

MOROCCO COUNTRY PROGRAMME

MOROCCO-OECD DIALOGUE ON TERRITORIAL DEVELOPMENT POLICIES

Challenges and recommendations
for coordinated public action

SYNTHESIS

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This document summarises the main findings and recommendations of the
Morocco-OECD Dialogue on Territorial Development Policies.

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Morocco-OECD Dialogue on territorial development policies

Challenges and Recommendations
for coordinated public action



Foreword

Territorial dialogues are part of the OECD programme of work of the Regional Development Policy Committee (RDPC). They build on regular dialogue among stakeholders across levels of government, analysis, evidence and experience sharing with peers to support the implementation of regional development policies and reforms. Their main objective is to establish a flexible partnership, adapted to national priorities and their evolution. Territorial dialogues rely, in particular, on a strategic coordinating body where key ministries involved in regional development and elected representatives work together. Documents, workshops, seminars, and exchanges are all intermediate results of the territorial dialogues.

The advanced regionalisation reform, adopted in 2015 in Morocco, has led to a redefinition of the relationship between the central government and the newly elected regions which now have exclusive, shared and transferred competences and financial resources. Its implementation is both a challenge and an opportunity for Morocco. It demonstrates the country's will to reach more a more inclusive and sustainable socioeconomic development. Since 2015, the OECD has initiated a country program with Morocco. The Morocco-OECD Dialogue on territorial development policies is one of its flagship projects.

The territorial dialogue has been successfully applied in Morocco via an advisory committee composed of high senior officials of ten key ministries, the Association of Moroccan Regions and the services of the Chief of government, set up to ensure coherence of the work undertaken and follow-up of the recommendations. The territorial dialogue, conducted in 2016-2017 in Morocco, with the effective and active participation of many senior public officials and non-public actors, has proved to be a useful coordination mechanism to support the implementation of advanced regionalisation.

It allowed the mobilisation, in a new format, of more than 800 Moroccan stakeholders in various workshops, high-level meetings around new issues not foreseen in the current institutional reforms such as the metropolitan governance through the case study of Casablanca (15% of the country's population and 29% of national GDP); urban-rural linkages (40% of the Moroccan population live in rural areas), the growing need for the production and use of territorial indicators as well as the governance of public investment (17% of GDP in 2015). The dialogue also prepared for Morocco's adherence to the OECD Recommendation on Effective Public Investment across Levels of Government. This document provides a synthesis of the work conducted and the recommendations of this dialogue. It was approved by the Regional Development Policy Committee at its 38th session on 8 December 2017.

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The Morocco-OECD Dialogue on Territorial Development Policies was co-ordinated by Claire Charbit, Head of the Territorial Dialogues and Migration Unit, with the support of Amal Chevreau, Consultant, in the Regional Development and Tourism Division, directed by Alain Dupeyras, Head of Division. This Synthesis was written by Amal Chevreau under the supervision of Claire Charbit. It sums up the main findings and recommendations of the Morocco-OECD Dialogue on Territorial Development Policies.

Executive Summary

Morocco has implemented since 2015, the "advanced regionalisation" reform, which gives the elected regions greater competences in terms of economic development and additional financial and human resources. The regions become major partners of the government for territorial development and attractiveness at the national and international levels. This reform, which aims to bring public decision closer to local realities, has raised many expectations in a country where social and territorial disparities are important issues. Coordination and implementation of public decisions need to be improved.

Morocco has nearly 34 million inhabitants, 60% of whom live in urban areas that generate 75% of the national GDP. Eight Moroccan cities have more than 500,000 inhabitants: Casablanca, Rabat-Salé-Temara, Tangiers, Fez, Marrakech, Agadir, Meknes and Oujda. The issues of concern in these cities are economic development, social inclusion and environmental sustainability.

The city of Casablanca has 5 million inhabitants (15% of the national population) distributed in 41 municipalities (according to the OECD estimate on the basis of available indicators) and contributes up to 29% to the national GDP. Casablanca has potential for global economic and financial attractiveness, yet it faces the challenge of sustainability of its attractiveness in the long term: the unemployment rate reached 18.1% in 2014 in the estimated functional urban area of Casablanca, compared to an average of 16% in the other urban areas of Morocco and 7% in OECD metropolitan areas.

Urban-rural linkages could be used as effective levers for rural development. A preliminary application of the OECD typology shows through the cases of the province of Taounate, a "predominantly rural remote province", and Berrechid, an "intermediate province within a functional urban area" (the city of Casablanca) the need to adapt development strategies to different rural contexts. The Emerging Rural Centers (ERC) programme could improve the governance of urban-rural linkages, by supporting the setting up of intermediate urbanisation areas to stimulate the development of rural areas.

Public investment grew on average by more than 6.6% per year between 2000 and 2014, while economic growth grew at an average annual rate of 4.4% over the same period, raising questions about profitability and efficiency. The total investment rate - public and private- has exceeded 30% of GDP in the last decade (one of the highest rates in the world) and public investment has more than doubled between 2007 and 2017.

Key recommendations

Strengthen the effectiveness of reforms by improving the dialogue among stakeholders through an institutional mechanism for coordinating public action that helps share information and objectives in order to support concerted action and its follow-up. The "Consultative Committee" set up under the OECD-Morocco Dialogue on Territorial Development Policies is a good example.

Design public policies at the right scale. Morocco could adopt the OECD definitions and classifications applied to rural territories and the OECD European Union method of measuring functional urban areas to target priority public policy interventions according to the specificities of the territories, clarify the allocation of skills and resources on the basis of objective data, and ensure the implementation and evaluation of public policies by mobilizing all stakeholders.

Put in place a multi-level territorial dialogue, with the involvement of civil society and the private sector, to better take into account the development of cities and improve their governance. Metropolitan areas are not represented institutionally in the 2015 regionalisation reform. A platform for dialogue, nourished by metropolitan indicators, would make it possible to strengthen public action on the right scale and rely on international comparability. Given the challenges to be met, particularly in the area of housing and transport, it is of utmost importance to ensure a better integration of these policies at the metropolitan level, and to clarify their articulation with the responsibilities of the regions as well as the terms of their financing.

Support the implementation of Emerging Rural Centers to efficiently deliver public services tailored to the needs and opportunities of rural areas by mobilizing regional and local authorities. The implementation of the CREM scheme would contribute to reducing urban-rural imbalances and enhance competitiveness.

Strengthen the production and use of territorial indicators to support territorial public action, at the national and local levels, through the establishment of a Charter that frames the conditions of production and use of indicators, aiming at the transversality of the action. This Charter should include a clear and flexible methodological framework, inspired by international practices, to adapt to territorial specificities. Useful for public actors, this approach would also provide economic and civil society stakeholders with information relevant to their choice of investment and localization as well as tools for understanding challenges and evaluating public policies.

Improve the governance of public investment to enhance its effectiveness. Challenges are mostly associated with planning, multi-level dialogue and monitoring of investment performance. Morocco has acceded to the OECD Council Recommendation on Effective Public Investment between Levels of Government in order to move closer to OECD standards in this area. It is now necessary to ensure the implementation.

Better coordinate public action by clarifying the competences and resources of each and the necessary interactions. The regionalisation reform represents an opportunity to better define the action of the different levels of government and to set up the coordination instruments required between the central level and the local authorities. By targeting public action on local opportunities and challenges, this reform could help address social inequalities and hence support a more inclusive economic development.

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1. Overview: a new approach to territorial dynamics... is changing Morocco

Since its independence, Morocco has implemented territorial development policies to meet the challenges of connecting geographically contrasted areas (lowlands and coastal areas on the one hand and mountain chains and desert regions on the other) and reducing gaps between urban and rural areas. To achieve this goal, different approaches and strategies have been put in place. The most significant and recent one is the advanced regionalisation reform, adopted in 2015, with the stated aim of establishing a long-term territorial development based on rebalancing powers and resources between central and local government and bringing public policies closer to inhabitants.

Table 1.1. Main indicators of Morocco

Political Structure	
Political Regime	Constitutional monarchy
Languages	Arabic -Amazigh
Regional elections	14 September 2015
Last legislative elections	7 October 2016
Demography	
Population (2014)	33 848
Urban Population (%)	60.3
Rural population (%)	39.7
Economy (2015)	
GDP (billion USD)	100.36
Growth rate of GDP	4.5 (1.96 – 2015)
Employment (2015)	
Activity rate (15 years old and plus %)	47.4 (71.3 for the 15-64 years old- 2015)
Unemployment rate (% 2015)	9,7 (6.8 - 2015)
Youth unemployment rate (aged 15 to 24 , % -2015)	20.8 (13.9 - 2015)
Health	
Life expectancy at birth	73.7 (80 – 2013)
Education	
School enrolment rate 2013-2014 (%)	
Primary cycle	99.2
Secondary college	58.1
Qualifying secondary	29
Literacy rate (% of the 15 years old and over population)	68
Housing	
Satisfaction with the supply of accessible housing (% of respondents who say they are satisfied)	34
Households with improved sanitation facilities (%)	76.7 (97.9 2015)

Source: OCDE (2017), Multidimensional Review of Morocco: Volume 1. Initial Evaluation, OECD editions Paris, <http://dx.doi.org/10.1787/9789264274945-fr>. Numbers between brackets correspond to the averages of OECD countries.

