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Document of
The World Bank

Report No: 110916 – MA

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IBRD-81810)

ON A

LOAN

IN THE AMOUNT OF €227 MILLION
(US$241.7 MILLION EQUIVALENT)

TO THE

KINGDOM OF MOROCCO

FOR A

NATIONAL INITIATIVE FOR HUMAN DEVELOPMENT 2

PROGRAM-FOR-RESULTS

March 31, 2017

Social, Urban, Rural and Resilience Global Practice
Middle East and North Africa Region

CURRENCY EQUIVALENTS
(Exchange Rate Effective December 31, 2016)

Currency Unit	=	Moroccan Dirham (MAD)
€1.00	=	US$1.06
US$1.00	=	€0.94
US$1.00	=	MAD 10.11

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CDD	Community-Driven Development
CPS	Country Partnership Strategy
CLDH	Local Human Development Committee (*Comites Locaux de Développement Humain*)
CN-INDH	INDH National Coordination Unit (*Coordination Nationale Initiative Nationale pour le Développement Humain*)
CPDH	Provincial Committee for Human Development *(Comites Provinicaux de Développement Humain)*
DAS	Social Action Division
DLI	Disbursement Linked Indicator
DO	Development Objective
EAC/Q	Local Facilitators in Rural Communes /Neighborhoods (*Equipe d'animation communale/de Quartier*)
GN	Guidance Note
GoM	Government of Morocco
GRM	Grievance Redress Mechanism
ICR	Implementation Completion and Results Report
IGA	Income Generating Activities *(Activités génératrices de revenus)*
IGAT	Ministry of Interior Audit Agency (*Inspection Générale de l'Administration Territoriale*)
ILDH	Local Initiative for Human Development (*Initiative Locale de Développement Humain*)
ILICRR	Intensive Learning Implementation Completion and Results Report
INDH	National Initiative for Human Development (*Initiative Nationale pour le Développement Humain*)
IGF	Ministry of Finance Audit Agency (*Inspection Générale des Finances*)
ISP	Implementation Support Program
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
O&M	Operation and Maintenance

ONDH	National Observatory for Human Development (*Observatoire National pour le Développement Humain*)
PAC	Communal Action Plan (*Plan d'Action Communale*)
PAP	Program Action Plan
PDO	Program Development Objective
PforR	Program for Results
PME	Participatory Monitoring and Evaluation
RI	Results Indicator

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KINGDOM OF MOROCCO
NATIONAL INITIATIVE FOR HUMAN DEVELOPMENT 2
PROGRAM-FOR-RESULTS

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A. Basic Information			
Country	Morocco	Program Name	National Human Development Initiative 2
Program ID	P116201	L/C/TF Number(s)	IBRD-81810
ICR Date	02/11/2017	ICR Type	ILICR
Lending Instrument	PforR	Borrower	GOVERNMENT OF MOROCCO
Original Total Commitment	€227 million	Disbursed Amount	€ 223,735,555.56
Revised Total Commitment	€223,735,555.56		
Implementing Agency: Ministry of the Interior National Coordination			
Co-financiers and Other External Partners: None			

B. Key Dates				
Process	**Date**	**Process**	**Original Date**	**Revised / Actual Date(s)**
Concept Review:	12/5/11	Effectiveness:	9/7/12	
Appraisal:	4/5/12	Restructuring(s):		
Approval:	6/22/12	Mid-term Review:	5/26/14	6/2/14
		Closing:	6/30/16	6/30/16

C. Ratings Summary	
C.1 Performance Rating by ICR	
Overall Program Rating	
Outcomes	Satisfactory
Risk to Development Outcome	Moderate
Bank Performance	Satisfactory
Borrower Performance	Satisfactory

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

C.3 Quality at Entry and Implementation Performance Indicators	
Implementation Performance	Indicators
Potential Problem Program at any time (Yes/No):	No
Problem Program at any time (Yes/No):	No
DO rating before Closing/Inactive status	Satisfactory

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
Sub-National Government	34	20
Social Protection	29	30
Other Water Supply, Sanitation and Waste Management	17	20
Other Education	13	20
Other Industry, Trade and Services	7	10

Theme Code (as % of total Bank financing)	Original	Actual
Rural services and infrastructure	32	30
Participation and civic engagement	21	30
Municipal finance	21	5
Gender	14	15
Urban services and housing for the poor	12	20

E. Bank Staff		
Positions	At Approval	At ICR
Vice President	Inger Anderson	Hafez Ghanem
Senior Global Practice Director	Junaid Kamal Ahmed	Ede Jorge Ijjasz-Vasquez
Country Director	Simon Gray	Marie Francoise Marie-Nelly
Practice Manager	Franck Bousquet	Ayat Soliman
Project Team Leader	Mohamed Medouar/Andrea Liverani	Mohamed Medouar/Sabine Beddies
ICR Team Leader		Mohamed Medouar
ICR Author		Christopher Ward

F. Results Framework Analysis

Program Development Objectives (from Program Document): The objective of the Program was: *to improve access to and/or use of enhanced participatory local governance mechanisms, basic infrastructure, social services and economic opportunities in the Program Area*.

Revised Program Development Objectives (as approved by original approving authority): No revision

Program Development Indicators

Indicator	DLI	Baseline Value	Original Target Value	Actual Value Achieved at Completion or Target Years
Indicator 1:	Percentage of girls who reside in educational dormitories graduating to the next grade			
Value (Quantitative or Qualitative)	#1	**50**	**70**	**84**
Date achieved		**12/31/11**	**12/31/15**	**12/31/15**
Indicator 2:	% population with access to improved water supply in targeted communes			
Value (Quantitative or Qualitative)	#2	**50**	**77**	**86**
Date Achieved		**12/31/11**	**12/31/15**	**12/31/15**
Indicator 3:	% income-generating activities which are viable after two years			
Value (Quantitative or Qualitative)	#3	**18**	**40**	**75**
Date achieved		**12/31/11**	**12/31/15**	**12/31/15**
Indicator 4a:	% of population who participated in the participatory diagnostic			
Value (Quantitative or Qualitative)		**20**	**22**	**22**
Date Achieved		**12/31/11**	**12/31/13**	**12/31/14**
Indicator 4b:	% of population who participated in M&E			
Value (Quantitative or Qualitative)		**0**	**12**	**25**
Date Achieved		**12/31/11**	**12/31/15**	**12/31/14**

Intermediate Program Results and Indicators: **Thematic Area One: Enhancing access and quality in service provision**

Indicator	DLI	Baseline Value	Original Target Value	Actual Value Achieved at Completion
Indicator 5	Number of women benefitting from pre-natal care in Dar Al Oumouma			
Value (Quantitative or Qualitative)		**7,000**	**10,500**	**11,240**
Date Achieved		**12/31/11**	**12/31/15**	**12/31/15**

Indicator 6	% infrastructure projects financed under the Program judged by the auditors as conforming to technical specifications, after final commissioning			
Value (Quantitative or Qualitative)	#4	**60%**	**70%**	**84%**
Date Achieved		**12/31/11**	**12/31/15**	**12/31/15**

Intermediate Program Results and Indicators: Thematic Area Two: Strengthening participatory local governance and social accountability

Indicator	**DLI**	**Baseline**	**Original Target Value**	**Actual Value Achieved at Completion**
Indicator 7	% of households in the targeted rural and urban areas who have participated in the participatory diagnostic and are satisfied with ILDH processes			
Value (Quantitative or Qualitative)		**20%**	**60%**	**79%**
Date Achieved		**12/31/11**	**12/31/13**	**12/31/14**
Indicator 8a:	% women in the local governance bodies			
Value (Quantitative or Qualitative)	#5	**17%**	**20%**	**21%**
Date Achieved		**12/31/11**	**12/31/12**	**12/31/12**
Indicator 8b:	% of youth in the local governance bodies			
Value (Quantitative or Qualitative)		**12%**	**15%**	**17%**
Date Achieved		**12/31/11**	**12/31/12**	**12/31/12**
Indicator 9:	% projects contracted by local government, associations, or cooperatives.			
Value (Quantitative or Qualitative)	#6	**50%**	**70%**	**73%**
Date Achieved		**12/31/11**	**12/31/15**	**12/31/15**

Intermediate Program Results and Indicators: Thematic Area Three: Enhancing economic inclusion

Indicator	**DLI**	**Baseline**	**Original Target Value**	**Actual Value Achieved at Completion**
Indicator 10:	% of IGAs implemented by cooperatives, associations, and private firms			
Value (Qualitative or Quantitative)		**18%**	**35%**	**35%**
Date Achieved		**12/31/11**	**12/31/15**	**12/31/15**
Indicator 11:	% IGA implementing agencies receiving capacity building			
Value (Qualitative or Quantitative)		**20%**	**70%**	**79%**

Date Achieved		**12/31/11**	**12/31/15**	**12/31/15**

Intermediate Program Results and Indicators: Thematic Area Four: Supporting capacity and systems development

Indicators	**DLI**	**Baseline**	**Target Value**	**Actual Value Achieved at Completion**
Indicator 12	Improvement of the M&E system and reporting and its accessibility			
Value (Qualitative or Quantitative)		**-**	**Yes**	**Yes**
Date Achieved		**12/31/11**	**12/31/13**	**12/31/13**
Indicator 13	A. User-friendly fiduciary guide; B. % of partnership agreements with a technical assistance provision			
Value (Qualitative or Quantitative)		-	**A. Yes B. 70%**	**A. Yes B. 70%**
Date Achieved		**12/31/11**	**A. 12/31/12 B.12/31/15**	**A. 12/31/12 B.12/31/15**
Indicator 14	% provinces and prefectorates in the Program Area which have put in place a plan of action to address audit recommendations			
Value (Qualitative or Quantitative)	#7	**15%**	**80%**	**90%**
Date Achieved		**12/31/11**	**12/31/15**	**12/31/15**
Indicator 15	% priority audit recommendations included in action plans which are implemented			
	#8	**0**	**95%**	**73%**
Date Achieved		**12/31/11**	**12/31/15**	**20/6/16**
Indicator 16	% of subproject sponsors mastering procurement and financial management procedures			
Value (Qualitative or Quantitative)		**54%**	**70%**	**76%**
Date Achieved		**12/31/11**	**12/31/15**	**12/31/15**
Indicator 17	# 17.1: INDH environmental and social guide #17.2: % of key actors trained in use of the guide			
Value (Qualitative or Quantitative)	#9	**0**	**17.1. Yes 17.2 100%**	**17.1. Yes 17.2. 100%**
Date Achieved		**12/31/11**	**17.1. 12/31/12 17.2.12/31/13**	**17.1. 12/31/12 17.2.12/31/14**

G. Ratings of Program Performance in ISRs

National Human Development Initiative 2- **P11620**				
No.	**Date ISR Archived**	**DO**	**IP**	**Actual Disbursements (US$, millions)**
1	12/9/12	S	S	54.30
2	8/3/13	S	S	54.30
3	3/10/14/	S	S	131.10
4	10/11/14	S	MS	131.10
5	6/8/15	S	MS	131.10
6	12/15/15	S	MS	183.94
7	6/17/16	S	MS	246.88
8	6/29/16	S	MS	246.88

H. Restructuring (if any)

None

1. Program Context, Development Objectives and Design

1.1 Context at Appraisal

1. While facing compelling demands for increased social and economic inclusion, Morocco was not, at the time of appraisal, facing the same levels of political upheaval as other countries in the region. Part of the reason lay in the vast reform program that Morocco had established since the early 2000s. The resulting sustained growth, effective economic management, and wide-ranging reforms had helped attenuate mounting social demands. Among these reforms was the 2005 launch of the National Initiative for Human Development (*Initiative Nationale pour le Développement Humain*, INDH), a nationwide social inclusion program aimed at fostering social development and cohesion while furthering more open governance. At the time when preparation of the second INDH (INDH 2) was being launched, His Majesty, the King of Morocco initiated the adoption of a new constitution (July 2011) followed by elections in November 2011 leading to installation of a new government in January 2012.

2. The basic rationale of the INDH was to address critical gaps in Morocco's development trajectory and this rationale was as strong in 2011 at the time of INDH 2 appraisal as it had been at the original launch in 2005. Although GDP growth rates averaging 5 percent had combined with active social investment programs to reduce the poverty rate from 15 percent in 2001 to 9 percent at the time of appraisal, disparities persisted. Inequality remained high[1] and a further 17 percent of Moroccans were living just above the poverty line. The rural-urban gap was large. In addition to supply-side weaknesses, insufficient voice and accountability mechanisms continued to affect the performance of social expenditures, with investments in basic services not fully translating into real improvements in human and social outcomes, particularly for young people and women. Youth (15-24 years old), roughly 30 percent of the population and about 44 percent of the total working age population, suffered from particularly poor social indicators resulting in low participation in decision making and challenges to economic inclusion.[2] About 21 percent of male youth and 42 percent of female youth were illiterate; this figure climbed to nearly 70 percent for young rural females. The average unemployment rate of 9.1 nationwide was as high as 22 percent for young Moroccan men and 38 percent for young women.

3. Despite notable progress since the introduction of Morocco's family code, women were still marginalized in the economy and decision-making processes. Cultural, social, and institutional barriers to the full participation of women remained, limiting their physical mobility and access to opportunities and resources. At least 72 percent of rural women could not read, and maternal and infant mortality was high in relation to regional standards. Poverty in urban areas was particularly affecting women.

4. The INDH was launched with the objectives of combating this social and economic exclusion and improving the living conditions of poor and vulnerable groups through enhanced economic opportunities, better access to basic services, and improved governance. The INDH was based on local participatory governance and community-driven development (CDD) principles, and incorporated core values of inclusiveness, accountability, and transparency. The first phase, INDH 1 (2005–2010), received financing from the Central Government (60 percent), local government (20 percent), and international donors (20 percent). During 2005–

[1] Morocco's high Gini coefficient (0.41) had not changed over the previous decade.
[2] Source: *Promouvoir les Opportunités et la Participation en faveur des Jeunes*, World Bank, 2011

2010, INDH 1 invested MAD 14 billion (US$1.7 billion) in about 700 local participatory plans, financing more than 22,000 activities that reached 5.2 million beneficiaries. INDH 1 was successful in setting up an inclusive institutional architecture and in addressing welfare gaps for the target population efficiently.

5. INDH 1 thus contributed substantially to reducing exclusion and improving living standards of the poor. Ownership was high among all stakeholders. The long-term nature of the challenges provided a strong rationale for a second phase program, building on the achievements of the first phase, in particular, the inclusive and participatory governance that had brought civil society, women and young people into decision-making processes for the first time and had empowered local people, including the poor and unemployed, to exert upward influence on policies and resource allocation. A second phase also gave the opportunity of improving on areas of INDH which needed strengthening, particularly sustainability and scaling up support to income generating projects and improving their viability.

6. The Government of Morocco (GoM) decided to continue and extend the INDH into a second phase (INDH 2) with the underlying theory of change that

- Strengthened participatory local governance and social accountability would empower people at the local level, bringing decision making closer to the end beneficiary and increasing transparency, accountability, and greater inclusion of females and youth;

- Improved access and quality of basic infrastructure and social services would improve the living conditions of the poor in remote and marginal communities;

- Support to income generating activities would improve the income of beneficiaries and enhance economic inclusion, and so contribute to poverty reduction; and

- Strengthened capacity and systems development would improve the efficiency, effectiveness and sustainability of investments

1.2. Rationale for Bank Engagement

7. Following the successful implementation of INDH 1, GoM renewed the invitation to the Bank to play the same strategic and leading role in the second phase. Government considered that the value of the focus on results, already implicit in the first phase, would be further strengthened by the new availability of the Bank's Program for Results (PforR) instrument. GoM therefore requested that this instrument be adopted for INDH 2. In addition, as in the first phase, GoM saw the Bank as the most apt agency to help raise technical soundness in key areas, including CDD approaches, the strengthening of participatory and social accountability measures, and economic inclusion through income generating activities. In addition, GoM valued Bank financing, although this was a secondary consideration as it represented just 14 percent of total resources mobilized. Support of INDH 2 also fitted well with Bank priorities as reflected in the 2010–2013 Country Partnership Strategy (CPS), particularly the CPS pillar of increasing access to and quality of service delivery and the priority given to reducing vulnerability and social exclusion. In fact, INDH was a near perfect fit with the CPS outcomes focus on the poor and vulnerable, in particular through the focus on participatory approaches to ensure infrastructure, services and opportunities for the poor and vulnerable, women and youth.

1.3 Rationale for Choice of Financing Instrument

8. The decision to adopt the PforR instrument – and INDH 2 was the very first World Bank PforR to go to the Bank Board – reflected both Government preferences and readiness and Bank appraisal of the appropriateness of the instrument. GoM had long been requesting a switch from the Bank's 'supervision of compliance' approach to a partnership approach, with the Bank providing implementation support. With this important national program, GoM also wished to adopt a strong results-based approach focused on higher level outcomes. GoM also wished to use national fiduciary and environmental and social procedures rather than project-specific approaches. GoM expected that adoption of PforR would facilitate a similar harmonization and alignment for all donors.

9. The Bank's assessment of INDH's appropriateness for PforR was favorable. This judgement was based on the fact that INDH was a strongly-owned permanent national program with clear policy, a clear expenditure framework with well-developed and well-functioning procedures and high ownership (hence low risk). Based on INDH 1, it was clear that risks were manageable and capacity was adequate. Additionally, the Bank saw the results orientation of PforR, tying disbursements directly to results, as straightforward and particularly appropriate to INDH. Even though the Bank's contribution was relatively small (14%), Bank involvement was highly geared as the results framework provided a structure and results orientation to the whole program. PforR also allowed the Bank to support system changes across the whole Government program, and to respond to Morocco's desire that the Bank shift to a more technical assistance support role.

1.4 Program Development Objective (PDO), Key Results and Disbursement Linked Indicators

10. The PDO was: to improve access to and/or use of enhanced participatory local governance mechanisms, basic infrastructure, social services and economic opportunities in the Program area. There were four key results indicators (RIs) selected to capture the fundamental goals reflected in the PDO: (1) percentage of girls who reside in educational dormitories graduating to the next grade; (2) percentage of the population provided with access to improved water supply in target rural communes; (3) percentage of income-generating activities viable after two years; and (4) percentage of the population who take part in the participatory diagnostic or in the monitoring and evaluation (M&E) of INDH 2 activities. In addition to the four PDO level indicators, a further 13 RIs were agreed (Annex 1). Of the total of 17 RIs included in the Program Results Framework, nine were selected as Disbursement-Linked Indicators (DLIs). The RIs and DLIs were linked to the components of the PDO and to supporting development of capacity and systems. There was no revision to the PDO, key results or DIs.

1.5 Main Beneficiaries

11. The main beneficiaries of the Program supported by the Bank were poor and vulnerable populations in: (i) 702 rural communes, largely those with high poverty rates; (ii) 532 urban neighborhoods with high unemployment and poverty, low access to basic services, exclusion of women and young people, illiteracy, and poor housing conditions; and (iii) the poor and vulnerable in otherwise non-targeted areas through the 'cross-cutting' component.

