INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF EUR 48.20 MILLION
(US$55.00 MILLION EQUIVALENT)

TO THE

KINGDOM OF MOROCCO

FOR A

SUPPORTING THE ECONOMIC INCLUSION OF YOUTH PROJECT

April 19, 2019

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

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<table>
<thead>
<tr>
<th>Currency Unit</th>
<th>=</th>
<th>EURO</th>
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<tbody>
<tr>
<td>1 EURO</td>
<td>=</td>
<td>US$0.87</td>
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<tr>
<td>1 US$</td>
<td>=</td>
<td>MAD9.62</td>
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</tbody>
</table>

**FISCAL YEAR**
January 1 - December 31

**Regional Vice President:** Ferid Belhaj

**Country Director:** Marie Francoise Marie-Nelly

**Senior Global Practice Director:** Ede Jorge Ijjasz-Vasquez, Najy Benhassine

**Practice Manager:** Ellen Hamilton, Jean Denis Pesme

**Task Team Leaders:** Ana Paula Fialho Lopes, Hind Kadiri
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADS</td>
<td>Social Development Agency (Agence de Développement Social)</td>
</tr>
<tr>
<td>AFD</td>
<td>French Development Agency (Agence Française de Développement)</td>
</tr>
<tr>
<td>AGR</td>
<td>Income Generating Activities (Activités Génératrices de Revenus)</td>
</tr>
<tr>
<td>ALMP</td>
<td>Active Labor Market Programs</td>
</tr>
<tr>
<td>ANAPEC</td>
<td>National Agency for the Promotion of Employment and Skills Development (Agence Nationale de Promotion de l’Emploi et des Compétences)</td>
</tr>
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<td>BDS</td>
<td>Business Development Services</td>
</tr>
<tr>
<td>BER</td>
<td>Budget Execution Reports</td>
</tr>
<tr>
<td>BGE</td>
<td>General State Budget (Budget Général de l’Etat)</td>
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<tr>
<td>CAS</td>
<td>Special Purpose Account (Compte d’Affectation Spéciale)</td>
</tr>
<tr>
<td>CCKP</td>
<td>Climate Change Knowledge Portal</td>
</tr>
<tr>
<td>CCN</td>
<td>National Coordination Committee (Comité de Coordination National)</td>
</tr>
<tr>
<td>CCP</td>
<td>Provincial Coordination Committee (Comité de Coordination Régional)</td>
</tr>
<tr>
<td>CCR</td>
<td>Regional Coordination Committee (Comité de Coordination Régional)</td>
</tr>
<tr>
<td>CFA</td>
<td>Apprenticeship Training Center (Centre de Formation par l’Apprentissage)</td>
</tr>
<tr>
<td>CLDH</td>
<td>Local Council for Human Development (Comité Local de Développement Humain)</td>
</tr>
<tr>
<td>CME</td>
<td>Ministerial Committee for Employment (Comité Ministériel pour l’Emploi)</td>
</tr>
<tr>
<td>CN</td>
<td>National Coordination (Coordination Nationale)</td>
</tr>
<tr>
<td>CPDH</td>
<td>Provincial Council for Human Development (Comité Provincial de Développement Humain)</td>
</tr>
<tr>
<td>CR</td>
<td>Control Risk</td>
</tr>
<tr>
<td>CRI</td>
<td>Regional Investment Center (Centre Régional d’Investissement)</td>
</tr>
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<td>DAARH</td>
<td>Administrative Affairs and Human Resources Department (Direction des Affaires Administratives et Ressources Humaines)</td>
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<td>DAS</td>
<td>Social Action Division of the Ministry of Interior (Division de l’Action Sociale)</td>
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<tr>
<td>DLI</td>
<td>Disbursement Linked Indicator</td>
</tr>
<tr>
<td>DLR</td>
<td>Disbursement Linked Result</td>
</tr>
<tr>
<td>DRFP</td>
<td>Professional Training Regional Delegation (Délegation Régionale de la Formation Professionnelle)</td>
</tr>
<tr>
<td>DRHBAG</td>
<td>General Affaires, Budget and Human Resources Department (Direction des Ressources Humaines, du Budget et des Affaires Générales)</td>
</tr>
<tr>
<td>EA</td>
<td>Executing Agency</td>
</tr>
<tr>
<td>EEJ</td>
<td>Youth Employment Centers (Espaces Emploi Jeunes)</td>
</tr>
<tr>
<td>EEP</td>
<td>Eligible Expenditure Program</td>
</tr>
<tr>
<td>EHS</td>
<td>Environment, Health and Safety</td>
</tr>
<tr>
<td>EN</td>
<td>Mutual Assistance (Entraide Nationale)</td>
</tr>
<tr>
<td>ESMF</td>
<td>Environmental and Social Management Framework</td>
</tr>
<tr>
<td>FM</td>
<td>Financial Management</td>
</tr>
<tr>
<td>FPEJ</td>
<td>Youth Employment Promotion Fund (Fonds pour la Promotion de l’Emploi des Jeunes)</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GiD</td>
<td>Expenditures Integrated Management System (Système de gestion intégrée des dépenses)</td>
</tr>
<tr>
<td>Acronym</td>
<td>Abbreviation and Description</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>GIZ</td>
<td>German Cooperation Organization (Gesellschaft für Internationale Zusammenarbeit)</td>
</tr>
<tr>
<td>GRM</td>
<td>Grievances Redress Mechanism</td>
</tr>
<tr>
<td>GRS</td>
<td>Grievances Redress Services</td>
</tr>
<tr>
<td>HCP</td>
<td>Higher Planning Commission (Haut-Commissariat au Plan)</td>
</tr>
<tr>
<td>IBM</td>
<td>Iterative Beneficiary Monitoring</td>
</tr>
<tr>
<td>ICB</td>
<td>International Competitive Bidding</td>
</tr>
<tr>
<td>IFR</td>
<td>Interim (unaudited) Financial Report</td>
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<tr>
<td>IGAT</td>
<td>Territorial Administration General Inspection (Inspection Générale de l’Administration Territoriale)</td>
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<tr>
<td>IGF</td>
<td>General Inspection of Finance (Inspection Générale des Finances)</td>
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<td>ILO</td>
<td>International Labor Organization</td>
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<td>IMR</td>
<td>National Ombusdsman (Institution du Médiateur du Royaume)</td>
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<td>INDH</td>
<td>National Initiative for Human Development (Initiative Nationale pour le Développement Humain)</td>
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<td>IPF</td>
<td>Investment Project Financing</td>
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<tr>
<td>IR</td>
<td>Inherent Risk</td>
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<td>IRR</td>
<td>Internal Return Rate</td>
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<td>ISP</td>
<td>Implementation Support Plan</td>
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<td>Least Cost Selection</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MAGG</td>
<td>Ministry of General Affairs and Governance (Ministère des Affaires Générales et de la Gouvernance)</td>
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<td>Maroc PME</td>
<td>National Agency for the Promotion of the Small and Medium Entreprise (Agence Natonale pour la Promotion de la Petite et Moyenne Entreprise)</td>
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<td>MCC</td>
<td>Millenium Challenge Corporation</td>
</tr>
<tr>
<td>MEF</td>
<td>Ministry of Economy and Finance</td>
</tr>
<tr>
<td>MENA</td>
<td>Middle East and North Africa</td>
</tr>
<tr>
<td>MFD</td>
<td>Maximizing Finance for Development</td>
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<tr>
<td>MG</td>
<td>Matching Grant</td>
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<td>MI</td>
<td>Ministry of Interior (Ministère de l’Intérieur)</td>
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<td>MIS</td>
<td>Monitoring and Information System</td>
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<td>MM</td>
<td>Mitigating Measure</td>
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<td>MoU</td>
<td>Memorandum of Understanding</td>
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<td>MS</td>
<td>Marrakech-Safi Region</td>
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<tr>
<td>MSME</td>
<td>Micro, Small &amp; Medium Enterprises</td>
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<tr>
<td>MTIP</td>
<td>Ministry of Labor and Professional Insertion (Ministère du Travail et de l’Insertion Professionnelle)</td>
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<td>MTR</td>
<td>Mid-Term Review</td>
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<td>NCB</td>
<td>National Competitive Bidding</td>
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<tr>
<td>NDC</td>
<td>Nationally Determined Contribution</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>---------</td>
<td>-------------</td>
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<tr>
<td>NEET</td>
<td>Not in Education, Employment or Training</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>NPV</td>
<td>Net Present Value</td>
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<td>OFPPT</td>
<td>Professional Training and Employment Promotion Agency (Office de la Formation Professionnelle et de la Promotion du Travail)</td>
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<tr>
<td>ONMP</td>
<td>National Public Procurement Agency (Office National des Marchés Publics)</td>
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<tr>
<td>ONMT</td>
<td>National Labor Market Observatory (Observatoire National du Marché du Travail)</td>
</tr>
<tr>
<td>OP</td>
<td>Operational Policy</td>
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<tr>
<td>ORMT</td>
<td>Regional Labor Market Observatory (Observatoire Régional du Marché du Travail)</td>
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<tr>
<td>PEEDC</td>
<td>Provincial Entrepreneurship and Economic Development Center</td>
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<tr>
<td>PFM</td>
<td>Public Financial Management</td>
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<tr>
<td>PIM</td>
<td>Project Implementation Manual</td>
</tr>
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<td>PMO</td>
<td>Project Management Office</td>
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<td>PMU</td>
<td>Project Management Unit</td>
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<tr>
<td>PNPE</td>
<td>National Plan for Employment Promotion (Plan National pour la Promotion de l'Emploi)</td>
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<tr>
<td>PP</td>
<td>Procurement Plan</td>
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<td>PPSD</td>
<td>Project Procurement Strategy for Development</td>
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<td>PRAMS</td>
<td>Procurement Risk Assessment and Management System</td>
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<td>PTBA</td>
<td>Annual Work Program and Budget (Plan de Travail et Budget Annuel)</td>
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<td>QCBS</td>
<td>Quality and Cost Based Selection</td>
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<td>QCS</td>
<td>Qualifications of Consultant Selection</td>
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<td>REEDC</td>
<td>Regional Entrepreneurship and Economic Development Center</td>
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<td>SEFP</td>
<td>State Department for Professional Training (Secrétariat d'État chargé de la Formation Professionnelle)</td>
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<td>SME</td>
<td>Small and Medium Entreprise</td>
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<td>SNE</td>
<td>National Employment Strategy (Stratégie Nationale de l'Emploi)</td>
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<td>SNFP</td>
<td>Professional Training National Strategy (Stratégie Nationale de la Formation Professionnelle)</td>
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<td>SP</td>
<td>Service Providers</td>
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<td>SRR</td>
<td>Social Rate of Return</td>
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<td>SSS</td>
<td>Single Source Selection</td>
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<td>Electronic Procurement Tracking System</td>
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<td>General Treasury of the Kingdom (Trésorerie Générale du Royaume)</td>
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<td>TOR</td>
<td>Terms of Reference</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>World Bank Group</td>
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## BASIC INFORMATION

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<th>Country(ies)</th>
<th>Project Name</th>
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<tr>
<td>Morocco</td>
<td>Supporting the economic inclusion of youth</td>
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<th>Project ID</th>
<th>Financing Instrument</th>
<th>Environmental Assessment Category</th>
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<tr>
<td>P151169</td>
<td>Investment Project Financing</td>
<td>B-Partial Assessment</td>
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</table>

## Financing & Implementation Modalities

- [ ] Multiphase Programmatic Approach (MPA)
- [ ] Contingent Emergency Response Component (CERC)
- [ ] Series of Projects (SOP)
- [ ] Fragile State(s)
- [✓] Disbursement-linked Indicators (DLIs)
- [ ] Small State(s)
- [ ] Financial Intermediaries (FI)
- [ ] Fragile within a non-fragile Country
- [ ] Project-Based Guarantee
- [ ] Conflict
- [ ] Deferred Drawdown
- [ ] Responding to Natural or Man-made Disaster
- [ ] Alternate Procurement Arrangements (APA)

### Expected Approval Date

- **10-May-2019**

### Expected Closing Date

- **30-Sep-2024**

### Bank/IFC Collaboration

- **No**

## Proposed Development Objective(s)

The project development objective is to increase access to economic opportunities for youth in the project area.

## Components

<table>
<thead>
<tr>
<th>Component Name</th>
<th>Cost (US$, millions)</th>
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<tbody>
<tr>
<td>Promoting youth employability and economic inclusion</td>
<td>21.13</td>
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</table>
### Fostering the entrepreneurial ecosystem and supporting entrepreneurship opportunities for youth

31.71

### Institutional capacity building and program implementation support

2.03

#### Organizations

**Borrower:** Ministry of Finance  
**Implementing Agency:** Ministry of Labor and Professional Insertion

#### PROJECT FINANCING DATA (US$, Millions)

<p>| | |</p>
<table>
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<td><strong>SUMMARY</strong></td>
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<td>Total Project Cost</td>
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<tr>
<td>Total Financing</td>
<td>110.10</td>
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<tr>
<td>of which IBRD/IDA</td>
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<td>Financing Gap</td>
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**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD) | 55.00

**Non-World Bank Group Financing**

**Counterpart Funding** | 55.10

**Borrower/Recipient** | 55.10

#### Expected Disbursements (in US$, Millions)

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<th>WB Fiscal Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<td>Annual</td>
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<td>3.01</td>
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<td>18.57</td>
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<td>Cumulative</td>
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<td>7.42</td>
<td>15.26</td>
<td>28.28</td>
<td>46.86</td>
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**Practice Area (Lead)**
Social, Urban, Rural and Resilience Global Practice

**Contributing Practice Areas**
Finance, Competitiveness and Innovation

**Climate Change and Disaster Screening**
This operation has been screened for short and long-term climate change and disaster risks

**Gender Tag**

Does the project plan to undertake any of the following?

| a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF | Yes |
| b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment | Yes |
| c. Include Indicators in results framework to monitor outcomes from actions identified in (b) | Yes |

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

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<th>Risk Category</th>
<th>Rating</th>
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<tr>
<td>1. Political and Governance</td>
<td>● Substantial</td>
</tr>
<tr>
<td>2. Macroeconomic</td>
<td>● Moderate</td>
</tr>
<tr>
<td>3. Sector Strategies and Policies</td>
<td>● Moderate</td>
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<tr>
<td>4. Technical Design of Project or Program</td>
<td>● Moderate</td>
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<tr>
<td>5. Institutional Capacity for Implementation and Sustainability</td>
<td>● Substantial</td>
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<tr>
<td>6. Fiduciary</td>
<td>● Substantial</td>
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<tr>
<td>7. Environment and Social</td>
<td>● Moderate</td>
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<td>8. Stakeholders</td>
<td>● Substantial</td>
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<tr>
<td>9. Other</td>
<td>● Substantial</td>
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<tr>
<td>10. Overall</td>
<td>● Substantial</td>
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### COMPLIANCE

**Policy**

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes    [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes    [✓] No

**Safeguard Policies Triggered by the Project**

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<th>Policy</th>
<th>Yes</th>
<th>No</th>
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<tr>
<td>Environmental Assessment OP/BP 4.01</td>
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<tr>
<td>Performance Standards for Private Sector Activities OP/BP 4.03</td>
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<td>Natural Habitats OP/BP 4.04</td>
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<td>Forests OP/BP 4.36</td>
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<td>Pest Management OP 4.09</td>
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<td>Physical Cultural Resources OP/BP 4.11</td>
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<td>Indigenous Peoples OP/BP 4.10</td>
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<td>Involuntary Resettlement OP/BP 4.12</td>
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<td>Safety of Dams OP/BP 4.37</td>
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<td>Projects on International Waterways OP/BP 7.50</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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**Legal Covenants**

**Sections and Description**

Not applicable

**Conditions**

<table>
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<tr>
<th>Type</th>
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<tr>
<td>Disbursement</td>
<td>No withdrawal shall be made for payments under Category (2) until and unless the Borrower has furnished evidence satisfactory to the Bank with respect to the achievement of the respective Disbursement-Linked Results (DLRs) as referred to in Schedule 4 to this Agreement and the additional supporting documentation set forth in the Disbursement and Financial Information Letter.</td>
</tr>
<tr>
<td>Type</td>
<td>Description</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Disbursement</td>
<td>If any of the DLRs referred to in Schedule 4 to this Agreement has not been achieved, the Bank may, by notice to the Borrower: (a) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or (b) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.</td>
</tr>
</tbody>
</table>
MOROCCO
SUPPORTING THE ECONOMIC INCLUSION OF YOUTH PROJECT

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I. STRATEGIC CONTEXT

A. Country Context

1. Morocco, a lower middle-income country of about 34 million people, has almost entirely eliminated extreme poverty, reduced poverty and promoted shared prosperity over the past 15 years. The national poverty line (US$2.15 per day) fell from 15.3 percent of the population in 2001 to 4.8 percent in 2014, while extreme poverty was eradicated. Morocco has sustained pro-poor growth, invested in education, health and other social services. Yet, pockets of poverty remain across the country and territorial disparities reflect deep social and economic inequalities.

2. Morocco has maintained political stability since the onset of the “Arab spring” and in response to popular demands undertook important institutional reforms. In 2011, a new Constitution was adopted, including institutional reforms to establish a more democratic society, greater separation of powers, and increased decentralization (advanced regionalization). The advanced regionalization agenda includes a process of decentralization and deconcentration with a gradual transfer of decision-making powers and resources to the local and regional levels. Regional development initiatives, employment and professional training are among some of the responsibilities to be transferred fully or partially.

3. In spite of these reforms, youth unemployment and inactivity remain high in Morocco, and available jobs are low quality and too few. The unemployment rate for young people (age 15-24) is 19.9 percent (21.7 percent for young technical college graduates and 24.6 percent for young university graduates). Morocco has failed to create sufficient and quality jobs and to promote the participation of youth and women in the labor market. Between 2012 and 2016, only 26,400 net new jobs were created per year for a working-age population (15-65 years old) that grew by a net 270,000 people on average per year. Informality is rampant, and approximately 90 percent of working youth do not have an employment contract.

4. Unemployment will be exacerbated by climate risks. Water resources are projected to decline due to an increase in water scarcity and drought conditions. Water demand is also expected to increase due to population growth, expanded irrigation schemes and a projected climate-induced rise in temperature, reduction in rainfall, and increased variability. A reduction in water supply could impact the GDP and directly and indirectly eliminate job opportunities in agricultural activities, which are key for young women with low skills, as well as in non-agricultural activities. A probabilistic risk assessment carried out in 2012, in fact estimates that over 30 percent of the Moroccan population and 33 percent of its GDP are at risk from two or more natural hazards, and the country suffers an annual average loss from natural catastrophes of over US$800 million, or 0.8 percent of Morocco’s GDP.

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1 Haut-Commissariat au Plan (HCP), 2016.
2 Ibid.
4 World Bank Group’s Country Partnership Framework (CPF) for Morocco (Fiscal Year 2019-2024; Report No. 131039-MA, discussed by the Board of Executive Directors on February 19, 2019).
5 The Morocco Natural Hazards Probabilistic Risk Assessment was developed in 2012 with support from the World Bank, the Global Facility for Disaster Reduction and Recovery and the Swiss Agency for Cooperation and Development.
5. In spite of improvements in the business environment, micro, small and medium enterprises (MSMEs), which have the greatest potential for job creation, remain constrained by limited access to finance, low-skilled labor, and insufficient appropriate business development support\textsuperscript{6}. Support programs for MSMEs are difficult to access from outside Rabat and Casablanca, private business services are costly and do not serve important SME segments such as small or innovative firms, and public support to entrepreneurship is geared towards small income generating activities, often informal.

B. Sectoral and Institutional Context

The Marrakech-Safi region: high unemployment and territorial disparities

6. The Marrakech-Safi (MS) region\textsuperscript{7}, where most project activities will take place, shares similar features with the rest of the country in terms of challenges to youth inclusion (demographics, labor market characteristics, and private sector constraints), making it an appropriate region in which to test new approaches for future replication elsewhere. Unemployment is high, particularly among youth and women (of the population aged 15 and over, 49.5 percent are inactive, of which 70 percent are women\textsuperscript{8}). The region has an estimated 640,911 youth not in Education, Employment or Training (NEET), aged between 15 and 29\textsuperscript{9}. The young population either has low skills or skills that are not those demanded by the private sector; job creation is insufficient due in part to lack of private sector dynamism (the formal private sector employs only 12 percent of the active population in the region); available jobs are of poor quality.

7. The regional GDP in Marrakech-Safi is dominated by the tertiary sector (mostly tourism), while regional employment is driven by the agricultural sector. Services and tourism are largely concentrated in the Marrakech City (Préfecture), while industry is concentrated around the urban centers of Safi, Marrakech, Benguerir and Youssoufia. Agriculture employs 45 percent of the employed population (3 percent above the national average). Regional employment is also dominated by informality, self-employment (urban and rural areas) and unpaid employment (rural areas). The region also hides important disparities: three of its seven provinces have among the ten highest national multidimensional poverty rates in the country (Chichaoua, Essaouira, Youssoufia)\textsuperscript{10}.

8. The predominant rurality of the region largely determines the characteristics of its labor market and the skills level of its population, leading to a skills gap.\textsuperscript{11} Of the region’s working age population, 57 percent live in rural areas and 43 percent in urban areas (including about 30 percent in the prefecture of


\textsuperscript{7} The Region of Marrakech Safi has been selected by the Government for the piloting of the approach, based on an assessment of 4 regions based on a number of criteria including: (i) presence of the target population; (ii) regional economic potential for employment creation for the target population; (iii) high degree of interest and mobilization of local stakeholders; and (iv) potential synergies with other World Bank projects.

\textsuperscript{8} Chômage, activité, emploi, Haut-Commissariat au Plan, 2016

\textsuperscript{9} Calculation on the basis of HCP 2016 data.

\textsuperscript{10} Profil de la croissance économique des régions, Ministère de l’économie et des finances, Royaume du Maroc, 2017.

\textsuperscript{11} The MS region has a strong rural component, with 228 rural communes of a total of 251 communes.
Marrakech. In urban areas, there is a significant skills gap for semi-qualified technicians and operators, as reported by various employer groups and individual firms, especially in high-growth sectors, such as tourism, logistics, retail, information technology and business process outsourcing, and construction.

**Limited services to promote opportunities for youth**

9. Youth services to improve employability and access to economic opportunities for low skills, informal workers and inactive youth are limited. Employment programs in Morocco have traditionally addressed the needs of young graduates with a secondary education (baccalauréat), a professional training or higher education diploma. Institutional capacity and program coverage also remain low. For instance, existing active labor market programs (ALMP) inserted on average about 60,000 people into the labor market per year (2006-2015).

10. On the supply side, the Government has made the expansion of orientation services and skills development for youth a priority, including by seeking partnerships with Non-Governmental Organizations (NGOs) and private service providers. The recently announced third phase of the National Initiative for Human Development (INDH) includes a Pillar dedicated to promoting the economic inclusion of youth through orientation and entrepreneurship development. The National Agency for the Promotion of Employment and Skills Development (ANAPEC) has adopted new standards for service provision in its new Strategy. In the Region of Tangier, ANAPEC will soon open an integrated multi-services center, including outreach, training, intermediation and self-employment support. However, youth-oriented services are scarce, unknown by the targeted population and need to be brought to full potential.

11. Investments in skills development need to undergo a shift to focus on private sector demand with a stronger support for on-the-job training and the effective economic insertion of beneficiaries. The training system in the MS region is characterized by classroom training, with priorities decided at the central level and limited support for job placement and economic insertion of beneficiaries. The region has 31 apprenticeship training centers (CFA), which enrolled 46,609 trainees in residential and partially on the job training, 7,954 trainees in qualifying training and only about 5,200 in apprenticeship (2017-2018). The predominance of residential training to the detriment of apprenticeship limits opportunities for youth with low skills (often school drop-outs). The professional insertion and employment rates of training graduates in the MS region are generally better than the national rates, but the organizational difficulties of apprenticeship training lie in the lack of coordination mechanisms between the training institutions and the private sector, and the weak follow up support provided to beneficiaries.

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13 Graduates or “diplômés” in Morocco - beneficiaries of most wage subsidies programs and other public employment policies - refer to those with a secondary education diploma or a technical training certificate.
15 Insertion rates differ from employment as they include job seekers’ placement in the work place through training programs.
17 Plan ANAPEC 2020.
18 Insertion rates in the MS region stand at, respectively, 85.3 percent and 79.3 percent but only 76 percent and 54 percent nationally.
12. On the demand side (private sector development for job creation), programs launched to support entrepreneurship and young MSMEs have been fragmented, with insufficient emphasis on post-creation support. These programs respond to the fact that self-employment and entrepreneurship are at low levels in Morocco, with a 5 percent yearly rate of business creation over the period 2010-2015\(^{19}\), and a low level of entrepreneurial activity\(^{20}\). In 2005, the government launched the Moukawalati program to promote entrepreneurship by unemployed graduates through financial and capacity building. Since 2005, the INDH program has also provided support for income-generating activities, targeted at the most vulnerable populations. In 2016, the status of self-employment was created to encourage the formalization of individual self-entrepreneurs and to facilitate their access to market and to social protection. Evaluations of Moukawalati show that post-creation support has been poorly implemented, if at all, partly explaining the high mortality of newly created firms.

13. There is a need for quality and sustained support to MSMEs and entrepreneurship by youth, mobilizing public and private sector players to further structure and coordinate their action locally. A review of international experiences shows that the most successful entrepreneurial support programs combine: (i) financial support to launch the activity, and (ii) pre- and post-creation support ensuring the viability of the business model and sustainability of the activity.

14. The Government has also invested significantly in specific value chains since 2007, and developed various national sectoral strategies\(^{21}\), but without full consideration of local economic development potential. The Region of Marrakech-Safi has benefitted from sectoral investments, which have enabled the development of key sectors of the region, such as tourism, agriculture, crafts, and energy and mining. However, these strategies do not fully consider local economic development opportunities (such as ecotourism or medical tourism, high-quality artisanal chains for export, agricultural production with high added value such as cosmetics, and outsourcing and offshoring in the information technology sector).

C. Higher Level Objectives to which the Project Contributes

15. The project directly supports the Government’s National Employment Strategy (SNE), 2015-2025 and all the Pillars\(^{22}\) in its implementation plan - the National Program for Employment Promotion (PNPE), 2017-2021, adopted by the Ministerial Committee for Employment (CME) in April 2018. It is also directly aligned with Pillar 3 of the recently announced third phase of the INDH, focusing on youth economic inclusion and the National Professional Training Strategy (SNFP).

16. The proposed project is also fully consistent with the World Bank Group’s Country Partnership Framework (CPF) for Morocco (Fiscal Year 2019-2024; Report No. 131039-MA, discussed by the Board of Executive Directors on February 19, 2019), the World Bank Group (WBG) strategic goal of boosting

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\(^{19}\) Baromètre de l’Office Marocain de la Propriété Industrielle et Commerciale, 2018.


\(^{21}\) Green Morocco Plan, Tourism Plan, etc.

\(^{22}\) PNPE Pillars include: 1. Support to job creation; 2. Greater adequacy of education and skills training to the labor markets’ demand; 3. Enhancement of Active Labor Market Programs and support to labor market intermediation; 4. Improvement of labor markets’ functioning and work conditions; 5. Support to the regional dimensions of employment.
shared prosperity, the WBG’s expanded Middle East and North Africa (MENA) Regional Strategy, and the WBG strategy of Maximizing Finance for Development (MFD). The project directly contributes to the CPF’s objective of “contributing to social cohesion by improving conditions for job creation and reducing social and territorial disparities” and by supporting several of its strategic areas: a) promoting job creation by the private sector; b) transforming human capital; c) promoting inclusive and resilient territorial development; d) citizen engagement; and, e) gender equality. Furthermore, it contributes to shared prosperity by promoting employability and access to support services for the most vulnerable segments of the youth population which are in the bottom 40 percent of the income distribution. The project also directly contributes to the WBG expanded MENA Strategy (March 2019) pillar on “renewing the social contract”, which places a greater focus on supporting the economic inclusion of youth and women, promoting private sector activity and leveraging new technologies. Component 2 (Fostering the entrepreneurial ecosystem and supporting entrepreneurship opportunities) strengthens the enabling environment for private sector investments and supports the structuring of a market for Business Development Services, in line with the MFD approach. Finally, the project promotes resilience against extreme weather and a transition to a low carbon economy in line with the WBG’s Action Plan on Climate Change Adaptation and Resilience and the MENA Climate Action Plan by enhancing the adaptive capacity among target youth and MSMEs, by channeling talent into high-growth, climate-smart technologies, and increasing access to economic opportunities among vulnerable populations exposed to Climate Change impacts.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

The project development objective is to increase access to economic opportunities for youth in the project area.

B. Project Beneficiaries

17. The direct beneficiaries of the project are three groups:
   i) Females and males with low skills, long term unemployed youth, inactive youth as well as informal sector workers, in the urban and rural areas, age 18 to 34; the apprenticeship training will benefit youth, age 15 to 34.
   ii) Aspiring young entrepreneurs, aged 18 to 34, with a viable market-oriented project proposal, or a newly established enterprise.
   iii) Micro, small and medium enterprises (MSMEs) and cooperatives in high job creation potential value chains in the MS region.

18. The indirect beneficiaries of the project include regional and provincial authorities, central ministries involved in project activities, and their regional and provincial delegations, as well as civil society organizations providing services, within the project scope, which will benefit from capacity building activities. Private sector in the MS region will also benefit from project activities to the extent they will have access to a better qualified labor force.
C. PDO-Level Results Indicators

19. The project’s results framework includes three PDO-level results indicators:

- PDO1- Beneficiaries of training activities (apprenticeship and qualification/retraining) who are inserted after project intervention (number) (percentage of women, inhabitants of rural areas)

- PDO2- Beneficiaries of youth employment centers services who are inserted after project intervention (number) (percentage of women, NEET, inhabitants of rural areas)

- PDO3- Formal enterprises created by project beneficiaries (number) (percentage of women)

III. PROJECT DESCRIPTION

A. Project Components

20. The project introduces new services and approaches that combined can increase the offer of economic opportunities for youth in the Moroccan region of Marrakech-Safi. The project design is innovative considering 1) the integration of supply and demand side interventions and their complementarity; 2) the focus on understanding the needs and skills of youth (mostly non-graduates); 3) the project’s operational and institutional anchorage at the regional level; and 4) the built-in ability to respond and adjust to labor market demand on a yearly basis. This approach appears to be innovative in the Moroccan context, where youth economic inclusion has thus far been addressed essentially through supply-driven training programs, designed at the central level with limited coordination, often disconnected from market demand. The project aims to validate this approach in the Marrakech-Safi region as a pilot, before replication in other regions.

21. Integration of project activities and theory of change. The project supports interventions to increase access to economic opportunities for youth by improving their access to services and training to develop their employability and skills (Component 1) and by promoting entrepreneurship and private sector development in specific value chains (Component 2). In addition to providing an integrated approach to supply- and demand-side challenges by encouraging linkages between its components, the project also rests on the following innovative aspects: i) focus on learning to fill a knowledge gap (effective implementation, monitoring, learning and evaluation of proposed activities, as well as real time data collection of impact of interventions on beneficiaries, analysis of the regional labor market demand for

23 Component 1 will focus on improving the information and orientation available to youth and developing skills and competencies relevant to the market needs. This pipeline of better informed, supported and qualified youth will be able to access economic opportunities in two ways: (i) as entrepreneurs creating new businesses (potentially through component 2), and (ii) as employees of the new enterprises or existing MSMEs, especially those operating in the supported value chains. In component 2, the project will support the creation of viable new enterprises and the development of competitive MSMEs in the supported value chains, which will contribute to create quality employment opportunities for youth supported under Component 1 and others in the MS region.
skills, etc.), ii) participation of private sector service providers and NGOs at the local level, iii) close coordination with regional and provincial authorities to help coordinate, monitor, and plan the programming of activities in their respective territories (Component 3), and iv) territorial approach, reflected in how the project addresses the characteristics of the regional labor market (in particular the target population), job and economic opportunities, and private sector dimensions in the seven provinces and in the Marrakech prefecture of the MS region.
Figure 1: Project theory of change

**Development Challenge**
- Youth lack skills, information and support services to improve employability and access economic opportunities
- Low level of business creation and firms survival rate
- Limited entrepreneurship support with a low level of coordination and visibility among youth
- Limited access to finance for young entrepreneurs
- MSMEs and cooperatives limited capacities to create jobs in high potential value chains
- Limited institutional capacity to implement, particularly at regional level

**Activities**

**Component 1: Promoting Youth Employability and Economic Inclusion**

- **Comp. 1.1**: Establishing Youth Employment Centers (EJE)
- **Comp. 1.2**: Supporting skills development activities responding to local labor market demand

**Short-term Outcomes**
- Youth benefit from and trust services
- Youth access opportunities: apprenticeship, qualification/re-training, soft skills
- Youth explore other existing programs
- Youth improved employability and access to local economic opportunities

**Component 2: Fostering the entrepreneurial ecosystem and supporting entrepreneurship opportunities for youth**

- **Comp. 2.1**: Structuring a regional physical network of Entrepreneurship and Economic Development Centers (REEC/PEEDC)
- **Comp. 2.2**: Developing and deploying a regional entrepreneurship support program for youth, providing BDS support (pre-creation and post-creation) and matching grants

**Short-term Outcomes**
- Entrepreneurship support ecosystem in the region is better organized and effective
- Available information on entrepreneurship support programs and investment opportunities in high potential value chains
- A structured network of BDS providers, with a significant outreach capacity to young entrepreneurs and quality service delivered
- New MSMEs created by youth have easier access to BDS and to finance
- More firms created by youth with a greater survival rate
- Investments in job creating value chains benefiting from support
- Supported MSMEs and cooperatives generate more revenue, offering more job opportunities

**Component 3: Institutional Capacity Building and Program Implementation Support**

- Establishing an M&E strategy monitor, evaluate and adjust activities accordingly
- Developing Labor Market observation tools to bridge the gap between demand and supply
- Providing capacity building (cross-cutting and technical expertise) to implementing agencies

**Short-term Outcomes**
- Stronger institutional capacity and innovation
- Improved learning and beneficiary feedback result in better services
- Improved adequacy between supply and demand

**Medium-term Outcomes**
- PDO: Increase access to economic opportunities for youth in the project area
- Youth have stronger skills, information, tools and resources, to access wage employment opportunities or start their own new businesses
- Improved economic and social inclusion of youth
- Youth engaging more easily and positively in entrepreneurship
- A greater number of thriving enterprises (new or existing) create economic opportunities for youth

**Long-term Outcomes**
- Improved economic and social inclusion of youth
- Youth engaging more easily and positively in entrepreneurship
- A greater number of thriving enterprises (new or existing) create economic opportunities for youth

**Underlying Assumptions**

A1: EJE and REEC/PEEDC fill services gaps and are valued by youth and VSMEs
A2: Youth will effectively access economic opportunities pathways through better orientation and skills
A3: Regional value chains present unleashed development and employment opportunities
A4: Performance-based contracting with private service providers will lead to stronger impact
22. **Citizen engagement and gender.** Citizen engagement and gender strategies will be implemented to elicit participation and voice, to promote positive behaviors and role models, to encourage engagement and participation at the local level (within the objectives and scope of the project), particularly of young women. Under the purview of the Wilaya of Marrakech-Safi, with the support of the Project Management Unit (PMU), focus groups with a subset of beneficiaries, including women, will be organized twice a year to collect feedback on project activities. An effective Grievances Redress Mechanism (GRM) will promote transparency and responsiveness by local and regional authorities and have a demonstration effect on how to secure youth engagement to improve the quality of service delivery. Under sub-component 1.1, a proximity approach will be adopted to ensure the use of mobile units will facilitate the access to services by young rural women. The use of social media will complement and support the citizen engagement strategy. Additionally, gender friendly communications and service staff, outreach to families, etc., will be adopted by the Youth Employment Centers (EEJs), in particular in rural areas to respond to the barriers faced by young women to access orientation, skills development and services.