1.1. Advanced regionalisation is the cornerstone of this change

Advanced regionalisation is offering new opportunities for territorial development

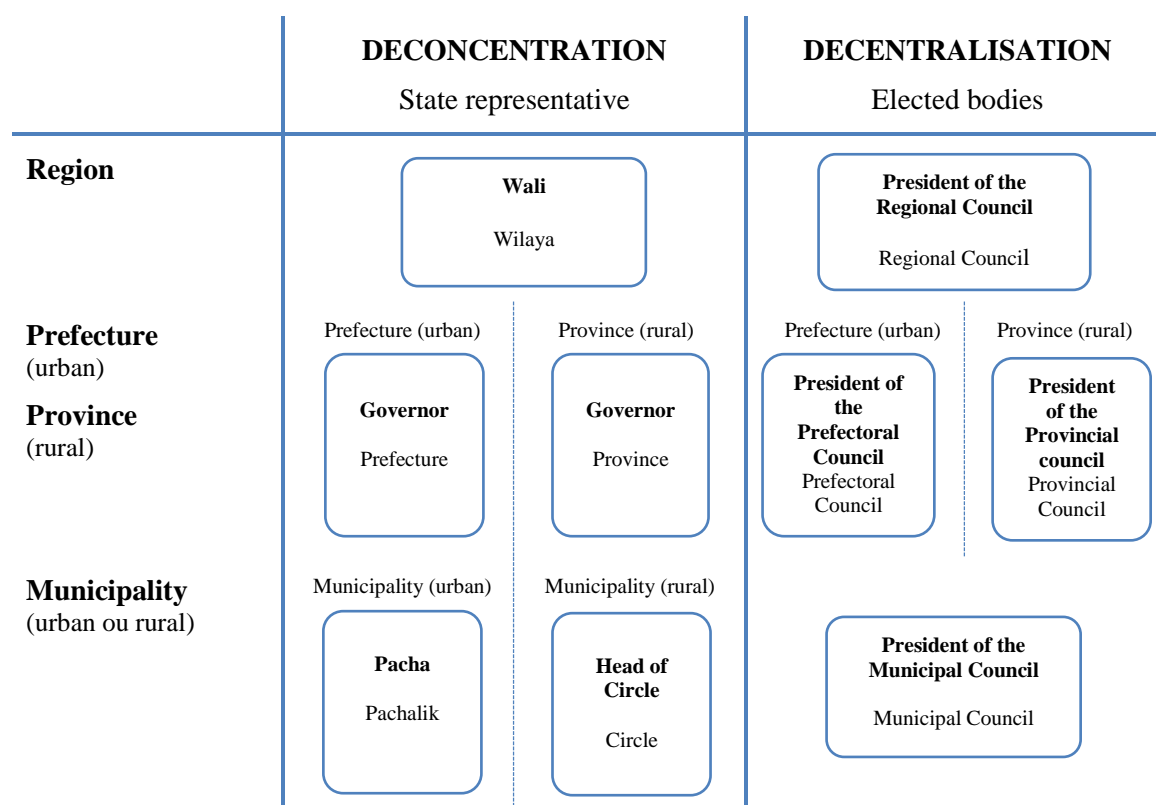
Morocco implemented the regionalisation reform in 2015¹, elaborated as the key component of a new economic and social development model (speech of HM King Mohammed VI 13 October 2017) "*the national model of development, ... proves today unable of satisfy the pressing demands and growing needs of citizens, reducing disparities and territorial gaps and achieving social justice*". Other notable changes are the shift towards a more effective demand support policy, with the reform of compensation, and the move towards a much more targeted social policy including the National Human Development Initiative (INDH) (OCDE-2017, Multidimensional Review of Morocco, Volume I).

¹ Decree n° 2.15.716 of 23 September 2015

The regionalisation reform established the region as the framework for implementing territorial development policies. In 2010, The Consultative Committee on Regionalisation (*Commission Consultative de la Régionalisation - CCR*) was set up by King Mohammed VI to propose a plan for regionalisation [...a forerunner to a major reform of the State's structures, through the steady and gradual implementation of the processes of effective and coherent decentralisation and advanced democratisation, accelerated development, social, political and administrative modernisation of the country and good governance]².

Morocco is in line with several OECD countries that have consolidated their regions or strengthened their competences in recent years, such as Denmark (2007 - new regions with no taxation powers), Greece (2011), France (2016) and Norway (reform under review). The new territorial division is mainly guided by the weight of cities. Morocco is engaged to implement advanced regionalisation with transfers of competences and financial and human resources to the elected presidents of the regional, provincial and local councils which were, so far, administrated by the Walis³ and Governors⁴ (Table 1.6. New competences allocation to subnational governments since 2015).

Figure 1.1. New administrative organisation of Morocco since 2015



Source: OECD elaboration from various Moroccan official sources

² 2011, Report on advanced regionalisation

³ The Wali is responsible for coordinating the action of the regional services of the State within the region. He is the State representative in the region.

⁴ The Governor is appointed as the representative of the State in the province or prefecture. He is in charge of coordinating State action in the province or prefecture.

Regions are now a major stakeholders and partners of central government, the private sector and citizens with regard to developing and implementing territorial development strategies and programmes. Organic laws 111 to 114 adopted in July 2015, on regions, provinces, prefectures and municipalities, grant them competences (Table 1.6. New competences allocation to subnational governments since 2015) based on the principles of: (i) subsidiarity (Article 140 of the 2011 Constitution, (ii) solidarity (among municipalities and regions) and cooperation (at the national and international levels) and (iii) accountability, evaluation and control (2011 Constitution).

1.2. Evolution of territorial development policies: policies, objectives and drivers

Evolution in policies to territorial development reflects an ambitious strategic focus on territorial development.....yet they do not seem to have been accompanied by implementation mechanisms to support the institutions in charge of delivery and to evaluate impact.

From local development to advanced regionalisation

Following independence in 1956, the aim of territorial development policies introduced by Morocco was to redistribute the wealth produced by dominantly agricultural and rural areas towards poor areas. This era highlighted the comparative advantages of economic sectors deemed strategic at the time: agriculture, mining (phosphates) and the fisheries sector. Nevertheless, rapid urbanisation, intensified by rural migration, resulted in a concentration of public investment, in urban areas which host most of the Moroccan population (60% RGPH 2014) and economic activity and wealth creation (75% of GDP, RGPH 2014). To face these challenges, Morocco adopted development policies focussed on regions and sector-based strategies to reach tangible results from public action (housing, transport etc.). This shift coincides with (i) the emergence in 1998 of a major Ministry responsible for spatial planning issues, the environment, city planning and housing, alongside the sector-based ministries; (ii) the first session of the Higher Council for Spatial Planning in 2004 (Conseil Supérieur de l'Aménagement du Territoire - CSAT) (the second meeting of the CSAT was held in July 2016); (iii) the creation of the Regional Investment Centres (Centres Régionaux d'Investissement) which operate as one-stop-shops to support the attractiveness of territories, place-based public action and sectoral policies through Regional Development Agencies.

Table 1.2. Timeline of the process of regionalisation in Morocco

Local development		
Phase I	1971	Creation of regions without decision-making powers
	1976	Municipal charter, framework for local authorities (LA)
	1992	Regions given local government status
Limited regionalisation		
Phase II	1996	Creation of regions with limited powers
	2001	Launch of programmes to promote regional development
	2002	Local authorities become centres for economic growth
	2004	First session of the Higher Council for Spatial Planning
	2006	Specific credit line in the national budget
Advanced regionalisation		
Phase III	2010	Consultative Regionalisation Committee
	2011	Regionalisation added to the constitution (Article 1) Regional Land Use Planning Schemes added in the Constitution
	2015	Election of regional presidents, powers transferred and own budget allocated
	2015	Establishment of the Fund for regions and the Fund for interregional solidarity
	2016 until today	Adoption of 70 administrative legal texts to implement the reform

Source : OECD elaboration from various Moroccan official sources

Morocco has implemented different approaches and policies to territorial development. The overall objective of the National Spatial Planning Scheme (RSPS, 2000) is to implement an approach to territorial development by 2025 based on the differential synergies of spatial components. Applied at the national scale, it implies supporting each territory according to its specific characteristics and for relations between the territories. The Scheme defines priority sectors and areas for intervention requiring long and medium term investment and promotion efforts based on the principles of social inclusiveness, economic performance and the sustainability of resources. Since 2009, the National Spatial Planning Scheme is territorialised through Regional Spatial Planning Schemes (RSPS) covering a 25 years period to ensure the coherence of sectoral strategies at regional level. They also represent tools for formalising regional projects through contracts between the State and Regions (Charbit & Romano, 2017)⁵. The new regions are responsible for developing and updating their Regional Spatial Planning Schemes. The development and updating of the RSPSs by the regions raises the question aligning them with regional development plans and municipal action plans.

⁵ Charbit, C. and O. Romano (2017), "Governing together: An international review of contracts across levels of government for regional development", OECD Regional Development Working Papers, 2017/04, OECD Publishing, Paris. <http://dx.doi.org/10.1787/ff7c8ac4-en>.

