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Report No: PAD484

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND
INTERNATIONAL DEVELOPMENT ASSOCIATION**

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

(DEAUVILLE PARTNERSHIP TRANSITION FUND)

IN THE AMOUNT US\$ 5 MILLION EQUIVALENT

TO THE

KINGDOM OF MOROCCO

FOR A

**STRENGTHENING MICRO-ENTREPRENEURSHIP FOR DISADVANTAGED YOUTH
IN THE INFORMAL SECTOR**

JUNE 28, 2013

Sustainable Development Department
Maghreb Department
Middle East and North Africa

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CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2013)

Currency Unit = Moroccan Dirham (MAD)

1 MAD = US\$0.12

US\$1 = 8.51 MAD

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ADS	<i>Agence de Développement Sociale</i> (Social Development Agency)	MEF	Ministry of Economy and Finance
		MENA	Middle East and North Africa
CBO	Community-Based Organization	MFI	Microfinance Institution
CGEM	General Confederation of Moroccan Entrepreneurs	MJ	<i>Maison de Jeunes</i> (Youth Center)
		MYS	Ministry of Youth and Sports
CPS	Country Partnership Strategy	NCB	National Competitive Bidding
CRI	Regional Investment Centers	NGO	Non-Governmental Organization
DAF	Women's Affairs Directorate	NPAC	National Program Advisory Committee
DBA	Division of Budget and Accounting	ORAF	Operational Risk Assessment Framework
DBE	Budget and Allocations Directorate	PEFA	Public Expenditure and Financial Assessment
EN	<i>Entraide Nationale</i>		
EU	European Union	PFS	Project Financial Statements
FF	<i>Foyer Féminin</i> (Women Center)	PMU	Project Management Unit
FM	Financial Management	PRDA	Regional Artisan Plans
GID	Gestion Intégrée des Dépenses	RAC	Regional Advisory Committee
GIZ	German Development Cooperation	SBD	Standard Bidding Documents
IGA	Income Generating Activity	SME	Small and Medium Enterprise
ILO	International Labor Organization	SOE	Statements of Expenditure
INDH	National Human Development Initiative	UNDP	United Nations Development Program
IUFR	Interim Unaudited Financial Report	USAID	United States Agency for International Development
M&E	Monitoring and Evaluation		
MAGG	Ministry of General Affairs and Governance	WA	Withdrawal Application

Regional Vice President: Country Director: Sector Director: Sector Manager: Task Team Leader:	Inger Andersen Neil Simon M. Gray Junaid Kamal Ahmad Franck Bousquet Gloria La Cava
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KINGDOM OF MOROCCO
Strengthening micro-entrepreneurship for disadvantaged youth in the informal sector

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PAD DATA SHEET

Morocco

Strengthening micro-entrepreneurship for disadvantaged youth (P144134)

PROJECT APPRAISAL DOCUMENT

MIDDLE EAST AND NORTH AFRICA

MNSSO

Report No.: PAD484

Basic Information			
Project ID P144134	Lending Instrument Technical Assistance Loan	EA Category C - Not Required	Team Leader Gloria La Cava
Project Implementation Start Date 28-Jun-2013	Project Implementation End Date 30-Sep-2017		
Expected Effectiveness Date 31-Jul-2013	Expected Closing Date 31-Mar-2018		
Joint IFC			
No			
Sector Manager Franck Bousquet	Sector Director Junaid Kamal Ahmad	Country Director Neil Simon M. Gray	Regional Vice President Inger Andersen
Borrower: MINISTRY OF ECONOMY AND FINANCE (TGR)			
Responsible Agency: Ministry of Youth and Sports			
Contact: Telephone No.:	Younes El Jaouhari 212537680481	Title: Director of Youth, Children and Feminine Affairs	Email: yeljaouhari2@gmail.com
Approval Authority			
Approval Authority RVP Approval please explain MENA Transition Fund			
Project Financing Data(in USD Million)			
[] Loan	[] Grant	[X] Other	
[] Credit	[] Guarantee		

Total Project Cost:	5.80	Total Bank Financing:	0.00												
Total Cofinancing:		Financing Gap:	0.00												
Financing Source		Amount													
Borrower		0.80													
MENA Transition Fund - IBRD as Implementing Agency		5.00													
Total		5.80													
Expected Disbursements (in USD Million)															
Fiscal Year	2014	2015	2016	2017	2018	0000	0000	0000	0000						
Annual	0.60	1.10	1.10	1.40	0.80	0.00	0.00	0.00	0.00						
Cumulative	0.60	1.70	2.80	4.20	5.00	0.00	0.00	0.00	0.00						
Proposed Development Objective(s)															
The objective of the Project is to provide Beneficiaries in the Project Areas with access to micro-entrepreneurship development services.															
"Beneficiary" means a disadvantaged man or woman between the ages of 18 and 29 who is aspiring to be or is an entrepreneur with secondary education or less, as selected pursuant to the provisions of the POM.															
Components															
Component Name				Cost (USD Millions)											
Component 1 : Integrated Micro-entrepreneurship Support for Disadvantaged Youth in the Project Areas				2,956,400.00											
Component 2 : Institutional Capacity Building				813,300.00											
Component 3 : Project Management and Monitoring				1,100,000.00											
Contingencies				130,300.00											
Institutional Data															
Sector Board															
Social Development															
Sectors / Climate Change															
Sector (Maximum 5 and total % must equal 100)															
Major Sector		Sector		%		Adaptation Co-benefits %		Mitigation Co-benefits %							
Health and other social services		Other social services		100											
Total				100											

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Social dev/gender/inclusion	Social Inclusion	100
Total		100

Compliance

Policy

Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No [X]
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []

Safeguard Policies Triggered by the Project

	Yes	No
Environmental Assessment OP/BP 4.01		X
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency

Description of Covenant

Conditions

Name	Type				
Establishment of PIU	Effectiveness				
Description of Condition					
The Recipient has recruited a Project manager, a procurement specialist, a financial management specialist, a monitoring and evaluation and communication specialist, and regional Project coordinators for the PMU in compliance with the provisions of Section IV.C of Schedule 2 to the Grant Agreement.					
Team Composition					
Bank Staff					
Name	Title	Specialization	Unit		
Hassine Hedda	Finance Officer	Finance Officer	CTRLA		
Sophie Hans-Moevi	Program Assistant	Program Assistant	MNSUR		
Gloria La Cava	Sr Social Scientist	Team Lead	MNSSU		
Mohamed Medouar	Senior Rural Development Specialist	Senior Rural Development Specialist	MNSAR		
Andrea Liverani	Senior Social Development Specialist	Senior Social Development Specialist	MNSSU		
Abdoulaye Keita	Senior Procurement Specialist	Senior Procurement Specialist	MNAPC		
Aziza El Aouad	E T Consultant	Consultant	MNSSD		
Kevin Marcus Hempel	Consultant	Consultant	MNSSU		
Lamyae Hanafi Benzakour	Financial Management Specialist	Financial Management Specialist	MNAFM		
Tobias Lechtenfeld	Jr Professional Officer	M&E Specialist	MNSSU		
Khadija Faridi	E T Consultant	E T Consultant	MNAPC		
Non Bank Staff					
Name	Title	Office Phone	City		
Kevin Marcus Hempel	Youth Employment Expert	1202-320-1260	Washington DC		
Aziza El Aouad	Sr. Social Development Expert	212664724117	Rabat		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Morocco	Rabat-Sale-Zemmour-Zaer	Region de Rabat-Sale-Zemmour-Zaer	X		
Morocco	Meknes-Tafilalet	Region de Meknes-Tafilalet	X		

Morocco	Marrakech-Tensift-Al Haouz	Marrakech-Tensift-Al Haouz	X		
Morocco	Fes-Boulemane	Region de Fes-Boulemane	X		
Morocco	Grand Casablanca	Region du Grand Casablanca	X		
Morocco	Chaouia-Ouardigha	Chaouia-Ouardigha	X		
Morocco	Doukkala-Abda	Doukkala-Abda	X		
Morocco	Gharb-Chrarda-Beni Hssen	Gharb-Chrarda-Beni Hssen	X		
Morocco	Oriental Region	Oriental Region	X		i.e.: L'Oriental
Morocco	Souss-Massa-Draa	Region de Souss-Massa-Draa	X		
Morocco	Tadla-Azilal	Tadla-Azilal	X		
Morocco	Tanger-Tetouan	Region de Tanger-Tetouan	X		
Morocco	Taza-Al Hoceima-Taounate	Taza-Al Hoceima-Taounate	X		
Morocco	Assa-Zag	Assa-Zag	X		Province
Morocco	Tan-Tan	Tan-Tan	X		Province
Morocco	Tata	Tata	X		Province

I. STRATEGIC CONTEXT

A. Country Context

- 1. Despite Morocco's strong economic performance over the past 10 years, young people have been disproportionately affected by economic exclusion**, with 51 percent of all 15-29 year olds being out of school and out of work.¹ This lack of economic opportunities also has serious social implications, as the inability to gain financial autonomy also affects young people's dignity and ability to start a family. While unemployment rates are higher among the more educated youth, the vast majority of young people suffering from a lack of economic opportunities are low-skilled (69 percent of all youth have less than a middle-school certificate, and 20 percent are illiterate). In fact, low-skilled youth represent 63 percent of all unemployed youth. Girls are particularly vulnerable, with a staggering 82 percent of those not in schools out of the labor force either due to family reasons (63 percent) or discouragement (19 percent). Moreover, even among the young people who are in employment, over 87 percent work in the informal sector, often under precarious conditions.
- 2. Jobs are at the forefront of national debate and youth unemployment is the main social, political and economic issue.** Despite a relatively favorable situation compared to some other MENA countries, Morocco still has a lot to do to improve its social indicators which remain relatively low compared to the MENA average. It particularly needs to address inequality and vulnerability - the official unemployment rate stands at 9.1 percent but is three times higher for the 15-24 age group.
- 3. Against the background of a new Constitution (2011) and a new Government that took office in early 2012, Morocco has engaged in a dynamic process towards strengthening economic opportunities and social inclusion.** Although several high profile development programs (e.g. the second phase of the National Human Development Initiative, the INDH) and new sectoral strategies in the areas of education, employment, and youth have been initiated, additional efforts are needed to support the country-led reforms.
- 4. In this context, Morocco's unique experience reflects its political distinctiveness in the region**, even though many of the same grievances among the population exist (lack of economic opportunities, corruption, widespread poverty, social inequality, unemployment). This experience has shown that Moroccans are more inclined to seek evolution within the system – gradual change continuous with the country's history and religious values.
- 5. The movements associated with the political transition and constitutional changes represent real pressure on the Moroccan State for meaningful and quick change.** While the people seem to be willing to support the Government and its mandate, they are expecting and indeed demanding that it break with the past and usher in more credible and faster reforms, notably in the areas of job creation and improvement of the quality of public services delivered.

¹ World Bank 2012. *Kingdom of Morocco: Promoting Youth Opportunities and Participation*. Washington DC.

B. Sectoral and Institutional Context

6. **In order to enhance economic opportunities and inclusion, there is an increasing interest among the Government, civil society, and development partners to promote self-employment, including among youth.** Micro and very small enterprises with less than nine people represent approximately 97 percent of businesses in Morocco, out of which over 60 percent, or 1.7 million entities (2010) are in the informal sector.² The Government has recognized the strategic importance of very small enterprises, and is currently in the process of finalizing a National Strategy for Very Small Enterprises, which emphasizes formalizing informal enterprises and strengthening the availability of non-financial support services to small businesses at the local level. Similarly, the INDH continues to provide large-scale support for income-generating activities.

7. **While Morocco has maintained the highest rates of micro-credit in the MENA region, starting and expanding a small business remains a serious challenge for Moroccans, especially for disadvantaged youth.** Obstacles include the lack of access to information, skills, finance, land and property rights, pre-/post-start up orientation and micro-entrepreneurship development support, as well as administrative hurdles. For example, in a recent survey, 80 percent of Moroccan youth considered access to finance as a key constraint, and over 70 percent found the financial risks to be a key barrier.³ Also, interest in entrepreneurship is often not matched by the appropriate skills, as it is often driven by the desire to escape the low pay and precarious work conditions in the informal sector, rather than an assessment of unmet market demand.

8. **Barriers to starting and running a business are often particularly pronounced for women.**⁴ Rates of female entrepreneurship in MENA countries are the lowest in the world. Research in Tunisia has concluded that the main difficulty for the majority of women entrepreneurs is getting specific information on starting a new business.⁵ Moreover, as the World Bank's *Doing Business 2011* report argues, "one possible barrier is that women may have less physical and 'reputational' collateral than men." Family laws and social customs can further impede economic activity, inhibiting women entrepreneurs mobility and ability to conduct business efficiently. That said, self-employment remains an attractive option for young women in Morocco, as it often allows for ease in combining work and household responsibilities in proximity to the home.

9. **While supporting self-employment in Morocco and other countries has often focused on the minority of more educated unemployed youth cohorts,⁶ targeting youth in the informal sector may be a promising approach** as they tend to be more inclined to start a

² Government of Morocco, 2011. *Stratégie Nationale de Promotion de la TPE – Rapport final*.

³ World Bank, 2012. *Promoting Youth Opportunities and Participation in Morocco*.

⁴ See for example World Bank, 2013. *Opening Doors: Gender equality in the Middle East and North Africa*.

⁵ World Bank, 2013. *Opening Doors: Gender equality in the Middle East and North Africa*.

⁶ Similar to other employment programs such as those offered by the National Employment Agency ANAPEC, existing support services for self-employment are primarily targeted to urban youth with a minimum of middle-school (e.g. Office for the Promotion of Vocational Training and Work, OFPPT) or even university level education (e.g. Moukawalati, Fondation Banque Populaire pour la Crédit d'Entreprise).

small business (i.e. not waiting for salaried jobs) and often have already acquired some work experience (e.g. in the family business, agriculture, small-scale services and manufacturing, etc.) that is important to starting and growing a small business. However, school drop-outs and youth working in the informal sector currently have almost no opportunities to increase their productivity and expand their existing income generating activities. Therefore, providing access to training and skills upgrading for young informal workers has emerged as a key priority.⁷ This will require re-orienting and tailoring the design and delivery of training and enterprise support towards the particular needs of young informal workers, offering practical, community-based interventions that allow combining learning with earning and that provide assistance beyond the set-up stage of youth-led micro-enterprises.

C. Higher Level Objectives to which the Project Contributes

10. The proposed project benefits from strong country ownership following an official request by the Government of Morocco for Technical Assistance from the World Bank to support the implementation of a new self-employment project targeted at disadvantaged youth through community-based services. A core priority for the Ministry of Youth and Sports (MYS), the proposed project is a key component under the new Integrated National Youth Strategy (also supported by the World Bank) that is currently under development and aims directly at supporting the Strategy's implementation. The National Strategy identifies youth with lower levels of education (secondary or less) as a priority target group, and strengthening youth economic opportunities as a strategic axis of intervention. Hence, the proposed project seeks to address the urgent need of providing job opportunities for disadvantaged youth while also informing future reforms of publicly provided community-based services (e.g. MYS, Entraide Nationale (EN), INDH) to improve economic opportunities through self-employment.⁸

11. The proposed project fosters inclusive development and job creation for underserved youth in Morocco – in line with one of the key pillars of the Transition Fund. Since job creation for young people is an essential building block to achieve inclusive, sustainable growth, the project will pioneer an innovative approach to provide low-skilled youth with first time access to business skills and financial services. By unlocking barriers to entrepreneurship, the project will contribute to employment generation and higher incomes, while also promoting young people's self-confidence and greater trust in institutions. The project will thereby make an important contribution to enhancing economic and social inclusion, and fill a current gap in public service delivery. In addition, by fostering human capital, facilitating access to finance and strengthening micro-entrepreneurship development services targeted at youth-led micro-enterprises in the informal sector, the project is expected to contribute to increasing productivity among small Moroccan businesses, while encouraging their transition to the formal economy.

⁷ See for example World Bank 2011. *Striving for Better Jobs: The Challenge of Informality in the Middle East and North Africa Region*.

⁸ This approach is closely aligned with the recommendations of the recent IEG evaluation of World Bank youth employment programs, which stressed the importance of helping countries design interventions targeted to low-income youth (see IEG 2012. Youth Employment Programs. An Evaluation of World Bank and IFC Support. Washington DC.)

