Executive Summary
September 2016
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Introduction

This report was prepared at the request of the Committee on Operations and Development Effectiveness (CODE). It aims to: (i) provide an independent evaluation of the Bank’s development results in Morocco over the 2004–2014 period; (ii) examine factors of success and failure; and (iii) make recommendations for possible improvements. These recommendations will contribute to the preparation of the Bank’s future CSP for Morocco.

The Bank, which accounted for 22% of the total volume of assistance to Morocco in 2011, has responded positively to the country’s different development challenges and constraints expressed in the successive development plans.


Findings

Contribution to Development Results

Relevance

The three CSPs that guided the Bank’s action between 2004 and 2014 are focused on governance and infrastructure. They are consistent with the Bank’s strategic thrusts for the 2003–2007 period, the 2008–2022 Medium-Term Strategy, the Ten-Year Strategy (2013–2022) as well as the Bank’s different sector and cross-cutting policies in force during the period under review. The Bank’s most recent 2012–2016 strategy is particularly in keeping with the High 5 priorities, notably through the intensification of support to renewable energy and agricultural development.

The Bank’s strategies and programmes were consistent with Morocco’s sector and cross-cutting strategies. These programmes implicitly took into consideration issues such as gender, the degree of inclusion of disadvantaged people, by helping to reduce social and regional inequalities, particularly in access to public services, as well as impacts on the environment and climate change. In partnership with successive governments and the Technical and Financial Partners (TFPs), the Bank addressed these issues by paying special attention to social inclusion, the reduction of regional disparities and the transition to green growth.

Overall, Bank operations in Morocco were fully aligned and consistent with the pillars retained under the successive strategies as confirmed by a review of the design of projects implemented over the period under review. However, the quality of logical frameworks in the case of some governance projects suffered from a lack of clarity in their immediate and sector objectives, the soundness of the results chain and their alignment with the CSP strategic objectives.

Effectiveness

Contribution to the Improvement of Governance and Strategic Effectiveness of Central Government

Despite the lengthening of reform timeframes mainly caused by resistance to change, budget management was strengthened by the widespread use of Medium-Term Expenditure Frameworks (MTEF), and an increase in investment expenditure implementation rate. Devolution was bolstered by an increase in budget allocations to the regions. However, the social
and spatial inclusion impacts, taken into account in the 2012 Economic and Financial Governance Support Programme (PARGEF), remain fragile. In addition, governance-related performance is unstable and much remains to be done in the areas of quality enhancement for citizens, regionalization and operationalization of the new Organic Law on the Budget Act (LOLF) adopted in 2015. The financial sector reforms implemented under the PADESFIs and reorganization of the institutional framework have contributed to consolidation of the banking system, the growth of banking penetration and the doubling of guarantees dedicated to Micro, Small and Medium-Sized Enterprises (MSMEs).

**Contribution to the Reduction of Poverty as well as Social and Regional Disparities**

The Bank’s assistance contributed to the significant changes observed between 2004 and 2014. Production yields for DWS systems increased and access to water improved, particularly for women. As regards sanitation, the connection and decontamination rates in the ONEE collection centres increased. The number of beneficiaries rose from 0.9 million people to 3.9 million between 2004 and 2014.

The reforms initiated in the health sector improved medical coverage and led to a significant drop in child mortality (to 26.1/1000 in 2014 from 36.5 in 2004) and maternal mortality. The overall education sector indicators show an increase in the enrolment rate, and the repeater rate has fallen since 2007. The Bank’s vocational training projects have helped to significantly raise the number of students enrolled in vocational training and enhance the quality of apprenticeships.

**Strengthening of Infrastructure and Transition to Green Growth**

The Bank’s agriculture sector operations were consistent with the Green Morocco Plan (PMV). They supported the exploration of development models through aggregation and contributed to an increase in agricultural GDP from 3.98% (average over 2000–2009 period) to 7.6% in 2014 – a 1.7 fold increase in investment in the sector and a 48% hike in farmers’ income between 2008 and 2014.

In the transport sector, Bank assistance resulted in considerable progress in terms of liberalization, development of competition and improvement of the quality of service of the different transport modes. The commissioning in 2010 of 230 km of the Marrakesh-Agadir motorway improved traffic fluidity and halved travel time between the two cities (2 instead of 4 hours). For its part, PNRR-2 resulted in a 10% drop in vehicle operating costs between 2005 and 2013 and helped to open up the rural areas concerned. Overall, road traffic grew by 75% between 2004 and 2014 and the road network length by 20%.

Energy sector sales rose rapidly following the commissioning of the Ain-Béni-Mathar power plant and the rural electrification component of the integrated project financed by the Bank raised the rural electrification rate to 99% by the end of July 2015. Through its increased contribution to renewable energy, the Bank is helping to gradually achieve GoM’s energy mix objectives.

**Sustainability**

The results of the reforms carried out by GoM, whose commitment has not wavered, are, for the most part, sustainable insofar as changes in behaviour towards good governance practices in public establishments appear to be deep-rooted. However, some outputs – particularly major infrastructure works and equipment – lack the necessary budget allocations and institutional capacity to ensure their maintenance and sustainability. On the social front, the fact of having failed to secure the active participation of the main beneficiaries creates a risk to output sustainability. From an environmental standpoint, implementation of an Environmental and Social Management Plan (ESMP) for each investment project, in compliance with the Bank’s environmental policy, increases the relevance of its operations as well as the quality and sustainability of results.
**Managing the Bank’s Interventions**

The efficiency of strategies and programmes financed by the Bank to obtain results and outcomes was deemed moderately satisfactory. The Bank’s portfolio was regularly monitored (with the exception of the 2003–2005–2006 CSP), with an average of one review every two years, i.e. four portfolio performance reviews conducted in addition to two CSP mid-term reports and one completion report. Portfolio performance improved until 2011 before stagnating in recent years at around 2.5, albeit remaining satisfactory overall.