Table 1.3. Approaches to regional development before the launch of advanced regionalisation in 2015

1972: The First Rural Backbone Schemes (<i>schémas d'armature rurale</i> - SAR)
1989: The Regional Development and Planning Schemes (<i>schémas du développement et d'aménagement régionaux</i> - SDAR)
1994: Integrated Action Programme for the Development and Planning of the Mediterranean Region in Morocco (<i>Programme d'Action Intégré pour le Développement et l'aménagement de la Région Méditerranéenne du Maroc</i> - PAIDAR-Med) produced as part of cooperation between Morocco and Spain
1995: Investigations on internal migration
1996: First phase of the National Scheme for Land Use Planning (Scoping and planning)
1998: Sweeping reform of the policy of land use planning through a process of discussion and consultation with all of the country's stakeholders
2000: Workshops and forums held as part of the National Debate on Land Use Planning including 55 local workshops, regional forums and a national forum
2000: Framework for land use: National Charter for Land Use Planning and the National Scheme for Land Use planning
2006 : Development of the Functional Orientation Diagram of the Central Metropolitan Area - SOFA
2008: Co-management (40%) of rural development transferred to the Land Use Planning Directorate
2009: First action plans for the Rural Development Fund
2009: First Regional Land Use Planning Scheme (Tadla-Azilal)
2011: First National Forum on Rural Development

Source: the Ministry of Planning of the National Territory, Urban Planning, Housing and City Policy (MAPNTUPHCP),

Morocco elaborated many reforms aimed at reducing territorial and social disparities through sectoral policies and specific action plans aimed at diversifying the economy and providing public services and a significant investment in human development, particularly through the National Initiative for Human Development⁶. This ambition is associated with the objective to foster and promote economically productive, socially inclusive and environmentally sustainable territorial development (Table 1.4 Place-based strategies).

⁶Launched by HM King Mohammed VI on 18 May 2005, the National Initiative for Human Development aims to reduce poverty and foster social inclusion.

Table 1.4 Place-based strategies

Strategies	Year	Objectives
National Rural Development Strategy	2007	General State Intervention Framework on Rural Development
National Oasis Development and Management Strategy	2012	Gradual reorientation of agriculture in the oasis
Strategy for the Planning and Development of the Middle Atlas	2012	Transition of mountains from a passive to an active development role through various modes of intervention of stakeholders and an alignment of sectoral actions
Strategy to Develop and Promote Small Towns	2012	Creation of 'rural towns' and 'local level towns' in line with the 2020 Rural Development Strategy which recommends intermediate urbanisation to promote the development of rural areas
National Strategy for Integrated Coastal Management	2014	Proposal for a set of instruments adaptable to the specificities of coastal areas in Morocco.

Source: the Ministry of Planning of the National Territory, Urban Planning, Housing and City Policy (MAPNTUPHCP),

Sector-based strategies to make regions more attractive and competitive

The sector-based programs and strategies mobilise the contribution of different actors: State, public enterprises and subnational governments (Table 1.5. Main sector-based strategies implemented by Morocco with a territorial impact). Major integrated projects were put in place such as the Tangiers-Med project which was launched on 2004 and became operational in 2007 or the Noor project for the production of renewable energy, situated 20 km from Ouarzazate, launched in 2013 and operational in February 2016. The aim of implementing these strategies is to make certain regions and the productive system more attractive and competitive. Prior to the implementation of advanced regionalisation, the major stakeholders of regional transformation, through investment in infrastructure in particular, were, and to a large extent remain, the State and Public Companies (Établissements et Entreprises Publics - EEP) and particularly those in charge of networks. The *EPP* instrument is undoubtedly very effective but limited in terms of its use as a driver for territorial development both due to the context of deregulation of and competition among large public monopolies and the need to integrate various sector-based policies at the appropriate territorial scale.

Table 1.5. Main sector-based strategies implemented by Morocco with a territorial impact

Field	Plan/Strategy	Launch Year	Completion Year	Objectives	Regional breakdown
Economic development	Green Morocco Plan Agriculture	2008	2020	Acceleration of the transformation of the agricultural sector and its competitiveness	Regional Agricultural Plans: partnership between the Ministry of Agriculture, the regions represented by the Walis, the presidents of regions and the presidents of agricultural chambers
	Rawaj Plan Retail	2008	2020	Improvement of commercial attractiveness and diversification of supply	Diversification of products based on local products
	Halieutis Plan Fisheries	2009	2020	Implement sustainable and competitive fishing which conserves stock	Clusters identified in various regions including the Mediterranean, Centre and South of the country
	Energy Strategy 2030	2009	2030	Guarantee Morocco's energy security through an energy mix and use of renewable energy	Pilot regions in Souss-massa; Rabat, Tadla-Azilal and Meknès-Tafilalt to implement the energy mix strategy
	2020 Vision for tourism	2010	2020	Lift Morocco into the ranks of the 20 leading global tourist destinations by 2020, promoting it as a sustainable development destination	Identify jobs in tourism according to the potential of the region
	National Pact for Industrial Emergence	2009	2014	Sector-based organization around Morocco's economic specialisation: aeronautics, agriculture, tourism, pharmacy etc.	Introduction of the ecosystems concept with a greater emphasis on the territory.
	Industrial Acceleration Plan	2014	2020	Implementation of effective ecosystems aimed at the integration of value chains and the consolidation of local relations between major companies and SMEs.	Regionalised strategy with the emergence of regional hubs such as Tangiers-Med; MedEst etc.
	Logistics Promotion Strategy	2015	2030	Position the main logistics flows and respond to the country's logistical needs	Respond to the logistical needs of sectoral strategies and regions
	Digital Morocco	2013		Inclusion in the knowledge economy by mainstreaming and disseminating ICT at the level of the State, government, businesses and citizens.	Improving access to rural areas through e-government in particular
Sustainable Development	2030 Energy Strategy	2009	2030	Guarantee Morocco's energy security through an energy mix and the use of renewable energies	Identification of pilot regions : Souss-massa ; Rabat, Tadla-Azilal and Meknès-Tafilalt to implement energy mix strategy
Infrastructure	2040 Railway Plan		2040	Updated framework for the national railway network for 2040 with objectives of	Several components (high speed and classical lines Tangiers-Casablanca-

				reduction in travel time and satisfaction of mobility needs.	Marrakech-Agadir Rabat-Fez-Oujda. et Maghreb connection)
	National strategy for mobility	2008		Establish an efficient, cost-effective, environmentally-friendly and sustainable urban mobility system that ensures financial sustainability, with priority for public transport	Give local authorities the ability to define and implement a coherent strategy in terms of planning, organization and management of public transport
	Port Strategy	2012	2035	Respond to port demand expressed by national economic partners and international transport stakeholders	Support the integrated and sustainable development of regions by enabling them to have port infrastructure
	Road Strategy 2035	2015	2035	Define the overall development strategy for road infrastructure.	Contribute to the implementation of other national sector and support the development of urban areas
Employment	National Strategy for Professional Training 2021	2016	2021	Train 10 million Moroccans, including 5.2 million adults and 2.35 million in diploma training and more than 1 million in qualifying training.	Strengthen multilevel governance to enable the region and economic actors to play a role in defining training needs at the regional level.

Source: OECD elaboration from various Moroccan ministries websites

These sector-based strategies strengthened both the diversification and specialisation of the Moroccan economy. However, their implementation in the context of advanced regionalisation raises questions about their different time-horizons, their convergence with the different approaches and actions that structure them, the evaluation of their impact on territories and their coordination with regional development plans.

Main outcomes of the advanced regionalisation

The regionalisation reform offers substantial opportunities to respond to the national ambition to strengthen the implementation of development strategies with more tangible results for the population. It is about increasing the reality of territorial development policies, taking into account concrete territorial needs and opportunities through reasonable timeframe and precise institutional and financial schemes with clearly identified responsibilities.

Clarification of territorial levels

The 2011 Constitution specifies that decentralisation applies to local government: regions, prefectures, provinces and municipalities and incorporates the following changes:

- **The region has greater competences than the other subnational government** in terms of economic development as well as the design and implementation of regional spatial planning schemes.
- **Administrative autonomy over local affairs**, control and accountability.
- **Cooperation and partnership** to deliver projects, raise resources and promote solidarity between municipalities.

As part of this reformed local governance, the region ‘must be an integrated development hub, with balance and complementarity between its areas, towns and villages, such that it helps to stem migration towards towns’ (CESE of Morocco 2016)⁷.

As a result of the clarification of levels of government, the regional council - elected in 2015 – was granted an important role to develop and monitor regional development programmes in line with the State’s policies objectives and following consultation with the region’s various public and private stakeholders. In addition to the direct election of the Regional Council, ‘advanced regionalisation’ involves participatory democracy, with the regions putting in place the mechanisms to consult with civil society and the private sector when setting up the development plans.

Allocation of competences and resources

To make advanced regionalisation more operational, an attempt is made to clarify competences and align them with their funding. Three categories of competences (Table 1.6. New competences allocation to subnational governments since 2015) are included in the laws of 2015 that apply to local government:

- *Exclusive competences* refer to competences exercised exclusively by the various levels of government.
- *Transferred competences* relate to competences transferred by the State on the principle of subsidiarity. Any transfer of competences must be accompanied by a transfer of the subsequent resources required to exercise them. Under Article 140 of the 2011 Constitution, the State decides which competences can be transferred to local government.
- *Shared competences* are those exercised under contract schemes between subnational governments and the State.

Regions have competences as to the design of economic development and land use strategies. The provinces and prefectures are intermediary levels of government with a mission to promote social development, in particular in rural areas, and improve the sharing of resources and cooperation between the municipalities. Finally, municipalities are the level where local development is implemented; their role is to deliver proximity services to citizens.

⁷<http://www.ces.ma/Documents/PDF/Auto-saisines/2016/av22/rpas22f.pdf>.