Component 1: Promoting Youth Employability and Economic Inclusion (US$21.13 million equivalent, of which US$12.40 million equivalent will be disbursed through DLIs, of a total government funding of US$67.50 million equivalent)

23. **Objective.** The objective of this component is to provide individual support to sub-groups of youth to improve their access to economic opportunities through the set-up of outreach, information, profiling and orientation services (through on-the-job training and skills development, referral to entrepreneurship support activities and job opportunities, and intermediation services provided by the project and complementary programs available in the territory of project activities). The activities are also expected to improve individual social skills and promote positive social outcomes. This component includes two sub-components: (i) the set-up of the EEJs, an information, orientation and referral system for young people, allowing them to improve their employability through better skills, knowledge of opportunities, and access to labor market intermediation services and other existing programs; and (ii) skills development support that focuses on the needs of the labor market at the provincial and regional level, primarily to benefit low skilled youth, including specific segments of the youth population such as rural women, with a strong emphasis on job placement and economic inclusion (aiming to improve the employability of young people, strengthen the support system for economic inclusion of direct beneficiaries, and set up a more dynamic, effective, efficient and relevant skills development approach in line with labor market demand and emerging economic sectors such as adaptive and clean smart technologies).

24. **Financing.** The component will use disbursement linked indicators (DLIs) under Eligible Expenditure Programs (EEPs), for the delivery of apprenticeship training under sub-component 1.2 and financing of services for the set-up, rehabilitation and operationalization of the EEJs (sub-component 1.1), the delivery of qualification and retraining training (sub-component 1.2), and advisory services, technical assistance and goods.
Sub-component 1.1: Youth Employment Centers (Espaces Emploi Jeunes, EEJ) (US$6.01 million equivalent)

25. Activities. To support the establishment of the EEJ in the 7 provinces of the region and in the Prefecture of Marrakech, this sub-component will finance: (i) the set-up of the EEJ centers, including initial rehabilitation and operating costs (the Provincial and Regional authorities will make available the facilities/buildings to house the EEJ); (ii) the provision of advisory services, and trainings as well as the acquisition of goods needed for the operationalization of EEJs (EEJs’ functions and services will be contracted out to private service providers that will be recruited through a competitive bidding process; payments to the service providers will be made against achievement of key deliverables and results); and (iii) technical assistance to improve the capacity of the service providers and development and/or adaptation of tools and approaches to support information, training and orientation services. The EEJs will provide the following services while adopting specific strategies in order to benefit young women: (i) outreach and information about project activities in the targeted areas, (ii) information-sharing on existing programs presenting economic opportunities within the territory and their criteria and conditions, (iii) youth profiling and skills assessment, and the development of differentiated pathways towards greater employability, (iv) training to strengthen soft and life skills of project beneficiaries, (v) information and individual orientation on available career paths (manual of available and emerging professions such as in adaptive industries and new climate smart technologies), and (vi) orientation towards intermediation services (ANAPEC and others) and follow-up support services towards an economic integration and entrepreneurship programs. Data collection and feedback from beneficiaries will enable continuous learning and improvement of services provided by EEJ. The mobile units that will be purchased under this sub-component will particularly benefit young women in rural areas which face significant mobility constraints and are disproportionately disadvantaged in terms of access to orientation services and training.

26. Implementation arrangements. ANAPEC will have the overall technical and fiduciary responsibility for the EEJs in close collaboration with other executing agencies participating in the project. ANAPEC, with support from the PMU, will enter into a direct contract agreement with private service providers following a competitive bidding process. The proposed activities will be carried out in synergy with those under component 2 and will work closely with intermediation services provided by ANAPEC and other public employment, skills development and support to income-generating programs offered by national agencies and by NGOs in the MS region. The service providers that will be responsible for the set-up and management of EEJs will adopt gender specific strategies and approaches that will enable them to achieve the gender specific targets under this sub-component.

Sub-component 1.2: Supporting Skills development and professional integration (US$15.12 million equivalent, of which US$12.40 million equivalent will be disbursed through DLIs, of a total government funding of US$67.50 million equivalent)

27. Activities. To promote the employability of the beneficiary youth population in the MS region, this sub-component will support: (i) the provision of skills development training (technical and soft skills)
to beneficiaries through apprenticeship and qualification training/retraining. Advisory services and technical assistance to SEFP/DRFP will be an integral part of the project. These advisory services and technical assistance will support policy changes and practices pertaining to skills development and economic insertion of direct beneficiaries. Advisory services will focus on: i) the design of frameworks and tools (databases) for the monitoring and evaluation of skills development activities, and their outcomes at the individual level; ii) the design of tools to analyze labor market skills demand; iii) the mainstreaming of these mechanisms and tools for the benefit of the central and regional actors involved in the implementation of the skills development activities; and iv) supporting service providers of skills development training to accompany and promote the effective insertion and inclusion of direct beneficiaries. All advisory services will take into consideration the specific needs of young women and will recommend the necessary measures to promote gender specific outcomes. This sub-component is expected to benefit 19,000 youth over the five years period, of which approximately 40 percent are young women.

28. **Target beneficiaries.** Beneficiaries of EEJs will be targeted so that they can directly participate in skills development opportunities offered under this sub-component. Beneficiaries include youth, age 15-34, who are unemployed, inactive or who are engaged in informal and/or unpaid work.

29. **Implementation arrangements.** The overall coordination of this sub-component will be the joint responsibility of the Secretariat of State for Professional Training (SEFP)/Professional Training Regional Department (DRFP) and ANAPEC. The SEFP/DRFP will be responsible for the identification of the apprenticeship training opportunities (DLI 1) through agreements between SEFP and the service providers as well as capacity building to improve the professional training mechanisms. The qualification training/retraining opportunities financed by the project will be under the fiduciary responsibility of ANAPEC. Based on a twice a year planning process, in partnership with SEFP/DRFP, the PMU and agencies involved in Component 2, ANAPEC will be responsible for the procurement of the qualification training/retraining activities. The activities supported under this sub-component will be executed in close collaboration with EEJ so that their beneficiaries can directly take advantage of the training offers and be supported by EEJ services towards effective economic inclusion, as well as component 2.

30. **Disbursement linked indicators.** The use of a DLI to support the apprenticeship training is justified by the fact that it supports a key government priority to improve the impact of this training modality and it promotes the sustainability of project objectives. The focus on the completion of the apprenticeship training, instead of enrollment rates, will reduce the dropout rate among beneficiaries. It will likely improve the short and medium term individual outcomes in terms of skills acquisition and access to economic opportunities over their life cycle. The advisory services will complement DLI results by developing tools and approaches to keep youth in training until completion and to help them access job opportunities. Table 1 summarizes the DLIs and DLRs for this sub-component, their associated milestones and their target achievement dates.

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24 The focus on these two modalities is justified by the fact that they are the most appropriate to serve key regional sectors and value chains and are the most adapted to benefit inactive, low skills, underemployed or unemployed young people, particularly young women with low skills. While apprenticeship has the highest insertion rate in Morocco (79 percent) and the highest number of enrolled women in the MS region (48 percent) among all training modalities, the support needed to improve the quality of training and follow up support to the youth for job placement and access to economic opportunities is significantly underdeveloped.
Table 1. DLIs and DLRs for Sub-component 1.2

| DLI No. 1: Number of youth beneficiaries having completed apprenticeship training in the project area (US$12.40 million; cumulative) |
|---|---|---|---|---|
| **CY 2019** | **CY 2020** | **CY 2021** | **CY 2022** | **CY 2023** |
| DLR 1.1: 2,700 youth complete apprenticeship training in the project area, of which 45% are women | Cumulative: 5,600 youth complete apprenticeship training in the project area, of which 45% are women | Cumulative: 8,800 youth complete apprenticeship training in the project area, of which 45% are women | Cumulative: 12,300 youth complete apprenticeship training in the project area, of which 45% are women | Cumulative: 15,800 youth complete apprenticeship training in the project area, of which 45% are women |

Note: The full description of each DLI and its verification protocol is provided in Annex 1. * CY denotes Calendar Year.

Component 2: Fostering the entrepreneurial ecosystem\(^{25}\) and supporting entrepreneurship opportunities for youth (US$31.71 million equivalent, of which US$25.00 million equivalent will be disbursed through DLIs, of a total government funding of US$25.00 million equivalent)

31. **Objective.** This component aims to develop the regional entrepreneurial ecosystem, increase entrepreneurship support for youth, particularly those targeted under component 1, and enable job creation in selected high potential value chains in the region of Marrakech-Safi. This will be achieved through three sub-components, setting up: (i) a network of Regional/Provincial Entrepreneurship and Economic Development Centers (REEDC/PEEDC), a go-to place for aspiring entrepreneurs and established MSMEs, offering a range of support services, (ii) an entrepreneurship program to support new firms created by youth, offering financial and capacity support for aspiring entrepreneurs and newly established businesses, and (iii) a value chains development program, providing capacity building and support to existing MSMEs and cooperatives active in selected value chains with a high potential for job creation.

**Sub-component 2.1: Network of Entrepreneurship and Economic Development Centers (REEDC/PEEDC) (US$6.71 million equivalent)**

32. **Activities.** This sub-component will finance the set-up and operating costs of a network of physical centers to support entrepreneurship and economic development at the regional level, by offering a range of services to young entrepreneurs and MSMEs. The objective is to develop a go-to place for aspiring entrepreneurs, young and established MSMEs which would also serve both as: (i) a platform to coordinate the action of different public and private stakeholders operating in the entrepreneurial ecosystem, a (ii) point of entry to access entrepreneurship services and information, and (iii) a center of expertise to provide market analyses of local value chains and economic activities with growth and job creation potential in the region, including climate-smart and adaptative technologies. Services provided by the

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\(^{25}\) “Entrepreneurial ecosystem” can be defined as an interwoven set of characteristics, external to the firm, that create an environment conducive to firm creation and growth. The entrepreneurship ecosystem necessary for cultivating entrepreneurs comprises conducive policy, markets, capital, human skills, culture, and support mechanisms coming together to provide an enabling environment. *Growth Entrepreneurship in Developing Countries A Preliminary Literature Review*, The World Bank, 2016.
REEDC/PEEDC will include awareness-raising, orientation, coaching, training in management, co-working space, and information on markets and business opportunities.

33. **Target beneficiaries.** The target population encompasses entrepreneurs with projects at different levels of maturity (from ideas to formal business creation), as well newly created businesses under a variety of legal structures (self-employed skill-based entrepreneurs, MSME with average to high growth potential, informal businesses in the process of becoming formal, family owned MSME, and cooperatives).

34. **Implementation arrangements.** The activities under this sub-component will be implemented under the responsibility of the Regional Center of Investment (CRI) of Marrakech-Safi Region, once the reform of the CRIs becomes a separate public entity and its governance structure is in place. The network’s operational management will be delegated to an independent service provider to be selected through a tendering process. The CRI will be supported by technical assistance to fully develop the services to be provided by the REEDC/PEEDC, including its governance structure as well as its operational modalities.

35. The project will support the set-up of a legal entity to oversee the network that will be comprised by the members of the entrepreneurship ecosystem at regional level. The entrepreneurship ecosystem would include a variety of stakeholders, including public agencies, relevant ministerial departments (agriculture, tourism, handicrafts, etc.), NGOs, universities, business associations, private sector confederations, banks, private incubators, and large corporations. The legal entity grouping those local stakeholders will be created to ensure their effective commitment and close monitoring of the implementation of the activities under this sub-component and ensure the centers operate in coordination with key public and private stakeholders at regional level.

**Sub-component 2.2: Regional Entrepreneurship Support Program (US$20.00 million equivalent to disbursed through DLIs, of a total government funding of US$25.00 million equivalent)**

36. **Activities.** To promote youth entrepreneurship through the provision of capacity and financial support at pre-creation and post-creation stages, this sub-component will support the following activities, covering the main stages of the entrepreneurship funnel while adopting specific measures that will promote the participation of aspiring young women entrepreneurs:

   **Stage 1: Raising awareness (25,000 beneficiaries):** informing and raising awareness among youth on the opportunities offered by entrepreneurship as a source of revenue and job creation, as well as existing entrepreneurship support programs, with a specific focus on youth benefiting from trainings activities under sub-component 1.2.

   **Stage 2: Assistance in the pre-creation phase (5,000 beneficiaries, 20 percent conversion rate):** supporting the aspiring entrepreneurs in the preparation of their business project, including conducting a preliminary market study, taking into consideration emerging sectors and climate smart technologies and opportunities, drafting a business plan and delivering short trainings sessions on business management. Pre-creation support also aims to improve the level of project preparation and

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26 Created less than 12 months before benefiting from the project activities.
27 This technical assistance could be financially supported by the MTIP during this transition phase until the full operationalization of the CRI.
investment readiness among beneficiaries, innovative adaptative technologies, awareness about climate risks, facilitating their access to finance, and increasing chances of success.

Stage 3: Business development services and financial support in the post-creation phase (1,500 beneficiaries, 30 percent conversion rate): providing capacities and financial support to newly created and young businesses to improve chances of success and increase formal businesses’ survival rate. This includes both (i) business capacity support after beneficiaries create their businesses (supporting the entrepreneurs for a period of 12 to 24 months, through individual coaching and group training sessions adapted to their needs, including those of female beneficiaries, covering a core set of business development services, for instance in financial and cash management, market development, compliance with administrative requirements and policies); and (ii) financial support to young entrepreneurs through the provision of small grants (non-refundable matching grants) up to US$10,000, covering up to 60 percent of the project’s investment plan (this may cover a diversity of capital and operating expenditures, including initial working capital and initial down payment for access to commercial financing; eligible expenditures will be further detailed in the PIM).

37. **Target beneficiaries.** The targeted population is typically individuals aged between 18 and 34, with previous experience in the formal or informal sector and/or an expertise or specific technical skills. The project will support formal businesses which may take various legal forms (self-employed, limited liability, etc.) and may operate in a wide range of sectors that contribute to job creation and value-addition. The project excludes support for “subsistence projects”, with a strict objective of self-employment within 3 to 5 years.

38. **Implementation arrangements.** The overall implementation and supervision of this sub-component will be under the responsibility of the Ministry of Interior, specifically under the National Coordination of its National Initiative for Human Development (INDH), given the strong synergies and the alignment of the sub-component objectives and activities with the vision of the new phase of the INDH, and its program on income improvement and youth economic inclusion. The operationalization of the proposed activities under this entrepreneurship program will be realized through a network of Business Development Services Providers (BDS), selected through a competitive bidding process. In order to ensure the successful implementation of this pilot phase, technical assistance will be provided under the project to support the actors in charge of the entrepreneurship support program at central, regional and provincial level in: (i) the set up and roll out of this program, (ii) its operationalization, and (iii) the monitoring of its implementation. Service providers will set up the necessary gender specific strategies and approaches that will enable them to achieve the gender target pertaining to the new businesses legally established and approved to receive a matching grant.

39. **Financing and use of DLIs.** The project will finance the activities implemented under this sub-component through disbursement on results. This option is favored by MI/INDH taking into consideration their experience with Program for Results operations financed by the World Bank. The use of DLIs enhances the sustainability of the approach and facilitates its replication in other regions of Morocco. Two Disbursement Linked Indicators (DLIs) are proposed:
Table 2. DLIs and DLRs for Sub-component 2.2

<table>
<thead>
<tr>
<th>DLI No. 2: Number of provinces and/or prefecture covered by at least one Business Development Services (BDS) provider selected, hired and implementing the delivery of the entrepreneurship support program in the project area (US$8.00 million; cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2019</td>
</tr>
<tr>
<td>DLR 2.1: 4 provinces and/or prefecture covered by at least one BDS provider selected, hired and implementing the delivery of the entrepreneurship program in the project area</td>
</tr>
<tr>
<td>US$4.00 million</td>
</tr>
</tbody>
</table>

Table 3. DLIs and DLRs for Sub-component 2.2

<table>
<thead>
<tr>
<th>DLI No. 3: Number of new businesses legally established and approved to receive a matching grant in the project area (US$12 million; cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2019</td>
</tr>
<tr>
<td>DLR 3.1: 150 new businesses legally established and approved to receive a matching grant in the project area, 20% of which are established by women</td>
</tr>
<tr>
<td>US$1.20 million</td>
</tr>
</tbody>
</table>

Note: The full description of each DLI and its verification protocol is provided in Annex 1.

*CY denotes Calendar Year. All dates are indicative as all DLRs can be achieved any time during project implementation.

Sub-component 2.3: Support Program for Regional Value Chains with High Employment Potential (US$5.00 million to disbursed through DLIs, of a total government funding of US$25.00 million equivalent)

40. **Activities.** This activities under this sub-component will seek to boost the capacity of existing businesses to create new jobs, particularly for youth. The project will finance activities to support the development of selected value chains that will include technical and financial assistance to SMEs and cooperatives, responding to the identified needs. The value chains development support will screen investments against climate risks, and recommend adaptation and mitigation measures, while orienting SMEs and cooperatives towards high-growth and climate-smart technologies. This support includes: (i)
capacity building for SMEs and cooperatives, (ii) financial support for light investments in technical upgrading, and (iii) contribution to more significant investments to structure the selected value chains. These interventions will stem from value-chain specific action plans developed with public and private stakeholders.

41. **Target beneficiaries.** The beneficiaries of this activity are enterprises with a legal status (microenterprises, cooperatives, SMEs), active in value chains with high potential (particularly those identified in sub-component 2.1).

42. **Eligibility.** Each action-plan supporting a given value chain will cover a number of beneficiaries, to be defined depending on the characteristics of the value chain, with an estimated average of 50 beneficiaries per value chain, selected on a competitive basis and on their commitment to participation in the overall program, with a focus on supporting the social economy, particularly relevant in rural areas, as well as in enterprises managed by women. The project will reach a total of 400 beneficiaries.

43. **Institutional arrangements.** The implementation and supervision of this sub-component will be placed under the responsibility of INDH. In accordance with the guidelines of INDH3, this sub-component will also be implemented through partnerships and contractual agreements with eligible private or associative providers, identified through a call of interest and selected competitively on the basis of their know-how and their presence in the target territories.

44. **Financing and use of DLI.** The project will finance the activities implemented under this sub-component through a disbursement linked indicator:

| DLI No. 4: Number of MSMEs/cooperatives benefiting from the value chain support program (US$5.00 million; cumulative) |
|---|---|---|---|---|
| **CY 2019** | **CY 2020** | **CY 2021** | **CY 2022** | **CY 2023** |
| **DLR 4.1:** 100 MSMEs/cooperatives benefiting from the value chain support program, of which 20% are managed by women | **DLR 4.2:** 200 MSMEs/cooperatives benefiting from the value chain support program, of which 20% are managed by women | **DLR 4.3:** 300 MSMEs/cooperatives benefiting from the value chain support program, of which 20% are managed by women | **DLR 4.4:** 400 MSMEs/cooperatives benefiting from the value chain support program, of which 20% are managed by women |

Note: The full description of each DLI and its verification protocol is provided in Annex 1.

*CY denotes Calendar Year. All dates are indicative as all DLRs can be achieved any time during project implementation.

Component 3: Institutional Capacity Building for Project Implementation Support (US$2.03 million equivalent)

45. **Objective.** This component aims to: (i) strengthen the capacity of actors (MTIP and the other project implementing agencies) to manage, coordinate and oversee the execution of project activities and achieve the gender specific targets under each component; (ii) provide capacity building to MTIP and the other project implementing agencies in the intervention areas related to the project; (iii) strengthen the
region’s capacity and programs pertaining to youth inclusion, particularly of young women, skills training and territorial development; and (iii) put in place the mechanisms and regional policies to collect information on the regional labor market. The activities of this component will also contribute to the development of tools and capacities that will facilitate the extension/duplication of the project to other regions in the future, and will support central institutions – MTIP, ANAPEC, SEFP, CRI, INDH – develop and expand pilot approaches that can directly benefit economic opportunities of the target population.

46. **Activities.** This component will finance: (i) (additional) capacity for the successful implementation, monitoring and evaluation of components 1 and 2, in particular the coordination of the project (at central and regional level), the preparation of procedure manuals, technical documents, studies and bidding documents, provincial competency plans, project annual work plan and budget (PTBA), regional and provincial committees meetings, etc., as well as the management of the GRM, and the compliance with the ESMF; (ii) the provision of services to build the necessary (additional) capacity and operational costs associated with the implementation of activities by the executing agencies.; (iii) a robust M&E system, including the real time evaluation of key activities and indicators, including the costs of experts and the formulation and maintenance of databases and potential partnerships with data collection institutions and agencies, impact assessments, etc.; and (iv) the set-up of feedback mechanisms for interaction with beneficiaries, disruptive technologies strategy, awareness costs and communication on the activities of the project, (v) the development of a regional labor market observation mechanism.

47. **Implementation arrangements.** The MTIP, as the leader of the overall project implementation (“Chef de file”) will be responsible for the implementation of this component in close collaboration and technical support of the executing agencies. The proposed activities will be contracted by the MTIP and executed by public and private service providers. It is envisioned that this component will leverage corporate partnerships, particularly pertaining to the digital and disruptive technologies space, such as the WB-LinkedIn partnership.

**B. Project Cost and Financing**

48. The project will be implemented over five years through investment project financing that uses results-based disbursement in two of its three components (sub-component 1.2, 2.2 and 2.3). The project will be financed by an IBRD loan of US$55 million equivalent. The choice of the instrument – Investment Project Financing (IPF) with Disbursement-Linked Indicators (DLIs) – has been guided by the objectives, activities and results of this operation. The IPF instrument provides the flexibility to build human and institutional capacity, expand and innovate in respect to the objectives of the project and help participating institutions focus on achieving the intended results. Under the IPF, close follow-up of defined activities and procedures will be carried out by both the government and the World Bank. Adjustments will be made during project implementation, if necessary. The use of DLIs will help participating institutions...
institutions and agencies focus on results and is intended to facilitate implementation and frequent disbursements.

<table>
<thead>
<tr>
<th>Project Components</th>
<th>Project cost</th>
<th>IBRD Financing</th>
<th>Trust Funds</th>
<th>Counterpart Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Project Costs</td>
<td>US$54.87m</td>
<td>US$54.87m</td>
<td>US$0m</td>
<td>US$0m</td>
</tr>
<tr>
<td>of which disbursed against DLI</td>
<td>US$37.40m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 1</td>
<td>US$21.13m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which disbursed against DLI</td>
<td>US$12.40m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 2</td>
<td>US$31.71m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which disbursed against DLI</td>
<td>US$25.00m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 3</td>
<td>US$2.03m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Front End Fees</td>
<td>US$0.13m</td>
<td>US$0.13m</td>
<td>US$0m</td>
<td>US$0m</td>
</tr>
<tr>
<td>Total Financing Required</td>
<td>US$55m</td>
<td>US$55m</td>
<td>US$0m</td>
<td>US$0m</td>
</tr>
</tbody>
</table>

C. Lessons Learned and Reflected in the Project Design

49. The project design benefited from a wide range of existing analytical work. The design reflects findings on the importance of an integrated (demand and supply side) approach to creating economic opportunities for youth, and lessons learned from employability and entrepreneurship programs. The main recommendation of the 2013 Independent Evaluation Group’s report on Youth Employment Programs in Morocco was to help countries address youth employment issues comprehensively, from the demand and supply side, in a cross-sectoral approach. The project adopts a similar approach and integrates interventions at the individual level, to improve employability of youth, with investments in entrepreneurship and value chains development in the same territory. On employability support, the project addresses the need to develop youth skills and behaviors through practical application in order to sustain the interest of youth beneficiaries. This principle represents a significant departure from instructional approaches adopted in Morocco. The proposed project will finance skills development opportunities based on demand, including apprenticeship training which requires 80 percent on the job training. On entrepreneurship support, the project design integrates lessons of programs implemented by the Government, such as Moukawalati program which aimed to promote the creation of small

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businesses by young graduates (the evaluations conducted by MTIP highlighted limitations in terms of governance, targeting, service provision and operationalization, and made recommendations for clarifying implementation responsibilities, entrusting entrepreneurship programs with professional private BDS providers, diversifying financing sources, defining clear objectives, and adopting a communication strategy to reach the targeted beneficiaries). Finally, the project also integrates lessons on financial support for entrepreneurs: the Morocco Strengthening Micro-Entrepreneurship Opportunities for Disadvantaged Youth Project (P144134) highlighted that that there was a clear gap, particularly in post-creation phase, which was detrimental to the retention of beneficiaries in the project.

50. **On the design of the entrepreneurship support and matching grants activity (component 2.2), the project has integrated lessons from a 2016 review of WBG matching grants (MG) projects**, which concluded that i) the design modality that correlates the most with positive outcomes is the provision of personalized Technical Assistance to beneficiary firms before, during, and after receiving the grant, ii) Implementing agencies should have the right technical capacity and be free from political interference, while the involvement of the private sector in the grant award process minimizes the risk of political capture, and iii) MGs should be awarded based on objective and transparent criteria, including proven capacity to implement the project.

51. **Project design builds on the recognition that involving and building the capacity of non-public service providers, including NGOs, could have positive effects if the activities and roles of the different stakeholders are properly designed.** The Morocco Strengthening Micro-Entrepreneurship Opportunities for Disadvantaged Youth Project (P144134), which relies on local associations for implementation, found that these associations, working in peri-urban or rural areas, have a strong ability to reach disadvantaged populations.

### IV. IMPLEMENTATION

#### A. Institutional and Implementation Arrangements

**Institutional arrangements**

52. At the national level, the **Ministerial Committee for Employment (Comité Ministériel pour l’Emploi)**, chaired by the Head of the Government, will assume overall strategic oversight for the project. It will be supported by a National Coordination Committee (Comité de Coordination National, CCN) which will provide overall policy oversight, ensure the coherence and alignment of project activities with national policies as well as high level support to project activities. The CCN** will review and validate the project’s annual work plans and budget (PTBA), and ensure coordination across ministries and public agencies involved in project activities and between central government and regional authorities. The annual budgets will be validated by the Ministry of Economy and Finances (Ministère de l’Economie et des  


31 The committee was set up under the national decree 2-15-569 to oversee government’s policies related to employment.  

32 The MTIP will chair the CCN. The CCN will include representatives from the Ministry of Economy and Finance (MEF), the Ministry of Interior (MI), the Ministry of Labor and Professional Insertion (MTIP), the Ministry of General Affairs and Governance (MAGG), and the State Department for Professional Training (SEFP).
Financial, MEF) to ensure that project activities are included in the national budget. The CCN will meet twice a year. The Ministry of Labor and Professional Insertion (MTIP) will serve as the secretariat of the CME, will chair the CCN, will ensure the overall coordination of the project and will host the Project Management Unit (PMU). The PMU will serve as the secretariat of the CCN.

53. At the regional level, a **Regional Coordination Committee** (**Comité de Coordination Regional**, CCR) has been set up in the Marrakech-Safi Region. The CCR is chaired by the Wali (representative of the central government) of the MS region. The CCR includes representatives from the Regional Council, the CRI, Regional Delegations of key ministries, including MTIP, MI/INDH, SEFP, ANAPEC as well as representatives from the private sector and civil society. The CCR will promote coordination of activities at the regional level, ensure the strategic coherence and alignment of project activities with regional development priorities, sectoral interventions and activities supported by national programs and taking place in the MS region. The CCR will also advise on project’s annual priorities and results as per annual work plans and budget and reports which will be prepared by the PMU.

54. The regional PMU will have overall responsibility for the set-up of the Grievances Redress Mechanism (GRM). It will consolidate information pertaining to the treatment of all grievances on the basis of the existing mechanisms within the executing agencies. The PMU will make sure that unresolved grievances be reported to the appropriate mechanism such as the National Ombudsman (**Institution du Médiateur du Royaume**, IMR). The CCR will organize focus group sessions with a representative sample of the project beneficiaries, twice a year, to provide feedback and make recommendations on services being provided under the project and on any other issues under consideration by the CCR. The PIM describes CCR’s procedures and responsibilities, the PMU’s obligations vis-à-vis the CCN, and the GRM procedures.

55. At the provincial level, **Provincial Coordination Committees** (**Comités de Coordination Provinciaux**, CCP) will be set up in each of the seven provinces and in the Marrakech Prefecture. The CCP will have the responsibility to coordinate project activities and ensure strong alignment between project activities, sectoral interventions and key contributing programs as implemented by key national agencies and NGOs.
56. The **MTIP** is the project’s implementing agency. The **Project Management Unit (PMU)** is under the responsibility of the MTIP. The PMU has teams at the central and regional levels. It is responsible for: (i) ensuring the execution and monitoring of project activities, (ii) preparing and supporting the approval process of the annual work programs and budgets, (iii) elaborating progress reports, (iv) coordinating and facilitating the intervention of the ministries and agencies involved in the execution of the project, and (v) providing the CME with all relevant and necessary information to ensure its strategic oversight of the project. The PMU has the responsibility for preparing the overall project financial reports. It also ensures that activities are executed in accordance with the Project Implementation Manual (PIM).

57. The PMU includes teams at the central and regional level. At the central level, the team consists of a project manager, as well as an administrative and financial officer, both MTIP existing staff. At the regional level, the PMU, set under the authority of the Wali, consists of (i) a project coordinator designated by the Wali to oversee the overall implementation of all components, and (ii) sub-component focal points/managers within each executing agency (ANAPEC, DRFP, CRI, INDH). The PMU is supported by a Project Management Office (PMO) to support the PMU and the executing agencies (EA) in the deployment of the project activities. A detailed organizational chart and a description of the roles and responsibilities of the PMU, at central and regional level, as well as the profiles to be included in the contract with the PMO are included in the PIM.

58. Regarding the implementation responsibilities for each component, ANAPEC, with the direct involvement of its regional directorate, will execute sub-component 1.1, finance the qualification trainings
under 1.2, oversee the contracting of the Espraces Emploi Jeunes, and provide oversight and control of service providers. The SEFP, with the direct support of its regional delegation (DRFP), will be responsible for the apprenticeship activities under sub-component 1.2 as well as the technical assistance activities pertaining to professional training. The CRI of the Marrakech-Safi Region will execute sub-component 2.1, and the Ministry of Interior through INDH will execute sub-components 2.2 and 2.3. Activities under Component 3 will be under the direct responsibility of the MTIP. Conventions will be signed between MTIP and the partners involved in the project implementation including ANAPEC, SEFP, ANAPEC, MI/CRI/INDH.

Flow of Funds

59. The project will apply flow of funds procedures used for the execution of the General State Budget (BGE). The loan funds will be transferred to a treasury account at the Central Bank (Bank Al Maghrib) which is managed by the General Treasury of the Kingdom (TGR) through a project designated account.

B. Results Monitoring and Evaluation

60. Considering the innovative nature of the project in the Moroccan context, as well as overall scarcity of data on youth inclusion particularly at subnational level and at disaggregated levels, the project will establish strong Monitoring and Evaluation (M&E) systems, including the following features:

(i) A Core Monitoring Information System (MIS): The project MIS will focus on the collection of a simple set of critical information for each component, at the participant level for components 1.1, 1.2, 2.1, 2.2 and 2.3.

(ii) A Learning exchange/platform: A forum for service providers (components 1.1 and 2.2) to exchange information about challenges and what works, to learn how to use the MIS to inform the discussion and incorporate feedback from Iterative Beneficiary Monitoring (IBM) approach. Component 2.1 incorporates this idea through the Economic Development Centers

(iii) Agile impact evaluations (Component 1 and 2.2): Use the MIS and a call center as a platform to evaluate results of various activities (learning what works) for scale up and track project outputs and outcomes.

(iv) Capacity building: collaborate with all actors in the implementation of this learning M&E system, which will be key to collect beneficiary and stakeholders’ feedback, promote continuous learning and adjustments throughout implementation, and facilitate expected project replication to other regions. The project will seek to promote Government’s and project stakeholders’ adherence to a culture of rigorous data collection and evaluation mechanisms that can be reflected in the annual planning of program activities through the preparation of the annual regional and province program action plans.

61. The project M&E systems will also reflect lessons learned from failures related to data collection and evaluative efforts related to youth programs. In particular, it will use data collection tools that are adapted and pertinent for the proposed youth population to measure some of potential project outcomes (job satisfaction, earnings, evolving individual preferences, etc.). International experience shows that while some information and technology tools may be appropriate to elicit data and feedback form

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33 The project will seek to establish an Iterative beneficiary monitoring (IBM) approach, supported by the Bank, as an extension of WB supervision for of the project, including rapid feedback from beneficiaries and light data collection during the project’s implementation stage.
beneficiaries, maintaining and cultivating relationships between service providers and beneficiaries and utilizing youth social networks need to be explored as more appropriate data collection mechanisms.

62. The PMU, at the national and regional level, will have the overall responsibility for M&E. It will ensure that all executing agencies comply with M&E protocol and collect and share data regularly. Similar to the approach adopted under the Morocco Strengthening Micro-Entrepreneurship Opportunities for Disadvantaged Youth Project (P144134), regular reports of project activities, including data on individual beneficiaries, will be built into contracts with service providers and will be a requirement for any contract payment. As described above, relevant beneficiary engagement and feedback loops will be adopted throughout project.

63. The PMU will prepare semi-annual progress reports on project performance indicators on the basis on data collected. A detailed M&E protocol is included in the PIM. A Mid-Term Review (MTR) will to assess implementation, identify potential bottlenecks and propose corrective measures.

C. Sustainability

64. The project responds to top priorities of the Government and is fully aligned with the recently adopted PNPE (2018) enhancing the prospect of the likely sustainability of the services and approaches supported under the components. The project design which expands on the mandates of the implementing and executing agencies is likely to contribute to its sustainability. The institutional arrangements rely on the role by institutions and agencies with the legal mandate to promote the project objectives in the areas of youth employability and skills development (ANAPEC and SEFP), private sector development (CRI), and youth economic inclusion (INDH).

65. The project’s steering committee, the Ministerial Committee for Employment (Comité Ministériel pour l’Emploi, CME), is chaired by the Head of the Government and is comprised by key ministries (MAGG, MEF, MTIP, MI, MICIEN). The government is fully committed to accompanying the deployment of this pilot phase and to replicate the approach in other regions of Morocco. The project sets up the systems and develops the approaches that translate current national policies into services.

66. The project sustainability is also strengthened by its institutional and operational anchorage at regional level, under the coordination of the Wali and with participation of all local relevant public and private stakeholders, in line with the deconcentration and decentralization process in progress in Morocco. Reliance on private service providers and NGOs at regional level for the implementation of key activities will promote improvement of capacities at regional level and generate enhanced capacity and availability of services which will be beneficial beyond project implementation. To further ensure sustainability, the project will invest in strengthening the capacity of institutions and developing the skills of the execution of activities, both at central and regional level while providing the mechanisms for continuous monitoring of impacts and feedback loops.