1.6 INDH 2 Government Program Description

12. INDH 2 (2012-2015) built on the institutional architecture and approaches which were developed during INDH 1. The number of targeted communes and neighborhoods nearly doubled. A new subprogram (Territorial Upgrading) addressed basic infrastructure and social service needs of the most isolated rural communes in mountainous areas. The overall cost was estimated at US$2.1 billion[3] with a five-year implementation period (January 2011 to December 2015).

1.7 The Bank-Supported Program (PfoR subprograms, as approved)

13. 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 parts of INDH 2 to be supported by the Bank's PfoR ('the Program')[4] covered a major portion of INDH 2 as a whole, with boundaries defined in terms of (a) program duration (2012-2015); (b) geographic scope (limited to the provinces the Bank had supported under INDH 1); and (c) support to just three of the five INDH 2 subprograms: the rural, urban, and cross-cutting subprograms. The Bank-supported Program strengthened the following key aspects: (i) sharpened criteria for targeting the poorest rural communes and marginalized neighborhoods[5]; (ii) strengthening of participation in program design, implementation and M&E and reinforcement of Grievance Redress Mechanisms (GRMs); (iii) greater inclusion of civil society representatives, women and youth in the decision making process at all levels; (iv) improved economic inclusion of the targeted population (particularly women) through more viable and sustainable income generating activities; (v) building capacity at all levels of INDH; and (vi) strengthening of the fiduciary and safeguard systems through the elaboration of guides and manuals and extensive capacity building.

14. The reason for limiting Bank support to the three sub-programs was the need, identified at the completion of INDH 1, for increased selectivity of Bank support, and leveraging of the Bank's comparative advantages. Hence, the Government and the Bank agreed that the Bank-supported Program would focus on four thematic areas: (a) enhancing access and quality in service provision; (b) strengthening participatory local governance and social accountability; (c) enhancing economic inclusion; and (d) supporting capacity and systems development. These thematic areas provided the rationale for choice of the three subprograms and also provided the structure of the Program Results Framework, including RIs, DLIs and the Program Action Plan (PAP).

2. Key Factors Affecting Implementation and Outcomes

2.1 Program Preparation, Design and Quality at Entry

15. **Fit of design with GoM and Bank priorities.** As a nationwide social inclusion program aimed at social development and cohesion and more open governance, INDH 2 fitted well within GoM priorities at the time of appraisal (see 1.1 above). It also fitted well with Bank

[3] Total INDH 2 cost includes the cost of the five sub-programs as well as US$215 million to be allocated.

[4] In this Intensive Learning Implementation Completion and Results Report (ILICRR), the term '*INDH 2*' refers to the entirety of GoM's second phase of INDH; the terms '*the Program*' and '*the Bank Program*' refer to the parts supported by the Bank through the PfoR as defined above.

[5] In many lagging regions the team visited during INDH 2, the only public development project implemented was that of INDH.

priorities as reflected in the 2010-2013 CPS, particularly its pillar of increasing access to and quality of service delivery and the Bank priority of reducing vulnerability and social exclusion.

16. **Selectivity in design**, restricting the Bank Program to just three sub-programs, contributed to achievement of outcomes because these three subprograms had the biggest development impact. They provided a sizable part of the INDH-financed basic service provision, in line with the proposed Program focus on enhancing access and quality in service provision. They provided most of the support to strengthening participation and demand-side governance, matching the Program's focus on participatory local governance and social accountability. The cross-cutting subprogram contained a specific envelope dedicated to income-generating activities, the main mechanism for the focus on enhancing economic inclusion. The cross-cutting subprogram also financed capacity building and systems improvement, in line with the focus on supporting capacity and systems development. The selection of these three sub-programs also allowed the Bank to concentrate its support to implementation in areas where it had its comparative advantage.

Integrating Lessons of INDH 1 into INDH 2 Design

17. INDH 1 (2006-2011) achieved a high profile and a good reputation and delivered the targeted results. On the strength of this promising start, INDH was declared a permanent program under the auspices of His Majesty the King. INDH 2 (2012-2015) was thus launched with a high degree of ownership at all levels. The key lessons drawn from INDH 1 showed areas of INDH design and implementation which needed strengthening, particularly CDD approaches, participatory and social accountability measures, and economic inclusion through income generating activities. A PAP (Annex 4)[6] was therefore agreed with Government to help make essential improvements to INDH 2 and help the Program to deliver its proposed results. The actions were organized according to the four thematic areas of Bank support, and specific Bank assistance to their implementation was included in the Implementation Support Program (ISP).[7]

18. On governance, lessons were the need to strengthen local governance bodies, to reduce disparities between their capacities, and to improve accountability and transparency. As a result, strengthened training and capacity building were incorporated into the Program, new conflict of interest rules were developed, and social accountability tools were systematically applied throughout INDH 2.

19. In line with the adoption of PforR, the results orientation was strengthened by refocusing M&E on outputs and outcomes rather than just on inputs. This allowed Program results to be tracked – for example, 'population with access to safe water' or 'women giving birth in safe units'.[8] Improvements included improved Management Information System (MIS) and reporting mechanisms, and strengthened participatory monitoring. The poverty focus of INDH 2 was refined to improve objectivity in selection, and to match available resources to the size of the target population.[9] One key lesson from INDH 1 on sustainability was that

[6] The PAP is the agreed plan of measures to be taken by the government under a PforR. The PAP provides for specific reforms, institutional strengthening and capacity building needed to deliver the program successfully and to achieve sustainable improvements in institutional performance. See Annex 4 for details of the INDH 2 PAP.

[7] The ISP is the agreed plan of specific Bank actions to support institutional strengthening in a PforR. See Annex 7 for details of the INDH 2 ISP.

[8] See Annex 1 for the list of results tracked.

[9] This was to be the object of support under PAP # 9.

investment in infrastructure should only be made where there is adequate provision for operation and maintenance (O&M) costs. As a result, INDH 2 was to require O&M plans from the outset. Sustainability was also to be increased by more stringent standards for construction works and by systematic delegation of contract management. Two measures in the PAP (see Annex 3) provided for improved financial and institutional arrangements for O&M and mandatory delegation of O&M of infrastructure projects.

20. The riskiest component of INDH 1 had been the income-generating activities (IGA). The program, which sponsored and co-financed start-up activities by new entrepreneurs, had experienced substantial failure rates – the baseline for the INDH 2 indicator: 'income-generating activities remaining viable after two years' was just 18 percent. Measures were incorporated in INDH 2 to (i) work more with entrepreneurs who had proven institutional capacity, such as cooperatives, (ii) strengthen procedures through preparation and training in an improved operational manual, and (iii) to reinforce support to entrepreneurs through stronger technical assistance and business management support, including during an extended post-investment operations period. Provincial support units were to be strengthened.

21. The INDH1 impact evaluation findings were also taken into account in the INDH 2 Design. These finding include the need to: (i) strengthen the efficiency of sub-project implementation, (ii) improve the relevance of programs in terms of geographical coverage, (iii) enhance the sustainability of operations, (iv) better measure the impact of operations and (v) strengthen the viability of income-generating activities. Although the findings were only available well after the launch of INDH 2 and after the Bank Program was already underway, the findings are fully consistent with the improvements made to the design of the Bank-supported Program (see Annex 3).

2.2 Key Factors that Affected Implementation

22. INDH2 was launched with a high degree of ownership at all government levels, and benefitted from being a follow-on operation to a successful first phase INDH 1, with the same institutional architecture. The design of the three sub-programs supported by the Bank was strengthened to reflect lessons learned on governance, results orientation, poverty focus, sustainability, and income-generating activities (see 2.1 above). Procedures were improved in the operational manuals which were developed. Institutional capacity had been established under INDH 1 and strengthened through attention to capacity building in INDH 2. INDH continued to benefit from strong political support and high mobilization at all levels. The adoption of the PforR instrument was welcomed, as it focused both national and donor attention on outcomes rather than inputs. All of this eased the way for smooth implementation of INDH 2. One factor outside INDH's control was the lengthy election season in 2015 which slowed down implementation to some extent and postponed decisions on the recommendation of the Mid-Term Review to consider possible restructuring (see 2.4 below). This delay conrtributed to GoM's final decision that it was too late in the day to restructure and hence led to the target on one DLI being missed. The delay in itself did not, however, affect actual outcomes.

23. INDH National Coordination Unit (CN-INDH) implemented all but one of the actions in the PAP satisfactorily, and this materially contributed to strengthening capacity and systems and therefore to achieving the PDO.[10] The one activity in the PAP not yet completed is a pilot

[10] See Annex 4 for detail of PAP implementation.

test of participatory monitoring and evaluation (PME) tools in two provinces (PAP # 4) which faced some delays (see 2.3 below). The Bank gave support as planned under the ISP.[11]

Disbursement Arrangements and Verification Protocols

24. Disbursement arrangements were structured to foster Program performance improvements, with disbursements proportionate to progress made between baseline levels and the target levels set for the nine DLIs. Over 90 percent of the loan proceeds were earmarked to go towards fostering performance improvements in this way. The primary information base for the verification protocols was the INDH MIS and the reports of the audit agencies (Ministry of Interior Audit Agency (*Inspection Générale de l'Administration Territoriale*, IGAT/Ministry of Finance Audit Agency (*Inspection Générale des Finances*, IGF). An external firm (for 2012-2014) and an individual consultant (for 2015) were contracted by the World Bank to make an independent verification of six of the nine DLIs. The IGAT/IGF confirmed the remaining three DLIs (related to technical quality of infrastructure works and follow up on audit recommendations) for which no additional verification was needed. Over the four-year life of the Program, disbursements were requested and processed promptly. Advances were made annually and accounted for, once results were notified and verified. INDH fully met eight of the nine DLIs and one DLI (DLI # 8) was only partially met. GoM opted for a loan denominated in Euros; hence, the loan amount was set at Euros 227 million (USD 300 million equivalent). At closing, Euros 223.7 million had been disbursed, a final disbursement rate of 98.5 percent.[12] Euros 3.26 million was not disbursed as the DLI on implementation of audit recommendations was only partially achieved in two years and the relevant disbursement was reduced pro rata (see 2.4 below and Annex 2). The undisbursed balance was cancelled from the Loan, which closed on June 30, 2016.

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

Quality of M&E rating: Satisfactory

Design

25. The PDO was clearly specified in the PAD and the results framework had clear PDO indicators and DLIs to measure the changes to the PDO aspects of access, social and economic inclusion, and participatory governance. Considerable effort and care went into the design of the results framework and the selection of indicators. With the adoption of a results-based approach under PforR, M&E took on a cardinal importance.

Implementation

26. The CN-INDH M&E Unit was responsible for consolidating and reporting monitoring data on the RIs. For most indicators, the quantitative data were drawn from the INDH MIS or audit reports. Because of the increased importance of M&E and in view of shortcomings noted at the closing of INDH 1, actions were taken to improve M&E performance. RI # 12 tracked the agreed improvements and was satisfactorily met in the first two years of the program (2012/2013). The MIS was upgraded to capture more cost information and procurement status, to monitor INDH 2 implementation performance, and to track and report on RIs as well as on

[11] See Annex 7 for details of ISP implementation.
[12] Because of movement in the exchange rate, the final disbursement figure of Euros 223.7 million was equivalent to only USD 267.6 million.

environmental and social data and information. Report formatting, clarity and access were improved, and access was provided on the Intranet at the central level of CN-INDH and at provincial level. Beyond the improvements agreed at appraisal, a geographic information system (GIS) was developed with the collaboration of the European Union.

27. The indicator for viability of income generating activities after two years (RI#3) required precise definition and monitoring. Three of five criteria had to be met: the activity was continuing, the annual assembly was held, at least two thirds of members remain, the activity has a turnover, and it earns profits. Participation in diagnostics (RI#4a) and M&E (RI#4b) was measured through an independent survey. Participation in diagnostics reached 22.3 percent (target 22%).[13] Although the increase over the baseline (20%) is small, this reflected the advances made during INDH 1, remarkable in a country used to top down approaches, and the consequently slower pace of improvement at the margin. For participation in M&E, one quarter of households (25 percent) took part, double expectations,[14] increasing the transparency of INDH governance bodies and improving execution and implementation of projects. However, the proposed participatory M&E pilot (PAP # 4, to test feedback mechanisms for schools and health centers in two provinces) has not yet been carried out (see 2.2 above). At Program completion, GoM declared its determination to implement this, and affirmed its commitment to fostering a culture and practice of participatory M&E.[15]

Utilization

28. The results framework and the INDH MIS were satisfactorily used to track program progress. Proactive use of the RI and DLI progress information as a decision tool triggered discussions on the possible need for restructuring of ambitious targets (DLI 8) and for addressing implementation delays (PAP 4). However, in the end the client decided that performance was best measured against the original agreed targets.

2.4 Fiduciary and Safeguard Compliance

Strengthening Fiduciary Systems and Managing Fiduciary Risk

29. Financial management and procurement followed national rules and agreed INDH guidelines. Because of the importance of sound fiduciary systems and risk management under PforR, close assessment of systems was conducted at appraisal and measures for strengthening systems and capacity were put in place. At the start of implementation two *INDH Fiduciary Guides* were developed, one for public services and the other for NGOs, and training carried out with support from the Bank under the ISP. The Program included four fiduciary RIs, of which two were also DLIs (Annex 2). There were three fiduciary activities in the PAP supported under the ISP (see Annexes 4 and 7). The terms of reference of the auditors (IGAT and IGF were revised to include the verification of three DLIs. Audits covered the annual audit of the Program Financial Statements, procurement activities, and two performance audits covering respectively the periods of 2012-2013 and 2014-2015. These reports were published on the INDH website.

30. Three of the four fiduciary RIs were met, and full disbursement was made against one of the two DLIs. The second DLI required that priority audit recommendations in the provincial

[13] Higher in rural areas (24.5%) than in urban (17.6%), and for men (22.5%) than women (20%).
[14] Higher in rural areas (26%) than in urban areas (14.9%), and for men (26%) than women (19%).
[15] See CN ICR: 45

programs be acted upon. In the event, performance fell short of target which led to less than full disbursement against this DLI, specifically, in 2014, 72 percent of priority audit recommendations in the provincial action plans had been implemented, against a target of 90 percent; in 2015, the rate was 73 percent against a target of 95 percent. The shortfall arose because an unexpectedly large number of often trivial recommendations were made by the auditors (in one year over 800). The important ones were dealt with, but there was inadequate time to filter out and deal with all the rest before it was time for the next audit. The problem lay in the fact that the auditors and provincial authorities were not adequately prepared and trained, and GoM had underestimated the need for preparing the relevant staff for this new requirement.

31. The recommendation of the Mid-Term Review was to reset the target value at a more realistic level and to guide the auditors on what constituted a 'priority' recommendation. As a result, the number of priority audit recommendations dropped in 2015 but was still over 400. However, resetting the target would have required a Level 2 Restructuring. GoM decision on this was delayed by the 2015 elections, in the end, as the Program was only six months from closing by this time, it was agreed that it was no longer appropriate to revise the target value. During the ILICR mission, the Bank fiduciary team reviewed the status of the outstanding recommendations and concluded that progress was continuing, that no genuinely 'priority' recommendation had not been implemented, and that Program results or fiduciary requirements were not affected by the shortfall.

32. Fiduciary risk for INDH 2 at appraisal was rated "substantial" because of the numerous untried sponsor agencies with low capacity and also because of concerns over audit and follow-up of audit recommendations. Risk management combined the setting and tracking of financial management Key Performance Indicators (KPIs), technical support and oversight as part of the supervision process, and checking of the effects on the Program of anti-corruption and grievance redress initiatives introduced under the Program. In the event, the only anomalies were the problems in implementing audit recommendations (see above) and INDH's failure to meet the KPI end targets on commitment and payment rates (74 percent vs 90 percent and 38 percent vs 50 percent respectively), which the client explained as due to slow program implementation during 2015, an election year. Reflecting this performance, the Program Fiduciary System was rated Moderately Satisfactory (MS) at closing.

Environmental and Social Risks

33. At appraisal, environmental and social risks were assessed as moderate, with limited potential impacts. Systems put in place during INDH 1 to comply with Bank requirements on environmental and social risks were strengthened under INDH 2 (see Annex 7). At the start of implementation an *INDH Environmental and Social Guide* was developed and training carried out with support from the Bank under the ISP. More than 80 percent of the 27,000 sub-projects did not trigger action on environmental and social risks. Where measures were required, they were incorporated into the sub-project. Successful implementation of these measures and respect of the requirements on environmental and social risks triggered disbursement against DLI # 9. The *Guide* was subsequently adopted as a reference for programs implemented by other line ministries, including the Ministry of Environment, and was incorporated into other PforR programs, including Urban Transport.

2.5 Post-completion Operation/Next Phase

34. The Bank received on January 6, 2016, a Government request to support a third phase of INDH, for which the platform is already ready, waiting for the official launch by the King. It is likely that the Bank will start related preparation once the GoM is willing to do so.

3. Assessment of Outcomes

35. This chapter assesses the overall results of the Program. Measuring results against the targets set, the assessment confirms that the Program built on the institutional structure and culture established under INDH 1 and supported a quality improvement phase, increasing transparency, accountability and inclusiveness and strengthening the voice of civil society. The accompanying investments supported under the Program had a significant poverty reducing impact.[16] This chapter finds the Program relevant and the results efficiently delivered, often in excess of target and with good prospects of sustainability. The assessment therefore finds the overall outcome of the Program *satisfactory*.

3.1 Relevance of Objectives, Design and Implementation

36. The relevance of the Program is rated substantial at closing, based on Morocco's current development priorities and the current Bank CPS. The relevance of both objectives and of design and implementation are rated substantial. Relevance to Morocco's priorities is attested by the fact that the program consolidated the participatory approach, with more transparency, and accountability and improved inclusiveness, in line with the new constitution adopted in July 2011. It is also attested by the fact that this was a landmark project in the reign of His Majesty the King, launched by the King himself (June 4, 2011) and given considerable importance in the King's speeches. Since launching INDH in 2005, the King has inaugurated many INDH subprojects throughout the Program period, and priority has consistently been given to INDH in all government statements to parliament. The commitment from the very highest level and throughout the nation to an INDH 3 demonstrate the continued relevance of INDH to national priorities.

