption issues were reported. However, post-reviews indicated that national procedures were generally used in preference to the specific procedures set out in the Manual, the quality and monitoring controls envisaged at preparation were not fully implemented, and the performance of the central procurement supervision unit was sometimes weak. The overall judgement of the Bank's fiduciary team is that these weaknesses and deviations from procedures did not greatly affect the efficiency of implementation and that the main principles in procurement (transparency, efficiency, probity) were observed and that for these reasons, procurement performance can be judged generally satisfactory.

37. Financial management. A simple INDH-specific financial management manual was developed, accompanied by capacity building and a monitoring and reporting system, and development of ex-post controls and external audit requirements. A fiduciary innovation team was to track progress, conduct assessments and respond to emerging problems. An annual performance audit was to assess efficiency. Appraisal assessed overall risk as 'significant to high', given the risks inherent in working through numerous untried sponsor agencies.

38. Financial management implementation was largely satisfactory. Audits were satisfactorily carried out by IGAT/IGF. Although delayed and not performed annually as

originally intended, performance audits were nonetheless conducted, and internal audit procedures were satisfactorily introduced. Weak points were inadequate capacity building, the late activation of the fiduciary innovation team, and lax follow up on audit recommendations. No corruption issues were reported, an outcome to which the transparency and civil society participation involved in the project certainly contributed. Overall, the judgement of the Bank's fiduciary team is that audit reports were candid and revealed no major issues and that, despite delays, financial management, reporting and auditing were overall satisfactory.

2.5 Post-completion Operation/Next Phase

Transition arrangements to post-completion operation of INDH sub-projects

39. The sheer number of sub-projects (22,000 to date), their geographical dispersion, and the wide range of project sponsors pose a considerable challenge for post-completion operation. During implementation, each project had an identified institutional sponsor with first round responsibility for continuity, and INDH sub-project appraisals require a statement of how the project will be operated sustainably. In addition, there is an implicit pressure from the local population who have requested the project and who have an interest in sustaining the welfare gains involved in continued operation.

40. In practice, arrangements for operating sub-projects are many and various. Many projects are the subject of a multi-annual operating agreement with project sponsors. In some cases, line ministries have taken over responsibility for running sub-projects – or are financing their running. Local authorities have taken responsibility for certain public infrastructure such as roads, whilst local communities themselves have taken responsibility for some sub-projects. In the case of revenue-generating activities, sponsors have an evident interest and responsibility for running their sub-projects sustainably. Constraints to adequate O&M are, however, sizable: (i) local authorities have limited means for maintenance; (ii) NGOs similarly have limited resources of their own; (iii) community-selected investments will not always coincide with ministry plans or budgets; and (iv) ownership of INDH-finance assets is not clear.

Sustaining INDH innovations and implementation capacity

41. Government is strongly committed to sustaining INDH, and in June 2011, the King announced Phase II with an increase of the budget. The Bank has again been invited to partner Morocco on the program. This will provide a first rate opportunity to build in key areas for sustaining and strengthening the INDH where the Bank could add value (see Section 6 below).

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

42. INDH was conceived in the light of new and pressing development priorities for Morocco (see 1.1 above). There has been no shift in those priorities, and INDH has, if anything, become even more relevant today with the intensifying socio-political pressures, hence the King's announcement of an expanded Phase II with more ambitious objectives and an enlarged budget. Similarly, INDH remains key to the Bank's current country and global goals, which emphasize demand-driven, participatory approaches, poverty reduction, and inclusion, with particular emphasis on women, youth and the vulnerable. Proposed future support to Phase II is one of the main lending vehicles to support the second pillar of the Country Partnership Strategy (CPS) 2010-2013: 'increasing access to and quality of service delivery by all', as well as contributing to

the CPS cross-cutting objective to improve governance. Overall, the design, as developed by the Government and with additional inputs from the Bank, was complex but with potential high rewards. Testament to overall soundness was the success of the design in mobilizing a very large number of institutions and stakeholders to contribute constructively to full-scale implementation. Design proved flexible enough to be adapted during implementation to mitigate some potential shortcomings. Bank inputs during implementation (see 2.2 above) helped guide adjustments to the program to increase inclusiveness, accountability and transparency.

3.2 Achievement of Project Development Objectives

43. The PDO was achieved as measured by the five project outcome indicators, which capture the four aspects of the PDO and all of which were met (Table 4 below, and *Data Sheet*). Minor to moderate shortcomings were recorded based on a more qualitative analysis of results. Sixteen of the seventeen intermediate outcome indicators were also met. In terms of outputs (see below), INDH set up processes and institutions as planned that reached almost 5.4 million direct beneficiaries through 22,000 sub-projects. These outputs allowed INDH to reach its poor and vulnerable target population and to meet its ambitious geographic and sector targets (see below and Annex 2 for more details).

Table 4: INDH performance against (revised) PDO outcome indicators

Outcome	PDO outcome indicators	#	Target	Actual
Inclusiveness	% of women in governance structures	# 4	7-14%	11-17%
	% of youth in governance structures	# 5	7%	12%
Accountability & ownership	% of projects where communities take responsibility for infrastructure	# 3	60-70%	72-90%
Transparency	% of decisions of governance bodies published	# 2	95%	100%
Use of services and infrastructure	% of target population with enhanced use of infrastructure and services	# 1	30-70%	41-84%

Source: INDH Qualitative Survey 2011; INDH M&E system

There were moderate shortcomings affecting INDH's attainment of the inclusiveness outcome

44. The participation of civil society and elected representatives and of women and youth in governance structures surpassed quantitative targets (*Indicators # 4, 5, 15, see Data Sheet*). Involvement of non-governmental organizations in planning and implementation of sub-projects to take care of vulnerable populations also exceeded the target (*Indicator # 14*). The extent of involvement of the target population in the participatory process is also reported as satisfactory, with more men participating (54-58%, depending on component) than the target of 40%. Women's participation (42-54%) was more than twice the targeted 20%, and youth participation (37-48%) was more than four times the target (*Indicators # 6, 10*)

45. Qualitative reviews suggest that the participatory programming process has been carried out efficiently but there are some questions over its quality. Reviews by the Bank of samples of the ILDHs (participatory local development plans) suggest that the work was conducted in a wide variety of ways and is of mixed quality, ranging from best practice to weak. Most of the projects identified are high impact, poverty-reducing projects, but in only some cases are the ILDHs genuinely multi-annual phased investment programmes built on a truly participatory process, validated with and owned by poor people and poor communities within the commune. Many are project lists updated from time to time, pieced together through a range of consultative processes of varying quality.

The outcome of accountability and ownership is being largely attained, with moderate shortcomings

46. Communities, NGOs and communes have taken responsibility for most project implementation, implementing 72-90% of sub-projects, well above target (*Indicators # 3, 15*). One remarkable result has been the growth of competent NGOs, with almost 7,000 sub-projects being sponsored by associations and cooperatives. However, the number of sub-projects actually implemented by local community-based organizations – a key feature of community-driven development - is probably low. Although no firm data are available, spot checks show that most projects are implemented by public agencies on behalf of sponsoring communes, though there is some variation across provinces in this regard. What is encouraging is that the overall trend as reported across provinces has been towards greater local implementation either by communes or NGOs.

47. Mechanisms for accountability and ownership have been established and are operating, with all governance bodies established and operating, and almost all (91%) having established proper rules and procedures (*Indicator # 19*). The target was 100%, and this is the only INDH indicator that was not recorded as met. Qualitative evaluation shows some weaknesses not picked up by the indicators, particularly that the proposed ‘grievance mechanisms’ have not been formally set up all across the program.

48. Considerable implementation capacity has been created, through a major effort at training (*Indicator # 20*). The training of local actors and associations and the creation of a professional cadre of 6,300 university-trained social workers are notable results. Seventy provincial training plans were drawn up and 104,437 persons were trained, compared to the target of 70,000. This greatly contributed to the rise in status and competence of NGOs, the professionalization of social work, and the raising of the competence of the INDH governance and support bodies (see Annex 2).

Despite the positive indicator, there were moderate shortcomings in achieving the transparency outcome

49. INDH met the PDO indicator on publication of decisions of governance bodies (*Indicator # 2*). However, M&E and the communications program (see 2.3 above) are not yet fulfilling their intended function as the key instruments of accountability, transparency and ownership.

There were very positive results on enhanced use of social and economic infrastructure and services by poor and vulnerable groups, but also some shortcomings

50. Responses on the four indicators of improved access to infrastructure and services (*Indicators #1, 8, 12, 21*) show actuals well above target, particularly for women and youth. Visits to sub-projects suggest that most are operational and well-used. Information on the results of the income generating activities is inadequate to permit a judgement on its contribution to sustainable increase in incomes of the poor and vulnerable (see 2.2 above), but a study on a small sample of sub-projects suggests problems with targeting and a relatively high failure rate (see 3.3 below).

51. Access of the vulnerable to quality care services has certainly increased, with over half a million beneficiaries and a real momentum of professionalization of social services, dynamic

partnerships between associations and the state, and the inclusion of the vulnerable and the marginalized.

Summary assessment of outcomes and attribution to Bank contributions

52. Overall, these statements, taken together, support an assessment that the program has achieved the institutional development and process targets set. However, the qualitative assessment made above has also highlighted a range of shortcomings. Evidently, continued efforts into the longer term will be needed to put in place a permanent, inclusive process of participatory strategic planning that improves the lives of poor and marginal people. Phase I has been a good start and a very important learning experience.

53. Bank financing accounted for only 6% of total financing, but the Bank's most significant contribution was guidance to government, the original rationale for government's invitation to the Bank to become lead technical partner. Bank contribution to design and implementation, summarized above (2.1 and 2.2), made significant contributions to INDH outcomes: strengthening inclusiveness through support to the participatory process and to capacity building for front-line staff; improving accountability and ownership through ensuring balanced representation and formal operating procedures in the governance committees, helping develop multi-annual strategic planning, and putting in place fiduciary, environmental and social safeguards; and enhancing transparency through emphasis on the publication of decisions and the focus on development communications and M&E. The Bank has also assisted the Government in drawing out the valuable lessons (see Section 6 below), which need to be applied in the second phase. It should also be noted that a more detailed impact evaluation is being carried out by the government with Bank support, but this was not available by the deadline for this ICR.

3.3 Efficiency

54. For the purposes of this ICR, the Bank commissioned an economic study (Annex 3) of a sample of 50 INDH sub-projects under all four components. Infrastructure sub-projects evaluated had an average IRR of 12%, with electrification sub-project returns ranging from negligible to 10%, roads sub-projects from 17% to 50%, potable water sub-projects from negative to 47%, and urban upgrading sub-projects from negative to 43%. Returns tended to be higher for simple sub-projects that were not very capital-intensive. Rates of return were not calculated for social services sub-projects. The study found that in general health and education sub-projects brought indirect social returns in terms of social capital formation and socio-economic dynamic in population centers. However, the evaluation found uneven levels of use, and inadequate cost-effectiveness assessment of alternatives – for example, there was a bias towards construction of school boarding houses rather than cost-effective alternatives such as improving school transport services.

55. No rates of return were calculated for sub-projects in favor of vulnerable segments but the study noted that cost effectiveness was higher for cutting edge centers financed, which worked more in the community on a participatory basis than for 'classic' in-patient approaches, which were also financed. The study also noted lack of assured operating funds for these sub-projects. Half of the sample of income-generating sub-projects had good rates of return (12-14%), whilst half had rates below 8% - and three sub-projects had already failed. The study identified linkages to downstream markets, quality of support provided, adequacy of fixed and working capital, and the education and skills of the entrepreneurs as the key success factors. The successful sub-projects also had a multiplier economic effect and contributed to leveraging more investment. The study faulted targeting, as beneficiaries were not always in the target groups.

56. Limited observations during Bank supervision and the Completion Mission suggest that project implementation and the quality of infrastructure have been of mixed quality, mostly good. On the basis of a very small sample, 75% of infrastructure projects were found to be of good quality, and 25% of moderate quality. Costs were about 20% lower than usual costs for public contracts. The explanation for this appears to be largely adoption of lower cost models adapted to local needs or, in some cases, lower design and construction standards, rather than efficiency gains. There was no information or follow up on standard costs. Sustainability was a concern, with limited provision for maintenance, with particular concern for drinking water, urban cleansing, and social care centers.

3.4 Justification of Overall Outcome Rating

Rating: Moderately satisfactory

57. As discussed above (3.1), the INDH program is relevant to current country and Bank priorities. The program has met its PDOs (3.2), which are largely concerned with setting up processes and institutions. Further work is needed to make those processes truly inclusive, accountable and transparent. The program has achieved considerable outputs (22,000 sub-projects, with over \$1.7 billion invested in poor areas), and achieved its outcomes with minor to moderate shortcomings based on a more qualitative analysis. Evidence on efficiency (3.3) shows a mixed picture with at least moderate shortcomings: rates of return for infrastructure sub-projects are positive and often high, and access to and use of infrastructure and services are generally in line with expectations, but there are shortcomings, particularly on the income generating sub-projects. One most precious outcome of the program to date is the wealth of lessons on how to improve processes and institutions. If these lessons can be put to work for the subsequent phases of the program, this will provide a good return to the investment in the first phase. Overall, INDH's continued high relevance, the verifiable fair progress on process, the generally good implementation performance, and the evidence on positive outcomes justify a rating of moderately satisfactory.

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

58. The impact evaluation study (results expected in 2012) is expected to show changes in both income and expenditure of the poor and in their nutritional, health and education status. Until that information is available, no assessment of poverty reduction impacts can be made. INDH has a well-defined strategy for integrating gender and youth aspects into governance structures, and the program has achieved its performance targets on this score (3.2). Women and youth are also prominent beneficiaries in sub-projects. Women accounted for 53% of beneficiaries in the income generating activity. Social capital is clearly forming: INDH governance and implementation processes involve very large numbers of people: more than 11,000 members of the CLDH/CPDH/CRDHs, 104,437 people trained, and over 7,000 associations participating.

(b) Institutional Change/Strengthening

59. Institutional base and enabling environment for Phase II. The setting up and strengthening of the governance bodies and support services has been a remarkable achievement (see 2.2 above). Although competence and performance vary, these organizations represent a

solid institutional base to support bottom-up processes in subsequent phases. The emergence of many competent NGOs and their strengthening are also notable achievements. More generally, INDH has had an undisputed impact in creating an enabling environment for inclusive citizen participation through civil society, including NGOs and community organizations.