67. The use of an IPF with DLIs for specific activities further contributes to the sustainability of the approach. While the financing of eligible expenditures will set up the services, systems, approaches and processes, the DLIs will support institutions to deliver some of the project’s intended results.
D. Role of Partners

68. There are direct synergies between the proposed operation and the French Agency for Development (AFD) youth employment project, to be implemented by the MTIP, which could lead to a joint program of technical assistance. Similar synergies exist with the Employment-SME (SPRING), “Growth and Competitiveness”, and “Professional Training” of the European Union Delegation in Morocco. Component 1 will support a regional version of the Millennium Challenge Corporation’s technical assistance to operationalize the National Labor Market Information System (ONMT). Component 1 also builds on the US Agency for International Development’s partnership with OFPPT on employability development through the Career Center model for the design of the Espaces Emploi Jeunes. The formulation of regional employment plans in the regions of Tangier-Tetouan-Al Hoceima, the Oriental, and Rabat-Salé-Kenitra with support from the International Labor Organization (ILO) could be supported under the project’s component 3 for the MS Region while GIZ projects to improve public support for MSMEs and facilitate access to financing for micro-enterprises helped shape the design of component 2.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

69. The overall risk rating is Substantial due to the Substantial risk ratings in the categories of Political and Governance, Institutional Capacity for Implementation and Sustainability, Fiduciary, and Stakeholders.

70. The Political and Governance risk rating is Substantial for two reasons. Firstly, the youth agenda is a visible priority for the country’s population, and expectations may be high. Secondly, employment, skills training and regional development are mandates that are shared between central government and territorial authorities (regional and provincial councils), and across several agencies, which could lead to coordination challenges, and a need for extra efforts to ensure the purposeful participation of all official stakeholders. To address such risks, the project will rely on the project’s coordination and management committees that will promote the participation, ownership and sustained support for implementation from authorities, at the central, regional and provincial levels.

71. The Institutional Capacity for Implementation and Sustainability risk rating is Substantial due to the limited institutional capacity of the institutions involved in implementation. The project will support technical assistance to supplement the weak capacity of public institutions including at regional level while relying on private service providers.

72. The Fiduciary risk rating is Substantial due to project design which entails activities such as non-refundable matching grants and assistance to thousands of beneficiaries. The use of four vehicles to channel funds poses additional risks. To mitigate these risks, the project will adopt a detailed PIM and will require i) the signing of conventions between implementing agencies where there is a flow of funds, ii) the definition of specific procedures pertaining the execution of each activity, and iii) the provision of
external advisory services to strengthen the existing financial management capacity and support the project fiduciary staff.

73. The Stakeholders risk rating is Substantial due to the project’s focus on youth – low skilled, informal workers, long-term unemployed and inactive youth, and micro-entrepreneurs - who have limited access to existing support programs. To mitigate this risk, the project will adopt a sound outreach and communication strategy that emphasizes project’s eligibility criteria for the various activities and transparency in the application of such criteria.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

74. A detailed economic analysis was carried out using a cost-benefit analysis framework to assess and monetize costs and benefits of the implementation of the proposed project and associated externalities on both the supply and demand sides. The analysis captures expected benefits from activities implemented under components 1 and 2 and assumes that component 3 will enhance these benefits. The assumptions considered for this cost/benefit analysis are based on data from international benchmarks, firm level surveys as well as existing programs in Morocco, particularly in Marrakech-Safi.

Supply side intervention

75. The supply side intervention addresses the youth employability issues by offering tailored services (mainly information, orientation, training) to enhance youth access to economic opportunities through the wage or entrepreneurship tracks. Costs incurred for the implementation of these activities include: (i) orientation and communication campaigns costs, training and capacity development costs, design, set-up and operational management of the youth employment centers costs, etc.), as well as (ii) the indirect cost including the institutional support, technical assistance and capacity building carried out under component 3 to implement efficiently the supply side activities.

<table>
<thead>
<tr>
<th>Supply side (US$)</th>
<th>Public investment</th>
<th>Private investment</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth employment centers development</td>
<td>22,303,813</td>
<td>0</td>
<td>22,303,813</td>
</tr>
<tr>
<td>Skills development support</td>
<td>6,125,000</td>
<td>0</td>
<td>6,125,000</td>
</tr>
<tr>
<td>Provision of services and institutional strengthening under component 3</td>
<td>15,119,000</td>
<td>0</td>
<td>15,119,000</td>
</tr>
<tr>
<td>Provision of services and institutional strengthening under component 3</td>
<td>1,059,813</td>
<td>0</td>
<td>1,059,813</td>
</tr>
</tbody>
</table>

76. On the benefits side, the analysis is capturing two aspects: (a) the project will enhance the employability of the targeted population in the formal sector and hence increase earnings through a higher formal employment rate and increased wages, and (b) positive social externalities linked to the reduction of inactivity and underemployment (which are called positive job externalities). It has been assumed that without the project intervention the beneficiaries would have been unemployed or working in the informal sector.
The benefits related to inclusion through entrepreneurship are captured in the demand side (for youth that also benefit from precreation and/or post creation support) highlighting the integration between supply and demand focused interventions.

**Demand side intervention**

78. **The demand side intervention addresses the job creation challenge through entrepreneurship and value chain development support.** On the cost side, the analysis considers: (i) the direct cost of activities to foster and boost entrepreneurship among youth (information, pre-creation and post creation support, development of a BDS network and entrepreneurship and economic development centers, provision of financial support, etc.), (ii) the direct cost of activities to support local high potential value chains development (diagnostic and market studies cost, public private dialogue and capacities support costs, etc.), as well as (iii) the indirect cost including the institutional support and technical assistance financed under component 3 to implement efficiently the entrepreneurship and value chain development activities.

<table>
<thead>
<tr>
<th>Demand side (US$)</th>
<th>Public investment</th>
<th>Private investment</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>33,481,433</td>
<td>11,200,000</td>
<td>44,681,433</td>
</tr>
<tr>
<td>Entrepreneurship support</td>
<td>25,924,620</td>
<td>10,000,000</td>
<td>35,924,620</td>
</tr>
<tr>
<td>Value Chain Development support</td>
<td>6,747,000</td>
<td>1,200,000</td>
<td>7,947,000</td>
</tr>
<tr>
<td>Provision of services and institutional strengthening under component 3</td>
<td>809,813</td>
<td>0</td>
<td>809,813</td>
</tr>
</tbody>
</table>

79. On the benefits side, expected benefits of this demand focused intervention, in the short term are: (i) creation of jobs, particularly for youth, resulting from the newly established businesses through the entrepreneurship development support activities, (ii) revenue improvement through the development of the supported value chains. It is also expected, in the medium-long term that, (iii) newly created firms’ survival rate will increase, (iv) firms will access more easily BDS, in terms of cost and proximity, and (v) entrepreneurship culture would be strengthened and youth will engage more easily and positively in entrepreneurship.

<table>
<thead>
<tr>
<th>- Beneficiaries from programs developed under component 2:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Youth benefiting from entrepreneurship support through the Entrepreneurship and economic development centers</td>
</tr>
<tr>
<td>- Youth benefiting from pre-creation support</td>
</tr>
<tr>
<td>- Newly created enterprises benefiting from post creation support</td>
</tr>
</tbody>
</table>

34 Public intervention includes the actual costs incurred to implement the activities which are slightly higher than the total DLRs amount for the DLIs related components.
- Newly created enterprises benefiting from financial support
  - Enterprises and cooperatives benefiting from value chain development support
  - Number of enterprises created by youth who have benefited from post and or pre-creation support under the project
  - Number of enterprises created by youth who have benefited from post and or pre-creation support under the project, still operating after 12 months (A year after the project completion)
  - Number of jobs created (A year after the project completion)
  - Average revenue increase for the enterprises or cooperatives supported under the value chains development activities

<table>
<thead>
<tr>
<th>Project components</th>
<th>Internal Rate of Return (IRR) (%)</th>
<th>Social Rate of Return (SRR) 36(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,500</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>1,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>936</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,744</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

80. With 1,500 businesses created over a 4-year period, the project will help increase the youth business creation rate in the region by 25 percent.

81. Furthermore, the analysis shows that a job, created through direct entrepreneurship support activities, costs35 US$6,924. The calculation of the number of jobs created takes into account a survival rate that is slightly improved (62 percent) and an average number of 4 jobs per surviving enterprise. This average cost is significantly below figures provided by NGOs engaged in entrepreneurship support, which estimate the cost of one successful enterprise creation (which would hire 4 people in average) to around US$30,000, reflecting high operating costs compared to the small scale of those NGOs. This average cost is also well below cost of job creation for other public investment support programs in capital intensive sectors, where public subsidy per job created is in the range of US$20,000 to US$30,000.

**Overall integrated intervention**

82. The three project components are interconnected, and their results will be mutually reinforcing. Component 1 will create a coordinated labor market of qualified youth with improved skills and competencies relevant to the market needs. This pipeline of qualified youth could access economic opportunities in two ways: (i) as entrepreneurs creating new businesses (potentially through component 2), and (ii) as employees of the new startups or existing MSMEs, especially those operating in the value chains supported. The availability of qualified employees will help maximize the return on investments and improve the performance of the new and existing businesses, especially in the specific value chains supported. To further increase the chances of newly created businesses survival, the project will rely on a regional network of entrepreneurship centers and BDS providers whose capacity will be supported through the project. The project will also reinforce the pipeline of growth-ready MSMEs, in the supported value chains, that could further expand the job creation and provide quality employment opportunity for the youth trained in component 1.

83. The overall project economic analysis confirms the strong rationale for both supply and demand side interventions in an integrated approach, with a positive Net Present Value (NPV) and a Social Rate of Return (SRR) around 22 percent (over a fifteen-year period) as shown in the table below.

35 Including only public investment in sub-component 2.2.
36 The Social Rate of Return takes into account the social externalities in the benefits estimates.
B. Technical

84. The project design builds on extensive analytical work carried out by the Government and Moroccan private institutions, the World Bank and development partners about mechanisms and operational approaches to promote youth economic inclusion and job creation. It takes into consideration the lessons learned from on-going youth inclusion activities in Morocco and partners’ experience and results. It takes into account available guidance on second generation Youth Employment Programs\(^37\) that aim to integrate supply with demand side interventions to simultaneously address several objectives that are particularly relevant to the Moroccan and MS regional context: i) improve employability of various segments of the youth population to help them enter the labor market and/or to access better quality jobs; ii) promote job creation for the various segments of the targeted populations; and iii) improve the quality of jobs young people already have (many in the informal sector). It also reflects findings of meta-evaluations of international experiences in employment programs for youth inclusion and new guidance based on the review of operational experiences to date, at the global level and at the national level.

- Supply side challenges could include gaps in skills required in the labor market; limited social networks; insufficient information on jobs and earnings; lack of capital; little/no work experience. Although some of these constraints affect workers across all ages, they are often more binding for youth.
- Demand side challenges could include insufficient access to finance and support services, lack of incentives to enter the formal economy, cumbersome registration procedures, cash flow management, etc.
- Integrated approach that provides support services to targeted youth (addressing employability or supply side challenges) as well as private sector development (addressing demand side constraints for job creation). The objective is to address, at the same time, the constraints faced by youth in accessing jobs or moving between jobs but the factors that limit job creation.

85. The project translates those technical elements into key design features including: better and adequate outreach, profiling and support services to specific segments of the targeted youth population to stimulate the acquisition of better skills, participation in first job opportunities and micro-entrepreneurship programs, including of women; stronger linkages between skills demand in key value chains and support to underdeveloped training modalities that are adapted to specific segments of the target population; and private sector development through support to MSME and value chains that have the potential to create jobs to the benefit of the target population in a given territory. The project also

\(^{37}\) Solutions for Youth Employment (S4YE), New and Promising Approaches in Youth Employment Programs: The S4YE Impact Portfolio, July 2017.
adopts a gender focus by adapting outreach, service provision and specific employability activities and other opportunities that are particularly relevant to women in rural areas. 

86. **Gender.** Morocco has made strong progress in closing gender gaps in access to education and healthcare. Female labor force participation remains a challenge, with rates at 25 percent between 2000-2018, and significantly lower than the male labor force participation rate (74 percent; 2018). Regarding female participation in the creation of new enterprises, 10 percent of new businesses are created by women. The project’s activities seek to provide opportunities for young women based on a thorough analysis of the current barriers they face in accessing orientation services, training and entrepreneurship support such social and cultural norms, absence of dedicated outreach and support services, restrictions on mobility, absence of child care services. The project will address the needs of female beneficiaries by adopting awareness raising, guidance, follow-up support, provision of services, technical training (sub-component 1.1 and 1.2) and entrepreneurship support and job creation (component 2) to the specific needs of young women in urban and rural areas. The project design – specifically the use of DLIs – aims to provide strong incentives to achieve the desired results relating to women in terms of completion of training, business creation and broader economic participation. Trainings for enhanced employability and entrepreneurship will adopt approaches and strategies (female staff, engendered training material, use of mobile units, etc.) that secure and promote female participation and gender specific outcomes. Service providers will also consider opportunities for engaging family members that have influence in shaping norms. The impact of these activities will be measured in the results framework through gender targets for indicators on youth employability and enterprise creation.

87. **Climate and disaster risk screening and climate co-benefits.** Morocco is extraordinarily vulnerable to the impacts of climate change. Primary sectors of the economy, including agriculture, tourism, and fisheries, have already been negatively affected and will continue to experience losses. Rainfall has gradually declined by 30 percent since 1960 as temperatures have risen 1.8°C in some areas. Rangelands, which cover 82 percent of the country’s arid land, are rapidly losing vegetation as plant breeding habitats degrade and desertification expands. As Morocco recovers from 20 years of drought over the past 70 years, temperatures are projected to increase an additional 2-3°C and precipitation is forecasted to decline another 20 percent by 2050. By the end of the century, mean annual temperatures will rise a total of 4-6°C. When Morocco passes the +4°C mark, agricultural productivity will decline 26-39 percent for all crops, heat waves in the Mediterranean Basin will leap to 150 per year, and 73 percent of sandy beaches in the country will be submerged as sea levels rise 1.04m and inflict US$4 billion in annual flooding damages on 2.1 million coastal residents. In the fisheries sector, ocean waters will

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become warmer, more acidic, and further deoxygenated. This may force fish stocks in the Saharan Upwelling, which are already fragile from stress, to migrate to cooler climates. The project was screened for vulnerability to disaster and climate risk and concludes that Morocco is one of the most exposed countries to geological and climate-related hazards in the MENA region. According to a probabilistic risk assessment carried out in 2012, over 30 percent of the Moroccan population and 33 percent of its GDP are at risk from two or more natural hazards, and the country suffers an annual average loss from natural catastrophes of over US$800 million, or 0.8 percent of Morocco’s GDP.

88. The efforts made by this project to improve the lives of vulnerable women and youth includes the need to consider climate adaptation strategies as these populations will undoubtedly face climate impacts in the future. Component 1 seeks to establish youth employment centers and skill training and those activities will explore opportunities in climate-smart industries (i.e., rooftop solar installation, resilient farming, resource efficiency retrofits in residential/industrial/commercial building stock). Under training activities, climate change impacts will be considered in order to strengthen beneficiary understanding and ability to address sector-related vulnerabilities.

89. Component 2 provides support (including grants) to young entrepreneurs and will consider business (and job creation) opportunities in the renewable energy industries. Support to value chains will help build resilience to climate shocks like floods and droughts through adaptation strategies. These adaptation activities are critical for the targeted beneficiaries (women and youth) who are often at the highest risk to the effects of climate change. These measures prevent them from falling deeper into poverty, reduce their overall exposure to risk, and contribute to long-term adaptation to climate change. Capacity building activities for regional and central institutions under component 3 will take into consideration the need to raise awareness about the impact of climate change on the current and emerging economic sectors in the MS region, the new skills demanded in the labor market and the economic opportunities and barriers it creates for youth.

C. Financial Management

90. A Financial Management Assessment (FMA) was carried out in accordance with the World Bank Policy on Investment Project Financing to evaluate the adequacy of financial management arrangements for the implementation of the project. This assessment reflects the financial management arrangements for the PMU within the MTIP for component 1 and component 3, and the Ministry of Interior (MI) for component 2. The MTIP’s General Affairs, Budget and Human Resources Department (DRHBAG) would be responsible for implementing and carrying out the fiduciary activities at the central level with ANAPEC at the decentralized level for component 1 and component 3. The MI/INDH and the CRI, at the decentralized level, will manage component 2. Technical support to the implementation of the project will be provided by the Service Providers (SP) (selected NGOs, Public and Private providers of services to be identified through bidding process). The assessment was complemented by on-site assessments to central entities.

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47 Currently, 77.3 percent of the fish stocks in the Saharan Upwelling are fully exploited, overexploited, or collapsed according to Food and Agriculture Organization’s fisheries data enhanced by mathematical models from Sea Around Us.
48 The Morocco Natural Hazards Probabilistic Risk Assessment was developed in 2012 with support from the World Bank, the Global Facility for Disaster Reduction and Recovery and the Swiss Agency for Cooperation and Development.
49 In the context of the on-going CRI reform, the financial assessment of this entity will be done once the law is enforced.
91. **Risk assessment.** The project’s FM arrangements, which are based on Morocco’s financial management systems, are generally acceptable and provide reasonable assurance on the use of the project’s resources for the intended purpose. The financial management risk is assessed as Substantial. The project’s design entails the implementation of activities, such as (i) non-refundable matching grant and, (ii) assistance in pre-creation/post creation phase to 1,500 beneficiaries. This implies fiduciary risks in: (i) the identification of the beneficiaries based on transparent criteria, and (ii) the funds flow (timely transfer of the funds from the central level to the ultimate beneficiaries). Five vehicles to channel the funds will be used: (i) the Youth Employment Promotion Fund (FPEJ) set up in 1994, (ii) the Special purpose account (Compte d’Affectation Spéciale – CAS - INDH) managed by INDH, (iii) the budget of the MTIP, (iv) the budget of the SEFP, and (v) the budget of the CRI (see funds flow section). This entails risks such as delays and the lack of regularity of budgetary subsidy payments and the need for traceability for World Bank-financed project resources in special funds. It should be noted that article 43 of the finance law No. 32-94 establishing that law 13-94 which defines the conditions for the implementation of the FPEJ has undergone a number of amendments covering both its authorizing agents as well as the structure of its revenues and expenses. With respect to the latest CRI-related vehicle, an evaluation of financial management would be processed once the law transforming it into an independent legal entity is enacted and that entity receives its own budget.

92. These above-project risks are complemented by additional residual weaknesses identified at the implementing entities level (MTIP, ANAPEC, CRI) such as: (i) the absence of instruments (manual of procedures, memorandum of understanding or subsidiary agreement), describing the role and responsibilities of these entities, and (ii) the increase of the work load on the financial management staff of these entities that could affect the implementation of the project.

93. **Mitigation measures.** To mitigate the identified risks and weaknesses, the following measures have been identified: (i) the development of a detailed manual of procedures, describing the project’s eligibility criteria (enforcement of this manual will be ensured by the members of the provincial, regional, and national committees), the roles and responsibilities of the various entities including the fund’s flows, and the financial reporting procedures, and (ii) the signing of conventions between the MTIP and the MI, and between executing entities where there is a flow of funds, including financial management arrangements. Regarding the use of the FPEJ, a separate budget line will be created under the FPEJ for investment related activities to ensure the tracking of the project’s expenditures. For the 2019 budget year, certain expenditures will be made through existing budget lines of the executing agencies and, where appropriate, reallocation of funds across budget lines will be made.

94. **Financial Management arrangements.** The MTIP, as coordinator of the project, will be responsible for the overall fiduciary oversight and consolidation, including financial management. The country financial management systems will be applied such as budgeting, accounting, internal controls, funds flow, financial reporting and financial audit. The project’s annual activities will be approved by the Bank and included in the annual budget of the MTIP (ANAPEC), the MI (INDH/CRI), and the SEFP, under a segregate budget line.

50 The authorizing officers for this special fund are the MEF, MENPESRs/SEFP, and MTIP.
51 According to the report of the Court of Auditors published in 2017 for 2015, the management of special funds, such as the FPEJ, suffers from a low predictability regarding the payment of the budget.
95. The national information management systems, namely the Integrated Management of Expenditures system (GID) will be used by the MTIP and other implementing agencies to prepare the interim (unaudited) financial report (IFR). The other project implementing agencies will submit to MTIP the budget implementation status for the activities they execute from their own budget information system. MTIP is responsible, as project lead, for consolidating the interim financial report, and submitting it to the World Bank on time, in accordance with the provisions described in the PIM.

96. The project’s funds will be disbursed in a designated account to be opened at Bank Al Maghrib which will be part of the treasury single account and the special funds mechanism. Regarding the EEPs, disbursement for the DLIs will be made directly into the country treasury account opened at the Bank Al Maghrib. The funds disbursed under this modality will be documented against the presentation of the EEPs for an amount which will be the lesser between the amount allocated for the achievement of the DLRs and the incurred EEPs at the time of the verification of the DLIs. The flow of funds is as follows:

**Figure 3: Flow of Funds**

97. The independent verification function of the DLIs will be under the responsibilities of the General Inspection of Finance (IGF) for component 1, and the Inspectorate of the MI (IGAT) for component 2. The independent verification mission will be carried out based on agreed terms of reference. The external audit will be carried out by IGF\(^{52}\) based on agreed terms of reference and a separate auditors’ team from those performing the verification. The external audit would include audit of a sample of matching grants.

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\(^{52}\) This is in line with the existing external audit arrangements for the Bank-financed projects.
D. Procurement

98. **Applicable procedures.** Procurement for the project will be carried out in accordance with the provisions stipulated in the Loan Agreement and in World Bank Procurement Regulations for IPF Borrowers, dated July 2016 and revised November 2017 and August 2018. Within the Framework are four mandatory documents available on the World Bank’s website (http://www.worldbank.org/procurement): Policy, Directive, Procedure, and Procurement Regulations for Borrowers (Regulations). The project will be also subject to the Bank’s Anticorruption Guidelines (‘Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants’), dated October 15, 2006, revised in January 2011 and as of July 1, 2016.

99. **Capacity Assessment.** A procurement capacity assessment was conducted of the existing staff of the MTIP, SEFP and ANAPEC. The assessment is based on the knowledge and procurement experience of these executing agencies (EA) in the implementation of World Bank and non-World Bank projects, taking into account the nature of the expenditures and the likely size of the contracts to be procured. The assessment takes into consideration the performance of the Morocco public procurement system, and the overall implementation rate of the World Bank's portfolio in Morocco.

100. **Project Procurement Strategy for Development.** To determine the optimum procurement approach to yield the appropriate response from the market, a Project Procurement Strategy for Development (PPSD) was prepared by MTIP, SEFP and ANAPEC with the support of a consultant hired by the World Bank. Among other things, the strategy will take into consideration the market situation, the operational context, previous experience and risks. In addition, the PIM is being drafted by both the MTIP and ANAPEC to definite principal administrative arrangements, information flow, applicable procurement procedures and bidding documents templates. The PPSD also shall foresee the coordination mechanisms that ensure synergies between projects in terms of procurement, as explained in more details under Annex 2.

101. **Procurement plan.** A procurement plan stipulating the procurement method and timing for each package was prepared, will be submitted through the World Bank Electronic Procurement Tracking System (STEP) cleared during the negotiations. Advanced procurement and retroactive procurement may be used by the Borrower for some physical rehabilitation, equipment and key consultancy packages including engineering supervision, to be launched immediately following negotiations. Until such time as the PMO is recruited, the procurement will be done by the team already in place within DRHBAG/MTIP and ANAPEC (central and regional levels).

102. **The procurement risk is rated Substantial.** This risk is mainly related to the required time for the training and capacity improvement of available staff; the lack of knowledge and experience with the World Bank’s procurement regulations, and the STEP system. To mitigate these risks, in addition to the above, the World Bank’s procurement implementation support will include: (i) reinforcing the capacity (fiduciary services) of MTIP and ANAPEC regional level by additional staffs, by loan effectiveness, to be fully dedicated to procurement activities, within the budgeted additional staffing already agreed with MEF, (ii) recruitment of experimented procurement consultants to support the MTIP and other implementing agencies the whole procurement process, (iii) providing sufficient training in procurement and contract management and the filing management to members of the EAs who will be involved in procurement, (iv) reviewing the PIM including detailed procurement procedures and standard bidding documents, (v)
providing detailed guidance on the World Bank’s procurement framework, (vi) monitoring procurement progress against the detailed Procurement Plan, and (vii) ensuring regular supervision missions.

E. Social (including Safeguards)

103. The project will provide widespread direct benefits to young people, in particular female and male unemployed individuals and informal workers in rural and urban areas in the Marrakech-Safi region of Morocco. Direct beneficiaries will be able to either receive vocational training or other forms of capacity building under the project, or support for their business plans and proposals. Through support to Youth Employment Centers and Entrepreneurship Centers, opportunities and knowledge will be available for youth interested in creating or linking up with enterprises.

104. The project will not trigger any social safeguards. An Environmental and Social Management Framework (ESMF) has been prepared that includes processes and instruments to screen out any activities financed by the project or with project funds by the SMEs that would involve land acquisition, restriction of access to livelihoods, loss of shelter. National law provides strong regulations regarding the uses of child labor, which is not allowed under the age of 15, and restricted to activities not posing any danger or interfering with schooling of children between 15 and 18. The ESMF screening instruments will make sure that SMEs receiving funds from the project will abide by the national labor standards, and the international treaties ratified by Morocco.

105. The regional PMU will include a focal point for the management of environmental and social risks, in particular the implementation of the ESMF, and contributions to the establishment of the PIM.

F. Environment (including Safeguards)

106. Overall, all negative or harmful environmental impacts that are likely to be generated by the proposed project will be limited in time and space.

107. The impacts of the planned structural investments will generally be low to medium-scale and reversible. The risks will be fairly easy to identify in advance and to prevent and minimize with simple good practices. These risks will also be easily manageable, because effective mitigation measures can be implemented and allow the use of a simple and effective monitoring and tracking system.

108. Therefore, for the proposed project, only Operational Policy (OP) 4.01 Environmental Assessment will be triggered. An ESMF has been prepared and published on February 6, 2019. No Category A investment sub-project will be eligible under this project, nor would any investment sub-project that might have a negative impact on natural habitats, archaeological and historical heritage or forest resources, or using pesticides, or that may have an impact on international water resources. Neither will any investment sub-project that may have an impact on the resettlement of populations (through, among other things, expropriation of private land or physical displacement of households or permanent reductions/restrictions or temporary access to public services or commercial activities). All these elements should be clearly specified in: (i) the Project Implementation Manual (especially in its Environmental and Social Technical Manual for the Project Monitoring and Evaluation System); and (ii) the eligibility criteria
for the approval by the appropriate bodies of the investment sub-projects submitted by the different holders.

G. Other Safeguard Policies (if applicable)

H. World Bank Grievance Redress

109. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

110. Morocco has a number of institutions responsible for grievance handling and resolution. The available national GRS mechanisms and institutions have been recently elevated to constitutional bodies to provide them with more independence and financial autonomy, which is necessary to validate their power of self-referral. The World Bank’s GRS mechanism does not affect the efficiency of the Moroccan complaints and resolution system.
VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Morocco
Supporting the economic inclusion of youth

Project Development Objective(s)

The project development objective is to increase access to economic opportunities for youth in the project area.

Project Development Objective Indicators

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>DLI</th>
<th>Baseline</th>
<th>Intermediate Targets</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Improving youth employability</td>
<td></td>
<td></td>
<td>0.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Beneficiaries of training activities (apprenticeship and qualification/retraining) who are inserted after project intervention (number) (percentage of women, inhabitants of rural areas)</td>
<td>0.00</td>
<td>42.00</td>
<td>42.00</td>
<td>42.00</td>
</tr>
<tr>
<td>of which female (Percentage)</td>
<td>0.00</td>
<td>25.00</td>
<td>30.00</td>
<td>30.00</td>
</tr>
</tbody>
</table>
### Indicator Name | DLI | Baseline | Intermediate Targets | End Target
---|---|---|---|---
### Beneficiaries of youth employment centers services who are inserted after project intervention (Number)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<tbody>
<tr>
<td>0.00</td>
<td>0.00</td>
<td>2,800.00</td>
<td>4,800.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>of which female (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>35.00</td>
<td>40.00</td>
</tr>
<tr>
<td>of which NEET (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>25.00</td>
<td>30.00</td>
</tr>
<tr>
<td>of which inhabitants of rural areas (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>20.00</td>
<td>20.00</td>
</tr>
</tbody>
</table>

### Supporting entrepreneurship development

<table>
<thead>
<tr>
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<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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</thead>
<tbody>
<tr>
<td>Formal enterprises created by project beneficiaries (Number)</td>
<td>0.00</td>
<td>0.00</td>
<td>150.00</td>
<td>450.00</td>
</tr>
<tr>
<td>of which by female (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>20.00</td>
<td>20.00</td>
</tr>
</tbody>
</table>

### Intermediate Results Indicators by Components

#### Component 1: Promoting youth employability and economic inclusion

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries of youth employment centers services (Number)</td>
<td>0.00</td>
<td>0.00</td>
<td>7,000.00</td>
<td>17,000.00</td>
</tr>
<tr>
<td>of which female (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>30.00</td>
<td>40.00</td>
</tr>
</tbody>
</table>
### Indicator Name

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>DLI</th>
<th>Baseline</th>
<th>Intermediate Targets</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>of which NEET (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>30.00</td>
<td>40.00</td>
</tr>
<tr>
<td>of which inhabitants of rural areas (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>18.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Beneficiaries of apprenticeship training (Number)</td>
<td>DLI 1</td>
<td>2,700.00</td>
<td>5,600.00</td>
<td>8,800.00</td>
</tr>
<tr>
<td>of which female (Percentage)</td>
<td>0.00</td>
<td>50.00</td>
<td>50.00</td>
<td>50.00</td>
</tr>
<tr>
<td>of which inhabitants of rural areas (Percentage)</td>
<td>0.00</td>
<td>20.00</td>
<td>20.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Beneficiaries of qualification and retraining (Number)</td>
<td>0.00</td>
<td>300.00</td>
<td>850.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>of which female (Percentage)</td>
<td>0.00</td>
<td>28.00</td>
<td>30.00</td>
<td>35.00</td>
</tr>
<tr>
<td>of which inhabitants of rural areas (Percentage)</td>
<td>0.00</td>
<td>18.00</td>
<td>20.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Espaces Emploi Jeunes are operational in 8 provinces/Prefecture (Number)</td>
<td>0.00</td>
<td>3.00</td>
<td>8.00</td>
<td>8.00</td>
</tr>
</tbody>
</table>

#### Component 2: Fostering the entrepreneurial ecosystem and supporting entrepreneurship opportunities

| Beneficiaries of entrepreneurship support services within Entrepreneurship Centers (Number) | 0.00 | 0.00 | 2,000.00 | 5,000.00 | 10,000.00 | 15,000.00 |
| of which female (Percentage) | 0.00 | 0.00 | 18.00 | 20.00 | 20.00 | 20.00 |
| Beneficiaries of entrepreneurship post-creation program (business capacity and financial support) (Number) | 0.00 | 0.00 | 150.00 | 450.00 | 900.00 | 1,500.00 |
### Indicator Name

<table>
<thead>
<tr>
<th>DLI</th>
<th>Baseline</th>
<th>Intermediate Targets</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>of which female (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Beneficiaries of entrepreneurship pre-creation support (Number)</td>
<td>0.00</td>
<td>0.00</td>
<td>500.00</td>
</tr>
<tr>
<td>New formal businesses established by project beneficiaries still operating after 12 months (Number)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Jobs created by new formal businesses established by project beneficiaries (Number)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Provinces with operational entrepreneurship and economic development centers (Number)</td>
<td>0.00</td>
<td>2.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Provinces and / or prefectures covered by at least one BDS provider selected, contracted and actively contributing to the deployment of the regional entrepreneurship support program of in MS (Number)</td>
<td>DLI 2</td>
<td>0.00</td>
<td>4.00</td>
</tr>
<tr>
<td>MSMEs or Cooperatives benefiting from the Value Chain Support Program in the Marrakech-Safi Region (Number)</td>
<td>DLI 4</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>of which managed by women (Percentage)</td>
<td>0.00</td>
<td>0.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Indicator Name</td>
<td>DLI</td>
<td>Baseline</td>
<td>Intermediate Targets</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>-----</td>
<td>----------</td>
<td>----------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Component 3: Institutional Capacity Building and Program Implementation Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective Grievance Redress Mechanism is available in all project locations (Yes/No)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Market observation mechanisms are set up and operational (Yes/No)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Grievances are addressed and recorded (Percentage)</td>
<td>0.00</td>
<td>90.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Focus groups with youth (project beneficiaries) are organized twice a year (Yes/No)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Project data management system is operational (Yes/No)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Monitoring & Evaluation Plan: PDO Indicators**

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Definition/Description</th>
<th>Frequency</th>
<th>Datasource</th>
<th>Methodology for Data Collection</th>
<th>Responsibility for Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries of training activities (apprenticeship and qualification/retraining) who are inserted after project intervention (number) (percentage of women, inhabitants of rural areas)</td>
<td>This indicator measures the number of beneficiaries of training (apprenticeship and qualification/retraining) who are inserted. Inserted means those who are</td>
<td>Six months</td>
<td>Training providers / DRFP / ANAPEC</td>
<td>Apprenticeship: The DRFP will collect the data from training centers and through direct contact with beneficiaries on the number of beneficiaries</td>
<td>SEFP/DRFP/ANAPEC/PMU</td>
</tr>
</tbody>
</table>

Page 47 of 130
employed or self-employed at the time of the survey. Employed refers to a paid job disposing of a contract, pay slip or any other proof of employment during the week of reference of survey. Self-employment refers to the legal business registration.

| of which female | This indicator measures the percentage of the training female beneficiaries who are employed or self-employed after project intervention. | Six months. | Training providers / DRFP / ANAPEC | Apprenticeship | The DRFP will collect the data from training centers and through direct contact with beneficiaries on the number of beneficiaries | SEFP/DRFP/ANAPEC |

Qualification/retraining: ANAPEC will collect the data from training providers and from direct contact with beneficiaries on the number of beneficiaries of this training modality that are employed or self-employed after the project intervention. The data will be shared with PMU; on a sample basis, PMU will confirm data findings.
<table>
<thead>
<tr>
<th>Enrollment Qualification/retraining</th>
<th>of this training modality that are employed or self-employed after the project intervention. SEFP will confirm data. The data will be shared with PMU and on a sample basis, PMU will confirm data findings.</th>
<th>Qualification/retraining: ANAPEC will collect the data from training providers and from direct contact with beneficiaries on the number of beneficiaries of this training modality that are employed or self-employed after the project intervention. The data will be shared with PMU; on a sample basis, PMU will confirm data findings.</th>
<th>SEFP/DRFP/ANAPEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>of which inhabitants of rural areas</td>
<td>This indicator measures the percentage of trainings beneficiaries, inhabiting rural areas before project intervention, who are employed or self-employed after project intervention</td>
<td>Six months. Training providers / DRFP / ANAPEC</td>
<td>Apprenticeship: The DRFP will collect the data from training centers and through direct contact with beneficiaries on the number of beneficiaries</td>
</tr>
<tr>
<td>Beneficiaries of youth employment centers services who are inserted after project intervention</td>
<td>This indicator measures the beneficiaries of EEJ who are inserted. Inserted means those who are in training, employed or self-employed at the time of the survey. Training means Six months.</td>
<td>EEJ Database</td>
<td>EEJ will collect the data from individual beneficiaries. ANAPEC will validate data and share it with PMU.</td>
</tr>
</tbody>
</table>
that the young person benefits from a formal training resulting in a certificate or other proof of participation. Employment refers to a paid job disposing of a contract, pay slip or any other proof of employment. Self-employment refers to the legal business registration.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Timeframe</th>
<th>Data Collection</th>
<th>Validation and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>of which female</td>
<td>This indicator measures the percentage of the EEJ services female beneficiaries who are inserted, employed or self-employed after the project intervention.</td>
<td>Six months.</td>
<td>EEJ Database</td>
<td>EEJ will collect the data from individual beneficiaries. ANAPEC will validate data and share it with PMU.</td>
</tr>
<tr>
<td>of which NEET</td>
<td>This indicator measures the percentage of NEET benefiting from EEJ services, who are inserted, employed or self-employed after the project intervention.</td>
<td>Six months.</td>
<td>EEJ Database</td>
<td>EEJ will collect the data from individual beneficiaries. ANAPEC will validate data and share it with PMU.</td>
</tr>
<tr>
<td>of which inhabitants of rural areas</td>
<td>This indicator measures the percentage of the EEJ services beneficiaries, inhabiting in rural areas, who are inserted, employed or self-employed after project intervention.</td>
<td>Six months.</td>
<td>EEJ Database</td>
<td>EEJ will collect the data from individual beneficiaries. ANAPEC will validate data and share it with PMU.</td>
</tr>
<tr>
<td><strong>Formal enterprises created by project beneficiaries</strong></td>
<td>This indicator measures the number of new enterprises, legally established by the entrepreneurship support program beneficiaries integrating the different stages (awareness raising, pre-creation and post creation). Newly established means that the enterprises have been created by the project beneficiaries after attending the precreation support or at most 12 months before benefiting from the post creation support. “Enterprise” refers to a formal economic activity with one of the various legal status (auto-entrepreneur, sarl, snc, etc.), with the exception of cooperatives and associations.</td>
<td>Six months</td>
<td>BDS providers / CPDH</td>
<td>The DAS of each province/prefecture of Marrakech-Safi will collect the data on formal businesses created by the entrepreneurship support program beneficiaries from the relevant BDS providers active in the area as well as from CPDH. DAS of Marrakech will consolidate the data collected by the several provinces’ DAS and share it with PMU.</td>
</tr>
<tr>
<td>---</td>
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<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>of which by female</strong></td>
<td>This indicator measures the percentage of female beneficiaries among youth creating a business within the entrepreneurship</td>
<td>Annual</td>
<td>BDS providers / CPDH</td>
<td>The DAS of each province/prefecture of Marrakech-Safi will collect the data on formal businesses</td>
</tr>
</tbody>
</table>
support program.

created by the entrepreneurship support program beneficiaries from the relevant BDS providers active in the area as well as from CPDH. DAS of Marrakech will consolidate the data collected by the several provinces' DAS and share it with PMU.