37. On the Bank side, current priorities in the CPS 2014-2017 build on Morocco's achievements, including those of INDH, to emphasize inclusive growth, a 'green and resilient future', and strengthened governance and institutions for improved service delivery to all citizens. INDH 2 and the three INDH subprograms supported in the Bank Program thus fit very well with the broad thrust of the current CPS, particularly in the emphasis on governance and institutions to drive inclusive approaches to growth and services. The cross-cutting themes of the current CPS also match INDH and Program objectives: gender, youth, voice and participation. The Program is thus one of the main lending vehicles supporting the second pillar of the current CPS: "increasing access to and quality of service delivery for all" and contributing directly to CPS Program Area 2.4, "reducing vulnerability and social exclusion".[17] The continued high degree of relevance for both GoM and Bank is guiding ongoing reflections regarding the GoM request for support to the third phase, once this is formally announced. The global relevance of INDH is also shown by the positive attention from the international community (see 3.5 below).

[16] According to the impact evaluation (see 3.7 below)

[17] The Program contributed in particular to the CPS outcomes of 'improved access to basic infrastructure, social services and economic opportunities for poor and vulnerable groups'.

38. As discussed in Section 2.1 above, several factors contributed to the relevance of Program design. Selectivity focused Bank support on the three subprograms which had the biggest development impact both in terms of improved service provision, of strengthening participatory local governance, gender and youth focus and social accountability, of focusing on economic inclusion, and of supporting capacity and systems development. Design built in lessons from the first operation which indicated needs for strengthening, particularly CDD approaches and income generating activities. Lessons on the need to strengthen local governance bodies were reflected in the massive training and capacity building incorporated into the Program, in new conflict of interest rules, and in systematic application of social accountability tools. In line with the adoption of PforR, the results orientation was strengthened and M&E refocused on outputs and outcomes rather than just on inputs. The relevance of Program implementation was consistently high, with sustained commitment from both GoM and Bank and strong demand from targeted communities.

3.2 Achievement of Project Development Objectives

39. The efficacy of the Program is rated substantial, as measured by the indicators and supporting evidence. The below assesses the achievement of each of the four PDO elements and their contribution to the theory of change.

Improving access to and/or use of enhanced participatory local governance mechanisms

40. The efficacy of this element of the PDO is rated substantial. Empowering local people through participatory local governance lies at the heart of the INDH approach. INDH 1 had established the model and made progress in establishing institutional structures and capacity that empowered local people, particularly those in poor or remote areas, to take responsibility for planning, realizing and operating their own development programs. The theory of change foresaw that strengthened participatory local governance and social accountability would empower people at the local level, bringing decision-making closer to the end beneficiary and increasing transparency, accountability and inclusion of females and youth. The Program has achieved this, strengthening participation in local governance so that it has become ingrained in Morocco's approach to development. Specific measures were designed to improve participation in planning and implementation, to strengthen social accountability and to build the capacity of community institutions. All these measures were delivered by actions under the PAP and supported by the Bank through the ISP.

41. All of the programmed actions were carried out (Annex 4) and the results were beyond expectations (Annex 1). By the end of the Program, levels of participation had risen. A survey done on 3,000 households in 10 provinces showed that one quarter of the targeted population took part in the participatory diagnostics to prepare the community development plans. The same survey showed that a quarter of the target population also took part in M&E, double the target. The assessment of the participatory M&E was based on the participation of the targeted population in the planning of projects, and their implementation. The participation of women and young people also exceeded targets. In 2012, more than a fifth of members of the local governance bodies were female, and more than one sixth were young people. These results were monitored through the annual reports and they were maintained until 2015. These are remarkable changes from Morocco's male and elder dominated culture of only a decade ago.

42. The fruits of participation showed up in the quality of investments. Four fifths of the target population were satisfied with the infrastructure and services that resulted from the participatory planning process. One of the reasons was that three quarters of projects were

implemented by local project sponsors themselves, so that contractors were accountable and community members felt in charge.[18]

43. Overall, the evidence is that during INDH 2, participatory local governance was enhanced through more transparency and accountability, including through strengthening of GRMs, and with increased gender and youth inclusion. Access and use of participatory governance mechanisms were at a high level, above expectations. Gender and youth inclusion and local ownership and responsibility were both measured by DLIs. This gave strong incentives for INDH to move forward on both diversity and local implementation, and full disbursement was made against both DLIs (Annex 2). The actions programed in the PAP (and supported under the ISP) and the complementary investment in training and capacity were material in achieving these results. These changes were spread across more than 700 of Morocco's rural communes and over 530 of the country's urban neighborhoods. The practice of participatory and inclusive local governance had thus become widespread and the partnership between elected officers, the administration and civil society had become an established fact. The leading role and strengthening of NGOs contributed to the greater engagement of these civil society organizations in development and dialogue.

Improving access to and/or use of basic infrastructure

44. The efficacy of this element of the PDO is rated substantial. Investment and use of basic infrastructure was a key component of INDH 2, with one third of total investment (MAD 5.0 billion, USD 600 million), benefitting 1.5 million people, and 31 percent of total beneficiaries. The most important types of investment requested by people and included in their communal development plans were drinking water (8% of total INDH 2 investment: 2,098 projects benefitting 498,000 people), sanitation and environmental protection (9%: 816 projects benefitting 236,000 people), waste management (12%: 2,356 projects benefitting 629,000 people), and electrification and lighting (4%: 655 projects benefitting 175,000 people).

45. The infrastructure program was supported by measures to ensure efficient operation and sustainability of the assets created, including: technical standards, requirements that the operation of assets be delegated, and sustainable financial and institutional arrangements for O&M. Results exceeded all specific targets set (Annex 1). As discussed above, the great majority of local people were satisfied with the results, and an independent evaluation judged that over four-fifths (84%) of projects were of good quality. All programmed actions in the PAP and supported by the ISP were satisfactorily delivered, social and environmental impacts were well managed, and O&M and longer term sustainability of the assets were assured. Increased access to drinking water and satisfactory quality of infrastructure were DLIs and full disbursement was made against both of them (Annex 2).

46. Overall, the evidence is that the INDH 2 infrastructure program developed quality infrastructure which responded to the needs of poor communities and increased access to and use of that infrastructure in a way that was efficient and sustainable. The results met the theory of change that improved access and quality of basic infrastructure would improve the living conditions of the poor in remote and marginal communities.

[18] The rate was even higher in 2014: 83% v. a target for that year of 64%. This prevalence of local implementation is by contrast with INDH 1 where ministries or government agencies undertook much of the implementation.

Improved access to and/or use of social services

47. The efficacy of this element of the PDO is rated substantial. Investment in improving access to and use of social services was the largest set of projects included in the community development plans, with 46% of total investment (MAD 7.0 billion, USD 700 million), benefitting 2.5 million people, and 50% of total beneficiaries. The most important types of investment requested by people and included in their communal development plans were education (12% of total INDH 2 investment: 4,093 projects benefitting 957,734 people), youth and sports (16%: 2,577 projects benefitting 620,000 people), health (6%: 1,506 projects benefitting 354, 000 people), and social centers (8%: 1,218 projects benefitting 313,500 people). Demand was greatest for education projects, particularly for investments which increased access for the poor and for girls, for example separate sanitation blocks for girls, boarding houses for girls, and accommodation for female teachers. There was also strong demand for health centers. Investments in these sectors were coordinated with the respective ministries which engaged to support the extra staff and operating budget required. Youth and sport facilities were also much in demand, reflecting the increased voice of youth in decision-making.

48. Outcomes exceeded expectations. For example, investment in girls dormitories greatly increased female school retention rates (from 50% to 84%), and the number of women benefitting from pre-natal care in maternity clinics rose by more than half. Both of these results were DLIs, and full disbursement was made against both of them. The social services program was supported by the same actions under the PAP as the infrastructure program, also with the same objective of ensuring efficient operation and sustainability of the assets and services. The great majority of local people were satisfied with the results, and the independent evaluation judged that with few exceptions projects were of good quality. Again, surveys showed general satisfaction with services.

49. The evidence thus confirms that the objective of enhanced access and quality in service provision based on community demand and planning and on local implementation was achieved in an efficient and sustainable way that observed social and environmental impact requirements and to the satisfaction of the community. Results thus confirmed theory of change expectations that improved access and quality of social services would improve the living conditions of the poor in remote and marginal communities.

Improved access to and /or use of economic opportunities

50. The efficacy of this element of the PDO is rated substantial. Key to the approach of INDH was poverty reduction and economic inclusion through increased income generation. Under INDH 1, a pioneering sub-program had promoted income-generating projects, but there were questions regarding both the institutional approach and the sustainability of the activities. Assessments at appraisal of INDH 2 therefore focused on improving design and delivery of this sub-program. In the event, the sub-program proved very popular. INDH 2 invested MAD 1.4 billion (USD 141 million) in this sub-program, supporting 5,300 projects in the sectors of agriculture, livestock, handicrafts, rural tourism etc., and benefitting 79,000 people. Half the financing went to direct investment and half to support activities (studies, capacity building, follow up).

51. Improved design and delivery of the subprogram greatly increased the success rate. The improvements included the appointment of focal points within each provincial support unit, a value chain approach supported by studies and manuals, and a huge training program. One

PDO level indicator (#3), two intermediate indicators (#10 and #11) and one activity of PAP#6 were dedicated to the viability, the status and the training of the IGA sponsors. The sponsor had to contribute at least 10% of the total cost, with an INDH grant ceiling of MAD 300,000 ($3,000 equivalent). The subprojects were approved by a committee including representatives from the private sector, with some proposals being returned to sponsors for improvement. A criterion was set that project entrepreneurs should have a minimum of two years successful track record. More than one third (35%) of entrepreneurs were corporate bodies, especially cooperatives, rather than individuals or informal groups. Capacity was built through a massive training and technical assistance program from which four-fifths (79%) of entrepreneurs benefitted. As a result, the professionalism of entrepreneurs increased and three quarters of projects (75%) were judged viable after two years of operation, with promising futures. This last criterion was a DLI, and full disbursement was made against it.

52. Thus, despite the typically high risk of this kind of activity, INDH 2 delivered a well-structured program giving priority to capacity building, institutional strengthening and well-managed projects in profitable business lines. The economic evaluation conducted for this ILICRR examined in detail a sample of 26 income-generating activities randomly selected and found that more than four fifths of them were likely to remain profitable businesses sustained over at least a ten year period (see 3.3 below). In addition, the National Observatory for Human Development (*Observatoire National pour le Développement Humain*, ONDH) impact evaluation found a 21 percent increase in the average income of households in targeted rural communes, compared to 5 percent only in those not targeted. Results thus fulfilled the theory of change expectation that support to income generating activities would improve the income of beneficiaries and enhance economic inclusion, and so contribute to poverty reduction.

Capacity Building and System Development

53. Although not part of the PDO, the theory of change foresaw that strengthened capacity and systems development would improve the efficiency, effectiveness and sustainability of investments. Capacity building was a key part of this success. Of INDH 2's investment in training (MAD 84 million, USD 10 million) and its nearly half a million training days delivered for 123,000 beneficiaries, half was for the grassroots, especially the local committees, associations and NGOs, and a further one quarter was directed to the local facilitation teams (*Equipe d'animation communale/de Quartier*, EAC/Q). In addition, 2,700 technical assistance activities (MAD 334 million, USD 40 million) supported 273,000 local actors in community institutions, NGOs and projects. The intensive focus on institutional development, capacity building and preparation of systems to support governance, participation and efficient implementation successfully underpinned Program actions and results and met the expectation of the theory of change.

3.3 Efficiency

54. Efficiency of the Program is rated substantial. For the purposes of this ILICR, the Bank commissioned an economic study (Annex 10) of a sample of 75 INDH 2 sub-projects. The study reviewed in detail projects for infrastructure, social services and income generation under all three sub-programs. Overall the study confirmed the findings of supervision missions, that projects were well executed, with good quality of works, competitive tendering, professional specifications, and costs in line with costs recorded for public sector projects, and generally sound arrangements for management and financing of O&M. Risks were generally assessed as low to moderate. Overall, the study concluded that project costs were in line with experience

in similar projects,[19] that competitive tendering ensured that this was the case, and that projects were fulfilling their objectives and giving the expected results.

55. The study also reviewed a sample of 26 income-generating activities across seven provinces and a range of sectors, both rural and urban. The study concluded that the quality of the program and the capacity of both the entrepreneurs and the support services were considerably improved compared to INDH 1. Internal rates of return for the sample were all positive, varying from 5-22 percent, with most in the range 10-15 percent. The biggest concern for all projects was the market outlook but the analysis confirmed that four fifths of the projects evaluated were likely to remain profitable after 10-15 years. About half the projects were undertaken by women and most projects directly benefitted the poor.

56. Overall, the study concluded that beneficiary involvement through the participatory process was good, that the projects responded to genuine demand, and that under INDH 2 capacity had been strengthened at all levels both for the infrastructure and social services projects and for income generating activities. The study made a range of recommendations for further improvement under subsequent phases. For infrastructure, the main recommendations concerned O&M, particular how to finance maintenance of roads. For social services, the main recommendations were on how to finance the operation of services such as the girls' dormitories where public financing may not always be forthcoming. For income generating activities, the main recommendations were to strengthen market analysis and marketing capacity, to improve upstream/downstream integration along the value chain, to strengthen support services, and to improve targeting, with particular focus on inclusion of the poorest and of young unemployed.

57. Regarding the comparison of the expenditure framework of the two phases (Annex 5), the total cost of INDH 2 was $1,534 million, an increase of one third (34%) over the total cost of INDH 1 ($1,142 million). INDH 2 expenditures by subprogram were: $572 million for the urban subprogram (37%); $438 million for the rural subprogram (29%); and $524 million for the cross-cutting subprogram (34%). Expenditure on all three subprograms was up from INDH 1 levels.[20] The average cost per project deceased from $57,500 during INDH 1 to $56,500 in INDH 2. The decrease was mainly due to the decrease of the unit cost of rural subprojects (from $50,300 to $48,400).

3.4 Justification of Overall Outcome Rating

Rating: Satisfactory

58. As discussed above, INDH 2 was relevant to country and Bank priorities both currently and at appraisal. Results demonstrate that the Program delivered the intended outputs and achieved the PDO (3.2). All but one of the 17 RIs were achieved and, in most cases, exceeded (see Annex 1).[21] The Program reached over 5.5 million direct beneficiaries in target

[19] For roads, the costs were within the range of costs recorded under the national roads program (PNRR2). Benefits were reflected in a reduction in costs of carrying people of 25% and of goods of 14%. For water supply, the cost per household was within the range for similar projects under the national water supply program. For rural electrification, the costs were within the range experienced under the national electrification program (ONEE).

[20] INDH 1 spending by subprogram was: $412 million for the urban subprogram; $340 million for the rural subprogram; and $390 million for the cross-cutting sub-program.

[21] Indicator 15 – *percentage of priority audit recommendations included in action plans which are implemented* – was not fully met. See Section 2.4 for a discussion.

communities,[22] improving access and use of infrastructure, services and economic opportunities, and strengthening participatory local governance mechanisms. Evidence on efficiency shows that across all types of investment (infrastructure, social services, income-generating activities) the Program responded to demand in a cost-effective way and with good prospects of sustainability of benefits. Evidence is that benefits were delivered to target beneficiaries in all program areas, notably in the three key areas of girls' education, clean water and income generating projects. Impacts on poverty are confirmed in an independent impact evaluation (see 3.7 below). The program has delivered considerable improvements on the inclusion of females and of youth, on development of capacity at all levels, and on inclusive participatory governance and institutional development.

59. As it set out to do, the Program strengthened participatory local governance and social accountability, empowered local people and involved them in decision-making, and increased transparency and accountability. The Program improved access and quality in service provision, reducing the marginalization of poor and remote communities. The Program enhanced economic inclusion, particularly for females and youth. Finally, the Program helped build capacity and systems that improved the efficiency and sustainability of investments and strengthened INDH institutions at all levels from the bottom up. Overall, a positive judgement on INDH 2's high relevance, better than targeted results, and positive impacts on beneficiaries' lives, on inclusion and on capacity and institutional development justifies a rating of Satisfactory.

3.5 Overarching Themes, Other Outcomes and Impacts

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

60. Although no up-to-date measurement of INDH poverty impacts has been made, and therefore no direct attribution is possible of poverty reduction for the Bank-supported Program, a 2013 survey of impacts by the ONDH shows positive correlation of INDH up to 2012 with a 21 percent increase in average income of households, a 41 percent increase in the assets of households and a significant decrease in multidimensional poverty in INDH-targeted communities compared to non-targeted. The survey found, however, a widening of income inequality in both targeted and untargeted communes, suggesting that INDH needs to dig deeper into the question of how to reach the very poorest.

61. One particular achievement of INDH 2 is the rise in the participation of women and youth in both governance and implementation. Women and youth are now systematically included in governance structures (3.2 above) – a gain which triggered disbursement in 2012 (DLI # 5) and which has been consolidated ever since. Half of sub-project beneficiaries were female, including water and sanitation subprojects and income-generating activities such poultry-rearing. In 2015, 48 percent of entrepreneurs in the income generating activities were women.

(b) Institutional Change/Strengthening

62. Quantitative and qualitative assessments at the end of INDH 2 record many factors which suggest that local governance has received a considerable boost. In the Local Human Development Committee (CLDH), the emergence of modern participatory institutions and open governance has begun to replace old closed systems of decision taking. This has been

[22] INDH 1 reached 5.4 million beneficiaries

aided by increased transparency through the systematic publication of decisions, the advertising of tenders and posting of contract awards on-line. INDH argue that there is the emergence of a new dynamic of local development between authority, elected bodies, local ministry branches and local-level bodies.

63. Empowerment of local people is reflected in the increase in the number of projects executed by local bodies, by the big rise in the number and capacity of NGOs and local associations, and by greater economic inclusion, with poor people able to participate in income generating projects within modern commercial circuits.

(c) Other Outcomes and Impacts (positive or negative)

64. Drawing on the lessons of INDH 1, the second phase increased the level of effort devoted to communications. During INDH, 2,850 communications activities were conducted, targeting nearly 100,000 people (95,798) for an investment of MAD 56 million (USD 6.7 million). INDH's own evaluation of the communications program points to results in terms of improved program management, increased ownership of 'INDH values and principles', and project sustainability. Although it is difficult to quantify these results or to attribute them directly to the communications program, there is no doubt that the increased outreach and transparency was effective in improving both image and impact of INDH 2. INDH also invested in broader outreach programs, including an annual 'INDH Day' on the anniversary of its first launch, and weekly 'Press Thursdays' to showcase INDH projects throughout the country.

65. **South-south cooperation.** INDH formed international partnerships, for example with CDD operations in several countries, including Gabon, and received delegations from a number of countries. INDH staff traveled to Gabon to help with training of staff for the CDD initiative there.[23] INDH was also presented at three annual *Africities* conferences (held in Morocco, Senegal and South Africa). With the support of the World Bank, INDH convened an international CDD conference in May 2016 with more than 300 participants which resulted in the establishment of an international CDD network - the 'Rabat CDD Group' - with annual follow-up conferences proposed.