60. Donor coordination. The fit of INDH with development priorities (3.1 above) and the well-structured implementation arrangements encouraged fourteen grant donors to provide \$197 million, equivalent to about 16 % of program costs, in addition to the Bank's contribution. Donors agreed on joint supervision, essentially confiding leadership to the World Bank, alongside the EU which also played a leading role in supervision.

61. Decentralization and 'convergence'. Although decentralization and 'convergence' (horizontal and vertical inter-ministerial coordination) were not amongst the project objectives, they were expected to be important factors in the efficiency of implementation and sustainability of outcomes (see 2.2 above). INDH was unfortunately not effective in catalyzing this agenda.

3.6 Summary of Findings of the Stakeholder Workshops

62. Over a three day period (May 30-31 and June 1, 2011) three workshops were held to listen to the appreciations of beneficiaries and other INDH partners. Over 150 participants spoke openly and vocally both in plenary sessions and in thematic group sessions. Overall, there was consensus that the benefits of INDH have been considerable, with a noticeable improvement in the lives of the target population and a strengthening of community social capital and of institutions at all levels, particularly in the NGO sector. However, there was unanimity that there is a need to better capitalize all the hard-won lessons of Phase I as a basis for Phase II. Many things in Phase I went well, many improved over time, some went less well. Phase II should be built on the findings of the evaluation of Phase I. Based on the results, improvements should be built into Phase II, and the capacity building, communications and M&E programs of Phase II should be built around the findings. The following particular concerns were expressed throughout:

63. There is a need to strengthen the participatory process to better include the poor and disadvantaged. The poorest and most marginalized may not have the priority in resource allocation which was intended, because *the poorest lack the means of accessing INDH.* This is largely due to weaknesses in the participatory process which should have better helped the target population argue for their needs. For example, the really poor do not have strong representative associations and that, as presently set up, the EAC/Q are not properly equipped to be the animators and facilitators of community-driven development. Better off areas and groups were perceived to be more able to organize and to present persuasive projects. The main recommendations were (see Annex 6 for details): (i) strengthen the participatory process, with the social mobilization teams to be full time professionals, properly trained and equipped; (ii) capacity building focus to be on the development of local social capital and local area associations; and (iii) targeting procedures for urban areas to be improved.

64. There are concerns over sub-project quality and sustainability. Sub-project quality was considered to be very variable, and many participants pointed to a lack of proper follow-up during implementation and operation. Recommendations included: (i) standardize appraisal criteria, perhaps in a 'project preparation manual'; (ii) provide for technical support to preparation and supervision, possibly delegating these support functions to professional partners; (iii) strengthen the capacity of the social mobilization teams for follow-up; and (iv) extend support and M&E beyond the project construction period to cover the first years of operation. Consideration could

also be given to risk-based partnership agreements that tie payments for project sponsors to verified quality of implementation.

65. There are problems of overlap and incoherence with line ministry programs i.e. the classic problem of ‘convergence’ (see 2.2 above). Recommendations were: (i) reactivate the national program for improving ‘convergence’ and push for decentralization or at least ‘deconcentration’; (ii) associate line ministries in all levels of INDH governance bodies; and (iii) reconcile local development plans such as the *Plans de developpement communal* (PDCs) with the ILDHs

4. Assessment of Risk to Development Outcome

Rating: Moderate to significant

66. There are several risks to the outcomes of Phase I and to their sustainability. There is a risk to the **inclusiveness outcome** that the participatory planning process will not be further developed and that INDH will become a complement to general investment financing. With the announcement of a doubled budget for Phase II and expanded territorial coverage, there will be strong pressures to get on and spend, to establish facts on the ground. These pressures could easily undermine the rather frail participatory planning process already in place and overwhelm the efforts that the Bank will be promoting to strengthen that process and to allow more time for it to mature.

67. There is a risk to the **outcome of accountability and ownership** that lack of ‘convergence’ will continue to reduce INDH efficiency. There is a ‘country risk’ that Morocco’s gradual move towards decentralization and empowerment of local government will not be completed or will have weak impact, and that this will impair the chances of efficient integrated planning for investment and service delivery.

68. There is a **sustainability** risk to Phase I outcomes due to doubts over the effectiveness of arrangements for continued management, operation and maintenance of facilities (see 2.5 above). Targets for ensuring sub-project sustainability are formally met (*Indicators # 7, 9, 11, 13, 16, 17, 22 – see Annex 2*), but these targets are low and there are clearly problems of sustainability that are not captured by the formal data. INDH reports that only three quarters of infrastructure projects are operational and less than two thirds of centers under the vulnerability component are covered by operating agreements. Under Phase II, attention will be needed not only to ensuring sustainability of new investments but also to strengthening arrangements for Phase I sub-projects.

69. There is a risk to the **overall PDO** that the ‘lessons learned’ from Phase I will be found too difficult and that INDH will essentially continue ‘business as usual’. Phase II will require actions to consolidate gains and to strengthen processes, particularly in the areas of: (i) improving the participatory approach; (ii) improving efficiency; and (iii) maximizing welfare gains. All these improvements will require objectivity, frankness and readiness to accept change, and there is a risk that the needed flexibility will not be forthcoming.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately satisfactory

70. Rapid appraisal of an already ongoing program was accepted within the Bank because it opened a window of opportunity to move faster on the linked participatory and poverty reduction agendas. Given that the Bank was essentially joining a process that was underway, appraisal correctly focused on key areas where the Bank could add value by improving design and managing risks: (1) targeting and inclusion; (2) the participatory process and the related governance and support mechanisms; (3) fiduciary and safeguard arrangements; (4) capacity building; (5) M&E; (6) development communications; and (7) involvement of partner agencies.

71. Appraisal took into account country and global lessons. There was an excellent review of early INDH results. The poverty analysis, based on poverty assessments and mapping, was well done. Although there had been no pilot specific to INDH, lessons from precursor CBD/CDD-type programs which the Bank had financed were adequately factored in. The risk assessment is detailed and comprehensive (see 2.1 above), and the PAD is frank on where Bank views differed from those of Government and what were the implications.

72. A weaker point at appraisal was the results framework, where the links between outputs, outcomes and PDO were unclear, and the indicators did not capture the real results of the operation. The linkages were improved when indicators were revised after the MTR (1.3).

73. With hindsight, it is clear that on some aspects – particularly M&E and communications – the Bank overestimated the commitment and the capacity of INDH to implement the good design. This was one area where intensive supervision was expected to help INDH grasp the importance of these activities, and to implement them according to the proposed design. In the event, during implementation the CN realized the importance of these issues. Some progress was made on development communications, although less so on M&E.

74. More generally, Bank management accepted that the gains to be won from partnering Government on this high return program outweighed the relatively high risks, and decided that a large supervision budget would be allocated to permit early detection of any problems and to allow design to be improved during implementation. This was a reasonable approach.

75. **QAE rating:** Moderately satisfactory, although on several criteria the quality was rated higher: technical, financial and economic analysis; poverty, gender and social development; and environment. The rating was justified by general endorsement of the quality of appraisal, tempered by concerns about high risks and that more could have been done to mitigate them. The principal concerns cited were: (i) prospects would have been improved with a slower start-up and more initial capacity building; (ii) the apparent unreadiness of the CN coordination unit; (iii) the risk that pressures to disburse would lead to cutting corners on participatory decision making and local governance; and (iv) the arrangements for evaluation were unclear. The ICR concurs that these risks were real. However, in the event, most were addressed during implementation and supervision, except for the concern over evaluation which remains an issue (see 2.3 above).

(b) Quality of Supervision

Rating: Satisfactory

76. Supervision quality. Supervision posed a challenge, due to the sheer size of the program, the multi-sectoral programmatic approach, the large number of national and donor partners, and the immediate full-scale implementation with untried approaches and new institutions. Supervision was necessarily selective, but the empirical and analytical work and the resulting judgments and recommendations proved generally sound. The Bank followed implementation closely, consistently raising issues and proposing solutions to implementation issues. Reports were clear and of good quality, and there was transparent and consistent ‘restitution’ at both central and local levels. The Bank shared with the EU leadership of the donor group and maintained a permanent dialogue both with the CN and with the high level Steering Committee. More might have been done on sustainability issues, where attention was limited until later in the Project period.

77. Supervision inputs. The Bank maintained co-task team leaders throughout, of whom one was based in the country office and spending more than half of the time on supervision of INDH. The supervision budget was adequate and well used, and the Bank fielded well-qualified, multi-disciplinary teams of up to ten or more specialists, with fair continuity. Regular site visits were made to verify progress on the ground and to ensure that participatory processes and institutions were in place and operating as designed, that needed strengthening was provided, and that sub-projects were being correctly selected and implemented for the benefit of the target population. Over the life of Phase I, Bank teams visited and evaluated in detail INDH activities in some fifty of the total of 65 provinces. Although the team lacked dedicated specialists in income generating projects and participatory CDD processes, considerable support to these aspects was provided through supervision. As mentioned above (para 29), the Bank organized three high-level round table discussions on lessons learned on participatory approaches to poverty reduction, and also organized a study tour to Brazil and subsequent policy discussions for decision-makers to learn from experience of community-driven development and income generating programs there.

78. Areas of greater or lesser supervision impact. Overall, the Bank had a strong positive impact on the success of the program (see 2.1, 2.2 and 3.2 above), but there were areas where impacts were more muted. The Bank team played a key role in the development of good procedures, especially in the preparation of the operation manuals. Continuous supervision support from the Country Office and regular supervision missions were used to bring together key stakeholders to exchange views, learn lessons and align approaches. This served to keep a focus on results in terms of process and institution building, and also on outputs and outcomes. On M&E, the Bank helped the CN to improve the MIS and set up an M&E plan. However, the M&E proposed in the PAD proved over-ambitious. The restructuring of the project aimed to streamline the Results Framework and to make it clearer, with fewer indicators and more realistic targets, including for disbursement indicators. Strong supervision emphasis on M&E by the Bank and EU did have some impact, but overall the result was disappointing (see 2.3 above). Several key aspects of M&E remain to be developed: community-based M&E, follow up on sustainability, information on whether the targeting worked. These shortfalls from appraisal expectations are not unusual in a first phase CDD project and a more incremental approach was clearly indicated. In addition, INDH's high profile and the consequent pressure to show success placed constraints on data collection and reporting. It will be vital to ensure that government and Bank agree on a frank assessment of M&E and integrate the lessons into the Phase II design.

79. On environment, the well-designed EA procedures were formally respected but, although supervision attention was consistent, the Bank did not succeed in 'mainstreaming' environment within INDH. Despite a well-designed development communications component and high quality supervision inputs, in the face of muted government interest, the Bank could catalyze only partial progress towards the intended role of communications as a 'key instrument of accountability, transparency and ownership'.

80. **QALP rating** (August 2008) for implementation progress was moderately satisfactory. The highest score (highly satisfactory) went to 'ownership', and the lowest (unsatisfactory) to M&E. Implementing agency performance was rated moderately satisfactory, with the note 'slow to get going'. INDH's performance on resolving issues was also rated moderately satisfactory. Bank supervision was rated satisfactory. This ICR concurs with the evaluation by the QALP.

(c) Justification of Rating for Overall Bank Performance

Rating: Moderately satisfactory

81. Responsive and constructive appraisal processes, with in-depth analysis of all key issues, resulted in a relatively high risk but high reward decision for the Bank to proceed in response to Government's clearly expressed desire to have the Bank as its lead partner. The key risk management strategy was intensive and interactive supervision. This was provided by a large supervision team with most required skills and giving quality advice. Candid reporting back to government at both decentralized and central levels, making clear all deficiencies and highlighting options for correcting them, was the hallmark of the Bank's supervision performance. This is clear from the detailed and constructive presentations made to the authorities at the end of each mission, and by the subsequent aide memoires and follow-up from the resident supervision team. Government was, in general, highly appreciative of Bank inputs, and of its focus on key issues and its commitment to supportive dialogue. Government did raise some administrative issues regarding Bank supervision (see para 97), but the enthusiastic invitation to the Bank to renew its lead partner role for Phase II is testament to the esteem in which Bank guidance is held. Taken together, the Bank's proactive approach to partnership and risk management, and the intensity and quality of its work on design and implementation, with moderate shortcomings experienced at appraisal and regarding team composition during supervision, support an overall rating of 'moderately satisfactory'.

5.2 Borrower Performance

(a) Government Performance

Rating: Satisfactory

82. INDH was a truly national initiative, marked by very strong ownership, and driven by a keen appreciation of the need for a major, high profile response to worsening socio-political and poverty circumstances. INDH fitted well with new movements towards democracy, human rights and accountable governance, a more inclusive growth model, and a broader definition of development goals, encompassing human development beyond simple economic growth. The guiding principles and program design were outlined in the 2005 *Plateforme*, a clear concept document, and an initial set of actions was launched twelve months before Bank appraisal. Government set up two top level committees chaired by the Prime Minister, allocated very large financial resources, and backed implementation consistently throughout the Project period. Shortcomings lay in government's reluctance to implement key governance measures, especially requirements for transparent and relevant M&E and for the establishment of grievance mechanisms. Delays in implementation of deconcentrated resource allocation undermined expectations of convergence for INDH planning and operations (2.2).

(b) Implementing Agencies Performance

Rating: Moderately satisfactory

83. The CN was a new agency operating in a very challenging and constrained environment. Although the model was untried, CN was expected to implement it full scale from day one. Given the high profile of the INDH, political scrutiny was intense, and there was little scope to fail and to learn from failure. Complexity proved another challenge, with a vast number of governance structures, implementing partners and stakeholders. CN's role, too, was a tricky one, with no direct authority over decision making, and only advisory powers to improve implementation and outcomes. The challenge was for CN to guide and coordinate a massive program according to rules which encouraged innovation from the bottom up and demand-driven programming, making coordination an heroic task.

84. CN's strengths were, first and foremost, its professional commitment to implementation, which was largely delivered on time. CN showed respect for its fiduciary and safeguard obligations, and sought guidance from the Bank and elsewhere on selected issues. Given its coordination rather than management, role CN proved adept at steering a fine line between necessary 'instructions' – procedures manuals, annual orientation notes, circulars – and 'delegated flexibility' for adaptation and innovation at the decentralized level. The holding of numerous open workshops, study tours etc. demonstrated a spirit of critical enquiry and awareness of the need for constant improvement. CN was also successful in developing numerous standards and tools for decentralized management.