<table>
<thead>
<tr>
<th>Monitoring &amp; Evaluation Plan: Intermediate Results Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator Name</strong></td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Beneficiaries of youth employment centers services</td>
</tr>
<tr>
<td>Indicator</td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
</tr>
<tr>
<td>the informal sector; and young, inactive women; Residents in the project area.</td>
</tr>
<tr>
<td>of which female</td>
</tr>
<tr>
<td>of which NEET</td>
</tr>
<tr>
<td>of which inhabitants of rural areas</td>
</tr>
<tr>
<td>Beneficiaries of apprenticeship training</td>
</tr>
<tr>
<td>Beneficiaries of apprenticeship training</td>
</tr>
<tr>
<td>Beneficiaries of apprenticeship training</td>
</tr>
<tr>
<td>Indicator</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Female beneficiaries of apprenticeship training</td>
</tr>
<tr>
<td>Inhabitants of rural areas</td>
</tr>
<tr>
<td>Beneficiaries of qualification and retraining</td>
</tr>
</tbody>
</table>
### Indicator 1: Percentage of Qualification and Retraining Female Beneficiaries in Marrakech-Safi

- **Indicator:** This indicator measures the percentage of qualification and retraining female beneficiaries in Marrakech-Safi.
- **Frequency:** Six months.
- **Data Collection:** Public and private training providers.
- **Data Sharing:** ANAPEC will collect the data from public and private training providers contracted to train project beneficiaries in Marrakech-Safi. The data will be shared with PMU; on a sample basis, PMU will confirm data findings.

### Indicator 2: Percentage of Qualification and Retraining Beneficiaries who Inhabited Rural Areas in Marrakech-Safi

- **Indicator:** This indicator measures the percentage of qualification and retraining beneficiaries who inhabited rural areas in Marrakech-Safi before project intervention.
- **Frequency:** Six months.
- **Data Collection:** Public and private training providers
- **Data Sharing:** ANAPEC will collect the data from public and private training providers contracted to train project beneficiaries in Marrakech-Safi. The data will be shared with PMU; on a sample basis, PMU will confirm data findings.

### Indicator 3: Espaces Emploi Jeunes are Operational in 8 Provinces/Prefecture

- **Indicator:** This indicator measures the number of youth.
- **Frequency:** Monthly.
- **Data Collection:** ANAPEC
- **Data Sharing:** ANAPEC will provide the data on the number of Espaces Emploi Jeunes operational in 8 provinces/Prefecture.
| Beneficiaries of entrepreneurship support services within Entrepreneurship Centers | This measures number of beneficiaries of Entrepreneurship and Local Economic Development Centers (CAEDEL) services (orientation, information, training, administrative and business support ...) Beneficiaries include entrepreneurs with projects at different levels of maturity (from ideas to formal business creation), as well as existing or newly created businesses with a variety of legal status (self-employed skill-based entrepreneurs, MSME with average to high growth potential, informal businesses in the structuring process, family owned MSME, and cooperatives). | Six months. | CAEDEL database | CRI will provide the data on the number of CAEDEL beneficiaries, collected from the service provider contracted to run the network of CAEDEL. Data will be shared with PMU that will confirm data findings, on a sample basis. | CRI of Marrakech-Safi. |
|---|---|---|---|---|
| of which female | This indicator measures the percentage of female | Six months. | CAEDEL database | CRI will provide the data on the number of CAEDEL beneficiaries, collected from the service provider contracted to run the network of CAEDEL. Data will be shared with PMU that will confirm data findings, on a sample basis. | CRI of Marrakech-Safi. |

**employment centers (EEJ)** set up and operational (run by contracted service providers) in the provinces/prefecture of Marrakech-Safi.

EEJs set up by ANAPEC and run by selected service providers. On a sample basis, PMU will confirm data findings.
### Beneficiaries of entrepreneurship post-creation program (business capacity and financial support)

<table>
<thead>
<tr>
<th>Beneficiaries of CAEDEL services.</th>
<th>CAEDEL beneficiaries, collected from the service provider contracted to run the CAEDEL. Data will be shared with PMU that will confirm data findings, on a sample basis.</th>
</tr>
</thead>
</table>

This indicator measures the number of youth, with newly created businesses, benefiting from business capacity and financial support under the regional entrepreneurship program.

Newly established means that the enterprises have been created by the project beneficiaries after attending the precreation support or at most 12 months before benefiting from the post creation support. Youth beneficiaries are aged between 18 and 34 years old.

Six months. BDS providers / CPDH

The DAS of each province/prefecture of Marrakech-Safi will collect the data on youth selected to benefit from the post creation support (signing agreements with CPDH and BDS providers to benefit from business capacity and financial support) from the relevant BDS providers active in the area as well as from CPDH. DAS of Marrakech will consolidate the data collected by the several provinces’ DAS and share it with PMU. Related to a DLI, the data will be verified by MI - INDH / DAS Marrakech.
<table>
<thead>
<tr>
<th>indicator</th>
<th>description</th>
<th>time frame</th>
<th>responsible body</th>
<th>responsible body details</th>
</tr>
</thead>
<tbody>
<tr>
<td>of which female</td>
<td>This indicator measures the percentage of post creation support female beneficiaries.</td>
<td>Six months</td>
<td>BDS providers / CPDH</td>
<td>IGAT.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The DAS of each province/prefecture of Marrakech-Safi will collect the data on youth selected to benefit from the post creation support (signing agreements with CPDH and BDS providers to benefit from business capacity and financial support) from the relevant BDS providers active in the area as well as from CPDH. DAS of Marrakech will consolidate the data collected by the several provinces’ DAS and share it with PMU. Related to a DLI, the data will be verified by IGAT.</td>
<td>MI - INDH / DAS Marrakech</td>
</tr>
<tr>
<td>Beneficiaries of entrepreneurship pre-creation support</td>
<td>This indicator measures the number of youth, who have benefited from business capacity support before creating their enterprise under the</td>
<td>Six months</td>
<td>BDS providers</td>
<td>MI - INDH / DAS Marrakech</td>
</tr>
<tr>
<td>Regional Entrepreneurship Program</td>
<td>Youth beneficiaries are aged between 18 and 34 years old.</td>
<td>the relevant BDS providers active in the area. DAS of Marrakech will consolidate the data collected and share it with PMU.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>----------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>of which female</strong></td>
<td>This indicator measures the percentage of pre creation support female beneficiaries under the regional entrepreneurship program.</td>
<td>Six months. BDS providers The DAS of each province/prefecture of Marrakech-Safi will collect the data on youth benefiting from pre-creation support from the relevant BDS providers active in the area. DAS of Marrakech will consolidate the data collected and share it with PMU.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New formal businesses established by project beneficiaries still operating after 12 months</strong></td>
<td>This indicator measures the number of businesses created by the entrepreneurship support program beneficiaries, that are still active 12 months after their creation. Businesses are created by pre and or post creation support beneficiaries after Six months.</td>
<td>BDS providers/DAS The DAS of each province/prefecture of Marrakech-Safi will collect, from the relevant BDS providers active in the area and project beneficiaries, the data on youth entrepreneurship program beneficiaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator</td>
<td>Description</td>
<td>Timeframe</td>
<td>Responsible Parties</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Jobs created by new formal businesses established by project beneficiaries</td>
<td>attending the precreation support or at most 12 months before benefiting from the post creation support. who have created viable businesses (still active after 12 months). DAS Marrakech will consolidate the data collected by the several provinces’ DAS from the BDS providers and project beneficiaries on the newly established businesses survival, and share it with the PMU.</td>
<td>Six months</td>
<td>MI - INDH / DAS Marrakech</td>
<td></td>
</tr>
<tr>
<td>Provinces with operational entrepreneurship and economic development centers</td>
<td>This indicator measures the provinces covered by the CAEDEL set up and the enterprises supported under the entrepreneurship program. BDS providers / DAS The DAS of each province/prefecture of Marrakech-Safi will collect, from the relevant BDS providers active in the area and project beneficiaries, the data on the jobs generated by the businesses created under the program. DAS Marrakech will consolidate the data collected and share it with PMU</td>
<td>Six months</td>
<td>CRI Marrakech-Safi CRI IMS will provide the data on the number of provinces covered by</td>
<td></td>
</tr>
<tr>
<td>Operational (run by a contracted service provider) under the project</td>
<td>Centers set up by CRI and run by an independent selected service provider.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This indicator measures the number of provinces/prefecture in Marrakech-Safi, covered by at least one BDS provider selected, contracted and actively contributing to the deployment of the regional entrepreneurship support program of in MS.

Six months.

DAS /CPDH

The DAS of each province/prefecture of Marrakech-Safi will provide the DAS Marrakech with data on the contracted BDS providers and the number of beneficiaries they have supported respectively, collected from BDS providers and CPDH. DAS Marrakech will consolidate the data collected and share it with PMU. Subject to a DLI, this data will be verified by IGAT.

Provinces and/or prefectures covered by at least one BDS provider selected, contracted and actively contributing to the deployment of the regional entrepreneurship support program of in MS.
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Timeline</th>
<th>Data Provider</th>
<th>Verification Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSMEs or Cooperatives benefiting from the Value Chain Support Program in the Marrakech-Safi Region</td>
<td>This indicator measures the number of MSMEs and cooperative benefiting from capacity building and investments to boost their competitiveness under the value chain development program</td>
<td>Six months</td>
<td>DAS Marrakech</td>
<td>DAS Marrakech will provide the data on the supported MSMEs and Cooperatives benefiting from the Value Chain Support Program to PMU. Subject to a DLI, this data will be verified by IGAT.</td>
</tr>
<tr>
<td>of which managed by women</td>
<td>This indicator measures the percentage of MSMEs and cooperative, managed by women, benefiting from capacity building and investments to boost their competitiveness under the value chain development program</td>
<td>Six months</td>
<td>DAS Marrakech</td>
<td>DAS Marrakech will provide the data on the supported MSMEs and Cooperatives benefiting from the Value Chain Support Program to PMU. Subject to a DLI, this data will be verified by IGAT.</td>
</tr>
<tr>
<td>Effective Grievance Redress Mechanism is available in all project locations</td>
<td>This indicator measures the effective set-up and deployment of a GRM reachable by targeted populations in the different provinces/prefecture of Marrakech-Safi</td>
<td>Six months</td>
<td>Wilaya of Marrakech-Safi / MTIP</td>
<td>MTIP will collect information from Wilaya of Marrakech-Safi and provide the relevant data supporting the implementation of an effective GRM in Marrakech-Safi.</td>
</tr>
<tr>
<td>Indicator</td>
<td>Description</td>
<td>Period</td>
<td>Responsible Party</td>
<td>Activity</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------</td>
<td>-------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Market observation mechanisms are set up and operational</td>
<td>This indicator measures the effective development and implementation of market observation mechanisms in Wilaya of Marrakech-Safi.</td>
<td>Six months.</td>
<td>MTIP</td>
<td>MTIP will collect the relevant data supporting the effective development and implementation of market observation mechanisms and share it with PMU.</td>
</tr>
<tr>
<td>Grievances are addressed and recorded</td>
<td>This indicator measures the percentage of grievances that are recorded and addressed in Wilaya of Marrakech-Safi.</td>
<td>Six months.</td>
<td>Wilaya of Marrakech-Safi / MTIP</td>
<td>MTIP will collect information from Wilaya of Marrakech-Safi and provide the relevant supporting evidence.</td>
</tr>
<tr>
<td>Focus groups with youth (project beneficiaries) are organized twice a year</td>
<td>This indicator measures the effective organization of Focus groups with youth (project beneficiaries) in Wilaya of Marrakech-Safi to provide feedback on the project activities, design and implementation.</td>
<td>Six Months</td>
<td>Wilaya of Marrakech-Safi / MTIP</td>
<td>MTIP will collect information from Wilaya of Marrakech-Safi and provide the relevant data supporting the effective organization of Focus groups with youth (project beneficiaries) in Wilaya of Marrakech-Safi.</td>
</tr>
<tr>
<td>Project data management system is operational</td>
<td>Data management system and strategy is operational (i.e. data is collected regularly and reports are prepared).</td>
<td></td>
<td>PMU/MTIP</td>
<td>Progress reports</td>
</tr>
</tbody>
</table>
## Disbursement Linked Indicators Matrix

<table>
<thead>
<tr>
<th>DLI 1</th>
<th>Number of youth beneficiaries having completed apprenticeship training in the project area, of which 45% are women (cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of DLI</td>
<td>Scalability</td>
</tr>
<tr>
<td>Output</td>
<td>Yes</td>
</tr>
<tr>
<td>Period</td>
<td>Value</td>
</tr>
<tr>
<td>Baseline</td>
<td>0.00</td>
</tr>
<tr>
<td>CY2019</td>
<td>2,700.00</td>
</tr>
<tr>
<td>CY2020</td>
<td>5,600.00</td>
</tr>
<tr>
<td>CY2021</td>
<td>8,800.00</td>
</tr>
<tr>
<td>CY2022</td>
<td>12,300.00</td>
</tr>
<tr>
<td>CY2023</td>
<td>15,800.00</td>
</tr>
</tbody>
</table>
## DLI 2

Number of provinces and/or prefecture covered by at least one BDS provider selected, hired and implementing the delivery of the entrepreneurship support program in the project area

<table>
<thead>
<tr>
<th>Type of DLI</th>
<th>Scalability</th>
<th>Unit of Measure</th>
<th>Total Allocated Amount (USD)</th>
<th>As % of Total Financing Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Yes</td>
<td>Number</td>
<td>8,000,000.00</td>
<td>14.81</td>
</tr>
</tbody>
</table>

### Period

<table>
<thead>
<tr>
<th>Value</th>
<th>Allocated Amount (USD)</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>0.00</td>
<td>For each province and/or prefecture covered by at least one</td>
</tr>
<tr>
<td>CY2019</td>
<td>4.00</td>
<td>4,000,000.00 From the baseline of 4 provinces and/or prefectures, for each</td>
</tr>
<tr>
<td>CY2020</td>
<td>8.00</td>
<td>4,000,000.00</td>
</tr>
<tr>
<td>CY2021</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>CY2022</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>CY2023</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

## DLI 3

Number of new businesses legally established and approved to receive a matching grant in the project area

<table>
<thead>
<tr>
<th>Type of DLI</th>
<th>Scalability</th>
<th>Unit of Measure</th>
<th>Total Allocated Amount (USD)</th>
<th>As % of Total Financing Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Yes</td>
<td>Number</td>
<td>12,000,000.00</td>
<td>22.22</td>
</tr>
</tbody>
</table>

### Period

<table>
<thead>
<tr>
<th>Value</th>
<th>Allocated Amount (USD)</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>CY2019</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
### DLI 4
Number of MSMEs/cooperatives benefiting from the regional value chain support program

<table>
<thead>
<tr>
<th>Type of DLI</th>
<th>Scalability</th>
<th>Unit of Measure</th>
<th>Total Allocated Amount (USD)</th>
<th>As % of Total Financing Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>Yes</td>
<td>Number</td>
<td>5,000,000.00</td>
<td>9.26</td>
</tr>
<tr>
<td>Period</td>
<td>Value</td>
<td>Allocated Amount (USD)</td>
<td>Formula</td>
<td></td>
</tr>
<tr>
<td>Baseline</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY2019</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY2020</td>
<td>100.00</td>
<td>1,250,000.00</td>
<td>For each forty (40) MSMEs/cooperatives benefiting from the r</td>
<td></td>
</tr>
<tr>
<td>CY2021</td>
<td>200.00</td>
<td>1,250,000.00</td>
<td>For each forty (40) MSMEs/cooperatives benefiting from the r</td>
<td></td>
</tr>
<tr>
<td>CY2022</td>
<td>300.00</td>
<td>1,250,000.00</td>
<td>For each forty (40) MSMEs/cooperatives benefiting from the r</td>
<td></td>
</tr>
<tr>
<td>CY2023</td>
<td>400.00</td>
<td>1,250,000.00</td>
<td>For each forty (40) MSMEs/cooperatives benefiting from the r</td>
<td></td>
</tr>
</tbody>
</table>

### Verification Protocol Table: Disbursement Linked Indicators

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Data source/ Agency</th>
<th>Verification Entity</th>
<th>Procedure</th>
</tr>
</thead>
</table>
| 1 | Number of youth beneficiaries having completed apprenticeship training in the project area, of which 45% are women (cumulative) | PMU MIS; SEFP database; DRFP; Training centers | IGF | The IGF will undertake the following activities: DLR 1.1, 1.2, 1.3, 1.4, 1.5:  
The verification will be conducted through the information collected from various databases and site visits to training centers by IGF.  
To conduct these verifications: The DRFP will compile a list of the beneficiaries having completed apprenticeship training in the region of Marrakech-Safi, within the parameters of the definitions of the DLI. The SEFP will certify the results and send the list to IGF. The IGF will ensure the list includes all the relevant information and, on a sample basis of 2% of total beneficiaries, it will make site visits to, at least, 4 participating training centers to confirm data records pertaining to individual beneficiaries and, the \textit{de facto} completion of training. In the case it is impossible to verify the data provided by SEFP/DRFP about specific individual beneficiaries, IGF will declare them ineligible and request SEFP/DRFP to submit additional beneficiaries who will be submitted to the same verification. The IGF will produce a verification report summarizing the findings of the verification process. |
Once the above verification steps are completed, the IGF will send to the World Bank: the list of beneficiaries having completed the training provided by SEFP/DRFP; the verification report.

<table>
<thead>
<tr>
<th></th>
<th>Number of provinces and/or prefecture covered by at least one BDS provider selected, hired and implementing the delivery of the entrepreneurship support program in the project area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>BDS providers could include existing private firms or NGOs active in the entrepreneurship space. BDS providers will have to go through a selection process that will be run based on a set of specifications, formulated in terms of reference to be included in the PIM, in line with the program objectives, taking into account best international practices, as well as lessons learned from programs conducted in Morocco. To be considered as active in a province, a BDS provider should have at least supported 10 beneficiaries of pre or post creation services within the project. A province will be considered as covered once it has selected and contracted at least one BDS provider, active in its territory. DLR #2.1: 4 provinces and/or prefectures are covered by at least one BDS provider selected, hired and implementing the delivery of the entrepreneurship support program in the project area (US$4 million) DLR #2.2: Cumulative 8 provinces and/or prefectures are covered by at least one BDS provider selected, hired and implementing the delivery of the entrepreneurship support program in the project area (US$4 million)</td>
</tr>
<tr>
<td>Data source/ Agency</td>
<td>DAS Marrakech</td>
</tr>
<tr>
<td>Verification Entity</td>
<td>IGAT</td>
</tr>
</tbody>
</table>

IGAT will undertake the following activities: verification of DLR 2.1, 2.2:
The verification will be conducted by IGAT through the information collected from the DAS of Marrakech and site visits to BDS providers premises.

The DAS of Marrakech will consolidate, in a report, the data collected from the DAS and CPDH of the various provinces/prefecture of Marrakech-Safi, subject to the DLR, in order to allow IGAT to check: (i) the list of BDS providers selected, (ii) their selection process in accordance with the specifications defined in the PIM, and (iii) their activity in the provinces covered.

This report should therefore include:
- A list of BDS providers selected by province and their qualifications,
- The minutes of the providers selection committee meeting,
- The number of beneficiaries supported by each provider under the project
- The signed agreements between CPDH and providers to provide support under the entrepreneurship program.
A reporting template will be included in the PIM. The DAS of Marrakech will send the consolidated report to IGAT that will ensure that the documents provided by the DAS of Marrakech are sufficient to conduct the verification, request any additional complementary information, and carry out site visits to at least one provider per province covered to confirm the data.

In the case it is impossible to verify the data provided by the DAS of Marrakech for one of the covered provinces that are subject to a DLR, the IGAT will declare it as not covered and will request the DAS of Marrakech to submit a new list.

IGAT will produce a verification report based on the verification process. After the verification mission, IGAT will send to the World Bank the list of provinces covered by selected BDS providers, contracted and active, provided by the DAS of Marrakech with the verification report.

### Description

The beneficiaries of the project include youth aged from 18 to 34, having benefited from at least one of the activities proposed by the entrepreneurship support program (information, pre-creation and/or post-creation). Established new businesses are enterprises that were created by the project beneficiaries, no more than 12 months prior integrating the post-creation program and benefiting from the technical and financial support offered during 12 to 24 months. “Enterprise” refers to a formal economic activity with one of the various legal status (auto-entrepreneur, sarl, snc, etc.), with the exception of cooperatives and associations. Enterprises approved to receive a matching grant means that the beneficiaries creating these businesses have signed an agreement with CPDH to benefit from a financial support, contribute to the overall investment and participate to business capacity development program for a period of 12 to 24 months. The project area refers to the provinces and prefecture of the administrative region of Marrakech-Safi.

#### DLR #3.1: 150 new businesses legally established and approved to receive a matching grant in the project area, 20% of which by women. (US$1.2 million)

#### DLR #3.2: Cumulative 450 new businesses legally established and approved to receive a matching grant in the project area, 20% of which by women (US$2.4 million)

#### DLR #3.3: Cumulative 900 new businesses legally established and approved to receive a matching grant in the project area, 20% of which by women (US$3.6 million)

#### DLR #3.4: Cumulative 1,500 new businesses legally established and approved to receive a matching grant in the project area, 20% of which by women (US$4.8 million)

### Data source/ Agency

DAS Marrakech

### Verification Entity

IGAT

### Procedure

IGAT will undertake the following activities: verification of DLRs 3.1, 3.2, 3.3 and 3.4
The verification will be conducted by IGAT through the information collected from the DAS of Marrakech and field visits by the IGAT. The DAS of Marrakech will collect from the 8 CPDH / DAS the list of the beneficiaries who created a business as part of their participation in the program and who were selected to benefit from the technical and financial support in the post-creation phase and signed an agreement with the CPDH to receive a matching grant. The DAS of Marrakech will prepare a report including:

- The list of enterprises created by the beneficiaries as well as all the documents certifying this creation as issued by the authorities (attestation of the status of self-entrepreneur, proof of creation of an enterprise issued by the CRI.)
- The documents to be produced will be specified in the PIM
- Evidence of the effective participation in the program of the beneficiaries, attested by the BDS providers, as well as the content of the support provided to the beneficiaries
- The updated contacts of the beneficiaries (address, telephone)
- Signed agreements between CPDH and Beneficiaries to receive the matching grant

The DAS of Marrakech will send the consolidated report to IGAT that will ensure that the documents provided by the DAS of Marrakech are sufficient to conduct the verification, request any additional complementary information, and will contact directly a representative sample of beneficiaries to confirm the data.

After the verification mission, IGAT will send the World Bank a verified list of new businesses legally established by project beneficiaries and approved to receive a matching grant under the post-creation phase of the regional entrepreneurship support program provided by the DAS of Marrakech, accompanied by the verification report.

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of MSMEs/cooperatives benefiting from the regional value chain support program</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>DLR No. 4.1: 100 MSMEs/Cooperatives benefiting from the regional value chain support program, of which 20% are managed by women (US$1.25 million) DLR No. 4.2: 200 MSMEs/Cooperatives benefiting from the regional value chain support program, of which 20% are managed by women (US$1.25 million) DLR No. 4.3: 300 MSMEs/Cooperatives benefiting from the regional value chain support program, of which 20% are managed by women (US$1.25 million) DLR No. 4.4: 400 MSMEs/Cooperatives benefiting from the regional value chain support program, of which 20% are managed by women</td>
</tr>
</tbody>
</table>

The beneficiaries of this activity are businesses of any legal status (sarl, snc, cooperative ..) existing at the date of the start of the project and have been active for at least two years in the value chain targeted by the support program. The project area refers to the provinces and prefecture of the administrative region of Marrakech-Safi. DLR No. 4.1: 100 MSMEs/Cooperatives benefiting from the regional value chain support program, of which 20% are managed by women (US$1.25 million) DLR No. 4.2: 200 MSMEs/Cooperatives benefiting from the regional value chain support program, of which 20% are managed by women (US$1.25 million) DLR No. 4.3: 300 MSMEs/Cooperatives benefiting from the regional value chain support program, of which 20% are managed by women (US$1.25 million) DLR No. 4.4: 400 MSMEs/Cooperatives benefiting from the regional value chain support program, of which 20% are managed by women.
Data source/ Agency  | DAS Marrakech  
Verification Entity  | IGAT  

**Procedure**

IGAT will undertake the following activities: DLR 4.1, 4.2, 4.3, 4.4

The verification will be conducted by IGAT through the information collected from the DAS of Marrakech and field visits by the IGAT.

The DAS Marrakech will prepare a report including:

- The list of enterprises and cooperatives benefiting from the value chain development support program, including their contact information.
- The description the support activities delivered to structure (capacity building, financial support...);
- Supporting documentation of the support provided, according to its nature (certificate of participation to training, justification of the award of financial support, etc.)
- Beneficiary agreements between beneficiaries and the CPDH

A reporting model will be included in the PIM

The DAS of Marrakech will send the consolidated report to IGAT that will ensure that the documents provided by the DAS of Marrakech are sufficient to conduct the verification, request any additional complementary information, and will contact directly a representative sample of beneficiaries to confirm the data.

After the verification mission, IGAT will send the World Bank a list of new companies established by the project beneficiaries in the Marrakech-Safi region provided by the DAS, accompanied by the verification report.
ANNEX 1: DETAILED PROJECT DESCRIPTION

COUNTRY: Morocco
Supporting the Economic Inclusion of Youth Project

Project Description

Innovative aspects of Project design:

1. Integration of supply- and demand-side activities. The integration of both supply-side and demand-side activities (to ensure not just development of relevant skills, but also greater availability of economic opportunities) is a central aspect of the project’s theory of change and represents an innovation with regards to traditional programs. Synergies between the activities of different components of the project will be sought to ensure integration between the different activities of the program and maximize their impact on the targeted population. For example, recommendations formulated in the value-chain specific action plans under component 2 will inform training and orientation services offered under component 1. Likewise, youth attending orientation centers can benefit from the support mechanisms implemented in sub-component 2.1, 2.2 and 2.3.

2. Focus on learning to fill a knowledge gap. The proposed activities build on a granular analysis of the characteristics of the target populations, labor market and economic characteristics and the existing offer of services in the various provinces and Prefecture in the MS region. In particular, the proposed Youth Employment Centers (EEJ) expands on the concept proposed by ANAPEC as well as on-going approaches supported by OCP Skills, GIZ, OFPPT/USAID Career Center in Morocco. Implementation of the project will use a rigorous Monitoring and Information System (MIS) and will use iterative impact evaluations and periodic multi-stakeholder learning exchanges, to course correct and generate learning regarding what approaches to skills development work best.

3. Working with private sector service providers at the local level. For implementation of sub-component 1.1, ANAPEC will enter into service contracts with one or several service providers through competitive bidding. Associations working to promote in the economic inclusion of youth will be called on to submit proposals for the provision of an integrated service approach. The service provider, an association or consortium of associations selected, would be active at the regional and provincial level and would provide the services required through secondary contract agreements with service providers. The contract agreements for EEJ service providers will be results based and subject to annual reviews. Details on the terms of reference and selection criteria for the operator, as well as reporting obligations to the project’s provincial committees and technical oversight of activities by ANAPEC, will be available in

53 The GIZ “Career Orientation Services” program, in partnership with ANAPEC, supports career guidance spaces (6 centers established so far) with a focus on rural population. Results to date show that after one year of operation, 2,000 beneficiaries have benefited from services offered, 35 percent are young women, and 47 percent of the young people improved their employment status. In parallel, the OFPPT/USAID Career Centers initiative, which began in 2015, have benefitted 100,000 young people at the centers located in three universities and three vocational training centers.
the PIM. For sub-component 2.1, in accordance with best practices, CRI will delegate the management of the whole network to an independent service provider, private or associative, to be selected through a tendering process. This contractor would manage the entire network of Centers and would be contracted based on terms of reference with results-oriented remuneration arrangements. The contracting process will be handled by Regional Center of Investment (CRI) of Marrakech-Safi Region, which is the implementation agency for this activity. Arrangements will be put in place to help the network manager gradually develop direct sources of revenue to ensure the sustainability of the model.

4. Coordination with national, regional and provincial authorities. The proposed activities under component 1 will work closely with other intermediation services provided by ANAPEC and public employment and skills development programs, as well as complementing ongoing education reforms that focus on developing youth skills for the workplace. The implementation of this component will also require a significant engagement by regional and provincial authorities as they are expected to play an important role in coordinating interventions by various public programs, including the Espaces Emploi Jeunes, and the activities and results to be supported by the project will be included in the provincial annual action plans validated by the Provincial and Regional Committees and the Bank. Similarly, component 2 will work closely with the CRI and is fully aligned with its mandate, and component 3 seeks to build institutional capacity to coordinate, learn from and monitor employment programs at national, regional and provincial levels.

5. Financing modalities. The project will provide financing for eligible expenditures under component 1.1, 1.2 (qualification training and retraining and advisory services and technical assistance), 2.1 and 3. Additionally, sub-components 1.2 (apprenticeship training), 2.2 and 2.3 will use Disbursement Linked Indicators (DLIs) under Eligible Expenditure Programs (EPPs) to further encourage the sustainability of the project objectives.

Component 1: Promoting youth employability and economic inclusion (US$21.13 million equivalent, of which US$12.40 million equivalent will be disbursed through DLIs, of a total government funding of US$67.50 million equivalent)

6. The objective of this component is to provide individual support to sub-groups of youth to improve their access to economic opportunities through two sub-components: (i) the set-up of Youth Employment Centers (Espaces Emploi Jeunes, EEJ)- an information, orientation and referral system for young people, allowing them to improve their employability by orienting them toward labor market intermediation services and other programs offering economic opportunities, and (ii) skills development support that focuses on the needs of the labor market at the provincial and regional level, primarily to promote the employability low skilled youth, including specific segments of the youth population such as rural women, with a strong emphasis on job placement and economic inclusion.

54 Given the nature of the activities outlined above and the need for close coordination with services provided under other public and private programs, EEJs will have a reporting line to the project’s provincial committees, which will be chaired by the Governor and will include representatives of Provincial elected councils, ANAPEC, OFPPT, and other public programs, civil society and private sector. ANAPEC will oversee the technical quality of services and adequate linkages between EEJs and intermediation services provided by ANAPEC.

55 International experience shows that such centers work best when they are managed by private sector organizations with strong connections to beneficiaries and familiar with the local context.
Sub-component 1.1.: Youth Employment Centers (Espaces Emploi Jeunes, EEJ) (US$6.01 million equivalent)

7. Activities. This sub-component will finance: (a) the establishment of the EEJ in the 8 provinces and Prefecture of the region and contribution to their operating costs (the project will include expenditures related to the rehabilitation of the facilities, with Provincial and Regional authorities expected to make available the physical infrastructure and to also contribute to the operating costs); (b) recruitment and training of counsellors in charge of the profiling of young beneficiaries; and (c) performance-based contracts with private service providers to deliver the services provided by the EEJ. EEJs will include the following services\(^56\): (i) outreach and information about program activities in the targeted areas, (ii) information-sharing on existing programs within the territory and their criteria and conditions, (iii) youth profiling and skills assessment, and the development of differentiated pathways towards greater employability, (iv) training to strengthen soft and life skills, if necessary, (v) information and individual orientation on available career paths (manual of available professions), in line with labor market demand, including emerging economic opportunities in adaptive and clean smart technologies, and (vi) orientation towards intermediation services and follow-up support services towards an economic integration and entrepreneurship programs. The service providers that will be responsible for the set-up and management of EEJs will adopt gender specific strategies and approaches that will enable them to achieve the gender specific targets under this sub-component.

8. Sequencing of activities. The initial implementation phase will focus on outreach to the young people in the area of intervention (including those who have dropped out from earlier programs based on information collected from training and education institutions) through awareness and information sessions, in partnership with local stakeholders (neighborhood associations, EN, INDH, the Mohamed V Foundation for Solidarity, Youth Centers, etc.). This will be followed by provincial mapping and analysis of services being provided locally supporting employability and youth economic inclusion and the identification of existing gaps (this is intended to widen the service options available to young beneficiaries at the local, provincial as well as regional level, and hopefully boost demand for under subscribed programs such as INDH). A second step will be the profiling of young people and career guidance counselling, whereby a career guidance counselor will interview beneficiaries to collect information and establish a profile for each young beneficiary, in synergy with ANAPEC information system; this profiling process will allow to identify the skills, aspirations and capabilities of the young person, concrete barriers she faces and employability needs, and to confirm eligibility to benefit from opportunities offered by the project or other available interventions. Finally, different career pathways will be developed for the various segments of the target population according to their specific needs, with a specific focus on the cultural, social and economic barriers women face.