66. This international outreach strengthened INDH's conviction that after ten years of implementation, the institution had developed into an 'exportable model'. This was reinforced by the knowledge that INDH was, at the end of the second phase, the 'third largest social program in the world' and by the collaboration between Morocco and the World Bank to use INDH as a 'showcase" for many countries which visited Morocco to learn from the INDH experience, including Djibouti, Ivory Coast, Mali, Senegal. Within the Bank, many activities were organized, including (amongst others) a report on the MENA *FastBrief* (2008), the presentation of the PforR in support of INDH 2 at the 2013 *Social Development Network Forum*, the presentation of the INDH program at the *Innovation Fair* in 2013, and a showcase at the *Connect, Collect and Collaborate Forum* at the World Bank in February 2014.

[23] INDH also contributed to the Gabon program, financing four dialysis centers.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

67. INDH has made considerable efforts at evaluation, including a participation and satisfaction survey by INDH, stakeholder workshops for the preparation of the ILICR by the Bank, and an independent impact evaluation by the GoM.

68. A 2015 sample survey of 3,000 households carried out by INDH itself assessed levels of participation and satisfaction. The results showed not only the relatively high level of household participation (25%) but also the quality of that participation, with nearly two thirds of those households (61%) having participated in the diagnostic and nearly half having participated in committee meetings (41%) and in project implementation (44%). One quarter of households (25%) had taken part in M&E, double expectations.

69. Perhaps more remarkable were the responses relative to satisfaction with INDH. Most people knew about INDH (>80%) and two thirds knew their local INDH projects (>66%). Almost two thirds reported they had actually benefited from INDH infrastructure projects (57%). Satisfaction with the participatory process was very high (79%), with women being especially satisfied (86%). Two thirds or more of respondents were satisfied with the process of information (69%) and project selection (66%), and a large majority (71%) were satisfied with project results.

70. For the purposes of this ILICR, three stakeholder workshops were held in Morocco, with governance bodies, with NGOs and associations, and with the INDH delivery teams at provincial and local (commune, quartier) level. The results of these workshops (Annex 8) confirm the positive evaluation of INDH 2 and provided many pointers for further strengthening of the program in its proposed third phase.

71. Although there was inevitably a range of views, on balance the workshops allowed an understanding that all aspects of the INDH model – participatory approach, representative governance, pro-poor targeting, gender and youth inclusion – were strengthened under INDH 2, but that there is still scope for further improvement in a future phase, particularly with: (i) more participation and targeting of youth, and also sustaining the focus on gender; (ii) refining targeting and the pro-poor approach;[24] (iii) sustained emphasis on capacity building and institutional strengthening; and (iv) further development of NGOs and associations. The quality of projects and the entrepreneurs who undertook them has improved markedly but more needs to be done to make projects sustainable and to make income generating activities more viable and to create more employment, particularly for youth. At a higher level, INDH 2 was successful in leveraging funds and also in promoting 'convergence' (see Section 4 below), but on this latter much remains to be done. Finally, the general view was that the INDH teams (Social Action Division [DAS], EAC/Q]) have done a remarkable job, but that there is scope for further professionalization of their services.

3.7. Impact Evaluation

72. In December 2016, GoM's ONDH produced an assessment of INDH performance based on analysis of: (i) INDH achievements using CN-INDH data; (ii) the sustainability of INDH-financed projects, based on a sample of 406 projects; and (iii) an impact evaluation of INDH during the period 2008-2013, using a baseline survey in 2008 of a representative sample

[24] This view coincided with the finding of the ONDH evaluation (see 3.7) that INDH may be reaching the poorer communes and *quartiers* but it is not necessarily reaching the poorest of the poor within those units.

of targeted and untargeted communes with poverty rates around 30%, and two follow-up surveys in 2011 and 2013 (i.e. at the end of INDH 1 and at mid-term of INDH 2, respectively).

73. The findings on achievements noted the successful delivery of tens of thousands of sub-projects and the positive outcomes of INDH as a tool of local collaborative and participatory planning and management which 'gained momentum and in turn, prompted stronger mobilization dynamics that cater for a compelling social demand.' The assessment of sustainability found challenges, as arrangements and budget for O&M have to be provided by the sponsors. There was an improving trend, attributable in part to the growing share of projects implemented by the project sponsors themselves, and hence increased ownership and responsibility. In particular, there was a growing share of communes in project implementation (up from 10% to 30% over the period), and of municipalities (up from 33% to 61%). The qualitative survey showed a relatively low rate of project failures (15%) and also success stories regarding NGO activities, particularly in fundraising and sponsoring income generating activities to underwrite O&M costs, foe example for the girls' educational dormitories.

74. The impact evaluation found: (i) a 21% increase 2008-2013 in the average income of households in targeted communes, against a 5% increase in untargeted ones; (ii) a 41% increase in the assets of households in targeted communes (against 29% in untargeted ones); (iii) a significant decrease in multidimensional poverty, especially in the improvement of the living conditions; (iv) a widening of inequalities of income in both targeted and untargeted communes, suggesting that programs, including INDH, had not affected distribution; and (v) no significant impact on basic services (water and electricity), child schooling and child health.

75. These findings convey important lessons for INDH, although there are some reservations about their applicability to post-evaluation of INDH 2. The evaluation is based on data from 2013 and before, by which time INDH 2 investments were only just beginning on the ground so would have not yet had any impact - the results of a further survey conducted in 2016 will support impact evaluation of INDH 2 but will only be available in July 2017 at the earliest. Regarding the last finding on sectoral impacts, INDH cannot have specific sectoral objectives as it is a CDD project, and the evaluation pinpoints the difficulty in singling out the specific weight of INDH impacts in areas where sectoral programs concern both targeted communes and untargeted ones. In any case, INDH investments in any one sector are dwarfed by the large national sectoral programs, each of which would also have been investing in other parts of the same communes at the same time. In addition, the ONDH does not measure impacts on institutional or social capital, yet a major part of the INDH thrust is the development of new participatory governance structures, rebalancing of influence to a more bottom-up pressure on policies and resource allocation, inclusion of women and youth in decision making and as beneficiaries etc.

76. With these reservations, it is clear that future phases of INDH must take account of the findings, in particular: (1) the need for better targeting within communes; (2) the need to refine the pro-poor approach and communications; and (3) need to improve the dynamic between INDH and the national sectoral programs, particularly for education and health, and to improve measurement of impacts.

4. Assessment of Risk to Development Outcome

Rating: Moderate

77. Risks were reviewed throughout the implementation period and were systematically assessed by supervision missions as moderate. One risk is the sustainability of governance,

particularly of inclusiveness (for women and youth) and of social accountability. This risk is mitigated by the national commitment to the INDH governance approach and by the commitment of both government and the population to sustaining it after 12 years of INDH and the commitment to an INDH 3. Other risks to the sustainability of outcomes are principally over sub-project sustainability, over 'convergence' and over IGA viability.

78. **Sub-project sustainability.** The sustainability of the large number of diverse sub-projects was identified as an area of risk at appraisal, and measures to manage this risk were incorporated into the Program. Sustainability was increased by more stringent standards for construction works and by systematic delegation of contract management. Two measures in PAP #1 and PAP# 2 provided for improved financial and institutional arrangements for O&M, and for mandatory delegation of O&M of infrastructure projects. The economic study confirmed the findings of supervision missions, that projects were well executed, with good quality of works, competitive tendering, professional specifications, costs in line with those recorded for public sector projects, and generally sound arrangements for management and for financing of O&M. The ONDH evaluation found an improving trend in sub-project sustainability, attributable in part to the growing share of projects implemented by the project sponsors themselves, which resulted in increased ownership and responsibility.

79. **Convergence.** In line with Morocco's ongoing policy of 'convergence', INDH 2 devoted considerable effort to reconciling programs and standards between the local level programs of INDH and the local programs of national agencies and programs. INDH 2 was successful in leveraging funds from local authority budgets and national programs: this form of co-financing accounted for two fifths (41%) of INDH 2 program expenditures. The PAP #3 ensured that the local level community action plans (Local Initiative for Human Development [ILDH]) were aligned with sectoral programs. These measures went a long towards ensuring convergence. Nonetheless, the ONDH suggested the need to further strengthen the linkages between INDH and the national sectoral programs, particularly for education and health. This will be a focus in the next phase of INDH and will be helped by the upcoming nationwide regionalization and deconcentration, which will provide a formal framework for harmonization of tools for planning for INDH and other public programs.

80. The viability of Income Generating Activities (IGA): given the relatively high risks inherent in this sub-program and the experience under INDH 1, INDH 2 focused on improving design and delivery of the IGA. Professional capacity to support the program was created in each provincial INDH unit (DAS). Training with broad reach was conducted, reaching four fifths of all entrepreneurs, and IGAs were increasingly carried out by professional organizations (cooperatives, associations and firms). As a result, three quarters (75%) of the IGAs were judged viable after two years of operation, well above target. The economic study confirmed that four fifths of the projects evaluated were likely to remain profitable after 10-15 years. The improved design and delivery clearly contributed to the success rate. For the future, INDH proposes to increase attention paid to the way in which projects fit within a well-functioning value chain and to ensure that the business plan and marketing make good commercial sense.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry
Rating: Satisfactory

81. **The Bank's decision on the use of PforR.** The Bank's assessment was that PforR would be a more efficient and cost-effective business model that would focus more on results, strengthen systems and reduce transaction costs. Appraisal judged that risks were manageable and capacities adequate. The Bank's judgements thus coincided with GoM's requests and were well matched to this second phase program. Overall, the decision to go for INDH as the Bank's first ever PforR was well judged. The soundness of these judgements was confirmed by the overall successful implementation and results of the Program.

82. **Bank's decision on selectivity.** The Bank took the decision to directly support only a part of INDH 2 (see 1.6 above), linked to four priority themes and to the framework of results that stemmed from this. This represented a logical and coherent strategy that underpinned the results-based approach, focused on subprograms that had high development impact and leveraged the Bank's comparative advantages, and defined the framework necessary for the PforR instrument.

83. **Adequacy of the Bank's assessments.** Following PforR policy[25], the Bank carried out a technical assessment of strategic relevance, technical soundness, and institutional arrangements. This allowed the Bank to ascertain that there was a clear rationale, that INDH addressed an important development goal in line with GoM priorities and the CPS, and that Bank support would add value, including through a well-designed PAP and Implementation Support Plan. The follow-on nature of INDH 2 allowed the Bank to ensure that the enabling environment, program structure, governance and implementation arrangements were sound and that all lessons and needed improvements from INDH 1 were incorporated in order to improve program performance. The lessons of INDH 1 (2.1 above) were correctly framed and corresponding measures were adequately built into the design of INDH 2.

84. Again building on in-depth experience from INDH 1, but without any benchmark or templates, as this was the first PforR, the Bank was able to evaluate the results framework (RIs and DLIs) and the related verification protocols and M&E arrangements, together with the expenditure framework and the level, efficiency, transparency, and effectiveness of program expenditures, ensuring that the planned expenditures would achieve the targeted results. The Bank conducted the necessary checks on fiduciary systems and environmental and social systems and needed strengthening measures were appropriately built into the program.

85. **Risk assessment and management.** The Bank's risk assessment proved accurate as all the risks during implementation proved manageable within the risk framework at appraisal.

86. **The DLIs.** One risk identified at appraisal was over-ambitious and complex DLIs. In the event, the program was fully implemented, the targeted objectives were met (as measured by the indicators) and disbursements reached 98.5 percent, confirming the appropriateness of the DLIs.

(b) Quality of Supervision

Rating: Satisfactory

87. The successful implementation of INDH 1 and the Bank's detailed understanding of INDH's structure, institutions and processes justified the decision that the Bank would move from 'supervision' to 'implementation support', as required under PforR. A detailed and appropriate PAP was developed and Bank support was programmed in particular areas under

[25] OP/BP 9.00

the Implementation Support Plan (see Annex 7). During implementation, the Bank supplied all the needed support. The Government's ICR gives a very positive assessment of these contributions and acknowledges the value of the Bank's results focus.

88. One area where the Bank provided strong support was on the introduction of social accountability measures at the local level, where there was little or no experience in the country. However, one component of social accountability – the piloting of citizen consultation processes for health and education services (see 2.2 and 2.3 above) - was delayed, largely due to administrative reasons about recruitment of consultants, and remained pending at program closure. GoM has now programmed this activity for future implementation, and further scaling up of social accountability is planned for INDH 3.

89. In addition to its implementation support role, the Bank systematically reviewed with GoM the monitoring and verification of the results and DLIs and the risk assessment, and tracked compliance with GoM's fiduciary, environmental and social systems and safeguards. The Bank consistently raised issues and proposed solutions. MoUs and reports were clear and of good quality and there was transparent sharing of findings and recommendations at both central and local levels. The Bank shared with the EU leadership of the donor group and maintained a permanent dialogue with the CN.

90. At the mid-term review, the Bank team identified the issue that performance against four indicators was varying from the baseline and targets and advised that the targets be revised. The implementing agency demurred, even though it meant that one DLI would be missed and disbursements reduced accordingly.

91. **Bank inputs.** The Bank maintained co-task team leaders throughout, of whom one was based in the country office and spending more the half of the time on INDH. The budget was adequate and well used, and the Bank fielded qualified, multi-disciplinary teams with fair continuity. Regular site visits were made to assess progress, visiting some 30 provinces out of the total of 78 provinces over the life of the program. The Bank helped to organize the Rabat round table meetings (see 3.5 (c) above).

92. The Bank thus implemented all aspects of the Implementation Support Plan satisfactorily and acted as GoM's technical support partner throughout the supervision period. The only point of difference was on the Bank recommendation to revise four indicators where there was a reasonable logic to both GoM and Bank point of view. Even with hindsight, it is difficult to fault the supervision team for the GoM's decision not to accept Bank advice. Overall, therefore, performance on supervision is rated *Satisfactory*.

(c) Justification of Rating for Overall Bank Performance
Rating: Satisfactory

93. Based on a Satisfactory rating of Bank performance at program design and implementation, an overall rating of *Satisfactory* is appropriate.

5.2 Borrower Performance

(a) Government Performance
Rating: Satisfactory

94. The great strength of GoM performance lay in ownership at all levels of the objectives, institutions and programs of INDH, from the King down to the local governance committees and the beneficiaries. In the second phase, this ownership and the high degree of commitment and mobilization that stemmed from it strengthened.

95. In INDH 2, GoM readily appreciated the benefits that the PforR model could bring, both in terms of efficiency and in terms of results focus. In program design and implementation, GoM demonstrated its willingness not only to build on success but also to strengthen program areas that had proved weaker during INDH 1, especially arrangements for greater sustainability, the requirement for transparent and relevant M&E and the need to strengthen participatory local governance and social accountability and the establishment of grievance mechanisms. In these areas, new measures were included in the PAP for INDH 2 and were largely successfully implemented.

96. The one area where GoM did not accept Bank advice was on revising some indicators (see 5.1 above). Although the Bank recommendation was that several values should be reset to reflect the variances that had become evident during implementation, the implementing agency and government maintained that the baseline and targets had been agreed together and the values should be maintained as they allowed actual performance to be measured against agreed targets. There was a reasonable logic to GoM's point of view, so this should not necessarily be seen as a shortcoming, even though it led to less than full disbursement against one DLI (see 2.4 above). Overall, therefore, GoM performance is rated *Satisfactory*.

(b) Implementing Agency or Agencies Performance
Rating: Satisfactory

97. Under INDH 1, the CN and the provincial and local implementing teams had quickly established themselves as competent and energetic, committed to quality and timely implementation. In the design of INDH 2, there was considerable provision for strengthening procedures and competencies. These measures corresponded to specific weaknesses identified in the INDH 1 ILICR and they were all effectively carried out under INDH 2. As a result, the quality of implementation of INDH 2 improved.

98. One area where performance fell short of target was in implementation of priority audit recommendations, which led to a shortfall in disbursements. In practice, the CN-INDH made considerable efforts to improve performance at the provincial level, but the challenge was too great, for the reasons explained in Section 2.4 above. The CN-INDH was also sometimes somewhat tardy in submitting reports, although this did not affect disbursements as these were made in advance. Thus, with only these minor shortcomings, on balance a rating of *Satisfactory* is appropriate.

(c) Justification of Rating for Overall Borrower Performance
Rating: *Satisfactory*

99. The strong commitment, effective implementation and good results evidenced by the satisfactory performance of the Borrower and the Implementation Agency justify an overall rating of *Satisfactory*.

6. Lessons Learned

Lessons for CDD Programs in Comparable Settings

100. **Systematic local empowerment and inclusion can improve both program outcomes and local governance more broadly, but requires long timeframes**. For over a decade now, INDH has systematically promoted tripartite governance with participatory and accountable decision-making structures involving government, local elected officers and civil society representatives. It has also increased their inclusiveness by requiring female and youth members in their membership, while half of income generating activities were driven by women. This has begun to change the mentality and practice of decision-making more generally in an erstwhile hierarchical, male and elder-dominated environment.

101. **Income generating activities should be included in CDD programs from the outset – but with strong provision for risk management.** INDH 2 demonstrated that it is both feasible and desirable to include income generating activities from the outset, as incomes are important to livelihood improvement and there are synergies between the social/infrastructure programs and programs to support income generation. At the same time, this is a higher risk component which requires careful planning, preparation, selectivity, and strong complementary support (e.g. business training, market analysis).

102. **Participatory M&E needs to be understood by all stakeholders as a feedback mechanism to orient and adjust the program in an adaptive way rather than as a mere accountability tool**. INDH 2 design incorporated community-level participatory M&E tools as a mechanism to increase community engagement and respond to local conditions and concerns, and so strengthen program quality. However, INDH managers tended to see participatory M&E as another accountability tool and were slow to test it out. The lesson is that this innovatory approach needs careful preparation to demonstrate its value and build ownership. It needs to be introduced progressively, with technical support and development of standard tools.

103. **A national CDD program needs to start with strong central management in its early phase but as the program matures, local management should be progressively encouraged.** INDH experience shows that once the program was rolled out and fully operational, considerable extra value could be generated by experience and initiative at the local level. For example, during the second phase of INDH, local decision-makers, such as governors and DAS chiefs, were keen to learn from what was happening in their area and to experiment with new management approaches tailored to the local context. This included participatory M&E and GRMs which they considered useful for strategic decision making. The same approach also applies to the IGA program, where local experience proved invaluable for identifying promising value chains and activities.

<u>Lessons regarding the value added of using the PforR instrument</u>

104. **The PfoR instrument allowed a focus on systemic change and capacity building with positive implications for sustainability and beyond the ambit of the Program itself**. The PforR assessments, the PAP and ISP strengthened the Program focus on systemic change, institutional development and capacity building. In addition to these INDH-specific results, the PfoR helped GoM strengthen its audit capacity and systematic audit approaches. The fiduciary guidance developed has also been mainstreamed by NGOs for their operations. Similarly, the environmental and social guidance, prepared under the Program, has been adopted beyond INDH, e.g. by NGOs as their operating mechanism.