85. However, initially CN lacked experience in many areas of responsibility, and was slow to acquire the needed methodologies and competences, notably in environment, M&E, development communications, and capacity building. Also, driven by a need to always show good progress, CN sometimes had a defensive reaction to suggestions for improvement, which were taken as a critique, and there was a corresponding reluctance to accept needed changes. The setting aside of the innovation teams, which initially provided useful inputs, is an example.

86. The INDH governance bodies were an innovative conjunction of elected leaders, officials and civil society. Generally, they worked effectively, with written internal procedures. However, it is not clear to what extent the poor and marginalized actually had a voice in these bodies. The DAS evolved effectively, although at different paces. Most have proved capable in supporting implementation and have capacity to push forward the participatory development agenda in Phase II. The social mobilization teams are heterogeneous in composition and competence. They have generally proved energetic and effective – but only within limitations: lack of clear terms of reference, inadequate training, and absence of a mandate and resources to do a quality job in supporting the participatory process.

(c) Justification of Rating for Overall Borrower Performance

Rating: Moderately satisfactory

87. Commitment to INDH was strong throughout, and all partners worked hard to solve implementation problems and achieve output targets. Excellent dialogue and relations were maintained with all stakeholders, including donors. Weaknesses were in the partial implementation of governance measures, in the uneven quality of the participatory process, in M&E and capacity building, and in provision for sustainability. Given the generally strong commitment and good results, but the need to strengthen key parts of the process for the Phase II, an overall rating of moderately satisfactory is appropriate.

6. Lessons Learned

88. The valuable lessons drawn from the implementation of INDH I are based on continuous learning and dialogue between the Government, the Bank and other partners, and are supplemented by contributions from a broad spectrum of stakeholders through stakeholder workshops. The overall conclusions are presented here, but given the need for intensive learning and applicability to INDH II, Annex 2 and Annex 6 contain more detailed lessons learned in all areas of the project.

89. INDH has shown that new participatory approaches can be put in place rapidly. In an environment with a history of top-down, centralized decision making, implanting a culture of

participatory diagnostic and programming and real empowerment of poor communities poses many policy and institutional challenges. The first five year phase of the INDH has succeeded, with strong government commitment, adequate resource allocation and good technical support, in building capacity in governance and support structures, establishing participatory approaches, and showing what improvements are needed.

90. Further, INDH has also demonstrated that large numbers of sub-projects can be implemented in a very short period. Despite the risks, a well-designed and supported program can begin from almost nothing and achieve high levels of implementation in a very short time, provided that adequate supporting measures are in place. The first phase of INDH has invested \$1.7 billion in 22,000 sub-projects for over 5 million beneficiaries. Indications from both qualitative evaluations and preliminary results of the impact evaluation are that these INDH investments have had an impact on human development indicators

91. The experience of INDH has also highlighted the lessons and areas in which better performance are needed, which not surprisingly correspond with the themes on which Bank support has been requested by the Government for Phase II. First is the area of social accountability and participation to improve real empowerment of poor communities. The lessons from Phase I and areas for improvement under the second phase of INDH would include the need to improve real empowerment of poor communities through:

- Strengthening the participatory planning approach by improving the methodologies for ILDH preparation and better convergence with sectoral programs and reinforcing local support mechanisms, notably social mobilization teams
- Supporting grass roots associations by strengthening their mandate and ensuring that they are truly representative of local communities
- Decentralization of decision-making powers, including strengthening local governance bodies (CLDH) and reinforcing their representativity, possible community management of funds, and promotion of community contracting
- Strengthening community ownership of sub-projects and reinforcing measures for the sustainability of their operation and maintenance
- Reinforcing participatory M&E procedures, strengthening two-way communications, and ensuring that ‘grievance mechanisms’ are properly established

92. Second is the area of economic inclusion, where lessons from INDH suggest that additional risks are associated with income generating activities and that the model needs to be refined, building on existing global knowledge. In particular there is a need for:

- Improving design of the linkages to micro-finance
- Providing much better technical assistance and continued business management support to sponsor associations
- Development of a typology of revenue-raising projects and adaptation of appraisal and financing arrangements for different categories
- Directed focus on certain interventions such as vocational training and job placements for youth
- Increased use of “community participation” procurement procedures to foster local employment during construction of sub-projects and local infrastructure

93. A third area concerns overall enhancement of service delivery access and quality so as to maximize and sustain human development outcomes. Here, the main lessons are the need for:

- Establishing clear criteria for the selection of projects
- Keeping costs down by adopting standard models, standard unit costs, and follow up
- Building in sustainability considerations from the start and finding ways to support sustainability of Phase I investments
- Continuing to carry out detailed impact evaluations, including longitudinal surveys, employing third party M&E, and establishing clear benchmarks for Phase II
- Overhauling and expanding support to revenue-generating activities, improving both commercial sustainability and pro-poor targeting

94. Finally systems improvements are needed to improve efficiency, sustainability and impacts. Some of the lessons and recommendations in this regard are:

- More effective M&E and learning, including strengthening the capacity for innovation through revival of the innovation teams, possible pilot operations, and (perhaps) twinning with similar CBD/CDD operations in other comparable countries.
- More active management of integration and ‘convergence’ of investment programs, including reconciliation and synergy between ILDH and the PCD communal plans, and strengthening of partnerships with the local branches of government technical services
- Review of the criteria for selecting target areas and groups and redefining the targeting instruments, especially for urban areas
- Strengthening results-based management through a well-defined Results Framework and realistic disbursement-linked indicators, and improved M&E of results, including of sub-project impacts. The management information system also needs to be upgraded in Phase II to make it more user-friendly and informative.
- Strengthening the capacity building program, starting with a capacity building strategy, adapting it more to local needs and focusing on development of specific required competences, including local level investment programming and implementation
- Streamlining procurement, including appraisal of sponsor’s procurement capacity as part of sub-project evaluation procedures, simplified procurement tracking, and strengthened procurement capacity building.
- Mainstreaming fiduciary, environment and social safeguards into programming and sub-project appraisals and follow-up
- Expanding the communications program, giving priority to two way communications and to facilitating dialogue with beneficiaries

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

95. Based on self-evaluation and on attitude surveys, the Borrower, through the CN, prepared an ICR (May 2011), summarized in English in Annex 7. Overall, the Borrower’s ICR shares the Bank’s evaluation of a challenging but high reward project which has largely achieved its objectives.

96. The Borrower’s ICR also provides a substantive assessment of the World Bank’s contribution to INDH, explaining that government requested Bank involvement because of the Bank’s global expertise, its ability to mobilize multi-sectoral teams, and its in-depth understanding of Morocco. Overall, the Government ICR rates World Bank support as valuable in providing technical assistance, in improving performance, and in convening and aligning other partners. The Bank has helped to create a culture of collective on the job learning. Bank missions enabled a marked improvement in the design and implementation of the INDH,

achieving this through consultation, dialogue, mutual trust and respect, objectivity and common sense.

97. Nonetheless, the Borrower's ICR notes some tensions with the Bank, particularly regarding Bank role, the periodic changes of mission staff, and the burden placed on the CN by the size and frequency of Bank missions. Bank response to the critique was that every effort had been made to ensure that the Bank played its advisory role appropriately, and that changes in mission staff had been kept to the very minimum, with one co-team leader in place since appraisal. The ongoing role of the Bank, mission frequency and composition were subsequently clarified during appraisal of Phase II. In addition, the Bank received comments from the Borrower on an early draft of this Bank ICR (see Annex 7). The Bank responded that most of the comments are the result of a misunderstanding and all clarifications were done to the client. For the other, the necessary corrections will be made in the final version of the ICR..

(b) Cofinanciers (EU)

98. Comments were received (Annex 8) from the principal cofinancier, the European Union (EU). Overall, the EU shares the Bank's evaluation regarding the quality and sustainability of achievements, convergence, capacity building, etc. Appropriate changes have been made to take into account EU comments.

(c) Other partners and stakeholders (e.g. NGOs/private sector/civil society): None received

Annex 1. Project Costs and Financing

(a) Project costs by component (in USD Millions equivalent)

Component	Appraisal Estimate (USD Millions)	Actual/Latest Estimate (USD Millions)	Percentage of Appraisal
Rural	300	327	109
Urban	300	497	166
Vulnerability	300	356	119
Cross-Cutting	300	525	175
Total	1,200	1,705	142

(b) Financing (in USD Millions equivalent)

Source of Funds	Type of Co- Financing	Appraisal Estimate (USD Millions)	Actual/Latest Estimate (USD Millions)	Percentage of Appraisal
Government		620	468	75
Municipalities		240	240	100
IBRD	Programmatic	100	110	110
Donors	Programmatic	240	197	82
Other	Partnerships	-	700	700
Total		1,200	1,705	142

Annex 2: Outputs by Component and Implementation Arrangements

2.1. The objective of Bank support to the INDH program was to assist the Government in improving inclusiveness, accountability and transparency of decision making and implementation processes at the local level in order to enhance use of social and economic infrastructure and services by poor and vulnerable groups.

2.2. The objective was to be reached through four components: (1) Poverty alleviation in rural areas ('the rural component'), estimated cost \$300 million; (2) Alleviation of social exclusion in urban areas ('the urban component'), estimated cost \$300 million; (3) Alleviation of extreme vulnerability ('the vulnerability component'), estimated cost \$300 million; and (4) Mainstreaming INDH governance mechanisms and strengthening of institutional capacity ('the cross cutting component'), estimated cost \$300 million.

2.3. The program was based on the introduction of a new bottom-up concept of integrated socio-economic development based on participation, local governance, partnership, sustainability and results orientation.

2.4. The key outcomes expected were designed largely to gauge the strength of the participatory planning and implementation process and to measure increases in welfare for the target population:

- Rural component: Communities in targeted rural communes actively participate in selecting priority interventions based on a strategic planning process and in implementing and operating the subprojects.
- Urban component: Communities in targeted urban neighborhoods actively participate in selecting priority interventions based on a strategic planning process and in implementing and operating the sub-projects.
- Vulnerability component: People living in vulnerable conditions have access to a range of social services of improved quality which emphasize social and economic inclusion.
- Cross cutting component: The Provincial Competitive Fund (PCF) set up under the project is used in a transparent manner to leverage investments made at the local level; and institutional capacity for implementation is strengthened at all levels.

2.5. Performance of INDH as a whole, as measured against key indicators is shown in the table below. The design, activities and outputs for each component, and their contribution to the key outcomes are detailed in subsequent sections.

Performance of the INDH as whole

2.6. The Program Development Objective (PDO) of the INDH was: to assist the Government in improving inclusiveness, accountability and transparency of decision making and implementation processes at the local level in order to enhance use of social and economic infrastructure and services by poor and vulnerable groups. As revised at MTR, the following are the specific targets and actuals at completion:

PDO Indicators

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
1. Number of persons (men, women and youth) reporting increased use of basic infrastructure and socio-economic services created by INDH, broken down by program (rural/urban/vulnerable/ cross-cutting)	Men 0% Women 0% Youth 0%		Men 70% Women 50% Youth 30%	Men 73-84% Women 66-75% Youth 41-65%
2. % of CLDH, CPDH and CRDH's decisions published, relating to the projects approved/rejected and annual physical and financial reports. Disbursement indicator # 1.	0%		95%	100%
3. % of projects implemented by communities, NGO, Communes	Rural 0% Urban 0% Cross-cutting 0%		Rural 60% Urban 70% Cross-cutting 70%	Rural 90% Urban 72% Cross-cutting 79%
4. % of women in CLDH, CPDH and CRDH. Disbursement indicator # 2.	CLDH 0% CPDH 0% CRDH 0%		CLDH 14% CPDH 14% CRDH 7%	CLDH 17% CPDH 17% CRDH 11%
5. % of youth in CLDH, CPDH and CRDH.	0%		7%	12%

2.7. Each component was assigned specific indicators to measure contribution to the overall project PDO. The following table is a guide to how these indicators are structured in relation to each outcome, and hence their relation to the overall PDO. Details of each component and indicators are then set out in subsequent sections.

INDH outcomes, PDO indicators, contributing component intermediate outcome indicators, and sustainability indicators

Outcome	Key performance indicators	PDO Indicators	Component intermediate outcome indicators			
			Rural	Urban	Vulnerability	Mainstreaming and capacity
Outcome 1: Inclusiveness	% of women in governance structures	# 4				
	% of youth in governance structures	# 5				
	% of target population take part in the participatory process		# 6	# 10		
	% of associations taking part in vulnerability planning				# 14	
	% of elected officials/civil society representatives in governance structures					# 18
Outcome 2: Accountability & ownership	% of projects where communities take responsibility for infrastructure	# 3				
	% of associations taking part in implementing vulnerability plans				# 15	
	% of governance bodies have internal operating procedures					# 19
	Number of persons trained					# 20
Outcome 3: Transparency	% of decisions of governance bodies published	# 2				
Outcome 4: Infrastructure and services	% of target population with enhanced use of infrastructure and services	# 1	# 8	# 12		# 21
5. Sustainability	Revenue raising projects sponsors contribution (%)		# 7	# 11		# 22
	O&M is provided for infrastructure		# 9	# 13		
	Program contracts for services				# 16, # 17	

Sub-projects were financed under all four components. A sample of sub-projects and costs is shown below:

Type of sub-project	Number of sub-projects of that type	% of total number of sub-projects	MAD million (US\$ millions)	Average cost MAD (US\$)
School sanitary facilities	211	1%	41.1 (\$4.9 mn)	194,000 (\$24,000)
Irrigation	576	3%	156.1 (\$18.8 mn)	271,000 (\$32,600)
Drinking water	931	4%	484.4 (\$58.3 mn)	520,300 (\$62,700)
Roads	938	4%	635.3 (\$76.5)	677,300 (\$81,600)
Multipurpose centers	1,593	7%	1,541.5 (\$184.7 mn)	967,700 (\$117,000)
Ambulances	349	2%	144.7 (\$17.4 mn)	414,600 (\$50,000)
Sports fields	817	4%	841.2 (\$ 101.3 mn)	1,030,000 (\$124,100)
Rural electrification	110	0.5%	111.1	1,010,000

			(\$13.4 mn)	(\$121,700)
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COMPONENT 1: RURAL

The Component as designed

2.7. Morocco's poorest rural communes were selected as targets for this component. All communes with a poverty rate above 30% were selected, and another 54 communes with a rate between 22% (national average) and 30% were selected on the proposition of provincial committees. The average population of a rural commune is about 20,000. Procedures for implementing the component are contained in the procedures manual which was vetted by the Bank before issue.

