

**Country Partnership Strategy 2014-2017
between the World Bank and the government of Morocco**

CPS proposed framework

Introduction

The Country Partnership Strategy (CPS) defines the development priorities on which the World Bank Group concentrates itself in its cooperation with the Kingdom of Morocco as well as the level and type of support that it mobilizes for the benefit of the country over a given period. Carrying out the CPS is contingent on the implementation of a participative process that involves the government, civil society and any other development partners, such as the private sector and the donor community, to help define the priorities on which the cooperation between the Bank and Morocco must concentrate during the duration of the CPS mandate. Once this strategic document has been agreed upon with our governmental partners, the CPS is officially presented to the World Bank's Board of directors.

Summary report on the CPS for FY 2010 to 2013

The implementation of the last CPS covered the period from fiscal year (FY) 2010 to FY 2013 and concentrated on three strategic pillars: (i) growth, competitiveness and employment; (ii) services to citizens and (iii) sustainable development in a climate of constant change, with the two transversal axes of governance and territoriality.

The mid-term report (available online) presented to the Board of Directors in May 2012 indicated that the CPS was overall implemented as planned and that the program made it possible to reach the majority of the intended results. Because of its flexible nature, the CPS perfectly matched the Government's program while leaving sufficient margin for adaptation to current events.

Make-up of the portfolio

In the course of the CPS mandate that is now coming to an end, the average annual lending envelope granted varied between USD 500 and 700 million. In FY 2010, the lending envelope of the IBRD (International Bank for Reconstruction and Development) operations amounted to USD 729.5 million; in FY 2011 it amounted to USD 480.3 million and in FY 2012 to USD 665.8 million, while it reached USD 593.2 million in FY 2013.

Since the launch of the last CPS, the Bank has granted 11 development policy loans (DPL), 7 investment projects, one Program-For-Results loan (PforR) and 3 grants (FEM/GEF).. The activities of the Bank's analytical and advisory (AAA) program have contributed to enhance the knowledge base in key areas (e.g. social protection, youth, health, employment, natural catastrophe risks, etc.), thereby fueling sectoral reforms as well as the preparation of new development policy loans (DPL) and investment programs in numerous areas.

The heavy demand for the support of fundamental reforms has been conducive to a predominance of budgetary support programs in the World Bank's Moroccan portfolio, making the use of investment loans the second instrument of choice. The World Bank's introduction of a new lending instrument, the Program-for Results loan, has made it possible to diversify the portfolio by means of a USD 300 million

loan, an amount that represents the largest lending envelope ever mobilized by the Bank for the benefit of Morocco.

The work approach of the Bank calls for a multi-sector vision capable of supporting the key reforms that will allow for a cross cutting benefit and the achievement of results at different levels. This is even more the case for the program covering competitiveness, employment, skills, governance and support to SMEs.

The International Finance Corporation (IFCI), which is the private sector arm of the World Bank Group, substantially increased its commitment in Morocco in the course of the past CPS. Its investments and financial support in the sectors of financial markets and banks, infrastructures and mines, insurance and the financing of trade or SMEs exceeded USD 300 million during that period. IFC's additional program providing advisory services focused on critical topics such as business climate, micro-finance and public private partnerships (PPP). It is worth highlighting its contribution in feasibility studies as well as in the structuring of a PPP for the solar energy project in Ouarzazate, in the preparation and implementation of the very first PPP in Morocco for integrated desalination and irrigation in the region of Chtouka, as well as in supporting capacity building at the Ministry of Economy and Finances and in the preparation and implementation of PPP projects in the sectors of health and education.

Preparation of the CPS 2014-2017

The preparation of the new CPS is mainly aiming at redefining the country's development priorities in the new economic and political context while complying with the new strategy of the World Bank Group in the MENA region. The Bank will continue to provide financial and technical support while diversifying and rebalancing its portfolio in the view of the next mandate.

Selected objectives and pillars

Generally speaking, the strategic pillars of cooperation as defined by the progress report of the last CPS remain relevant. The new CPS will seek continuity while taking into account the latest developments, especially the macro economic situation. It will take the opportunity provided by the new entry points to support key reforms which can play the role of a lever in several key economic sectors.

Two main orientations will accompany the World Bank support to the Moroccan government:

- To support more ambitious reforms with a cross sectoral dimension while focusing on service providing , reinforced coordination to achieve more tangible results and the citizens' participation;
- Furthermore to introduce multi-sector approaches: this will support the government's action and reinforce the CPS strategic pillars of support.

