Morocco is a constitutional monarchy, democratic and parliamentary. According to the new Constitution (2011), “the territorial organisation of Morocco is decentralised, and based upon an advanced degree of regionalisation”. Subnational governments include regions, prefectures (urban areas) and provinces (rural areas) and communes. The new Constitution introduced elections for regional councils, which were formerly appointed by central authorities. Regional and local elections held in September 2015 were an important step in the implementation of the deconcentration and decentralisation process enshrined in the constitution of 2011.

Main subnational governments responsibilities.

The 2011 Constitution introduces three types of local competencies: own competencies, competencies shared with the central government, and competencies transferred by the central government:

- Regional competencies include designing regional economic and social plans, environmental protection, vocational training, etc.
- Provincial competencies include maintaining local roads, managing public transport, etc.
- Local competencies include socio-economic development, urbanism and territorial planning, etc.

Transferred competencies include building and maintenance of hospitals and schools, and investing in infrastructure and equipment. Competencies are transferred to regions, provinces or communes according to their level of importance (regional, provincial, local). An “advanced regionalisation process” has been launched providing for the reinforcement of regional competences in the area of economic and social development and corresponding resources (transferred and own).

Morocco still has a low level of decentralisation, with SNGs playing a minor role in terms of provision of public services and investment. Morocco is at the level of the most centralised countries of the OECD i.e. Chile, Greece, Ireland, New Zealand or Turkey (in terms of spending indicators). This situation could evolve with the ongoing decentralisation process which will transfer new spending responsibilities to SNGs. Although SNG roles in total public investment is weak, investment remains an important local function, representing 35% of local expenditure. Staff expenditure also accounts for a relatively large share of SNG spending.
Over 2009-13, 77% of expenditure on average was carried out by municipalities, in particular urban municipalities (55%) while the regional and provincial levels undertook respectively 5% and 18% of subnational expenditure. Over the same period, 65% of investment on average was carried out by the municipal level (43% by urban municipalities), 9% by the regional level and 26% by the provincial level. Priority areas for investment are roads, utilities (water and electricity networks) and administrative buildings.

Subnational revenue comprises revenues transferred by the central government (54% on average over 2009-13), tax revenue managed by central government (21%) and own revenues (18%, mainly own taxes and user fees). Municipalities represent the bulk of subnational revenues (79 % on average over 2009-13), while prefectures and provinces represent 16 % and the regions, 5 %. However, in the context of the regionalisation process and devolution of new responsibilities to the new regions, they should receive additional funding in the near future.

TAX REVENUE. Tax revenue comprises both own-source taxes and taxes managed by the central government and redistributed to subnational governments (in more or less equal measure). Three-quarters of own-source tax receipts derive from six local taxes such as tax on port activity, tourist tax, property tax (on urban land), construction tax, tax on allotments and tax on mining exploitation and port activity. More than 90% of receipts go to the municipal level. Some taxes go to the regions and the provincial level. Taxes managed by the central government are the residence tax (taxe d’habitation), municipal service tax (taxe des services communaux) and the local business tax (taxe professionnelle). They benefit almost exclusively urban municipalities.

GRANTS AND SUBSIDIES. The major source of transfers from the central government to local authorities comes from the redistribution of national taxes (30% of VAT, 1% of PIT and 1% of CIT). Over 2009–13, 69% of receipts on average went to municipalities (VAT, CIT and PIT, i.e. around 50% of municipal revenue), 27% to the provincial level (VAT i.e. 90% of their total revenue) and 5% to the regions (PIT and CIT i.e. around 50% of their total revenue). The organic law 111-14 provides for the progressive allocation of 5% of PIT and CIT receipts to the regions. Criteria for the distribution of these funds to individual local governments include the amount of local staff salaries, population, land area, etc.

OTHER REVENUES. Other revenues include property revenues, sale of assets, services fees, etc.

In order to finance investments, local governments are able to contract loans from the Municipal Equipment Fund (Fonds d’équipement communal, FEC), a major institution for financing local governments in Morocco. Projects funded through this organisation include responsibilities such as urban infrastructure, roads, water and sanitation equipment, etc. Initial resources of the FEC were transfers from the central government, but its funding resources have widened over time and now include grants from the World Bank, the European Investment Bank, etc.


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