9. Mobile units. To meet the needs of young people in rural areas, particularly young women who face significant mobility constraints and are disproportionately disadvantaged in terms of access to

\(^{56}\) Other services will be offered or referred to young people by EEJs, including: (i) soft skills training; (ii) functional literacy (literacy, numeracy and vocational integration) in partnerships with associations or the National Education system; (iii) knowledge of the work environment with the organization of field visits (plants, associations, etc.); (iv) referral to safety net programs; (v) social integration through sports and cultural activities provided by the Ministry of Youth and Sports, the Ministry of Culture, and local associations; (vi) entrepreneurship boot camps (Component 2) and job search workshops; (vii) workshops for the development of a professional and/or personal project; (viii) individual and group coaching; (ix) support for youth mobility; and (x) childcare arrangements during training.
orientation services and training, the sub-component will finance two mobile training units capitalizing on the ANAPEC-OFPPT pilot experience. The mobile units will be under the responsibility of ANAPEC. The goal will be to reach out to rural populations that have difficulty accessing public employment programs and other services. The mobile units will be deployed in provinces (Chichaoua, Houz, Youssoufia) with significant rural populations, particularly young women. Trainers, including female ones, will visit beneficiaries bringing tools and training materials and delivering training sessions in "bus workshops".

10. **Beneficiary outreach and engagement.** A proximity approach will be adopted to ensure the provision of these services throughout the region with an acute focus on the specific access constraints of the rural population and, in particular, of rural young women. In order to reach out to the target youth population, the EEJ will be a service established at the local level, and it will aim to serve a diverse population of young people. The following strategies will be used in engaging local youth:

   **Social media approaches** will be an integral element of the outreach, profiling and mobilization strategy by EEJ; the project’s new technologies expert will constantly update and recommend new tools and approaches to connect youth to economic opportunities, skills development tools, profiling mechanisms and continuous engagement with EEJ beneficiaries while exploring approaches and platforms that are best suited to interface with young women.

   **Citizen engagement and gender strategies** will be implemented to elicit participation and voice, to promote examples of positive practices and roles models, to encourage engagement and participation at the local level (within the objectives and scope of the project) with special attention paid to elicit the participation of female beneficiaries. Additionally, an effective GRM will promote transparency and responsiveness by local and regional authorities and have a demonstration effect on how to secure youth engagement to improve the quality of service delivery.

   **Individual Action Plans and beneficiary commitment.** For a subset of beneficiaries, individual action plans will be defined and formalized with commitments from EEJs about availability of services, conditions to remain in the program and responsibilities by the beneficiary. This plan will describe the offer in terms of services that the young beneficiary will receive, and will also describe in detail the commitment made by the young person, as reflected in the signed contract: for instance, the young person will have to attend scheduled appointments, training sessions s/he has agreed to join, respect the terms of the apprenticeship training, including assiduity, etc. These rules are to be based on the youth's specific profile and are therefore to be realistic and achievable. The main objective of the contractual approach is to secure the commitment of youth and his or her family to the process and reduce the potential for drop-out. The number of completed individual action plans and evaluation of individual outcomes will be an important tool to assess the pertinence of the approach.

11. **Beneficiaries Eligibility.** Transparency and clarity about services and access criteria will be crucial. It will allow for the effective targeting and outreach to beneficiaries in the areas of intervention. Special attention will be given to identifying geographical areas within provinces and urban areas with high density of potential beneficiaries on the basis of available administrative data. The criteria will be the following:

   i) Population aged between 18 and 34;
ii) Unskilled unemployed youth; young unemployed skilled / non-graduates; young people in the informal sector; long-term unemployed youth; young women employed in the informal sector; and young, inactive women;

iii) Residents in the project area.

Sub-component 1.2.: Supporting Skills development and job placement (US$15.12 million equivalent, of which US$12.40 million equivalent will be disbursed through DLIs, of a total government funding of US$67.50 million equivalent)

12. **Activities.** To promote the employability of the beneficiary youth population in the MS region, this sub-component will support: (i) the provision of skills development training (technical and soft skills) through apprenticeship and qualification training/retraining\(^{57}\); and (ii) advisory services and technical assistance to enable the achievement of policy changes and practices pertaining to skills development and economic insertion of direct beneficiaries. Advisory services will focus on: i) the design of frameworks and tools (databases) for the monitoring and evaluation of skills development activities, and their outcomes at the individual level; ii) the design of tools to analyze labor market skills demand; iii) the mainstreaming of these mechanisms and tools for the benefit of the central and regional actors involved in the implementation of the skills development activities; iv) supporting service providers of skills development training to accompany and promote the effective insertion and inclusion of direct beneficiaries. All advisory services will take into consideration the specific needs of young women and will recommend the necessary measures to promote gender specific outcomes. This sub-component is expected to benefit 19,000 youth over five years, of which approximately 40 percent are young women.

13. **Profiling and skills matching.** This sub-component aims to improve labor market outcomes by better aligning the profiles of the beneficiaries and the needs of the local economy in terms of quality skills development training. The youth segments that are targeted share common characteristics such as low level of qualification and autonomy, psychological, economic and social barriers to enter the labor market, disappointment with job experience, etc. However, these characteristics play out differently across individuals. On the basis of individual profiles, including skills assessments undertaken at the individual level, the skills development training supported under this sub-component will seek to: (i) improve the skills and employability of young people; (ii) ensure and facilitate the process of their professional insertion; and (iii) meet the needs of economic operators for skilled labor. The project will seek to match beneficiaries with adequate skills development opportunities that are the most suited to their capacities, including apprenticeship and qualification training as well as life and soft skills training (including issues related to personal development, work etiquette, communication and behavior) while basic language skills will be taught in case needed.

14. **Delivery models.** The focus on two skills training modalities – apprenticeship and qualification training and retraining – is justified by the fact that they are the most appropriate to serve key regional sectors and value chains (agricultural, crafts and tourism) and that they are the most adapted to inactive,

\(^{57}\) The focus on these two modalities is justified by the fact that they are the most appropriate to serve key regional sectors and value chains and are the most adapted to benefit inactive, low skills, underemployed or unemployed young people, particularly young women. While apprenticeship has the highest insertion rate in Morocco (79 percent) and the highest number of enrolled women in the MS region (48 percent) among all training modalities, the support needed to improve the quality of training and follow up support to the youth for job placement and access to economic opportunities is significantly underdeveloped.
low skills or underemployed or unemployed young people, particularly young women. However, their offering should be further reinforced (in Morocco and in the MS region). This sub-component will improve their quality and relevance and will boost their availability and widen the number of beneficiaries. The overall skills development approach will include a clear and precise attribution of responsibilities across actors and stakeholders, and a system of evaluation of individual outcomes beyond that used by SEFP, including the monitoring of insertion pathways, job placement, and participation in the labor market.

**Training modality 1: Apprenticeship training**

- **Existing system:** Youth for whom this method of training is most appropriate are: unemployed with low skills, non-graduates, unemployed, low skills in the informal sector and inactive women living in peri-urban and rural areas. Apprenticeship training is regulated by Law 12-00, according to which training takes place alternately in an apprenticeship training center-CFA (20 percent of the training period) and in the workplace (80 percent). The apprentice is supported by both the CFA trainers and the apprenticeship master in the workplace and the skills acquired by the apprentice must be validated by training monitors. Since its launch, this training method has proved to be relevant in the MS region.

- **Project approach:** Sub-component 1.2 expects to increase the number of beneficiaries who complete this training mode to 15,800 beneficiaries for the MS region. To optimize the existing system and to broaden the base of beneficiaries of this training method, the sub-component will:
  (i) map existing centers and ensure their proximity to both targeted youth and workplaces where beneficiaries can learn a trade,
  (ii) involve professional associations, private sector and cooperatives in the definition of training modules and to motivate their willingness to take on new apprentices,
  (iii) improve the formulation of training programs for more efficiency and to guarantee the quality of the training received by the apprentice,
  (iv) strengthen the human resources capacities of CFAs and the "apprenticeship masters"/tutors to assess and facilitate skills development,
  (v) ensure effective coordination between the stakeholders involved in the process, and
  (vi) improve the validation and skills accreditation mechanisms at the end of the process.

**Training modality 2: Qualification and retraining modality**

- **Existing system:** This skills development modality is aimed at improving the skills and competences of young people who already have acquired some skills in a specific trade and enable them to acquire new skills in another trade in higher demand in the labor market. This modality has experienced sustained growth in recent years with a supply of national educational seats of nearly 124,000 beneficiaries (2015-16), or 29 percent of the total skills development beneficiaries. However, it has so far only benefited unemployed graduates (mainly university graduates) and vocational training graduates who wish to improve or change their professional status, and priority has been given to skills that are the most in demand in industry sectors (Industrial Acceleration Plan), tourism, Information Communications and Technology, offshoring and construction.

- **Project approach:** The objective of this sub-component is to extend this skills modality training to 3,200 beneficiaries targeted by the project and provide them with short-term training (3 to 9 months).
months) supplemented by internships in the private sector (2 months) that allow for the acquisition of the skills that respond to the needs of the local economic (MSME, GIE and cooperatives) and associations while exploring emerging professions in adaptive industries and new climate smart technologies. The categories of young people targeted in the MS region are: the qualified unemployed, not graduated, graduated, workers in low value-added jobs (non-contractual, seasonal, etc.) and in the informal sector, long-term unemployed and the inactive with a previous vocational training certificate.

15. **Identification of value chains with high employment potential in the region:** Studies on the labor market in the MS region and its economic characteristics and potential have identified a number of professions and skills that do not require a high level of education and qualification but demand a minimum level of skills to improve the quality of products/services, increase productivity and thus the returns for those who practice them. In total, some 112 trades have been identified as in demand in the MS region (construction 12, commerce 11, industry 10, services 79), selected on the basis of five criteria: demand for labor with those skills, demand for skills development, limited training for the demanded skills, job positions in demand in the labor market and availability of start-up capital. These trades, with others to be identified in the industry (especially agribusiness) and manufacturing (component 2 of the project), may be the subject of short training programs (from two weeks to three months), according to a skills-based approach (basic or complementary), which can be offered by various training operators (OFPPT, public skills training centers, private service providers, mobile units, etc.) already present in the territory. In addition, the current and future impacts of climate change on economic activities and livelihoods and the skills demanded by new industries (e.g. renewable energies) and business opportunities arising from climate change will inform the qualification and retraining activities financed under this sub-component.

**Box 1.1. Skills and trades in demand in the MS region**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>ANAPEC identified skills</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commerce and services</strong></td>
<td>Call center - school teacher - salesman - administrative management employee - nurse - cashier - sales manager - butcher - fishmonger - driver, housekeeper, cleaning agent (Health) - cleaning and maintenance agent</td>
</tr>
<tr>
<td><strong>Hospitality and restauration</strong></td>
<td>Floor employee - waiter - receptionist - assistant cook – line cook - hall attendant - Diver - Laundry Employee - Catering Worker - SPA Agent - Aquaparc Supervisor - Swimming Pool (Maintenance Officer) - Golf Caddy - kids club host</td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td>Seasonal farm worker - Installer of irrigation systems - Arborist; landscaping worker - Driver of agricultural machinery</td>
</tr>
<tr>
<td><strong>Social services</strong></td>
<td>Caretaker for elderly people - Assistance to the handicapped - Caregiver for abandoned or precarious children - Local development employee - Literacy and non-formal education worker - School bus drivers</td>
</tr>
<tr>
<td><strong>Semi-specialized skills</strong></td>
<td>59 Study for the formulation of training programs, Phase 1: commerce, construction and services. SEFP, 2017.</td>
</tr>
</tbody>
</table>
16. **Sequencing of activities.** The implementation of the activities of this sub-component of the project will adopt a progressive approach to ensure its quality and relevance which will be supported by technical assistance. The implementation approach of the training activities will i) define the objectives, the profiles of young people and training providers at the provincial and local level; ii) identify labor market needs and new skills in demand in the private sector, cooperative and civil society structures; iii) develop a map of skills development providers and placement opportunities offered by apprenticeship master, private sector; iv) project skills development activities twice a year and issue call for proposals; v) establish a monitoring and support plan for effective economic integration of beneficiaries

**Box 1.2. Steps for implementation of sub-component 1.2**

- **Step 1 (2 months):** Diagnosis of the local economy and training needs of the private sector and associative fabric at the provincial and regional level on the basis of existing diagnoses and in consultation with the private sector, with the support of the PMU or the Executing Agency.
- **Step 2 (2 months):** Formulation of sensitization and outreach strategy to the targeted youth and economic operators, which will be based on well formulated communication campaigns, at the local level and concrete actions to mobilize private sector and other facilities that can provide on-the-job training opportunities. This task will be carried out by the EEJ, supported by other public institutions.
- **Step 3 (2 months):** Screening of youth candidates on the basis of the assessment of their skills and profiles in order to identify their training needs, their expectations and their degree of motivation and to make the connection with the needs of jobs of the intervention area. Screening of young people will be done through the profiling and orientation offered by the EEJ. This operation will be conducted in consultation with ANAPEC and its guidance counselors and with the participation of the ministerial departments concerned by the skills development.
- **Stage 4 (3 to 4 months):** Selection of beneficiaries to be enrolled in the various training programs according to their profiles and needs and validated by the provider of the on-the-job training or master apprenticeship. It will include the finalization of training modules, planning and programming of training sessions, training of trainers. These tasks can be performed by the public training operators (OFPPT, training departments) or private operators, in consultation with ANAPEC and the other institutional actors.
- **Step 5 (3 to 6 months):** Delivery of skills development training, either by public institutions (OFPPT, training departments) or private operators on the basis of a call for tender under clear specifications and quantitative and qualitative results indicators. Training delivery sites must be accessible to beneficiaries and close to work locations/training sites (workshops, companies, construction sites, cooperative premises, farms or other). For life and soft skills, the EEJ and other facilities will be mobilized in coordination with training providers. All training provided under this sub-component will be subject to individualized monitoring and evaluation of skills acquisition prior and post intervention.
- **Step 6 (6 to 18 months):** Post-training support for effective job placement and professional integration of beneficiaries is a key element of the implementation of this sub-component. It aims to set up an individual support and monitoring system to ensure the positive impact of the skills development training on the employment situation of young beneficiaries. This system will involve both the training operators, the professionals and the executing agency. SEFP/DRFP and the project’s MIS will collect and analyze the information related to individual outcomes.

17. **Beneficiary Eligibility.** Based on the results of the situation analysis of young people in the MS region, six categories of young people (aged 15-34 for apprenticeship training; and age 18-34 for
qualification and retraining) are targeted to benefit from skills development opportunities. A total of 19,000 youth, of which approximately 40 percent are young women, are expected to directly benefit from sub-component activities, including unskilled unemployed, unemployed skilled / non-graduates, young people in the informal, low value-added jobs, long-term unemployed and inactive men, women employed in the informal sector, and inactive youth.

18. **DLIs.** The table below summarizes the DLIs and DLRs for this sub-component and their associated milestones and target achievement dates. The DLIs are aligned with the sub-component’s specific objectives, including: improving the technical skills of beneficiaries and their personal and professional capacities; increasing the number of beneficiaries that complete the apprenticeship training, with a special focus on young women; and meeting labor market demand for skills training through an effective, efficient and relevant skills development approach.

**Table 1.1. DLIs and DLRs for Sub-component 1.2**

| DLI No. 1: Number of youth beneficiaries having completed apprenticeship training in the project area (US$12.40 million, cumulative) |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| CY 2019         | CY 2020         | CY 2021         | CY 2022         | CY2023          |
| DLR 1.1: 2,700 youth have completed apprenticeship training in the project area, of which 45% are women | DLR 1.2: Cumulative 5,600 youth have completed apprenticeship training in the project area, of which 45% are women | DLR 1.3: Cumulative 8,800 youth have completed apprenticeship training in the project area, of which 45% are women | DLR 1.4: Cumulative 12,300 youth have completed apprenticeship training in the project area, of which 45% are women | DLR 1.5: Cumulative 15,800 youth have completed apprenticeship training in the project area, of which 45% are women |
| US$2.13 million | US$2.13 million | US$2.13 million | US$3.00 million | US$3.00 million |

Note: The full description of each DLI and its verification protocol is provided at the end of this component description.

**Verification Protocol and Disbursement**

19. The SEFP/DRFP will have the overall technical responsibility for the achievement of results (see DLI and DLR) promoted under this sub-component pertaining to apprenticeship training, whereas for qualification and retraining opportunities, ANAPEC will retain the fiduciary responsibility for entering into service contracts with service providers based on an annual plan through competitive bidding (under the technical oversight of the SEFP/DRFP and the close collaboration of the PMU and agencies involved in component 2).

20. Verification of progress towards achieving the DLIs and DLRs will be conducted through audit reports produced by a credible independent evaluation agency. These reports need to be satisfactory to the World Bank to ensure disbursements. In the context of this project, this role will be given to the IGF.

21. The World Bank will be responsible for assuring that the verification of the achievement of each DLR was conducted satisfactorily according to the compliance protocol. As such, verification/audit reports...
will need to be satisfactory to the World Bank who can request (as needed) additional information and clarification before authorizing related disbursements. The World Bank and the IGF teams will elaborate the Terms of Reference of the evaluation report in close coordination and in accordance to the verification protocols.

22. Disbursements of some activities under sub-components 1.2 will be triggered by the achievement of the results. Upon completion of a DLR, the Government will prepare evidence that the result has been achieved in line with the verification protocol, which needs to be satisfactory to the World Bank. The Government then submits a withdrawal application for the amount associated with that DLR and provides evidence in recent Interim Financial Reports (IFRs) that it has spent funds equal to or greater than those claimed in the EEP. The withdrawal applications can cover one or several DLRs, in any order, at any time, as long as sufficient eligible expenditures have been incurred. Disbursement requests will be presented to the World Bank by the MEF through the electronic disbursement system and using the World Bank disbursement form signed by an authorized Government representative. A copy of the official World Bank communication confirming the achievement of the DLR must be attached to all disbursement requests (detailed verification protocols by DLR are presented in the table below). Disbursement based on the achievement of DLIs can only be requested when pre-defined targets are met, irrespective of the year of achievement.

Component 2: Fostering the entrepreneurial ecosystem and supporting entrepreneurship opportunities for youth (US$31.71 million equivalent, of which US$25.00 million equivalent will be disbursed through DLIs, of a total government funding of US$25.00 million equivalent)

23. This component aims to foster the regional entrepreneurial ecosystem, increase entrepreneurship support for youth, particularly those targeted under component 1, and, unlock job creation in selected high potential value chains in the region of Marrakech-Safi. It includes three sub-components, setting up: (i) a physical network of Regional/Provincial Entrepreneurship and Economic Development Centers (REEDC/PEEDC), aiming to support entrepreneurship and economic development at the regional level by offering a range of services to young entrepreneurs and MSMEs and enhancing the coordination between the entrepreneurship support ecosystem actors; (ii) a regional entrepreneurship program to support new firm creation among youth, offering financial and capacity support for aspiring entrepreneurs and newly created businesses; and (iii) a program to support the development of value chains with high potential for job creation in the region, providing capacity building and support to existing SMEs and cooperatives operating in these value chains.

Sub-component 2.1: Regional Network of Entrepreneurship and economic development centers (US$6.71 million equivalent)

24. Activities. The objective is to develop a go-to place for aspiring entrepreneurs, young and established MSMEs which will help to overcome various identified constraints (such as limited access to information and lack of coordination between ecosystem players), and would also serve as: (i) a platform

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60 “Entrepreneurial ecosystem” can be defined as an interwoven set of characteristics, external to the firm, that create an environment conducive to firm creation and growth. The entrepreneurship ecosystem necessary for cultivating entrepreneurs comprises conducive policy, markets, capital, human skills, culture, and support mechanisms coming together to provide an enabling environment. Growth Entrepreneurship in Developing Countries A Preliminary Literature Review.
to coordinate the action of different public and private stakeholders operating in the entrepreneurial ecosystem, (ii) a point of entry for access to entrepreneurship services and information, and (iii) a center of expertise to support the development of local value chains and economic activities with growth and job creation potential in the region, including climate-smart and adaptative technologies. This sub-component will finance: (a) the light rehabilitation of existing centers; (b) provision of services by these centers, which will include awareness-raising, orientation, coaching, training in management, access to co-working space, access to information on markets and business opportunities, and will be adjusted based on actual demand and needs.

25. **Beneficiary eligibility and target population.** The target population are entrepreneurs with projects at different levels of maturity (from ideas to formal business creation), as well as newly created businesses under a variety of legal structures including self-employed skilled entrepreneurs (auto-entrepreneurs) and MSMEs with average to high growth potential, informal businesses in the structuring process, family owned established MSMEs, and cooperatives.

26. **Delivery models.** Drawing on international experience in the development of business/entrepreneurship centers, the entrepreneurship and local economic development centers would propose a set of services, packaged in 3 categories, reaching an average of 15,000 young aspiring entrepreneurs:

(a) **Information, orientation and support for young entrepreneurs and MSMEs:**

- **Information** on all existing public, private and associative programs delivered by a wide range of players (INDH, ADS, Maroc PME, CRI, commercial banks, micro-credit, Central Guaranties Fund, NGOs). Interested public, private and civil society partners would have the possibility to have a representative in the center, in direct contact with the beneficiaries, in agreement with the Center’s management.

- **Orientation** to services and existing programs (Business Development Services, financing products), following a preliminary assessment of the needs of the beneficiary.

- **Administrative support,** with assistance in the choice of the legal status and the realization of the administrative procedures related to the creation of the company as well as other administrative procedures related to business operations.

- **Technical support:** short courses related to entrepreneurship and overall business management tools (business management, accounting, business development, sales techniques, marketing and legal aspects).

(b) **High potential local value chains development support:**

- **Value chain analysis:** In-depth diagnostic, allowing the development of detailed value chain specific action plans to alleviate the constraints hampering the development of these value chains, strengthen the capacities of the existing companies, and inform on the entrepreneurship opportunities in these sectors. Value chain analysis will also identify possible needs in terms of
availability of skilled workforce, which would inform the design of training programs in component 1.2. Eight value-chains will be analyzed in the activity’s timeframe.  

(c) Ecosystem and network management:

- **Ecosystem activities:** The centers will host representatives of main players of the entrepreneurship ecosystem (public and private organizations and programs, NGOs), and will support improved coordination and access to information for entrepreneurs.
- **Access to a work and training space:** The centers will be designed as collaborative work spaces, with access to basic services (internet access, printers, etc.). Facilitators can ensure coaching of project holders in the formulation of the business plan and a study of market. The network and all its members and partners will be able to use the centers facilities for events and information networking for the benefit of the beneficiaries.

27. **Sequencing of activities.** To ensure proximity for the beneficiaries, as well as cost efficiency, the network will be deployed at two territorial levels with different models (the first center will be set up in the city of Marrakech with a gradual expansion of the network at the provincial and local levels):

i) At the level of the city of Marrakech, the headquarters of the “regional network” will be housed in an existing building, rented or made available, and equipped as needed; it will include sufficient space to host the above described services and will also serve as the directorate of the entire regional network (charged with the operational management of the whole network and the main transversal functions);

ii) At the provincial level, the entrepreneurship and local economic development center may be housed in a physical place identified in consultation with the authorities and partners.

28. **Implementation arrangements.** The activities under this sub-component will be implemented under the responsibility of the Regional Center of Investment (CRI) of Marrakech-Safi Region, in close collaboration with the relevant public and private local stakeholders, and under the coordination of the CCR, in line with the decentralization framework. The activities proposed under this component are aligned with the new prerogatives of the CRI at the regional level, particularly in terms of investment promotion, support to MSMEs and local economic development. The reform of the CRIs, aimed at expanding their mission and transforming them into parastatal bodies is now underway with the promulgation of Law 47-18 in February 2019. Given their ongoing reform, technical assistance will be provided to the CRI to support the first phase of project implementation. The network’s operational management will be delegated to an independent service provider to be selected through a tendering process, with specific ToRs and a results-based remuneration.

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61 Based on preliminary analysis, the Program would support 8 value-chains. Several high-potential local value chains, in terms of job creation and reduction of territorial disparities, fall outside the national sectoral strategies launched to boost the Moroccan economy, and deserve to be further structured and supported. The selection of the value chains will take into consideration the following criteria: (i) the existence of sector specific expertise and know-how (ii) the existence of a growth potential based on a demand of the domestic and / or international market, (iii) the contribution to job creation for youth, specifically the categories targeted in this project, (iv) the value chains that cover different areas in the region, including rural provinces. The pre-selected sectors include handicrafts, tourism, and agribusiness, that are already significantly developed in territories such as the city of Marrakech, and show high job creation ratios, especially among young people with average qualifications.
29. The project will support the set-up of a legal or an institutional entity, by the CRI, to oversee the network that will be comprised by the members of the entrepreneurship ecosystem at regional level. The entrepreneurship ecosystem would include a variety of stakeholders, including public agencies, relevant ministerial departments (agriculture, tourism, handicrafts, etc.), NGOs, universities, business chambers, private sector confederations, banks, private incubators, and large corporations. The legal or institutional entity grouping those local stakeholders will be created to ensure their effective commitment and close monitoring of the implementation of the activities under this sub-component and ensure the centers operate in coordination with key public and private stakeholders at regional level.

Sub-component 2.2: Strengthening the support to entrepreneurship development (US$20.00 million equivalent to be disbursed through DLIs, of a total government funding of US$25 million equivalent)

30. Activities. This sub-component will finance the activities covering the various stages of an ‘entrepreneurship funnel’ with the objective of promoting youth entrepreneurship in the region, including aspiring young female entrepreneurs, through the provision of capacities and financial support, at pre-creation and post-creation stages:

**Figure 1.1. Entrepreneurship funnel**

<table>
<thead>
<tr>
<th>Pre-creation support</th>
<th>Operational implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information / awareness-raising</td>
<td>Unemployed /inactive youth</td>
</tr>
<tr>
<td>25,000</td>
<td>NETWORK OF SELECTED BDS PROVIDERS (Private providers and NGOs)</td>
</tr>
<tr>
<td>5,000</td>
<td>NETWORK OF SELECTED BDS PROVIDERS (Private providers and NGOs)</td>
</tr>
<tr>
<td>1,500</td>
<td>NETWORK OF SELECTED BDS PROVIDERS (Private providers and NGOs)</td>
</tr>
<tr>
<td>Young entrepreneurs wishing to develop a business</td>
<td>Young entrepreneurs with a viable project intending to create a formal business</td>
</tr>
<tr>
<td>1,500</td>
<td>Young entrepreneurs that created their businesses and benefited from post-creation support</td>
</tr>
<tr>
<td>Post creation support</td>
<td>Improved business creation rate</td>
</tr>
<tr>
<td>Financial support (matching grants)</td>
<td>936</td>
</tr>
<tr>
<td>Business development services (12-24 months)</td>
<td>Improved survival rate</td>
</tr>
<tr>
<td>1,500</td>
<td>Young entrepreneurs managing viable businesses (operating for more than 12 months)</td>
</tr>
</tbody>
</table>

31. Sequencing of activities. Box 2 below summarizes the stages in the implementation of this activity, with full details on each of these stages to be provided in the PIM. By supporting the development of 1,500 enterprises created through the project, this component seeks to increase by 25 percent the number of firms created by youth (18-34) in Marrakech-Safi in yearly average. As part of the M&E protocol, the survival rate of firms will be closely monitored during their first 2 years of operations.
**Box 3.2: Stages for Implementation of Subcomponents 2.2**

**Stage 1: Raising awareness (25,000 beneficiaries):** The purpose of this activity is to inform and raise awareness among youth on the opportunities offered by entrepreneurship as a source of revenue and job creation, with a specific focus on youth benefiting from trainings under component 1.2.

**Stage 2: The provision of assistance in the pre-creation phase (5,000 beneficiaries, 20% conversion rate).** This activity will mainly consist of supporting the aspiring eligible entrepreneurs recruited through stage 1 in the preparation of their business project, including conducting a preliminary market study, taking into consideration emerging sectors and climate-smart technologies and opportunities, drafting a business plan and delivering short trainings sessions on business management.

**Stage 3: The provision of business development services and financial support in the post-creation phase (1,500 beneficiaries, 30% conversion rate).** This activity consists of providing capacities and financial support to newly created and young businesses in order to improve their chances of success and increase formal businesses survival rate. Support will be provided through business development services (BDS) and financial support:

i) **Business development services.** After the beneficiaries create their businesses, this activity will consist of supporting the entrepreneurs for a period of 12 to 24 months, through individual coaching and group training sessions adapted to their needs, including those of female beneficiaries, and agreed upon between the Program and the beneficiary.

ii) **Financial support.** The program will support young entrepreneurs through the provision of small grants (non-refundable matching grants). The maximum amount per matching grant is US$10,000, and the contribution of the firm should cover at least 40% of the investment plan. This financial support may cover a diversity of capital and operating expenditures, including initial working capital and initial down payment for access to commercial financing. Eligible expenditures will be further detailed in the PIM.

32. **Delivery of pre and post-creation services will require the structuring of a network of business development services (BDS) providers in the eight provinces of Marrakech-Safi.** A selection and certification process of the interested service providers will be run, based on a set of specifications, taking into account best international practices, as well as lessons learned from programs conducted in Morocco, in particular the Moukawalati Program, and lessons learned more recently through the Innovinvest Program in Morocco. Eligible service providers may be of various types (individuals, consulting firms, trustees, accountants, associations promoting entrepreneurship etc.), located and operating in the different territories of the region, with a good level of expertise in the priority areas of intervention (accounting, tax reporting, management techniques, financial management, marketing, market access, etc.), and the ability to reach beneficiaries throughout the regional territory. Once fully operational, the network of Regional/Provincial Entrepreneurship and Economic Development Centers (REEDC/PEEDC) would potentially be part of the network of selected BDS, should they have met agreed certification criteria. Selected BDS providers may intervene on one or more stages of the entrepreneurship support value chain (pre-creation and / or post-creation) depending on the level of expertise and skills they show, as well as their implementation capacity on the ground. Further details on access to BDS services62, capacity building offered to BDS service providers63, operational modalities for the selection of BDS providers (including certification process, beneficiaries’ eligibility, the expenses eligible to financial support, etc.), and institutional arrangements64 are provided in the PIM.

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62 This will be enhanced through the setup of a digital platform which would also serve as a real-time monitoring tool.

63 BDS service providers will also benefit from capacity building programs, that will consist, at least, of the delivery of short training sessions and dissemination of core material that will be used to support entrepreneurs.

64 Distribution of financial support products (matching grants) would be done through a partnership with financial institutions and/or the postal network of Poste Maroc.
33. **Target population.** The activities implemented under this sub-component will target entrepreneurs and enterprises with different levels of maturity, ranging from idea to early stage, whose financing and technical assistance needs are poorly covered by existing MSME support mechanisms. The targeted population is typically individuals aged between 18 and 34, with a former experience in the formal or informal sector and/or an expertise or sector specific technical skills. The project will support formal recently created or to be created businesses, considered as viable, which may take various legal forms (self-employed, limited liability, etc.) and may operate in a wide range of sectors that contribute to job creation and value-addition. The program excludes support for “subsistence projects”, with a strict objective of self-employment within 3 to 5 years.

34. **Beneficiary selection.** Potential beneficiaries of both business development services and financial support will have to follow an application process and will be selected based on a set of criteria, including their motivation, their ability and commitment to receive the capacities support, and the quality of their project proposal. Reach out activities will be assured through partnerships with public, associative and private players who are in close contact with the target population. An information and communication system aiming to inform on the project activities and to collect and process the applications will be set up, enabling a systematic, day-to-day monitoring and evaluation of the capacities and financial support mechanisms implementation. Beneficiaries can join either at pre-creation or post-creation level, depending on the maturity of their project. Access to post-creation business development services and financial support is conditioned by:

- For new projects, the success of the pre-creation support confirmed by the selected BDS provider as well as the formal creation of a business, with any legal status.
- For established businesses with less than 12 months of existence, formal proof of existence and project description documents
- For any beneficiary, access to matching grant is conditioned by the commitment to enroll in business development post creation support process.

35. **Institutional arrangement.** The implementation and supervision of this sub-component will be placed under the responsibility of the INDH, given the focus of the new INDH3 strategy on the economic inclusion of youth through entrepreneurship. Anchoring the project at INDH will also ensure the sustainability of the interventions carried out after the end of the project and will facilitate the duplication and extension of the support mechanisms developed to other regions. The project will thus support the relevant services of the Ministry of the Interior (National Coordination of INDH, Social Action Division and others) in the deployment of this new phase of the INDH which marks a significant shift the strategic orientations of INDH, moving from support to livelihood projects to sustainable economic and human development through support to viable entrepreneurship projects with the ambition to go beyond the goal of self-employment. Technical assistance will be provided under the project to help the executing agency develop the details of the approach, its operational launch as well as its monitoring.

36. **DLIs.** The project will finance the activities implemented under this sub-component through disbursement on results. This option is favored by INDH in view of its experience with the Bank’s Program for Results financing instrument.
Table 1.2. DLIs and DLRs for Sub-component 2.2

<table>
<thead>
<tr>
<th>Table 1.2. DLIs and DLRs for Sub-component 2.2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DLI No. 2:</strong> Number of provinces and/or prefectures covered at least by business development service provider selected, hired and implementing the delivery of the entrepreneurship support program in the project area (US$8.00 million; cumulative)</td>
</tr>
<tr>
<td><strong>CY 2019</strong></td>
</tr>
<tr>
<td>DLR 2.1: 4 provinces and/or prefectures covered at least by one business development service provider selected, hired and implementing the delivery of the entrepreneurship support program in the project area</td>
</tr>
<tr>
<td><strong>US$4.00 millions</strong></td>
</tr>
</tbody>
</table>

Table 1.3. DLIs and DLRs for Sub-component 2.2

<table>
<thead>
<tr>
<th>Table 1.3. DLIs and DLRs for Sub-component 2.2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DLI No. 3:</strong> Number of new businesses legally established and approved to receive a matching grant in the project area (US$12.00 million; cumulative)</td>
</tr>
<tr>
<td><strong>CY 2019</strong></td>
</tr>
<tr>
<td>DLR 3.1: 150 new businesses legally established and approved to receive a matching grant in the project area, 20% of which are established by women</td>
</tr>
<tr>
<td><strong>US$1.20 million</strong></td>
</tr>
</tbody>
</table>

Note: The full description of each DLI and its verification protocol is provided in Annex 2.

*CY denotes Calendar Year. All dates are indicative as all DLRs can be achieved any time during project implementation.

**Sub-component 2.3: Support Program for Regional Value Chains with High Employment Potential (US$5.00 million equivalent to be disbursed through DLIs, of a total government funding of US$25.00 million equivalent)**

37. In addition to supporting entrepreneurship aimed directly at the young population, the project will also support existing MSMEs and cooperatives in selected value chains with greater potential for growth and job creation. The objective of this activity is to boost the capacity of the existing economic fabric to create job opportunities for youth in particular. The beneficiaries of this activity are enterprises...
of any legal status (microenterprises, cooperatives, SMEs), active in value chains with high potential (identified in 2.1).

38. Support for the development of selected value chains will include technical and financial assistance to MSMEs and cooperatives, adapted to identified needs. The value chains development support will screen investments against climate risks, and recommend adaptive and mitigating measures, while orienting MSMEs and cooperatives towards high-growth and climate-smart technologies. This support can include the following 3 types of interventions:

i) **Capacity building support for MSMEs and cooperatives**, which may include: (i) capacity building and technical support in a number of areas (e.g. improvement of quality and products and production processes, certification processes and the facilitation of market access), (ii) the structuring and organization of operators across the value chain (e.g. the implementation of integration and clustering programs, e-commerce platforms, etc.),

ii) **Financial assistance** to the MSMEs and beneficiary cooperatives, intended for light investments in technical upgrading or equipment within the structure,

iii) **Structural value-chain investments**, which may include joint investment between businesses, including new infrastructure and equipment. These investments may be financed under the project if they are considered as common goods necessary for the structuring and development of the value chain.