12. By piloting the implementation of a national youth entrepreneurship program, the proposed project contributes to advancing key policy and institutional reforms in the area of youth employment. In particular, the project will create the institutional architecture and stakeholder capacity to deliver self-employment support services to young people over the long-term. It will allow the MYS to become a new player in supporting youth economic opportunities by leveraging its local youth-targeted services, broadening its outreach to more disadvantaged segments, and contributing to more effective use of existing delivery channels that better respond to the needs of young people. In addition, the intervention will strengthen the ability of civil society organizations to provide self-employment supports services for disadvantaged youth, thereby nurturing the broader ecosystem for youth entrepreneurship support in Morocco.

13. The project is expected to generate important new knowledge on how to successfully support aspiring and existing entrepreneurs in Morocco. As the international evidence on supporting youth entrepreneurship is still limited, and support to aspiring and existing micro-entrepreneurs from disadvantaged backgrounds in Morocco is still in its infancy, the project will make an important contribution to the knowledge base in this field. As such, the lessons learned from the project will not only inform the MYS, but also other ministries active in youth employment and microenterprise development (e.g. Ministry of Employment and Professional Training and Ministry of General Affairs and Governance), development partners, as well as local and international Non-Governmental Organizations (NGOs). To this end, monitoring, evaluation and knowledge sharing will be a priority of the project.

14. Addressing issues of youth inclusion and economic empowerment is also consistent with the World Bank Country Partnership Strategy (CPS) FY10-FY13 for Morocco (Report # 50316-MA) discussed by the Board of Executive Directors in January 2010. The CPS defines increasing access to basic services, social programs, and economic opportunity for poor and vulnerable populations, and particularly women and youth, as a key objective. The project directly contributes to this goal. It also responds to the 2012 CPS Progress Report (Report #67694-MA) emphasizing the need for stepped up Bank engagement in addressing cross-sectoral issues, particularly strengthening inclusion of youth and women (under Pillar 2 “Service Delivery to Citizens”). In doing so, the proposed project is also completely aligned with the framework for engagement articulated in the World Bank’s Regional Update for the MENA Region, presented to the Board of Executive Directors on January 30, 2013. The project directly responds to two of the four strategic priorities, namely to (a) create jobs, particularly for youth and the poor; and (b) increase social and economic inclusion of disadvantaged groups.

II. PROJECT DEVELOPMENT OBJECTIVES

A. Project Development Objectives (PDO)

15. The Project Development Objective is to provide Beneficiaries in the Project Areas with access to micro-entrepreneurship development services.⁹

⁹ “Beneficiary” means a disadvantaged man or woman between the ages of 18 and 29 who is aspiring to be or is an entrepreneur with secondary education or less, as selected pursuant to the provisions of the POM.

16. There will also be a strong focus on a) strengthening the institutional capacity of national and local stakeholders to provide assistance to youth in starting and growing their micro-enterprises; and b) supporting rigorous learning about the effectiveness of comprehensive self-employment support to disadvantaged youth in view of facilitating an informed scaling-up.

B. Project Beneficiaries

17. Direct project beneficiaries targeted by the project are disadvantaged men and women between the ages of 18-29 years who are aspiring and existing entrepreneurs with secondary education or less, being outside the labor market or active in the informal sector, having basic know-how in a specific activity or trade (e.g. prior technical training and/or work experience), and ideally having an idea for a business start-up in mind. Depending on demand on the ground, and in line with the National Youth Strategy, young people up to 35 years of age may also be eligible to avoid exclusion of the stock of older inactive youth. The project expects to serve 5,000 youth, of which 40 percent are young women, assuming a total unit-cost per direct beneficiary of approximately US\$1,000.¹⁰

18. Through its strong focus on capacity building, the project will also benefit youth professionals in implementing NGOs and facilities of the MYS (especially in Youth Centers and Women Centers), as well as public officials at the central and provincial level who are part of program delivery. In total, the project expects to build capacity among approximately 450 youth professionals across NGO and public agencies, thereby building the foundation for future programming in the area of youth entrepreneurship.

C. PDO Level Results Indicators

19. Progress towards achieving the project's development objective will be measured by a series of quantitative and qualitative indicators at the PDO level.

- a. Direct project beneficiaries (number) of which female (percentage)
- b. Direct project beneficiaries (number) of which female (percent), who successfully complete entrepreneurship training
- c. Youth micro-entrepreneurs who receive post-creation follow-up support for at least 12 months (number), of which female (percentage)

20. As part of the monitoring system, there will also be an effort to monitor the success and viability of business activities supported by the project, as well as track income changes of young beneficiaries and their access to finance as a result of the project.

¹⁰ See section Economic and Financial analysis for more detail. Similar projects in other countries have an average cost per beneficiary between US\$500-2000. Taking into account start-up costs, institutional capacity building and impact evaluation costs of the proposed project, and based on stakeholder consultations, an approximate unit cost of US\$1000 is deemed realistic for the piloting phase (the cost per beneficiary falls to approximately US\$800 if the institutional capacity building and the impact evaluation are not counted). The project is further expected to generate knowledge about cost-effective implementation arrangements that can substantially reduce the cost per beneficiary after the piloting phase thus facilitating a potential scale-up.

III. PROJECT DESCRIPTION

A. Project Components

21. To achieve its objectives, the proposed project will adopt a locally-based approach to provide non-financial support services to young informal sector workers and other disadvantaged youth along the life-cycle of a micro-enterprise, thereby enhancing their ability to access existing financial services and increase the viability of their income-generating activities. Specifically, the locally-based approach involves bringing together local civil society champions (NGOs and Community-Based Organizations (CBOs)), private sector players and local governments with the relevant public sector institutions that have a strong local presence, such as the MYS (through its “Maisons de Jeunes” and “Foyers Féminins”), Entraide Nationale (through its “Centres d’Education et Formation” and “Centres de Formation par Apprentissage”), and INDH (through its community animation teams). In doing so, the project will foster local public-private-NGO-partnerships that can provide the integrated support model at local level tailored to young people, thereby addressing the multiple barriers young people face to start and expand their income-generating activities. More broadly, this support model aims at ensuring that youth services become more appealing to young people than those currently offered, which rely predominantly on public providers.

22. The Project Area is comprised of the following regions of Morocco following the Government’s demand for cross-country coverage: Chaouia-Ouardigha, Doukhala-Abda, Fès-Boulemane, Gharb-Chrarda-Beni Hssen, Grand Casablanca, L’Oriental, Marrakech-Tensift-Al Haouz, Meknès-Tafilalet, Rabat-Salé-Zemmour-Zaer, Sous-Massa-Draa, Tadla-Azilal, Tanger-Tétouan, and Taza-Al Hoceima-Taounate; as well as the following provinces of Morocco: Assa-Zag, Tan-Tan and Tata. Within those regions, the project will select a subset of communes and neighborhoods, that respond to the following criteria : a) demonstrated market potential, based, for example, on priority sectors defined by the Regional Investment Centers (CRI) and Regional Artisan Plans (PRDA), and b) locations with a conducive enabling environment, i.e. the presence and capacity of local civil society, private sector and microfinance organizations, as well as relevant public institutions (i.e. MYS, Entraide Nationale, provincial governments, etc.).

Component 1: Integrated Micro-entrepreneurship Support for Disadvantaged Youth in the Project Areas (Total: US\$ 3,429,424; TF: US\$ 2,956,400)

23. This component provides a menu of non-financial support services to 5000 disadvantaged youth designed to facilitate the start-up and expansion of local youth-led micro-entrepreneurship. Aspiring and existing youth entrepreneurs can enroll in the program based on defined eligibility criteria. Specifically, under this component the project will carry out:

- a. **Market assessments:** Private sector providers will carry out local/regional market assessments to identify the key sectors offering promising livelihood opportunities (as well as saturated markets), constraints of existing businesses and trades, and possibilities for creating new and upgrading existing micro-enterprises — for example, by fostering value chain integration or exploring stronger distribution channels. The assessments will guide the micro-entrepreneurship development support services, allowing them to

specialize in strategic sectors and professions. The assessments will also allow identifying opportunities for non-traditional economic activities, especially for women, thereby broadening the scope for income-generating activities beyond the traditional sex-stereotypes.

- b. **Entrepreneurship training:** Local implementing organizations (e.g. CBOs, NGOs, private sector) will provide a combination of skills needed to start and grow a business, including financial literacy (how to manage money and the use of financial services, such as savings and credit), behavioral and life skills (communication, goal setting and achievement, decision making, etc.), and business skills (market research, budgeting, etc.). As part of the training, the project will also orient beneficiaries in the start-up/expansion process, in particular by preparing them to apply to local microfinance institutions (MFIs) and existing grant mechanisms such as INDH.
 - c. **Post-creation business development support:** A sub-set of participants will be eligible for ongoing business development services from local implementing organizations to help them sustain and grow their business. This will include mentoring, access to physical space that can be used by for production and/or distribution, and assistance with access to markets.
24. **The project will take targeted measures to encourage significant female participation in the program.** First, the project will directly target female participants from the MYS's "Foyers Féminins", and students of the Entraide Nationale's female-only "Centres d'Education et Formation" as well as its "Centres de Formation par Apprentissage" which have a strong female participation in areas of training of traditional female occupations. In addition, the project will offer girls-only training by female trainers as needed and engage with female mentors for female entrepreneurs. Other measures include targeted outreach to young women and their families (parents, husbands), flexible training hours to accommodate household responsibilities, and possible support for transportation and child-care arrangements. Finally, the project will benefit from the outreach capabilities of INDH's community animation teams that already have established relations and experience in targeting female-focused community associations.
25. **Beneficiary selection will be based on a three-stage process.** The first stage will be a pre-screening consisting of trust-building and training activities over a one week period (boot-camp) to identify those who really do want the program from those who do not. Psychometric testing may also be applied to determine potential entrepreneurial aptitude. In the second stage, those who demonstrate strong interest during the pre-screening are then eligible for the entrepreneurship training. Finally, a subset of youth will be selected to receive post-creation support based on the potential viability of their new or existing self-employment project (third stage). The selection will be based on the project/business plans developed as part of the training which will be assessed by program staff and members of the local private sector, including MFIs.

Component 2: Institutional Capacity Building (Total: US\$ 943,428; TF: US\$ 813,300)

26. **This component provides all the auxiliary support services** necessary to successfully implement Component one, including product and curricula development, strengthening institutional capacity for service delivery, and capacity building to recipient agencies and local

entities. The institutional capacity building will be provided through competitively selected local and/or international service providers (NGO and/or private sector) under the coordination of the recipient agency and the project management unit.

- a. **Development of training tools and curricula:** Based on national and international training curricula and other micro-enterprise support tools, minimum standards for the delivery of the services offered under Component one will be established and existing materials adapted to make them suitable for the project.
- b. **Institutional capacity building for service delivery:** Under this component the project will also provide technical assistance and strategic advice to NGOs and youth-friendly services on the local level so that they can deliver the integrated services efficiently and effectively. This includes capacity building on the content, curricula, and methods of the training and post-creation support provided, strengthening organizational functions of local organizations (Budgeting, Reporting, Financing, etc.), and enhancing the capacity of civil servants in Youth and Women Centers managed by the MYS on outreach and programming.
- c. **Capacity building to recipient agency and local governments:** Targeting public officials at central and provincial levels (especially civil servants of the MYS, Entraide Nationale, and provincial governments, as needed) the project will provide training on territorial planning and outreach of youth-focused programs, support the participation in specialized trainings and workshops on youth employment and entrepreneurship, and support the integration of lessons for future scaling up.
- d. **Capacity building on Monitoring and Evaluation (M&E):** The technical assistance will also cover training and coaching in M&E to ensure that quality data is collected as part of program implementation.

27. Given the technical assistance character of this component, the activities financed under this component mainly include salaries of specialized consultants, workshops and knowledge sharing events, as well as travel to various regions from Rabat by the project management team.

Component 3: Project Management and Monitoring (Total: US\$ 1,276,000; TF: US\$ 1,100,000)

28. **A Project Management Unit (PMU) will be responsible for overall coordination and implementation of the project.** Key responsibilities will include national and regional coordination, procurement, financial management, monitoring and evaluation, communication and knowledge management, formalizing partnerships, as well as the selection and oversight of local implementing organizations and service providers. Gender balance will be ensured within the PMU in order to facilitate the reaching of target values for young female beneficiaries. The project will draw on several complementary monitoring and evaluation tools, including process and impact evaluation. The expenditures financed by this component will primarily include consultant salaries for the PMU and regional coordinators, transportation and office operating costs, the Information Technology (IT) system for project monitoring, external audits and periodic assessments, as well as consultant fees and data collection for an impact evaluation.

B. Project Financing

Lending Instrument

29. The financing instrument will be Investment Project Financing through a grant by the Deauville Partnership Transition Fund for the Middle-East and North Africa (MENA).

Project Cost and Financing

30. Total project financing requirements are estimated at US\$ 5,800,000, inclusive of contingency funding (see project budget below). In addition to the US\$ 5,000,000 grant financed through the Transition Fund, the Moroccan counterparts will contribute the equivalent of US\$ 0.8 million in-kind towards this project through facilities, equipment, staff time and transportation.

Table 1: Project Cost and Financing in \$US

Project Components	Project Cost	Financing by Transition Fund	% of Financing
Component 1: Integrated Micro-entrepreneurship Support for Disadvantaged Youth in the Project Areas	\$ 3,429,424	\$ 2,956,400	86.2%
<i>Activity 1.1 Market Assessments</i>		\$ 135,000	
<i>Activity 1.2 Entrepreneurship Training</i>		\$ 1,567,500	
<i>Activity 1.3 Post-creation Business</i>		\$ 1,253,900	
Component 2: Institutional Capacity	\$ 943,428	\$ 813,300	86.2%
<i>Activity 2.1 Development of training tools and</i>		\$ 12,000	
<i>Activity 2.2 Institutional capacity building for service delivery</i>		\$ 267,000	
<i>Activity 2.3 Capacity building to recipient agency and local governments</i>		\$ 321,500	
<i>Activity 2.4 Capacity building on Monitoring and Evaluation (M&E)</i>		\$ 212,800	
Component 3: Project Management and	\$ 1,276,000	\$ 1,100,000	86.2%
<i>Activity 3.1 Project Management &</i>		\$ 1,035,000	
<i>Activity 3.2 Monitoring & Evaluation</i>		\$ 65,000	
Basic Project Cost	\$ 5,648,852	\$ 4,869,700	86.2%
Price Contingencies	\$ 151,148	\$ 130,300	86.2%
Total Project Cost	\$ 5,800,000	\$ 5,000,000	86.2%
Interests during Implementation			
Total Financing Required	\$ 5,800,000	\$ 5,000,000	86.2%

C. Lessons Learned and Reflected in the Project Design

31. **The proposed project is informed by rigorous evidence** stemming from entrepreneurship interventions across the world.¹¹

- a. “Comprehensive” programs, containing an integrated package of training, financing, and ongoing coaching/mentoring, perform better, since they address the multiple barriers youth are facing in starting or expanding a business. The project therefore explicitly offers non-financial services while connecting beneficiaries to existing financial services such as micro-credit.
- b. Program effects tend to be higher when they are implemented through local organizations, NGOs or the private sector rather than government agencies alone. This finding suggests that programs work better when delivered by providers which have strong connection with the beneficiaries and are familiar with local contexts. The project therefore leverages public-private-NGO partnerships through which local NGOs and private sector are mainly responsible for the implementation of activities, while the lead government agency (MYS) provides the enabling environment.
- c. There is also evidence that approaches targeting women specifically may yield better results than generalized programs that also try to include women, which could be particularly relevant where gender specific barriers such as cultural norms are widespread. While the project’s universal character does not allow for women-only targeting, gender constraints are taken into account and outreach and program features will be adapted to ensure the participation of young women, including through activities such as girls only training by female trainers, female mentors, flexible training schedules, and transportation arrangements as needed.
- d. The project’s focus is also aligned with the findings and recommendations from the recent evaluation of World Bank support to youth employment. As the report indicates, “in high-unemployment environments, wage subsidies, skills training, and job search support are of little impact; and demand-side interventions are needed.”¹² The report further recommends an increased focus on targeting low-income youth. The project’s focus on entrepreneurship (i.e. job creation) rather than employability, as well as targeting disadvantaged youth is therefore consistent with the report’s recommendations.