Table 1.6. New competences allocation to subnational governments since 2015

	Regions	Prefectures	Provinces
Exclusive competences	i) Regional development: economic development, vocational training, continuous professional development and employment, rural development, regional transport, preservation of the region's cultural heritage, management of regional parks and ii): regional development: drawing up the regional development plan.	i) implementation: of a six-year development programme for the prefecture or province and; ii) school transport in rural areas, maintenance of rural tracks, poverty reduction, assessing health needs, housing, hygiene, assessing cultural and sport needs	i) implementation of a six-year municipal action plan (PAC); ii) the PAC, in line with the strands of the Regional Development Programme (PDR), drawn up by the Region, must include an assessment of municipal needs and potential; an evaluation of its resources and must be taken into account gender; iii) municipal services and infrastructure; iv) drinking water and electricity supply; urban public transport, public lighting, liquid and solid waste sanitation; street cleaning; refuse collection, transport, treating and recycling household waste and similar waste; traffic; municipal abattoirs, sports halls and complexes, environmental protection.
Shared competences	i) economic development: making regions more attractive for investment, employment, scientific research; ii) rural development: creation of agricultural clusters, connecting remote villages to electricity and water supply; iii) social development: promoting social housing, sport and leisure; iv) environment: managing natural resources and combating pollution and desertification, managing protected parks and forests and; v) promoting tourism.	i) modernising rural areas in the fields of health, training and infrastructure and facilities; ii) developing mountainous and oasis areas; iii) helping to bring electricity and water supply to rural areas; iv) helping to maintain provincial roads and v) social improvements	i) developing the local economy and promoting employment; ii) conservation of local cultural features and developing heritage; iii) promoting private investment, infrastructure and facilities as well as economic activity zones, improving working conditions of businesses
Transferred competences	i) regional facilities and infrastructure; ii) industry; iii) health; iv) trade; v) education; vi) culture; vii) sport and; viii) energy, water and environment.	i) social development ii) building and maintaining small and medium hydraulic structures	i) protection of historical monuments and conservation of natural sites ii) building and maintaining hydraulic structures and facilities

Source: OECD elaboration from various Moroccan official sources

Substantial and diversified financial resources have been allocated to regions, in particular at least 5% of revenue from VAT and corporate tax (*l'impôt sur les sociétés - IS*) and 20% of revenue from tax on insurance contracts, in addition to the other grants from the State budget. The 2017 national budget (*loi de finances*) contains provision for a transfer of tax revenues towards the regions through a 2 to 3% increase in corporate tax and the income tax (*l'impôt sur le revenu au profit des régions*), in addition to funds drawn from the national budget estimated to 2 billion MAD, that is a total of 5.2 billion MAD (2017 budget). At the same time, funds made available to local government by the Treasury remain largely under-used (a total of around 33 billion MAD at the end of 2016 including 25.5 billion from previous years and almost 7 billion MAD across all subnational government in Morocco according to the latest accounts produced by the Treasury in 2017). It is worth noting that 65% of these available funds belong to the municipalities, 18% to prefectures and provinces and 17% to regions. Whereas operational expenditure (more than half of which is spent on payroll) has been largely spent, half of the funds in the public investment budget remains unused.

Regions are to develop their Regional Development Plans (RDP) which reflect the new regional organisational structure and new competences. Under the 2015 regional budget law (*loi organique 111-14 - 2015 relative aux régions*), Regional Agencies for Projects Implementation (AREPs) are to be created and will be responsible for providing the

Regional Council with all forms of legal and technical/financial assistance during the design and planning stages of development projects and programmes and delivering the development projects and programmes adopted by the Regional Council. AREPs are legal entities with financial and management autonomy. They were to be setup within 24 months of the creation of the regions and the election of the presidents. They are operational since 2016. Their launch raises questions about their capacities to carry out projects.

Metropolitan areas offer new spaces for wealth-creation and growth in Morocco

The urbanisation of Morocco is part of a global phenomenon which is seeing both populations and wealth creation become more concentrated in urban areas. Indeed, over half of the world's population currently lives in urban areas and this figure should reach 66% in 2050, whilst urban areas now produce 80% of global GDP.

The metropolitan reality: A major challenge and opportunities to be seized

Morocco has eight major urban areas of more than 500.000 inhabitants: Casablanca, Rabat-Salé-Temara, Tangiers, Fez, Marrakech, Agadir, Meknes and Oujda where 60% of the population and 75% of GDP are concentrated. The urbanisation strategy intensified, with a strong political will to reallocate investment to the less well-endowed regions, which triggered a process of spatial diversification of previously polarised activities in Casablanca. Tangiers- Med, the second largest port in Africa, in service in 2007, has a total capacity of 3 million containers. These major public investments are continuing, with the development of the Tangiers-Casablanca high-speed train line (first high-speed train line in Africa), the closing of the Nador West Med financing, and the launch of the tender of Kenitra Atlantic Port in January 2016.

This urbanisation is accompanied by a move of households and businesses towards the Atlantic coast. This shift to the coast applies to both the population and economic activity with 92% of commercial and industrial activity and 53% of tourist capacity located there. It raises major challenges in terms of environmental resilience both in terms of the concentration of natural risks in the wealthiest and most populated areas (OECD (2016),)⁸, like in the case in the Delta region of the Netherlands, for example (OECD (2014)⁹), but also in terms of the spread of urbanised areas to the detriment of agricultural land and food security.

The challenges related to the development of cities in Morocco are particularly important in housing and transport. Housing has been the sector of many innovative national programs (Figure 1.2. Main National Housing Strategies) (such as "Cities without Slums"- Villes sans Bidonvilles program, identified by UN-Habitat as a good practice for the African continent) that highlighted the need to ensure a greater supply and a better quality of housing. Yet these programmes are not part of an overall vision for housing. With regard to transport, the national strategy for urban mobility in particular, was put in place in 2008 and its implementation is underway by the various stakeholders, including subnational governments. In addition, several large cities in Morocco have local development companies (SDL) as a new mode of management of local public services such as Casa Transport which is one of the first SDL to have emerged in 2008 to operate the tramway and update the studies for the Greater Casablanca Urban Development Plan

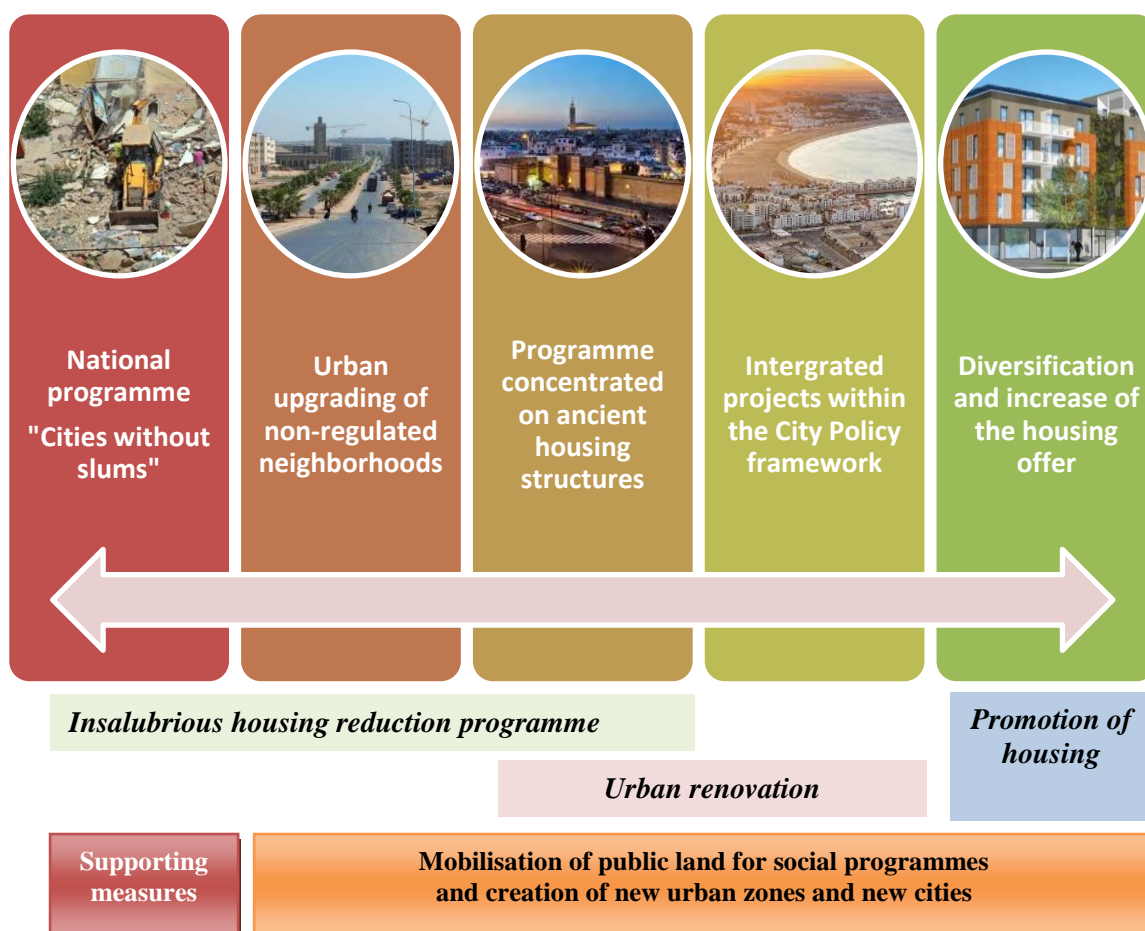
8 OECD Review on Risk Management Policies:

Morocco (2016): 'A greater exposure to critical risks and budgetary constraints will probably force the country to take decisions in favour of a more structured risk management policy that is also more preventive and inclusive'.

9 OECD (2014) "Water Governance in the Netherlands, Fit for the Future".

(PDU). These good practices developed by Morocco deserve to be consolidated within the framework of an overall vision which coordinates policies and strategies of urbanism and transport.