2.8. The component was to finance projects that would achieve the intended outcome, under four headings:

1. Access to basic infrastructure and services
2. Promotion of social, cultural and sports activities
3. Building and developing local capacity
4. Promoting and supporting local income generating activities

2.9. Local Human Development Committees (CLDH) were to be set up in each targeted rural commune, comprising elected members of the commune council, local government staff, NGOs, civil society representatives, and representatives of the private sector. In order to avoid dominance by government officials, the percentage of representatives of elected officials and civil society representatives was to be at least two thirds. On average, the committees were to have about 10-15 members.

2.10. In each commune a 'facilitation and social mobilization team' was to be set up (EAC/Q), comprising volunteers from civil society, staff of the commune, and local staff of central government ministries.

2.11. At provincial and prefecture level, a Provincial Human Development Committee (CPDH) was to be set up, and the Social Action Division of the provincial branch of the Ministry of the Interior was to be strengthened to provide support and supervision services.

2.12. The component was to be implemented in five steps:

- A participatory rapid assessment and the writing of a 'monograph' describing the socio-economic situation in the commune.
- A participatory diagnostic process to identify needs and capacities, and to draw up a preliminary list of project proposals: (1) small projects, typically MAD 30,000 that could be implemented quickly and have high impact; and (2) larger projects that needed to be reconciled with the investment programs of the line ministries and the communal councils.
- The preparation of a five year development program (2006-2010) – the ILDH - based on common eligibility and selection criteria: (1) response to identified needs; (2) strong ownership; and (3) targeting the poorest.
- Adoption of the ILDH by the CPDH and presentation to the CPDR for no-objection, based on a check of: (1) eligibility under the INDH program; (2) avoiding overlap with line ministry programs; and (3) possibility that line ministries could provide support to both financing and implementation.

- Implementation by the project sponsor, typically an NGO, other civil society groups, or the commune. An agreement signed between the governor and the sponsor spells out the conditions, and line ministries provide technical support.

The Component as implemented: outputs

2.13. The rural component was executed in a total of 403 target communes: 348 where poverty rates exceeded 30%, and in 55 communes selected by the CPDH where the rate exceeded 22%.

2.14. According to the information system (IS), the participatory process was carried out in line with the plan. A total of 403 **CLDHs** were set up, one in each of the 403 targeted rural communes. The CLDHs comprised the range of members specified – according to the IS, two thirds of CLDH members comprised elected representatives (i.e. members of the *conseil communal*, and nominated members representing civil society such as associations etc.); and one third were local officials of line ministries. This is in line with targets. Virtually all CLDHs (91%) were reported as having developed and adopted internal operating procedures.

2.15. A total of 403 **EACs** were set up, comprising largely local staff of central government ministries (about three quarters), with the rest coming from associations (about 15%), and from communal personnel (about 10%).

2.16. Training and capacity building programmes were conducted for the CLDH, the EACs, and other local actors.

2.17. A total of 403 **ILDHs** were prepared, one for each commune. The processes by which they were prepared are imperfectly documented. About half the target populations are reported to have participated in the process (see Indicator 6 in the table below).

2.18. The **ILDHs** were all approved in some form by the CPDH, and were implemented. A total of 6,756 projects (about 30% of the total number of INDH projects) was undertaken, for a value of MAD 2.76 billion (\$340 million, higher than the target \$300 million, but only 19% of total project costs. INDH contributed MAD 2.1 billion (\$260 million, 24% of total INDH financing, close to the initial expectation of 25%), and a combination of communal funds and contributions from local associations and beneficiaries paid the balance of MAD 645 million (\$800 million). The ‘leverage’ effect was thus 24%, lower than average for the INDH program, presumably because of the relatively lower cash flow in rural areas. A total of 1.53 million rural people benefitted from the component.

2.19. The breakdown of projects between the four sub-components is shown in the table Rural Projects, which suggests: (i) rural preference for basic infrastructure in the first phase (77% of number of projects, 85% of total project value); (ii) the relatively low share of AGR; and (iii) the apparent lack of interest in (or promotion of) capacity building projects.

Rural projects

Sub-component	Number	% of total
1. Infrastructure and services	5230	77%
2. Social, cultural and sports	289	4%
3. Strengthening governance and local capacities	231	3%
4. AGR	1006	15%
Total	6,756	100%

2.20. The main types of investment in each sub-component were:

Rural projects

Sub-component	Main projects executed, in order of popularity
1. Infrastructure and services	Drinking water, education, water management, agriculture, health, <i>centers polyvalent, Hosting centers</i>
2. Social, cultural and sports	Youth and sports facilities, <i>centers polyvalent</i> , education, culture
3. Strengthening governance and local capacities	Support the implementation of the governance committees, extension procedure manuals; anchoring the values, principles and foundations of the INDH; strengthening the participatory strategic planning process and exchange of experiences;
4. AGR	Agriculture, artisanat, SSI, commercial centres, tourism, <i>centres polyvalents</i>

2.21. No information on the results of the projects is currently available, but a comprehensive impact evaluation is ongoing.

2.22. The participation of women in the CLDH was 17%, equivalent to about two women in each CLDH. The participation of women in the EACs was also about 16%, which would mean that about every second EAC contained a woman member.

2.23. The participation of youth (under 30) in the CLDH was 12%, equivalent to about two young persons in each CLDH. The participation of youth in the EACs was reported as about 4%, which would mean that a young person participated in about one EAC in six.

Evaluation of the Component

2.24. Reviews by the Bank of samples of the participatory rapid assessments and the resulting ‘monographs’ suggest that ‘the work was conducted in a wide variety of ways and is of very mixed quality, ranging from best practice to weak.

2.25. Reviews by the Bank of samples of the ILDHs suggest that:

- Most of the projects identified are high impact poverty reducing projects.
- In some cases the ILDHs are genuinely multi-annual phased investment programmes built on a truly participatory process, validated with and owned by poor people and poor communities within the commune. The greater number, however, are project lists updated from time to time, pieced together through a range of imperfect consultative processes.
- Generally, the presentation to the CPDH comprised lists of projects and project fiches, rather than coherent ILDHs.
- There was a reasonable response from the CPDR (i.e. turnaround time, acceptance of all well-founded projects, no substitution by the CPDR for CLDH level choices)

2.26. The low share of AGRs points to difficulty for rural people in putting together persuasive projects. In the beneficiary workshops the reasons advanced were: (1) lack of organization and of support to organization; (2) lack of commercial and technical knowledge, and support to developing that knowledge; and (3) high risk and lack of commercial opportunity.

2.27. Conclusion of project agreements has been with a range of sponsors, typically NGOs, other civil society groups, or the commune.

2.28. There has been a mixed experience regarding dealing with overlaps with line ministries, or getting them to provide support to both financing and implementation.

2.29. Project implementation and the quality of infrastructure have been of mixed quality, mostly good. Costs are about 20% lower than usual costs for public contracts, the explanation for which appears to be largely lower quality of works.

2.30. In some cases, arrangements for operation and maintenance are weak or non-existent. The reported percentage of projects with adequate arrangements for maintenance is 77%.

Outcome of the Component

2.31. The absence of any information on the results of projects makes evaluation of their impact difficult (but see Annex 3). An impact evaluation is ongoing. The targeted outcome of the rural component was: Communities in targeted rural communes actively participate in selecting priority interventions based on a strategic planning process and in implementing and operating the subprojects. The specific targets and latest actual are shown in the table below:

Indicators, targets and reported results – Rural Component

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
6. % of targeted population (men, women and youth) who report having participated in the participatory process.	M 0% W 0% Y 0%		M 40% W 20% Y 10%	M: 58% W: 54% Y: 48%
7. Beneficiary financial contribution to AGR projects (%). <i>Disbursement indicator # 3.</i>	0%		10%	12%
8. % of persons (men, women and youth) declaring improved access to basic infrastructure and socio-economic services.	M 0%, W 0%, Y 0%		M 70%, W 50%, Y 20%	M: 78% W: 71% Y: 61%
9. O&M is provided for infrastructure subprojects financed by INDH (from the community, local government, or other sources). <i>Disbursement Indicator # 4</i>	0%		70%	77%

COMPONENT 2: URBAN

The Component as designed

2.32. Apart from targeting procedures and nomenclature the design and scope of this component are identical to Component 1: Rural, and the details are not repeated here.

2.33. Because poverty maps could not provide a straightforward list of the most socially excluded neighborhoods, no simple targeting rule could be adopted for the urban component. Instead, the INDH steering committee selected a number of urban centers across the country; specified the number of neighborhoods to be supported in each urban center; and set out a series of social exclusion indicators to be used in the selection of urban neighborhoods at the local level: access to basic services, unemployment, illiteracy, and housing conditions. It was left to the provincial authorities to rank the importance of the criteria, to introduce others, and to apply them to select the target neighborhoods, and the specific poverty pockets within those neighborhoods. The resulting anomalies are well described in the PAD (pp. 49ff).

2.34. The EAC in the urban component were called EAQ; and the CPDR referred to the prefecture and not the province

Outcome of the Component

2.35. During 2005-2010, 1,627,600 people benefited from 4,069 projects (see table), amounting to a total investment of more than 4,123 MDH, of which 1,950 MDH (47%) was partner's contribution.

Urban projects

Sub-component	Number	% of total
1. Infrastructure and services	2481	61%
2. Social, cultural and sports	887	22%
3. Strengthening governance and local capacities	168	4%
4. AGR	533	13%
Total	4069	100%

2.36. The targeted outcome of the urban component was: Communities in targeted urban neighborhoods actively participate in selecting priority interventions based on a strategic planning process and in implementing and operating the sub-projects. The specific targets and latest actual are shown in the table below:

Indicators, targets and reported results – Urban Component

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
10. % of targeted population (men, women and youth) who report having participated in the participatory process	M 0%, W 0% Y 0%		M 40%, W 20% Y 10%	M 54% W 42% Y 37%
11. Beneficiary financial contribution to AGR projects (%). <i>Disbursement Indicator # 5</i>	0%		10%	14%
12. % of beneficiaries (men, women and youth) reporting improved access to basic infrastructure and socio-economic services.	M 0%, W 0%, Y 0%		M 70%, W 50%, Y 20%	M 73% W 72% Y 56%
13. O&M is provided for at least 70 percent of subprojects financed by INDH (from the community, local government, or other sources). <i>Disbursement Indicator # 6.</i>	0%		70%	78%

COMPONENT 3: VULNERABILITY

The Component as designed

2.37. According to the PAD (pp. 58-60), the following activities to improve services to the vulnerable were to be carried out:

- Design and implementation of holistic services, including outreach and support, psycho-social rehabilitation, and support to economic opportunities
- Developing alternatives to institutionalization, such as foster care and community-based day care
- Design of standards and protocols for addressing the needs of each target group
- Improving the management and quality of existing centers and institutions
- Capacity building
- Prevention of vulnerability

2.38. The program was to be prepared by a combination of bottom up identification at community level, including collaborative efforts of the vulnerable and involvement of civil society, and professional expertise from NGOs, government services etc.

The Component as implemented: outputs³

2.39. The component was implemented on a regional basis, with the *Comité régional de développement humain* as the governance and decision making body. A procedures manual specified eligibility and mechanisms. A regional diagnostic and needs assessment was carried out, and on this basis regional vulnerability maps and action plans were prepared.

2.40. A partnership with EN was agreed, under which EN coordinated implementation of the component, oversaw preparation of the diagnostic and vulnerability maps and the regional multi-annual project planning, and drew up and implemented the capacity building program and the communication plan. NGOs played the major role in implementation as project promoters.

2.41. Major progress was recorded:

- 16 regional vulnerability assessments, maps and investment programs were prepared
- 1,625 sub-projects were implemented, directly benefitting 428,000 people. In addition, 523 student hostels were constructed, benefitting a further 108,537 people.
- Total investment was DH 1, 820 millions, of which INDH contributed DH 1,111 million (61%), and other partners contributed DH 709 million (39%).
- The handicapped (63%) and vulnerable women (20%) were the main beneficiaries.
- The partnership with EN was effective.
- The participation of NGOs was effective, and NGOs grew in strength
- Professional standards for services to the vulnerable were raised, and largely conformed to the national standards laid down by Law 14.05
- An innovation team helped develop concepts and procedures, and experience was capitalized in a national seminar on vulnerability in 2010

2.42. Financial leverage was high, and was aided by the number of rich patrons who organized themselves in associations to contribute more effectively. Problems emerged during execution, many of which were dealt with:

- The diagnostic and vulnerability mapping were largely carried out ‘top down’, depending largely on NGO knowledge, and were not based on much involvement of the vulnerable themselves or of their communities nor on the rural/urban participatory diagnostic led by the EAC/Q
- As a result, the programs were often conceived more top down than bottom up, and so had weaker local anchoring and participation than hoped for, and were not always well adapted to real needs
- Early on, there was a strong bias towards infrastructure, inconsistent with component design, and ‘institutionalization’ rather than working *in situ* or reinsertion has remained dominant
- Almost one fifth (18%) of projects did not specifically address the problems of the vulnerable (for example, sports centers for the community as a whole, decided on as part of the municipal development program)
- The infrastructure bias was made worse by lack of provision for staffing, O&M etc. of newly built centers

³ The evaluation of this component is based on a working paper by Najat M’jid

- Generally, there was a lack of provision for sustainability, both at the level of oversight ('encadrement') and of management, operation and maintenance. In response:

- Annual operating subsidies were contracted
- Management was contracted out
- Partnership approaches specified multi-annual financing plans

2.43. These arrangements solved the problem of some centers, but at completion risks to sustainability remained (see Section 4 of Main Report).