32. **The proposed activities also incorporate the lessons learned from the national experience in supporting income-generating activities**, especially in the context of INDH. A study by the European Union and the evaluation of INDH phase one have highlighted the lack of diversification of the projects due to a limited understanding of the market, the lack of encouraging new production techniques, the lack of capacity building to micro-entrepreneurs and the limited orientation and follow-up provided to the projects as major constraints to micro-

¹¹ Cho and Honorati (2012). Entrepreneurship programs in developing countries: A meta-regression analysis; McKenzie and Woodruff (2012), What are we learning from business training and entrepreneurship evaluations around the developing world?

¹² IEG 2012. Youth Employment Programs. An Evaluation of World Bank and IFC Support. Washington DC.

enterprise success.¹³ Another important lesson is that establishment of viable micro-enterprises take time and require continuous support and technical assistance to beneficiaries beyond the initial set-up stage.

33. **The recommendations, including those regarding better coordination of the institutions involved**, the need for in-depth local market analysis, stronger emphasis on marketing and project profitability, better linkages to micro-finance institutions, the need for technical assistance beyond the initial set-up stage, and a stronger focus on small-scale projects have all been taken into account under the proposed components.

34. **Additional lessons from other projects**, such as Foundation Zakoura Microcredit's "Linking Youth with Knowledge and Opportunities in Microfinance" project¹⁴ and an impact evaluation of a micro-credit program in rural Morocco¹⁵ have also been addressed, by providing capacity building services (thereby strengthening existing service providers), partnering with financial institutions that offer youth-specific financial services, involving families in program outreach, and including existing entrepreneurs among the target group.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

35. **The MYS will be the responsible implementing agency for the project.** As youth-focused policies and programs in Morocco remain fragmented and suffer from limited reach and quality, the MYS has been officially tasked with developing an integrated national youth strategy to address these gaps and improve the efficiency and quality of services targeted to youth, particularly those for disadvantaged and less educated youth from low-income backgrounds. The Ministry therefore has a strong mandate to foster youth policy coordination and advance a multi-sector agenda in favor of young people. Within the MYS, the Directorate for Youth, Children, and Feminine Affairs will be responsible for project implementation.

36. **A PMU established within the MYS will be responsible for the overall coordination and oversight of project activities and grant management**, including fiduciary responsibilities, such as financial management and procurement, as well as all monitoring and evaluation. The PMU team will include specialized consultants assigned to key areas who will work alongside a team of civil servants assigned by the Ministry of Youth and Sports. In particular, the PMU consultants will include a full time Project Manager, a monitoring, evaluation and communication specialist, a procurement specialist, a financial management specialist, and two regional coordinators. A Project Director and a Principal Coordinator will be

¹³ EU 2011. Etude sur la dynamisation du tissu économique en milieu rural – Maroc. Landell Mills Development Consultants ; World Bank 2012. Rapport d'achèvement et de résultats pour un projet d'appui à l'Initiative Nationale Pour le Développement Humain (INDH). Washington DC.

¹⁴ Conklin et al. 2008. Linking Youth with Knowledge and Opportunities in Microfinance (LYKOM) Project, Morocco. SEEP Network.

¹⁵ Crépon, B. et al. 2011. Impact of microcredit in rural areas of Morocco: Evidence from a randomized evaluation. Working Paper.

nominated from among senior civil servants of the MYS. This arrangement will ensure that the project is implemented effectively while at the same time enhancing the capacity of civil servants of the Ministry to ensure sustainability. The appointments of civil servants who will serve in the PMU, the selection of the six consultants also to serve in the PMU, as well as the adoption of the Operations Manual have been completed. The signing of contracts with the six consultants constitutes a condition of effectiveness.

37. **The regional coordinators will support project implementation at the local level**, coordinate their activities with the MYS local delegates and be located within MYS to facilitate the actual implementation of project activities on the ground. They will ensure linkages with representatives of the MYS at Provincial level and the MYS local facilities (see below) as well as the relevant decentralized agencies in charge of financing micro-business and income generating activities - micro-credit institutions, foundations, commercial banks, and public financed programs such as the INDH.

38. **At the local level, the MYS will make available to the project its local structures and facilities of “Maisons de Jeunes” and “Foyers Féminins” for outreach and delivery of services**, and provide logistical support (physical space and some equipment) as needed.

39. **Project activities will be largely implemented by NGOs and private sector agencies.** For Component one, the project will competitively select qualified NGO and/or private service providers for each region based on their track record in working with disadvantaged youth and their expertise in micro-enterprise development. For Component two, the project will select an experienced institutional partner (e.g. international NGO or private sector provider) that will provide technical assistance to stakeholders at the national and local levels.

B. Results Monitoring and Evaluation

40. **The PMU will put in place a robust M&E system to track progress and results.** The project is considered a learning project, making quality M&E a high priority. The project will therefore draw on several complementary M&E tools in order to i) support project management; ii) ensure accountability; and iii) foster knowledge generation. The results framework described in Annex 1 provides the key indicators, targets, and data collection arrangements that will provide the basis for all of the below M&E tools.

41. **Monitoring system and Process Evaluation.** The PMU will be responsible for day to day project monitoring and periodic reporting. Monitoring will be implemented using an Information and Communication Technology (ICT) tool which allows real-time monitoring of ongoing activities and to evaluate changes of performance over time. For the capacity building activities under component two, the project will adopt a flexible approach including the monitoring of inputs and activities, as well as qualitative and quantitative evaluations of the training sessions by the participants, in line with best-practice of workshop evaluation. The PMU will develop the detailed monitoring framework for Components one and two with World Bank assistance. Standard monitoring will be complemented with targeted periodic assessments to assess the quality and effectiveness of delivery of the services offered. For instance, this may include an analysis of the training content and the post-creation assistance. These assessments will be carried out by independent consultants at critical milestones of project implementation,

for example after the first year, at mid-term, or when problems are detected.

42. **Impact Evaluation.** An impact evaluation will be crucial to inform program expansion and future policies. The main evaluation questions of interest relate to the project's impact on beneficiaries' acquired knowledge, viability of businesses, and income by age, gender, and other socio-demographic factors, and whether the dosage and delivery method of different activities affect project effectiveness. The impact evaluation will be carried out by an independent expert/firm led by a principal investigator who will work with the project team to ensure that beneficiary selection and other implementation arrangements allow for a rigorous methodology. The methodology will be developed by the principal investigator and could follow a randomized design which will include a randomization of registered participants into different treatment arms. The treatment arms will be implemented in a delayed fashion, following the established pipeline approach. An additional approach for the evaluation of post-creation support would be the use of test scores from training and business plan development. The scores can be used to create a transparent target for young men and women to receive post-creation support. Such a clear mechanism would allow the use of rigorous regression discontinuity design.

C. Sustainability

43. **The project's sustainability is facilitated by strong country ownership.** The MYS is highly committed to putting in place a national program to support youth entrepreneurship. Therefore, the proposed project plays a key role in piloting the implementation of the national program and provides the basis for scale-up and future reforms in the area of youth employment and entrepreneurship. Moreover, as a key element of the National Youth Strategy and Action Plan, the project's results and lessons learned directly inform the national policy dialogue on promoting economic opportunities for youth.

44. **The project will set up the institutional architecture and implementation structure for a national program beyond the project duration.** In particular, the project will establish a systematic approach for the provision of non-financial services to disadvantaged youth that is currently nonexistent. By using a decentralized delivery model through local NGOs, and by tapping into existing public facilities of the MYS (i.e. youth centers, women centers), the project can subsequently be expanded beyond the pilot regions without having to create new delivery mechanisms. In addition, the new public-private-NGO partnerships established through the project provide the basis for continuous cooperation among the relevant players, in particular with regard to increasing the attractiveness of public facilities (through cooperation of MYS and NGOs), connecting non-financial and financial services (between NGOs and the MFIs and INDH), and leveraging the private sector in the planning and delivery of services (through linkages with the General Confederation of Moroccan Entrepreneurs, CGEM, and local firms).

45. **The project's strong emphasis on institutional capacity building will further enhance its sustainability.** The capacity building activities seek to nurture the broader ecosystem for youth entrepreneurship development, both at the implementation and policy level, beyond the duration of the project. Through Component two, the project will equip local implementing NGOs with the project management and implementation capacities needed to provide quality support services to disadvantaged youth over the long term. In addition, capacity building of MYS and other public officials at the central and provincial level on planning,

delivery, and monitoring of youth entrepreneurship programming will provide the necessary knowledge, experience, and ownership for successfully managing a youth entrepreneurship program beyond the pilot phase and foster the MYS as a new institutional player in promoting economic opportunities of young people.

46. The knowledge generated by the project is expected to influence the design of youth-targeted self-employment programs by a wide range of Moroccan institutions active in this field. Since key ministries, development partners, MFIs, and private sector representatives are active stakeholders through the project's steering committee, the project creates the basis for institutional learning and influencing policy at a larger scale. The new knowledge emerging from the project on how disadvantaged youth can be supported in setting up and expanding their business and how to increase the viability of their income-generating activities is therefore more likely to be adopted on a more permanent basis and expected to contribute to the mainstreaming of youth entrepreneurship support across various institutional channels beyond the MYS (INDH, Ministry of Employment and Professional Training, etc.). In addition, recognizing that disadvantaged youth who have benefited from non-financial services can be an attractive, credit-worthy clientele, project partners such as Attawfiq Microfinance Bank as well as other microfinance institutions are expected to expand their outreach to youth clients and implement similar approaches on a larger scale.

47. Finally, the project expects to provide the basis for financial sustainability. First, the experience with youth entrepreneurship programs in other countries such as Peru¹⁶ indicates that once the program approach has shown to be effective, private sector funding is likely to become more readily available (e.g. from Corporate Social Responsibility funds), contributing to the expansion and sustainability of the program. The public sector's pioneering work on piloting and evaluating a new support system for young entrepreneurs is therefore crucial. Second, by creating the structures and materials needed to implement this program, as well as testing the efficiency of different delivery mechanisms, the pilot project is expected to reduce the cost per beneficiary for future phases and for other organizations that are interested in adopting this approach, thereby further facilitating its continuity and expansion. Specifically, it is expected that the cost per beneficiary will fall below US\$800 after the pilot phase.

¹⁶ For an analysis of *Young Micro-Entrepreneurs' Qualification Program* in Peru, see O.S. Puerto, 2007, "Interventions to Support Young Workers in Latin America and the Caribbean: Regional Report for the Youth Employment Inventory", World Bank.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

48. **Potential risks are summarized in the Operational Risk Assessment Framework** (see Annex 4). The overall project risks are rated moderate and mitigation measures are in place.

Table 2: Risk Rating Summary

Stakeholder Risk	
Implementing Agency Risk	Low
- Capacity	Substantial
- Governance	Moderate
Project Risk	
- Design	Moderate
- Social and Environmental	Low
- Program and Donor	Low
- Delivery Monitoring and Sustainability	Substantial
- Sectoral coordination	Moderate
- Social and cultural factors	Substantial
Overall Implementation Risk	Moderate

B. Overall Risk Rating Explanation

49. **Risks to the successful execution of the program stem largely from the limited implementation capacity** of the MYS, thereby reducing its ability to oversee, and provide quality-assurance of the implementation of all intended activities. The Ministry also lacks a quality M&E system. In addition, given the lack of evidence and experience with youth entrepreneurship programming to disadvantaged youth in Morocco, there remains uncertainty with regard to the effectiveness of specific design features and the local implementation capacity of local service providers. The uncertainty regarding impact and cost-effectiveness also presents a risk for operational and financial sustainability.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analyses

50. **Public sector involvement to support private goods** through non-financial services can be justified by the weak market capacity in enabling low-income youth to start and grow new businesses. The training and coaching of micro entrepreneurs (Component one) is the main component of the project which directly benefits youth. Although a comprehensive ex-ante analysis of micro entrepreneurs who will be supported is not possible, the overall cost associated

with the training and post-creation support of youth will require about 80 percent of the total budget (approximately US\$4 million), including indirect activities such as project management and M&E activities. Using scale effects during the outreach, screening and training activities for reaching 5,000 beneficiaries, the individual cost will average around US\$800 per beneficiary, of which over two thirds will be directly spent on training and coaching. Given institutional learning and improved capacity, the cost per beneficiary will be higher in the first year and decrease afterwards. These costs are in line with similar projects in other countries which have an average cost per beneficiary between US\$500-2,000.

51. For the ex-post analysis, economic and financial cost-benefit of the training and coaching activities will form part of the monitoring and evaluation framework. This will largely build on existing approaches from business trainings and especially the education sector (see for example Jimenez and Patrinos, 2008).¹⁷ Rates-of-Return will be calculated in terms of income change of otherwise under- and unemployed youth who benefit from the improved service delivery. The required data will be collected through a baseline and additional monitoring data, which will help to reduce the complexity of measuring the costs and especially benefits of the capacity training. For the economic analysis the impact evaluation will be useful as it provides insights into increases of income and other economic benefits among participating entrepreneurs compared to non-participants. While the evidence of entrepreneurship services is heterogeneous, similar projects targeting low-income youth have been able to achieve significant increases in real income. For example, a recent evaluation in Uganda found an average treatment effect of approximately 30 percent increase in real earnings per annum.¹⁸ For Component two, which comprises training of youth agencies, a comprehensive economic and financial analysis is not feasible given the capacity building character of the component.

B. Technical

52. The project proposal follows several years of policy dialogue on youth development and extensive analytical work carried out in the context of the study *Kingdom of Morocco: Promoting Youth Opportunities and Participation* published in May 2012 which included an in-depth assessment of existing programming and possible investment priorities. Alternative interventions such as a comprehensive training project or a youth service program were not considered because of limited wage employment opportunities and the urgent need for income generation respectively.

53. The project design is based on existing best practice and rigorous evaluations globally and in Morocco. That said, evaluation findings from other projects are heterogeneous and there is no conclusive evidence to date how to best design and deliver youth entrepreneurship support for disadvantaged youth. The proposed technical assistance project is therefore to a large extent a learning project that seeks to generate further knowledge in this

¹⁷ Jimenez, Emmanuel & Patrinos, Harry Anthony, 2008. "Can cost-benefit analysis guide education policy in developing countries ?," Policy Research Working Paper Series 4568, The World Bank.

¹⁸ Blattman et al. 2012. Employment Generation in Rural Africa: Mid-term Results from an Experimental Evaluation of the Youth Opportunities Program in Northern Uganda. World Bank Social Protection Discussion Paper.

field. The quality of curricula and pedagogy for training and post-creation support are ensured by drawing on tested materials from global and Moroccan programs, and by further adapting them to the local needs and circumstances.

C. Financial Management

54. **The financial management (FM) system within the MYS was appraised** to determine whether it complies with the requirements of the Bank in respect to OP/BP10.00 Investment Project Financing. The financial management assessment of the MYS covers the areas of accounting and financial management, as well as the reporting and auditing processes of the project. The financial management system, including necessary arrangements to respond to the needs of the financial monitoring of the project, satisfies the minimum requirements of the Bank.

55. **The assessment concluded that the MYS, strengthened by the suggested arrangement of the PMU, will have sufficient capacity to manage project financial matters and administer grant funds.** The main responsibilities will include Project budgeting, treasury, general accounting and reporting. The FM inherent risk for the country, the entity, and the project is considered substantial.

56. **Disbursement will be handled through the PMU** at the Ministry of Youth and Sports following established procedures.

57. **Interim unaudited financial reports**, which will cover all the activities and sources of funds of the project, will be prepared biannually by the PMU and transmitted to the World Bank 45 days after the end of each period in form and substance satisfactory to the World Bank. The MYS shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

58. **Financial flow of funds will come from the grant funds of the Bank.** Flow of funds between the World Bank and the MYS will be organized according to the disbursement procedures of the Bank.

D. Procurement

59. **Procurement for the proposed project** would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011 and the provisions stipulated in the Legal Agreement. Procurement under the Project is mostly for the selection of consultants for study or local market assessments, entrepreneurship training for disadvantaged youth, support for post-creation business development, development of training product/curricula and tools for capacity building, technical assistance and strategic advice to NGOs and youth-friendly services, capacity building to recipient agency and local governments at central and provincial levels, and project management and monitoring. It concerns also goods and services related to project management, organization of training and other capacity building events under Components one and two. The Department of Budget and

Equipment (“Direction du Budget et de l’Equipement”, DBE) which is in charge of procurement for the MYS will have the overall responsibility for all procurement under the project. Within the Department of Budget and Equipment, the Division of Budget and Accounting (DBA) and the procurement unit (PU), have the responsibility, in relation with the other concerned departments, for planning and carrying out procurement activities. A capacity assessment of the Ministry (“Direction du Budget et de l’Equipement”) was conducted on December 4 to 7, 2012. Overall, it shows that the MYS does not have experience in implementing Bank project in the recent years and thus staff in place has no practical experience with Bank procedures and has also not been trained in Bank procurement procedures (except the head of DBE). However, the MYS benefited in the past from other donor support (e.g. EU, UNDP), for operations implemented using national procurement procedures. The division of Budget and Accounting and the procurement unit are well staffed (in number) to carry out procurement activities. For procurement execution and monitoring, the DBE has adopted simplified Excel based electronic tools which enormously facilitates both procurement process and contracts management.