105. **While the disbursement against measurable results helped to shift program management from a focus on inputs to one on results, only limited outcome-level results**

could be captured, largely because of the nature of a CDD operation. The PforR strengthened the results orientation of INDH (implemented as an IPF in INDH 1) by establishing clear links between delivery of results and Bank disbursements, which were paced and proportional to results. Flexibility was introduced by a system of advances, so that changes in the timetable could be accommodated without disrupting disbursements. However, few of these results were at outcome level, largely due to the nature of a CDD program where the pattern of investments is determined by community choice and cannot be predicted in indicators at the outset. In addition, the Program faced problems of attribution and time-scale, as it intervened in communities where national sectoral programs were also investing, with often slow-return infrastructure and/or social investments, making it hard to attribute specific outcomes to INDH. Outcome-level results in institutional development, governance, gender and youth inclusion were nonetheless captured by proxy indicators. The lesson is that a PforR for a CDD operation is likely to depend largely on intermediate rather than outcome-level results.

106. **The choice of the CDD approach was the right one to get the expected results**. In view of the Program's successful achievement of its indicator targets (except for one indicator out of 16), INDH 2 demonstrated that its tripartite governance structure, and focus on accountability and inclusion were conducive to achieving improved local governance.

107. **The Program approach increased the intervention's impact and reduced transaction costs for the client**, as it was efficient and a good fit for INDH 2: (1) INDH was well-established and management and implementation procedures were operational and effective; (2) the approach allowed the Bank to support a huge number (> 20,000) of small subprojects with confidence in the implementation mechanism and in fiduciary and safeguard procedures; and (3) transaction costs were reduced fo GoM.[26]

108. **The novelty of the PforR approach required additional Bank flexibility and resources**. Client unfamiliarity with this innovative approach led to greater reliance on Bank guidance than anticipated. For example, managing the risk of the 'arm's length' approach to procurement (no *No Objection*) depends on the adequacy of systems, safeguards and staff. In this first PforR, despite the exhaustive assessments, the client felt at risk and consequently asked for considerable involvement of the Bank team in the preparation of procurement documents.

109. **While DLIs and their phasing need to be set jointly with stakeholders, they also need to reflect the PDO achievement and program implementation:** In PforR, the design of the DLIs is of prime importance and sets challenges. The DLIs have to be selected based on the place of the indicator in the value chain (process, output, actions or outcome) and on its importance for achieving the PDO. For INDH 2, the program and results areas were agreed with the client. In a two day client and stakeholder workshop, the performance and intermediate result indicators were defined, and the target values, including the DLIs were agreed. The amounts to be allocated to each DLI were then set according to importance and the implementation program. This approach proved to be 'good practice' as it engaged all stakeholders, including sectoral, fiduciary, and environmental and social concerns.

[26] But not in this first PfoR for the Bank. As with other early PforRs, the preparation budget was large (USD 602K) and the total supervision budget (USD 925K) was larger than for a typical IPF.

Box 1. General Lessons for Future Government Programs

A number of lessons have been learned that can be incorporated into future government programs:

- The need to further improve targeting in order to ensure that benefits reach the most marginal, while young people and gender aspects are ever more actively targeted. Suggestions made during the ILICR mission include: bringing the participatory diagnostic down to a more local level – for example the *douar* level within a commune; and establishing special criteria and even a special program to tackle the challenge of youth and youth unemployment. Additionally, as participation in diagnostic (RI#4a) and M&E (RI#4b) were higher in rural than in urban areas, and the unit cost of a rural project decreased in INDH 2 (compared to INDH 1), a focus on rural areas in future programming could be helpful.
- The need to further strengthen measures for sustainability of projects and benefits, including through strengthened up-front attention to the mode and financing of O&M of assets and services, and the development of norms and guides for this purpose.
- The need to strengthen further the participatory approach, particularly through fine tuning the participatory diagnostic process and strengthening governance institutions at both local and provincial level. Social accountability mechanisms introduced under INDH 2 – grievance redress, participatory M&E – need to be further developed and their results integrated into a more flexible planning process.
- The need to reinforce support given to entrepreneurs for income generating activities, with more focus on market outlook and marketing, on professionalization of business development services, and on the institutional status of enterprises (with preference given to more formal set-ups like cooperatives and companies)
- The need to strengthen complementarity and convergence, aligning the INDH planning process with the communal planning exercise, and aligning local level plans with provincial and regional planning processes, scheduled in the advanced regionalization agenda.
- The need to further strengthen INDH outreach through the DAS and the EAC/Q and to sustain and adapt training and communications to changing needs.

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

None

Annex 1. Results Framework Analysis and DLIs met

The PDO and Indicators

1. The objective of the Program was: to improve access to and/or use of enhanced participatory local governance mechanisms, basic infrastructure, social services and economic opportunities in the Program Area. Four indicators were set which, taken together, were designed to measure the results of program investment in three key areas – girls' education, clean water and income generating activities, as well the level of popular participation in both initial diagnostic and in M&E. As three of these indicators were seen as central to assessment of the whole program, they were also selected as DLIs.

Program Development Objective (PDO): The objective of the Program is to improve access to and/or use of enhanced participatory local governance mechanisms, basic infrastructure, social services and economic opportunities in the Program Area.										
PDO Level Results Indicators*	**DLI**	**Cumulative Values (%)**								**Assessment**
		2012		**2013**		**2014**		**2015**		
		T	**A**	T	**A**	T	**A**	T	**A**	
Indicator 1: % girls in the educational dormitories graduating to the next grade	#1	55	**84**	60	**87**	65	**84**	70	**84**	The four annual targets (2012 to 2015) were exceeded each year, thanks to the construction of 96 dormitories with places for 5,800 girls
Indicator 2: % population with access to improved water supply in targeted communes	#2					72	**86**	77	**86**	The annual targets (2014 & 2015) were exceeded, thanks to the construction of 2,098 improved water schemes serving 99,620 households.
Indicator 3: % income-generating activities which are viable after two years	#3	-		-		30	**74**	40	**75**	The annual targets (2014 & 2015) were exceeded each year. In total, 5,262 income generating activities involving 78,930 people were implemented under INDH 2.
Indicator 4: % of population who participated in (a) the participatory diagnostic or (b) M&E		-		(a) 22	**22**			(b) 12	**25**	Surveys measure how many members of a community say they have taken part in a structured or semi-structured process of following up on Program implementation e.g. taken part in reception of works, or responded to questionnaires about use of INDH facilities etc.

2. All of the targets set were consistently exceeded, with particular success in achieving continuity in female education through the construction of dormitories, in viability of income generating activities, and in participation in M&E.

3. Regarding Indicator # 1 on girls' education, the baseline (50%, set in 2011) and targets of 55-70% were immediately exceeded by a long way (84% in 2012, the first year of the program and remaining at that level throughout INDH 2), suggesting that the baseline and/or targets were set too low. A similar question attaches to the two other PDO indicators which are also DLIs. Indicator # 2 on improved water supply has a baseline of 50% and a target of 72-77 percent, but the value shoots up to 86 percent in 2014 and stays there. Indicator # 3 on income-generating activities has a baseline (presumably from INDH 1 experience) of a low 25 percent and the targets are 30-40 percent. Actual results are way above these levels (74-75%).

4. The Bank raised the question of whether these baselines and targets were correctly set with the CN-INDH at the mid-term review with the recommendation that the target values be increased. However, GoM proved reluctant to accept this recommendation, considering that the results reflected the good implementation performance (see Section 5 below).

Intermediate Results and Indicators

5. The four PDO indicators were completed by thirteen intermediate RIs. These are designed to measure results in the four thematic areas that the Bank wished to support: (1) enhancing access and quality in service provision; (2) strengthening participatory local governance and social accountability; (3) enhancing economic inclusion; and (4) supporting capacity and systems development. Of the thirteen indicators, six were also selected as DLIs, so have particular importance.

6. By the closing date, INDH 2 had achieved the targets against all but one of these indicators. The shortfall was in the fourth thematic area, where the requirement that priority audit recommendations should be included in provincial action plans and implemented (Indicator 15, DLI # 8) was not fully met (73% achievement in 2015, against an end target of 95%). The reasons for this shortfall were: misunderstanding at provincial level of the priority nature of the recommendation by the auditors; and the short time allowed for the implementation of the priority recommendations, especially for some of the complex issues raised such as land tenure. As this was also a DLI, the shortfall resulted in a reduction in disbursements.

Thematic Area One: Enhancing access and quality in service provision

Thematic Area One: Enhancing access and quality in service provision										
Intermediate Results Indicators*	**DLI**	**2012**		**2013**		**2014**		**2015**		**Assessment**
		T	**A**	T	**A**	T	**A**	T	**A**	
Indicator 5: Number of women benefitting from pre-natal care in Dar Al Oumouma				7,700	**9,279**			10,500	**11,240**	Results reflect INDH investment in 40 Dar al Oumouma with 9,310 places
Indicator 6: % infrastructure projects financed under the Program judged by the auditors as conforming to technical specifications, after final commissioning	# 4					65%	**86%**	70%	**84%**	The two annual results (2014 and 2015) exceeded the target values.

7. Results against the first of the two indicators in this area (Indicator # 5) confirm the impact of INDH on the key problem of peri-natal risk to mother and child, with the number of women benefitting from pre-natal care in specialized clinics up by 50% (11,240 in 2015 against the baseline of 7,000 in 2011. The other indicator here (Indicator # 6) measured a considerable improvement in the physical quality of infrastructure projects. As this had been a concern under INDH 1, this indicator was also selected as a DLI, and full disbursement was made against it.

Thematic Area Two: Strengthening participatory local governance and social accountability

Thematic Area Two: Strengthening participatory local governance and social accountability										
Intermediate Results Indicators*	**DLI**	**2012**		**2013**		**2014**		**2015**		**Assessment**
		T	**A**	T	**A**	T	**A**	T	**A**	
Indicator 7: % of households in the targeted rural and urban areas who have participated in the participatory diagnostic the "Local Initiatives for Human Development" and are satisfied with (ILDH) processes				60%	**79%**					Demonstrates broad participation and satisfaction with the participatory community planning process
Indicator 8: % women in the local governance bodies % of youth in the local governance bodies	# 5	20% 15%	**21%** **17%**							The 2012 target was achieved. Participation of women and youth in the decision making bodies is above target.
Indicator 9: % projects contracted by local government, associations, or cooperatives.	# 6			57%	**63%**	64%	**83%**	70%	**73%**	The targets were exceeded each year.

8. The three indicators under the second thematic area are designed to capture the extent of participation, inclusion and accountability. One indicator captures the extent not only of participation in the key process of preparing and implementing the community investment program but also of satisfaction with its implementation. The result – 79% satisfaction against a target of 60% - shows a high degree of engagement and satisfaction. The second indicator here, designed to capture inclusion, shows a higher than targeted level of female and youth participation in the governance bodies of INDH. The final indicator shows a high degree of local implementation of projects, as only 27% of projects were implemented by ministries or government, agencies by contrast with INDH 1 these public entities undertook much of the implementation. The share fell somewhat in 2015 but still remained above target. Because of the importance of inclusion and of local ownership and responsibility, the two indicators measuring these parameters (#8 and #9) were also DLIs (#5 and #6), and full disbursement was made against both of them.

Thematic Area Three: Enhancing economic inclusion

Thematic Area Three: Enhancing Economic Inclusion										
Intermediate Results Indicators*	**DLI**	**2012**		**2013**		**2014**		**2015**		**Assessment**
		T	**A**	T	**A**	T	**A**	T	**A**	
Indicator 10: % of IGAs implemented by cooperatives and private firms				25%	**27%**	30%	**31%**	35%	**35%**	The annual targets were met or exceeded, showing that inclusive groupings were increasingly benefitting from the program.
Indicator 11: % IGA implementing agencies receiving capacity building				50%	**70%**	60%	**70%**	70%	**79%**	The annual targets were exceeded, showing the commitment of INDH and promoters to building sustainable businesses.

9. In the thematic area of enhancing economic inclusion, the first indicators was designed to measure how far inclusive groupings like cooperatives, or firms were taking up projects, in contrast with associations which doesn't allow them to do commercial activities. The second indicator shows how far these activities were benefiting from sustained capacity building, particularly in key areas like procurement. From very low baselines (18% and 20% respectively), results against both indicators showed very strong improvement. This combined with the 'viability' indicator included in the PDO (Indicator # 3) suggests that the INDH income generating program is succeeding.

Thematic Area Four: Supporting capacity and systems development

Thematic Area Four: Supporting capacity and systems development										
Intermediate Results Indicators*	**DLI**	**2012**		**2013**		**2014**		**2015**		**Assessment**
		T	**A**	T	**A**	T	**A**	T	**A**	
Indicator 12: Improvement of the M&E system and reporting and its accessibility			✓		✓					Indicator was satisfied, reflecting increased reliability, accountability and transparency
Indicator 13: A. User-friendly fiduciary guide; B. % of partnership agreements with a technical assistance provision		A.	✓	50%	**65%**	60%	**72%**	70%	**70%**	The fiduciary guide is used, and more than targeted agreements have TA to build procurement capability
Indicator 14: % provinces and prefectorates in the Program Area which have put in place a plan of action to address audit recommendations	# 7			50%	**59%**	60%	**92%**	80%	**90%**	The three annual targets (2013, 2014 & 2015) were exceeded every year.
Indicator 15 % priority audit recommendations included in action plans which are implemented	# 8					90%	**71%**	95%	**73%**	The two annual targets for 2014 and 2015 were only partially achieved. As this result is a DLI (#8), this led to a pro rata reduction in disbursement (see annex 2)
Indicator 16: % of subproject sponsors mastering procurement				60%	**60%**	65%	**68%**	70%	**76%**	

and financial management procedures										
Indicator 17: # 17.1: INDH environmental and social guide #17.2: % of key actors trained in use of the guide	# 9		✓	100 %	**100 %**					The Environmental and Social Guide related to the Program was elaborated, based on a collaboration between a private firm, the CN-INDH and the WB. It is now used by other ministries and donors. **Training was achieved on target in 2013**

10. With so vast a national program and with the adoption of the PforR instrument, it was essential to strengthen capacity and systems. Six indicators, of which three also served as DLIs, measured the results of the important measures included in the program in this area. Improvements in the M&E system, in the quality of reports and in their availability increased accountability and transparency of the program (Indicator # 12). A user-friendly fiduciary guide was produced and put into general use, and more than two thirds of partnership agreements include technical assistance, particularly to build procurement capacity (Indicator # 13). More than three quarters of subproject sponsors mastered procurement and financial management procedures, ahead of targets. INDH environmental and social guidelines were codified and the target of '100% of key actors trained in use of the guide' was achieved (Indicator # 17), although there was some delay in the training. As this indicator was also a DLI, it triggered full disbursement.

11. It was in the area of audit recommendations that the only real shortfall in meeting the targets occurred. One indicator here was met – 90% of provinces and prefectorates put in place a plan of action to address audit recommendations (Indicator # 14). As this was also a DLI, full disbursement was triggered. However, implementation of the action plans fell short of targets (Indicator # 15). Because this was also a DLI, this resulted in a shortfall in disbursement. The GoM is fully aware of the importance to ensure the implementation of the auditor's recommendations.

Annex 2. The Disbursement-Linked Indicators (DLIs)

DLI	How does the DLI measure achievement of the PDO or capacity and systems development?	Allocated Euros Millions	Disbursed Euros Millions
DLI-1 (RI-1). Percentage of girls who reside in educational dormitories (*Dar Taliba*) graduating to the next grade	**Access to social services**: measures improvement in rural girls' education	**30.3**	**30.3**
DLI-2 (RI-2). Percentage of the population provided with access to improved water supply in targeted rural communes	**Access to infrastructure**: measures improvement in access to safe water in rural areas	**30.3**	**30.3**
DLI-3 (RI-3). Percentage of income-generating activities implemented by cooperatives, associations or companies (*sociétés de personnes*) which are viable two years after financing under the Program	**Access to economic opportunities**	**30.3**	**30.3**
DLI-4 (RI-6). Percentage of infrastructure projects financed under the Program judged by the auditors as conforming to technical specifications, after final commissioning	**Access to infrastructure**: measures quality and sustainability	**15.2**	**15.2**
DLI-5 (RI-8). #5.1: Percentage of women in the following local governance bodies: CLDH and CPDH; and **#5.2:** Percentage of youth (18–35 years old) in the following local governance bodies: CLDH and CPDH	**Participatory governance**: measures female and youth participation in local governance	**22.7**	**22.7**
DLI-6 (RI-9). Percentage of projects under the rural and urban subprograms of the Program contracted by local government (communes and *Conseil d'Arrondissement),* associations, or cooperatives	**Participatory governance**: measures local ownership and capacity building	**26.5**	**26.5**
DLI-7 (RI-14). Percentage of provinces and prefectorates in the Program Area which have put in place a plan of action to address audit recommendations	**Development of capacity and systems:** measures the efficiency and probity of INDH implementation	**26.5**	**26.5**
DLI-8 (RI-15). Percentage of priority audit recommendations included in action plans which are implemented		**15.2**	**12.0**[27]
DLI-9 (RI-17). #9.1: Preparation of Environmental and Social Guide related to the Program; and #9.2: Percentage of key actors (DAS and EAC/Q) trained in the use of such guide on environmental and social safeguards	**Development of capacity and systems:** measures the effective integration of safeguards good practice in INDH	**29.4**	**29.4**

Amount Disbursed in euros and US$

DLI#	Amount in US$		Amount in Euro	
	Planned	Disbursed	Planned	Disbursed
1.1	10,000,000	9,775,158.75	7,575,000.00	7,575,000.00
1.2	10,000,000	9,775,158.75	7,575,000.00	7,575,000.00
1.3	10,000,000	10,428,881.25	7,575,000.00	7,575,000.00
1.4	10,000,000	8,154,866.25	7,575,000.00	7,575,000.00
Total DLI 1	**40,000,000**	**38,134,065.00**	**30,300,000.00**	**30,300,000.00**

[27] This was the only DLI where less than full disbursement took place. Disbursement against the 2014 target of 90% was based pro rata on the actual achievement of 71%; and in 2015 disbursement against the target of 95% was based pro rata on the actual achievement of 73%/