At project level, a review of implementation timeframes covering 33 completed projects revealed slippage on implementation ranging from 2–36 months in the case of 58% of them, 74% of which were technical assistance operations. In the case of non-project activities linked to budget support operations, efficiency was more problematic due to slippage on implementation, the initially planned periods for which were unrealistic given the weak capacity of the institutions responsible for managing technical assistance operations reputed for the complexity of their procurement methods. As regards investment and infrastructure projects, lack of familiarization with the Bank’s procedures for agricultural projects, land acquisition problems or the bankruptcy of successful bidders for DWS projects resulted in significant implementation delays.

The synergy created by partnerships with other TFs generated a leverage effect by improving the Bank’s performance and accelerating public governance and financial sector reforms. Co-financing provided Morocco with support to implement large-scale reforms. The opening of the Bank’s Field Office in Morocco (MAFO) in Rabat in 2006 forged ties of proximity. Joint consultations were held in the form of thematic meetings and sector work groups in the areas of water and sanitation, energy, environment, education and health. The efforts to coordinate and harmonize the Bank’s assistance were particularly successful in the social, energy, governance and finance sectors for which the Bank has sector experts based in Rabat. It should also be pointed out that the Bank has made a major contribution to economic development knowledge building in Morocco. Thus, publication of the Morocco Growth Diagnostic in February 2015 and a series of other analytical work represented real progress in the identification of constraints to, and opportunities for socio-economic development in Morocco.

The existence of a strategic planning platform and instruments, and platforms for consultation and dialogue with civil society and the private sector within the Government and at the level of the other appropriate bodies such as the Economic and Social Council, is salutary. They confirmed the high degree of ownership by stakeholders and actors of complex and highly strategic programmes (conversion of agricultural investments, and integration of sub-sectors, competitiveness and integration of global value chains, vocational training and integration, especially of youth, and universal health coverage).

The failure to adequately take into account capacity building aspects, the integration of inter-sector and cross-cutting aspects has affected the quality of the Bank’s assistance in some sectors such as agriculture and infrastructure.

Overall, the Moroccan Authorities have displayed commitment and great political will towards achieving the CSP objectives. They have remained very open to dialogue and assumed strong ownership of the Bank’s strategies and interventions.

However, in spite of major strides taken towards improving the economic and governance framework, much remains to be done particularly with regard to the deepening of macro-economic and sector reforms aimed at making the State a better strategist in terms its ability to achieve inclusive and equitable development.
Key Lessons of Experience

While the Bank’s assistance to Morocco achieved conclusive results, the evaluation has drawn some lessons from the decade of cooperation between AfDB and Morocco:

- Continuing policy dialogue between the Bank and Government, backed by high quality analytical work and the existence of an operational framework for broad consultation with the stakeholders at country level, have strengthened ownership and are strengthening the effectiveness of reform programmes;

- The consistency of sector strategies and coordination of institutional structures as part of inclusive dialogue and inter-sector convergence have encouraged the implementation of reforms and reduced the risk of failure;

- In the context of reform support programmes, the sequencing and timely implementation of technical assistance activities accompanying budget support operations are key factors for their success;

- The scope of the consultations and degree of stakeholder participation in the design and implementation of infrastructure projects, and the existence of adequate budget allocations for maintenance are also key factors for the durability and sustainability of results;

- The Bank’s presence in a given sector through a stand-alone project not consolidated by analytical work, policy dialogue, technical assistance activities and capacity building limits the structural scope and sustainability of the results obtained.

Recommendations

- Continue to support the Moroccan Government in its macroeconomic, financial and economic diversification efforts to ensure inclusive equitable and sustainable growth;

- Support the Government in its transition to green growth and agricultural sector development;

- Anchor the identification of economic and sector work in the CSP preparation process (preparation, mid-term review and completion) to enhance its relevance and strategic alignment, improve the predictability of its financing and ensure its continuing use for policy dialogue purposes;

- Implement a capacity building programme for sector executing agencies, support development and the establishment of results-based monitoring/evaluation systems and scale up the use of existing national systems as part of TA and grant operations financing;

- Capitalize on the existing synergy between the public and private sector windows to affirm its positioning and consider the possibility of adding a private sector specialist to MAFO’s human resources in order to consolidate its comparative advantage as a ‘unique Bank’.
About this Evaluation

This evaluation examines the African Development Bank’s assistance to Morocco over the 2004–2014 period as well as its contribution to the country’s development. It aims to draw lessons from past performance to improve the Bank’s future strategy and operations in Morocco. By 2014, the Bank’s cumulative commitments in Morocco amounted to about 10% of its total commitments in Africa, thus making the country one of the Bank’s prime beneficiaries.

Three successive Country Strategy Papers (CSPs) guided the Bank’s actions in Morocco between 2004 and 2014. The evaluation, which covers the entire range of instruments used by the Bank in the country, is based on document reviews and discussions with stakeholders.

Overall, this evaluation finds that the Bank interventions were aligned to Morocco’s needs and priorities and that the Bank made a significant contribution to Morocco’s economic growth and public sector performance. The evaluation recommends that the Bank continues to support the Moroccan Government in its macroeconomic, financial and economic diversification efforts, its transition to green growth and its agricultural sector development.