60. **The overall risk for procurement is considered substantial.** This is because of: (i) the lack of experience in Bank procedures of the MYS and its staff working directly on project implementation; and (ii) the absence of training in Bank procurement procedures for those staff. To help better mitigate the risk and facilitate project implementation the following measures are recommended: (i) recruitment of an external consultant to help carry out procurement and build capacities within the MYS; (ii) organization of workshop for procurement training for all staff involved in the project implementation (DBE, DYCFCA, etc.), before project effectiveness; (iii) preparation of Standard bidding documents (SBD) for National Competitive Bidding (NCB) complying with procedures for NCB acceptable to the Bank; and (iv) preparation of an implementation manual for the project. Details are provided in Annex 3.

E. Social (including Safeguards)

61. **By empowering disadvantaged groups to create self-employment opportunities, the project will have significant social benefits on social inclusion, social cohesion, and income generation.** The project targets disadvantaged youth in poor communities as identified by the INDH and thereby increases the public support services available to an underserved group (policy interventions in Morocco have traditionally focused on tertiary graduates, while ill-serving the less educated majority). Since economic empowerment is closely related to other life outcomes, the project is also expected to contribute to increased self-esteem, positive attitudes towards the future, as well as greater trust in local and national institutions. Moreover, the project will adopt specific measures to overcome gender-specific constraints to employment and entrepreneurship, thus contributing to reduce the stark female disadvantage in the labor market.

62. **However, there may also be a potential risk associated with young people accessing loans at microfinance institutions** if they do not have the capacity to manage their debt and if their economic activities are not viable. To reduce this risk, the project specifically focuses on the delivery of non-financial services while also offering post-creation business development services that seek to support the self-employed youth over the life-cycle of the business and in particular during the first 12-24 months when most new businesses traditionally fail.

63. **Social safeguards:** As the project activities focus only on capacity building activities and

project activities do not involve involuntary resettlement or land acquisition, OP 4.12 does not apply.

F. Environment (including Safeguards)

64. **The project mainly focuses on technical assistance and institutional capacity building.** There are no physical interventions which might trigger the need for safeguard analysis. The institution-building and technical assistance to be provided under this grant are geared to improve the performance of existing training services and the access to microfinance mechanisms. The incremental environmental impact of this project is not apparent and the low level of risk involved in helping to improve the access to such loan mechanisms is commensurate with the C rating.

G. Other Safeguards Policies Triggered

Table 3: Safeguards Policies

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	-
Natural Habitats OP/BP 4.04	No	-
Forests OP/BP 4.36	No	-
Pest Management OP 4.09	No	-
Physical Cultural Resources OP/BP 4.11	No	-
Indigenous Peoples OP/BP 4.10	No	-
Involuntary Resettlement OP/BP 4.12	No	As the project activities focus only on capacity building activities and project activities do not involve involuntary resettlement or land acquisition, OP 4.12 does not apply.
Safety of Dams OP/BP 4.37	No	-
Projects on International Waterways OP/BP 7.50	No	-
Projects in Disputed Areas OP/BP 7.60	No	-

Annex 1: Results Framework and Monitoring

Country: Morocco

Project Name: Strengthening micro-entrepreneurship for disadvantaged youth (P144134)

Results Framework

Project Development Objectives

PDO Statement

The objective of the Project is to provide Beneficiaries in the Project Areas with access to micro-entrepreneurship development services. “Beneficiary” means a disadvantaged man or woman between the ages of 18 and 29 who is aspiring to be or is an entrepreneur with secondary education or less, as selected pursuant to the provisions of the POM.

These results are at | Project Level

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				FY14	FY15	FY16	FY17	End Target			
Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	0.00	1000.00	3000.00	5000.00	5000.00	5000.00	Quarterly	Management Information System	Project Implementation Unit
Female beneficiaries	<input checked="" type="checkbox"/>	Percentage Sub-Type Supplemental	0.00	30.00	35.00	40.00	40.00	40.00	Quarterly	Management Information System	Project Implementation Unit

Direct project beneficiaries who successfully complete entrepreneurship training	<input type="checkbox"/>	Number	0.00	1000.00	3000.00	900.00	2700.00	4500.00	Quarterly	Management Information System	Project Implementation Unit
Female Beneficiaries	<input type="checkbox"/>	Percentage Sub-Type Supplemental	0.00	30.00	35.00	40.00	40.00	40.00	Quarterly	Management Information System	Project Implementation Unit
Youth micro-entrepreneurs who receive post-creation follow-up support for at least 12 months	<input type="checkbox"/>	Number	0.00	0.00	360.00	1080.00	1800.00	1800.00	Quarterly	Management Information System	Project Implementation Unit
Female Beneficiaries	<input type="checkbox"/>	Percentage Sub-Type Supplemental	0.00	0.00	30.00	35.00	40.00	40.00	Quarterly	Management Information System	Project Implementation Unit

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			

Component 1: Direct project beneficiaries participating in pre- identification	<input type="checkbox"/>	Number	0.00	1200.00	4000.00	6000.00	6000.00	6000.00	Monthly	Management Information System	Project Implementation Unit
Female Beneficiaries	<input type="checkbox"/>	Percentage Sub-Type Supplemental	0.00	30.00	35.00	40.00	40.00	40.00	Quarterly	Management Information System	Project Implementation Unit
Component 1: Direct project beneficiaries who complete a business plan	<input type="checkbox"/>	Number	0.00	900.00	2700.00	4500.00	4500.00	4500.00	Quarterly	Management Information System	Project Implementation Unit
Female Beneficiaries	<input type="checkbox"/>	Percentage Sub-Type Supplemental	0.00	30.00	35.00	40.00	40.00	40.00	Quarterly	Management Information System	Project Implementation Unit
Component 1: Participants who rate the quality of the training package as useful or very useful	<input type="checkbox"/>	Percentage	0.00	70.00	80.00	80.00	80.00	80.00	Quarterly	Management Information System	Project Implementation Unit
Component 1: Beneficiaries who evaluate	<input type="checkbox"/>	Percentage	0.00	70.00	80.00	80.00	80.00	80.00	Quarterly	Management Information	Project Implementation Unit

the post-creation follow-up support as useful or very useful										System	
Component 2: Trained Youth Professionals at implementing NGOs/CBOs providing training and support to youth	<input type="checkbox"/>	Number	0.00	80.00	140.00	180.00	200.00	200.00	Quarterly	Management Information System	Project Implementation Unit
Female Beneficiaries	<input type="checkbox"/>	Percentage Sub-Type Supplemental	0.00	50.00	50.00	50.00	50.00	50.00	Quarterly	Management Information System	Project Implementation Unit
Component 2: Public officials at the central and local level trained by the program	<input type="checkbox"/>	Number	0.00	60.00	130.00	200.00	250.00	250.00	Quarterly	Management Information System	Project Implementation Unit
Component 2: Trained officials who rate the quality of the training as useful and very useful	<input type="checkbox"/>	Percentage	0.00	70.00	80.00	80.00	80.00	80.00	Quarterly	Management Information System	Project Implementation Unit

Component 2: Trained youth professionals who rate the quality of the M&E Training as useful and very useful	<input type="checkbox"/>	Percentage	0.00	70.00	80.00	80.00	80.00	80.00	Quarterly	Management Information System	Project Implementation Unit
Component 3: Timely submission of monitoring reports	<input type="checkbox"/>	Number	0.00	4.00	8.00	12.00	16.00	12.00	Quarterly	Project Records	Project Implementation Unit
Component 3: Impact Evaluation carried out	<input type="checkbox"/>	Text	n/a	- Evaluation and survey design - Baseline Survey complete	Baseline Report complete	Follow-up Tracking ongoing	Follow-up Tracking ongoing	Impact Evaluation carried out	1 Survey before project start; one or multiple follow-up surveys conducted	Household Survey Data	Project Implementation Unit via Survey Firm and Principal Investigator

Annex 2: Detailed Project Description

Country: Morocco

Project Name: Strengthening micro-entrepreneurship for disadvantaged youth in the informal sector (P144134)

1. **The proposed project will adopt a locally-based approach to provide non-financial support services** to young informal sector workers and other disadvantaged youth along the life-cycle of a micro-enterprise. The project will foster local public-private-NGO-partnerships that can provide an integrated support model for youth self-employment at the local level. Specifically, the project will bring together local civil society champions (NGOs and CBOs) with the relevant public sector institutions that have a strong local presence, such as the Ministry of Youth and Sports (through its “Maisons de Jeunes” and “Foyers Féminins”), Entraide Nationale (through its “Centres d’Education et Formation” and “Centres de Formation par Apprentissage”), and INDH (grants program), while also leveraging the local private sector in project delivery. In addition to increasing the opportunities for self-employment among youth beneficiaries, the project seeks to generate the necessary knowledge on how to best provide entrepreneurship support for disadvantaged youth and build the institutional architecture for a national program.

COMPONENT 1: Integrated Micro-entrepreneurship Support for Disadvantaged Youth in the Project Areas (Total: US\$ 3,429,424; TF: US\$ 2,956,400)

2. **This component provides a menu of non-financial support services** designed to facilitate the start-up and expansion of local youth-led micro-entrepreneurship. These services will be calibrated to fit the heterogeneous needs of youth at the local level. For example, a condensed version of the training component may be offered to existing business owners compared to the training offered to aspiring entrepreneurs. Similarly, if neither training nor access to finance are required, the program may directly offer post-creation support to selected micro-businesses.

Sub-Component 1.1: Market assessments

3. **The proposed project will adopt a market-driven approach.** Private sector providers will carry out local/regional market assessments to identify the key sectors offering promising livelihood opportunities, the constraints of existing businesses and trades, and possibilities for creating new and upgrading existing micro-enterprises — for example by fostering value chain integration or exploring stronger distribution channels. The local market assessments will build on existing regional market analysis carried out by Regional Investment Centers, sectoral ministries (e.g. Ministry of Artisanship) and other entities (e.g. Ministry of Agriculture and local chambers of commerce). In parallel to the market assessment, a rapid local community appraisal will help identify local youth needs, young people’s education and labor market status, and existing community-based institutions which can be leveraged to attract youth and offer the required services. Together with the market assessments, the community appraisals will allow program partners to best cater their efforts toward appropriate business creation for youth and create a viable platform for training and entrepreneurship development. Finally, such appraisals will help identify prospective implementing partners as well as key stakeholders who can join

regional advisory committees (RACs) in each target community (see Annex 3 -Implementation Arrangements for details).

Sub-Component 1.2: Entrepreneurship training

4. The project will offer a combination of skills needed to start and grow a business.

An initial course covering a basic set of skills will be offered to all participants by local implementing organizations (e.g. CBOs, NGOs, private sector). More intensive training will be available to those who are selected to pursue financing and receive follow-up assistance. The training activities will be offered with flexible schedules (e.g. part-time, evenings) to minimize the opportunity cost of participation and facilitate the engagement of a maximum number of beneficiaries. Key skill enhancement areas which will be covered will include:

- **Financial Literacy:** Basic financial education is essential to help targeted youth deal with their financial responsibilities in order to manage day-to-day expenses and risks and take better advantage of economic opportunities. In particular, this will include content on how to manage money and the use of financial services, such as savings and credit, using experiential learning techniques.
- **Behavioral and life skills:** Young people need confidence and critical thinking abilities in order to take the calculated risks often necessary to start a new business. They also need to learn how to ask questions, think creatively, and become active participants in their personal and ultimately their professional development. Training in life skills is essential for those striving to become entrepreneurs as well as those who may not make it as entrepreneurs but want to find and obtain quality jobs. Such skills may include personal development skills (e.g., developing self-confidence, setting goals, managing stress, building leadership skills), problem solving (e.g., asking questions and listening, managing bullying, and managing conflicts), interpersonal skills (communication, teamwork), and workplace success (working in teams, managing projects, and time and financial management).
- **Business skills:** The program will also offer targeted entrepreneurship skills needed to successfully manage a micro-enterprise. The entrepreneurship training will be adapted specifically for use with underserved and less-educated youth. The curriculum will include units on participatory market research, determining financial risks and goals, business planning, basic budgeting, and sales and marketing. The curriculum seeks to utilize an interactive and hands-on approach to instruction that will reinforce learning concepts taught by a teacher in a classroom, i.e. the use of games, training exercises, video clips, and case studies to clearly explain and break down complex business skills. The training will also include hands-on assignments that trainees can complete in their communities, thereby increasing the young person's knowledge of community needs and increasing the potential for new business creation that will help serve those needs.

5. As part of the training sub-component, the project will also orient beneficiaries in the start-up and expansion process, in particular through links to financial services and existing grant mechanisms. Rather than providing financing itself, the project will offer proposal development assistance to aspiring and established entrepreneurs interested and ready to seek

funding from local microfinance institutions (for individual or group-based micro-credit needs up to US\$5,000) and from INDH grants (for income-generating activities with complementary financing needs beyond microfinance), thereby leveraging existing private and public funding to complement project activities.¹⁹ Information sessions actively engaging MFI and INDH representatives to present the opportunities, procedures, and requirements for available financing will be offered to ensure that the proposals and business plans meet eligibility criteria. To this end, the project will closely interact with several microfinance organizations (e.g. Fondation Banque Populaire pour le MicroCrédit, La Poste) which are already developing specific youth loan and saving products to better serve disadvantaged youth.

6. **As some market opportunities may be best exploited when organized as a group**, the project will also facilitate the self-organizing of small entrepreneurs, while providing guidance and administrative assistance with regard to formalizing activities based on the micro-entrepreneur's situation and needs (e.g. by adhering to the professional tax, the "*patente*").

Sub-Component 1.3: Post-creation business development support

7. **A sub-set of participants will be eligible for ongoing business development services** from local implementing organizations to help them sustain and grow their business (see beneficiary selection further below). The business development support will entail a subset or combination of the following services, based on the needs of the sector, product, and trade:

- **Mentoring/Coaching:** In order to increase the viability of the business, both coaching and mentoring will be offered for 12-24 months after a project receives financing. Businessmen and women (either serving on the regional advisory committees in each project region or identified through the networks of the regional and national advisory committees) will be selected as mentors and meet with trainees on a monthly basis if possible. Based on the locality, mentoring will be provided on a one-on-one basis or through other modalities (e.g. group mentoring, mobile mentoring clinics). In addition, coaches will meet with trainees on a bi-weekly basis. Together the coaching and mentoring will help with ongoing diagnostics and troubleshooting as the business operates. The project will also facilitate interaction among the entrepreneurs themselves through regular meetings.
- **Physical location:** Working with the local authorities, facilitate access to physical space that can be used by for production and/or distribution by a group of micro-entrepreneurs within a same sector.
- **Product development and quality control:** Provide targeted assistance with improving production and service techniques (for example by moving to more modern techniques) while ensuring that common quality standards are met, which in turn will be crucial for enhancing distribution.
- **Access to markets:** Based on a solid understanding of the local and regional market and value chains, young entrepreneurs will be supported in increasing their exposure and

¹⁹ While the project will help prepare beneficiaries to access finance, they are still expected to follow the general application requirements of the respective institutions in line with standard procedures.

expanding their distribution networks, and accessing regional markets, e-commerce, or other channels. The support may also entail creating brands and labels, and facilitating contracts between local producers and small and medium enterprises (SMEs). Such access will be facilitated with help from key public and private stakeholders serving on the programs local and national advisory committees.

8. **Beneficiary selection** will be based on a three-stage process.