DLI#	Amount in US$		Amount in Euro	
	Planned	**Disbursed**	**Planned**	**Disbursed**
2.1	20,000,000	16,548,345.00	15,150,000.00	15,150,000.00
2.2	20,000,000	16,342,456.50	15,150,000.00	15,150,000.00
Total DLI 2	**40,000,000**	**32,890,801.50**	**30,300,000.00**	**30,300,000.00**
3.1	20,000,000	16,548,345.00	15,150,000.00	15,150,000.00
3.2	20,000,000	16,346,092.50	15,150,000.00	15,150,000.00
Total DLI 3	**40,000,000**	**32,894,437.50**	**30,300,000.00**	**30,300,000.00**
4.1	10,000,000	8,301,480.00	7,600,000.00	7,600,000.00
4.2	10,000,000	8,196,372.00	7,600,000.00	7,600,000.00
Total DLI 4	**20,000,000**	**16,497,852.00**	**15,200,000.00**	**15,200,000.00**
5.1	15,000,000	14,646,607.50	11,350,000.00	11,350,000.00
5.2	15,000,000	15,523,962.50	11,350,000.00	11,350,000.00
Total DLI 5	**30,000,000**	**30,170,570**	**22,700,000.00**	**22,700,000.00**
6.1	15,000,000	15,488,437.50	11,250,000.00	11,250,000.00
6.2	10,000,000	8,328,787.50	7,625,000.00	7,625,000.00
6.3	10,000,000	8,226,993.75	7,625,000.00	7,625,000.00
Total DLI 6	**35,000,000**	**32,044,568.75**	**26,500,000.00**	**26,500,000.00**
7.1	15,000,000	15,488,437.50	11,250,000.00	11,250,000.00
7.2	10,000,000	8,328,787.50	7,625,000.00	7,625,000.00
7.3	10,000,000	8,224,248.75	7,625,000.00	7,625,000.00
Total DLI 7	**35,000,000**	**32,041,473.75**	**26,500,000.00**	**26,500,000.00**
8.1	10,000,000	6,606,822.26	7,600,000.00	6,071,555.56
8.2	10,000,000	6,312,889.20	7,600,000.00	5,864,000.00
Total DLI 8	**20,000,000**	**12,919,711.46**	**15,200,000.00**	**11,935,555.56**
9.1	20,000,000	9,356,750.00	15,000,000.00	15,000,000.00
9.2	20,000,000	9,869,944.38	14,432,500.00	14,432,500.00
Total DLI 9	**40,000,000**	**19,226,694.38**	**29,432,500.00**	**29,432,500.00**
Total	**300,000,000**	**266,819,824.35**	**226,432,500.00**	**223,168,055.56**
Front end	**744,588**	**744,588.38**	**567,500.00**	**567,500.00**
Total	**300,744,588**	**267,564,412.73**	**227,000,000.00**	**223,735,555.56**

Annex 3. Action taken to reflect INDH1 Impact evaluation findings in INDH 2 and program Design

INDH1 Impact evaluation finding	Action taken in INDH 2 and Program design
There is scope to strengthen the efficiency of sub-project implementation	The Program included actions supported by four Disbursement-Linked Indicators (DLIs) to ensure the quality of sub-projects and ownership by project sponsors, as well as actions supported by one Results Indicator (RI) to enhance procurement capacity and implementation of audit recommendations, and by two activities of the Program Action Plan (PAP) to support the establishment of systematic delegation of contract management.
The relevance of programs in terms of geographical coverage could be improved.	INDH 2 used the same targeting approach as INDH 1 but the Program included actions under the PAP and ISP to explore options to improve the pro-poor targeting approach by going below the level of the commune to the village level (douar), an approach which is in fact being adopted under INDH 3.
Sustainability of operations could be enhanced	The sustainability of operations was enhanced by two DLIs supported by PAPs requiring that sub-projects meet high technical standards, that they be contracted by local government, NGO or cooperative sponsors, and that O&M plans be clear and agreed up-front.
Impact of operations should be measured	The Program supported strengthened assessments of INDH 2 impact through support to ONDH for the impact evaluation and an improved and more transparent management information system, more complete reporting, and strengthened participatory monitoring. The Program also included two surveys to assess the participation in the participatory diagnostic process and in M&E, as well as the overall satisfaction of households regarding the participatory approach. The reporting was improved as it included results at the beneficiary level, e.g. number of beneficiaries by type of project.

Annex 4. The Program Action Plan (PAP)

Action	By when	Status
Thematic Area 1: Enhancing access and quality in service provision		
1. Identification of financing and institutional arrangements to improve O&M of projects.	12/2013	Completed
2. Delegated operation of infrastructure projects is made mandatory.	12/2013	Completed
Thematic Area 2: Strengthening participatory local governance and social accountability		
3. Responsibility for Local Development Plan (ILDH) validation is clarified.	12/2013	Completed
4. Social accountability measures at local level are introduced*	12/2014	**Delayed**
5. Modalities of EAC/Q selection and functioning are revised.	12/2013	Completed
Thematic Area 3: Enhancing economic inclusion		
6. Designation of an Income Generating Activities (IGA) focal point within each Provincial support unit (DAS) *	12/2012	Completed
Thematic Area 4: Supporting capacity and systems development		
7. Reflect Program improvements within existing Operation Manuals	12/2012	Completed
8. INDH GRM are upgraded.*	12/2014	Completed
9. Refining of targeting approach *	12/2013	Completed
10. Capacity building program on participatory approach and fiduciary management is launched *	2012-15	Completed
11. A focal point for Environmental and Social issue is designated in the provincial support unit (DAS) *.	12/2013	Completed
12. Establishment of a Fiduciary Coordination Committee. *	12/2012	Completed

* Bank support provided under the Implementation Support Plan

Implementation of the Program Action Plan

1. CN-INDH implemented all but one of the actions in the PAP satisfactorily, and this materially contributed to strengthening capacity and systems and therefore to achieving the PDO.

2. Improved financial and institutional arrangements and delegated operation significantly improved the O&M and sustainability of sub-projects (PAP # 1 and 2). Participatory local governance and social accountability were strengthened by better procedures for local planning and by strengthening of the local community facilitation teams (PAP # 3-5). INDH capacity for promoting income generating activities was reinforced (PAP # 6). Operational manuals were upgraded, and systems for grievance redress and targeting were strengthened (PAP # 7 and 8). Capacity building built up institutional strength in both the participatory approach and fiduciary management, and institutional capacity was established on environmental and social issues and coordination on fiduciary issues (PAP # 9-12).

3. The one activity in the PAP not yet completed is a pilot test of PME tools in two provinces (PAP # 4) which faced some delays. Specifically, a workshop was organized in 2013 with the participation of the head of the DAS of all provinces of the Program to explain the PME and to present the results of the first pilot of Chichaoua. A second workshop was organized in April 2014, with the participation of a PME's specialist from the Bank, to present the operational aspects for the implementation of a PME's tools. During that workshop, an action plan was elaborated, including the selection of the two provinces and the sector concerned. In spite of these efforts, the pilot in the province of Temara (education sector) and in the Prefecture of Ben-Msik (health sector) could not be materialize due in part to a conflict

in schedules between the client and the consultant (which the Bank helped identify), to the client's preference for an Arabic speaking consultant, and to a subsequent lack of time for completion before program closure on June 30, 2016. Given the non-achievement of this PAP activity during the program's 4-year life, the client confirmed during the May 2016 mission its commitment to implement this activity during the phase 3, as it is expected to strengthen the participatory approach.

Annex 5. INDH 2 Expenditures

Program Expenditures (US $ Equivalent)

Source of Funds	Type of Co-Financing (1)	Appraisal Estimate) (2)	Actual Expenditures (Disbursement)		
			Actual (4)	Percentage of Appraisal (5)	Percentage of Actual Total (6)
Borrower	-	1,115	1,078	97%	74 %
World Bank (Loan)		300	267.6	89.4 %	18.4%
Other Partners:(Grants)	Parallel	120	112	93.3%	7.6 %
Total	-	1,535	1,457.6	95.0 %	100 %

(1) Type of co-financing by other partners as applicable: Parallel, Joint, or Pooled
(4) Actual Program expenditures taken from the governments accounting records.
The amount of the Bank disbursement will be the final amount disbursed in the loan currency, using the Applicable Exchange Rate (AER) for the value date of the disbursement.

Note: *Tables 1-5 below show the following information about the GoM INDH 2: (1) total number of projects/actions financed under INDH 2; (2) the total cost of those sub-projects/actions; (3) the percentage share that each 'sectoral' set of investments had in the total INDH 2 investment; (4) the amount that GoM financed of the total (the balance was financed by local government, by communities, by sub-project sponsors etc.); and (5) the number of people benefitting.*

Table 1: INDH 2 expenditures for the three subprograms supported by the Bank: Infrastructure

Sector	1. Number of projects/actions	2. Total investment (MAD millions)	3. % of total INDH 2 investment	4. Share financed by INDH 2 (MAD millions)	5. Number of beneficiaries
2. Drinking water	2 098	1,201	8%	716	498 100
4. Waste management	2 356	1,919	12%	1,259	628 830
9. Sanitation and environmental protection	816	1,283	9%	454	235 974
10. Electrification and lighting	655	622	4%	294	174 818
Subtotal-Infrastructure	***5925***	***5,025***		***2,723***	***1,537,722***
% of total INDH 2	*22%*	*33%*	*33%*	*30%*	*31%*

Table 2: Program expenditures for the three subprograms supported by the Bank: Social Services

Sector	1. Number of projects/actions	2. Total investment (MAD millions)	3. % of total INDH 2 investment	4. Share financed by INDH 2 (MAD millions)	5. Number of beneficiaries
3. Education	4 093	1,861	12%	1,256	957 734
5. Youth and sport	2 577	2,532	16%	1,411	619 457
7. Health	1 506	972	6%	560	354 024
8. Social centers	1 218	1,205	8%	770	313 452
12. Culture and worship	1 005	450	3%	226	237 214
Sub-total-Social Services	***10,399***	***7,020***		***4,223***	***2,481,881***
% of total	*38%*	*46%*	*46%*	*47%*	*50%*

Table 3: Program expenditures for the three subprograms supported by the Bank: Income generating projects

Sector	1. Number of projects/actions	2. Total investment (MAD millions)	3. % of total INDH 2 investment	4. Share financed by INDH 2 (MAD millions)	5. Number of beneficiaries
1. Income generating projects	5 262	1,410	9%	852	78 930
Subtotal-Income generating projects	***5 262***	***1,410***		***852***	***78 930***
% of total	*19%*	*9%*	*9%*	*9%*	*2%*

Table 4: Program expenditures for the three subprograms supported by the Bank: Capacity building

Sector	1. Number of projects/actions	2. Total investment (MAD millions)	3. % of total INDH 2 investment	4. Share financed by INDH 2 (MAD millions)	5. Number of beneficiaries
6. Support to income generating projects	1 836	1,194	8%	722	394 977
11. Support to associations and cooperatives	672	153	1%	105	152 131
13. Professional training	326	233	2%	140	73 101
14. Technical assistance to local actors	2 714	334	2%	292	273 406
Subtotal-Capacity building	***5,548***	***1,914***	***12%***	***1,259***	***893, 615***
% of total	*20%*	*12%*	*12%*	*14%*	*18%*

Table 5: Program expenditures for the three subprograms supported by the Bank: Total

Sector	1. Number of projects/actions	2. Total investment (MAD millions)	3. % of total INDH 2 investment	4. Share financed by INDH 2 (MAD millions)	5. Number of beneficiaries
Infrastructure	5,925	5,025	33%	2,723	1,537,722
Social Services	10,399	7,020	46%	4,223	2,481,881
Income generating projects	5,262	1,410	9%	852	78 930
Capacity building	5,548	1,914	12%	1,259	893, 615
Total	**27,134**	**15,369**	**100%**	**9,056**	**4 992 148**

Regarding the program management costs, the GoM was aware to keep them low in order to let the poor and vulnerable groups benefit from most of the INDH financial resources. As most of the management costs were charged to the provinces, the INDH management cost was about 6%, e.g MAD 300 million ($ 30 million) over a total investissment cost of MAD 5 billion ($500 million equivalent).

Comparison of INDH 1 and INDH 2, and of the three Bank-supported programs

Designation	**INDH 1**				**INDH 2**			
	Rural	**Urban**	**Cross cutting**	**Total**	**Rural**	**Urban**	**Cross cutting**	**Total**
Number of project et activite	6 756 (34)	4 069 (21%)	9 049 (45%)	19 874	9 048 (33%)	5 152 (19%)	12 934 (48%)	27 132
Total cost($million)	340 (30%)	412 (36%)	390 (34%)	1 142	438 (29%)	572 (37%)	524 (34%)	1 534
INDH share ($million)	260 (37%)	217 (32%)	210 (31%)	687	300 (33%)	338 (37%)	268 (30%)	906
% leverage	23%	47%	47%	40%	31%	41%	49%	41%
Average cost/project (K$)	50.3	101.2	43.1	57.5	48.4	111.0	40.5	56.5
Beneficiaries	1 530 000 (33%)	1,627,600 (35%)	1 500 000 (32%)	4 657 600	2,000,146 (40%)	1,584,762 (32%)	1,407,240 (28%)	**4,992,148**
Beneficiaries per project	226	400	165	234	221	307	108	184

Annex 6. INDH 2: Program Implementation

The Government's Program

1. The INDH 2 comprised the five following subprograms:

- Rural subprogram (US$374 million). The objective was to improve access and use of infrastructure, social services and economic opportunities and to strengthen participatory local governance for the target population in 702 targeted poor rural communes. The subprogram financed activities in four categories: (i) small infrastructure construction or rehabilitation and provision of services; (ii) income-generating activities (IGA); (iii) social, cultural, and sporting activities; and (iv) capacity development activities. As for INDH 1, activities to be financed were to be selected by a bottom up participatory planning and decision making process through the elected INDH governance committees. Support was to be provided to the 403 communes already supported under INDH 1, scaled according to their poverty level, as well as to 299 new communes with a poverty rate above 14%.

- Urban subprogram (US$410 million). The objective was to fight social exclusion and improve living conditions and quality of life of the population in 532 target urban neighborhoods (quartiers) by improving access and use of infrastructure, social services and economic opportunities and by strengthening participatory local governance. The number of neighborhoods per city was defined at the central level, depending on the population of the concerned city but the selection of the neighborhoods was done by the Governor of the province, according to one or several criteria, such as rates of unemployment, poverty, access to basic services, exclusion of women and young people, illiteracy and housing conditions, etc. The range of activities financed and the method of selecting activities to be financed were the same as for the rural subprogram.

- Cross-cutting subprogram (US$331 million). The objective was to support activities promoting the social and economic inclusion of poor and vulnerable persons in poor areas not targeted under other subprograms. The range of activities financed was the same as for the rural and urban subprograms. An important feature of the cross-cutting subprogram was that 40 percent of its budget was earmarked for financing income-generating activities through a competitive fund, thus making this subprogram the principal INDH 2 vehicle for financing income-generating activities. The cross-cutting subprogram also financed INDH 2 management, communication, capacity building, technical support to activity sponsors and the program management costs;

- Vulnerability subprogram (US$168 million). The vulnerability subprogram was to improve the quality of life of vulnerable persons in targeted categories (widows, disabled persons, orphans, street children, drug users, HIV affected people). Not Bank-supported.

- Territorial upgrading subprogram (US$602 million). The territorial upgrading subprogram was to improve the living conditions of populations in mountainous and isolated areas through investments in basic infrastructure in 503 isolated rural communes. Not Bank-supported

INDH Institutional Architecture

2. The Ministry of Interior, through its INDH coordination unit (CN-INDH), is responsible for program coordination and results. CN-INDH provides technical support, oversees INDH procurement and financial management, and monitors and reports on implementation.

3. Governance committees at the local and provincial levels are responsible for Program implementation: at the local level, the CLDH and at the provincial level the Provincial Committees for Human development (CPDH). At each level, the committees comprise equal share of elected representatives of local government, staff from concerned line ministries, and representatives of civil society. These governance committees number more than 700.

4. Technical support is provided by the provincial-level support teams, the DAS. These teams are responsible for rolling out the program in each province and accompanying local-level actors. At the local (commune/quartier) level, the rural and urban sub-programs are supported by some 700 EAC/Q, composed of 2,500 facilitators.

5. Independent of the INDH structure is the ONDH, responsible for INDH impact evaluation.

Program Achievements

6. INDH 2 made a massive investment in the Program, implementing 27,134 projects and activities for a total cost (including both INDH/Bank and partner contributions) of MAD 15.4 billion (USD 1.8 billion) and benefitting 5.0 million largely poor Moroccans (see table). INDH contribution was MAD 9.1 billion (USD 1.08 billion). Achievements were considerable. Most investment was in basic infrastructure (about 25%), in social services (about 40%) and in income generating projects (about 23%). A considerable investment also went into building up social cohesion and institutional capacity at the base. The project objective and results are expressed in terms of outcomes which stem directly from these outputs.

Table 5.1. Program Achievements (for the three subprograms supported by the Bank)

Sector	Number of projects/actions	Total investment (MAD millions)	INDH share (MAD millions)	Number of beneficiaries
1. Income generating projects	5 262	1,410	852	78 930
2. Drinking water	2 098	1,201	716	498 100
3. Education	4 093	1,861	1,256	957 734
4. Waste management	2 356	1,919	1,259	628 830
5. Youth and sport	2 577	2,532	1,411	619 457
6. Support to income generating projects	1 836	1,194	722	394 977
7. Health	1 506	972	560	354 024
8. Social centers	1 218	1,205	770	313 452
9. Sanitation and environmental protection	816	1,283	454	235 974
10. Electrification and lighting	655	622	294	174 818
11. Support to associations and cooperatives	672	153	105	152 131
12. Culture and worship	1 005	450	226	237 214

13. Professional training	326	233	140	73 101
14. Technical assistance to local actors	2 714	334	292	273 406
Total	**27 134**	**15,369**	**9,056**	**4 992 148**

7. The Program met and exceeded all of its quantitative targets (see table below). Over the life of the Program (2012-2015), a total of 27,134 projects and activities (21,562 projects and 5,572 activities) were implemented, benefiting a total of 5.00 million people, for a cost (INDH share) of MAD 9.06 billion (USD 1.1 billion equivalent). With this scale of implementation, INDH was said to have become the third largest CDD program in the world.

Table 5.2. Program Implementation

Subprogram	Number of projects	Number of activities	Total projects and activities	Original budget (MAD billions)	Original budget (US$ millions)	Total INDH costs (MAD billions)[28]	Total INDH costs (US$ millions)	Number of beneficiaries
Rural	8,185	863	9,048	3,144	374	2,996	356	2,000,146
Urban	3,759	1,403	5,162	3,461	410	3,385	402	1,584,762
Cross-cutting	9,618	3,306	12,924	2,800	331	2,676	318	1,407,240
Total	**21,562**	**5,572**	**27,134**	**9,405**	**1,115**	**9,057**	**1,078**	**4,992,148**

Implementation

8. Implementation of the three Bank-supported sub-programs followed the original targets closely. The rural subprogram was implemented as planned in 702 rural communes. Of the 9,048 projects and activities, more than 80% (7,337) were for infrastructure and social services. There were 816 income generating projects and activities, benefitting 12,240 participants. Total number of beneficiaries was 2.0 million and total investment was MAD 4.38 billion (USD 521 million) of which INDH share was MAD 3.00 billion (USD 356 million, 95% of the original budget) and other stakeholders share was MAD 1.38 billion (USD 164 million).