Figure 1.2. Main National Housing Strategies



Source: OECD (2018), *Dialogue Maroc-OCDE sur les politiques de développement territorial*, chapter on governance of the metropolitan area of Casablanca

Urban sprawl also raises climate and environmental issues, specifically linked to challenges around transport for people and goods, spontaneously developing alongside the urban concentration of economic activity, beyond the immediate urban surroundings. This situation has impacted the efforts made by public authorities who are expected to offer appropriate public transport solutions through land planning that incorporates economic development, housing and transport as part of a single vision. Concentration of population and wealth-creation in major urban areas are not accompanied by the inclusion of everyone in the development process. There are substantial inequalities both in terms of income (all the more embedded because prices- particularly of housing - in urban areas can be higher than in other areas) and other aspects of well-being (employment, housing, health, education etc.).

The case of the metropolitan area of Casablanca illustrates these issues around the coexistence in the same urban area of big economic success stories and major inequalities. Thus, Casablanca is home to the biggest commercial port in Morocco and there are plans for a major financial centre (Casablanca Finance City - CFC) which is already showing promise. Yet, the unemployment rate reaches 18.1% in the estimated functional area of Casablanca in 2014.

The constantly changing dynamics of urban-rural linkages

In Morocco, most natural resources, agricultural production and raw materials are in rural areas. These areas have a young population. Natural assets and the demographic bonus represent both an opportunity and a challenge, particularly for the provision of public services (including education and health) and job creation for youth and women.

Moroccan population remains more rural than that of the OECD countries on average. The rural population of Morocco is estimated at 13.4 million (the urban population at 20.4 million – RGPH 2014), that is 39.4% of the population (RGPH 2014). Rural areas in Morocco tend to lack basic infrastructure and continue to face many challenges. The first challenge is economic: the rural economy is not very diversified in terms of productive structure and remains focussed on agriculture which is the sole job-providing sector in many rural regions (80% of rural employment). The second one is socio-economic: the level of education in rural areas remains low whilst under-employment, poverty and the lack of access to public services are high.

Rural areas have benefited from several programs including the National Initiative for Human Development (INDH), launched in 2005 and the National Program against Social and Territorial Disparities in the Rural Areas PNL DST (2016-2022). The INDH is a targeted socio-economic strategy, which aims to "broaden access to basic social services, promote activities that generate jobs and stable incomes, take creative action towards the informal sector, helping people in situations of high vulnerability or with special needs (Box 1.1. National Initiative for Human Development).

Box 1.1. National Initiative for Human Development

The launch of the National Initiative for Human Development (INDH) marked a turning point with the introduction of a more targeted social policy. In 2005, King Mohammed VI launched the INDH to lower poverty and social disparities through numerous development projects. In its first phase (2005-10), this program targeted 403 municipalities in rural areas and initiated projects in more than 260 neighborhoods to combat social exclusion in urban areas. It has been extended to 702 rural communes and 532 urban districts for its second phase (2011-15), and also targets the most vulnerable population. Since 2005, more than 10.3 million people, including 4.2 million women, have benefited from the INDH, through 42,000 projects and 10,200 development actions for a total investment of over MAD 37 billion. INDH thus represents a new impetus for the dynamics of development and the fight against poverty, with a voluntarist and singular approach able to target social actions on those who need it most.

Source : OCDE (2017), Multidimensionnel Review of Morocco : Volume 1. Initial Evaluation, Editions OCDE, Paris. <http://dx.doi.org/10.1787/9789264274945-fr>.

The National Program on Social and Territorial Disparities, launched in 2015, is a Royal Initiative, set up by the Ministry of the Interior, which carried out an assessment of the needs for services, infrastructure and basic equipment of subnational governments. 24,290 villages and rural localities are targeted to benefit from 20,800 projects planned within this program which aims to "reduce the deficits in terms of infrastructure and social services" in the rural world (Table 1.7. National Program on Social and Territorial Disparities in Rural Areas -2016-2022

Table 1.7. National Program on Social and Territorial Disparities in Rural Areas -2016-2022

Financial Resources f		Sectors	
Structure	Contribution (%)	Sectors	Amount (in MAD)
Regional Councils	40	Roads	36
Fonds de développement rural et des zones de montage	21	Water	5,6
National Initiative for Human Development	4	Education	5,1
Ministries	26	Electricity	1,9
National Office of Electricity and Drinking Water	5	Health	1,4
Others	4		

Source: MATNUHPV.

However, despite the establishment of ambitious programs and strategies for rural areas in Morocco, urban-rural linkages are not fully used as drivers for growth for rural areas in connection with urban hubs. Territorial development depends on effective urban-rural partnerships to promote both territorial cohesion and efficient public spending. Cities are important because they provide access to the market for rural products and to integrate them in value chains, thus creating economic opportunities for the rural population. Moreover, in the case of large cities, the flow of rural migrants can contribute in increasing the rate of urban poverty, unemployment, the need for affordable housing and excessive demand on public goods. In order to avoid these situations, it is important to promote ‘win-win’ urban-rural relations and to incorporate rural areas in development strategies, as spaces for exportable goods and amenities to improve the quality of life of rural and urban citizens. The development of urban-rural partnerships can thus contribute to reach a more inclusive and sustainable development model in Morocco.

Building on the regional approach and the growing efficiency and performance of public policy in rural areas, and lessons from previous experience (2009-2014), the Ministry of the National Territory Land Planning, Spatial Planning, Housing and Urban Policy launched in 2013 the implementation of a programme called Emerging Rural Centres ‘CREM 2015-2016’. Currently the Ministry is implementing the National Program for Integrated Development of Emerging Rural Centres (PNDICREM) in consultation with local stakeholders. This is a new mode of public action that promotes rural areas on the basis of place-based strategies. It consists in converging and concentrating public policies on the CREM territories in order to install intermediate urbanisation allowing the growth and the development of the rural areas. The objective of this program is to improve the living conditions of the population by attracting investment, diversifying economic activities, improving the provision of education and health services, the opening up and development of natural and cultural heritage. The modalities for implementing the program are as follows:

- define a methodological approach and criteria for identifying and targeting CREMs in consultation with the stakeholders;
- establish a grid of the CREMs selected at the national level and prioritise them based on territorial diagnosis;
- develop a prospective vision for the development of CREMs according to their potential, their vocation and their territorial specificities;

- transform this global vision into action plans for priority CREMs and their areas of influence;
- identify the institutional, contractual, and governance and funding mechanisms of the program.

2. Outcomes obtained from regionalisation policies have yet to meet expectations

Morocco's ambition through the reform of advanced regionalisation is to implement public action and allocate the necessary human and financial resources to regions in order to reach a more inclusive and sustainable territorial development and to boost coordinated public action through effective public investment and convergent public policies. It is now time to accelerate the implementation of this major reform, "We now see that the legal framework necessary for the implementation of the advanced regionalisation is adopted and that the territorial elected representatives are ready to put the process of advanced regionalisation into practice, the objectives are now set, the principles and rules are clearly established and the actors are at work, which opens up opportunities to move forward towards the effective and efficient implementation of this historic change "(extract from the message of HM King Mohammed VI, to the participants in the second parliamentary forum of the regions, on November 16, 2017).

The main challenges of advanced regionalisation and the incomplete results of development strategies in regions, highlight the importance of implementation and difficulties of coordination, capacity and policy coherence. The Morocco-OECD Dialogue on territorial development policies, one of the projects of the OECD's Country Programme for Morocco, conducted from 2016 to 2017, shed light on these challenges and produced operational recommendations based on the sharing of experiences and international comparison. Focussing on the priorities selected with the Moroccan authorities, four main themes have been chosen and regional studies identified. The Dialogue helped support the implementation of advanced regionalisation by creating space for consultation and coordination of territorial development policies across different levels of government, under the supervision of the services of the Chief of Government and the Ministry of the National Territory Land Planning, Spatial Planning, Housing and Urban Policy, in its role of "federator" of public policies at territorial levels based on: (i.) the case study of the Casablanca metropolitan area situated in the Casablanca-Settat region; (ii.) Urban-rural linkages in the provinces of Taounate and Berrechid; (iii.) Governance of public investment across levels of government and (iv.) Workshops on territorial indicators, their application in metropolitan areas and their governance (Box 2.1. Morocco-OECD Dialogue on territorial development policies).

Box 2.1. Morocco-OECD Dialogue on territorial development policies

Objectives

- Sharing good practice of OECD member and non-member countries
- Raising the international profile of Moroccan achievements and supporting their alignment with international standards.
- Involving the various stakeholders at the different levels of government.
- Contributing to the evaluation of Morocco's territorial development policies.
- Offering recommendations for meeting current and future challenges,

Pillars

- Metropolisation: case study of the metropolitan area of Casablanca
- Urban-rural linkages: cases of the province of Taounate (region of Fez- Meknes) and the province of Berrechid (region of Casablanca-Settat).
- Territorial indicators: capacity-building for production, use and governance of territorial indicators, applied to the metropolitan area of Casablanca (particularly for the purposes of defining its scope and comparing it with other metropolitan areas recorded by the OECD) as well as nationally.
- Governance of public investment in the context of implementing regionalisation, with a view to Morocco adherence to the OECD Recommendation on Effective Public Investment across Levels of Government

Organisation

- Coordinator: Services of the Chief Head of Government
- Lead partner: the Ministry of Planning of the National Territory, Urban Planning, Housing and City Policy
- Key partners: Ministries: Interior, Environment, Infrastructure and Transport, Agriculture, Economy and Finance, Trade and Industry, General Affairs and Governance, High Commission for Planning and the Association of Regions of Morocco

Structure

- The Consultative Committee (strategic): represents the main partner ministries and institutions for the Dialogue through representatives at a high level from the offices of the Head of Government, the general secretaries of the ten ministries affected by territorial development and the President of the Association of Regions of Morocco
- The local team (operational): experts from the MNTLSPHUP and their counterparts in the various partner ministries

Methodology

- Workshops for sharing experiences both at a high level and a more operational level, in Rabat (capital) and in the provinces; interviews with stakeholders at national and local level; summary documents to prepare the various seminars and meetings and results of analysis.
- 'Peers' and international experts; Review of existing literature and comparative international indicators to put the issues and results in context.