2.44. There was a lack of professional capacity, and training and other capacity building was not always well adapted to needs. In response:

- Partnership agreements were signed with many NGOs for center operation, and relevant training was provided
- Up to 10,000 social workers were trained

2.45. M&E to track the quality and quantity of results was not in place

Evaluation of the Component and lessons and recommendations

2.46. Targeting should be revised, enlarged and adapted to regional differences by:

- Giving more emphasis to street people
- Providing more alternatives to institutionalization and prioritizing reintegration
- Prioritizing preventive actions for those vulnerable but not yet excluded

2.47. Reconfiguring the governance and implementation arrangements by:

- Making the CRDH the regulation and supervision organ, and the CPDH the execution and follow up organ
- Reactivating the regional technical commissions to provide more methodological guidance
- Revising the procedures manual to make it more accessible
- Redoing the diagnostic from the bottom up, involving actions at the base by EAC/Q and involving the target population themselves (and not just sponsors)
- Including in the diagnostic emerging vulnerability factors so that preventive action can be integrated in the action plans
- Preparing and implementing the vulnerability maps at provincial level

2.48. The innovation team should be retained and strengthened, with broader membership and terms of reference

2.49. Improve project quality by:

- Developing care standards for each category of vulnerable people
- Linking the vulnerable to income-generating opportunities
- Working on prevention as well as 'cure'
- Standardizing M&E, and including indicators of rehabilitation and reintegration
- Contracting with project sponsors for running facilities long term, with specific targets

2.50. Move away from capital bias:

- Encouraging more emphasis on walk-in facilities, home visits, *caravans medicales* etc.

2.51. Strengthen capacity building by:

- Preparing standard statutes and job descriptions for each category of social worker
- Evaluating the ‘10,000 social workers project’ and deploying these resources for Phase II
- Enabling experienced associations to become trainers and mentors
- Training, exchanges etc., with a standard manual for each category and specific emphasis on management, with monitoring and follow up of impacts of training
- Training for the support and governance structures

2.52. Make the partnership with EN more productive by:

- Refining the ToR
- Strengthening EN
- Operationalizing the EN agreement in all provinces

2.54. Strengthen provisions for sustainability by:

- Standardization of projects, with norms for capital and operating costs
- Multi-annual contracts specifying sustainability and accountability
- Multiannual budgets for O&M
- Rigorous M&E of results and impacts
- Preparing and debating regional reports on the state of vulnerability

2.55. Improve procedures for convergence by:

- Strengthening collaboration between EN, health departments, the local authorities, and associations
- Strengthening collaboration with the whole range of state actors, preferably through agreements

Outcome of the Component

2.56. The targeted outcome of the vulnerability component was: People living in vulnerable conditions have access to a range of social services of improved quality which emphasize social and economic inclusion. The specific targets and latest actual are shown in the table below:

Indicators, targets and reported results – Vulnerability Component

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
14. % of associations working with vulnerable groups who have participated in the development and implementation of vulnerability reduction plans (<i>schémas régionaux de réduction de la précarité</i>).	0%		70%	72%
15. % of associations working with vulnerable groups who have participated in implementation of vulnerability reduction plans (<i>schémas régionaux de réduction de la précarité</i>).	0%		50%	77%
16. % of centers identified in vulnerability reduction plans in which services and maintenance are covered by program contracts. <i>Disbursement indicator # 7.</i>	0%		50%	59%
17. % of programs identified in vulnerability reduction plans in which services are covered by program contracts.	0%		60%	61%

COMPONENT 4: MAINSTREAMING INDH GOVERNANCE AND STRENGTHENING OF INSTITUTIONAL CAPACITIES (CROSS-CUTTING)

1. The Competitive Fund

The Sub-Component as designed

2.57. This was the only component managed at provincial level. The INDH Steering Committee provides each CPDH with an annual envelope for the Provincial Competitive Fund (PCF), a combination of a fixed amount MAD 10 million (equivalent to \$1.2 million) per province and a variable amount based on the share of the population living below the poverty line.

2.58. The CPDH allocates PCF financing to project sponsors through a competitive and transparent selection process. Eligible sponsors are communes and municipalities, associations, cooperatives, and professional organizations.

2.59. The OCF can fund up to 70% of a project with a funding ceiling set at \$35,000 per year (funding can be extended over three years).

2.60. Each CPDH requests proposals at least twice a year. In 2009, 163 requests were launched and 1,487 sub-project proposals were submitted. The DAS vets them and then the CPDH allocates funding based on criteria in the operational manual.

2.61. The categories of the sub-projects are the same as for the rural and urban components: (i) infrastructure and services; (ii) social, cultural and sporting activities; (iii) capacity building; and (iv) revenue earning projects.

Evaluation of the Sub-Component

2.62. There was an impact on people's lives: 2005-2010, there were more than 1.5 million beneficiaries from 9,049 sub-projects. Infrastructure sub-projects were the most requested. Total investment was MAD 3.9 billion, with the INDH share being MAD 2.1 billion, a 'leverage' of 47%.

2.63. A new social dynamic formed: More than 11,000 actors/sponsors took part, and a new dynamic emerged amongst central government – elected officials – local government agencies – civil society organizations

2.64. Inclusive and accountable governance structures took root: Participatory governance bodies were set up, women and youth participation grew strongly, marginalized populations were able to integrate into economic life, and a culture of transparency and accountability began to emerge.

2.65. The following areas for improvement have been identified:

- Capacity building for local actors
- Strengthening the participatory approach
- Improving integrated planning and convergence
- Revamping the revenue earning activities component by promoting more innovation, improving the focus on marketing and involving micro-finance organizations
- Strengthening local level communication circuits
- Reinforcing gender aspects

2. Revenue raising projects⁴

The Sub-Component as designed and implemented

2.66. Revenue raising projects (*Activités Génératrices de Revenus*, AGR) are financed under three components: rural (about 25% of all revenue raising projects); urban (10%) and cross-cutting (65%). However, for ease of analysis, the entire activity is evaluated separately here.

2.67. Evolution of AGRs under the INDH. Financing of AGRs under the Project was envisioned from the very beginning of implementation. These types of projects have been implemented in the whole country. From 2005 to early 2009, AGR projects were implemented under procedures which required use of a microfinance institution. Prior to 2008, there was no requirement for AGR project proposals to have a business plan. Until 2009 all AGR projects

⁴ The evaluation of this activity is based on a working paper by Jorge Munoz (World Bank AGR)

were financed with a 70% subsidy from INDH, 20% coming from a micro-credit institution, and a 10% contribution from beneficiaries themselves (*promoteurs*).

2.68. The component got off to a difficult start: the procedures manual was ill-adapted, project sponsors were inexperienced, and arrangements to associate micro-finance institutions never got off the ground.

2.69. In early 2009, the Operations Manual (for AGRs) was revised to improve the performance of these projects. The new manual introduced the use of business plans, increased technical assistance, and eliminated the requirement that 20% of funds ought to come from a micro-finance institution. Therefore from 2009 onward, 20% of the financing of an AGR project could come from any source the beneficiaries could find (whether as loans or grants from any source).

2.70. Subsequently, implementation picked up: in the cross-cutting component alone, 358,870 people benefitted from the 2,111 sub-projects, with DH 593 million invested. To this, INDH contributed DH 354 million, indicating a high leverage of 40%. Agriculture, handicrafts and commerce account for more than 80% of all projects. Notable is the large number of women beneficiaries (53% of the total in 2009).

Revenue raising projects in the cross-cutting component
Number of projects by sector

Sector	Number of projects
Agriculture	1,075
Artisanal	199
Small industries	151
Commerce	95
Training	61
Fisheries	45
TOTAL	1,726

Evaluation of the Sub-Component

2.71. From 2005 to 2010, INDH financed 3.685 AGR projects, or about 700 per year.

2.72. The majority of AGR projects were in response to calls for proposals (i.e., under the transversal component) and as such they are submitted directly to the Provincial Committee for Human Development (CPDH). Therefore, they were not the result of participatory planning processes using the local facilitation teams in either rural (EAC) or urban areas (EAQ).

2.73. Most AGR projects were medium to large size. Only about 34% of AGR projects had a total cost below DH 250,000 (that is to say, with INDH financing of up to DH 175,000), while some 28% were between DH 250,000 and DH 700,000, and the rest (38%) were above DH 700,000. The program did not have rigid rules about how many beneficiaries different types of AGRs ought to have. On average, AGR projects had 211 beneficiaries per project which is very high compared to similar types of programs in other countries. This resulted in an average investment of about DH 1,600 per individual (about US\$200) which in turn is somewhat low compared to other countries. These numbers suggest that the majority of AGR projects were not “small-scale enterprises” which would be suitable for implementation by small groups of beneficiaries. They tended to be medium-size enterprises with somewhat more sophisticated

technical and managerial requirements. A 2010 survey found that about 37% of AGR projects benefitted women, 18% were mixed, and 45% benefitted men.

2.74. In addition to issues related to size, operational practices under INDH tended to favor sophisticated rather than simple economic enterprises. Once beneficiary associations (i.e., not-for-profit societies) were created and received financial support from INDH for an AGR, they were encouraged to become cooperatives (that is, profit-seeking commercial enterprises capable of distributing profits among members).

Lessons and Recommendations

2.74. A fairly comprehensive study on AGRs, carried out in 2010 under the auspices of the European Union, reached the following conclusions and recommendations:

- AGR entities (associations and cooperatives) were typically not well founded.
- There was very little diversification of AGR projects due to a limited perspective of what was locally feasible.
- Also, there was little business guidance or follow up to AGR projects (in substance and in time), certainly before 2009 when a business plan was not required to obtain INDH financing.

2.75. In addition, the EU study noted that the quality and sustainability of AGR projects have suffered from more general constraints related to:

- Poverty, illiteracy, and little capacity-building of the target populations.
- Apparently, there was little effort to encourage new ways of doing things (e.g. breaking away from traditional practices and social roles)
- AGR projects suffered from excessive geographical dispersion and weak market linkages.

2.76. The EU study made several specific recommendations to improve the performance of AGRs, many of which were also made by successive Bank supervision missions and other partial reviews of the program. The following recommendations are noteworthy:

- Increased and more effective coordination (convergence) among the various institutions (national and partners) is fundamental.
- Support to AGRs must be based on the actual challenges and opportunities found on the ground in each region.
- Define the scale and sizes for certain types of projects.
- Carry out studies on production systems and local markets for key products.
- Pay more attention to marketing and profitability of projects.

2.77. A workshop carried out in February 2011 further recommended that:

- A typology of AGRs should be developed with different modalities for selecting projects and financing mechanisms, depending on the type of project.
- The program should enhance its regular monitoring of and support to beneficiary groups throughout the project cycle.
- The call for proposals modality should be strengthened.

2.78. In addition, given the obvious constraints related to poverty, illiteracy and weak organizational capacity, a strategy that focuses on simpler and smaller AGRs seems more appropriate than the current practice of favoring medium-size enterprises which are quickly encouraged to turn themselves into more sophisticated for-profit cooperatives. Also, there seems to be significant scope for improving the access to microfinance by project beneficiaries. For example, the largest microfinance institution in Morocco, Al Amana, which has a market share of about 50%, has barely interacted with INDH in the past. There are signs that it might be interested in working with INDH in the future. They have over 2.000 trained staff distributed among more than 400 branches throughout the country, 90% of whom are in the field and have experience in evaluating the economic feasibility of small-scale projects.

2.79. More general recommendations for improved AGR implementation:

- Increased use of “community participation” procurement procedures. These practices are not widely known or applied under the project.
- There should be some discussion about establishing either (i) some standard sizes for types of projects, or (ii) total number of beneficiary limitations, or (iii) defined benefit per beneficiary, with some flexibility for choice of project.
- For the most geographically remote populations (low density, poor roads, distance to markets), AGRs may not be the most effective mechanism to increase their welfare. Clearly, doing this under the vulnerability component would be most appropriate.
- Development of a typology of revenue raising projects and adaptation of appraisal and financing arrangements for different categories
- Continuous follow up and support, through contracted agencies

3. Capacity building

The Sub-Component as designed and implemented

2.80. Capacity building is central to INDH at all levels, particularly: (1) strengthening the community base of the INDH; (2) strengthening the technical and managerial capacity of project sponsors (both non-governmental and governmental); and (3) strengthening the governance bodies and support agencies. Throughout, design put great emphasis on inclusion, particularly of women and youth.

2.81. The set up provided for:

- Appointment of capacity building coordinators at the central and provincial levels – the provincial level function was expanded into *70 services formation* in the DAS
- Drawing up of a list of trainers and institutions
- Partnership with ADS
- Contracts with universities and NGOs for training delivery

2.82. 70 provincial training plans were drawn up and 104,437 people were trained, compared to a target of 70,000.

Evaluation of the Sub-Component⁵

2.83. Among the positive results were:

- The rise in status and competence of associations, and an associated notable improvement in the quality of sub-projects, their implementation and their subsequent operation
- Professionalization of social work, with 6,300 professional social workers trained in the universities 2008-2012, and the establishment of social work and workers as a profession
- The training of the governance bodies, which certainly raised their level of awareness and professional competence
- Development of the DAS as fully functioning professional and competent organizations
- Awareness by other government departments, which were at least made much more sensitive to the INDH, its importance and the need to interface with it
- Diversification of training content, where the themes spread beyond straightforward awareness raising and professional competence to cover gender and youth inclusion, civil rights etc.

2.84. There were understandable difficulties. The activity was slow to start, and much of the early part of Phase I was spent in ‘learning by doing’. The training needs identification was initially weak, and much training appeared ad hoc and not quite adapted to needs. The quality and range of training competences was initially quite low. There was no follow up mechanism to match outputs against targets or to assess the actual value of the training given to the job in hand.

2.85. Overall, the achievements were considerable and notable improvements in organization, adaptation of training to needs and improvements in capacity and performance were evident towards the end of the Phase. The lessons can be capitalized to prepare a more coherent and adapted professional capacity building program for Phase II.

Lessons and recommendations

2.86. A capacity building strategy should be developed at the start, linked to the overall INDH strategy for Phase II.

2.87. A particular focus should be on clarifying and strengthening the statute and competence of the various categories of social worker

2.88. Content should be specifically adapted to needs as gauged by professional needs assessments, and training modules and materials should be developed and ‘stored’ centrally

2.89. Third party contracting of capacity building should be the norm, centers of excellence should be identified from amongst professional service providers (universities, associations, consulting firms), and networking and professional groupings amongst providers should be encouraged.

2.90. Training needs assessments and provision should be decentralized and determined at provincial level.

⁵ The evaluation of this component is based on a working paper by Professor Rahma Bourquia

- 2.91. All training should be made more practical, and more on-the-job training should be encouraged.
- 2.92. Performance and impact indicators should be developed, and M&E should be set up.
- 2.93. A specific dedicated budget should be assigned to capacity building.