9. The urban subprogram was implemented in 532 neighborhoods as planned. Of the 5,162 projects and activities, just over half (2,751, 53%) were for infrastructure and social services. About one fifth (1,081, 21%) were for social, cultural and sporting facilities and activities. There were 858 income generating projects and activities, benefitting 12,870 participants. Total number of beneficiaries was nearly 1.6 million and total investment was MAD 5.718 billion (USD 680 million) of which INDH share was MAD 3.38 billion (USD 402 million) and other stakeholders share was MAD 2.33 billion (USD 277 million).

10. The crosscutting subprogram was implemented across the country in support of high impact projects in non-target areas. Through the Income Generating Fund for income generating activities, and through support to social, cultural and sporting projects, the program financed 12,924 projects and activities. The total number of beneficiaries was over 1.4 million and total investment was MAD 5.27 billion (USD 628 million), of which INDH share was MAD 2.67 billion (USD 318 million) and other stakeholders share was MAD 2.60 billion (USD 310 million).

[28] INDH-financed share only. Partner contributions leveraged by INDH for the three sub-programs supported by the Bank totalled MAD 6.31 billion or 41% of total expenditures on the Program of MAD 15.37 billion.

Bank Evaluation of INDH 2 Performance during Implementation

11. The Bank measured and judged implementation performance of the Program against three main yardsticks: (i) the PDO and intermediate RIs; (ii) the DLIs and related disbursement rates; and (iii) the implementation of the PAP.

12. Overall, the Bank's judgement at closing was that implementation of the Program had been satisfactory. This judgement was essentially based on the fact that:

- All but one of the thirteen intermediate RIs and all but one of the nine DLIs were fully achieved by Program completion. In fact, both of these shortcomings related to the same indicator which served as both RI # 15 and DLI # 8: '*the percentage of priority audit recommendations included in action plans at the province or prefecture level which are implemented*'. In practice, the percentage fell short of target, with 73% compliance against the target of 95%.

- Eleven out of twelve activities of the PAP had been completed.

Annex 7 Bank Lending and Implementation Support/Supervision Processes

Framing the ISP

1. Under PforR, the ISP is based on the implementation support guidelines for Program-for-Results operations, adapted to the design and risk profile of the Program. The borrower is responsible for the Program's overall implementation, including its technical aspects. The basic mandate for Bank implementation support under Program-for-Results is to:

- Review implementation progress and achievement of Program results and DLIs (Guidance Note [GN] 93-95);
- Provide support for resolving emerging Program implementation issues (GN 96-97);
- Provide technical support to the client for implementation of the PAP, the achievement of DLIs and other results, and for institutional development and capacity building (GN 96-97);
- Monitor systems performance to ensure their continuing adequacy through Program monitoring reports, audit reports, and field visits;
- Monitor changes in risks to Program-for-Results and compliance with legal agreements and, as needed, the PAP (GN 92),

Designing the INDH 2 ISP

2. The Bank support under PforR derived from the results framework, the DLIs and the PAP. Based on the Integrated Assessments, the PAP (Annex 3) defined the key actions needed to ensure delivery of results, and the Bank's ISP defined the Bank's role in supporting the PAP.

3. At appraisal, the Bank summarized the way key issues identified in the PforR technical, environmental and social, and fiduciary assessments were addressed under the Program its specific components (Results Framework, DLIs, PAP, and Implementation Support Plan).

Table 6.1. Summary of Key Issues and Related Actions

Recommendations	Action	Measure
Improve results orientation of subprojects	Impacts of investments in key INDH 2 sectors is monitored	DLI-1, 2, 3 ISP-1
Increase sustainability of Program investments	Arrangements for O&M are improved	PAP-1 ISP-2
Enhance beneficiaries' involvement in, and responsibility for, subproject implementation	Delegated operation of INDH physical assets is made mandatory	DLI-6 PAP-3, 4 ISP-3
Fully entrust decision making on planning and investments decision to local governance bodies	Responsibility for validation of participatory development plans is clarified	PAP-3 ISP-1
Enhance accountability of INDH 2 Governance bodies vis-à-vis beneficiaries	Community-level participatory M&E tools are introduced	PAP-4
Strengthen beneficiaries' participation and implementation capacities	The arrangements for the recruitment and operation of local level support teams are revised.	DLI-5, 6 PAP-10 ISP-3

Improve technical quality of Program investments	Projects' adherence to technical standards is consistently monitored	DLI-4
Improve the performance of income-generating activities	Income-generating activities are subject to improved selection criteria aimed at increasing their viability	DLI-3 PAP-6 ISP-4
Improve pro-poor targeting	Revision of resource allocation criteria to better reflect poverty distribution	PAP-9 ISP-4
Improve the performance of environmental and social risks management under the Program	Risk assessment and mitigation tools are improved, a capacity building program is carried out and oversight responsibilities are clarified	DLI-9 PAP-11 ISP-7
Enhance fiduciary management	The control and audit framework is strengthened; provincial level fiduciary capacities are reinforced; the Anti-Corruption Guidelines (ACGs) are applied	DLI-7, 8 PAP-10, 12 ISP-6

4. Based on this analysis, the Bank then defined the focus of its implementation support. The Implementation Support Plan highlighted actions to be taken by the Bank and associated needs in terms of skills and resources. The first 12 months were expected to require particularly intensive inputs; a budget of US$300,000 was recommended, leveling off at US$250,000 a year for the following 3 years (compared to average supervision costs of US$200,000 a year during INDH 1). A combination of Bank budget and trust fund resources was proposed.

5. A diverse skill mix was proposed, mobilizing the Bank's global expertise, particularly during the first year of implementation, to provide integrated guidance on design and system changes, while relying on a core in-country group to ensure a permanent dialogue with the client. One proposal was to leverage expertise from the World Bank Institute on key aspects of the Program's four thematic areas. It was also expected that technical assistance to INDH from the EU would be provided.

Table 6.2. Focus of Bank Implementation Support

	Focus	Tasks and Links to the Program Action Plan
1	**Periodic monitoring**	• Review implementation progress and achievement of RI/DLI and PAP • Help resolve emerging Program implementation issues. • Help build institutional capacity. • Monitor the adequacy of systems performance. • Support Government in monitoring changes in risks.
2	**Improve access to basic infrastructure and social services**	• Support to the clarification of roles and responsibility for O&M of INDH investments (PAP-1) • Support to the elaboration of delegated operation contracts
3	**Local governance and social accountability**	• Support revisions of the Operation Manuals (PAP-7) • Help in designing social accountability and GRM processes (PAP-4, PAP-8).
4	**Economic inclusion**	• Support revision of the IGA Operation Manual, and the development of term of reference for focal points at provincial level (PAP-6, PAP-7).
5	**Capacity building and system improvement**	• Guidance on revision of the targeting approach (PAP-9). • M&E skills and CDD expertise to help revamp the INDH MIS and build in result emphasis. • Support ONDH in the development of the annual panel survey for impact evaluation.
6	**Fiduciary**	• Support and monitor achievement of key fiduciary DLI, RI, and PAP actions (DLI-7, DLI-8; PAP-10, PAP-12). • Monitor overall financial management, integrity and procurement systems. • Check progress on the fiduciary environment at country level.

		• Check Program effects of anti-corruption and grievance redress initiatives • Assess the impact of introducing the Organic Budget Law.
7	**Environment and Social**	• Monitor performance against relevant RI/DLI. • Support development of simplified and improved screening plus risk mitigation tools at local level (Environmental and Social Management Guide). • Help design the Environmental and Social Capacity-building Program (DLI-7), terms of reference for focal points (PAP-11).

Support Delivered by the Bank under the INDH 2 ISP

6. The Bank duly gave support as planned under the ISP. In Thematic Area 1: Enhancing access and quality in service provision, the Bank provided expertise to help strengthen the sustainability of sub-projects through improved arrangements for O&M. In Thematic Area 2: Strengthening participatory local governance and social accountability, the Bank helped with design of local level awareness raising through support to development communications and provided considerable input to the process of designing social accountability measures. In Thematic Area 3: Enhancing economic inclusion, the Bank provided expertise to help INDH establish focal points for Income Generating Activities within each provincial support unit (DAS) and helped finalize their ToRs. In Thematic Area 4: Supporting capacity and systems development, the Bank provided expertise to help develop the Operation Manuals and to improve the INDHGRM. The Bank also helped with refining the targeting approach and in preparing and delivering the capacity building program on participatory approach and fiduciary management. Other areas where the Bank provided expertise under the PAP were the establishment of the focal points for environmental and social issues in the provincial support units (DAS), the preparation of the INDH Environment and Social Guide, and the establishment of the central Fiduciary Coordination Committee.

Other Support Provided by the Bank

7. In addition to its implementation support role, the Bank systematically reviewed with GoM the monitoring and verification of the results and DLIs and the risk assessment, and tracked compliance with GoM's fiduciary, environmental and social systems and safeguards.

Bank Inputs

8. The Bank maintained co-task team leaders throughout, of whom one was based in the country office and spending more the half of the time on INDH. The budget was adequate and well used, and the Bank fielded qualified, multi-disciplinary teams with fair continuity. Regular site visits were made to assess progress, visiting some 30 provinces out of the total of 78 provinces over the life of the program. The Bank was also instrumental in organizing the Rabat round table meetings.

Annex 8A. INDH Evaluation by the ONDH

Summary Translation and Commentary on the ONDH's *Acquis et Enseignements 2005-2014*

Study of INDH achievements, based on the CN-INDH data

1. During the period 2005-2014, 45 874 projects of various scales and with different purposes were successfully implemented.29 The breakdown of projects showed that 53% were implemented in rural areas and 43% in the urban areas. It was noted that 57.1% of the project in the rural areas concerned mainly basic infrastructure and economic inclusion. One explanation is that the deficit in social provision does not warrant the same level of emergency as that of basic infrastructure. The ONDH found also that the correlation between the Social Development Index (SDI) and INDH actual amounts invested in social projects, (Health, Education, Social welfare facilities, culture, sports, women centers, youth centers, etc.) remains weak throughout the two INDH phases. In addition, there is a disconnect between the poverty map and both maps of social deficit and breakdown of INDH expenditures.

Commentary

2. With the caveats above regarding applicability of the three studies to INDH 2 and the Bank-supported Program, the main ONDH findings relevant to the ILICRR are:

- Successful delivery of tens of thousands of sub-projects: INDH had successfully carried out its massive investment program, financing over 45,000 sub-projects 2005-2014. In rural areas there was less demand for health and education projects than for infrastructure and income generation.

- Questions over sustainability but an improving trend: There were challenges of sustainability as arrangements and budget for O&M were not always in place. The evaluation found an improving trend, attributable in part to the growing share of projects implemented by the project sponsors themselves, and hence increased ownership and responsibility. There was a relatively low rate of project failure (15%) and also success stories, particularly where civil society organizations (NGOs, associations) were involved.

- Unclear impacts on social development indicators: Throughout the period, there was only weak correlation between INDH investments in social projects (health, education, social welfare facilities, culture, sports, women centers, youth centers, etc.) and improvements in the Social Development Index (SDI).

- Positive correlation with increased incomes and assets and reduced poverty, but unfavorable distributional impacts and no impact on some basic services or human development indicators: According to the 2013 survey, significant differences had emerged since 2008 between communes targeted by INDH and untargeted ones. On the plus side were: (i) a 21% increase of average household income in targeted communes against 5% in untargeted ones; (ii) a 41% increase in household assets versus 29%; and (iii) a significant decrease in multidimensional poverty. Two less

[29] Note that this assessment covers largely INDH 1 and only partially overlaps with INDH 2 and the Bank-supported Program.

positive findings were: (iv) a widening of income inequality in both targeted and untargeted communes; and (v) no significant differential impact on basic services (water and electricity), child schooling or child health.

3. Overall, the ONDH evaluation recommends refinement of targeting to focus on smaller units – the poorest rural hamlets within communes, the informal settlements and slums within the urban quartiers – and to use improved social tools to help the poorest articulate their needs. The evaluation also highlights the need to focus more on health and education in the most deprived areas and to develop more precise ways to measure resulting improvements. Finally, the evaluation highlights the necessity of INDH working along with the massive national sectoral programs, particularly those for education and health. This would help avoid the risk that INDH runs of being too 'thinly spread'. In addition, the ONDH has requested Bank support to help refine its methodology for future impact evaluation.

Annex 8B. Summary Results of Three ILICR Workshops Held in the Week of November 21st, 2016

	Governance bodies	NGOs and associations	DAS and EAC/Q
Participatory approach	Participation is good, but Phase 3 could strengthen the quality, capitalizing on good practices, encouraging more youth participation and the emergence of 'young leaders'. Regular training of the CLDH is needed, especially of the Commune elected representatives, as these change. Scope to work on relations between the Conseil Communal and the CLDH.	Success with projects – but also with participation, proximity, human development... INDH 3 is a chance to redo the participatory diagnostic – and to go down to the detailed level of the doauar. Also to do regional diagnostics to clearly identify needs and opportunities so that NGOs can formulate projects	Have already started on ILDH for Phase 3. Should also work at a higher level to get complementarity and avoid overlap. Some weaknesses due to quality of EAC/Q ILDH budget too small, raises then disappoints expectations. Impact on human development is limited.
Governance bodies	CPDH has performed well. Increased representation of women is excellent.	CPDH and commissions techniques are clear decision taking procedures. CLDH have improved. Composition still needs improving, as most members are quite old and male. Clear value added to having civil society in these bodies.	Hard to get the CPDH to meet
targeting	Could be improved to get at the more marginalized, who lack both capacity and resources. Need to drill down within communities e.g. douars within communes. Could make a register of the poorest, building on the *registre national* on which GoM and WB are cooperating.		Not enough info on poverty and vulnerability. The poorest don't come for training.
Gender and youth	Big progress on gender, less on youth. Need to integrate women more and increase their competence.	INDH has advanced women, now it should focus on youth, promoting them in CLDH, in projects etc. Need overall development of the young, training centers, a special IDH program for the young.	
NGOs, associations	Good progress but need more in rural areas	Working well as intermediaries with project sponsors. They carry information to and from the CPDH and CLDH. 'INDH has created the *esprit associatif*'. NGOs should begin to form their own networks.	
Training and communications	Good progress but it needs more continuity	Training has improved both knowledge and communications. More constant training is needed, as people change.	Need to assess and strengthen communications. Need good training in participatory approaches.

			Training is too theoretical. NGOs come, but not the most vulnerable.
Project sponsors	Capacity building has been very good and the quality of projects has improved. More training is essential.	Training is key. Need to professionalize the appro0ach – but also simplify e.g. simpler fiduciary manual	
Sustainability	Improved – no more 'health centers without nurses' – but still some challenges – e.g. need operating budgets for school kitchens		
Income generating activities (IGA)	Greatly improved. Many lessons: (i) could develop a regional approach and strategy; (ii) a bank of project ideas; (iii) need more for the young unemployed; (iv) more rural focus to stem rural/urban drift; (v) strengthen technical and commercial support and appraisal; (vi) strengthen a more professional approach to decision making.	Need to promote more IGA for youth. Training in handicrafts. Some IGAs very successful, 'taking off, expanding, developing partnerships'. Example of 25 association with dynamic projects, including 5 for recycling waste. Need more help on marketing e.g. agreement for export. Need to professionalize business development services more. Need to think more about formal structures like coops.	Get artisans in a complex. Associations not commercial enough, should set up companies. Need to create youth employment. Urban environment very competitive, need a commercial not a social approach. Some good projects rejected because the beneficiaries are not sufficiently 'vulnerable'. Need to strengthen IGA services, and set up a bank of projects.
Convergence	Some improvement but it is still largely 'you converge with me'	Need to ensure that CLDH are familiar with the *carte sanitaire*, and the *carte scolaire*	Need to integrate ILDH with the Communal Action Plan (Plan d'Action Communale, PAC) (but PAC done by consultants, not sufficiently participatory). Convergence made hard as *Services exterieures* have no decision-making powers – use CPDH for more convergence – also role of regional planning
Leverage			Raises funds from other departments. One ILDH of 6 million leveraged 100 million.
EAC/Q		They are good but need training, allowances, transport. Should have one representative for each douar. Should work with CLDH on project identification.	Need to coordinate better with *Services exterieures*. EAC/Q need allowances, improved professional capacity, less '*fonctionnaire*'. Should follow the 2014 ToRs and be 100% for INDH. Need for an INDH locale. Need more info, e.g. about budget. Need car with logo. Need good practice guides, more exchange of experiences.
DAS			Overworked and unbalanced (Training and communications are under-employed). Work load with project sponsors is very heavy

Annex 9. Summary of Borrower's ICR

INDH Second Phase Implementation Evaluation Report (2011-2015)
CN/INDH, July 2016

INDH 2 Specific Objectives

1. The specific objectives set out for this initiative are:

- Strengthening social solidarity through the mobilization of all actors;
- Improving the living conditions of the target populations by facilitating their access to infrastructures and basic socio-economic infrastructure and facilities;
- Respect for human dignity,
- Anchoring citizens' confidence in the future,
- Protection and promotion of the women and children's rights,
- Young people's promotion and improvement of their living environment,
- Strengthening the participatory process among actors in the identification and implementation of development actions;
- Strengthening transparency and accountability ;
- Promotion of individual and collective initiatives that contribute to the enhancement of well-being.
- The involvement and integration of citizens in the economic circuit.
- The empowerment of individuals grouped together, in particular in association or cooperative, through income generation and social, occupational and economic inclusion;
- Capacity building of local actors;

INDH 2 Operational Experience

2. The second phase focused on the achievement's consolidation, the readjustment of completed projects, wealth-creation by concentrating efforts on micro-projects income-generating micro-projects and stable employment and improving the quality of life of the populations.

3. On these principles' basis, INDH 2 has promoted the implementation of a two-tier framework:

- On one hand, human development must be an essential cursor of public policies indicating their degree of sensitivity to INDH's objectives.

- On the other hand, the participatory and bottom-up approach allows to optimize the public choices in the allocation of resources according to the needs stated by the local population

4. INDH's repositioning on human development falls under a double requirement. First is the need for clarification vis-à-vis the ultimate objectives of the Initiative, which cannot be reduced to the fight against poverty and social exclusion, and social effectiveness regarding the nature of the actions and interventions of INDH which will need to integrate human development engineering in the medium and long term.

5. INDH has been the carrier of a national pact for human development, with a strong ambition for the country and a strategic approach to social transformation and public governance modes.

6. The initiative also triggered a virtuous dynamic of projects and achievements for the benefit of targeted disadvantaged areas and populations and promoted participatory governance as a new method for managing public affairs by breaking with development's centralizing practices and top-down approaches.

7. More than 5.5 million direct beneficiaries have been affected by 23.209 projects and 6.431 development actions initiated during the period of 2005-2010, of which more than 5262 income generating activities. The accomplishment of these projects and actions required the mobilization of global investment of 23 billion DH including INDH contribution of 15.5 billion DH.