- a) Aspiring and existing entrepreneurs can enroll in a pre-screening stage based on general eligibility-criteria (see section on project beneficiaries above). The pre-screening will consist of several activities (e.g. life skills training, career counseling, idea development, etc.) over a one week period (boot-camp) to further enhance young people's interest in the program, build trust, clarify expectations, while making sure that potential participants follow program rules and participate actively. This screening will allow identifying those who really do want the program from those who do not, thus reducing drop-out in subsequent stages. In addition, psychometric testing may be applied to determine potential entrepreneurial aptitude among prospective beneficiaries.
- b) Those who demonstrate strong interest are then eligible for the entrepreneurship training. If interest in the program exceeds delivery capacities, scores in psychometric testing and demonstrated commitment will provide the basis for determining who will receive services immediately and who will be waitlisted for future rounds.
- c) Among the beneficiaries who complete the initial training, a subset of youth will be selected to receive post-creation support based on the potential viability of their new or existing self-employment project. The selection will be based on the project/business plans developed as part of the training which will be assessed by program staff and members of the local private sector, including MFIs, drawing on the members in the regional advisory committees. Beneficiaries of the post-creation support will primarily include those who successfully access micro-credits or grants to start and expand their income-generating activities, but may also include other quality projects, primarily among those who already have existing activities, who may not need training and financing.

COMPONENT 2: Institutional Capacity Building (Total: US\$ 943,428; TF: US\$ 813,300)

9. In order to support project implementation and build the institutional architecture for a national program, the project puts strong emphasis on capacity building and technical assistance for all levels of the project. Specifically, this component will strengthen the MYS, implementing NGOs/CBOs, and other public and non-public stakeholders at the local level to plan and manage youth entrepreneurship interventions.

Sub-Component 2.1: Development of training tools and curricula

10. **Based on national and international training curricula and other micro-enterprise support tools, this sub-component establishes minimum standards for the delivery of the services offered** under Component one and supports the adaptation of existing materials to make

them suitable for the proposed project. For instance, the training program will draw from existing curricula in the different areas that can be used or adapted for the program needs (e.g. Microfinance Opportunities’ “Your Future Your Money”, the International Youth Foundation’s “Passport to Success”, Street Kids International’s “Street Business Toolkit”, Microsoft’s “Build your Business”, ILO’s “Know about business” and “Improve Your Business”, MEDA’s “YouthInvest” curricula).

11. This sub-component will further refine and adapt tools and materials that can subsequently be used and adapted in each site of implementation. The product/curriculum development will be an iterative process, seeking to continuously integrate the local experience to improve the offered services, and share that experience across implementation organizations.

Sub-Component 2.2: Institutional capacity building for service delivery

12. This sub-component provides advisory services and training to Service Providers at the central and local level for the delivery of services required under Component one above. For example, NGOs, youth-friendly institutions, and key public sector players will be targeted so that they can deliver the set of youth entrepreneurship program and support services efficiently and effectively. Based on the quality standards established for project delivery, it will ensure that staff in implementing organizations is fully qualified to deliver the support services. To that end, this sub-component will have two key areas of focus:

13. Implementing NGOs and implementing partners: The program will provide advisory services and training to Service Providers at the central and local level for the delivery of services required under Component one above. For example, the program will provide specialized training in areas relevant to designing, implementing, and evaluating programs as well as in organizational management. In addition to NGO staff, this activity will also target civil servants within Maisons de Jeunes, Foyers Féminins, Entraide Nationale, etc. to enhance their ability to deliver quality programming on the local level. The services provided will follow an in-depth capacity assessment of the implementing organizations in each project region to better understand their programmatic, financial and management capabilities and identify the types and amount of technical assistance needed to implement the project and ensure compliance with MYS and World Bank policies.

a. Program Design, Development and Implementation

- Program design
- Outreach
- Beneficiary selection and case management
- Effective content delivery (pedagogy)
- Market and value chain analysis
- Core business skills and business plan development
- Additional entrepreneurship support including mentor support; links to financing; and business launch and post-creation support (incl. marketing, distribution, etc.)
- Partnerships for effective and sustainable projects
- Youth-Friendly Services
- Career guidance

- b. Organizational Capacity Building
 - Governance and human resources development
 - Writing proposals and leveraging resources for sustainability
 - Financial and grants management, monitoring and reporting
 - Compliance with donor rules, regulations and policies
- c. Knowledge sharing: In order to increase synergies and knowledge sharing among local implementing organizations, the project will facilitate the interaction among local partners through thematic workshops and knowledge sharing events.

14. **Other community stakeholders:** As part of the market and community assessment process, community stakeholders will reach consensus on the capacity building needs of key community institutions. Based on these priorities, training and technical assistance will be provided to relevant youth serving organizations on effective youth programming, service delivery, and evaluation. Technical support will be given as the program is rolled out so that partners can “learn by doing”. The capacity building of community actors will support the enabling environment of the project through the development of partnerships and community alliances, thereby enhancing its potential scale and sustainability.

Sub-Component 2.3: Capacity building to recipient agency and local governments

15. **This subcomponent will provide advisory services and training to selected staff of the MYS** and other relevant entities at the central and local level, including: (i) the provision of training on territorial planning, management and outreach of youth-focused programs; and (ii) advisory services for the integration of best practices and lessons learned into operating procedures. This is required in order to increase the effectiveness and sustainability of the project. This sub-component will target public officials (especially civil servants of the Ministry of Youth and Sports, Entraide Nationale and relevant local institutions) to strengthen institutional capacity and enhance overall planning and management of youth-targeted services. In particular, it will provide:

- Training on territorial planning, management, and outreach of youth-focused programs. This may also include providing a specialized “youth worker” curriculum to build the capacity of institutions and individuals to effectively engage with unemployed and underserved youth.
- Participation in specialized trainings and workshops/conferences on youth employment and entrepreneurship programming, incl. at the ILO’s Training Center in Turin, in order to provide a comparative perspective on the management of youth-focused services
- Pilot to policy integration: Technical assistance supporting the integration of best practices and lessons learned from the program’s first phase into programming and procedures at the national and local level. For example, this may include supporting the dialogue on the National Youth Strategy and Action Plan, working with local governments on strengthening youth services in local development plans and budgets, or supporting other public stakeholders in strengthening their youth employment programs.

Sub-Component 2.4; Capacity building on Monitoring and Evaluation

16. **This sub-component will provide advisory services and training for monitoring and evaluation** including support for developing and improving results frameworks, and developing data collection instruments to carry-out quantitative and qualitative data collection and analysis. This will help to ensure that quality data is collected and that lessons learned can influence project implementation and future programming and policy, the project will emphasize technical assistance on M&E to all implementing organizations. This will include support with developing and improving results frameworks, developing quantitative and qualitative data collection instruments, carrying out data collection, and data analysis.

COMPONENT 3: Project Management and Monitoring (Total: US\$ 1,276,000; TF: US\$ 1,100,000)

17. **The PMU will be responsible** for overall coordination and implementation of the project. Key responsibilities will include national and regional coordination, procurement, financial management, monitoring, communication and knowledge management, formalizing partnerships, as well as the selection and oversight of local implementing organizations and service providers.

18. **To this end, the project will hire a team of consultants** for the different functions and to support the civil servants of the MYS. This will include a full-time Project Manager, a monitoring, evaluation and communication specialist, a procurement specialist, a financial management specialist, and a monitoring and evaluation specialist. Two regional coordinators will support the management of the project locally.

19. **The project will draw on several complementary monitoring and evaluation tools** in order to a) support project management, b) ensure accountability, and c) foster knowledge generation. The project will include a robust monitoring system which will provide real time information sharing and learning to all implementation teams and partners involved, in addition to measure results directly related to project activities. The monitoring system will include a comprehensive set of process, output and outcome indicators and a continuous process of data collection and entry so as to assess the quality and effective delivery of the services offered. In addition, the project will draw on periodic process assessments and an impact evaluation (see more details under Monitoring and Evaluation in Annex 3).

20. **The activities financed under this component** include consultant salaries for the PMU and regional coordinators, transportation and office operating costs, the IT system for project monitoring, external audits and periodic assessments, as well as consultant fees and data collection for an impact evaluation.

Annex 3: Implementation Arrangements

Country: Morocco

Project Name: Strengthening micro-entrepreneurship for disadvantaged youth in the informal sector (P144134)

Project Institutional and Implementation Arrangements

1. **The MYS will be the implementing agency for the project.** As youth-focused policies and programs in Morocco remain fragmented and suffer from limited reach and quality, the MYS has been officially tasked with developing an integrated national youth strategy to address these gaps and improve the efficiency and quality of services targeted to youth, particularly those for disadvantaged and less educated youth from low-income backgrounds. The Ministry therefore has a strong mandate to foster youth policy coordination and advance a multi-sector agenda in favor of young people.
2. **The PMU established within the MYS will be responsible for the overall coordination and oversight of project activities.** Presided by the Director for Youth in the MYS, the PMU team will include 6 specialized consultants including a full time Project Manager, a monitoring, evaluation and communication specialist, in addition to procurement specialist and a financial management specialist. Key responsibilities of the PMU include:
 - a. Manage and supervise the project
 - b. Ensure communication with and coordination between program partners
 - c. Resource allocation and procurement
 - d. Project monitoring and evaluation
 - e. Preparation of quarterly and annual progress reports
3. **Two regional coordinators will coordinate project activities on the ground.** Led by regional delegates of the MYS, the regional coordinators will be dedicated consultants to support project implementation at the local level. They will be hosted by the MYS delegations. They will have the following responsibilities:
 - a. Articulate and roll out the project at local level with a view to facilitating the actual implementation of project activities on the ground.
 - b. Provide a liaison role between the national PMU and representatives of the MYS at Provincial level and the MYS local facilities, including youth and women's centers (see following paragraph) as well as the relevant decentralized agencies in charge of financing micro-business and income generating activities
 - c. Supervision of implementation and quality control
 - d. Mobilization of regional and local stakeholders
 - e. Monitoring and reporting
4. **At the local level, the MYS will make available to the project its local structures and facilities of “Maisons de Jeunes” and “Foyers Féminins” for outreach and delivery of services,** and provide logistical support (physical space and some equipment) as needed. Under the responsibility of its Directorate of Youth, Children, and Feminine Affairs, the Ministry

manages over 900 facilities, including over 500 youth centers and 300 women centers, as indicated below:²⁰

- a. Over 500 Youth Centers (*Maisons des Jeunes, MJs*): MJs are non-formal learning venues offering educational, cultural, social, artistic, and sports services to the youth.²¹ Activities are led by MJ staff members and by youth associations, enabling them to develop youth-led initiatives at the local, regional, and national level. Through the services offered, their aim is to foster young people's personal development, enhance social inclusion and participation, and build capacity building to registered youth associations that meet the eligibility requirements of the MYS. Formally speaking, MJs are governed by an elected board, composed of the MJ director and representatives of youth associations. Activities are largely coordinated by the MJ directors, who are civil servants that have graduated from higher training institutes of MYS.
- b. 300 Women's Centers (*Foyers Féminins, FF*), under the Women's Affairs Division: Women Centers formally target young women between 15 and 22 who have not had access to formal education, have dropped out of school early, or have left school without a degree. However, in reality, many older women use the centers. Women's Affairs's Directorate (DAF) programs have two main goals: (i) labor market entry via rapid qualifications training, and (ii) women's self-development. To this end, FFs offer three services: vocational training (offered through Vocational Training Centers), women's development (via mentoring and training in FFs), and early child care (i.e. child care centers). Nationally, these services are offered in 299 FFs, 110 of which house Vocational Training Centers. Also, 343 child care centers are associated with the FFs, enabling beneficiaries to attend training programs while providing preschool care and education to children of vulnerable working women.
- c. Additional facilities cover 20 Child Protection Centers (*Centres de Sauvegarde de l'Enfance*) under the Childhood Division; 110 Vocational Training Centers (Centres de Formation Professionnelle); and One National Center of Youth Information and Documentation (Centre National d'Information et de Documentation des Jeunes).

5. Training and capacity building activities will be implemented by NGOs/CBOs. For Component 1, service providers will be selected competitively based on criteria including i) a strong track record in working with disadvantaged youth and a good understanding of their local needs; ii) expertise in micro-enterprise development in key sectors such as agriculture, artisanship, and small industries/commerce; iii) existing programming in training, orientation, and/or micro-entrepreneurship development services; iv) ability to provide sustained technical assistance and support during implementation; v) basic institutional capacity for budgeting and reporting, and vi) existing partnerships with private sector, local authorities and public institutions, such as MYS, Entraide Nationale, the Agence de Développement Sociale (ADS), and INDH. For Component 2, an experienced organization will be selected to provide the

²⁰ The assessment of the Ministry of Youth and Sports and its facilities is drawn from the ESW, *Kingdom of Morocco: Promoting Youth Opportunities and Participation* (World Bank, 2012).

²¹ Non-formal learning (NFL) provides young people—particularly disadvantaged youth—the soft and hard skills needed to facilitate their entry into the workforce and encourage their active citizenship. NFL is a voluntary, intentional, and youth-led process that takes place outside of the formal education sector and covers a wide variety of learning fields, including youth work, youth clubs, sports associations, voluntary service, peer education, and many other activities that offer practical learning.

institutional capacity building. The organization will need to demonstrate a strong track record in youth development and, specifically, in effectively building the capacity of NGOs, public and private youth-serving institutions to design, implement, and evaluate youth workforce and entrepreneurship development programs and support services. The organization selected will coordinate closely with the PMU and its regional coordinators to jointly identify capacity building needs and plan and oversee project implementation.

6. **Given the limited resources**, staffing capacity and inadequate content of activities offered in these facilities, the proposed project offers significant opportunities to contribute to the reform of the Ministry's local service delivery. In addition to addressing capacity gaps at national level, Component 2 will be ensuring adequate resources in terms of training and facilitation to project teams and NGOs at local level.

7. **The Ministry of Youth and Sports developed an Operations Manual** which detailed the roles and responsibilities of each administrative level and entity involved in the project implementation. The Operations Manual received No Objection by the Bank on May 30, 2013 and was adopted on June 7.

Partnerships

8. **The project will engage in targeted partnerships** at the program and local levels to ensure a close connection between the non-financial services provided through the project and the financial services available through other institutions. Specifically, the project will partner with two of Morocco's key microfinance institutions (Attawfiq Microfinance and La Poste) which are supported by Silatech (a Qatar based social enterprise supporting youth employment and entrepreneurship) in the design of dedicated youth microfinance products and marketing approaches (youth-specific loan and savings products) that are expected to be launched nationally in early 2013. For example, Attawfiq Microfinance, formally Fondation Banque Populaire pour le Microcredit will target 50,000 new youth microcredit clients through its "Boudour" project while Al Barid Bank will target 100,000 new youth savings accounts, both of which are looking for structured partnerships with non-financial service providers that can adequately prepare young people and support their linkage to these services. The project will actively collaborate with these and potentially other financial service providers to facilitate beneficiaries' access to credit and savings products. In addition, the project will leverage its complementarities with the provincial INDH grant funds for income-generating-activities, which could represent an additional source of financing for project beneficiaries.

Project stakeholders

9. **Private sector:** The project will engage the CGEM's Social and Economic Commission to ensure private sector outreach for the project. In particular, members of the local private sector will be invited to be part of the selection process that will assess the quality of business plans/ideas developed during the training process and select the subset of beneficiaries eligible for post-creation business development support. In addition, the project will engage the private sector in offering the mentoring services that are part of the business development support, thereby facilitating the transfer of knowledge from existing to new businesses and strengthening

social networks between program beneficiaries and other individuals and businesses in the community.²² The project will seek close connections with local business associations and chambers of commerce that can facilitate access to markets for the economic activities supported under the project. Such connections will also be facilitated by involving regional entities such as OCP Foundation (Office Chérifien des Phosphates) or service cooperatives.

10. **Youth-serving organizations:** Morocco has a relatively large network of youth serving organizations; however, the vast majority is only regional or local in scope. Among those, there are also a range of organizations supporting youth entrepreneurship, though most remain small and little evidence exists regarding their results. That said, a critical number of larger local and international NGOs are active in Morocco that could provide capacity building to local NGOs, including for example Mennonite Economic Development Associates (MEDA), the International Youth Foundation (IYF), Association Marocaine d'Appui à la Promotion de la Petite Entreprise (AMAPPE), the Réseau Maroc Economie Sociale Solidaire (REMESS).

11. **Government of Morocco ministries:** At the policy level, the project will operate within the broader framework of the National Strategy for Promoting Very Small Enterprises currently developed by the Ministry of General Affairs and Governance (MAGG), and supported by the German Development Cooperation (GIZ). As indicated in the official request to the World Bank for Technical Assistance, the MAGG has agreed with the Ministry of Youth and Sports that the proposed project should target the less educated youth who are currently not served by other programs, thereby complementing other efforts targeted at strengthening the environment for very small enterprises in the country. At local level, the project will leverage local structures of INDH – based on an operational framework between INDH and MYS - and in particular its available grant mechanisms for income generating activities (IGAs) (see Box 1).