Main Results

- Consultative Committee set up to engage with all stakeholders throughout the implementation of the Dialogue. This mechanism, which offers opportunity for constant dialogue, could be adapted and become more permanent in order to support the coordination and convergence of the sectoral policies and stakeholders at different levels of government and public action in the regions.
- Morocco adhered to the OECD's Recommendation on Effective Public Investment across Levels of Government.
- EU-OECD method has been adapted and used to measure the Casablanca urban area, thus opening up the possibility of using international comparisons.
- Preliminary application of the OECD's typology for rural areas to the provinces of Taounate and Berrechid
- Recommendations for inclusive and sustainable territorial development in Morocco

Source : OECD

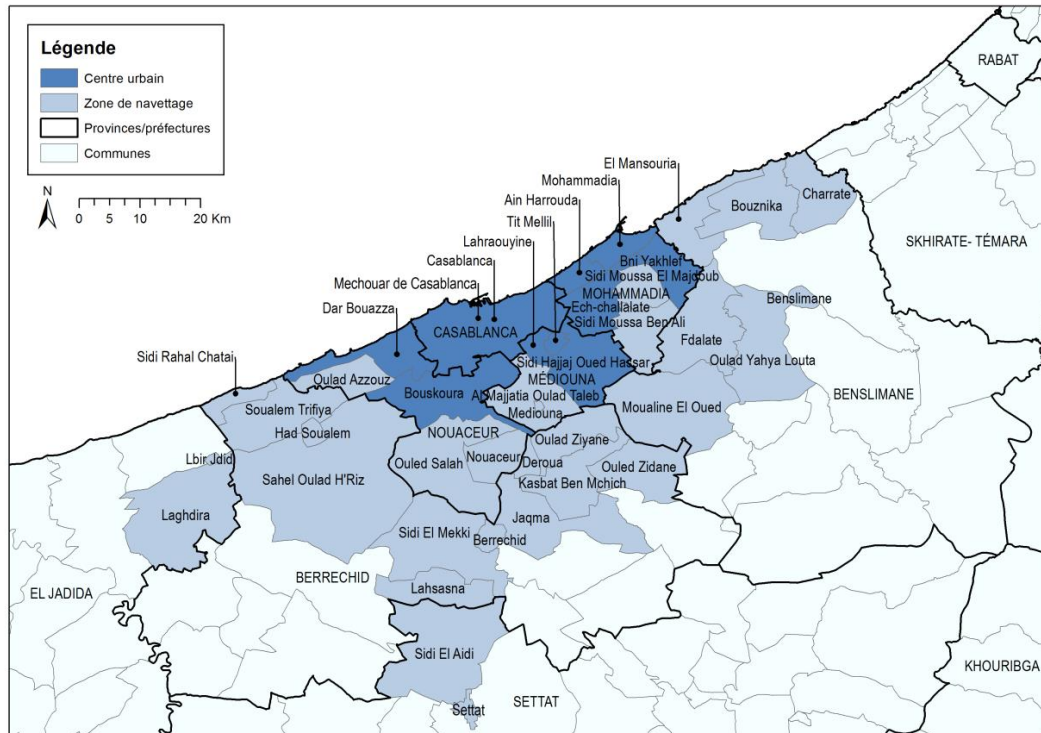
2.1. A framework for metropolitan governance under construction: the case of the Casablanca functional urban area

Casablanca has a major demographic and economic weight in Morocco. Following the 2015 reform, the former region of 'Greater Casablanca' (4.3 millions inhabitants, 18 municipalities) was merged with five other surrounding provinces to become a new region called 'Casablanca-Settat' (almost 7 million inhabitants, 168 municipalities). 20% of the population is concentrated in the region and 15% in the metropolitan area. While the region of Casablanca-Settat produces 32.4% of the national GDP, the metropolitan area of Casablanca 29% – which is comparable to Bogota in Colombia or Sydney in Australia. Within this redefined region a 'metropolitan area' is forming as living and working space. As the OECD methodology to identify the functional urban area of Casablanca (FUA) could not be applied due to the absence of commuting data, the OECD conducted an estimate of the city centre and surrounding municipalities based on commuting times.

Based on this estimate, the functional urban area of Casablanca – Casablanca metropolitan area – is slightly bigger than the former region and is home to some 5 million inhabitants which represent 15% of the population of Morocco. It includes 41 municipalities spread over two prefectures and six provinces. The estimated metropolitan area represents around 73% of the population of the new region, that is a greater share than that of metropolitan areas like San Francisco (United-States), Toronto (Canada), Milan (Italy) and Barcelona (Spain) in their respective regions. The Casablanca metropolitan area ranks 19th in terms of population compared to a selection of 290 metropolitan areas from the OECD database, not far behind Sydney (Australia), Guadalajara (Mexico) and Naples (Italy). It has good demographic growth, with an annual population increase of 1.5% between 2004 and 2014 (compared to 1% for the OECD average for metropolitan areas, 1.5% in the Casablanca-Settat region and 1.2% in Morocco as a whole). The region and metropolitan area are also young, with an old-age

dependency ratio of just 6% and 8.6% respectively (compared to 22% for the OECD average for metropolitan areas).¹⁰

Figure 2.1. Municipalities, provinces and prefectures in the Casablanca functional urban area estimated by the OECD



Source: OECD (2018), Dialogue Maroc-OCDE sur les politiques de développement territorial, chapitre on governance of the metropolitan area of Casablanca

Yet, the strong potential of the Casablanca metropolitan area remains under-exploited. Both in the region and in the estimated metropolitan area, unemployment remains higher than the national average, labour productivity is very low in relation to the OECD average, and there are marked regional inequalities, particularly in terms of basic public services and education.

Despite the green light for substantial investment which has begun to bear fruit, substantial needs are persistent in terms of housing (Casablanca-Settat ranks first in Morocco in terms of demand for housing, with around 30% of total demand; 478 300 applications for housing compared with a total 1.5 million applications) and transport (residents of Casablanca move around mainly on foot 53% in 2014) and by motor vehicle (34%, with 14.5% in a personal vehicle, 15.5% by taxi and 4% on two wheels), rather than by public transport (bus and tramway, which together account for just 13%). High pollution levels also differ in Casablanca in comparison to international metropolitan areas of a comparable level of development, with serious consequences on its residents health.

¹⁰ OECD, 2018, Dialogue Maroc-OCDE sur les politiques de développement territorial OECD - Chapter on the metropolitan governance of Casablanca.

Table 2.1. Strategic planning framework in Casablanca

	Before the 2015 reform			After the 2015 reform		
	Development	Transport	Urbanism	Development	Transport	Urbanism
Region	Grand Casablanca Development Plan (PDGC) 2015-2020 - elaborated by the Wilaya of the former Grand Casablanca region 33.6 billion MAD	Urban Mobility Plan (UDP) of the Grand Casablanca 2004-2008	Master plan of urban planning (SDAU) 2009-2030	Regional Development Plan (RDP) 2017-2023 - prepared by the new Casablanca-Settat region (PDR) 2017-2023 - 115 billion MAD	transport plan (planned) Regional	spatial planning scheme (SRAT)
Intercommunality(A l Beida)	n.a.	n.a.	n.a.	n.a.	Urban mobility planning (PDU) post-2019, planned	n.a.
Prefecture of Casablanca	Prefectural development plan	n.a.	n.a.	Prefectoral Action Plan (PAP) 2017-2021	n.a.	n.a.
Municipality of Casablanca	Municipal Development Plan (PCD)	n.a.	Municipal development plan 2009	Action Plan communal (PAC)	n.a.	Municipal Land Use Planning

Source: OECD from various Moroccan official sources

Although a ‘metropolitan economic reality’ exists in Casablanca with both challenges and opportunities to which current institutions are attempting to respond, in practice, providing a better framework for public action at the metropolitan level, is essential to guarantee the effectiveness and streamlining of public investment as well as to best exploit Casablanca’s significant potential for influence both nationally and internationally (Table 2.1. Strategic planning framework in Casablanca).

Governance of the Casablanca metropolitan area : Recommendations and suggestions for the future

Collectively identify and build a ‘metropolitan project’ inside the framework of the Casablanca-Settat region with a buy-in from all stakeholders. Mobilising and uniting all stakeholders around a shared vision and strong identity for Casablanca is an essential stage in ensuring the coherence of public policies and promoting more inclusive growth. In particular, a more sustainable development of Casablanca represents a key cross-cutting priority which could unite many stakeholders and projects.

Structure and implement a metropolitan transport strategy as part of a coherent and integrated vision for the development of Casablanca at the metropolitan level. This means deeper thinking to ensure better coherence and a more joined-up, systematic approach to urban planning and transport.

Strengthen vertical collaboration and identify areas where different levels of government complement each other. Pilot initiatives in Casablanca to coordinate the contributions and funding of different levels of government based on joint objectives so as to increase the overall efficiency of public investment.

