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URBAN DEVELOPMENT ASSESSMENT
FOR MOROCCO

VOLUME A
MAIN REPORT

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GLOSSARY OF ACRONYMS

GOM	Government of Morocco
AFN	Agence Fonciere Nationale (National Lands Agency)
CDG	Caisse de Depot et de Gestion (Deposit and Management Bank)
CIH	Credit Hotelier et Immobilier (Hotel and Real Estate Bank)
ERAC	Etablissements Regionaux d'Amenagement et de Construction (Regional Development and Construction Authority)
FDCL	Fonds de Developpement des Collectivites Locales et de leurs Groupements (Local Governments Development Fund)
FEC	Fonds d'Equipement Communale (Local Public Works Fund)
FSDR	Fonds Special de Developpement Regional (Special Regional Development Fund)
MHAT	Ministere de l'Habitat et de l'Amenagement du Territoire (Ministry of Housing and Regional Development)
MOI	Ministere de l'Interieur (Ministry of Interior)
MOF	Ministere des Finances (Ministry of Finance)
ODI	Office de Developpement Industriel (Industrial Development Company)
ONE	Office National d'Electricite (National Electricity Company)
ONEP	Office National de l'Eau Potable (National Water Company)
ZAC	Zone d'Amenagement Concerte (Planned Development Zone)

INTRODUCTION

This Urban Development Assessment of Morocco is the fifth such country study since USAID's Office of Housing and Urban Programs (PRE/H) initiated UDAs in 1983. Others have been for Senegal, Nepal, Somalia, and Panama. While each country studied earlier differs in economic circumstances and urban pattern, major urban development for all has been relatively recent. Morocco however, presents certain important distinctions which mandate a UDA approach especially tailored to that country's circumstances:

1. Morocco has a long history of urban development. It is a country of many cities, many of which have evolved over centuries.
2. In a country of 20 million people (1982), Morocco has 26 cities over 50,000 in population, resulting in one of the best balanced and distributed urban populations in the developing world.
3. Along with the existence of many cities, a tradition of urban administration and control has evolved as well, especially since the advent of European influence in the 19th century. As a result, Morocco has comparatively sophisticated urban management and planning systems.
4. A fourth major distinction is the extent of literature on aspects of the country's urban development. Urbanization in Morocco has been the subject of considerable research, by Moroccans and foreigners alike, by geographers, sociologists, political scientists, and planners, university scholars and international agency analysts. Studies have been made on municipal administration and finance, housing, migration, industrial development, planning approaches, and demography. Thus, a rich store of material, much of it contemporary and much in English as well as French, stands as a foundation upon which an UDA can be based.

Given the recency of urban growth in much of the developing world, predecessor UDAs have helped illuminate that process for host country officials as well as for USAID readers. In Morocco, however, the UDA team found host country contacts aware of the urban context and literature and basically uninterested in perusing another study prepared by foreign observers. They were keenly interested, however, in two matters: whether the UDA team could suggest any new ideas to help the GOM achieve its policy objective of improved distribution for urban economic growth and whether USAID might consider more extensive investment in urban development (beyond its current \$17 million Housing Guaranty loan commitment) as an Agency priority.

Two quite different audiences must be addressed in this report.

The bulk of the report is written for the USAID reader. Volume A attempts to distill the salient facts about Morocco's cities -- their history, physical character, economic significance, governance and finance, etc. -- to provide USAID with an overview of contemporary urban conditions and problems. Volume B explores policy and program ideas for both the GOM and USAID.

This Morocco Urban Development Assessment has been conducted by a team consisting of Dr. Malcolm D. Rivkin (Team Leader), Mr. Aryeh Cooperstock (Deputy Team Leader) and Dr. David N. Kinsey. Dr. Lucie G. Colvin provided research support in Morocco. Field work was undertaken during two missions in September and October-November of 1984. In addition to contacts with government agencies in Rabat, members of the team visited the following cities: Casablanca, Fez, Marrakech, Meknes, Tanger, Tetouan, Agadir, Taroudant, Beni Mellal, El Jadida, Jorf Lasfar, Kenitra, Khouribga, Larache, Mohammedia, and Settat. In several of these, meetings were held with provincial and local officials and representatives of national government. Private entrepreneurs were also interviewed. Our Moroccan contacts included the Minister of Housing and Regional Planning and the Minister of State for Economic Planning. The former appointed a committee of senior ministry officials (MHAT) to assist the team's research. That committee and the Ministry of the Interior (MOI) arranged field interviews.