Box 1: Support for income-generating activities through INDH

The National Human Development initiative as part of phase 2 (2012-2015) has five sub-programs (Program against urban exclusion; program against rural poverty; national program against insecurity; and a crosscutting program) that focus among others on income-generating activities and stable incomes, not only in areas targeted by INDH but rather throughout the Kingdom. The cross-cutting subprogram contains a specific envelope dedicated to income generating activities, the main mechanism for the focus on enhancing economic inclusion (40 percent of the subprogram, i.e. US\$136 million are dedicated to income-generating-activities under this sub-program). Activities include financial support for developing small businesses together with business training; and support to community-managed revenue generating services such as household waste collection, water management, and recycling management.

12. **Development partners:** Several donors are implementing youth employment programs in Morocco, including the ILO, Silatech, UNDP and USAID (see Table 2). The ILO has also

²² To avoid the risk that the involvement of existing firms discourages new competitors, selection committee members and mentors may be selected from different sectors than the businesses of the respective entrepreneurs.

agreed to actively contribute to the product and curriculum development process. In addition, the project will coordinate with the World Bank/IFC supported Micro, Small and Medium Enterprise Technical Assistance Facility to ensure synergies between the capacity building efforts for MSMEs that involve strengthening entrepreneur networks, mentoring, and business incubator-type services, and the local entrepreneurship support services to disadvantaged youth supported by the proposed project. The project will also collaborate with the IFC for the use of their *Business Edge* tool which includes 32 modules for soft skills and entrepreneurship training in specific industries, such as tourism. The tool can be integrated in the entrepreneurship curriculum offered through the program and training of trainers is available from IFC.

Table 4: Selected Youth Entrepreneurship Initiatives in Morocco

Organization	Name of intervention	Project description
Development partners		
USAID	Enhanced Opportunities for Moroccan Youth	Training in life skills and other youth friendly services for increased employment or self-employment among targeted youth.
ILO	Youth@Work	Based on the <i>Know About Business</i> tool, the program provides entrepreneurship education to 20,000 youth in secondary and tertiary schools to improve their entrepreneurial skills. The project also provides capacity building to public employment centers (Ministry of Employment and Vocational Training).
Silatech	Bodour and Youth Savings Initiative	Youth micro-enterprise development through guarantee funds and technical assistance for youth financial service providers (Attawfia Microfinance and Al Barid Bank)
UNDP	Youth Employment Strategy Green	In addition to the development of a national strategy for the promotion of green jobs and capacity building services, the project seeks to facilitate access to financial services for green businesses for vulnerable youth groups.
AfDB	Technical Assistance for the promotion of young entrepreneurs in agriculture	Targeted at unemployed educated youth, the project plans to offer training, start-up support and post-creation follow-up services for youth start micro-enterprises in agricultural services (distribution, production, transformation, etc.)

Financial Management, Disbursements and Procurement

Financial Management

13. **Public Financial Management:** The Bank's experience in Morocco and the main conclusions of the 2009 Public Expenditure and Financial Assessment (PEFA) indicate that the Moroccan public finance system is governed by an elaborate legal and regulatory framework. The financial management risk of the Moroccan public finance system is considered low.

14. **Assessment of the Financial Management System:** An assessment of the financial management system in place at Ministry of Youth was carried out to determine if it complies with the Bank minimum requirements for the project management in respect to the OP/BP10.00. The Financial Management System (FMS) in place in the executing agency is based on

principals and procedures defined by the legal framework applicable to the public sector and more specifically to governmental institutions.

Risk Analysis

15. **Risk analysis.** The risk before mitigation is **substantial**.
 - a. The Ministry of Youth doesn't have experience with World Bank financed projects; hence it has limited knowledge and capacity to manage the proposed intervention according to Bank standards. The risk is **Substantial**
 - b. **Financial Reporting.** The accounting system of the executing agency (Gestion Intégrée des dépenses, GID) will not allow the production of the interim financial report which details the information by project component and categories. The risk is **Substantial**
16. **Mitigating measures.** The risk after mitigation is **moderate**.
 - a. The Bank staff will work closely with the PMU to ensure capacity building. In addition, an operational manual will be implemented to facilitate the project execution. The manual needs to be completed and approved before the project effectiveness.
 - b. An excel spreadsheet will be prepared by the FM consultant and compared to the information in GID. This excel spreadsheet will have the information needed for the Financial reporting. It will be submitted to the head of the division of accounting and budget within MYS for review and approval and then to the Director for Youth, Children and Feminine Affairs for approval and submission to the Bank.

Table 5: Financial Risk Assessment

Risk	Rating	Mitigation of risk	Risk rating after mitigation
Country level The Moroccan public finance system is governed by a complex legal and regulatory framework that offers guarantees of high reliability and transparency. Morocco's compliance with rules and regulations and existing accountability arrangements provide an adequate framework for the use of public funds and public financial management (PFM) is considered broadly transparent.	Low		

Project level - The Ministry of Youth doesn't have experience on Bank's financed projects; however it has a large experience on participating and managing projects in this field with different international and national organizations. Its activity report displays all the projects where it has strong involvement.	Substantial	<ul style="list-style-type: none"> • Capacity building of financial management staff of the project. • Close monitoring by the World Bank financial management team • A Project implementation manual acceptable to the World Bank to ensure that project activities are covered in their entirety and that the risk level is mitigated. • A Project Management Unit will have a dedicated consultant for FM (financial management), that will work closely with the Director of the PMU. 	Moderate
Inherent risk before mitigation	Moderate	Inherent risk after mitigation	Moderate

Risks	Rating	Mitigation of risk	Rating after mitigation of risk
Budget The Division of budgeting and accounting is responsible at the Ministry of Youth for the preparation of the development and implementation of the annual budget for operating and for investment programs, in line with the budget adopted under the Finance Law.	Low		
Accounting The accounting system is based on accounting regulations applicable to public institutions (Royal Decree 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.	Low		
Financial Reporting The Implementing agency is using GID to administer its accounting. The financial reporting for the project can be extracted from GID. While presenting the funds to the Ministry of	Moderate	The FM consultant will extract the report from GID and will ensure that complementary information requested in the financial report, if not able to extract	Low

<p>Economy and Finance (MEF) to be budgeted, the split of the grant into components will be clearly presented to allow the bank funds to be reported in GID by components.</p> <p>The Financial report will require the presentation of the funds by category as well. Hence, an excel spreadsheet will be prepared where it will provide the information needed.</p> <p>Reconciliation with the system will be performed to ensure accuracy.</p>		<p>it from GID, are completed in an excel spreadsheet and reviewed and submitted to the Director for approval and submission to the Bank.</p>	
<p>Flow of Funds</p> <p>Financial flows come from the World Bank. The flow of funds from the World Bank are organized according to the Bank's disbursement procedures</p>	Low		
<p>Internal control</p> <p>Not all procedures are documented.</p> <p>There is no system that will allow the extraction of the financial reporting.</p>	Substantial	<p>The internal control procedures are included in the implementation manual</p> <p>The external auditor of the Project will submit a report on internal control.</p>	Moderate
<p>Auditing</p> <p>Delay in the submission of the audit report of the project to the Bank</p>	Moderate	<p>The Bank team will ensure the auditor, its term of reference are acceptable to the Bank and that the audit work is started timely to deliver the required report within the deadlines.</p>	Low
Inherent risk before mitigation	Substantial	Inherent risk after mitigation	Moderate

17. Implementing Agency: The FM team will be composed by the head of the MYS Division of Budget and Accounting, who will be supported by an external consultant in FM. The Division of Budget and Accounting has experience in managing projects financed by international donors such as EuroMed for Youth Programs and the UNDP.

18. Procedures and policies: The MYS has a budgetary manual of procedures but doesn't have a manual of accounting and organizational procedures. The review of the audit report issued by the Supreme Audit Institution highlighted the fact that not all procedures were formalized. Hence, to ensure successful implementation of the project, an Operations Manual was finalized as a condition for negotiations.

19. **Budgeting:** This Grant will be received by the Ministry of Youth. However, each Ministry prepares its own budget and submits it to the Ministry of Economy and Finance for approval through the “Loi de Finance”. In this case, the MYS will include the amount of the grant in its budget and submit it to the Ministry of Economy and Finance (MEF) through “la Loi de Finance” or through “les fonds de concours” for approval. The Ministry has adopted budgetary accounting to monitor budgetary monitoring and expenditures. They use the Integrated Expenditures Management system (GID) of the Tresorerie Generale dy Royaume (TGR) for monitoring their commitments and their budget.

20. **Staffing:** The PMU will be composed of a Project Director, a Procurement consultant, an FM consultant who will be under the supervision of the head of the Division of Accounting and Budgeting, an consultant for M&E, outreach and communication. The head of the Division of Budgeting and Accounting is qualified. However, s/he handles many responsibilities and will not be able to fully dedicate his/her time to this project. Hence, the recruitment of an FM consultant is important to strengthen the team and to provide support to the project. The head of the Division of Budgeting will control and supervise the work of the FM consultant to ensure ownership of the project by the Ministry.

21. **Accounting:** 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) named GID (Gestion Integree des dépenses). The overall principles for project accounting are outlined below: (a) Books of accounts for the project will be maintained on cash basis principles. Maintaining the reporting financial to reflect all the transaction flow of funds and issuing of the interim unaudited financial report (IUFRA) each semester; and (b) Project accounting will cover all sources and utilization of project funds. This will include payments made and expenditures incurred.

22. **Financial Management Reporting (FMR) of the Project:** Interim unaudited financial reports will be extracted from GID and complementary information requested will be maintained on an excel spreadsheet. From GID, we will be able to extract the commitments and disbursements. However, we will not be able to present the commitment by categories. GID will allow the extraction of the commitment and disbursements by component only. Hence, this complementary information will be prepared by the FM consultant. He will compare the information prepared with the total of the component extracted from GID to ensure accuracy. The head of the Administrative and Financial Management Unit will review and approve and submit it the PMU director for approval and submission to the Bank. The PMU will produce the IUFRA every semester and send them to the World Bank within 45 days from the end of each semester.

23. **The FMRs** include, in addition to a summary of project progress the following:

- Summary of funding sources and uses of funds
- Uses of funds by project component and by project category
- Cash withdrawal
- Cash forecast

24. **The Bank guidelines on financial monitoring** will be communicated to the project. A sample of FMR to use for the project will be agreed on and will be annexed to the manual of implementation of the project.

25. **Audited Project Financial Statements** (PFS) will be submitted to the Bank annually. PFS will include: (i) a statement of sources and utilization of funds or Balance sheet, indicating funds received from various sources, project expenditures, and assets and liabilities of the project; (ii) schedules classifying project expenditures by components, expenditure categories; and (iii) a statement of reimbursement made on the basis of Statements of Expenditure (SOEs).

26. **Controls :** In Morocco, the rules governing funds commitment and payment authorization are clear, well known, and enforced. The control framework is based on the segregation of duties between the commitment (ordonnateur) and payment (comptable). A Project Operations Manual received World Bank No Objection on May 30, 2013 and was adopted on June 7. The Project Operations Manual describes, among others: controls mechanisms at central and local level, transfer and accountability mechanisms for beneficiaries. Fiduciary responsibility for control of budget execution and monitoring is assigned to the General Inspectorate of Finance (IGF) and to the Supreme Audit Institution. The Budget Directorate within the MEF plays an important role in controlling transactions financed by external donors.

a) External Audit

27. **Audit Arrangements.** Annual Project financial statements audited by auditors acceptable to the Bank and General Inspectorate of Finance (IGF) will be submitted to the Bank within 6 months after the end of each Fiscal Year. The audit will be comprehensive and cover all aspects of the Project (i.e., all sources and utilization of funds, and expenditures incurred). The implementing agency will retain an auditor acceptable to the Bank and IGF to perform an annual audit in accordance with International Standards on Auditing (ISA), as issued by the international Federation of Accountants and with terms of reference acceptable to the Bank. The audit terms of reference should be acceptable to the Bank.

28. **During the assessment,** the Ministry shared the Supreme Audit Institution last audit report which highlighted observations regarding insufficiencies in management, absence of legal, administrative and financial framework, and lack of human resources.

b) Internal audit:

29. **The MJS** does not have an internal audit department.

Flow of funds

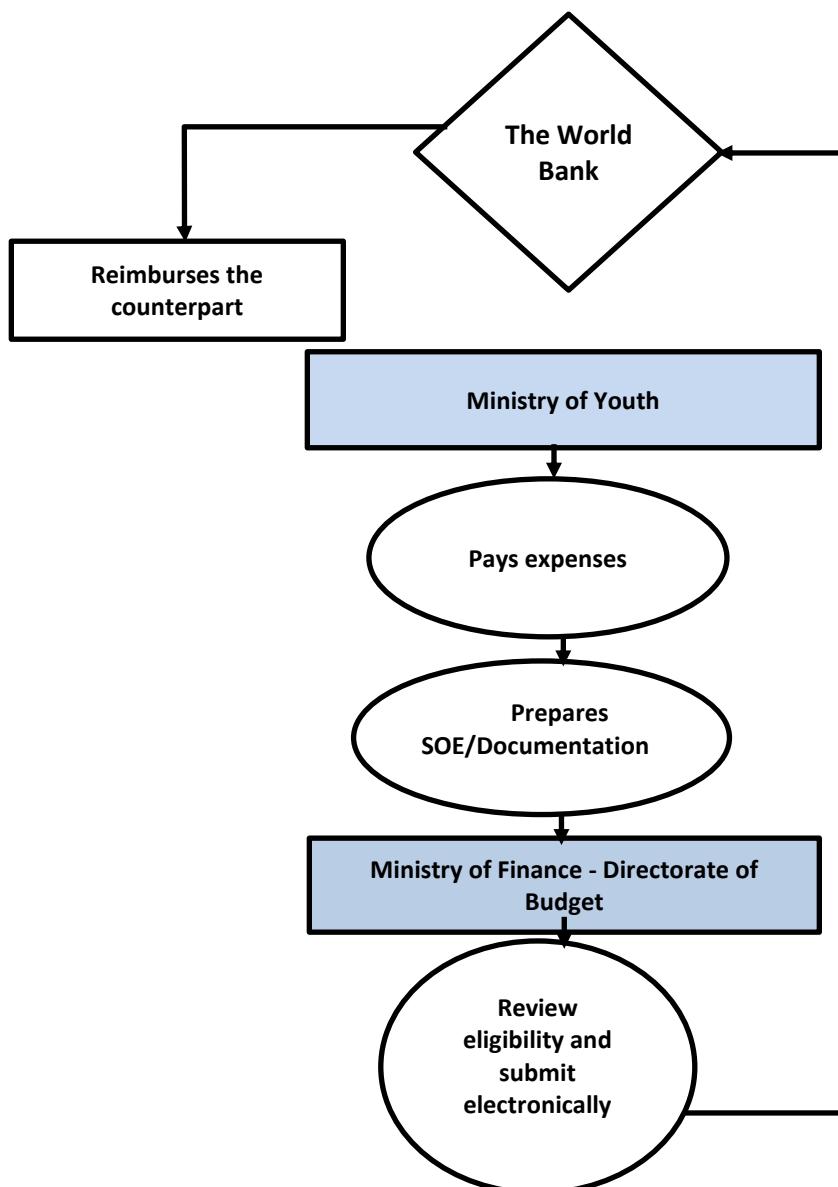
30. The funds after their budgeting in the “Finance Law” (“*Loi de Finance*”) will be transferred to MYS according to Bank disbursement guidelines and according to the method agreed on the disbursement letter. The funds will be managed by the Executing Agency. No funds will be transferred to the offices of the regional coordinators of the project. The payment

justifications supporting documents will be sent to the MEF's Directorate of Budget for verification, approval and then **electronically** for submission to the Bank.