39. These interventions will be integrated in value-chain specific action plans collaboratively developed with public and private stakeholders. The sub-component will also support communication on investment and entrepreneurship opportunities in these sectors among aspiring entrepreneurs.

40. **Eligibility.** Each action plan supporting a given value chain, covers a number of beneficiaries, to be defined depending on the characteristics of the value chain, with an estimated average of 50 beneficiaries per value chain, selected on a competitive basis and a commitment to participation in the overall program, with a focus on supporting the social economy, particularly relevant in rural areas, as well as in enterprises managed by women. The criteria for eligibility and adherence to the program will be detailed in the PIM.

41. **Implementation.** The support of the MSMEs and cooperatives will be dispensed through direct interventions as well as through group modules aimed at improving entrepreneurial and commercial skills. The training and group exchange approach of the same sector, which has been proven in the Nucleus program supported by GIZ, will be favored to encourage the sharing of experience between firms of the same value chain as well as the research of common solutions to possible barriers to development. The project will reach a total of 400 beneficiaries. The support will be provided by public and private service providers duly selected on the basis of their know-how and their presence in the target territories and deployed over a period of 12 to 24 months.

42. **Institutional arrangements.** The implementation and supervision of this sub-component will be placed under the responsibility of INDH, in line with their positioning on the local value chains and social economy support as well as their territorial presence. In accordance with the guidelines of INDH3, this sub-component will also be implemented through partnerships and contractual agreements with eligible

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65 A definition of common good will be provided in the PIM.
private or associative providers. Technical assistance will be provided under the project to help the executing agency develop the details of the approach, its operational launch as well as its monitoring.

43. DLI. The project will finance the activities implemented under this sub-component through a disbursement linked indicator:

**Table 1.4. DLls and DLRs for Sub-component 2.3**

<table>
<thead>
<tr>
<th>DLI No. 4: Number of MSMEs/Cooperatives benefiting from the regional value chain support program in the project area (US$5.00 million; cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CY 2019</strong></td>
</tr>
<tr>
<td>DLR 4.1: 100 MSMEs/Cooperatives benefiting from the regional value chain support program in the project area, of which 20% are managed by women</td>
</tr>
</tbody>
</table>

**Verification Protocol and Disbursement**

44. Disbursements of some activities under sub-components 2.2 and 2.3 will be triggered by the achievement of the results. Upon completion of a DLR, the Government will prepare evidence that the result has been achieved in line with the verification protocol, which need to be satisfactory to the World Bank. The Government then submits a withdrawal application for the amount associated with that DLR and provides evidence in recent Interim Financial Reports (IFRs) that it has spent funds equal to or greater than those claimed in the EEP. The withdrawal applications can cover one or several DLRs, in any order, at any time, as long as sufficient eligible expenditures have been incurred. Disbursement requests will be presented to the World Bank by the MEF through the electronic disbursement system and using the World Bank disbursement form signed by an authorized Government representative. A copy of the official World Bank communication confirming the achievement of the DLR must be attached to all disbursement requests (detailed verification protocols by DLR are presented in the table below). Disbursement based on the achievement of DLls can only be requested when pre-defined targets are met, irrespective of the year of achievement.

**Component 3: Institutional Capacity Building and Program Implementation Support (US$2.03 million equivalent)**

45. Objective. This component aims to: (i) strengthen the capacity of actors (national, regional, provincial) to manage and oversee the execution of project activities and achieve the gender specific targets under each component; (ii) strengthen the region’s capacity and programs pertaining to youth inclusion, particularly of young women, skills training and territorial development; and (iii) put in place the mechanisms and regional policies to collect information on the regional labor market. The activities of this component will also contribute to the development of tools and capacities that will facilitate the
extension/duplication of the project to other regions in the future, and will support central institutions — MTIP, ANAPEC, SEFP, CRI, INDH — develop and expand pilot approaches that can directly benefit economic opportunities of the target population.

46. **Activities.** This component will finance: (i) (additional) capacity for the successful implementation, monitoring and evaluation of components 1 and 2, in particular the coordination of the project (at central and regional level), the preparation of procedure manuals, technical documents, studies and bidding documents, provincial competency plans, project annual work plan and budget (PTBA), regional and provincial committees meetings, etc., as well as the management of the GRM, and the compliance with the ESMF; (ii) Provision of services to build the necessary (additional) capacity and operational costs associated with the implementation of activities by the executing agencies.; (iii) a robust M&E system, including the real time evaluation of key activities and indicators, including the costs of experts and the formulation and maintenance of databases and potential partnerships with data collection institutions and agencies, impact assessments, etc.; (iv) the set-up of feedback mechanisms for interaction with beneficiaries, disruptive technologies strategy, awareness costs and communication on the activities of the project; and (v) the development of a regional labor market observation mechanism.

47. **Partnerships.** This component will leverage corporate partnerships that can help reach its objectives, particularly pertaining to the digital and disruptive technologies space, such as the WB-LinkedIn partnership. Through a new partnership between LinkedIn and the World Bank Group, more than 560 million LinkedIn members’ real time profile data worldwide are aggregated and made available to this project for benchmarking Morocco’s performance vs 100+ other countries. In the case of Marrakech, using LinkedIn Big Data can help support the activity of the ORMT, by helping to identify latest industry employment trends, skills need and migration patterns and skills investment needs. The data would allow to identify emerging (digital) industries in Marrakech-Safi, and soft skills need to support these industries.

48. **Implementation arrangements.** The MTIP will have the fiduciary responsibility for this component in close collaboration and technical support of the executing agencies. The proposed activities will be contracted by the MTIP and executed by public and private service providers. This component will leverage corporate partnerships, particularly pertaining to the digital and disruptive technologies space, such as the WB-LinkedIn partnership.

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66 Through a new partnership between LinkedIn and the World Bank Group, more than 560 million LinkedIn members’ real time profile data worldwide are aggregated and made available to this project for benchmarking Morocco’s performance vs 100+ other countries. In the case of Marrakech, using LinkedIn Big Data can help support the activity of the ORMT, by helping to identify latest industry employment trends, skills need and migration patterns and skills investment needs. The data would allow to identify emerging (digital) industries in Marrakech-Safi, and soft skills need to support these industries.
ANNEX 2: IMPLEMENTATION ARRANGEMENTS

COUNTRY: Morocco
Supporting the Economic Inclusion of Youth Project

Project Institutional and Implementation Arrangements

Institutional arrangements

49. At the national level, the Ministerial Committee for Employment (Comité Ministériel pour l’Emploi\(^{67}\), CME) chaired by the Head of the Government will assume overall strategic oversight for the project. It will be supported by a National Coordination Committee (Comité de Coordination National, CCN) which will provide overall policy oversight, ensure the coherence and alignment of project activities with national policies as well as high level support to project activities. The CCN will review and validate the project’s annual work plans and budget (PTBA) and ensure coordination across ministries and public agencies involved in project activities and between central government and regional authorities. The CCN will include representatives from the Ministry of Economy and Finance (MEF), the Ministry of Interior (MI), the Ministry of Labor and Professional Insertion (MTIP), the Ministry of General Affairs and Governance (MAGG), and the State Secretariat for Professional Training (SEFP). The CCN will meet at least once a year. The Ministry of Labor and Professional Insertion (MTIP) will serve as the secretariat of the CME. The MTIP will ensure the overall coordination of the project and will house the Program Management Unit (PMU).

50. At the regional level, a Regional Coordination Committee (Comité de Coordination Regional, CCR) has been set up in the Marrakech-Safi Region and is dedicated to project activities benefitting directly that region. The CCR is chaired by the Wali (representative of the central government) of the MS region. The CCR includes representatives from the Regional Council, the CRI, Regional Delegations of key ministries, including MTIP, MI/INDH, SEFP, ANAPEC as well as representatives from the private sector and civil society. The CCR will promote coordination of activities at the regional level, ensure the strategic coherence and alignment of project activities with regional development priorities, sectoral interventions and activities supported by national programs and taking place in the MS region. The CCR will also advise on project’s annual priorities and results as per annual work plans and budget and reports which will be prepared by the PMU.

51. The regional PMU will have overall responsibility for the set-up of the Grievances Redress Mechanism (GRM). It will consolidate information pertaining to the treatment of all grievances on the basis of the existing mechanisms within the executing agencies. The PMU will make sure that unresolved grievances be reported to the appropriate mechanism such as the National Ombudsman (Institution du Médiateur du Royaume, IMR). The CCR will organize focus group sessions with a representative sample of the project beneficiaries, twice a year, to provide feedback and make recommendations on services being provided under the project and on any other issue under consideration by the CCR. The PIM describes CCR’s procedures and responsibilities, the PMU’s obligations vis-à-vis the CCN, and the GRM procedures.

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\(^{67}\) The committee was set up under the national decree 2-15-569 to oversee government’s policies related to employment.
52. At the provincial level, Provincial Coordination Committees (CCP) will be set up in each of the seven provinces and in the Marrakech Prefecture. The CCP will review annual work plans and progress achieved in their specific territories, will have the responsibility to coordinate project activities and ensure strong alignment between project activities, sectoral interventions and key contributing programs as implemented by key national agencies such as OFPPT, ADS, EN, and NGOs.

**Implementation arrangements**

*Figure 2.1. Overall project institutional arrangements*

53. The MTIP is the project’s implementing agency. A Project Management Unit (PMU) will be set under the responsibility of the MTIP. The PMU has teams at both the central and regional levels. It will be responsible for: (i) ensuring the execution and monitoring of project activities, (ii) preparing and supporting the approval process of the annual work programs and budgets, (iii) elaborating progress reports, (iv) coordinating and facilitating the intervention of the ministries and agencies involved in the execution of the project, and (v) providing the CME with all relevant and necessary information to ensure its strategic oversight of the project. The PMU will have the responsibility for preparing the overall project financial reports. It will also ensure activities are executed in accordance with the Project Implementation Manual (PIM).

54. At the regional level, the PMU will have the responsibility for: (i) supporting and effectively enabling the roles and responsibilities of the CCR, CCP, (ii) ensuring effective coordination between the project implementing agencies in the preparation of annual work plans and budgets and in the deployment, monitoring and evaluation of the project activities, (iii) ensuring that the activities are executed in accordance with the objectives of the project and the procedures established in the PIM, (iv)
setting up the project’s overall Monitoring and Evaluation system and strategy to ensure adequate communication on the project objectives, activities and results, (v) setting up the GRM and ensuring that grievances are addressed and reported, and (vi) promoting the adoption of new technologies and innovative approaches to achieve project objectives.

55. The PMU includes teams at both central and regional level. At the central level, the team consists of a project manager, as well as an administrative and financial officer, both MTIP existing staff. At the regional level, the PMU, set under the authority of the Wali, consists of a project coordinator designated by the Wali to oversee the overall implementation of all components, and sub-component focal points/managers in each implementing agency (ANAPEC, DRFP, CRI, DAS). The PMU will be supported by a Project Management Office (PMO) that will support the MTIP and the other implementing agencies in the deployment of the project activities. Technical assistance will also be provided to the various executing agencies to ensure the deployment of quality services, meeting the needs of beneficiaries and the international standards. A detailed organizational chart and a description of the roles and responsibilities of the PMU, at central and regional level, as well as the profiles to be included in the contract with the PMO are included in the PIM.

56. Regarding the implementation responsibilities for each component, ANAPEC, with the direct involvement of its regional delegation, will execute sub-component 1.1, finance the qualification trainings under sub-component 1.2, oversee the contracting of the Espaces Emploi Jeunes, and provide oversight and control of service providers. The Secretariat of State for Professional Training (SEFP), with the direct support of its regional delegation (DRFP), will be responsible for apprenticeship activities under sub-component 1.2 and capacity building to improve the professional training mechanisms. The CRI of the Marrakech-Safi Region will execute sub-component 2.1, and the Ministry of Interior through INDH will execute sub-components 2.2 and 2.3. Activities under Component 3 will be under the direct responsibility of the MTIP. Conventions will be signed between the MTIP as the implementing agency and the relevant partners involved in the project.

Financial Management

57. Country public financial management analysis. The 2016 Public Expenditure and Financial Accountability assessment (PEFA) concluded that the legal framework for public financial management offers an adequate level of assurance regarding reliability of information, predictability and control in budget planning and execution and a strong control environment. However, Morocco’s Public Financial Management (PFM) system needs to be reinforced in the planning and execution of investment projects to improve the quality of public services. In addition, the publication of the budget execution report in a disaggregated manner remains another area for improvement despite the on-going efforts. The “Supporting New Governance Framework” Project and the Improving Infrastructure Service Delivery and Public Private Partnerships in Morocco Project, both financed by the MENA Transition Fund, are two World Bank complementary interventions aiming to address the PFM issues at national level. The first project strengthens capacity in procurement and financial management in the context of the implementation of the new PFM Organic Law, which introduces program budgeting approach. The second project will focus on the establishment of a revised public investment management system and the improvement of the efficiency of state-owned enterprises in the infrastructure sector including mobilizing the private sector investment for infrastructure. As such, the MTIP, as well as ANAPEC, SEFP, INDH, and
CRI, will benefit from the technical assistance activities deployed and/or to be implemented under the two above-mentioned projects. The project will make wide use of the Moroccan public financial management country systems particularly, the procedures for budget preparation, execution, internal control and monitoring; the use of the national integrated expenditures system GID; the use of the treasury single account system; and ex-post review controls such audits performed by government independent entities.

58. **Organizational arrangements and staffing at the central level**

a- (MTIP). At the time of the assessment, the General Affairs, Budget and Human Resources Department (*Direction des Ressources Humaines, du Budget et des Affaires Générales*, DRHBAG) had one fiduciary unit. However, the additional fiduciary responsibilities resulting from the project will increase the existing staff workload. It is envisaged to appoint one financial management (FM) officer within the budgeted staffing agreed with MEF (MTIP).

b- (MI-INDH). The National Coordination of the INDH has a fiduciary unit of qualified staff. The National Coordination unit, *Coordination Nationale*, has developed capacity to oversee implementation effectively throughout the implementation of INDH 1 and INDH 2. Both programs were supported by Bank financing and technical assistance in enhancing fiduciary oversight. The staff is currently adequate in numbers.

c- (SEFP). The Administrative Affairs and Human Resources Department (*Direction des Affaires Administratives et Ressources Humaines*, DAARH) has two units of accounting and procurement and programming and budgeting with adequate staffing. However, it has many responsibilities and there is need to reinforce its existing capacities to be fully dedicated to this project. Activities would be procured by the SEFP, and the provision of additional capacities (external support) related to financial management is important and will strengthen the team supporting project implementation. The DAARH will monitor and supervise the work of the FM officer to ensure ownership of the project by the SEFP. The DAARH will oversee the preparation of financial reporting of procured activities, using GID for expenditure management and monitoring.

**Organizational arrangement and staffing at the decentralized level**

59. The regional PMU is located in the Wilaya of Marrakech-Safi offices and aligned with the fiduciary arrangements detailed in the PIM. The MTIP has decentralized offices and has acknowledged to the Bank the insufficient capacity of its offices. The Regional Agency of ANAPEC was evaluated and its fiduciary capacity was deemed acceptable with reinforcement of its fiduciary human resources capacity. The Regional ANAPEC will ensure the monitoring and implementation of project activities at the decentralized level, for component 1. The Social Action Division (DAS) and the Provincial Council of Human Development (CPDH) and the (CRI) will be responsible for implementation of component 2. CPH, ANAPEC and CRI

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68 The Moroccan system is based on the principle, typical of francophone PFM systems, of segregating the responsibilities and separating the roles between the payment authorizer and public accountant.
69 Implementation of the INDH Program is the responsibility of governance structures at the local, provincial, and regional levels. At each level, the committee comprises elected representatives of local government, staff from public agencies, and
will be responsible for contracting with SPs. It will be supported by a regional coordination committee chaired by the Wali which validates annual action plans, including financing and monitoring and evaluation of activities. The MI has delegated to the Wilaya of Marrakech the overall coordination at the regional level of project activities.

60. The table below summarizes the FM risks identified during assessment, and the measures proposed to address them.

**Table 2.1. Inherent Risk (IR), Control Risk (CR) and Mitigating Measures (MM) incorporated into project design**

<table>
<thead>
<tr>
<th>Risk type</th>
<th>Risk Rating</th>
<th>Inherent Risk (IR), Control Risk (CR) and Mitigating Measures (MM) incorporated into Project design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent risk</td>
<td>S</td>
<td>IR – The Public Expenditure and Financial Accountability diagnostic (PEFA 2016) concluded that the legal and administrative framework for public financial management in Morocco is sound and offers a solid level of assurance regarding the reliability of information. Overall, the budgetary process is reliable and there is a strong control environment. However, Morocco’s PFM system suffers from two interrelated weaknesses: the shortcoming in the selection of investments projects which affects the programming and planning processes and the mixed impact of those investments on the quality of the public services. In addition, the publication of the budget execution report in a disaggregated manner remains another area of improvement despite the ongoing efforts. MM – The Supporting New Governance Framework Project and the Improving Infrastructure Service Delivery and PPPs in Morocco Project, both financed by the MENA Transition Fund, are two complementary interventions aiming to address the PFM issues at national level.</td>
</tr>
<tr>
<td>Country level</td>
<td>M</td>
<td>IR - MTPI, through DRHBAG, handles the implementation of a number of investment projects financed by other donors, such as EU and French Agency for Development (Agence Française de Development - AFD). However, DRHBAG has no track record with the World Bank. Also, the additional work resulting from the project may affect the work load of the DRHBAG’s existing staff. In addition, at the decentralized level the MTPI has acknowledged the Bank of weak existent capacity through its delegations. MM – A dedicated project Management Unit (PMU), hosted in the DRHBAG will be created. This PMU would have technical and fiduciary capacity. Additionally, the regional PMU, to be created, would be also adequately staffed to perform technical and financial management duties.</td>
</tr>
<tr>
<td>Entity</td>
<td>M</td>
<td>IR – Project design entails the participation of several implementing institutions at both the national and regional levels. There is a risk of coordination issues between the national and regional levels, as it is expected there will be a large volume of contracts and payment transactions. In addition, the implementation of activities (such as (i) non-refundable matching grant, soft loan, assistance in pre-creation/post creation phase) to thousand beneficiaries may imply fiduciary risks in (i) the identification of the beneficiaries based on transparent criteria, and (ii) the funds flow (timely transfer of the funds from the PMU to the beneficiaries, proper management and accountability of the funds).</td>
</tr>
<tr>
<td>Project</td>
<td>M</td>
<td>IR – The Public Expenditure and Financial Accountability diagnostic (PEFA 2016) concluded that the legal and administrative framework for public financial management in Morocco is sound and offers a solid level of assurance regarding the reliability of information. Overall, the budgetary process is reliable and there is a strong control environment. However, Morocco’s PFM system suffers from two interrelated weaknesses: the shortcoming in the selection of investments projects which affects the programming and planning processes and the mixed impact of those investments on the quality of the public services. In addition, the publication of the budget execution report in a disaggregated manner remains another area of improvement despite the ongoing efforts. MM – The Supporting New Governance Framework Project and the Improving Infrastructure Service Delivery and PPPs in Morocco Project, both financed by the MENA Transition Fund, are two complementary interventions aiming to address the PFM issues at national level.</td>
</tr>
</tbody>
</table>

representatives of civil society. The Comité Provincial de Développement Humain (CPDH) is chaired by the governor at provincial level, responsible for no-objection on the local plans and overseeing their execution. For INDH2, the Government set up regional coordination units to promote intersectoral convergence in line with the countrywide regionalization agenda. Technical support is provided by provincial-level support teams (Division de l’Action Sociale, DAS) tasked with rolling out of the program in each province and accompanying local level actors. The DAS act as the secretariat of the CPDH and are responsible for (a) support to the local level participatory process and the local facilitation teams; (b) screening of the participatory local plans submitted by the Local Councils for Human Development (CLDH) (including environmental and social screening); (c) oversight of activity implementation; and (d) M&E, reporting, and communications.

The **inherent FM risk** is that which arises from the environment in which the project is situated. The **FM control risk** is the risk that the project’s FM system is inadequate to ensure that project funds are used economically and efficiently and for the intended purpose. The **overall FM risk** is the combination of the inherent and control risks as mitigated by the client control frameworks. The **residual FM risk** is the overall FM risk as mitigated by the Bank supervision effort.

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70 The inherent FM risk is that which arises from the environment in which the project is situated. The FM control risk is the risk that the project’s FM system is inadequate to ensure that project funds are used economically and efficiently and for the intended purpose. The overall FM risk is the combination of the inherent and control risks as mitigated by the client control frameworks. The residual FM risk is the overall FM risk as mitigated by the Bank supervision effort.
<table>
<thead>
<tr>
<th>Control risk</th>
<th>MM –</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>i) A strong FM team, including FM staff at MTIP will be put into place. This team will monitor the release of funds, their use, and the reporting of expenditures.</td>
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<tr>
<td></td>
<td>ii) A Project Implementation Manual (PIM) will clearly define financial management responsibilities and reporting requirements including the project’s eligibility criteria (enforcement of this manual will be ensured by the members of the provincial, regional, and national committees),</td>
</tr>
<tr>
<td></td>
<td>iii) Subsidiary agreements between the MTIP, and implementing entities at regional levels, including financial management arrangements.</td>
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<thead>
<tr>
<th>Control risk</th>
<th>S</th>
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</thead>
<tbody>
<tr>
<td>MTIP</td>
<td>IR – Insufficient capacity at the decentralized level as confirmed by the MTIP which may affect the monitoring of the project commitments and budget execution including timely identification of budget overruns, There is an additional risk associated with the potential delay in the integration of the project’s budget in the 2019 finance law. Lastly the reliance on the existing special funds will pose the risk in the predictability of the budget release that may affect the project budget procedures.</td>
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</table>

<table>
<thead>
<tr>
<th>Control risk</th>
<th>S</th>
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</thead>
<tbody>
<tr>
<td>Budgeting</td>
<td>IR – The following mitigating measures have been envisaged to help minimize budgeting risks:</td>
</tr>
<tr>
<td></td>
<td>i) There will be specific budget lines for the project at the MTIP budget;</td>
</tr>
<tr>
<td></td>
<td>ii) The PMU will be responsible for overall budget oversight and monitoring with support from its regional antenna;</td>
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<tr>
<td></td>
<td>iii) The MTIP information system will allow timely extraction and the recording of information at both the national and decentralized level;</td>
</tr>
<tr>
<td></td>
<td>iv) A new budget line will be created in the special funds.</td>
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<tr>
<td></td>
<td>v) The MTIP will be careful to include timely the Project’s budget in the 2019 draft Finance law (in the MTIP and/or the special funds budgets)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Control risk</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>IR – The project will use the GID system to gather, record, and summarize the project’s financial transactions. However, as GID is an expenditure transactional system that do not allow for the proper recording of project financial transactions, and thus for the generation of project financial reports. Therefore, the accounting information for the project at both the MTIP and entity levels, will have to be kept on Excel spreadsheets. This could pose a major control risk in the integrity of data. In addition, it affects the financial reporting process.</td>
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<thead>
<tr>
<th>Control risk</th>
<th>S</th>
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</thead>
<tbody>
<tr>
<td>Internal Control / Internal audit</td>
<td>IR – The project will rely on the Moroccan internal control system for budget execution. This system relies on the principle of the strict separation of duties, as there are different layers of approvals at each stage of the spending process. This process is governed by the Public Accounting decree. However, some residual internal controls issues remain which led MTIP envisage the recruitment of audit firm to (i) deepen the analysis of the financial functions, (ii) operationalize an internal control action plan</td>
</tr>
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<table>
<thead>
<tr>
<th>Control risk</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flow of Funds</td>
<td>IR – Fund flow arrangements for the project will imply two tracks. First, the funds to be disbursed for all eligible activities except the matching grant which do not pose any major risk. As per the Supreme Audit Institution 2017 report, the management existing fund suffers from the weak predictability in the budget release.</td>
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<table>
<thead>
<tr>
<th>Control risk</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing Reporting</td>
<td>IR - Project financial reporting arrangements are complex: they require coordination efforts at both the national and regional levels to produce and transmit consolidated project financial statements to project management as well as to the World Bank for timely decision making.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Control risk</th>
<th>S</th>
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<tbody>
<tr>
<td></td>
<td>MM - To mitigate this risk, the following actions will be put into place:</td>
</tr>
</tbody>
</table>
In an acceptable cash approval.

As per the Supreme Audit Institution 2017 report, the special funds. Supporting the economic inclusion of youth project

The World Bank

Accounting

ANAPEC

Auditing

Flow of Funds

Internal Control / Internal audit

Flow of Funds

i) The PIM will clearly define financial management reporting responsibilities, specifying which reports must be prepared, by whom, and their due dates and required content.

ii) Simplified and customized financial statements will be developed and agreed for the line involved entities.

IR – There is a risk of overdue audit reports due to difficulty to consolidate financial statements because of the existence of several entities involved the project.

MM - To mitigate this risk:

i) The PMU, with support from the participating entities, will ensure that there is a timely fiscal year-end accounting closure, and a timely preparation of the project’s final financial statements.

ii) Detailed terms of reference (TORs) will be prepared by the PMU and shared with the external auditor. Deadlines for the submission of the audit report will be clearly stated in the TORs.

Reliance will be place on the external auditor arrangements of each entities deemed adequate (see assessment of each entity)

IR - The preparation of the budget is compliant with the ANAPEC agency objectives and procedures for the considered exercise. This is but not limited to taking into account updated pluri-annual planning, the submission by the different departments of their budget to fulfill their units’ needs. The Director of ANAPEC is responsible of submission to the Board the consolidated budget of all departments before June 30 of each year. The board submits the budget to the MTIP and to the Directorate of Budget (MOF) for approval. Examination of budgeting proposals within the MOF is made within the sectoral structures of the Directorate of Budget of the MOF (Sectoral Structures and synthesis - Budget
directorate).

IR - The Regional ANAPEC in Marrakech has a yearly functioning budget of 0.8 Million $EU. Investment budget is not yet decentralized and its implementation is made at central level. All commitments are made at decentralized level but payments at central level. It’s only recently that regional ANAPEC has been delegated to prepare payments processing.

MM – No mitigation measures needed at this stage at central level

MM – Ensure sufficient and timely budgeting of program activities within Regional ANAPEC.

IR- The accounting system for the ANAPEC at central and regional levels is based on accounting regulations applicable to public institutions (Royal Decree no. n° 330-66, April 21, 1967) BO. n° 2840, April 26, 1967, p. 452) ; relating to the maintenance of public accounting in accordance with General Code of accounting Standards.

At the central level, an acceptable cash-based accounting system with the outline of budget components is operational according to the regulations described in the public accounting law. The transactions in terms of commitments and disbursements are reflected in the well-functioning Integrated Financial Management Information System (IFMIS), SAGE1000 for the general accounting related to the financial statements and VICTIS for budgetary execution, commitments and payments. This system will allow tracking commitments and expenditures. At the regional level, the monitoring of commitments is made in a local software and excel sheets are used for petty cash monitoring. Periodic reporting is made to the central level.

MM – No mitigation measures needed at this stage.

IR - At the central level, there is a manual of procedures for accounting and financial organization. In addition, there is an internal audit department which ensures the application of the existing procedures. However, the existing accounting and financial reporting system allow the extraction of the financial reporting. At the regional level, a specific manual of procedures detailing commitments, reporting to central, and procurement procedures is available and used.

MM- The following mitigating measures have been envisaged to help minimize risks of omissions and errors:

- The internal control procedures will be included in the specific manual at the local level

- The FM specialist will extract the information on the project from local software at the regional level and SAGE at central level, will document the additions of information needed to complete the required reporting and will explain the detail of validation process up until submission of the financial reporting to the World Bank. The Financial report must be validated by the PMU Director before transmission to the Bank.

IR - Fund flow arrangements for the project will imply timely and sufficient transfers from the special fund. This risk will be amplified with the reliance on the special fund, and the need for tracking of the World Bank’s funded project resources in the special funds. As per the Supreme Audit Institution 2017 report, the
management existing fund suffers from the weak predictability in the budget release, the delay in the selection of the beneficiaries including in the disbursement of the matching grant, and the insufficiencies in the monitoring of the matching grants. Additionally, the different layers of transferring funds from the special fund to Central ANAPEC and then to regional ANAPEC may add more delays than expected.

**MM** – To mitigate risks related to the proper and timely flow of project funds, the following measures have been agreed upon:

i) Develop a detailed manual of procedures describing the project’s eligibility criteria (enforcement of this manual will be ensured by the members of the regional, and national committees), the roles and responsibilities of the various entities including the funds flows, and the financial reporting procedures

ii) Signed SA with the Service Providers (SP) (labeled NGOs, Public and Private providers of services to be identified through bidding process), including financial, procurement and disbursement procedures under the existing special fund.

### IR - Central ANAPEC

Central ANAPEC uses SAGE 1000 for the general accounting related to the financial statements and VICTIS information system for budgetary execution, commitments and payments. Regional ANAPEC uses local software and excel sheets to monitor commitments and cash payments. These dual systems of the executing agency will not allow producing Financial Monitoring Reports for the project activities.

**MM** – To mitigate risks the following measures have been agreed upon:

- The Financial Management consultant will prepare the financial report on excel sheet, compare the information to software used by regional ANAPEC and SAGE at central level and submit it to the head of the division of finance and accounting for review, validation and approval. The Financial report will then be submitted to the PMU director for approval and submission to the Bank within the deadlines.

### IR – There is a risk of overdue audit reports due to difficulty to consolidate financial statements because of the existence of several entities involved the project.

**MM** - To mitigate this risk:

- The ANAPEC will ensure that there is a timely fiscal year-end accounting closure, and a timely preparation of the project’s final financial statements.

### SEFP was lately confirmed to implement procured activities for technical assistance purposes. The identified risk is associated with the overpassed delay of integration of planned activities in the project’s budget in the 2019 finance law. The reliance on the existing budget funds may pose the risk in the predictability of the budget release that may affect the implementation of project budget procedures.

**MM** - The following mitigating measures have been envisaged to help minimize financial reporting risks:

i) There will be specific budget lines for the project at the SEFP budget starting 2020 and onward; and

ii) The SEFP will be careful to include timely the Project’s budget activities in the 2020 draft Finance law.

### IR - The project will use the GID system to gather, record, and summarize the project’s financial transactions. However, as GID is an expenditure transactional system that do not allow for the proper recording of project financial transactions, and thus for the generation of project financial reports. Therefore, the accounting information for the project at the SEFP will have to be kept on Excel spreadsheets.

**MM** – The following mitigating measures have been envisaged to help minimize financial reporting risks:

- The Bank FM team will deliver financial management trainings to key staff from the Directorate of Administrative Affairs and Human Resources (DAARH) before Project’s launch and during implementation. It will ensure that adequate accounting information is recorded in project financial reports.

### IR - The SEFP has a manual of procedures for accounting and financial organization. However, the Secretariat doesn’t have yet a General Inspectorate and an internal audit department which ensure the application of the existing procedures. The Secretariat is reorganizing its organigram which would include these functions.

**MM** - The following mitigating measures have been envisaged to help minimize risks in applying existing procedures:

- The internal control procedures will be included in the project’s manual.
The SEFP will benefit from the Bank’s technical assistance to support the operationalization of the internal audit function.

<table>
<thead>
<tr>
<th>Flow of funds</th>
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<tbody>
<tr>
<td>Financial reporting</td>
<td>M</td>
</tr>
<tr>
<td>- As the SEFP will not have a high volume of procured activities to implement, the financial reporting doesn’t represent a major risk. The DAARH has the adequate resources capacity but lacking time to devote to ensure the fiduciary system oversight and monitoring of performance.</td>
<td></td>
</tr>
<tr>
<td>MM- The following mitigating measures have been envisaged to help minimize risks in delays in preparing existing procedures</td>
<td></td>
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<tr>
<td>- capacity building plan would be ensured on fiduciary system oversight and performance and monitoring and evaluation systems.</td>
<td></td>
</tr>
<tr>
<td>-The Financial management consultant to be recruited under the Project Management Office within the central PMU would support the DAARH in the preparation of financial reports-The FM Bank will provide trainings in financial reporting at project’s launch and during implementation.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Audit</th>
<th>IR - The SEFP will prepare financial statements for annual external audit purposes. The identified risk is the delay in submission of financial statements to auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>-To mitigate this risk:</td>
<td></td>
</tr>
<tr>
<td>-The SEFP will ensure a timely preparation of the project’s financial statements for annual audit purposes.</td>
<td></td>
</tr>
<tr>
<td>-The SEFP will prepare financial statements based on the agreed model of financial report included in the Project’s Operational Manual.</td>
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</table>

61. **INDH-National Coordination (CN-INDH), in the Ministry of Interior.** The INDH National Coordination FM capacity was assessed and found adequate. The CAS-INDH will support implementation of a new program INDH-Phase 3 and mainly sub-components 2.2 and 2.3. INDH-Phase 3 is in its first months of implementation for a period of five years. Overall budget programming of US$1.8 billion is ensured with a timely budget release for 2019 of EU 340 million. The CAS INDH fully aligns with general Accounting Regulation (Order No. 330-66 of April 21, 1967).

62. As identified by latest INDH-Phase 2 audit report performed by the IGAT/IGF, the INDH2 Program execution suffered from shortcomings in terms of budgetary performance, weak reporting allowing regular monitoring of budget execution at the level of the sub-authorizing officers, and absence of implementation of auditors’ recommendations. While noting the efforts made by the CN-INDH throughout the implementation of the two first phases of INDH, it is also important to stress the imperative of ensuring the effective implementation of lessons learned and good practices. In this sense, the reactivation of the *Fiduciary Coordination Committee* will ensure oversight of the project fiduciary system and performance. The Committee, to be piloted by the *Coordination Nationale*, will be instituted under INDH-Phase 3 and will include representatives from the General Treasury of the Kingdom (*Trésorerie Générale du Royaume*), IGF and IGAT. The *Coordination Nationale* will chair the committee and manage the secretariat. The Committee will be permanent under revised ToRs reviewed by the Bank as well as a mission letter. The committee would review/update standard guides developed under INDH-Phase 2, such as: (a) Fiduciary Manuals, (b) standard documents, (c) fiduciary capacity building plans, and (d) fiduciary activities under the program.

63. **The Regional Investment Center of Marrakech-Safi (CRI).** CRI is a department under the ministry of Interior (*Service de l’Etat Géré de Manière Autonome, SEGMA*), under the responsibility of the Wali of the Region, not yet benefiting from SOE status. CRI’s budget comes from the Ministry of Interior, as a subsidy, and its role is mainly to promote local economic development. Budget allocation is timely made each beginning of the calendar year. With the adoption of the law 47/18, the current reform will allow...
the CRI to move to the status of parastatal entity, under the financial control of the State. The mentioned law establishes a governance model based on a board of directors chaired by the Wali and including the Council of the Region and the representative structures of the private sector. The law grants the CRIs a large mandate, particularly in terms of supporting MSMEs and setting up service offers for this category of enterprise.

Description of the FM arrangements

64. **Annual work program.** In parallel with the preparation of national budget law, the PMU will prepare and submit to the Bank for no objection, a proposed annual work program and budget for the next following Fiscal Year, giving details of: (a) a time table of programs and activities scheduled for implementation during that next following Fiscal Year; and (b) the estimated cost of each such program or activity, along with the budget line item and source of funding corresponding to each program or no later. Synchronization with the national budget law preparation is a key risk that could affect the planning process of the project. As such delay in including the project’s activities in the budget law could lead to the absence or underestimation of the project in the budget law. This risk is higher for the year of project effectiveness. To mitigate this risk, dedicated budget lines and allocation of budget were defined between the Ministry of Finance and each entity where the project’s flow of funds is involved.