Acknowledgments

The team is deeply grateful for the extent of GOM support as well as for the assistance of the following U.S. officials. At USAID: Mr. Robert Chase, Mission Director; Mr. Harry Petroquin, Deputy Director; Mr. William S. Rhodes, Program Officer; Mr. Gary Bricker, Technical Program Officer; Ms. Diane Tsitsos, Project Officer; and Mr. Robert Adams, HG Housing Adviser. Ms. Sonia Hammam, RHUDO-Tunis, coordinated the field activity. She and Mr. Daniel Phillips, U.S. Consul General in Casablanca, were invaluable sources of references and contacts.

The Mission, the Middle East Bureau, and the Office of Housing and Urban Programs (PRE/H) reviewed the draft report, and this final product has benefited greatly from their comments.

EXECUTIVE SUMMARY

Volume A

Chapter One: Urbanization and Economic Development; A Conceptual Framework for Viewing Conditions in Morocco.

Chapter One reviews relationships between urbanization and economic development, especially in a developing country where one or more major urban centers tend to dominate in early stages of national growth. It discusses the economic and physical characteristics of primate cities, the nature of external economies which favor increased investment in these centers, and the difficulties in decanting productive development to other urban areas and their rural hinterlands. It cites the tensions which exist between the major centers and peripheral regions, mandating attention by national governments to stimulating development processes outside the main centers. Two basic approaches employed by countries are examined: dispersion of investments and incentives over a wide number of communities and regions; and selective concentration of investments, administrative reform, and private sector incentives in a few key urbanizing areas. Relevance of the concepts to Morocco is examined and a framework set for integrating the findings, conclusions, and recommendations of the UDA.

Chapter Two: The Urban Geography of Morocco, 1984

In 1982 Morocco's urban population was 8.7 million or 43 per cent of the nation's 20.4 million. Urban population had been 35 per cent of the national total in 1971 and grew by 4.4 per cent annually during the intercensal period. Urban residents were located in 45 municipalities, 40 "autonomous centers", and 35 "other centers". Some 6,505,000 people or 75 per cent of the urban total were in the 26 municipalities whose population exceeded 50,000. The 13 largest cities all lie west of the Atlas mountains which run northwest to southeast and form a backdrop to coastal lowlands and plateaus. Primary and secondary cities are well distributed in relation to the concentrations of rural population. They are linked with good quality roads, railroad, and air connections.

Indeed, Morocco has one of the best balanced and distributed urban networks in the developing world. While Casablanca is a primate center of 2.1 million, it holds only 25 per cent of the urban population. The 75 mile corridor of Casablanca-Mohammedia-Rabat/Sale-Kenitra contains the largest concentration of urban population and economic activity.

Four district types characterize Moroccan cities: the ancient medina developed at high density (from 600-1,500 persons per hectare), a European-style "Ville Nouvelle" or new city begun under the protectorate which includes areas of commerce and administration as well as residences at densities of 60-120 persons per hectare, post-independence residential/commercial subdivisions with densities of 100-800 persons per hectare depending on the mix of structure types, and spontaneous

settlements (bidonvilles and clandestine housing) with densities often as high as those in medinas. A fifth and striking feature of Moroccan cities is the generally clear division between urban areas and countryside. Sprawl is rare.

Chapter Three: Current Urban Conditions

Although Morocco has had urban centers for centuries, the most explosive growth has occurred since independence. Because of Morocco's urban network, however, urban rural migration has been more dispersed than in many countries. Indeed during the past intercensal period, both Casablanca and Rabat/Sale grew more slowly than the overall urban rate. Several other centers over 50,000 (i.e. Agadir, Khouribga, Beni-Mellal, Khemisset) with some economic base and rural market/distribution relationships grew faster.

The population as a whole is young (53 per cent under 20 and 75 per cent under 35), underscoring the need for urban employment as the labor force increases. Urban household size (5.4) is smaller than rural (6.3). Urban literacy was 56 per cent as contrasted with rural of 18 per cent, and two-thirds of the country's students were in urban areas.