31. The MYS has the below options:

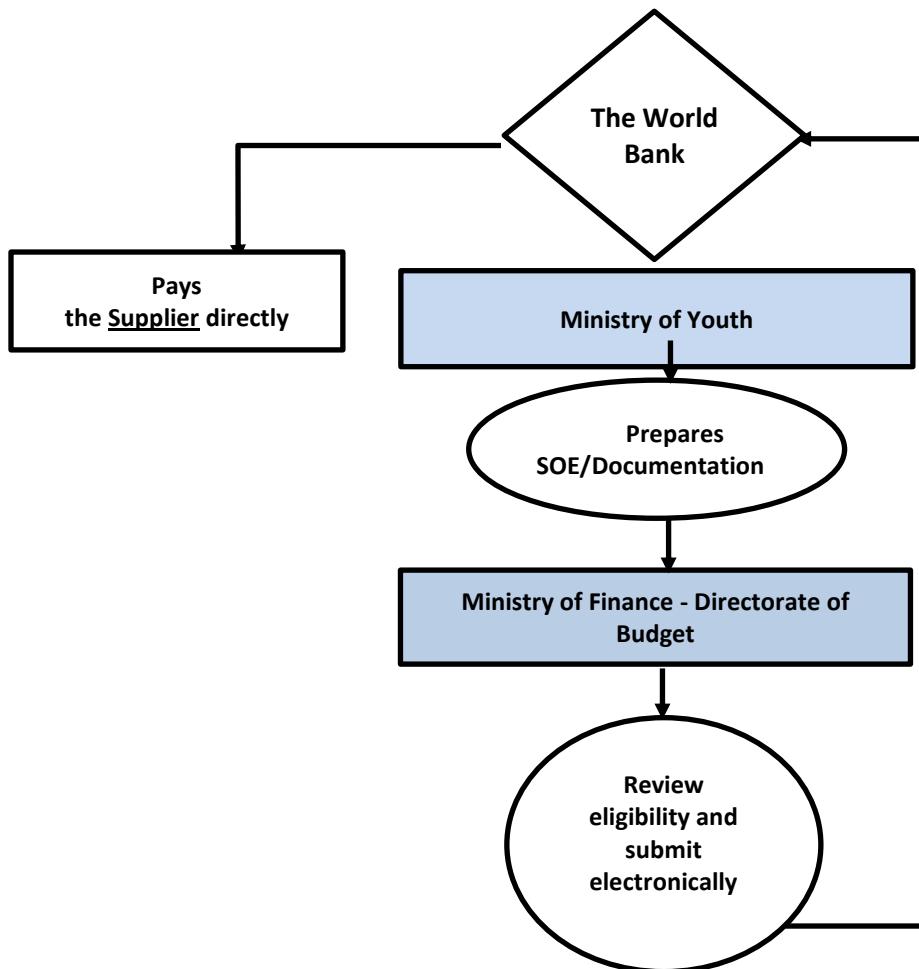
- a. **Pre-finance the expenses:** The grant disbursement will be made based on documentary evidence or on presentation of statement of expenditures (SOEs) prepared in compliance with the World Bank disbursement procedures. The Ministry of Youth will provide documentary evidence and SOE, which will be submitted to the MEF, Budget Directorate, External financing department, which will review eligibility and electronically submit them to the World Bank for reimbursement.

Figure 1: Pre-financing of expenses



b. **Direct payment:** The MYS will prepare documentary evidence in compliance with the World Bank disbursement procedures and will submit them to the MEF. The MEF, Budget Directorate, External financing department, will review eligibility and electronically submit the direct payment request to the World Bank for processing.

Figure 2: Direct payment



32. The counterpart's in-kind contribution is detailed below and will be honored by the MYS.

Table 6: In-kind contribution of MJS

Share of salaries of 4 Delegates of Youth (Délégués de la Jeunesse) at each key project site (USD 10,000 x 4 Delegates x 4 years)	US\$ 160,000
Free office space at Delegations of Youth at each key project site (USD 12,000 x 4 offices x 3 years)	US\$ 144,000
Free facilities and equipment for trainings in 32 MJs (USD 10,000 x 32 MJ)	US\$ 320,000
Share of salaries of Directeurs des Maisons de Jeunes at local level (USD 1,375 x 32 MJ x 4 years)	US\$ 176,000
TOTAL	US\$ 800,000

33. **Planning of Supervision:** A supervision mission will be conducted every six months based on the risk assessment of the project. The mission's objectives will include: (i) ensuring that strong financial management systems are maintained for the project throughout its life; and (ii) semi-annual review of Interim Unaudited Financial Reports (UFRs), review of annual audited financial statements and management letters.

Disbursements

34. **The proceeds of the grant** would be disbursed in accordance with the traditional disbursement procedures of the World Bank and will be used to finance project activities through the disbursement procedures currently used: i.e. Direct Payment, Advances, and Reimbursement. Replenishment and/or Reimbursement Withdrawal Applications (WA) will be accompanied by Statement of Expenditures (SOEs) in accordance with the procedures described in the Disbursement Letter and the World Bank's "Disbursement Guidelines". Interim Unaudited Financial Reports and Annual Financial Statements will be used as a financial reporting mechanism and not for disbursement purposes. The minimum application size for direct payment and reimbursement will be the equivalent of 20 percent of the Advance ceiling amount.

35. **The Beneficiary will open a Designated Account** at the Trésorerie Générale du Royaume (TGR) in Moroccan Dirham to cover grant shares of eligible project expenditures. The Ceiling of the Designated Account would be nine millions dirhams. The Beneficiary will be responsible for submitting monthly replenishment applications with appropriate supporting documentation

36. **The World Bank will honor eligible expenditures for services rendered and goods delivered by the Project closing date.** A four months grace period will be granted to allow for the payment of any eligible expenditure incurred before the grant closing dates.

37. **Necessary supporting documents will be sent to the Bank** in connection with contracts that are above the prior review threshold, except for expenditures under contracts with an estimated value of (i) US\$300,000 or less for goods and non-consulting services; (ii) US\$100,000 or less for consultant contracts with firms; and (iii) US\$50,000 or less for individual consultants, as well as all operating costs, training, workshops and field visits, which will be claimed on the basis of SOEs. The documentation supporting expenditures will be retained at the MYS and will be readily accessible for review by the external auditors and periods Bank supervision missions. All disbursements will be subject to the conditions of the Grant Agreements and disbursement procedures as defined in the Disbursement Letter.

38. **e-Disbursement.** The Bank has introduced e-Disbursement for all projects in Morocco. Under e-Disbursement, all transactions will be conducted and associated supporting documents and SOEs scanned and transmitted online through the World Bank's Client connection system. The use of e-Disbursement functionality will streamline online payment processing to (i) avoid common mistakes in filling out WAs; (ii) reduce the time and cost of sending WAs to the Bank; and (iii) expedite the Bank processing of disbursement requests.

Procurement

39. **Procurement for the proposed project** would be carried out in accordance with (i) the World Bank's Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, known as the 'Anti-Corruption Guidelines' dated on October 15, 2006 and revised in January, 2011; (ii) the 'Guidelines: Procurement of Goods, Works, and non-consulting services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers' (known as Procurement Guidelines) published by the Bank in January 2011; (iii) the 'Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers,' (known as Consultant Guidelines) dated January 2011; and (iv) all the accompanying standard bidding documents for any new procurement and the provisions stipulated in the Grant Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the grant, the different procurement methods or consultant selection methods, the estimated costs, prior review requirements, and agreed time frame are set out in the Procurement Plan. The procurement procedures and Standard Bidding Documents (SBD) that will be used by the recipient are reflected in the Project in the Operational Manual, which includes specific and detailed sections regarding Procurement.

40. **Procurement under the Project** is mostly for the selection of consultants for study or local market assessments, entrepreneurship training for disadvantaged youth, support for post-creation business development, development of training product/curricula and tools for capacity building, technical assistance and strategic advice to NGOs and youth-friendly services, Capacity building to recipient agency and local governments at central and local levels, and project Management and Monitoring. It concerns also goods and services related to project management, organization of training and other capacity building events under components 1 and 2.

41. **National Competitive Bidding (NCB)** procedures adjusted as indicated below will be

used for all Goods and Non-Consulting Services contracts estimated to cost less than the equivalent of three million US dollars (US\$ 3,000,000). To ensure broad consistency with the Procurement Guidelines, the following provisions will apply when using NCB under this project. Said procedures shall ensure that, inter alia:

- a. The bidding documents include explicitly the bid evaluation method, award criteria and bidder qualification criteria;
- b. Technical, administrative and financial envelopes are opened immediately after the bid opening session has started and prices are read aloud;
- c. The bids are evaluated on the basis of the price and any other criteria expressed either in pass/fail terms or in monetary terms;
- d. Contracts are awarded to the qualified bidder who has submitted the least-cost evaluated and substantially responsive bid as stipulated in the bidding document; and
- e. Standard bidding documents and bid evaluation reports found acceptable by the Bank are used.

42. **Moreover, it has been agreed with the Borrower that each contract financed from the proceeds of this Grant shall provide that suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to “obstructive practice”.**

43. **The procedures and standard bidding documents** (SBD) of the borrower adjusted to be acceptable by the Bank will be used under National Competitive Bidding (NCB). Thus prior to issuing the first call for bids, a draft SBD to be used under NCB procurement must be submitted to the Bank for approval. In any case, bidding documents are part of the operations manual.

44. **Procurement Plan:** A Project Procurement Plan in a format acceptable to the Bank will be prepared and updated at least once a year. The draft procurement plan for the first eighteen (18) month period has been finalized on June 12, 2013. The procurement plan indicates which contracts shall be subject to the Bank’s prior review. All other contracts shall be subject to Post Review.

Procurement Arrangements

45. **No Works** contracts are contemplated under the project.

46. **Procurement of Goods and non-consulting Services:** Procurement of Goods and Non consulting services comprising the acquisition of equipment, material and office supplies for the PMU, logistics for workshops, capacity building events among others, will be carried out using the following methods:

- a. National Competitive Bidding (NCB): Each package estimated to cost less than the equivalent of US\$3,000,000 may be procured on the basis of NCB procedures as found acceptable by the Bank. Bidding documents acceptable to the Bank will be used.
- b. Shopping: Goods and non-consulting services estimated to cost US\$500,000 or less may be procured using Shopping procedures.
- c. Direct Contracting: Under circumstances which meet the requirements of paragraph 3.7 of the Procurement Guidelines, goods, non-consulting Services and works may be procured in accordance with the paragraph 3.7 of the Procurement Guidelines using the Direct Contracting procurement method.

47. **Selection of Consultants:** Consultants services comprise mostly the selection of consultants for studies and local market assessments, entrepreneurship training for disadvantaged youth, support for post-creation business development, development of training product/curricula and tools for capacity building, technical assistance and strategic advice to NGOs and youth-friendly services, Capacity building to recipient agency and local governments at central and local levels, and project Management and Monitoring. The following Bank methods and corresponding standard documents will be used:

- a. Quality & Cost Based Selection (QCBS) for all types of consultant services.
- b. Least-cost Selection. Services for assignments which meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured using the Least-cost Selection method in accordance with the provision of paragraphs 3.1 and 3.6 of the Consultant Guidelines.
- c. Selection Based on Consultant's Qualifications (CQS). Services estimated to cost less than US\$100,000 equivalent per contract may be procured in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.
- d. Single Source Selection. Under circumstances which meet the requirements of paragraph 3.8 of the Consultant Guidelines for Single Source Selection, consultant services may be procured in accordance with the provisions of paragraph 3.8 through 3.11 of the Consultant Guidelines, with the Bank's prior agreement.
- e. Individual Consultants (IC). Services for assignments that meet the requirements set forth in the paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provision of paragraph 5.2 and 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.6 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

48. **Short lists may be composed entirely of national consultants** for contracts of less than US\$ 200,000 equivalent per contract, complying with the remarks mentioned above.

Publication of Results and Debriefing

49. **Online** (UN Development Business, and /or Client Connection) publication of contract

awards would be required for all Direct Contracting, and the Selection of Consultants for contracts exceeding a value of US\$200,000. All consultants competing for an assignment involving the submission of separate technical and financial proposals, irrespective of its estimated contract value, should be informed of the result of the technical evaluation (number of points that each firm received) before the opening of the financial proposals. The borrower would be required to offer debriefings to unsuccessful bidders and consultants should the individual firms request such a debriefing.

Fraud, Coercion, and Corruption

50. **All procuring entities, as well as bidders, suppliers, and contractors shall observe the highest standard of ethics** during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.16 & 1.17 of the Procurement Guidelines and paragraphs 1.23 & 1.24 of the Consultants Guidelines. The “*Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants*”, dated October 15, 2006 and updated January 2011, shall apply to the project.

Frequency of Procurement Supervision

51. **Supervision of Procurement by the World Bank is an integral part of Project supervision and implementation monitoring.** In addition to the prior review supervision to be carried out from Bank offices, it is recommended that two supervision missions take place during a year to visit the project and to carry out post review of procurement actions.

52. **Based on the risk associated with procurement** (substantial), as mitigation measures, the following actions need to be implemented:

- a. Recruitment of an external consultant to help carry out procurement and build capacities within the MYS
- b. Organization of workshop for procurement training for all staff involved in the project implementation (DBA, DYCFCA, etc.), before project effectiveness
- c. Preparation of Standard Bidding Documents for NCB in accordance with the Procurement Guidelines and found acceptable by the World Bank for Goods and Non-consulting Services; these documents, taking into consideration required adjustment in order to be acceptable to the Bank, will be submitted for review and approval to the World Bank by project effectiveness
- d. Adoption of the Project Operational Manual. This manual was adopted on June 7, 2013 and describes procurement procedures, responsibility sharing and document flow among the parties involved in Project implementation. The manual also comprises in annex, all standard bidding documents that will be used under the project.
- e. A Procurement plan for the first eighteen month was finalized on June 12.

Environmental and Social (including safeguards)

53. **The project mainly focuses on technical assistance and institutional capacity building.** There are no physical interventions which might trigger the need for safeguard analysis as the project will do nothing that is not already being implemented under existing programs. The institution-building and technical assistance to be provided under this grant are simply geared to improve the performance of existing training services and the access to microfinance mechanisms. The incremental environmental impact of this project is not apparent and the low level of risk involved in helping to improve the access to such loan mechanisms is commensurate with the C rating. As the project activities focus only on capacity building activities and project activities do not involve involuntary resettlement or land acquisition, OP 4.12 does not apply.

Table 7: Safeguard Policies

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	-
Natural Habitats OP/BP 4.04	No	-
Forests OP/BP 4.36	No	-
Pest Management OP 4.09	No	-
Physical Cultural Resources OP/BP 4.11	No	-
Indigenous Peoples OP/BP 4.10	No	-
Involuntary Resettlement OP/BP 4.12	No	As the project activities focus only on capacity building activities and project activities do not involve involuntary resettlement or land acquisition, OP 4.12 does not apply.
Safety of Dams OP/BP 4.37	No	-
Projects on International Waterways OP/BP 7.50	No	-
Projects in Disputed Areas OP/BP 7.60	No	-

Monitoring & Evaluation

54. **Building on the results framework provided in Annex 1, a detailed M&E plan will be developed** upon effectiveness of the project. Data on outputs and outcomes will be collected by the responsible parties as designated in the results framework, i.e primarily the implementing organizations (private and NGO service providers) as well as the regional coordinators. Progress will be reported to the PMU which will be responsible for the overall coordination of M&E activities.

- a. Component 1 – Entrepreneurship Training: This component requires fairly standard monitoring methods similar to current youth projects in Tunisia and Iraq, among others. Monitoring will be implemented using an ICT tool which allows real-time monitoring of ongoing activities and to evaluate changes of performance over time. The tool's strengths relate to the integration of various input formats and include SMS status reports, short online surveys, and traditional evaluation sheets from training activities. Such ICT solutions have been implemented in similar environments (e.g. Tunisia, Egypt) and are feasible even in low-capacity contexts.
- b. Component 2 - Institutional Capacity building: Given the multitude of stakeholders monitoring of the capacity building requires a more flexible approach. This includes a monitoring of inputs and activities, as well as qualitative and quantitative evaluations of the training sessions by the participants, in line with best-practice of workshop evaluation. Where feasible, learning improvements among workshop participants will also be surveyed. Lastly, institutional changes will be surveyed, e.g. establishment of M&E systems, mechanisms to improve service delivery, etc.

55. Potential capacity constraints of implementing organizations in collecting data and reporting on key indicators will be addressed through dedicated initial and continuous M&E capacity building activities under Component two. In addition, a specialized consultant at the PMU level will ensure the project's M&E system is up and running and support the Ministry of Youth and Sports as the implementing agency in strengthening its own M&E capabilities. The World Bank, as the implementation support agency, will provide general guidance on M&E related activities throughout project implementation.