65. **Budgeting.** Overall, the government of Morocco has a well-developed budget process. The procedures for preparation, execution, and control are clearly established in the National Budget Organic Law (*Loi organique des Finances*). Line ministries, including MTIP and MI, are fully responsible for budgeting and managing their appropriations, including funds allocated for programs and projects. The proposed project will be included in the annual budget of the government of Morocco under a separate budget line of the two special funds (FPEJ/CAS-INDH). The authorizing officers for these accounts are respectively the i) MTIP, MEF, and MENFPESRS, and ii) MI.

66. The PMU, through DRHBAG and the CN-INDH, will record the approved project budget in the national GID system. This national computerized budget system allows for the proper recording of commitments and payments, and for adequate budget monitoring and control, as it offers a sound control environment and an adequate segregation of duties. The GID system has an official budgetary classification that is the basis for the preparation of consolidated budget execution information of all government expenses.

67. **Information management system.** The system used to register budget appropriations is GID. This is the national computerized budget system that allows for the proper record of commitments and payments, and for adequate budget monitoring and control as it offers a sound control environment and an adequate segregation of duties. The GID system has an official budgetary classification which is the basis for the preparation of consolidated budget execution information of all government expenses (budget). ANAPEC are endowed with an adequate information management system.

68. **Accounting.** In Morocco, all financial and accounting operations of the government are carried out, controlled and accounted for according to the public-sector accounting standards laid down in the Public Accounting Decree n° 330-66 du 21/04/1967 (*Décret sur la Comptabilité Publique*) which is on cash basis. The project accounting will be held using the public-sector accounting standards stated in the Public
Accounting law which call for cash basis. The project financial statements will be prepared based on information generated from the GID and ANAPEC information management system.

69. **Internal Controls.** The project will use the existing internal control system in place within the MTIP, SEFP, and MI. This will be complemented by the PMU’s manual of procedures which includes detailed additional procedures at the decentralized level. ANAPEC internal control system are deemed satisfactory by the Bank. This system encompasses the following: i) appropriate guidelines for annual budget preparation and implementation, ii) clear segregation of duties between the payment authorizers and the public accountant, iii) ex ante control of the financial controller, iv) regular reconciliations of bank accounts that provide reasonable assurance of the accuracy of financial records, v) acceptable procedures for documentation and record retention, and vi) verification of the eligibility of the expenditure as per requirements established in the project Loan Agreement and Disbursement Letter. A Project Implementation Manual will also be developed as to define roles and responsibilities in the coordination between the central and the decentralized levels.

70. **Funds Flow.** The project will make use of the Moroccan treasury single account system centrally managed by the MEF. The project’s funds will be disbursed in a designated account to be opened at the Bank Al Maghrib which will be part of the treasury single account. Further advances to the project’s designated accounts will be made upon reporting on the use of a prior advance. The PMU will report (through the MEF-Directorate of Budget) on the use of loan proceeds advanced to the project’s designated account in accordance with the Disbursement Letter.

71. **Fund Flow for component 2.** Whenever there is a need to make payments related to matching grants, the CPDH, and after having reviewed the payment schedule and matching grant scheme for a given beneficiary, will make such payments from directly to the Beneficiary bank accounts. These bank accounts must be segregated and in local currency.

**Disbursement Linked Indicators and Related Reporting Requirements.**

72. **Disbursements under components 1.2, 2.2, and 2.3** will be made against identified eligible budget line items (EEPs), and the triggers will be the actuals values of pre-defined DLIs set-up at selected sectorial investment programs level. Decisions over compliance and disbursement against indicators will be made on the basis of annual reports prepared by the Government and submitted to external auditor review with necessary documentation assuring that they have been satisfied. The World Bank will receive the EEP spending and DLI assessment report by end of March following each implementing year and will finally advise on the amount to be reimbursed to the Government which should not exceed the actual value of the EEPs that generate the results or DLI levels to be paid. Disbursements against EEPs and DLIs will flow to the Government’s Treasury Account.

73. **The use of the advance method against the payment of DLI.** The EEP are budget expenditure identified in the Government’s budget lines and, as such, are already pre-financed by the Government. However, as part of this project, a new budget line "INDH – support for the creation of the youth economic inclusion projects" will be created for a total amount of US$25 million in the implementation of the project. Consequently, the Government has requested that an advance be granted to finance in part the implementation of the additional expenditure related to the new activities. The advance for the DLI will
be variable, depending on the DLI payment forecasts for the next 12 months. The advance will be separate from that of the investment component and will be paid into the Treasury account.

74. **Eligible Expenditures Program.** Three programs (Formation-Insertion, TAHFIZ and INDH) have been assessed as adequate to substantiate the Eligible Expenditure Program. These programs include:

a. **Formation-Insertion program,** facilitating youth wage employment by offering enterprises exemptions on social security taxes for newly recruited youth for 24-months paid internships;

b. **TAHFIZ program,** allowing newly created companies and associations to benefit from an exemption from tax and social security charges in their recruitment process;

c. **The INDH-Phase 3 Program,** including transfers to promote youth economic inclusion through entrepreneurship.

75. The budget programs consist of conditional transfers to youth beneficiaries and enterprises to increase the economic opportunities for youth and improve their economic inclusion. It does not include any procurable items. Moreover, all these programs are significantly larger than the expected amounts to be disbursed by the project (See table below).

<table>
<thead>
<tr>
<th>Table 2.2. Eligible Expenditures Program (EEP)</th>
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</thead>
<tbody>
<tr>
<td><strong>Total lines of EEP (million USD)</strong></td>
</tr>
<tr>
<td>Formation-Insertion*</td>
</tr>
<tr>
<td>TAHFIZ*</td>
</tr>
<tr>
<td>**INDH – budget line « Appui à la création à la mise à niveau des projets d’inclusions économique des jeunes » **</td>
</tr>
<tr>
<td><strong>Total EEPs</strong></td>
</tr>
<tr>
<td>Project disbursement against DLIs</td>
</tr>
<tr>
<td>Disbursements as % of the EEP</td>
</tr>
</tbody>
</table>

*2017-2018 reflect payments made to Formation-Insertion, TAHFIZ during CY2017 and CY2018. These expenditures are included to show that the EEPs are active and have previously transferred funds to beneficiaries. These are not to be reflected as retroactive expenditures.

**Budget line from one of the four INDH program « Amélioration du revenu et de l’exclusion des jeunes » (Article 3–3ème alinéa– Finance law No. 80-18 for budgetary year 2019). Only conditional transfers within this line have been taken into consideration in the EEP.

76. The three programs included in the EEPs have suitable internal controls. Their management units, in coordination with central and country branches monitoring these programs, prepare regular reports before and after receipt of transfers, providing information on the project monitoring and on progress made in various activities (applications, payments, cash management, etc.). These reports quantify and seek remedies for irregularities detected in the implementation of the program, such as errors. Any deviation is detected in time to introduce the relevant corrective measures to avoid over or under payments to beneficiaries. The control processes ensure traceability of transfers to beneficiaries through reporting and monitoring mechanisms and are subject to oversight and controls by the control bodies and line ministries. The three programs, thus, meet the fiduciary criteria for inclusion into the project’s EEP and their expenditures are eligible for reimbursement by the World Bank under the project.
77. Risks were identified at the coordination level between the MTIP and the EEP programs. Lack of coordination may impact timely submission of Budget Execution Reports (BERs) from EEPs which are used for documentation and evidence of achievement of the DLIs. The following actions will be taken to mitigate these risks:

   a) Risks associated with MTIP: (i) building capacity of MTIP’s current administrative and financial staff on FM and disbursements; (ii) timely preparation and adoption of a POM acceptable to the World Bank; and (iii) Provision of additional capacity in terms of financial management, to support the MTIP’s Directorate of Human Resources, Budget and General Affairs (DRHBAG) and the PMU coordinator.

   b) Risks associated with EEPs: (i) signing of agreements defining clear operational, fiduciary and financial responsibilities of each EEP; and (ii) including in the PIM the appropriate sources of information and reporting requirements for each DLI.

78. Disbursement arrangements. The results-based financing modality will apply to some activities in components 1 and 2 and will reimburse EEPs conditioned on satisfactory achievement of DLIs. Each DLI will trigger disbursement milestones where the DLRs have been technically achieved according to a verification protocol. Upon completion of a DLI, the Government will prepare evidence that the result has been achieved in line with the verification protocols, which need to be satisfactory to the World Bank. The Government then submits a withdrawal application for the amount associated with that DLR and provides evidence in recent Interim Financial Reports (IFRs) that it has spent funds equal to or greater than those claimed in the EEP. The withdrawal applications can cover one or several DLRs, in any order, at any time, as long as sufficient eligible expenditures have been incurred. Disbursement requests will be presented to the World Bank by the MEF through the electronic disbursement system and using the World Bank disbursement form signed by an authorized Government representative. A copy of the official World Bank communication confirming the achievement of the DLR must be attached to all disbursement requests. The following disbursement methods may be used under the loan for Category 1: (i) advance, (ii) retroactive financing, (iii) reimbursement, (iv) direct payment, and (v) special commitments. Disbursements from Category 2 follow a results-based financing approach based on a set of DLIs that will trigger disbursements for an overall amount of US$37 million. Based on the project’s needs and at the Borrower’s request, the World Bank could finance up to 20 percent of the US$55 million allocated for eligible expenditures incurred by the borrower up until one year before the Loan Agreement signature.

79. Carry forward of amounts not disbursed. If the Bank has received only partial evidence of compliance under the DLIs, and/or the Recipient has not presented enough Eligible Expenditures to disburse the full planned disbursement amounts, only part of the full planned amount will be disbursed. The Bank may, at its option, authorize that the unwithdrawn portion of the Financing resulting from this lack of evidence be carried forward to the subsequent withdrawals, provided that, if this occurs, the amount to be disbursed by the Bank, in the aggregate under all subsequent withdrawals, shall not exceed 100 percent of the sum of the total amounts of EEPs incurred at that time.

80. Distribution of carried forward disbursements. The amounts carried forward for subsequent withdrawals due to the non-achievement of DLIs may be disbursed, only if at the time of the subsequent withdrawal: i) the applicable DLIs have subsequently been achieved; and ii) the Borrower has submitted documentation of Eligible Expenditures in the amount at least equal to the withdrawal amount requested;
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Supporting the economic inclusion of youth project (P151169)

and the amounts carried forward due to lack of documentation of Eligible Expenditures in the amount at least equal to the amount requested for withdrawal, may be disbursed at the time of the subsequent withdrawal only if such amount of Eligible Expenditures is then submitted.

81. *The use of the advance method against the DLI payment.* EEPs are budget expenditures identified within the government budget lines and as such, are already pre-financed by the Government of Morocco. However, under this project, a new budget line “INDH – *Appui à la création à la mise à niveau des projets d’inclusion économiques des jeunes*” will be created for a total amount of US$25 million during the project implementation. Therefore, the government of Morocco has requested that an advance can be granted to finance partially the implementation of the supplemental expenditures from the new activities. The advance against the DLIs will be variable, based on DLI payment forecast for the next 12 months. The advance will be a separate advance from the advance to the IPF component and will be paid to the Moroccan Treasury Account.

82. *DLI verification.* For component 1, the Inspectorate of MEF (IGF) will be the independent verifier with a different team of auditors than those who will perform the external audit of the project. The IGF has similar mandate with another donor programs within the same entity and would ensure independently its mission under agreed terms of reference. For the MI, its inspectorate, IGAT, will be the independent verifier for component 2. IGAT has a good track record and experience with the World Bank’s financed projects as the independent verifier of active Programs for Results in the Morocco portfolio (Urban transport, Casablanca municipal finance, and Integrated Risk Management). The IGF and IGAT will issue a separate annual opinion on the accuracy and the fair view of the information presented by the PMUs on the EEP and DLI. This separate certificate should be sent to the Bank by the end of March following each implementing year starting from March 31, 2020.

<table>
<thead>
<tr>
<th>Table 2.3. Allocation of Loan Proceeds</th>
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<tbody>
<tr>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Training and Incremental Operating Costs (except for Parts 1.2(c), 2.2 and 2.3 of the Project)</td>
</tr>
<tr>
<td>(2) Payments for EEP under Part 1.2(c), 2.2 and 2.3 of the Project</td>
</tr>
<tr>
<td>[(3)] Front-end Fee</td>
</tr>
<tr>
<td>[(4)] Interest Rate Cap or Interest Rate Collar premium</td>
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<tr>
<td><strong>TOTAL AMOUNT</strong></td>
</tr>
</tbody>
</table>

83. *Financial reporting.* The project will primarily use the GID to gather, record and summarize project’s financial transactions as well as elaborate the financial statements. The format of the Interim
Financial Reporting (IFR) to be prepared 45 days after the end of the calendar semester and the Financial Statements will be agreed during the negotiations and reflected in the PIM. Each IFR will comprise the following: (i) report on the sources and use of funds cumulative (project-to-date; year-to-date) and for the period, showing budgeted amounts versus actual expenditures, including a variance analysis; and (ii) forecast of sources and uses of funds. Simplified reporting format will be developed.

84. **Internal audit.** The Ministerial Inspectorate of the MTIP will be strengthened to act as internal audit units for the project. To this end a technical assistance included in the project will be elaborated in collaboration with MEF as part of the implementation of the broader PFM reform agenda. This technical assistance will include the development of a risk map and the deployment of the risk-based audit in the line ministry. For the MI, the IGAT is the internal auditor with proven experience in the World Bank’s financed projects and would support the MTIP if needed.

85. **Financial Audit.** The General Inspection of Finance (IGF) will therefore audit the project financial statements of the Project including the designated account. The financial statements will be prepared in accordance with acceptable accounting standards and audited in accordance with acceptable international public-sector auditing standards. To that end, the MTIP, through the PMU, will prepare specific terms of reference (ToR) for the audit work and will submit it to the Bank for its acceptance. The ToRs will encompass both the audit of the financial transactions and an assessment of the internal control at the PMU. The MI, SEFP, CRI, and ANAPEC will be subject to audit as well. The audit for activities managed by ANAPEC will include a sample of qualification trainings. The audit for other program activities will include the audit of a sample of matching grant. The MTIP should submit the audit reports to the Bank within nine months after the end of the fiscal year audited.

<table>
<thead>
<tr>
<th>Table 2.4. PAP Fiduciary Actions</th>
</tr>
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<tbody>
<tr>
<td>Risk in the identification of the beneficiaries based on transparent criteria</td>
</tr>
<tr>
<td>Insufficient clarification in the roles and responsibilities of the players</td>
</tr>
<tr>
<td>Delay in the disbursement of the grant</td>
</tr>
</tbody>
</table>
Definition of a DLI focusing on the reduction of the lead time in the disbursement of the matching grant.

| Residual weaknesses in the MTIP internal control | Implementation of the MTIP internal control action plan under development | MTIP | PAP |
| Insufficient fiduciary staff | Provision of capacity building in terms of financial management to support the existing fiduciary staff | MTIP/MI | PAP |

**Procurement**

86. Procurement will be carried out in accordance with the provisions stipulated in the Loan Agreement and the World Bank’s New Procurement Framework (NPF) for Investment Project Financing, applicable from July 1, 2016 and revised November 2017 and August 2018. Within the Framework are four mandatory documents available on the World Bank’s website (http://www.worldbank.org/procurement): Policy, Directive, Procedure, and Procurement Regulations for Borrowers (Regulations). The project will be subject to the Bank’s Anticorruption Guidelines (‘Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants’), dated October 15, 2006, and revised in January 2011.

87. **Project Procurement Strategy for Development.** To determine the optimum procurement approach to yield the appropriate response from the market, a Project Procurement Strategy for Development (PPSD) was prepared by the MTIP, SEFP, and ANAPEC with the support by consultant hired by of the World Bank. Among other things, the strategy will take into consideration the market situation, the operational context, previous experience and risks. In addition, the PIM is being drafted by the MTIP and ANAPEC to definite primary administrative arrangements, information flow, applicable procurement procedures and bidding documents templates. The PPSD will also foresee coordination mechanisms that ensure synergies between activities in terms of procurement. A case worth highlighting is the contract(s) concerning technical services for training or TA development, which will benefit different EA.

**Capacity assessment**

88. A procurement capacity and risk assessment for the all implementation agencies (MTIP, SEFP and ANAPEC) has been carried out by the World Bank team using the Procurement Risk Assessment and Management System (PRAMS). The main objectives of the assessment were to determine whether the MTIP and ANAPEC have the capacity to adequately carry out the procurement activities of this project. The assessment took into account the entire procurement process, which encompasses: (i) planning; (ii) preparation of ToRs and bidding documents; (iii) receipt and evaluation of bids or proposals; (iv) finalization and signing of the contract or agreement; (v) monitoring the execution; and (vi) filing and archiving of documents for audit and post review. This assessment also took into consideration the performance of the Morocco public procurement system and the overall implementation rate of the World Bank's portfolio in Morocco. Potential procurement risks identified during the assessment were also analyzed to recommend adequate mitigation measures. The procurement risk is rated **Substantial**. The summary risk assessment and recommendations are shown in the table below.
89. The assessment revealed systemic weaknesses that may affect procurement implementation under the project, including lack of experience in the implementation of World Bank-financed operations and low staff capacity at the regional level in addition to the overloaded procurement staff at the central level despite their experience. Each agency will recruit or assign, by project effectiveness, one full-time staff dedicated to specific procurement activities of project (MTIP and SEFP at the central level and ANAPEC at the regional level). A full-time procurement senior specialist with the requisite knowledge and experience in World Bank-financed operations will be engaged in the initial stages of project implementation to provide technical assistance and build the required procurement capacity. The World Bank procurement staff will provide regular capacity building to the two implementing agencies’ personnel in the management of investment projects.

90. Other key issues and risks concerning procurement for implementation of the project include systemic weaknesses in the areas of: (a) procurement planning and monitoring, (b) contract management, and (c) procurement oversight.

91. Based on the capacity assessment and the nature and complexity of the envisaged key consultant contracts, the procurement risk is rated Substantial. The risk mitigation measures are detailed in the table below:

**Table 2.5. Procurement summary risk assessment and recommendations**

<table>
<thead>
<tr>
<th>Findings</th>
<th>Issues/Risks</th>
<th>Initial risk level</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing agency level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Required time for the training and capacity improvement of available staff to ensure the quality of project implementation</td>
<td>Insufficient number of the needed experimented staff to implement the procurement activities.</td>
<td>High</td>
<td>Assign one person at the central level of MTIP and SEFP and one person at ANAPEC regional level, within the current budgeted staff allocation. Training of the team in charge of the project within both agencies on procurement procedures and tools, contract management and filling management. Provide technical assistance by one consultant experimented senior specialist to support MTIP and ANAPEC staff at central and regional level.</td>
</tr>
<tr>
<td>Internal operation manuals (archive, procurement, etc.) obsolete</td>
<td></td>
<td>Substantial</td>
<td>Comprehensive review of internal operation manuals. Can be completed with the detailed PIM</td>
</tr>
<tr>
<td>Project level</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Findings</th>
<th>Issues/Risks</th>
<th>Initial risk level</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of knowledge with mandatory IT tools</td>
<td>New mandatory tools from the Bank (STEP),</td>
<td>Substantial</td>
<td>Training on STEP, provision of the adequate materiel (computers and internet access with good speed) to the staff in charge of STEP management</td>
</tr>
<tr>
<td>Poor knowledge of the Bank’s procurement procedures</td>
<td>None of procurement specialists at the MTIP and SEFP and ANAPEC have knowledge of the NPF. This may result in delays in launching the procurement process at the beginning of the project implementation.</td>
<td>Substantial</td>
<td>Training of technical and fiduciary staff of project preparation team within MTIP and EA. Additional specific training on new procurement framework to be provided to PIU members once nominated before the project’s negotiations. More frequent supervision mission with post procurement review of contracts and audit of the project.</td>
</tr>
<tr>
<td>Double applications of national and Bank procurement procedures</td>
<td>Confusion and eventual conflict between the Bank and the national procurement procedures, contributing to some delays in the process and to the poor implementation performance of the project</td>
<td>Substantial</td>
<td>The manuals will clarify that the Bank procedures are mandatory as set in the Loan agreement.</td>
</tr>
<tr>
<td>Unavailability of adequate bidding documents</td>
<td>Customized bidding documents conform to the national or/and the Bank procedures missing for the project.</td>
<td>Moderate</td>
<td>All procurement standard documents to be used by all stakeholders to be annexed to the PIM.</td>
</tr>
<tr>
<td>Overall risk level</td>
<td></td>
<td>Substantial</td>
<td></td>
</tr>
</tbody>
</table>

92. Procurement implementation support will include: (a) building capacity through some training to members of the PMU who are handling procurement activities, mainly the full-time dedicated procurement specialist within MTIP, SEFP and ANAPEC; (b) reviewing the PIM and standard bidding documents; (c) providing timely feedback to procurement staff; (d) providing detailed guidance on World Bank new procurement framework; and (e) monitoring procurement progress against the detailed Procurement Plan. External technical assistance will be recruited to assist the MTIP and ANAPEC. Component 3 will support the capacity of the PMU and EA through the recruitment of a PMO.

**Thresholds by Methods and for Prior Review**
93. The applicable thresholds by method and for prior review, in conformity with the NPF, are meant to be used for the procurement planning at the beginning of project implementation. They may be revised during implementation depending on the findings and recommendations of the World Bank’s procurement specialist supervising the activities in view of the project performance, procurement implementation the subsequent risk assessment.

*Table 2.6. Procurement Prior Review Thresholds (US$ thousands)*

<table>
<thead>
<tr>
<th>Type of procurement</th>
<th>Prior review threshold (US$ thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works (including turnkey, supply &amp; installation of plant and equipment, and PPP)</td>
<td>10,000</td>
</tr>
<tr>
<td>Goods, information technology and non-consulting services</td>
<td>2,000</td>
</tr>
<tr>
<td>Consultants: firms</td>
<td>1,000</td>
</tr>
<tr>
<td>Consultants: individuals</td>
<td>300</td>
</tr>
</tbody>
</table>

*Table 2.7. Thresholds for Procurement Approaches and Methods (US$ thousands)*

<table>
<thead>
<tr>
<th>Type of procurement</th>
<th>Open international ≧</th>
<th>Open national &lt;</th>
<th>RfQ =&lt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works (including turnkey, supply &amp; installation of plant and equipment, and PPP)</td>
<td>10,000</td>
<td>10,000</td>
<td>300</td>
</tr>
<tr>
<td>Goods, information technology and non-consulting services</td>
<td>3,000</td>
<td>3,000</td>
<td>200</td>
</tr>
<tr>
<td>Shortlist of national consulting firms</td>
<td>300</td>
<td>300</td>
<td></td>
</tr>
</tbody>
</table>

**Procurement Categories and Methods**

94. The following procurement methods may be used: (i) for good, works and non-consulting services: International Competitive Bidding (ICB), National Competitive Bidding (NCB), Request for Quotations (RFQ), Service Delivery Contractors (SDC) and Direct Contracting; and (ii) for consulting services: Quality and Cost Based Selection (QCBS), Least Cost Selection (LCS), Fixed Budget Based Selection (FBS), Qualifications of Consultant Selection (QCS) and Single Source Selection (SSS). Each procurement method and the related process have been detailed in the PIM approved before the negotiations.

The following provisions will be applied whatever the category and method of procurement:

i) An open and competitive approach to market provides all eligible prospective firms or individual consultants with timely and adequate advertisement of requirements, is the default approach for any contract to be financed by the Bank. Any exception to this approach will require the Bank’s approval;

ii) The eligibility of bidders shall be as defined under Section III of the Procurement Regulations. Provisions mentioned in that chapter on sanction or debarment related to fraud and corruption, will be applicable;
iii) No foreign bidder shall be required to submit a bid in association with domestic firms as a condition for bidding;

iv) Each bidding document shall clearly set out the bid evaluation process, the bidders’ qualification criteria and the contract award conditions;

v) Technical and financial bids will always be publicly opened, and such public bid opening shall take place immediately or closely after the deadline for submission of bids. No evaluation of bids shall take place at the bid public opening session; and,

vi) Any contract to be financed by the Bank but awarded without respect and conformity to the procurement procedures and SBDs as detailed in the PIM will be taken in charge and financed by the Borrower.

Advance Contracting

95. The Borrower may use, as recommended by the Bank team, to perform advance contracting and/or Retroactive financing for some procurement activities such as but no limited to the rehabilitation of centers and equipment, consultancy services packages including PMO, engineering supervision of rehabilitation works, and any other activity to speed up project implementation. The Bank team strongly recommends following Bank procurement procedures and policies related to Advance Procurement and Retroactive financing as set in clauses 5.1 and 5.2 of the Procurement Regulations for IPF Borrowers July 2016 and revised November 2017 and August 2018.

Procurement Plan

96. The Borrower was developed before negotiations a detailed procurement plan (PP) for the entire project implementation with all contracts to be financed by the Bank, the type of expenditures (goods, works or services), the most appropriate procurement methods, estimated amounts and the estimated contract start date. The PP should be sent to the Bank through STEP and approved by the Bank before project negotiations. The PP will be published on the National Public Procurement Agency (ONMP) website. It will be updated by the PIU annually or as required to reflect the actual project implementation needs.

97. The preparation of the PPSD was done by the Borrower (See summary below) to optimize the process and to minimize the risk of lack of ownership. Indeed, the MTIP and other EAs supported by a Bank consultant have collaborated to identify and list for each contract (i) entities in charge of all administrative and procurement processes (preparation of the bidding documents, publication, signature of contracts, payment, etc.) and (ii) entities involved in the technical works (definition of terms of reference and contribution to the bid evaluation processes) for each contract.

98. Operating Costs. Operating Costs are incremental expenses arising under the project and based on Annual Work Plans and Budgets approved by the Bank pursuant to the Financing Agreements. They are incurred based on eligible expenses as defined in the Financing Agreement and cannot include salaries of the Borrower’s civil and public servants. The procedures for managing these expenditures will be governed by the Recipient’s own administrative procedures, acceptable to the Bank.

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99. **The PPSD Summary.** A Project Procurement Strategy for Development (PPSD) has identified the appropriate selection methods, market approach, and type of review required by the World Bank. The national and international contexts are conducive to the implementation of procurement activities for the needs of the project including acquisition of good, services and works intended for the implementation of the project in Marrakech-Safi Region. The market analysis shows that the local market can meet the needs for consulting services, non-consulting services, works (construction and renovation), acquisition of computer, office equipment and furniture which will be procured in accordance with World Bank’s Procurement Regulations for Borrowers under Investment Policy Financing (July 2016, revised in November 2017 and August 2018) (“Procurement Regulations”). Therefore, most of the activities under the project will be carried out through National Competition. However, the local market remains open to the international firms, suppliers and contractors as some specific supplies and services may require their participation. In addition, for this innovative project, in its conceptual approach, the PIUs will use the e-Procurement to ensure greater transparency and facilitate SMEs access to public contracts, whether local (regional) or national. Electronic submission will be allowed in all calls for tenders as required by the Moroccan Public Procurement decree. As the same, PIUs will rely to the extent possible on e-reverse auctions for the purchase of furniture, computer equipment and usual supplies. A Procurement Plan found acceptable by the Bank, was prepared because of the PPSD and will be included in the World Bank’s Systematic Tracking of Exchanges in Procurement system. The PMU involved in the project have a good experience and a sound capacity in managing all types of procurement including contracts management. They are also familiar to sub-regional and even international market. contacts’ execution. Most activities under the Project will be carried out through National Competition.

**Environmental and Social (including safeguards)**

100. The project will provide widespread direct benefits to young people, in particular, female and male unemployed individuals and informal workers in rural and urban areas in the Marrakech-Safi region of Morocco. Direct beneficiaries will be able to receive either vocational training or other forms of capacity building under the project, or support for their business plans and proposals. Through support to Youth Employment Centers and Entrepreneurship Centers, opportunities and knowledge will be available for youth interested in creating or linking up with enterprises.

101. The project will not trigger any social safeguards. An ESMF has been prepared that includes processes and instruments to screen out any activities financed by the project or with project funds by the SMEs that would involve land acquisition, restriction of access to livelihoods, or loss of shelter. National law provides strong regulations regarding the uses of child labor, which is not allowed under the age of 15, and restricted to activities not posing any danger or interfering with schooling of children between 15 and 18. The ESMF screening instruments will make sure that MSMEs receiving funds from the project will abide by the national labor standards, and the international treaties ratified by Morocco.

102. The PMU will include a focal point for the management of environmental and social risks, in particular, the implementation of the ESMS, and contributions to the establishment of the Project Implementation Manual.

103. Overall, all negative or harmful environmental impacts that are likely to be generated by the proposed Project will be limited in time and space. The impacts of the planned structural investments will
generally be low to medium-scale and reversible and the risks will be fairly easy to identify in advance and
to prevent or minimize with simple good practices. These risks will also be easily manageable, because
effective mitigation measures can be implemented and allow the use of a simple and effective monitoring
and tracking system.

104. Therefore, for the proposed project, only Operational Policy (OP) 4.01 Environmental Assessment
will be triggered. By virtue of the nature and characteristics of the planned activities, other operational
policies of the World Bank will not be triggered. However, the following will be used: (i) the 2010 Access
to Information Policy for broad dissemination of all information regarding the nature and objectives of a
project; and (ii) the World Bank Group’s Environment, Health and Safety (EHS) guidelines.

105. No Category A investment sub-project will be eligible under this Project, nor would any
investment sub-project that might have a negative impact on natural habitats, archaeological and
historical heritage or forest resources, or using pesticides, or that may have an impact on international
water resources. Neither will any investment sub-projects be included that may have an impact on the
resettlement of populations (through, among other things, expropriation of private land or physical
displacement of households or permanent reductions / restrictions or temporary access to public services
or commercial activities). All these elements should be clearly specified in: (i) the Project Implementation
Manual (especially in its Environmental and Social Technical Manual for the Project Monitoring and
Evaluation System); and (ii) the eligibility criteria for the approval by the appropriate bodies of the
investment sub-projects submitted by the different holders.

106. From all of this follows the fact that the Project falls under Category B of World Bank projects, in
accordance with OP 4.01 Environmental Assessment.

**POSITIVE EFFECTS**

107. The positive environmental and social effects of the project will be many and varied and should
be sustained over the long term:

- Outreach and capacity-building activities will have significant positive environmental and
social effects, as all initiatives will respect environmental safeguards and the principles of
good environmental governance will be strengthened and implemented.
- Project initiatives will have a direct impact on job creation, particularly targeting young
men and women from poor and vulnerable households.
- The creation of new businesses and the consolidation of existing businesses will be
promoted through appropriate technical and financial support.
- Measures related to value chain development will have a positive impact on the creation
of new economic opportunities and growth.
- In general, the project will contribute to the emergence and consolidation of
entrepreneurial dynamism in the Marrakech-Safi region.
- From a social point of view, the various initiatives will contribute to reducing the inequality
of opportunities between men and women, as well as reducing the vulnerability of
categories or social groups at risk.
- Mechanisms to collect user/beneficiary perceptions and encourage accountability and governance will be put in place through the project: the complaints handling and redress mechanism for beneficiaries.

RISKS OR NEGATIVE IMPACTS

108. Among the potential negative risks or impacts, it is necessary to distinguish between:

a) Risks related to the preparatory phase: These risks are related to the neglect of the environmental and social aspects in the preparation of tender documents of the investment subprojects and/or their low consideration when carrying out technical studies and/or the preparation of unsatisfactory environmental studies.

b) Risks related to the construction phase: This concerns the negative environmental and social impacts associated with the activities of a sub-project during the works - risks specific to potential construction sites and quite similar for most sites:
   - Air quality, water and sanitation, waste; noise pollution (construction machinery and noisy equipment, etc.); pollution (dust);
   - Accidents for workers (because of the circulation of construction machinery and the possible non-compliance with safety instructions);
   - Emissions of GHGs related to the exhaust gases of construction vehicles;
   - Generation of construction site waste and increase of waste oil volumes;
   - Potential contamination of groundwater and pollution of drinking water sources;
   - Proliferation of waterborne disease vectors (due to stagnant water from restraint systems);
   - Direct or indirect impacts on biodiversity;
   - Possible phenomena of soil erosion and land degradation and risk of subsidence and landslides, flood risk;

c) Risks related to the operation / operation phase: These are possible negative impacts due to inadequate design, lack of maintenance and / or inadequate application of safety measures. These risks can be at the origin of a dysfunction or a deterioration of the works and to generate certain negative impacts.

109. However, specific mitigation measures can be identified and implemented to avoid all of these risks.

SCREENING OF SUB-PROJECTS AND BACKUP TOOLS

110. Screening of investment subprojects is an important part of the environmental and social management process, allowing, among other things, to identify and therefore exclude any subprojects considered ineligible - this process must comply with both Moroccan regulatory systems and World Bank procedures:
   - Above all, any World Bank Category A subproject will be considered ineligible, with potentially very negative, irreversible, diverse or unprecedented impacts on the environment.
• World Bank supported schemes will be used based on the results of a Simplified Diagnosis Sheet which, when completed systematically for any project-financed sub-project on the basis of specific criteria, will not only determine from the outset - in a direct and concise manner - the scope of the potential negative environmental and social impacts of each investment sub-project (high, moderate or low impact, i.e. Categories A, B, or C, respectively); according to the classification of the World Bank), but also to define the most appropriate tool or tools of social and environmental management:
  o An Environmental and Social Management Plan must be prepared for any sub-project with a moderate and reversible environmental and social impact, for which adequate corrective measures can be identified and implemented. An ESMP will take into account measures developed in EIAs or CoA clauses and will complement them with mitigation measures on social impacts. The ESMP, which will be prepared by the project proponent, will be made available to the public at the local level.
  o For investment sub-projects whose environmental and social impact will be considered low, a simple Environmental and Social Information Sheet will be prepared including, among other things, appropriate corrective measures to be included in the specifications of contractors / potential operators.

ENVIRONMENTAL AND SOCIAL MONITORING AND EVALUATION SYSTEM

111. The environmental and social monitoring and monitoring system aims to ensure that any mitigation and enhancement measures will be implemented throughout the life of the project, produce the anticipated results and be modified if they prove to be inadequate. In addition, it assesses compliance with national environmental and social policies and standards, as well as World Bank safeguard policies and guidelines.

112. Overall monitoring of the ESMF will be provided by the PMU (through its environmental and social focal point).

113. From an annual periodicity and a sample of randomly selected sub-projects, the verification of the implementation of the environmental measures will be carried out.

114. The monitoring and evaluation reports will have to be prepared by the PFES of the PMU and transmitted to the coordinator of the PMU for inclusion in the annual report of project activities.

GRIEVANCE MANAGEMENT

115. In order to promote participation and transparency, a grievance management mechanism will be put in place. An existing structure or institution could be responsible for collecting, registering, handling complaints and summarizing / reporting to the PMU.

Monitoring and Evaluation

116. The project will establish strong Monitoring and Evaluation (M&E) systems to ensure the close monitoring of activities, collect beneficiary and stakeholders’ feedback and promote continuous learning
and adjustments throughout implementation. The project will seek to promote Government’s and stakeholders’ adherence to a culture of rigorous data collection and evaluation mechanisms that can be reflected in the annual planning of program activities through the preparation of the annual regional and province program action plans.