Exploit and strengthen functional links and complementarity between urban and rural territories. Casablanca could take advantage of its large geographical area by identifying possible connections between urban and rural areas, through targeted investments in the necessary infrastructure and flexible cooperation mechanisms.

Anticipate the changes brought by the urbanisation and metropolisation of Morocco by designing and implementing a new national urban policy which incorporates issues around sustainability, economic and social inclusion and funding. The adoption of a coherent and integrated approach at the national level in terms of metropolisation and funding of urbanisation will be of primary importance in helping Casablanca and other metropolitan areas in Morocco to fully exploit their potential.

Source: OECD, 2018, Dialogue Maroc-OCDE sur les politiques de développement territorial OECD - Chapter on the metropolitan governance of Casablanca

2.2. Consolidating urban-rural linkages: The case of the provinces of Taounate and Berrechid

Rural areas in Morocco possess assets as well as significant demographic benefits. However, linkages between these areas and urban areas are not sufficiently based on complementarity and a joined-up approach. This is true in particular of the provinces of Taounate (Fez-Meknes region) and Berrechid (Casablanca-Settat region) which illustrate in two very different rural contexts the benefits and requirements in terms of urban-rural links in Morocco.

In OECD countries, rural areas are classified according to the percentage of the population in order to define the different types of areas. By applying the same criteria to all OECD countries, the regional typology can be used to compare socio-economic indicators and highlight the main development factors of the regions.

The case study of the provinces of Taounate and Berrechid in particular sheds light on the issues around defining rural areas and understanding the challenges and opportunities arising from stronger urban-rural linkages. A preliminary application of the OECD typology shows that Taounate is **a predominantly rural remote province** and that Berrechid **is an intermediate province within a functional urban area** (the Casablanca metropolitan area).

The Province of Taounate

The province of Taounate is located between Rif and the pre-Rif, in the north of Morocco. The main area in the south of the province is the city of Fez, the second biggest city in Morocco with 1.1 million inhabitants and capital of the Fez-Meknes region (RGPH 2014). The city of Fez polarises the province geography, due in particular to its appeal as a historic, administrative and economic centre: 90% of Taounate's trade is with

Fez. The five small cities of the province are less polarised from their hinterland with regard to their remoteness, the low economic and demographic density and limited access to public services. The development of Taounate requires a global approach which takes into account the different development factors: the well-being of the population, the provision of infrastructure, education and economic attractiveness. This approach should help the province to establish its comparative advantages and the pillars for its development. This process also involves the construction of a common vision for the province, in connection with the Regional Development Plan of the Fez-Meknes region, to bring together the efforts of all the actors and stakeholders and the adequacy of public policies.

The Province of Berrechid

The Berrechid province is located in Casablanca's second ring. Berrechid province is characterised by its strategic location which enables it to benefit from the infrastructure of Greater Casablanca. The city of Berrechid is located 16.7 km, or around 25 minutes from Mohammed V International Airport. Berrechid also has access to the port of Casablanca, the biggest in Morocco. Drawing on good practice developed in several rural areas of OECD countries, as well as in certain Moroccan provinces such as Taounate, Morocco could encourage its rural provinces, and particularly Berrechid, to adopt a holistic approach which mobilises central and local stakeholders as well as the private sector and civil society through initiatives aimed at enhancing and strengthening functionality and performance in urban-rural linkages, in this case between Berrechid and Casablanca.

Emerging Rural Centers

Morocco introduced a new regional approach to rural development. Drawing on the regional approach and the increased efficiency and performance of public policy in rural areas, the Ministry of Urban Policy and Spatial Planning launched in 2013 the implementation of a programme for the integrated development of Emerging Rural Centres 'CREM 2015-2016'. It is a new mode of intervention which favours integrated measures to promote the modernisation of rural areas. More specifically, it is about concentrating public intervention in *Emerging Rural Centers* areas so as to make evolve them into mid-sized urban centres enabling the growth and development of the surrounding rural areas.

The information gathered on the implementation of this *Emerging Rural Centers* initiative suggests that implementation is ongoing. Although it would appear premature to evaluate the impact of the initiative on the areas in question, its implementation in the context of advanced regionalisation raises the question of the involvement of subnational authorities, particularly the regions. Selecting the *Emerging Rural Centers* or funding projects, consistency is needed between the choices of the *Emerging Rural Centers* and development plans that regions are developing and implementing as a result of their new competences.

Urban-rural linkages: the case of the provinces of Taounate and Berrechid: Recommendations and suggestions for the future
Provide a specific definition of rurality based on international good practice in order to design public policies at the right level and strategies that are tailored to the places.
Take advantage of benefits of the demographic bonus of rural areas by focussing investment efforts on education and active labour market policies in particular to include young people and women in the labour market.
Adopt a rural policy based on the principles of the OECD's 'Rural Policy 3.0'.
Implement the Emerging Rural Centres initiative to create effective interdependence between urban and rural areas whilst fitting into regional development schemes by ensuring the buy-in of population and coordination between the various stakeholders to avoid spreading the investments and guarantee their sustainability.
Province of Taounate
Implement the development plan for the province, quickly focussing efforts primarily on the provision of public services to improve the quality of life of populations and promote economic growth.
Increase agricultural productivity through better training for farmers, the creation of producer networks and investment in research and development, particularly in growth sectors (herbs, water).
Diversify the structure of the economy in sectors such as agricultural industry, tourism or crafts in order to develop non-agricultural sources of income.
Improve connectivity within the province and with the city of Fez, particularly in terms of infrastructure and the transport network.
Berrechid Province
Implement a joint vision for economic development shared by all stakeholders to provide a coherent framework for public action and base development strategy on comparative advantages.
Ensure that this vision is in line with the thrust of the development plan of the region of Casablanca-Settat to align public policies with the specificities of the region and establish strong, sustainable functional links with both the Casablanca metropolitan area and all of the areas of the Casablanca-Settat region.
Given the level of integration of the labour markets of Berrechid and Casablanca, consider transport solutions that tie in with the transport projects developed by the Casablanca-Settat region, particularly the extension of tramway lines to reduce congestion levels on the main Casablanca-Settat road on which Berrechid stands.
Initiate an inclusive momentum towards sustainable development through the provision of public services and particularly infrastructure, education and health in urban and rural areas.
Ensure the preservation of assets in rural areas such as water tables, the management of industrial waste water, the conservation of the landscape and environment or coastal planning, both in Berrechid province and the Cassablanca-Settat Region.

Source: OECD, 2018, Dialogue Maroc-OCDE sur les politiques de développement territorial OECD - Chapter on urban-rural linkages in the provinces of Taounate and Berrechid.

2.3. A multi-level governance to be consolidated: The case of public investment

Morocco made a strategic decision to increase its public investment in order to drive private investment as part of its growth model to reduce social and spatial inequalities and improve access to hard-to-reach areas¹¹. Morocco ranks much higher than the OECD average in terms of its public investment and is on a similar path with countries like Norway, Sweden and Slovenia. The total investment rate (public and private) exceeded 30% of GDP over the last decade. Direct and indirect investment of the whole public sector (general state budget, public companies and bodies and subnational government) is significant at around 17% of GDP (2015). This is the result of a considerable increase in public investment in Morocco which has more than doubled over the last decade. Direct public investment (gross fixed capital formation of State and subnational government, excluding public companies) amounted to around 4.4% of GDP in 2015.

Over the 2009-2013 period, on average 77% of subnational spending was conducted by municipalities, in particular urban municipalities (55%) whereas regional and provincial levels accounted for 5% and 18% of territorial expenditure spending. Over the same period, on average 65% of investment was conducted by the municipal level: 43% by urban municipalities, 9% by the regional level and 26% by the provincial level.

The financial involvement of subnational stakeholders, in development policies is gaining momentum in Morocco. However, fiscal autonomy of subnational government is quite limited and the State has real oversight over it. In the context of advanced regionalisation and in order for regions to implement their new competences, it is necessary for subnational governments to have the necessary resources from the State, but also their own resources, derived from taxation, operating public services and cultural sites. To achieve this goal, reliable information on financial relations across levels of government is needed in terms of spending, revenues and debt.

In this context, the effectiveness and quality of investments present crucial challenges in terms of impact. To date, the high rates of investment are in contrast to economic growth which has remained more modest. Between 2000 and 2014, investment increased on average by 6.6% a year, whereas economic growth increased by 4.4% on average each year over the same period, raising questions about the return and efficiency of public investment and, thus about its governance.

Investment did not have the expected impact and the rate of capital accumulation remains relatively low. This explains a relatively high ICOR (Incremental Capital-Output Ratio) - which measures the number of points of capital required to create an additional point of growth - in Morocco compared with other countries (High Commission for Planning, 2016a and OECD-MDCR, 2017, Volume 1 p. 102).

The High Commission for Planning (HCP) states that the transformation of economic structures in Morocco, accompanied by continued accumulation of human capital and improvements to governance would ultimately result in an increase in growth of almost 3 points. According to the High Commission for Planning, more effective governance

¹¹ Presentation, 'The new approach to managing public investment' by the Ministry of Economy and Finance, High Level Workshop OECD-Chief of Government Services - Rabat 23 May 2017.

would result in almost an extra point of economic growth (High Commission for Planning, 2016).