4. Communications

The Sub-Component as designed

2.94. Development communications is highlighted in the PAD as a priority (page 65), essential to a program based on participation as it is a key instrument of accountability, transparency and ownership. The vision was that the communications function would promote information sharing and two-way dialogue in pursuit of these three virtues. The program was to support: (i) awareness raising; (ii) capacity building; and (iii) development of a communications strategy.

Evaluation of the Sub-Component⁶

2.95. INDH set up a communications unit, conducted training, and helped the development of local communications plans.

2.96. Results included: dissemination of the operations manual; some limited communication of information top down; a fair degree of information flow between INDH, line ministries and provincial level actors; a good flow of information to development partners; and a website (which however had limited usefulness).

2.97. Weak points included:

- The communications strategy was never approved or updated, and implementation seemed more ‘learning by doing’ than structured and professional. Messages were not clearly defined or targeted. Only a limited range of media was used, and local level media such as *imams* were not considered.
- The proposed provincial level quarterly reports and workshop dialogues, and the proposed half-yearly national workshop dialogues, did not happen
- Two way communication channels were never really set up – these depended on the EAC/Q and the CLDH which were never really trained to conduct such a dialogue
- Linkages with the M&E system which could have provided ample content and messages were never really established
- The key indicators did not really pick up impacts of the communication program: the only Bank indicator was ‘decisions of governance bodies published’.
- Overall, the activity raised awareness of INDH to some extent but did not achieve the objectives of reducing the costs of access to information, ensuring high levels of

⁶ The evaluation of this component is based on a working paper by Anwar Soulami

transparency, or establishing a two way dialogue between the actors, above all between 'beneficiaries', governance bodies and project sponsors.

Lessons and recommendations

2.98. Phase II should clearly build on the rather disappointing results of the Phase I communication sub-component by drawing up a real communications strategy capable of achieving the objectives of transparency and accountability by:

- Sending clear messages by a variety of media,
- Linking to the M&E system to communicate key information,
- Establishing mechanisms for two way communication,
- Experimenting with new products such as a ‘success stories’ series, a blog,
- Assigning a dedicated budget to communications,
- Establishing an approachable ‘complaints procedure’.

5. Overall Outcome of the Cross-Cutting Component

2.99. The targeted outcome of the cross-cutting component was: the Provincial Competitive Fund (PCF) is used in a transparent manner to leverage investments made at the local level; and institutional capacity for implementation is strengthened at all levels. The specific targets and latest actuals are shown in the table below:

Indicators, targets and reported results – Cross-Cutting Component

Indicators	Baseline Value	Original Target Value	Formally Revised Target Value	Actual Value Achieved at Completion
18. % of elected officials and representatives of civil society in the governing bodies of INDH.	CLDH 0%, CPDH 0% CRDH 0%		CLDH 70%, CPDH 60% CRDH 60%	CLDH 67% CPDH 58% CRDH 58%
19. % of INDH’s governing bodies that have established internal operating procedures.	0%		100%	91%
20. Number of persons trained under INDH by category (governance bodies, EAC/Q, DAS, associations, technical services).	0		70,000	104,437
21. % of beneficiaries (men, women and youth) reporting improved access to basic infrastructure and socio-economic services.	M 0% W 0% Y 0%		M 70% W 60% Y 30%	M 74% W 67% Y 58%
22. Beneficiary financial contribution to income-generating projects (%). <i>Disbursement Indicator 8</i>	0%		30%	30%

TARGETING

2.100. The anomalies of urban targeting are well described in the PAD (pp. 49 ff). The absence of clear criteria for the cross-cutting component left open a large margin for judgment by the provincial committees that administered the program.

2.101. The Completion Mission recommended that beneficiary targeting should be sharpened for Phase II in the following ways: (1) to include poor douar in non-target rural communes; (2) better targeting and less subjective judgment for the urban component; (3) bring the unit of

planning for the vulnerability component down to the provincial level; and (4) be more restrictive and normative on criteria of eligibility for the cross-cutting component.

MONITORING AND EVALUATION (M&E) **DESIGN, IMPLEMENTATION AND UTILIZATION**

M&E design

2.102. M&E design was thorough, and throughout the PAD emphasis is put on the importance of M&E not only as a mechanism for tracking and improving INDH performance and for measuring achievements against targets, but also as a key element in two-way communication with beneficiaries.

2.103. The design of M&E for the vulnerability component was particularly demanding, requiring that a baseline be established through a diagnostic and vulnerability mapping, to be updated every two years as a gauge of progress. Quantitative and participatory surveys of providers and users were to measure how far the needs of the target population were being met, as well as degrees of satisfaction with services.

2.104. The basic M&E design set up was that the CLDH would collect quantitative and financial data on implementation and on key outcome indicators; the DAS would collate the information at provincial level and input it to a 'robust and well-designed web-based information system'; and the CN would consolidate the data in the MIS. Periodic surveys were to be conducted. ONDH was to be responsible for independent evaluation.

2.105. For the Bank, indicators were selected to measure both use and process. There was, however, no indicator for benefits e.g. number of beneficiaries, increase in incomes; nor for efficiency e.g. cost of infrastructure, quality of infrastructure.

M&E implementation

Table: M&E reports, their quality and use

Report	Responsible agency	Quality	Use
MIS	INDH	Late (started only in 2008) but now sound on implementation reporting	Progress reports Performance monitoring
Qualitative surveys - 2009 - 2011	INDH	Unclear (only a brief summary report is available from 2009, and a draft summary from 2011)	Bank disbursement Performance monitoring
Evaluation reports:	ONDH	Variable	Reports sent to Prime Minister. Follow up not clear
Participatory M&E	Communities, DASS	Reports not yet available	None known. Intended to improve project selection, design, implementation and operation
Spot reports	EU	Good	Unclear
Impact evaluations - 2009 - 2011	INDH	Unclear as reports not available	Only elements on the baseline so far available.
Mission reports	World Bank	Variable	Discussed with Steering

2.106. INDH set up an M&E system, with officers responsible both in the CN and in all 70 DAS. Over time, a flow of information on implementation resulted, allowing the CN to prepare good progress reports. However, from the outset, it emerged that the M&E design was overambitious, and this proved a handicap throughout the Project period. The big lacunae were:

- There was no monitoring of the efficiency of infrastructure implementation: The costs and unit rates of individual sub-projects, the quality of infrastructure, and the adequacy of provisions for maintenance were not monitored, so that key parameters of efficiency and sustainability could not be tracked.
- Information on outcomes was not collected: The MIS followed project implementation, but not post-completion operations or outcomes. As a result, at the end of the Project there is little information other than Bank supervision reports and other donor assessments about where the 22,000 sub-projects fall on the spectrum of usefulness or sustainability, a significant shortcoming.
- There was no mechanism for beneficiaries to report systematically on implementation, usage and satisfaction. There was virtually no feedback from beneficiaries on project implementation or results, nor on the participatory process itself, so that it is hard to judge quality.
- The specific, elaborate M&E provisions for the vulnerability component were not activated
- The web-based system is only partly operational: Only 30% of DASS have access to the INDH Intranet.
- The reports of the ONDH are largely neglected

2.107. INDH also commissioned qualitative surveys and impact evaluations in 2009 and 2011. Only summary results from the 2009 and 2011 qualitative surveys are so far available (see the box below), together with some highly favorable findings from a 2011 attitude survey (see Annex 7). The impact evaluation is expected to provide key information on welfare gains (see box below).

Some results of the 2009 qualitative survey				
71% of households knew of INDH or of INDH sub-projects. Some 50-60% of households said they had increased access and use of services or infrastructure from INDH sub-projects. Satisfaction with sub-projects amongst those using them was high (82%) and almost half of users (46%) thought their standard of living had improved as a result of INDH.	Percentage using INDH sub-projects			
		Services	Infrastructure	
	Education	39%	Water	37%
	Revenue raising projects	23%	Socio-cultural	26%
	Health	21%	Roads	23%

Source: Enquête qualitative 2009

Impact evaluation
GoM with Bank support is carrying out an impact evaluation comparing changes in conditions in 62 INDH targeted rural communes with 61 rural communes that are very nearly as poor but are not covered by INDH. A baseline study was conducted in 2009 with a first follow up survey in 2011, with results expected in early 2012. The evaluation is designed to show: (i) whether INDH has made a difference in household revenues and expenditures; (ii) changes in participation of households in collective activities; (iii) use of and satisfaction with public services and infrastructure; and (iv) changes in nutrition, health and education

status.

M&E utilization

2.107. The progress reports produced by the CN since 2008 are a first class source of information on INDH implementation and outputs. They give government and donors a clear picture of progress. However, they contain little information on outcomes, and little critical evaluation. The CN and the DASs have also prepared excellent PowerPoint presentations on progress.

2.108. By and large, M&E data are being used only partially to inform decision taking and resource allocation. The data are used in the annual guidance letter sent by the Minister of the Interior to the *walis* and governors. However, in general information flows up, but not back down, and much reporting is essentially oriented towards donor requirements as well as to government's needs to oversee implementation and disbursement progress, rather than to the interests of beneficiaries or managers. There is generally little or no comprehensive information available at the CLDH level or below. There is no post-completion tracking of projects. CN is not fully responsive to ONDH reports or to many mission recommendations. Recommendations for improving M&E in Phase II are listed in the box below.

Recommendations for Phase II on M&E

By and large, M&E data are not being used to inform decision taking and resource allocation.

Recommendations are:

- improve the quality and relevance of data, including more hard quantitative data (may need a top level consultant)
- clean and confirm baselines for Phase II as part of the appraisal package

Information flows up, but not back down, and much reporting is essentially oriented towards donor requirements rather than those of beneficiaries or managers, who would be able to use the data to check progress against benchmarks and comparators for their projects and ILDH local development plans.

Recommendations are:

- agree on a simplified and unique M&E framework for government and donors
- training for management and beneficiaries on how to *use* M&E

There is no post-completion tracking of projects. Recommendations are:

- establish a simple results and O&M monitoring system (1-2 indicators per project), combined with participatory M&E – see below
- World Bank should multiply its already extensive program of site visits to sub-projects, particularly as more and more completed sub-projects come on stream

There is no mechanism for beneficiaries to report systematically on implementation, usage and satisfaction, and there is weak understanding and capacity amongst beneficiaries and local CLDH committees regarding the benefits of good M&E in terms of transparency and accountability. Recommendations are:

- strengthen and generalize participatory M&E
- integrate M&E into the communications strategy
- set up grievance procedures

The CN coordination unit is not always responsive to ONDH reports or to mission recommendations. The recommendation is:

- continue and improve impact evaluation with increased transparency i.e. broad dissemination and

SAFEGUARD AND FIDUCIARY COMPLIANCE

Environment

2.109. INDH was classed as a Category B project, and most sub-projects were expected to have a positive environmental outcome. Negative impacts were expected to be neither significant nor irreversible. The EMP defined the screening process, and simple tools were incorporated into the operational manuals, together with a list of generic mitigating measures.

2.110. Environmental screening only began in 2008, with training and piloting of the screening mechanism for each sub-project. From 2009, screening became systematic. In that year, 52 sub-projects (4% of the total) were rejected on environmental grounds, while 61 projects were approved which had a positive impact on the environment. However, the proposed campaign of training and environmental awareness raising was not carried out. As a result, levels of awareness of decision-making bodies, support agencies (including the DAS) and beneficiaries have remained low. Some sub-projects carried out were not in conformity with national environmental regulations, whilst some rejected sub-projects could still have been implemented if minor mitigation measures had been incorporated.

2.111. Overall, the judgment of the Bank's safeguards team is that the project was compliant with the Bank's environmental safeguards. There is nonetheless still a strong need to mainstream environment through training and awareness raising, and to improve procedures for environmental screening and promotion (see the box below).

Resettlement

2.112. An agreed RSF was included in the Operational Manuals. Most sub-projects were expected to have no major negative impacts in terms of physical or economic displacement, due to their generally small size. Land acquisition and resettlement screening was, however, slow to be implemented and was only mainstreamed in sub-project selection in 2008 after the CN launched training and information campaigns on the subject. At project completion, local awareness of OP 4.12 issues had been raised and screening was systematic. Nonetheless, local INDH staff, particularly within the DASs, continued to express the need for training and information on social safeguards. Overall, the judgment of the Bank's safeguards team is that the project was compliant with the Bank's resettlement requirements, but with recommendations for improvement in Phase II (see the box below).

Recommendations for Phase II on environment, resettlement and other social aspects

Conduct a sample environmental audit on existing sub-projects in order to assess impacts and to propose an improved EMP for Phase II, which should include training and awareness raising

Work out the terms of a partnership agreement to involve the Department of the Environment

Activate an 'environment innovation team' to advise the CN on continual improvements in environmental screening and promotion

Factor in climate change impacts and mitigation measures

Implement a more systematic training and information program on social safeguards

Take a proactive approach on OP 4.12 issues by targeting more INDH funds to slum upgrading and resettlement

Procurement

2.113. Procurement arrangements had to take account of the fact that although some key procurement would be undertaken by experienced central government agencies, the vast majority of expenditures would be on numerous sub-projects executed at the decentralized level by a range of public and private agencies.

2.114. The procurement capacity assessment carried out at appraisal found generally adequate capacity in public agencies, but that roles, responsibilities and work flow needed to be clarified and capacity built for decentralized operations. A Manual of Fiduciary Procedures set out procurement rules and capacity requirements for project sponsors, following clear shopping, community contracting and national competitive bidding procedures. Overall, risk for procurement was assessed at appraisal as ‘average’. The QAE assessment rated risks as ‘high’, and suggested that more prior review and ex post control would have been appropriate.

2.115. In implementation, procurement handling was transparent, with no major breaches of the rules. No fraud or corruption issues were reported. However, post-reviews indicated that national procedures were generally used in preference to the specific procedures set out in the Manual, the quality and monitoring controls envisaged at preparation were not fully implemented, and the performance of the central procurement supervision unit was ‘weak, scattered and not service oriented’ (QALP). Training was not adequately carried out, procurement planning was weak, and there was inadequate response to recommendations from the Bank supervision team. The follow-up project will provide an opportunity to learn from this mixed experience (see the box below). Overall, the judgment of the Bank’s fiduciary team is that despite these weaknesses, procurement performance was satisfactory.