117. Considering the innovative nature of the project in the Moroccan context, as well as overall scarcity of data on youth inclusion particularly at subnational level and at disaggregated levels, the project will establish strong Monitoring and Evaluation (M&E) systems, including some of the following features:

(i) **Core Monitoring Information System:** The project MIS will focus on the collection of a simple set of critical information for each component, at the participant level for components 1.1, 1.2, 2.1, 2.2 and 2.3.

(ii) **Learning exchange/platform:** A forum for service providers (components 1.1 and 2.2) to exchange information about challenges and what works, to learn how to use the MIS to inform the discussion and incorporate feedback from IBM. Component 2.1 incorporates this idea through the Economic Development Centers.

(iii) **Agile impact evaluations** (Component 1 and 2.2): Use the MIS and a call center as a platform to rigorously test design components (learning what works) for scale up and track project outputs and outcomes. The use of lotteries for assignment into different tests allows for scientific inference.

(iv) **Capacity building:** collaborate with all actors in the implementation of this learning M&E system, which will be key to collect beneficiary and stakeholders’ feedback, promote continuous learning and adjustments throughout implementation, and facilitate expected project replication to other regions. The project will seek to promote Government’s and project stakeholders’ adherence to a culture of rigorous data collection and evaluation mechanisms that can be reflected in the annual planning of program activities through the preparation of the annual regional and province program action plans.

118. The project M&E systems will also reflect lessons learned from failures related to data collection and evaluative efforts related to youth programs. In particular, it will use data collection tools that are adapted and pertinent for the proposed youth population to measure some of potential project outcomes (job satisfaction, earnings, evolving individual preferences, etc.). International experience shows that while some IT tools may be appropriate to elicit data and feedback form beneficiaries, maintaining and cultivating relationships between service providers and beneficiaries and utilizing youth social networks need to be explored as more appropriate data collection mechanisms.

119. The PMU, at the national and regional level, will have the overall responsibility for M&E. It will ensure that all executing agencies comply with M&E protocol and collect and share data regularly. As per the approach adopted under the **Strengthening micro-entrepreneurship for disadvantaged youth** (P144134), regular reports of project activities will be built into contracts with service providers and will be a requirement for any contract payment. As described above, relevant beneficiary engagement and feedback loops will be adopted throughout project implementation including the use of report card mechanism, story-telling, and other mechanisms. The PMU will prepare semi-annual progress reports on

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72 The Bank will seek to establish an Iterative beneficiary monitoring (IBM) approach, supported by the Bank, as an extension of WB supervision for of the project, including rapid feedback from beneficiaries and light data collection during the project’s implementation stage.
the basis on data collected against project performance indicators. A detailed M&E protocol is included in the PIM. A Mid-Term Review (MTR) will to assess implementation, identify potential bottlenecks and propose corrective measures.

Role of Partners (if applicable)

11. The project directly builds on on-going programs and is closely aligned with interventions supported by key development partners in Morocco to promote employment, employability and economic opportunities for youth, with programs related to improved outreach and support to youth population, training, soft skills development, intermediation services, development of MSMEs and job creation through support to private sector. Direct synergies with the proposed operation include the youth employment project of the French Agency for Development, to be implemented by MTIP, which could lead to a joint program of technical assistance; the Employment-SME- (SPRING)”, “Growth and Competitiveness”, and “Vocational Training” of the EU Delegation in Morocco; the Millennium Challenge Corporation’s technical assistance to operationalize the National Labor Market Information System (Observatoire National du Marché du Travail, ONMT), of which component 3 of the proposed project will support a regional version; The US Agency for International Development’s partnership with OFPPT on employability development through a Career Center model, which the Espaces Emploi Jeunes supported by Component 1 will build on; the formulation of regional employment plans in the regions of Tangier-Tetouan-Al Hoceima, the Oriental, and Rabat-Salé-Kenitra with support from the ILO, which the project’s Component 3 will support for the MS Region; and GIZ projects to improve public support for MSMEs and facilitate access to financing for MSME, which will inform the proposed project’s Component 2.
ANNEX 3: IMPLEMENTATION SUPPORT PLAN

COUNTRY: Morocco
Supporting the Economic Inclusion of Youth Project

Strategy and Approach for Implementation Support

120. The Implementation Support Plan (ISP) responds to the project’s innovative and multisectoral nature, its regional specificity, and its risk profile. Being a project that supports new services, approaches and delivery models, with the intended future expansion to other regions of Morocco, its ISP will require intensive and continuous implementation support from Bank staff for compliance oversight and technical support to participating institutions, with a learning focus. The ISP identifies the inputs and actions required to facilitate risk management, focus on results, and increase institutional development and continuous learning, while ensuring compliance with the Loan Agreement to meet the World Bank’s fiduciary obligations and achieve the PDO.

121. The ISP will focus on implementing the risk mitigation measures identified in the Systematic Operations Risk-Rating Tool (SORT) in the following areas: political and governance, technical design, institutional capacity for implementation, and stakeholders. The ISP will focus on making sure that implementation is well paced and that it can deliver early (intermediate) and visible results on the ground. More precisely, EEJs and BDS will be rolled out in a phased approach while skills development activities will benefit youth during the first year of implementation. During project preparation, the Bank team sought to foster consensus, vertically, between central, regional and provincial level institutions and levels of government, and horizontally, across line ministries and central agencies, including actors with interventions that complement proposed activities. The ISP will continue to focus on this consensus-building approach and will take advantage of opportunities to organize implementation support missions that are joint and inclusive of key stakeholders. This requires significant time and resources from the Bank.

122. The project design builds extensively on the experience, lessons and activities implemented and/or financed by other donors: GIZ, AFD, MCC, ILO, USAID, EU and others. As such, a key approach to the ISP will be to rely on coordination among technical partners to anticipate challenges, propose common solutions and rely on learning exercises across various activities. The innovative nature of the project demands a strong learning and knowledge sharing approach which will be one of the responsibilities of the PMU and participating agencies.

123. The focus on the institutional capacity risk will be a key focus of the project since it supports new services and approaches which demand a change in the mind-set of staff of the public agencies and ministries involved. The results-based contracts with service providers (for EEJs and BDS services) will demand that the coordinating agencies adopt oversight, coordination and technical roles, instead of the direct delivery of services. Those (somehow) new roles will need to be accompanied and nurture by the Bank team with the support of technical experts and assistance, and international partners. As the regional and provincial levels institutions, as executers. It will also focus on the continuous strengthening of the implementation capacity of MTIP, ANAPEC, CRI, SEFP/SEFP and regional authorities, and the adoption of clear and simplified procedures, to the extent possible in the Moroccan context. Additionally,
a POM will be adopted before project effectiveness and will help clarify rules and guidelines on the project operation and details on the implementation of all components along with the roles and responsibilities at all levels of implementation.

Implementation Support Plan and Resource Requirements

124. The multisectoral nature of the project requires a significant level of technical support. The World Bank team will conduct implementation support missions, including, if possible, jointly with other partners, continuous technical reviews of documents, training, and field visits to follow up on the project implementation. The missions will cover sectoral (technical), fiduciary, social, private sector and local development dimensions, impact evaluation design, citizen engagement skills and communication aspects and exploring new areas such as disruptive technologies both as opportunities to better deliver services as well as to create economic opportunities for youth and private sector development. Through these periodic reviews, the Bank team will focus on learning from experience on the ground and sharing lessons horizontally and vertically. The Bank will also, throughout implementation, monitor the risks and update the risk assessment as needed. Implementation support will include a detailed mid-term review two years after project effectiveness. The mid-term review will focus on the relevance of PDO, and efficiency and effectiveness of project design and implementation approach and will review progress towards the achievement of indicators targets and DLIs. A learning focus will also be adopted, including feedback from direct beneficiaries and stakeholders and communication about results. Adjustments will be made as needed.

125. Key World Bank team members involved in implementation support will be based in the Rabat Country Office and Washington, DC and will ensure timely, efficient, and effective implementation support. The core team is expected to conduct up to three formal implementation support missions during the first year of implementation, including field visits. After the first year, the periodicity of the implementation support missions is expected to be reduced to two missions a year for the rest of the project. The project will require support during its five years of implementation and the staff skills mix required for implementation support is summarized below. Apart from the specified skills, specific technical areas of expertise will be procured on a short-term basis.

<table>
<thead>
<tr>
<th>Time</th>
<th>Focus</th>
<th>Skills Needed</th>
<th>Resource Estimate</th>
<th>Partner Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>First twelve months</td>
<td>Achievement of skills development (apprenticeship and qualification) results; Set up support to skills development beneficiaries; Finalize design of EEJs and BDS; Bidding of services contracts (EEJs, BDS); TA recruitment in support of PMU and participating agencies; Set up M&amp;E</td>
<td>Procurement; Social development and CE; Private sector development; Local economic development; Skills development; Financial management; Labor economist; Disruptive Technologies; M&amp;E systems and implementation</td>
<td>US$200,000</td>
<td>AFD, GIZ, USAID teams are consulted on technical aspects of rollout of YECs, BDS; GIZ specifications are used for procurement of mobile units; AFD Joint stocktaking exercise on respective</td>
</tr>
<tr>
<td>Systems and IE baseline survey protocol; Set up GRM and beneficiary feedback approach; Explore mainstreaming of disruptive technologies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>12-48 months</strong></td>
<td>Operationalization of EEJs and BDS; Expansion of skills development (apprenticeship and qualification) results; Improve Set up support to skills development beneficiaries; Recruitment of additional service providers; Effective data collection for M&amp;E systems and IE baseline survey protocol; Explore mainstreaming of disruptive technologies</td>
<td>Contract management/procurement Social development and CE Private sector development Local economic development Skills development Financial management Labor economist Disruptive Technologies Capacity building on M&amp;E systems and approach</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>US$180,000</td>
<td>GIZ finalizes detailed description of ToRs for ORMT WB, AFD, GIZ Joint stocktaking on respective interventions</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Skills Mix Required

<table>
<thead>
<tr>
<th>Skills Needed</th>
<th>Number of Staff Weeks</th>
<th>Number of Trips</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>4 weeks</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Social Development</td>
<td>10 weeks</td>
<td>3/year</td>
<td></td>
</tr>
<tr>
<td>Private sector development</td>
<td>10 weeks</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Local economic development</td>
<td>3 weeks</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Skills development</td>
<td>3 weeks</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Financial management</td>
<td>2 weeks</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Disruptive technologies specialist</td>
<td>3 weeks</td>
<td>2/year</td>
<td>In the first year of implementation</td>
</tr>
<tr>
<td>Impact evaluation design</td>
<td>2 weeks</td>
<td>1/year</td>
<td></td>
</tr>
<tr>
<td>Social protection/labor economist</td>
<td>1 week</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Safeguards</td>
<td>2 weeks</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Citizen engagement</td>
<td>2 weeks</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>

Partners

<table>
<thead>
<tr>
<th>Name</th>
<th>Institution/Country</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agence Française de Développement</td>
<td>AFD, France</td>
<td></td>
</tr>
<tr>
<td>Millennium Challenge Corporation</td>
<td>MCC, US</td>
<td></td>
</tr>
<tr>
<td>Gesellschaft für Internationale Zusammenarbeit</td>
<td>GIZ, Germany</td>
<td></td>
</tr>
<tr>
<td>US Agency for International development</td>
<td>USAID, US</td>
<td></td>
</tr>
<tr>
<td>European Commission</td>
<td>EU, Europe</td>
<td></td>
</tr>
<tr>
<td>International Labor Organization</td>
<td>ILO (international organization)</td>
<td></td>
</tr>
</tbody>
</table>
126. This economic analysis follows the World Bank guidance note on economic analysis of investment project financing and uses ex-ante cost-benefit analysis framework to assess and monetize costs and benefits of the implementation of the proposed project (the Project) and associated externalities.

127. The methodology is a cost/benefit analysis which is a technique used for assessing the viability of new investments or expenditure programs; it can be narrow in scope (i.e. limited to direct project results) and/or it could include indirect impacts such as indirect environmental effects. It is based on a summary of measures of performance, the IRR and the Net Present Value (NPV), calculated on the incremental benefits and costs to the entire project. In addition, the SRR measures the economic costs and economic benefits for the society and hence requires introducing in the equations opportunities costs, and social externalities. The methodology is adapted from the economic analysis prepared for comparable projects, namely the Tunisia Youth Economic Inclusion Program and the Democratic Republic of Congo SME Development and Growth Project.

128. The NPV can be written as follows with NPV being the net present value of the project, \( r \) being the discount rate and \( \text{Benefit Cost Flows} \) at time \( t \) being the net benefits at time \( t \) accrued to the project. The SRR and/or IRR is the discount rate for which the NPV is equal to zero:

\[
\text{NPV} = \sum_{t=1}^{T} \frac{\text{Benefits Cost Flows}_t}{(1+r)^t}
\]

129. The assumptions considered for this cost/benefit analysis are based on data from international benchmarks, firm level surveys as well as existing programs in Morocco, particularly in Marrakech Safi. Similar initiatives for most of the activities proposed under each component have already been carried out or are being tested in Morocco (e.g.: Apprenticeship training carried out by OFPPT, Intermediation and youth orientation by ANAPEC, Mokawalati Program for entrepreneurship promotion, Technical and financial SME support programs implemented by Maroc PME, Cluster development programs conducted by UNIDO) allowing the access to relevant data to perform the cost / benefit analysis.

**ANALYSIS FOR THE SUPPLY SIDE**

130. As in the rest of Morocco, the region of Marrakech-Safi where most of the activities of the project will be implemented is showing high youth unemployment and inactivity rates, justifying the strong economic and social rationale behind a public intervention at the supply side level. Employment barriers youth face include inadequate skills and lack of information about labor market, as well as intermediation services and labor market policies that benefit only restricted targets (graduates). Addressing these gaps, through information, orientation and skills development will increase youth employability and chances to access economic opportunities, justifying the public support proposed under component 1.
131. The supply side intervention addresses the youth employability issues by offering tailored services (information, orientation, training, etc.) to enhance youth access to economic opportunities through the wage or entrepreneurship tracks.

132. On the cost side, the analysis is considering: (i) the direct costs incurred in component 1, (orientation and communication campaigns costs, training and capacity development costs, design, set up and operational management of the youth employment centers costs, etc.) as well as (ii) the indirect cost including the institutional support, technical assistance and capacity building carried out under component 3 to implement efficiently the supply side activities.

Table 4.1. Supply side intervention costs (US$)

<table>
<thead>
<tr>
<th>Supply side</th>
<th>Public investment</th>
<th>Private investment</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth employment centers development</td>
<td>6,005,000</td>
<td>0</td>
<td>6,005,000</td>
</tr>
<tr>
<td>Skills development support</td>
<td>15,119,000</td>
<td>0</td>
<td>15,119,000</td>
</tr>
<tr>
<td>Provision of services and institutional strengthening</td>
<td>1,091,313</td>
<td>0</td>
<td>1,091,313</td>
</tr>
</tbody>
</table>

133. Whereas on the benefits side, the analysis is capturing two aspects: (a) the project will enhance the employability of the targeted population in the formal sector and hence increase earnings through higher formal employment rate, increased wages and (b) positive social externalities linked to the reduction of inactivity and underemployment (which are called positive job externalities). The economic benefits in each period for the wage track are adjusted for a social externality $\delta$, where $0 < \delta < 1$.

Table 4.2. Supply side intervention benefits

| - Number of beneficiaries from programs developed under component 1 | 59,000 |
| - Of which benefited from YEC support                             | 40,000 |
| - Of which benefited from skills development                      | 19,000 |
| - Number of beneficiaries of supply support interventions who are employed 12 months after project activities | 16,212 |

134. The supply-side SRR is given in Equation (2). The variables $C_{t,eej}$, $C_{t,fa}$ and $C_{t,fq}$ are the respective costs per beneficiary for each type of activity: EEJ, Apprenticeship (FA) and qualification training (FQ). $C_{t,oth}$ is the indirect cost per beneficiary, $N_{t}$ is the total number of beneficiaries that entered the program at the year $t$ (including those that dropped out prior to finishing) and $N_{t}$ the total number of component 1 activities beneficiaries.

\[
(2) \sum_{t=1}^{T} \frac{B_t(1+\delta)-\sum_{i=1}^{N_{t,eej}} c_i}{(1+SRR)^t} = 0
\]

\[
(3) B_t = J_{t,f} \times w_f - J_{t,inf} \times w_{inf}
\]

\[
(4) \sum_{i=1}^{N_{t,eej}} c_i = (\sum_{i=1}^{N_{t,eej}} c_{t,eej} + \sum_{i=1}^{N_{t,fa}} c_{t,fa} + \sum_{i=1}^{N_{t,fq}} c_{t,fq} + \sum_{i=1}^{N_{t,oth}} c_{t,oth})
\]

135. $B_t$ is the economic benefit resulting from the earnings of the beneficiaries integrated in the market given in Equation (3).
136. The economic benefit $B_t$ is calculated through the earnings resulting from the formal jobs created, $J_{t,f}$, adjusted to the economic opportunity of the insertion of beneficiaries in the informal sector, $J_{t,inf}$. It has been assumed that without the project intervention all the beneficiaries would have been unemployed or employed the informal sector considering a certain employment rate $E_{inf}$. Benefits related to inclusion through entrepreneurship will be captured in the demand side.

137. The core assumptions for the calculation are as follows:

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Value</th>
<th>Source/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\sum_{t=1}^{T} N_{t,eej}$</td>
<td>40,000</td>
<td>Number of EEJ beneficiaries: Based on an assessment of the youth population in the region of Marrakech-Safi.</td>
</tr>
<tr>
<td>$\sum_{t=1}^{T} N_{t,fq}$</td>
<td>3,200</td>
<td>Number of skills development services beneficiaries: The targets for the training activities have been defined taking into account the prospective figures under the national vocational training strategy for 2021 and the existing training capacities.</td>
</tr>
<tr>
<td>$\sum_{t=1}^{T} N_{t,fa}$</td>
<td>15,800</td>
<td></td>
</tr>
<tr>
<td>$w_f$</td>
<td>US$3,086</td>
<td>Formal yearly income is calculated based on the average formal monthly wage extracted from the social security data (CNSS) used in the Post Creation Study done in Casablanca-Settat region in Morocco. The average monthly wage is 3977 MAD. A conservative assumption of 60% of this wage has been used for the calculation of the benefits. Exchange rate used (for the whole model) is 1 USD = 9.28 MAD</td>
</tr>
<tr>
<td>$w_{inf}$</td>
<td>US$1,543</td>
<td>A labor market analysis done by the World Bank and the HCP showed that wages in the informal sector are up to 3 times less than in the formal economy. A conservative assumption of 50% has been used for the calculation of the economic opportunity of the insertion of beneficiaries in the informal sector. It has been assumed that without the project intervention, the targeted youth would be employed the informal sector, considering a certain level of employment rate $E_{inf}$.</td>
</tr>
<tr>
<td>$\sum_{i=1}^{N_1} c_i$</td>
<td>US$22,215,313</td>
<td>The cost includes the implementation of the component 1 activities and the TA that will be provided under component 3.</td>
</tr>
<tr>
<td>$\delta$, social externality</td>
<td>0.1</td>
<td>There are no studies that estimate the value of social externalities from creating employment in developing countries. The best example of calculating these types of externalities is “Investing in All the People” (1994) by Lawrence Summers. For India and Kenya, he estimated the cost of educating girls for one additional year and how the cost to produce similar health and fertility benefits and estimated social rates of return of 63% for India and 14% percent for Kenya. The analysis uses a value in this range (.1 or 10%).</td>
</tr>
</tbody>
</table>

138. At project completion, it is expected that 18,316 formal jobs would have been created, resulting in a cost per job created around US$1,370.
139. Based on a 10 percent discount rate, the Net Present Value (NPV) over a 15-year period is equal to US$14 million and the SRR is equal to 22 percent.

**ANALYSIS FOR THE DEMAND SIDE**

140. The regional private sector is unable to create enough jobs for an increasing number of new entrants into the labor market, especially young people justifying the strong economic rationale behind a public intervention at the demand side level in this project. The job creation through the development of new businesses or existing firms remains modest due to a certain number of market failures hindering entrepreneurship and overall private sector development (difficult access to markets and finance for MSMEs, lack of management capabilities within MSMEs, and weak entrepreneurial culture among youth). Addressing these market failures to boost entrepreneurship and high potential value chains will increase significantly economic opportunities particularly among youth, justifying the public support proposed under component 2.

141. The demand side intervention addresses the job creation challenge through entrepreneurship and value chain development support.

**Entrepreneurship development activities**

142. On the cost side, the analysis considers: (i) the direct implementation cost of activities under components 2.1 and 2.2 (information, pre-creation and post creation support, development of a BDS network and entrepreneurship centers, provision of financial support, etc.) as well as (ii) the indirect cost including the institutional support and technical assistance financed to implement efficiently the entrepreneurship support activities in component 3.

<table>
<thead>
<tr>
<th>Table 4.3. Entrepreneurship support costs (US$)</th>
<th>Public investment</th>
<th>Private investment</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand side – Entrepreneurship support (US$)</td>
<td>26,414,095</td>
<td>10,000,000</td>
<td>36,414,095</td>
</tr>
<tr>
<td>Entrepreneurship and economic development centers development</td>
<td>5,106,220</td>
<td>0</td>
<td>5,106,220</td>
</tr>
<tr>
<td>Entrepreneurship support mechanisms</td>
<td>20,747,000</td>
<td>10,000,000</td>
<td>30,747,000</td>
</tr>
<tr>
<td>Provision of services and institutional strengthening</td>
<td>560,875</td>
<td>0</td>
<td>560,875</td>
</tr>
</tbody>
</table>

143. On the benefits side, it is expected that, in the short term, these interventions will: (i) improve motivation and skills of young employment seekers to become entrepreneurs; (ii) increase creation of new businesses by youth, (iii) create additional jobs resulting from the newly established businesses. It is also expected, in the medium-long term that, (iv) newly created firms’ survival rate will increase, (v) firms will access more easily BDS providers, in terms of cost and proximity, (vi) culture of entrepreneurship would be strengthened and youth will engage more easily and positively in entrepreneurship, and (vii) access to finance for MSMEs and entrepreneurs will be facilitated.
The analysis is capturing two main aspects: (a) the value added generated by the recently created businesses supported through the project, the earnings coming from the formal jobs created, and (b) positive social externalities linked to the indirect and medium-term benefits mentioned above (developing entrepreneurial culture, reducing unemployment and inactivity, etc.).

**Table 4.4. Entrepreneurship support benefits**

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Beneficiaries from entrepreneurship development support programs</td>
<td></td>
</tr>
<tr>
<td>developed under component 2:</td>
<td></td>
</tr>
<tr>
<td>- Youth benefiting from entrepreneurship support through the</td>
<td>15,000</td>
</tr>
<tr>
<td>Entrepreneurship and economic development centers</td>
<td></td>
</tr>
<tr>
<td>- Youth benefiting from pre-creation support</td>
<td>5,000</td>
</tr>
<tr>
<td>- Newly created enterprises benefiting from post creation support</td>
<td>1,500</td>
</tr>
<tr>
<td>- Newly created enterprises benefiting from financial support</td>
<td>1,500</td>
</tr>
<tr>
<td>- Number of enterprises created by youth who have benefited from post</td>
<td>1,500</td>
</tr>
<tr>
<td>and or pre-creation support under the project</td>
<td></td>
</tr>
<tr>
<td>- Number of enterprises created by youth who have benefited from post</td>
<td>936</td>
</tr>
<tr>
<td>and or pre-creation support under the project, still operating after 12</td>
<td></td>
</tr>
<tr>
<td>months</td>
<td></td>
</tr>
<tr>
<td>- Number of jobs created (A year after the project completion)</td>
<td>3,744</td>
</tr>
</tbody>
</table>

The entrepreneurship support sub-components SRR is given in Equation (5).

\[
\sum_{t=1}^{T} \frac{B_t(1+\delta) - \sum_{i=1}^{N_2} c_i}{(1+SRR)^t} = 0
\]

145. \( B_t \) is the economic benefit, given in Equation (6), resulting from the value added generated by the newly created firms supported by the project as well as the earnings resulting from the formal jobs created. It has also been assumed in these activities that without the project intervention the entrepreneurs and their employees would have been employed in the informal sector, considering a certain employment rate in this sector \( E_{in} \). Benefits related to inclusion of component 1 beneficiaries through entrepreneurship are captured here.

\[
B_t = (VA - w_f) \times J_t + (w_f - w_{inf} \times E_{in}) \times J_t
\]

\[
(6.1) J_t = \sum_{i=1}^{c} E_{i-1} \times SR \times (1 + \Delta SR) \times JR
\]

\[
(7) \sum_{i=1}^{N_2} c_i = \sum_{i=1}^{N_{ra}} c_{i,ra} + \sum_{i=1}^{N_{pre}} c_{i,pre} + \sum_{i=1}^{N_{post}} c_{i,post} + \sum_{i=1}^{N_{fin}} c_{i,fin} + \sum_{i=1}^{N_{ec}} c_{i,ec} + \sum_{i=1}^{N_{bds}} c_{i,bds} + \sum_{i=1}^{N_{oth}} c_{i,oth}
\]

146. The benefits assessment, in terms of jobs and value-added that is generated, takes into account the improved mortality rate of the newly established enterprises supported through the program, applied to businesses 12 months after they created.

147. The number of businesses created by the beneficiaries of entrepreneurship support services relies on standard conversion rates at each step of the entrepreneurship funnel, extracted from international experience.
The assumptions for the calculation are as follows:

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Value</th>
<th>Source/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>( \sum_{t=1}^{T} N_{t, ra} )</td>
<td>25,000</td>
<td>Number of information and awareness raising services beneficiaries: Based on an assessment of the youth population in the region of Marrakech-Safi.</td>
</tr>
<tr>
<td>( \sum_{i=1}^{T} N_{i, pre} )</td>
<td>5,000</td>
<td>Conversion rate from interest/awareness raising to actual business preparation, as seen in international experiences: 20%</td>
</tr>
<tr>
<td>( \sum_{i=1}^{T} N_{i, post} )</td>
<td>1,500</td>
<td>Conversion rate from precreation to actual business creation: 30%</td>
</tr>
<tr>
<td>( \sum_{i=1}^{T} N_{i, pm} )</td>
<td>1,500</td>
<td>It has been assumed that all the newly created businesses selected for the post-creation support with benefit from business capacities and financial support</td>
</tr>
<tr>
<td>SR</td>
<td>48%</td>
<td>Mortality rate after 3 years of operations hovers around 48%, as calculated in a post creation survey for the Casablanca-Settat region conducted by the WB. This same figure has been used as a 1-year survival rate as a conservative assumption</td>
</tr>
<tr>
<td>( \Delta SR )</td>
<td>30%</td>
<td>It is expected that with the right technical and financial support, the improved survival rate will get closer to international standards: around 60%</td>
</tr>
<tr>
<td>VA</td>
<td>US$3,000</td>
<td>Productivity per employee varies significantly depending on sectors: 20,000 US$/employee in the industry and 5000 US$/employee for the agriculture, according to OECD figures for Morocco in 2012. A conservative assumption of 60% of the figures shown in the agriculture sector has been used for the calculation of the productivity of the newly created businesses.</td>
</tr>
<tr>
<td>JR</td>
<td>4</td>
<td>Enterprises created through the support network in Marrakech-Safi region tend to have on average 4 employees. This assumption has been considered for the project.</td>
</tr>
<tr>
<td>( \sum_{i=1}^{N_2} C_i )</td>
<td>US$36,414,095</td>
<td>The cost includes public and private contribution to the implementation of the sub-components 2.1 and 2.2 as well as TA that will provided under component 3.</td>
</tr>
<tr>
<td>( \delta ), social externality</td>
<td>0.1</td>
<td>Same as in component 1</td>
</tr>
</tbody>
</table>

149. The analysis shows that a job, created through direct entrepreneurship support activities, costs \(^73\) US$6,905. Calculation of number of jobs created takes into account a mortality rate than is slightly improved (62 percent) and an average number of 4 jobs per surviving enterprise. This average cost is significantly below figures provided by NGOs engaged in entrepreneurship support, which estimate the cost of one successful enterprise creation (which would hire 4 people in average) to around US$30,000, reflecting high operating costs compared to the small scale of those NGOs. This average cost is also well below cost of job creation for other public investment support programs in capital intensive sectors, where public subsidy per job created is in the range of US$20,000 to US$30,000.

150. Based on a 10 percent discount rate, the Net Present Value (NPV) over a 15-year period is equal to US$7 million and the SRR is equal to 15 percent.

*Value chain development activities*

\(^73\) Including only public investment in component 2.2
151. On the cost side, the analysis considers: (i) the direct implementation cost of the value chain development activity under component 2.1 and 2.3 (diagnostic and provision of technical assistance to 400 enterprises to support the development of 8 high potential value chains, and any infrastructure investment needed) as well as (ii) the indirect cost including the institutional support and technical assistance financed to implement efficiently the local value chains development activities in sub-component.

<table>
<thead>
<tr>
<th>Demand side – value chains support</th>
<th>Public investment</th>
<th>Private investment</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value chains analysis</td>
<td>1,600,000</td>
<td>0</td>
<td>1,600,000</td>
</tr>
<tr>
<td>VC development support program</td>
<td>5,147,000</td>
<td>1,200,000</td>
<td>6,347,000</td>
</tr>
<tr>
<td>Provision of services and institutional strengthening</td>
<td>269,938</td>
<td>0</td>
<td>269,938</td>
</tr>
</tbody>
</table>

152. On the benefits side, the analysis is capturing two aspects: (a) the additional value added generated the firms supported through the project in specific value chains, and (b) indirect benefits related to clustering and positive social externalities linked to value added and job creation.

The value chain development sub-component SRR is given in Equation (8).

\[ (8) \sum_{t=1}^{T} \frac{B_t(1+δ) - \sum_{i=1}^{N^3} \epsilon_i}{(1+SRR)^t} = 0 \]

\( B_t \) is the economic benefit, given in Equation (9), resulting from the additional value added and earning related to job creation that the supported firms are showing, compared to their “natural growth” without the project intervention.

\[ (9) B_t = \begin{cases} t \leq 2 & 0 \\ \sum_{i=1}^{N^3} R_{Av}(\Delta R_{wp} - \Delta R_{np}) \\ t > 3 & \sum_{i=1}^{N^3} R_{t-1}(\Delta R_{wp} - \Delta R_{np}) \end{cases} \]
153. The assumptions for the calculation are as follows:

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Value</th>
<th>Source/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$N_3$</td>
<td>400</td>
<td>An average number of 50 enterprises and or cooperatives to be supported per value chain has been set. The project’s target is to support 8 value chains.</td>
</tr>
<tr>
<td>$R_{Av}$</td>
<td>US$107,759</td>
<td>Average annual turnover per enterprise/cooperative has been set to 1 Million MAD.</td>
</tr>
<tr>
<td>$\Delta R_{wp}$</td>
<td>6%</td>
<td>Estimated effect of the project: 30% additional increase over the expected revenue increase without the project intervention.</td>
</tr>
<tr>
<td>$\Delta R_{np}$</td>
<td>5%</td>
<td>Average revenue growth for enterprises, without any intervention in Morocco is 6.5% according to Enterprise survey 2013. A conservative assumption of 5% has been considered.</td>
</tr>
<tr>
<td>$\sum_{i=1}^{N_3} C_i$</td>
<td>US$8,216,938</td>
<td>The cost includes the implementation of the Value Chain development activities and the TA that will provided under component 3.</td>
</tr>
<tr>
<td>$\delta$, social externality</td>
<td>0.1</td>
<td>Same as other components above.</td>
</tr>
</tbody>
</table>

154. Based on a 10 percent discount rate, the Net Present Value (NPV) over a 15-year period is equal to 17 million and the SRR is equal to 32 percent.

**Overall demand support activities**

155. When considering the overall demand side intervention, taking into account the entrepreneurship and value chain development activities, and based on a 10 percent discount rate, the Net Present Value (NPV) over a 10-year period is equal to US$18 million and the SRR is equal to 22 percent.

**ANALYSIS FOR THE OVERALL PROJECT INTERVENTION**

156. The three project components are interconnected, and their results will be mutually reinforcing. Component 1 will create a coordinated labor market of qualified youth with improved skills and competencies relevant to the market needs. This pipeline of the qualified youth could access economic opportunities in two ways: (i) as entrepreneurs creating new businesses (potentially through component 2), and (ii) as employees of the new startups or existing SMEs, especially those operating in the value chains supported. The availability of qualified employees will help maximize the return on investments and improve the performance of the new and existing businesses, especially in the specific value chains supported. To further increase the chances of newly created businesses survival, the project will rely on a regional network of entrepreneurship centers and BDS providers whose capacity will be supported through the project. The project will also reinforce the pipeline of growth-ready MSMEs, in the supported value chains, that could further expand the jobs creation and provide quality employment opportunity for the youth trained in Component 1.
Table 4.6. Public and private contribution in the project implementation (US$)

<table>
<thead>
<tr>
<th>Supply side</th>
<th>Public</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth employment centers development</td>
<td>6,005,000</td>
<td>0</td>
<td>6,005,000</td>
</tr>
<tr>
<td>Skills development support</td>
<td>15,119,000</td>
<td>0</td>
<td>15,119,000</td>
</tr>
<tr>
<td>Provision of services and institutional strengthening</td>
<td>1,091,313</td>
<td>0</td>
<td>1,091,313</td>
</tr>
<tr>
<td><strong>Demand side</strong></td>
<td><strong>33,441,533</strong></td>
<td><strong>11,200,000</strong></td>
<td><strong>44,641,533</strong></td>
</tr>
<tr>
<td>Entrepreneurship support</td>
<td>25,853,220</td>
<td>10,000,000</td>
<td>35,853,220</td>
</tr>
<tr>
<td>Value Chain Development support</td>
<td>6,747,000</td>
<td>1,200,000</td>
<td>7,947,000</td>
</tr>
<tr>
<td>Provision of services and institutional strengthening</td>
<td>841,313</td>
<td>0</td>
<td>841,313</td>
</tr>
<tr>
<td><strong>Total project</strong></td>
<td><strong>55,656,845</strong></td>
<td><strong>11,200,000</strong></td>
<td><strong>66,856,845</strong></td>
</tr>
</tbody>
</table>

157. The private sector participation to the implementation of the project activities covers only the demand side intervention, contributing to 17 percent of the overall investment. This participation ensures young entrepreneurs and established MSMEs commitment and involvement in the process and represent a key success factor even if the public intervention remains important and justified by the market failures mentioned above.

158. Based on a 10 percent discount rate, the overall project NPV over a 15-year period is equal to US$35 million and the SRR is equal to 22 percent.

159. To test viability and the sensitivity to shocks of the project, all the assumptions and results above have been altered to calculate net benefits in the pessimistic case and a worse-case scenario

Table 4.7. Project economic and social assessment

<table>
<thead>
<tr>
<th>Project Sub-components</th>
<th>Pessimistic case (10-year period) SRR (%)</th>
<th>Base case (15-year period) SRR (%)</th>
<th>Optimistic case (20-year period) SRR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply side: overall intervention</td>
<td>17</td>
<td>22</td>
<td>23</td>
</tr>
<tr>
<td>Demand side: overall intervention</td>
<td>10</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td>Demand side: entrepreneurship support</td>
<td>5</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Demand side: value chain development</td>
<td>22</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>Total Project</td>
<td><strong>13</strong></td>
<td><strong>22</strong></td>
<td><strong>24</strong></td>
</tr>
</tbody>
</table>