8. Through its achievements, the INDH has contributed to the promotion of disadvantaged populations by improving their living conditions, guaranteeing their well-being and strengthening their potentialities and capacities thus enabling social and economic integration, particularly through income-generating activities.

9. In addition to these figures, INDH has enabled a dissemination process of values such as dignity, trust, sustainability, participation, good governance and the study of territorial approach based on proximity, strategic planning, synergy, transparency and partnership.

10. The quantitative review reports on the global situation of INDH implementation, then reviews the status of the different INDH programs, as well as the priority 2005 program, which was used to start the initiative and finally INDH intervention status in the sector.

11. In fact, INDH's implementation, favoring the contractual and partnership-based approach with all involved stakeholders in human development has allowed the mobilization and galvanization of different actives fringes of society, associations and cooperatives, local authorities, decentralized state services and the private sector.

12. This convening power of INDH around social upgrading projects, allowed to leverage an important contribution of the different stakeholders in terms of expertise and additional financing. Indeed, for the period of 2011-2015, mobilization of funds other than those of INDH, in the four programs (Rural, Urban, Transversal, and Insecurity) reached 7.5 billion dirhams, or 41% of the total amount.

Evaluation

13. INDH evaluation through SWOT analysis has identified the main lessons in the form consolidation of achievements and areas for improvement which the main conclusions are as follow:

Consolidation of Achievements:

Anchoring the Culture of Participation

14. The mobilizing force of the initiative allowed populations, elected representatives, associations and the administration to consult in a bottom-up approach on the potential future of the territory in terms of identification of needs and definition of projects and development actions. This effective participation of various stakeholders is based on diagnosis, monitoring and evaluation in the INDH rationale, which advocates that the implementation process counts as much as the procedures and the content of interventions and projects.

Revitalizing Associative Fabric

15. The place reserved for associations in governing bodies has made it possible to revitalize the associative fabric as a full partner in the decision-making process in the human development field. Moreover, the technical and financial support given by the INDH to the associations carrying projects has largely favored the emergence and the professionalization of several of them.

Women's Empowerment

16. The gender approach, reflecting a major conviction of the INDH, was reflected in the improvement in the representation of women in human development committees, which rose from 16% in 2010 to 21% in 2015. Conditions of women and girls are also a strategic choice in the implementation of the INDH, as evidenced by the activities and projects carried out in this framework.

Ownership of Projects by the Population

17. From the questioning of the INDH, on how to adhere to it, the merits of the stakeholders' intentions to the demystification of roles, better self-confidence and a new approach to work in synergy and partnership in the dialogue, participation, tolerance, and dignity are all elements and questions that demonstrate a strong support, involvement and ownership of INDH by the populations, which ensures sustainability.

18. In this sense, the INDH has greatly contributed to developing the capacity to act on its own, to reinforce the real autonomy of the populations and the emergence of the spirit of self-enterprise.

Improvement of the Living Conditions of Beneficiary Populations of INDH Projects and Activities

19. This improvement is reflected in the implementation of the various INDH projects which have contributed to the reduction of the poverty rate. Indeed, the poverty map drawn up in 2007 by the High Commission for Planning revealed that in the target rural communes of the INDH this rate was reduced by 41% compared to only 28% in the other non-target

communes and that the reduction of poverty in the target communes has been comprehensive and regular.

20. Overall, the poverty rate declined to 95% of the target communes and stagnated at 1.7%. Similarly, almost 60% of these rural communes, which had a poverty rate of more than 30% during the first phase of the INDH, saw it drop to less than 14%.

Anchoring Good Governance

21. INDH's governance structure at the territorial level has gained in efficiency and transparency. In this sense, organizational arrangements have enabled to:

- Strengthen the representation of women and youth in human development committees;
- Establish legal and budgetary security measures;
- Extend local authority control especially by the communes.

22. The obligation to motivate and publish systematically the decisions taken, to put the results of the calls for proposals on line, and to hold periodic meetings to report, are all achievements as a the result of the establishment of good governance. Thus, through this governance adapted to the INDH philosophy, a new dynamic has been created between Authorities, Elected Officials, External Services and Associative Fabric, marked by participation and consultation around territorial development.

23. It is important to underline that the INDH development allowed a mobilization of local stakeholders (elected representatives and civil society), particularly, through the dynamics of the creation of new associations, the growth in numbers, the promotion of an “Associative culture" and the creation of a" local public space "for dialogue between associations, municipalities and provincial leaders. Indeed, through the CLDH, progress in the management of public affairs was noted and the traditional governance that made the commune a closed political structure where associative actors and populations were excluded from the decision was broken.

24. Henceforth, with the INDH, attention is paid by the population and the associations to the action of the municipality and to all the sectoral or public policies in progress in the territory of the municipality. The other development committees set up by the INDH, prefectural and regional, also provide a forum for dialogue between associations, elected officials and external services.

Economic Empowerment of Income Generating Activities Leaders

25. Through INDH, tools were developed and training organized to promote the economic emancipation of the income generating activities leaders by encouraging them to creativity in terms of project design and implementation. These project leaders, from the population in a difficult situation, had opportunities to access markets and marketing spaces enabling them to integrate into the economic circuit. Similarly, a partnership and responsibility spirit has been widely forged among the beneficiaries concerned.

Deepening Trust and Dignity

26. In sum, INDH's achievements have resulted in a positive impact on the beneficiaries and the actors involved in the Initiative. This includes quality of life and work, environmental characteristics and self-image, and has resulted in people's motivation, strong support, a sense of equity and equality, recognition and hope which has been felt especially through a high self-esteem among the beneficiary populations.

Improvement Areas

27. The evaluation of the implementation of INDH projects, carried out by the National Coordination of the INDH and the various national and international partners including the World Bank, the European Union, Saudi Arabia, ONDH, General Inspection of the Territorial Administration and the General Inspectorate of Finance, made it possible to identify some axes to be strengthened. Accordingly, and in accordance with the Royal High Guidelines, a major effort should be made to improve, inter alia, the following aspects which will give new impetus to this initiative:

Sustainability

28. The aim is to ensure the standardization of all projects with cost / benefit analysis by type of project, by setting up:

- Operating, maintenance and framing standards;
- Systematization of multiannual contracting;
- Credits needed to cover operating expenses.

The Convergence of the INDH with the States Services and Local Authorities

29. The INDH follows a logic of complementarity and non-substitution of sectoral programs. It allowed to better catalyze the efforts of the deconcentrated state services on the one hand and the Local Authorities on the other, towards efficient coordination in favor of territorial and localized development. This convergence is illustrated mainly at the level of:

- The development of the ILDH;
- Compliance with the commitments made in the partnership agreements;
- The involvement of municipalities and external services, in:
    - Design (depending on the competence of the members and the complexity of the project);
    - The financial contribution in the projects;
    - The project management which can be delegated if necessary;
    - Support in the procurement and contracting process;
    - Support for technical support to project promoters;
    - The follow-up of the work of realization and the reception of the projects;
    - Participation in the management of projects;

30. The experience of previous years has revealed the need to reinforce this convergence in the target areas of the INDH. Indeed, in spite of the plural achievements initiated in partnership with the external state services, a deficit of convergence remains significant. This calls for genuine deconcentration and decentralization through the elaboration of a national convergence strategy and the harmonization of methods and working tools between the INDH, the Communal Development Plan and the other sectoral programs.

IGAs and Micro-projects Generating Stable Employment and Income

31. Despite the important achievements of income-generating activities, some aspects of improvement should be taken into account:

- The choice of projects with a focus on innovation and diversification of IGAs;
- Development of the value chain approach;
- The marketing aspect.
- Specific characteristics of the urban environment.

Monitoring and Evaluation

32. It should be noted that INDH projects are monitored and systematically evaluated. However, the increase in importance of this Initiative and in the number of projects, calls for:

- Strengthening the culture of performance and results;
- Strengthening the internal control system;
- Research and development of standard indicators by project type as well as indicators specific to INDH that can provide information on the INDH's contribution to the achievement of SDGs;
- Anchoring the culture of PME;
- Reinforcement of ex post control.

Strengthening the Capacity of the NGOs

33. The heterogeneity, diversity and importance of the Moroccan associative fabric, call for sustained training, information and capacity building activities to be listed as a sustainable activity and considered as an essential component of the implementation of the INDH at the central and territorial level.

34. To this end, it is important to adopt a strategy to support and train the NGOs in order to allow them to organize networking, project management and efficient participation in the INDH implementation.

Annex 10. Economic Analysis

EXECUTIVE SUMMARY

1. The World Bank (WB) Program covered a large part of the INDH-II and concerned rural, urban and cross-sectoral program. The Program focused on four themes: (i) improving access to -and quality of- social services and basic infrastructure; (Ii) strengthening local participatory governance; (Iii) improving economic inclusion; And (iv) strengthening the capacity and systems of the Program.

2. **Methodology.** In order to contribute to the evaluation of the performance of the WB-supported Program of INDH-II, the study selected a sample of **75 projects**, representing **36% of Income Generating Activities; 36% of Basic socio-economic infrastructure (ISEB); and 27% of basic social services (SSB).** The study focused on the project design process and the adequacy between the needs of the beneficiaries, the potential impacts of the projects and the various improvements in accessibility to basic infrastructure, the efficiency of the various projects selected was based on the cost-benefit analysis (IRR, NPV, cost-benefit ratio, and payback) and the socio-institutional aspects, in terms of the quality of targeting, gender, participation of the beneficiaries in the design and implementation of projects, capacity building, sustainability & governance, innovation, and partners' performance. Information was gathered and triangulated using the literature review, individual surveys, focus groups, and field observation.

3. **Results of the study**. The analysis of the technical and managerial aspects of the ISEBs projects showed a high quality of execution and a good coordination in terms of management of these projects between various actors (commune, associations, local authorities, autonomous authorities ...). **Road projects** analyzed play an economic role in terms of costs, productivity, product quality, since these infrastructures have a direct impact on the daily life of the population, as they facilitate access to basic amenities (schools, health centers, etc.). These projects are generally well sized and well adapted with good economic and social profitability. The only risk of these projects lies in the absence or weakness of the budgets allocated to O&M by the communes, especially those poor and located in areas with severe storms. **The Potable water** projects planned in the framework of the INDH-II in partnership with the local communities and associations reached their objectives by improving the standard of living, sanitary hygiene and saving time for the people previously loaded by the chore of water. These projects are well perceived as their main achievements are the establishment of a healthy, sustainable water resources infrastructure. From a technical point of view, most of these projects were well implemented: studies carried out by different partners, monitoring of the work carried out by the technical departments of the communes, work carried out by specialized companies. When O&M is undertaken by communes or associations (not the ONEE), training and supervision efforts for the personnel responsible for these tasks have to be consolidated, as well as annual budgeting for maintenance should be scheduled. The electrification projects of the INDH-II contribute to the support of the national electrification program, in particular the PERG program. These projects help to improve the standard of living of the populations by enabling them to equip their homes, improve schooling and develop new economic activities. These projects are carried out in collaboration with local partners, in particular the ONEE. Management is often delegated to the ONEE, which ensures the proper functioning of the electricity grid.

4. INDH-II interventions in the education sector contribute to improving educational conditions, reducing the rate of school drop-out especially for pupils and students in rural areas,

by providing them with accommodation and care during their schooling. Success rate of the residents of students' centers is significantly higher. Moreover, upgrading of small structures such as village schools has a very important impact on students and their schooling.

5. The construction of relatively large and heavy structures such as multifunctional centers often encounter problems of O&M. Indeed, human and financial resources are still lacking in the O&M of these large centers. The sustainability of these centers is always dependent on partners if a budget for the maintenance of these structures is not programmed annually. This budget is estimated to be equivalent to 1 to 3% of the investment cost.

6. **Efficiency of projects**. The cost-benefit analysis (CBA), concerned 26 IGAs, from various fields of activity and spread over 7 provinces. Based on the results of the CBA, carried out on each of the IGA projects, it emerges that of the 26 income generating activities analyzed, 81% proved to be profitable. For instance, the project to acquire hives and equipment for the production and marketing of Dara's honey (IRR of 22%); the proposed acquisition of dairy cows for the benefit of women in the Oum Azza commune with an IRR of 15%; The project for the organization and equipment of 179 street vendors in Marrakech has an IRR estimated at 17% and NPV of 4.7 million DH) while the project of fitting out and equipping the touring lodge has an IRR of 16%. Micro-projects which have proved to be unprofitable are mostly IGAs with marketing problems. These include the project for breeding alpine goats by Krifat widows whose IRR is only 9%. The project of equipment of workshop of production of jewelry and handicraft articles of Chefchaouen has an IRR of 7%. Projects to equipment a fig-drying unit and acquire / breed local goats (Sidi Yahia Zears) recorded the lowest IRRs (5% and 4% respectively). It appears that despite an increase in operating costs of 5%; 42% of IGAs would still be profitable compared to 81% of base-case IGA. The analysis also reveals that only 19% of the IGA studied would remain profitable due to a 5% decrease in profits. However, it was found that only 23% and 4% of the projects would still be profitable as a result of an increase in project costs and a 10% decrease in annual profits.

7. Risks and uncertainties that can affect certain projects are low to medium for different sectors, such as electrification, education, potable water, health or IGAs. These risks can be mitigated through training of managers, budgeting for O&M, and marketing support for beneficiaries. Projects that have a very significant impact on the population whose level of risk of sustainability is strong are the roads. The latter may deteriorate rapidly due to the lack of budget for their O&M.

8. **Techno-economic performance ratio**. Infrastructure cost analysis carried out within the INDH-II framework was based on comparing the costs of a sample of projects studied and the costs of similar achievements at the national level. The costs of road projects remain acceptable in relation to the various national projects. For the drinking water sector, the unit costs do not differ from the INDH-I costs. With regard to electrification, the projects are carried out in collaboration with the ONEE, the costs are standard and controlled and their achievements do not pose problems. On the other hand, the cost of building the multifunctional center far exceeded the usual standards and is oversized.

9. **Socio-institutional analysis**. The mission examined the parameters related to targeting, social and economic inclusion, capacity building, gender equity, sustainability, governance, innovation, and partner performance in the management of the program. **Targeting** is broadly consistent with the objectives of the WB Program. Funded projects are dedicated to communities that are mostly poor or in difficult situations. However, the call for projects does not favor the very poor who do not have the capacity to organize and formulate projects. The

mission suggests to: (i) develop an accompanying program to ensure the participation of the poorest in the decision-making bodies; (Ii) review the acceptability criteria of a dossier and set an indicative cost of subsidies per beneficiary to reach the very poor. **Participation and capacity building**. Projects submitted to INDH-II funding go through a four-stage selection process: acceptance, contracting; implementation and M&E. However, vulnerable populations are not able to carry out these steps, knowing that they spend their daily lives looking for work. Capacity building (training, technical assistance, awareness-raising, etc.) has also improved in INDH-II. However, the volume of training has almost doubled compared to Phase I. Only 4% of the participants have benefited from it and the beneficiary populations represent only half of the trained. **Gender equality**. INDH-II has done better overall than Phase I, although there are still discrepancies, as the rate of women who have benefited from sub-programs often does not exceed one-third. However, the women were present in all the courses. This is probably the result of the institutionalization of gender at the level of structures and committees. The mission noted efforts to target women, although improvements could still be made.

10. **Sustainability**. For IGAs, sustainability is linked to the performance of the organizations that manage the projects, the quality of the productions, and the ease of capturing additional resources, successful marketing, and efficient management. Some IGAs have achieved a good level of sustainability through some training and local support. But others whose members have been poorly targeted and / or poorly prepared for the implementation of IGA, sustainability is unlikely. For the roads sector, sustainability can only be ensured by respecting the agreements between the various partners and the programming of budgets for maintenance. For the potable water sector, in the centers or douars managed by the ONEE, there is no risk of degradation of equipment. On the other hand, for the systems managed by the communes and the associations, the lack of human and financial resources precludes sustainability. For the accommodation structures of pupils, sustainability can only be ensured by subsidies from the INDH and/or the National mutual assistance service. The installation of shops could ensure a functioning part of these entities, so calls for sponsorship would strengthen the budget of these structures.

11. **Innovation.** INDH-II is distinguished by a series of institutional, technological and financial innovations. These include: (i) strengthening state capacities for a new approach to integration of beneficiaries; (ii) the project owners become the prime contractor and the INDH staff provide support through subcontractors (consulting firms, NGOs); (iii) the nature of some innovative projects, particularly in the area of IGA; and (iv) establishing partnerships with public institutions.

12. **Performance of partners**. The “DAS” seems to have mastered the INDH approach because of the accumulated experience. Communes are essential and INDH-II is in itself a learning framework. The involvement of communes in ensuring the monitoring and quality of governance needs to be discussed at a higher level to encourage these institutions to work more closely with INDH-II. The beneficiaries have demonstrated their capacity to adapt to the innovative approach of the INDH-II despite their very low education level and the inadequacy their capacity building.

13. **Recommendations.** To ensure the viability of medium- and long-term projects, it is necessary to:

- train and support IGAs in the adoption of the required hygiene, quality and safety standards in order to expand their potential customers to supermarkets, hotel and restaurant services;

- • strengthen the marketing capacity of IGAs through training but also experience-sharing;

- encourage IGAs to draw up contracts between cooperatives/associations and suppliers with projects in order to secure the supply of raw materials at reasonable prices and the flow of production in order to optimize costs/Benefits;

- Focus on households and introduce threshold subsidies per household in order to work with larger cooperatives and reach the maximum number of poor;

- Establish technical, financial and impact standards for projects to be financed, adapted to local conditions and set up a program to promote the inclusion of the poor in benefiting from INDH projects.

- set performance indicators for project supervisors and review the nature of the projects according to the specificity of the environment: favoring social projects and projects of socio-cultural nature in the neighborhoods. In addition to these projects, IGAs and basic social and economic infrastructure must be included in poor and vulnerable communes.

- working more on success factors that include good management practices, commercial success (experience and competence of operators, product quality, dynamics of markets, positioning on marketing channels, specialization in the marketing function);

- The sustainability of the road and water supply projects depends on the technical and financial capacity of the communes and associations to carry out the regular and on-time O&M. The budgets allocated for these operations remain below requirements. O&M should be programmed annually by the communes in the same way as the programming of the operating budget. The assembly of the projects should be supplemented by a program of O&M of equipment and infrastructures;

- • The discussion of project results with users/beneficiaries will allow introducing the corrections needed. A program-wide M&E is essential to improve the program;

- Cost analysis shows that the construction of large structures (Multifunctional Center) leads to an additional cost in the investment compared to the results and impacts on the beneficiaries, whereas there is a project underutilization. The construction of small centers at the local level would be more beneficial. Moreover, the functioning of these entities cannot remain under the guardianship of the State programs. A search for diversification of financing is desirable to alleviate their financial burdens.

Annex 11. Supporting Documents

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