During the 1960's and 1970's urban employment grew at a rate three times faster than rural. With recession, however unemployment has risen (12.3 per cent in urban areas and over 20 per cent for the 20-24 age group) and underemployment is becoming increasingly severe. Agricultural workers have dropped from 51.5 per cent to 40 per cent of the labor force during the 1971-82 period, while workers in urban-centered industry and commerce have substantially increased.

Urban incomes appear to be considerably higher than rural and are higher in the larger cities. Great disparity exists between the richest and poorest urban households, and the World Bank estimates that over 25 per cent lived in absolute poverty in 1981.

Certain urban housing conditions have improved over the 1971-82 period. Home ownership increased from 37.5 to 40.9 per cent of urban households; access to running water from 52 to 63 per cent, access to electricity from 68 to 74 per cent. In contrast, only 2 per cent of rural households had access to running water in 1982 and 4.5 per cent to electricity.

Bidonvilles exist in many Moroccan cities. A relatively new phenomenon of clandestine housing -- units for which the land has been sold but without officially recorded titles, which are better-built than bidonvilles but generally lack utilities and services -- has become increasingly significant. About one million people live in the clandestine areas, three-quarters of whom are in the 12 largest cities. Along with overcrowding and aged structures these conditions represent a severe shelter problem. Morocco appears to be addressing the problem. Several cities visited by the UDA team evidence large scale public and private construction of conventional shelter or bidonville reconstruction.

Urban infrastructure -- except in the illegal settlements -- is of relatively high quality and level of service. But serious problems of waste disposal (both sewage and garbage) exist, particularly in the medinas, and it is unlikely that facilities extension in many urban centers can keep up with population growth or service new economic activity. Some work on modifying infrastructure standards is underway, and specific projects examined by the team seemed to be reasonably cost-effective.

Chapter Four: Economic Considerations National and Urban

Morocco has substantial economic potential, but is hampered by difficulties in resource mobilization and by mounting foreign debt. Agriculture potential exists, but consequences of drought have been severe. Agriculture dropped from 23 per cent of GDP in 1971 to 19.2 per cent in 1981. Although Morocco has the world's largest concentration of phosphates, severe price fluctuations have adversely affected this primary source of foreign exchange, while petroleum import costs have risen. Manufacturing activity is increasing and has passed agriculture as a proportion of GDP (17 per cent) while services of all kinds, including government and tourism, now comprise over 50 per cent of GDP.

Buoyed by high phosphate prices in the 1970's the GOM embarked on a major capital investment program and went deeper into debt -- a level of commitment which could not be sustained in the recession. As a result Morocco has rescheduled debt and received IMF and international donor agency assistance. In return, it adopted (1983) a severe austerity program -- sharply reducing capital investments and hiring of personnel. National capital expenditures in 1983 were at the 8 billion DH level, about 3/4 the annual commitment envisioned in the 1981-5 national plan.

Analysts expect the austerity measures to continue. They anticipate need for more efficient allocation of investment resources and heavy reliance on urban economic activity to generate new enterprise and jobs.

Within this context, the urban economic contribution takes on major significance. In 1960, urban areas comprised only 29 per cent of the population, but generated 58 per cent of GDP. In 1971 the urban proportion of GDP was estimated at 64 per cent. With the drop in agriculture and increase in urban population, the proportion of urban contribution to GDP may now be as much as 70 per cent.

Most urban industrial and commercial enterprises are quite small. In a recent survey of licensed establishments, (comprising 25-30 per cent of the employed urban labor force) the GOM discovered that 40 per cent of the firms were sole proprietorships, and well over half of 300,000 firms surveyed had between 1-4 employees. Large enterprises with 50 or more workers employed over 40 per cent of the personnel, although less than one per cent of the establishment total.

The 10 largest urban centers accounted for 70 per cent of the firms and 84 per cent of the employment in this survey. Casablanca as a city and the Casablanca-Kenitra urban corridor continue to dominate the contemporary urban economy. However, the corridor accounted for only 35 per cent of the establishments and 53 per cent of the work force surveyed. Many other cities do have nuclei of industry and commerce which can be built upon in further development efforts.

Private enterprise is the principal "engine" of both commercial and industrial development. Direct government industrial investment has been limited (sugar, mining, cement, chemicals) and much of it directed to secondary centers (Beni-Mellal, Khouribga, Oujda, Safi, etc.) helping to build their employment base. Both government and private enterprise support concentrations of handicrafts (Marrakech, Oujda, Khemisset) and tourism enterprise (Agadir) in cities outside the corridor. The GCM's administrative decentralization program has also helped diversify the economic base of provincial capitals with white-collar employment.