Governance of public investment: Recommendations and suggestions for the future
Coordinate public investment across different levels of government and different policies
Invest in the use of place-based regional strategies, reflecting the specific advantages and needs of various regions
Draw on local and regional knowledge to develop public investment strategies adapted to the places
Strengthen linkages between territorial planning and budgetary allocation through the multi-year planning contained within the reform of the Organic Law on Budgets and incorporating the 'region' in budgetary nomenclature.
Develop an integrated national strategic vision ranking priorities in Morocco to serve as a framework for the development strategies of subnational government
Encourage data production at the territorial level and restructure the statistics system to align with regional development policies
Create a coherent system of territorial statistics which better reflects the reality of people's daily lives and which meets the requirements of citizens and the business world.
Promote participation of citizens to the investment projects implemented by central and subnational government through a system of relevant indicators and an easy-to-access monitoring system.
Establish a robust institutional framework for public investment across all levels of government
Expand the tax-raising powers of subnational government, particularly that of regions, and create the conditions that are conducive to exploiting the potential of revenues of regions and municipalities with a view not only to funding investment but also to fund long-term operation and maintenance costs.
Mobilise private finance stakeholders and institutions to diversify the sources of public investment finance as part of a code of conduct developed at national level and overseen through its implementation.
Enhance the use of Public-Private Partnerships (PPPs) where appropriate, particularly for the major infrastructure projects of subnational government bodies which have adequate capacity (such as metropolitan areas).
Introduce a Charter which sets out the conditions for producing and using territorial indicators to strengthen public investment policies. This Charter must be underpinned by a clear and flexible methodological framework making it possible to adapt to the specificities of each territory whilst drawing on international initiatives such as the United Nations' Fundamental

Principles of Official Statistics, African Charter on Statistics and the European Statistics Code of Practice.
Adopt the OECD classification for functional urban areas from the OECD/EU international methodology which takes into account the functional (economic) urban links. The OECD recommends classifying territories according to the degree of urbanisation European Countries and the OECD to carry out international comparisons.
Enhance capacities of the different levels of government in order to design and implement effective public investment strategies.
Involve citizens in defining public investment strategies at the local level and overseeing their implementation. It is both a condition of acceptance and of social cohesion.
Implement a robust evaluation of existing capacities and expertise in local government to identify needs and respond to them through targeted capacity-building strategies.
Share experiences of transferring competences between regions (pilot schemes) by ensuring the introduction of a space for dialogue for mutual learning.
Deliver a targeted continuous vocational training to enhance administrative capacity in subnational government. Regional development agencies can also be key partners in this professional development.
Increase the profile and qualification levels of public servants at local level to ensure that high-level officials are attracted to the regions and local government, particularly towards the new AREPs.

Source: OECD 2018, Dialogue Maroc-OCDE sur les politiques de développement territorial, Chapter on Public investment for sustainable territorial development.

3. Advancing the implementation of territorial development policies in Morocco

Advanced regionalisation has opened a window of opportunity for a more inclusive and sustainable development of Morocco since 2015. Its implementation is highly awaited. Implementing reforms of such magnitude is challenging and time consuming. However, the expectations raised by the advanced regionalisation reform, should not be underestimated. The challenges of implementation, coordination and coherence remain open, thus requiring quick responses, including pilot experiences and preliminary results, to ensure successful reform and citizen buy-in. The way which the State is going to reorganize itself, in particular in terms of deconcentration, to set up a new dialogue with the subnational authorities, is a key question of the reforms and an expectation expressed both regional authorities and citizens.

3.1. Recommendations from the Morocco-OECD Dialogue on territorial development policies

Strengthen the effectiveness of reform implementation by improving dialogue among stakeholders. Faced with the risk of fragmentation of public action and the need to take up coordination issues both vertically and horizontally across levels of government, Morocco could test in a more sustainable way and adapt the institutional solution of “Consultative Committee”, which facilitated the sharing of information and coordination of action in an innovative and effective way. For investment or the provision of public services is another way to enhance the effectiveness of reforms. Beyond economies of scale, it helps fill capacity gaps at the local level. Indeed, cooperation between municipalities makes it possible to respond more effectively to the requests for expertise needed to develop and implement complex investments, in particular by mutualising human resources within a common service of groups of municipalities.

Design policies at the right scale: The spatial scale on which policy interventions are designed and implemented has a major impact both in terms of economic efficiency, social inclusion and environmental impact. At the same time, these policies must take into account the territorial specificities. Morocco has not adopted the density or population threshold criteria to define rural territories and has not developed a method to define functional metropolitan areas. Morocco could adopt the OECD definitions and classifications applied to rural territories and the EU-OECD method of measuring functional urban areas to target public policy interventions according to the specificities of the places, define the allocation of competences and resources on the basis of objective data and ensure the implementation of public policies as part of the coordination among stakeholders.

Engage a multi-level territorial dialogue, with the involvement of civil society and the private sector to take into account the development of cities. This dialogue could be structured around the need to reflect upon metropolitan governance in connection with the reform of advanced regionalisation; the setting up of metropolitan entities with clear missions that complement regions. This exercise should also be accompanied by a reflection and a debate on the financing of urban development in order to benefit from the added value generated by urbanisation and to anticipate the challenges.

Support the country's growing urbanisation through the development of indicators, more knowledge of metropolitan areas and modalities of their governance at the relevant scale. This action would support the country's development policies at the relevant scale applied to highly urbanised areas. It would also facilitate the adoption of public policies adapted to the structural change represented by urbanisation, notably by integrating public policies on housing and mobility. The development of metropolitan indicators would finally allow the positioning of Morocco's metropolitan areas in of the perspective of international comparability and permanent adaptation to evolution in this area.

Support the implementation of Emerging Rural Centers programme to strengthen urban-rural linkages. Morocco has put in place an innovative mechanism to promote and establish conditions for inclusive and sustainable development of rural areas. The implementation of the Emerging Rural Centers mechanism within a reasonable timeline would help to reduce disparities between cities and rural areas and strengthen the competitiveness of rural areas through the synergy of different public interventions. Citizens' commitment to the location of the Emerging Rural Centers, to the vision of the

development they promote and to the public action they mobilise should also be sought to guarantee a participatory implementation of the projects planned in this framework.

Strengthen the production and use of territorial indicators to support territorial public policies, at the national and subnational levels, within the framework of shared mechanisms. It would be appropriate to set up a Charter that sets up the conditions of production and use of indicators, in particular by promoting transversal action. This Charter must include a clear and flexible methodological framework to adapt to the needs and specificities of each territory and be inspired by international instruments. It is also about providing economic stakeholders and civil society with the useful information to their choice of investment and the tools for the understanding of the challenges and the evaluation of public policies. This action could be part of a threefold objective: economic, social and environmental by promoting the regional well-being approach developed by the OECD or by identifying the territorial information to produce to design indicators, comparable to those developed by OECD countries, by supporting the national will to mobilise sustainable development goals through their territorial implementation and by informing regional attractiveness towards investors, talents and visitors, both domestic and foreign.

Improve coordination of public action across different levels of government and clarifying the competences and resources. In a number of countries (for example France, Colombia, Sweden and Peru) like in Morocco, competing responsibilities between different levels of government result in ambiguity and a lack of visibility around responsibilities for designing and implementing public investments. The reform of regionalisation represents an opportunity to better define exclusive powers and those that are shared by the different levels of government and to implement instruments to coordinate the central and subnational levels of government. In this respect, **the long-awaited reform of devolved government (*deconcentration*) is the corollary of successful decentralisation.** The devolved government charter to strengthen advanced regionalisation has yet to see the light of day. Thinking on devolution began in 2014 with the creation of a cross-government steering committee which set out principles and support measures to gradually embed devolved government by encouraging government departments to delegate as many of their competences as possible to regional directorates. Currently these do not have the necessary autonomy or budgets to make decisions without recourse to central government. To achieve this, the following is important: (i) to align entities with new regional boundaries; (ii) a dialogue between the Wali and President of the Region to facilitate the transfer of competences from the State to the regions, as established by the regionalisation reform, whilst guaranteeing continued public services and therefore building regional capacity (through adequate human and financial capacities); (iii) the need to give time to the implementation of this ‘handover’ whilst measuring progress and impact. The importance given by the government to the adoption of the *deconcentration* charter was reaffirmed at the opening of the second parliamentary forum of the regions, on November 16, 2017 in the House of Representatives in Morocco "*The government attaches great importance to the adoption of the charter of the administrative deconcentration within the framework of the strategy of the governmental program relating to the implementation of the advanced regionalisation and territorial governance*" (Extract of the speech of the Chief of Government to the opening of the second parliamentary forum of regions, on November 16, 2017 in the House of Representatives in Morocco).

3.2. Actions needed to implement priority recommendations

Capacity-building at national, regional and local levels for greater effectiveness and alignment of public policies on territorial development. Advanced regionalisation is a major reform which requires capacity-building at all levels and in several aspects in order to be implemented: (i) capacity of human resources to implement projects within set time-frames and according to defined procedures ii) capacities to develop a strategic vision for reducing the risk of seeing divergent and counter-productive policies pursued in the regions. (iii) capacities for the production and use of indicators at the right level in order to implement and evaluate territorial development policies, and (iv) capacities to mobilise the stakeholders to ensure collective buy-in to public policies and maintain permanent spaces for dialogue.

Ensure that participative processes are genuinely inclusive. One of the improvements sought through the process of regionalisation is taking better account of citizens' concerns in their local environment and their involvement in public life. Participation of the population can improve the commitment of stakeholders to take on complex challenges around territorial development. It is a matter of delivering the ambitions contained within the 2011 Constitution for an inclusive society in which the citizen is both the beneficiary and protagonist of public policies and boosting their confidence in, and buy-in to, public action.

Establish a high-level, multi-sectoral and multi-level coordination committee to conduct integrated territorial development policies based on shared indicators, promotion of coherence and avoiding fragmentation or redundancy of public action while allowing the adaptation of development policies to territorial specificities.

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