Recommendations for Phase II on procurement

More use of national procedures

Introduction of a simplified procurement tracking system

More focused capacity building and an annual procurement training program

Simplified national procedures for expense commitments (*‘engagement des dépenses’*)

Appraisal of sub-project sponsors’ procurement capacity as an integral part of sub-project selection procedures

Financial management

2.116. The financial management challenge at appraisal was to devise a system that could cope with the wide range of financial management capacities of numerous, as yet unidentified, project sponsors. The solution adopted was to develop simple INDH-specific financial management regulations and procedures in a manual, to put in place capacity building and a monitoring and reporting system, and to develop ex post controls and external audit requirements. A fiduciary

innovation team was to track progress, conduct assessments and respond to emerging problems. An annual performance audit was to assess efficiency. Appraisal assessed overall risk as 'significant to high', given the risks inherent in working through numerous untried sponsor agencies. The QAE assessment concurred with the approach, and underlined the reality of risks given that agreed safeguard measures were only slowly being implemented.

2.117. Implementation was largely satisfactory. Although delayed and never conducted annually as originally intended, performance audits were conducted, and internal audit procedures were satisfactorily introduced. Weak points were inadequate capacity building, the late activation of the fiduciary innovation team, and lax follow up on audit recommendations. No corruption issues were reported, an outcome to which the transparency and civil society participation involved in the project certainly contributed. Nonetheless, genuine third party monitoring and the implementation of the agreed grievance procedures would have further strengthened confidence. The follow-up project will allow these accomplishments to be consolidated and strengthened (see the box below). Overall, the judgment of the Bank's fiduciary team is that despite delays, financial management, reporting and auditing were satisfactory.

Recommendations for Phase II on financial management
Simplify community management of funds ('CAS communautaire')
Strengthen internal audit at the decentralized level, and integrate internal audit into all agreements with sub-project sponsors
Further simplify financial management procedures and the procedures manual
Maintain and strengthen the Fiduciary Innovation Team, and promote exchange of best practices
Develop a systematic program of continuing training and capacity building
Strengthen arrangements for third party monitoring and grievance procedures

SUSTAINING INDH INNOVATIONS AND IMPLEMENTATION CAPACITY

2.117. The Completion Mission noted two sets of recommendations for improving sustainability. First, recommendations for sustaining investments made under Phase I:

- There is a need for follow up, M&E and reporting on sub-projects over five year post-completion period
- Bank should evaluate a sample of sub-projects as part of the preparation of Phase II and make recommendations for more sustainable arrangements
- There has to be more systematic consideration of O&M etc. from the beginning, with the standard use of conventions, more engagement of beneficiaries through associations etc.
- A particular follow up by a specialized organization for income generating activities (AGRs) is recommended
- Specific measures may be needed for drinking water, with adequate levels of local cost recovery

2.118. Second, Government is strongly committed to sustaining INDH, and in June 2011, the King announced Phase II with a doubling of the budget. The Bank has again been invited to partner Morocco on the program. This will provide a first rate opportunity to build in key areas for sustaining and strengthening the INDH where the Bank could add value. Completion Mission recommendations for key areas for sustaining and strengthening the INDH where the Bank could add value in Phase II design included:

- Strengthening local actors and governance, and improving targeting
- Reinforcing the participatory process and strengthening integrated planning: organization at douar/neighborhood level; the role, status, powers and resources of the EAC/Q; and the ILDH and integration with local level strategic planning (PCDs)
- M&E, communications, learning and innovation: participatory M&E, grievance procedures
- Revenue raising activities: helping INDH to move beyond infrastructure and services towards more effective mechanisms for boosting income streams
- Improving the sustainability of sub-projects across the board
- Strengthening capacity building: governance bodies, support agencies, project sponsors (NGOs, community associations...)
- The vulnerability component: improving the professionalism of actors and the cost-effectiveness of sub-projects

Annex 3: Economic and Financial Analysis

Cost-effectiveness⁷

3.1. Limited observations during Bank supervision and the Completion Mission suggest that project implementation and the quality of infrastructure have been of mixed quality, mostly good. On the basis of a very small sample, 75% of infrastructure projects were found to be of good quality, and 25% of moderate quality. Costs were about 20% lower than usual costs for public contracts, although the explanation for this appears to be largely lower standards or lower quality of works rather than efficiency gains. There was no information or follow up on standard costs. Sustainability was a concern, with limited provision for maintenance, with particular concern for drinking water, urban cleansing, and social care centers. During the stakeholder workshops (see Annex 6), some participants said that the cost-effectiveness of vulnerability component investments was sometimes doubtful.

3.2. The Completion Mission team made the following recommendations for Phase II on efficiency:

- Increased and more effective coordination (convergence) among the various institutions (national and partners) is fundamental.
- Support to AGRs must be based on the actual challenges and opportunities found on the ground in each region.
- Define the scale and sizes for certain types of projects.
- Associate line departments throughout the design, implementation and O&M stages
- Use standard models for centers to reduce costs
- Strengthen technical follow up, and insist on following construction standards
- Use open bidding
- Develop standard costs
- Priority to low maintenance design

Economic and financial analysis of a sample of sub-projects

3.3. The ex-ante economic and financial analysis of the INDH (Annex 9 pp. 101 ff of the PAD) comprised: (a) a general discussion of the economic rationale for government investment in basic infrastructure, services, income generating activities and capacity development for poor communities; (b) a general discussion of CBD approaches as efficient and cost effective mechanisms for investment; (c) a discussion of five factors that can maximize social rates of return in INDH; and (d) a brief discussion of why cost benefit analysis could be applied only to the income generating activities of the INDH and not to other components.

3.4. For the ICR, the economic and financial analysis was conducted on a sample of fifty sub-projects. A summary of the study is included in the main body of the ICR (Section 3.3). A précis of the study is featured below. The full text of the analysis is in Project Files.

⁷ This evaluation is based on a working paper by Adel Bichara

Economic analysis of INDH Phase I

3.5. Projects were selected in four sectoral groups: (1) income generating activities; (2) infrastructure; (3) social service provision; and (4) aid to the vulnerable. The sample was spread across urban areas, small towns, mountain areas, the oases, the highlands and the plains.

3.6. For income generating activities and for infrastructure, an internal rate of return (IRR) was calculated. For social service provision, 'effective use' was taken as proxy for the IRR. For aid to the vulnerable, either IRR or 'net benefit transfer', or expert opinion were employed, as appropriate.

3.7. Of the fourteen income generating activities assessed, half (7 projects) had unsatisfactory IRRs, ranging from negative to 8%. Three projects had been abandoned. The remaining seven projects had IRRs ranging from 12 to 14%, including three projects rated 'excellent' in terms of poverty reduction impact and sustainability.

3.8. For the infrastructure projects, the average IRR was 12.3%, and smaller projects with lower investment requirements performed better. The breakdown was:

IRR of infrastructure projects in the different sectors

Sector	Min	Max
Electrification	>0%	10%
Rural roads	17%	50%
Drinking water	>0%	47%
Urban upgrading	-2%	45%

3.9. The social services projects had a wide range of results, with very varying rates of use. One weakness was the tendency to prioritize projects that brought services close to the population, neglecting alternatives based on critical mass of beneficiaries and improvements in transport and access: for example, school boarding houses or nursing homes for pregnant women were constructed, where improving transport links or access to better equipped centers could have been more cost effective.

3.10. For the aid to the vulnerable, the evaluation was complicated by the lack of set norms. The better performing centers tended to be those with innovative approaches, particularly those providing more for field and home visits and services rather than classic 'in-patient approaches'. The key factors of success were the quality of the sponsors and the level of integration into the local community.

3.11. Amongst the recommendations, the most important are :

Sector	Viability	Targeting	Sustainability
Income generating projects	Strengthen contracts with downstream markets Strengthen technical support provided to sponsors	Introduce innovative and adapted financial mechanisms within the reach of the poor	Include in the agreements arrangements for group follow-up of new beneficiaries
Infrastructure	Increase the contributions of local authorities	Set up a progressive tariff system where appropriate	Include demographic and migration projections in the criteria for siting infrastructure
Social services	Increase the contributions of local authorities Increase the level of public financing of scholarships and bursaries	Apply siting criteria rigorously	Exclude projects which are the responsibility of line ministries
Support to the vulnerable	Increase the contributions of local authorities Increase the level of public financing of scholarships and bursaries	Self-selection	Prioritize activities and sectors that can improve the absorption and reintegration of the beneficiaries

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Micheline Faucompre	Program Assistant	MNC01	
Edouard Al-Dahdah	Economist	WBIGV	
Meryem Benchemsi	Consultant	MNCMA	
Anthony G. Bigio	Sr Urban Spec.	FEUUR	
Hocine Chalal	Regional Safeguards Adviser	MNACS	
Fatiha Bouamoud	Program Assistant	MNCMA	
Meskerem Brhane	Sr Urban Spec.	EASIN	
Marie-Helene Collion	Lead Agriculturist	LCSAR	
Ousmane Diagana	Country Manager	AFCW3	
Safaa El Tayeb El-Kogali	Senior Economist	MNSHE	
Cecile Fruman	Manager	CICSA	
Moira Hart-Poliquin	Senior Operations Officer	WBIGV	
Jennie I. Litvack	Lead Economist	IEGPS	
Mohamed Medouar	Senior Rural Development Specialist	MNSAR	
Alaleh Motamedi	Senior Procurement Specialist	OPCPR	
Dung-Kim Pham	Senior Operations Officer	AFTED	
Pierre Rondot	Sr Sector Economist	MNSAR	
Christophe Antoine Schramm	Temporary	MNSRE - HIS	
Najat Yamouri	Senior Communications Officer	MNARS	
Supervision/ICR			
Mokhtar Abdallaoui-Maan	Junior Professional Associate	MNSSD	
Anas Abou El Mikias	Sr Financial Management Specia	MNAFM	
Anthony G. Bigio	Sr Urban Spec.	FEUUR	
Fatiha Bouamoud	Program Assistant	MNCMA	
Meskerem Brhane	Sr Urban Spec.	EASIN	
Hocine Chalal	Regional Safeguards Adviser	MNACS	
Marie-Helene Collion	Lead Agriculturist	LCSAR	
Luis F. Constantino	Country Manager	EACDF	
Fatou Fall	Social Development Spec.	MNSSO	
Catherine Desiree Gamper	E T Consultant	SASDO	
Abdoulaye Keita	Senior Procurement Specialist	MNAPR	
Mohamed Khatouri	Lead Monitoring and Evaluation	AFTDE	
Andrea Liverani	Senior Social Development Spec	MNSSO	
Mohamed Medouar	Senior Rural Development Spec	MNSAR	
Alaleh Motamedi	Senior Procurement Specialist	OPCPR	
Laila Moudden	Operations Assistant	MNCM	

Pierre Rondot	Sr Sector Economist	MNSAR	
Anwar Soulami	Senior Communications Officer	MNAEX	
Wendy E. Wakeman	Lead Social Development Special	MNSSO	
Najat Yamouri	Senior Communications Officer	MNARS	
Christopher Ward	Consultant, ICR Author	MNAM	

(b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
FY 05	0.00	0.00
FY06	61.34	343.05
FY07	64,39	301.87
FY08	0.00	0.00
Total:	125.73	628.41
Supervision/ICR		
FY06	0.00	0.00
FY07	38.2	182.87
FY08	50.81	224.40
FY09	30.71	132,04
FY10	31.75	200,50
FY 11	32.65	226,24
FY 12	4.66	30,07
Total:	188.78	996.12

Annex 5: Beneficiary Survey Results

5.1. No Beneficiary Survey was conducted. However, government with Bank support is carrying out an impact evaluation comparing changes in conditions in 62 INDH targeted rural communes with 61 rural communes that are very nearly as poor but are not covered by INDH. A baseline study was conducted in 2009 with a first follow up survey in 2011, with results expected in early 2012. The evaluation is designed to show: (i) whether INDH has made a difference in household revenues and expenditures; (ii) changes in participation of households in collective activities; (iii) use of and satisfaction with public services and infrastructure; and (iv) changes in nutrition, health and education status.

Annex 6: Stakeholder Workshop Report and Results

6.1. Over a three day period (May 30-31 and June 1, 2011) three workshops were held to listen to the appreciations of beneficiaries and other INDH partners. Over 150 participants spoke openly and vocally both in plenary sessions and in thematic group sessions.

Overall results

6.2. The benefits of INDH have been considerable, with a noticeable improvement in the lives of the target population, and a strengthening of community social capital and of institutions at all levels, particularly in the NGO sector. There is a need to capitalize all the hard-won lessons of Phase I as a basis for Phase II. Many things in Phase I went well, many improved over time, and some went less well. Phase I needs an impact' evaluation and Phase II should be built on the findings. Based on the results, improvements should be built into the four components, and the capacity building, communications and M&E programs of Phase II should be built around the findings. Three particular themes ran through the workshops:

- There is a need to strengthen the participatory process to better include the poor and disadvantaged. The poorest and most marginalized may not have the priority in resource allocation which was intended. This is largely due to the inadequacy of the participatory process which should help the target population argue for their needs. Better off areas and groups were perceived to be more able to organize and to present good projects. The recommendations were: (1) to strengthen the participatory process; and (2) to pay special attention to strengthening of the institutions of the poor such as local area associations. This would compensate for a perceived bias towards the projects sponsored by the stronger NGOs, which tended to be 'top down' and to reflect the interests – or at least the attitudes - of the better off.

- There are concerns over project quality and sustainability. These need to be addressed through: (1) a diagnostic of what are the causes; and (2) strengthened measures in Phase II.

- There are problems of overlap and incoherence with line ministry programs i.e. the classic problem of convergence. Recommendations were to: (1) reactivate the national program for improving convergence and push for decentralization – or at least deconcentration; (2) associate line ministries in all levels of INDH governance bodies; and (3) reconcile local development plans such as the PDCs with the ILDHs.