Considering the latest developments of the socioeconomic context in Morocco and after examining the achievements of the previous CPS, consensus has been reached on the following strategic objective and pillars which should serve as an organizing framework for discussions and consultations around the new CPS:

Objective: the new partnership's framework is aiming at providing the Government of Morocco the support of the World Bank Group to continue its work towards a more open society through the promotion of additional economic and social opportunities for all Moroccans.

Pillar 1: Inclusive and competitive growth

Promoting competitiveness and economic opportunities for a dynamic and sustainable economic growth:

- Promote a better business and investment climate (development of the private sector, the financial markets, innovation)
- Reduce economic bottlenecks while redefining the allocation and management of public funds (compensations, targeting, taxes, public private partnerships)
- Reinforce competitiveness in promising sectors (i.e. knowledge economy)
- Boost specific economic players like the Very Small Enterprises, micro companies and SMEs (funding, technical assistance)

Make sure that growth offers opportunities to all by:

- Putting in place an efficient social protection policy
- Supporting disadvantaged youth
- Enhancing the education quality and the access to skills acquisition,
- Improving access to employment
- Supporting the poorest
- Guarantying a well performing justice system

Pillar 2: Building a green and resilient future

Continuing to advance development while protecting the environment by:

- Supporting green growth at a lower environmental cost, and if possible generating income
- Rationalizing the use of natural resources (i.e. water and nature) and developing renewable energies

Insuring sustainable development which does not jeopardize future generations by:

- Putting in place an integrated prevention and management policy for natural catastrophe risks
- Enhancing the adjustment to climate changes

Pillar 3: Providing services to and with citizens

Insure efficient and appropriate provision of basic services to the citizens:

- Provide health services
- Management of solid waste
- Enhance the water, sanitation and electricity networks
- Revamp the urban transportation sector
- Modernize the judicial system
- E-government

By granting more prerogatives to the citizens and their representatives to participate in the organization, management and control of the service providing, the decision making process will be more transparent and the citizens will have more opportunities to participate. Combined with the ongoing decentralization process, the citizen becomes a key player in public policies. Several entry points enable the reinforcement of the citizen's role, among which:

- The Initiative for Human Development
- Capacity building of local authorities
- Strengthening the governance framework (i.e. Hakama), at national as well as local level
- Reforming the procedures for public procurement

Cross-cutting beams : Gender, youth, voice and responsibility

The new strategic framework intends to use three cross-cutting beams to guide the support program definition.

Gender: The gender approach is essential to turn women into true development players. In Morocco the importance of the gender approach was validated by the new Constitution which introduced the principle of gender equality and insists on the need to involve women in the development process as key players. Nevertheless, key indicators show that progress still needs to be made to strengthen their role and give them equal access to opportunities. In that respect, the new partnership's strategy must build on this fundamental pillar in implementing the programs planned.

Youth: No one can deny the challenges faced today by one of the largest and most vulnerable segment of the population. While acknowledged to have the great potential of being a rich and powerful engine of growth, it too often remains left out of economic opportunities and of the decision making process around matters that affects them most. Wherever possible, the new CPS will seek to define a program that will help provide the youth with the proper social and economic opportunities to succeed and to become a productive builder of Morocco's future.

Voice and responsibility: Good governance is the prerequisite to provide adapted services, to efficiently manage public funds and to promote a favorable business environment. The new Constitution established a link between governance and citizens' participation, responsibility and accountability. While large scale projects have already been launched in this field, especially around the law on access to information or the mechanisms for public consultation, there is still a lot to be done to strengthen accountability and to establish an adapted space for citizens' participation.

Consultation process

In order to prepare the new CPS, the World Bank Group has launched rounds of consultation with the central government, the local authorities, the project management units, the civil society organizations, the private sector and the development partners in Rabat and Casablanca, as well as in the provinces and in rural areas around selected topics such as:

- The corporate promotion and the business climate
- Access to education and the quality of teaching as a lever to acquire skills and find a job
- Promotion of the economic and social role of the agricultural sector
- Citizens' participation, governance, service providing
- Youth and development

- Social protection, compensation and targeting
- Infrastructures, geographical opening-up and access to opportunities
- Green growth, environmental protection and promotion of renewable energies
- Gender and development
- Access to health services

Depending on the topic selected, the target group and the context, the consultations will be bilateral or multilateral in the form of round table discussions or debates. After each consultation, the participants will be invited to sign the attendance sheet and a summary report will be prepared and put on line.

Agenda

The consultation process is planned to be finished by November 2013 with the new CPS to be presented to the Board of Directors of the World Bank by February 2014.