56. Process Evaluation: Using mostly qualitative tools, targeted periodic assessments carried out by independent consultants will complement the project monitoring to assess the quality and effective delivery of the services offered. For instance, this may include an analysis of the training content and the post-creation assistance. Assessments will take place at critical milestones of the project, e.g. after one year of implementation, at mid-term, or when problems in implementation emerge. These assessments will provide strategic advice to the project management team and implementing organizations with regard to possible improvements in project design and delivery.

57. An impact evaluation will complement the project's monitoring activities (see preliminary evaluation design below). The impact evaluation will be designed at the outset of the project and will begin with a baseline data collection when the project activities of Component one have been fully set up and made operational. An impact evaluation expert will work with the project team to ensure that beneficiary selection and other implementation arrangements allow for a rigorous methodology. This could include a randomization of registered participants into different treatment arms where the treatment arms will be implemented in a delayed fashion, following a pipeline approach. The participants in the comparison groups would receive training and / or coaching at a later stage. This methodology avoids ethical dilemmas by providing training to all registered participants while using the implementation of the project in phases to create temporary comparison groups. To the extent possible, the impact evaluation will assess the relative effectiveness of different variations of the support model (in terms of content and

dosage), as well as the relative impact of different delivery systems in line with best-practice cost-effectiveness analysis.

Impact Evaluation Design

58. **Proposed Methodological Approach:** The proposed evaluation design takes into account the demand driven nature of Component one which requires motivated youth from disadvantaged backgrounds to register for participation. The evaluation methods includes a random assignment of interested youth into treatment and control groups using a pipeline approach, where groups will receive training and mentorship at different times. Because of the limited number of trainees who can participate at workshops at any given semester the pipeline approach is naturally aligned with the project implementation and timeline. An additional approach for the evaluation of post-creation support would be the use of test scores from training and business plan development. The scores can be used to create a transparent target for young men and women to receive post-creation support. Such a clear and mechanism would allow the use of rigorous regression discontinuity design.

59. **Treatment:** The evaluation will quantify the impact of the two main activities, namely (i) training for young entrepreneurs before starting their business, and (ii) post-creation mentoring of new enterprises. The evaluation will also try to evaluate the combined impact of participating in both activities (i.e. comprehensive training package). The groups will receive treatment as follows:

- Group A: receives treatment first
- Group B: receives treatment second
- Group C: receives treatment last

60. **The groups receiving treatment later will serve as comparison groups** for the group(s) treated earlier.

61. **Assignment:** Because of the extended nature of the project, the evaluation will make use of two lotteries in which registered youth will be assigned to the treatment and comparison groups. Using two assignments (rather than only one) allows for a more flexible enrolment process and works with relatively low numbers of registered youth, while it also reducing the waiting time for those youth who are initially assigned to the comparison group.

62. **Data Collection:** The evaluation will mostly use data collected as part of the monitoring activities. In addition, it will use ICT methods, including computer-based online surveys and easy-to-use tracking surveys that can be completed by phone. The required data includes a baseline survey (collected during the registration of youth) before the assignment into treatment and comparison groups. A first follow-up survey will be collected within the first year of the project implementation (six to twelve months after training completed) and the endline survey will be collected within the second year of project implantation (six to twelve months after training completed) which will allow sufficient time for the last comparison group to receive training after the survey. The sample size will be determined in collaboration with the Principal Investigator (the impact evaluation coordinator) using informed power calculations. Given the

various treatment arms and locations, the overall sample will comprise a substantial part of the overall number of participants (>50 percent).

63. **Spillover Effects:** The evaluation will specifically address spillover effects and other relevant measurement errors that could confound the results by making use of geographic information.

64. **Tentative evaluation questions** to quantify the development impact include:

- a. As a result of the self-employment program, are participants more likely to have higher incomes and a viable business than they otherwise would have?
- b. Does including the mentoring component increase the effectiveness of the program?
- c. Does the effectiveness of the project differ by age, sex, or level of education?
- d. Does the dosage or delivery method affect the effectiveness of the project?

Role of Partners (if applicable)

65. **The project is expected to be funded by the Deauville Partnership Transition Fund for the Middle East and North Africa.** Partnerships arrangements have been discussed with Silatech, Fondation Banque Populaire and Al Barid Bank so as to facilitate youth access to micro-finance through an innovative financial product. Co-financing from other international agencies is being explored on a continuous basis.

Annex 4: Operational Risk Assessment Framework (ORAF)

Country: Morocco

Project Name: Strengthening micro-entrepreneurship for disadvantaged youth in the informal sector (P144134)

Project Stakeholder Risks											
Stakeholder Risk	Rating	Low									
Description:	Risk Management:										
A. The risk of weak program ownership by Government, program stakeholders and donor community is low. The proposed project responds to the high level directions outlined by Morocco's 2011 Constitution that calls for the "expansion of youth participation in social and economic development." It also follows the Government declaration of January 2012 that made improving the well-being of youth a national priority and the King's speech of August 2012 which highlighted the need for integrated and inter-sectoral approaches to address the needs of young people, including improved access to employment and entrepreneurship. B. The risk of opposition to the project by youth beneficiaries is low as young stakeholders have voiced the need for this kind of tailored interventions, as reported in the recently published ESW (World Bank, 2012).	A. No specific mitigation measures are foreseen. B. Beneficiary perceptions will be monitored throughout the project, through ongoing/continuous monitoring. A comprehensive mid-term review will inform any course correction that may be required.										
Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:						
Both	In Progress	Implementation	<input checked="" type="checkbox"/>		Yearly						
Implementing Agency (IA) Risks (including Fiduciary Risks)											
Capacity	Rating	Substantial									
Description:	Risk Management:										
A. Although the responsibilities for overall youth policy coordination have raised the profile of the Ministry of Youth and Sports, particularly under this Government, the Ministry's current capacity remains limited. In particular, this is the first World Bank operation implemented by this Ministry and the learning curve is expected to be steep.	A. The implementation arrangements involving a combination of civil servants and specialized senior consultants at Project Management Unit level and at provincial level will ensure that the operation will be implemented efficiently, while at the same time enhancing the capacity of civil servants to ensure sustainability at all levels. Specific TORs of the consultants with detailed profiles and tasks will ensure that they will support key tasks in the PMU. –In addition to a dedicated consultant, financial management will be supported through Bank staff who will work closely with the PMU to ensure capacity building.										

B. Implementation capacity of the Provincial governments, the youth centers and youth-serving NGO/CSO at local levels are rather limited. Staff is often not adequately trained to manage public-NGO partnerships effectively.	Moreover, a Project Operations Manual has been developed to facilitate the project execution. To strengthen procurement capacity, the following measures are planned: (i) recruitment of an external consultant to help carry out procurement and build capacities within the MYS; (ii) organization of a workshop for procurement training for all staff involved in the project implementation , before project effectiveness; (iii) preparation of Standard bidding documents (SBD) for National Competitive Bidding (NCB) complying with procedures for NCB acceptable to the Bank; and (iv) preparation of an implementation manual for the project. B. Under the second component, the project will dedicate resources to systems and capacity development at various levels. In particular, the project is envisaging an institution building for service delivery aimed at increasing the capacity of youth centers and youth-led NGOs which would have a greater participation through the project activities.
	Resp: Both Status: In Progress Stage: Implementation Recurrent: <input checked="" type="checkbox"/> Due Date: Frequency: Yearly
Governance	Rating Moderate
Description: Like for other government agencies, anti-corruption rules are in effect but implementation/enforcement will require capacity issues to be addressed. Since the arrival of the new minister, the ministry has opened new communication channels and periodic consultations with youth stakeholders. Local risks may result from weak oversight and controls.	Risk Management: Detailed fiduciary assessments are being undertaken to assess potential risks and mitigation measures. A Project Management Unit (PMU) will be established within the Ministry with dedicated consultants, especially for fiduciary functions, i.e. procurement and financial management. Annual audits will provide greater oversight regarding utilization of financial resources and, in addition, the World Bank will conduct very close supervision of provincial level teams through its local consultants, in addition to the formal supervision missions.
	Resp: Both Status: In Progress Stage: Both Recurrent: <input checked="" type="checkbox"/> Due Date: Frequency: Yearly
	Risk Management: The project will monitor the quality and timeliness of annual audited financial statements and the effectiveness of internal audit functions, and ensure follow-up of audit recommendations.
	Resp: Both Status: In Progress Stage: Implementation Recurrent: <input checked="" type="checkbox"/> Due Date: Frequency: Yearly
Project Risks	
Design	Rating Moderate

<p>Description:</p> <p>Given the innovative nature of this project design and the difficult local economic circumstances in which it will be implemented (Morocco is suffering the effects of the euro zone recession), there is a risk that the economic outcomes foreseen will not be met.</p>	<p>Risk Management:</p> <p>The project has set out relatively conservative estimates regarding both income improvements and overall number of beneficiaries. Based on progress on the ground, these estimates will be reviewed and revised, as needed, during mid-term. In addition, for selected economic activities, the project will explore tapping into new regional and export markets that may offset the lower demand for products and services from Europe.</p>
	<p>Resp: Both Status: Not Yet Due Stage: Implementation Recurrent: <input type="checkbox"/> Due Date: 31-May-2015 Frequency:</p>
Social and Environmental	<p>Rating Low</p>
<p>Description:</p> <p>The grant funds only TA activities and these will only indirectly support income generation activities (IGAs); investments for IGAs are likely to be small and with negligible impact. For activities potentially funded by INDH, its existing environment and social safeguards management system will be followed. No direct social or environmental safeguards risks are envisaged with respect to this operation which is rated as a Category C.</p>	<p>Risk Management:</p> <p>No specific mitigation measures are foreseen.</p>
	<p>Resp: Both Status: Not Yet Due Stage: Both Recurrent: <input type="checkbox"/> Due Date: 31-Mar-2018 Frequency:</p>
Program and Donor	<p>Rating Low</p>
<p>Description:</p> <p>No risk is envisaged with respect to the Transition Fund which will be providing the grant financing for this project. In addition, the involvement of key development partners in the project's advisory committee will ensure coordination and minimize potential risks.</p>	<p>Risk Management:</p> <p>No specific mitigation measures are foreseen.</p>
	<p>Resp: Bank Status: Not Yet Due Stage: Both Recurrent: <input type="checkbox"/> Due Date: 31-Mar-2018 Frequency:</p>
Delivery Monitoring and Sustainability	<p>Rating Substantial</p>
<p>Description:</p> <p>The Ministry of Youth and Sports does not have a monitoring and evaluation system in place for its programs and therefore it has no capacity to track the number of neither its beneficiaries nor the beneficiary satisfaction. In addition, the uncertainty regarding impact and cost-effectiveness of specific design features may</p>	<p>Risk Management:</p> <p>A Project Management Unit was established prior to negotiations within the ministry with a dedicated consultant for M&E functions i.e. procurement and financial management, and training for civil servants on M&E will be provided both at central and local level to ensure sustainability beyond the project duration. In addition, the PMU and the Bank will closely monitor results indicators and project costs to be able to ensure project impact and cost-effectiveness and make adjustments in project design and implementation if necessary.</p>

hinder operational and financial sustainability of the pilot.	Resp: Both	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Yearly
Other (Optional)	Rating	Moderate				
Description: 4.5. Sectoral coordination Description: Sector Ministries' and Agencies such as Entraide National's commitment to enhancing sectoral coordination might remain low. This might affect the program's objectives in terms of effectiveness at local level.	Risk Management: The inclusion of the existing Inter-ministerial Steering Committee composed of key line ministries, including the Ministry of Social Development, enhances cross-sectoral coordination and implementation effectiveness. It also ensures greater project-program-policy integration at the national level.					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Yearly
Other (Optional)	Rating	Substantial				
Description: 4.6. Social and cultural factors Description: As in other MENA countries, social (gender) norms and other gender-specific barriers can render participation of girls in economic activities difficult, as they face additional constraints for example in terms of time(competing household responsibilities), voice (need for permissions from family members), childcare, and safety and mobility. In addition, some families may be risk averse, thus discouraging potential youth beneficiaries from engaging in self-employment activities.	Risk Management: The project will take targeted measures to address existing constraints and ensure active participation of young women. The project will offer girls-only training by female trainers as needed and engage with female mentors for female entrepreneurs. Other measures include targeted outreach to young women and their families (parents, husbands), flexible training hours to accommodate household responsibilities, and possible support for transportation and child-care arrangements. Involving parents in the outreach activities, as well as potentially using local figureheads during the outreach campaign, is also expected to mitigate possible risk-aversion from family members.					
	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Yearly
Overall Risk						
Overall Implementation Risk:	Rating	Moderate				
Risk Description: Risks to the successful execution of the program stem largely from the limited implementation capacity of the MYS, thereby reducing its ability to oversee, and quality-assure the implementation of all intended activities.						

Annex 5: Implementation Support Plan

KINGDOM OF MOROCCO: Strengthening micro-entrepreneurship for disadvantaged youth in the informal sector

Strategy and Approach for Implementation Support

1. **The Bank's approach for Implementation Support** (IS) will be characterized by flexibility and adaptability. The Bank's team will be able to provide just-in-time support to MYS and the various project implementation partners, because senior team members of the core team – including key FM and procurement staff – will be present in-country.
2. **As detailed in Section IV of the main text, there are multiple Government agencies involved in different parts of Project implementation.** For example, the responsibility for outreaching disadvantaged youth as potential project beneficiaries will be shared between the MYS and INDH. Therefore, these agencies will have to formalize their respective roles and responsibilities through “Partnership Agreements” early during project implementation; the Bank team will assist in reviewing the drafts of these documents and providing technical advice to ensure that such agreements provide the required clarity for each partner agency.
3. **Targeted technical assistance will be provided to the MYS**, in particular to the PMU and its members.
4. **The piloting of a new system for the delivery of non-financial support services for disadvantaged youth across Morocco**, particularly the implementation of the pilots, will give stakeholders a major role in identifying some project activities. Regular reviews will therefore be built into the reform process, to allow all stakeholders to provide feedback on the quality of such services. This will allow for lessons learned in the pilots to be incorporated into later phases. It is also expected that civil society organizations (CSOs) will be deeply engaged with the issues being addressed by the Project.
5. **World Bank technical assistance will be complemented through institutional capacity building built into the program.** Component two provides for the MYS at the central and local level. In addition, by providing ongoing training and quality control, the technical assistance provided through Component two will also strengthen the service delivery of local service providers (e.g. NGOs) and other local stakeholders involved in project implementation.
6. **The most important external partner to-date in setting up a more inclusive approach to micro-enterprise support services for disadvantaged youth** has been Silatech (a foundation from Qatar). Nevertheless, to ensure that the Project’s activities are complementary with those of Silatech, meetings with the local MYS team as well as Silatech’s partners have been ongoing throughout Project preparation and will continue throughout the life of the Project.

Table 8: Implementation Support Plan

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Compliance of conditions of effectiveness, Preparation of Operations Manual, Setting up of a robust M&E system	<ul style="list-style-type: none"> • Task Team Leader • Operations Analyst • M&E Specialist • Impact Evaluation Specialist • Sr. Private Sector Dev. Specialist • Sr. Rural Development Specialist • Sr. Social Development Specialist • Program Assistant • Senior Procurement Spec. • Procurement Spec. • FM Specialist 	US\$100,000	Consultation, coordination, capacity building
12-48 months	Capacity building MYIS, quality control of service delivery	<ul style="list-style-type: none"> • Task Team Leader • Operations Analyst • M&E Specialist • Impact Evaluation Specialist • Sr. Private Sector Dev. Specialist • Sr. Rural Development Specialist 	US\$400,000	Consultation, coordination, capacity building

		<ul style="list-style-type: none"> • Sr. Social Development Specialist • Program Assistant • Sr. Procurement Spec. • Procurement Spec. • FM Specialist 		
Total			US\$500,000	

Table 9: Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Task Team Leader	30	10	
Operations Analyst	15	10	
M&E Specialist	15	5	
Sr. Private Sector Dev. Specialist	8	2	
Sr. Rural Development Specialist	10	0	
Sr. Social Development Specialist	10	0	
Program Assistant	5	0	
Procurement Specialist	20	0	
Financial Management Specialist	30	0	
Total	143	27	

Table 10: Partners

<i>Name</i>	<i>Institution/Country</i>	<i>Role</i>
Silatech	Country Program for Morocco will be based in Rabat	Technical assistance; consultation, coordination, Parallel financing