Rural and urban components

6.3. There are clear and beneficial results. A number of areas need improvement.

6.4. *The really disadvantaged lack the means of accessing INDH.* For example, they do not have strong representative associations. The EAC/Q are not properly equipped to be the animators and facilitators of community driven development. Particularly in urban areas, projects tend to go to the better off, who are the best capable of presenting persuasive projects. Recommendations were:

- EAC/Q to be full time professionals properly trained and equipped
Capacity building focus to be on the development of local social capital and associations
Targeting procedures for urban areas to be improved

6.5. Project *quality is very variable, and there is a lack of proper follow-up during implementation and operation.* Recommendations were:

- Standardize appraisal criteria, perhaps in a ‘project preparation manual’
- Provide for technical support to preparation and supervision, for which provision could be made in project budgets
- Strengthen EAC/Q capacity for follow-up
- Extend support and M&E well beyond the project construction period to cover the first years of operation

6.6. *Conflicts of interest arise, with project sponsors doubling as members of CLDHs and as EAC/Q.*

Vulnerability

6.7. An excellent component which has greatly improved access for the vulnerable; led to professionalization of social services; and helped the NGO sector to ‘flower’. Critique and suggested improvements were:

Investments *did not always meet real needs.* For Phase II:

- The needs assessment should be updated, with a much more ‘bottom up’ approach, including full participation of the CLDHs and the EAC/Q
- The classification of the ‘vulnerable’ should be reviewed and probably enlarged as there were populations not captured
- Service standards should be set in relation to Law 14-05, but not so high that service delivery becomes too expensive
- Communications on the program should be greatly improved

6.8. *Cost-effectiveness of investments and the quality of services was sometimes doubtful.* For Phase II:

- Norms and criteria for project selection should be standardized, and project selection and implementation should be speeded up
- Sub-project implementation and management should be improved through professional follow up and capacity building
- Sustainability should be reinforced through general adoption of multi-annual contracting and financing plans
- M&E should be strengthened, with clear indicators, and should continue for at least five years after physical implementation is complete
- The ownership of INDH-financed assets should be regularized, in line with sustainable arrangements for operation and financing.

6.9. Capacity of actors in the social sectors has improved but remains quite weak. For Phase II:

- A coherent long term strategy for training social workers and associations should be prepared
- The capacity of associations for self-financing should be strengthened

The competitive fund

6.10. Overall, results have been good, with real improvement in the lives of the target population and improved capacity of communities to take charge of their own development. The main problems raised were the poor quality of proposals, and the related difficulty of the marginalized to prepare acceptable proposals due to the weakness of their capacity and institutions and the lack of guidance for preparation, implementation and operation. Recommendations were:

- *Improve the project cycle* by adding (1) a pre-selection stage based on project ideas; (2) support to project preparation, including a possible fund to help prepare projects; and (3) follow up and 'hand-holding' during implementation and operation..
- *Delegate these support functions to professional partners* (for example to AMSED, ADS...). One idea was that these professional partners could group several projects for approval in a package for which they would take responsibility.
- *Improve communications, training and capacity building*, aimed particularly at the really poor and marginalized to form associations and to prepare projects
- *Conduct M&E of results*, not just of technical and financial aspects of implementation

Capacity building

6.11. The activity has had generally positive results, and the focus on associations and on local actors has been good. Delivery through contracted service providers has been efficient. Problems raised were:

Too much training has been ad hoc, not always adapted to need, and there has been no impact evaluation. For Phase II, recommendations were:

- A needs assessment should be conducted, and this should drive a long term training strategy
- The assessment and the training programs should be specific by province and local area, adapted to real needs
- A dedicated training budget should be put in place

There has been no capitalization of training modules etc. Recommendations were:

- Networking of training institutions

Communications

6.12. Communications was characterized as 'the weakest link'. Recommendations were:

- There is a need for an integrated communications strategy with a dedicated budget
- Other institutions, especially NGOs, should be partners in communication
- It is essential to establish 'two way' communication'

M&E

6.13. *The results are not accessible or usable, and are limited to outputs.* For Phase II, recommendations were:

- There is a need for M&E of results and of impacts. The EAC/Q has a capital role to play in this and should be trained and equipped to do it.
- A simplified reporting system in Arabic is needed, and this should form the basis of a genuine dialogue. The communications team should support this work.

Environment

6.14. *Environmental aspects are poorly integrated into INDH.* Recommendations were:

- Mainstream environment into INDH, including involving environment agencies in the governance bodies
- Simple environmental assessment tools need to be introduced, and training and communications are required

Annex 7: Summary of Borrower's ICR and Borrower's comments on Draft ICR

A. INDH Completion Report 2005-2010 prepared by the Borrower: May 2011

A summary translation prepared by the Bank

Context

7.1. The context is set by the ambitious development vision of the Moroccan state, which targets economic development and human development alongside one another as complements. The INDH is a very specifically Moroccan program that combines development, democracy and citizens' participation, and in which human development and poverty reduction are measured more by empowerment than by incomes and consumption.

7.2. The ICR is a forward-looking document that shows the areas of improvement needed for Phase II, drawing in particular from the attitude survey carried out (see the appendix *Enquete de perception* at the end of this annex).

Operational experience

7.3. Overall, INDH has achieved its objectives. After 2005, which was a special 'priority program', INDH moved swiftly to full scale, implementing 22,000 sub-projects. Leverage was very high, with 41% of financing coming from non-INDH sources, although in the rural component leverage was only 24%, the lowest for any component. The cross-cutting component had the most sub-projects, with 9,032. In the rural and urban components, equipment and services were the preferred choice. In the vulnerability component, the reception centers were far and away the largest component.

7.4. Training was carried out on a huge scale 2005-8, but the program was not well integrated into the overall INDH program. From 2009, a true 'training engineering' approach was adopted, with an integrated approach, standardized tools, local training plans, evaluation, and an annual planning adapted to needs.

7.5. Numerous communications activities were carried out, including an international forum at Agadir in November 2010. Achievements include: wide ownership; embedding of the participatory approach; training at all levels, including EAC/Q, in communications. A strategy for local communications was developed in 2007. The next step is local two way communications programs.

7.6. The budget was targeted. Budget commitment and payment levels were a disbursement condition, and they were all met.

Evaluation

7.7. Evaluation has been intensive, and the results are positive. By 2010, the attitude survey tool had been fine-tuned, and it was comprehensive and scientific. The impacts reported on beneficiary capacity and confidence was all entirely positive.

7.8. The DAS report the following areas that may need strengthening:

- Weak partner involvement (local ministry offices, elected officials, the local councils...)
- Lack of resources for the DAS
- The need to ease financial procedures in order to facilitate disbursement
- Need to improve the income generating component, and to expand it
- Need to increase participation of women and youth in the governance bodies
- The need to improve and update targeting
- Measures required for more sustainability of projects and O&M budgets
- Need for continued M&E of sub-projects after physical completion

7.9. The governance bodies were generally favorable to the tripartite composition and the three hierarchic levels, even though there sometimes conflicts between levels. There is a need to:

- Strengthen governance capacity and provide more training
- Open up to more diverse participation, including more women and youth participation

7.10. The EAC/Q were favorable to the project but reported that:

- It was hard to mobilize the very poor and the most vulnerable groups and to respond to their needs
- Logistical support was inadequate
- Local institutions and agencies were not always supportive

Role of the World Bank

7.11. World Bank support has been valuable in providing technical assistance, in improving performance, and in bringing in other partners. The difference between the 'before the project' assessment by the Bank and the INDH today shows the results. Before the INDH, there was a centralized approach to development which left little room for participation; there was no integrated approach to poverty reduction; targeting was inadequate; and local decision makers had little power.

7.12. The Bank has helped to create a culture of collective on the job learning. Despite the achievements, there have been some tensions with the Bank, particularly regarding their role, and the value of the inputs has been affected by the periodic changes of mission staff. Also, the size and frequency of Bank missions has placed a burden on the CN, which has to host and support all missions.

INDH structures

7.13. These have been well designed and effective. The innovation teams were helpful in preparing the manuals and tools, and in implementation.

Strengths of the INDH

7.14. The main strengths of the INDH have been:

- The participatory approach of bottom-up diagnostic and programming is well anchored
- NGOs have been full partners and have been strengthened
- The participation of women has grown

- Sub-project and Project ownership is strong, and the process has strengthened and empowered communities
- Poverty has been reduced
- Good governance has been achieved through the governance bodies and INDH transparency
- The population has been empowered through income-generating projects
Confidence and dignity have been enhanced

Weaknesses and measures to strengthen:

- 7.15. *Sustainability* is sometimes questionable. This should be resolved by:
- Cost/benefit analysis carried out systematically for each sub-project
 - Setting standards for O&M and following up
 - The generalization of multi-year contracts and of delegated management contracts
 - Government subsidies should be negotiated, against results
- 7.16. *Lack of 'convergence'* remains a problem. Solutions include:
- Continue with plans for 'deconcentration' and for decentralization
 - Harmonization between ILDH, PDC etc.
- 7.17. The program for *income-generating projects* needs to be improved by:
- Adopting a value-chain approach
 - Reviving the participation of microfinance bodies
 - Paying more attention to marketing
- 7.18. *M&E* has not met expectations. Measures to improve include:
- More performance-oriented M&E
 - Setting up standard performance indicators for sub-projects
 - Ensuring follow up after the completion of physical works
 - Participatory M&E
- 7.19. The development of the *NGO sector* has been impressive but their role needs to be strengthened by:
- More targeted capacity building
 - Promoting networking amongst NGOs
 - Permanent support and follow up to NGOs

B. Borrower's comments on an earlier draft of the ICR

(comments taken into account in the final version)

7.20. The Borrower wrote to the Bank on December 27th, 2011 conveying some comments on an earlier draft of the ICR. The letter is on file. Highlights include:

7.21. All external partners, but particularly the Bank, contributed significantly to the INDH financially and technically and also in terms of processes.

7.22. The ICR should take account of the characteristically Moroccan nature of the INDH and its central place in the process of political, economic and social reforms that the nation is undertaking. In this sense, INDH is much more than just a CDD fund.

7.23. The Government accepts that targeting is tricky in so vast a project and with so heterogeneous a beneficiary population. For this reason, we are taking account of the lessons of the first phase to refine the targeting criteria and broaden the range of target sites and beneficiaries in the second phase.

7.24. The Government acknowledges that the income generating activities provided as much learning as results and these lessons are being well incorporated into the second phase.

7.25. Likewise, the Government is aware of the need for a well-performing M&E system, and we acknowledge the contributions of the Bank during supervision in this regard. Nonetheless, the system has been adequate to satisfy the requirements of the Bank in respect of disbursements.

7.26. The Government feels that the draft could have given more consideration to the role of the audits and inspections.

7.27. The Government underlines that INDH has always been open to all valid suggestions formulated by various missions and by the ONDH, and that these have been well integrated in flexible changes conveyed by our annual instruction notes.

7.28. Overall, the Government would like to see more balance in the final version of the ICR, and a better recognition of the extraordinary achievements of INDH in the face of the enormous challenges.

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

8.1. The European Union wrote to the Bank on January 12th, 2012 conveying some comments on an earlier draft of the ICR. The letter is on file. The principal message was that the EU's own analysis confirms the key points made in the draft, and particularly the aspects of quality and sustainability of sub-projects, the importance of convergence, and the performance of capacity building activities. Some minor suggestions for improvement of the text were also made, and these have been incorporated in the final version of the ICR.

Annexe 9. List of Supporting Documents

- EU. 2010. Etude sur la dynamisation du tissu économique en milieu rural
- EU. 2010. Etude sur la viabilité et la pérennité des centres communautaires et d'accueil
- EU. 2011. Evaluation finale du programme d'appui à l'INDH – TdR
- INDH Coordination Nationale. 2005. INDH : Plateforme pour un plan d'action
- INDH Coordination Nationale. 2005. Note d'orientation pour la mise en œuvre de l'INDH 2006-2010
- INDH Coordination Nationale. 2007-9. Manuels de procédures INDH
- INDH Coordination Nationale. 2008. Enquêtes sur les Perceptions de l'INDH
- INDH Coordination Nationale. 2009. Présentation du plan d'action INDH 2009
- INDH Coordination Nationale. 2010. Rapport d'activités 2009
- INDH Coordination Nationale. 2010. Vision INDH 2011-2015
- INDH Coordination Nationale. 2010. Présentation du plan d'action INDH 2010
- INDH DAS de Fez. 2010. Présentation d'une nouvelle approche du suivi évaluation participatif (SEP)
- INDH Coordination Nationale. 2011. Programmes rural et urbain. Bilan 2005-2010
- ONDH. 2009. Etude sur la convergence
- ONDH. 2009. Enquête sur le rôle de société civile dans l'INDH
- ONDH. 2009. Rapport d'activités
- USAID/SANAD. 2010. Plan de formation et de renforcement de capacités (INDH Fez)
- World Bank. 2005. Implementation Completion Report for the Morocco Lakhdar Watershed Management Pilot Project.
- World Bank. 2006. Project Appraisal Document for the National Initiative for Human Development
- World Bank. 2006. Loan Agreement for the National Initiative for Human Development
- World Bank. 2006. Quality at Entry Assessment for the National Initiative for Human Development

World Bank. 2008. Implementation Completion and Results Report for the Indonesia Second Kecamatan Development Project

World Bank. 2008. Mid-term Review of the National Initiative for Human Development

World Bank. 2009. Project Performance Assessment Report for the Morocco Lakhdar Watershed Management Pilot Project.

World Bank. 2010. Quality Assessment of Lending Portfolio for the National Initiative for Human Development

World Bank. 2010. Proposed Project Restructuring of the National Initiative for Human Development

World Bank. 2010. Independent procurement review (International Procurement Agency BV)

Reports prepared for the ILICR

World Bank. 2011. Programme de lutte contre la précarité. Contribution Najat M'JID

World Bank. 2011. Evaluation de la qualité et de la pérennité des infrastructures. Contribution Adel BICHARA

World Bank. 2011. La Communication au sein de l'INDH. Contribution Anwar SOULAMI

World Bank. 2011. Contribution à l'ICR: Sauvegardes environnementales. Contribution Anouar KHALID

World Bank. 2011. Renforcement des capacités: Contribution au rapport d'achèvement de la première phase de l'INDH. Contribution Pr. Rahma BOURQUIA

World Bank. 2011. INDH - ICR input – Monitoring and Evaluation. Contribution Catherine Desiree GAMPER

World Bank. 2011. INDH - ICR input – Revenue Raising Activities. Contribution Jorge MUNOZ

World Bank. 2011. INDH - ICR input – Analyse économique des projets de la première phase de l'INDH. Contribution Omar ALOUI