By and large, however, the GOM has relied on tax and other incentives to spur the decanting of industry from Casablanca to other cities. These incentives have had only modest success. One important GOM program involves creation of industrial sites in cities, largely outside the corridor. Serviced land is sold at a write-down, and job training for new firms is provided. Some of the first 10 zones are occupied, but the most successful have been in the larger cities. The Office of Industrial Development (ODI) which runs the program believes more entrepreneurship must be stimulated from within the secondary cities, and advantages provided so these can compete with the corridor.

Foreign tourism is important to the economic base of some cities (eg. Agadir, Fez, Tanger). Beni Mellal, Khourigba, and several others have strong links to rural regions as marketing, distribution, and service centers.

While Morocco's urban population is over 40 per cent, and its contribution to GDP much higher still, present national level capital commitments do not show an undue bias towards urban areas. Perhaps less than a quarter of the capital investment envisioned in the 1981-85 plan was directly earmarked for urban infrastructure and housing.

Chapter Five: National Policy and Institutional Framework

Morocco is a centralized state. It is a monarchy, and other tendencies towards centralization have come from Islamic tradition and the legacy of the French administrative system. Nevertheless, since 1976 Morocco has embarked on a gradual process of controlled, "tutorial" decentralization to regional, provincial, and local levels of government. Efforts at economic decentralization, to reduce regional disparities and spread economic growth to cities and regions outside the Casablanca-Kenitra corridor are components of the same devolution process.

Policy: National policies for economic decentralization have been articulated in speeches and decrees by King Hassan and in national development plans since the mid 1960's. Early plans stressed regional development and set up a system of seven planning regions, each with consultative assemblies with limited planning powers and responsible to Governors. Detailed resource and potential studies have been made at the regional level.

A municipal development bank, industrial incentive legislation, and special funding for projects in lagging regions were established in keeping with the plans.

National plans during the 1970's emphasized regionalization, and five urban growth poles (Agadir, Fez, Marrakech, Oujda, and Tangiers) were identified as primary locations for investment. More recent plans (1978-80, 1981-85) continued to emphasize regional development and a "voluntary" approach to growth center creation.

In fact, however, there is a gap between the plans and what actually occurred. National government investment activity has been consistently dispersed over a large number of cities and regions. Growth poles have received some projects, but of insufficient scale and complementarity to overcome major physical and economic problems. Definitive strategies to identify appropriate investments for the growth poles were not formulated. The concept has not been implemented, and economic expansion objectives for the target centers have not been met.

Institutions: Several national ministries and agencies, under the King and Prime Minister, impact on urban management and the process of urban-regional development.

The Ministry of the Interior (MOI) is clearly the most powerful. Provincial Governors -- who oversee municipal administration and budgeting -- report to the MOI and also supervise activities of all other central government staffs at the region/provincial/municipal level. Most municipal employees are on the MOI payroll, and MOI's training unit operates 13 local government training centers throughout the country. MOI's Fonds de Developpement de Collectivites Locales et de Leur Groupements (FDCLG) provides most of the capital grant infrastructure funding to municipalities...its sole responsibility.

The Ministry of Housing and Regional Planning is the second key agency. It has a skilled staff which supervises regional and local plans and studies. It generates housing policy and operates a site development and an urban renewal program and supervises regional construction agencies (ERACs) which build housing and supporting infrastructure.

The current Minister of MHAT chairs the Caisse de Depot et Gestion -- a powerful development agency which develops industrial sites for the ODI and has a constituent housing corporation. One of CDG's prime responsibilities is to administer the Municipal Development Bank (FEC), the Fonds d'Equipement Communale, which is the primary source of infrastructure loan funds to municipalities.

Other ministries (Education, Health, Transportation, and Tourism) build facilities in urban areas. Other parastatals are primary producers for municipal power and water supply. The Regional Agricultural development agencies (ORMVAs) work in irrigated areas serviced by important secondary cities.

While most of these agencies have subnational offices which work directly with urban areas, these offices report both to their parents and the relevant Governor.

Chapter Six: Local Institutions: Organization, Personnel, and Finance

Organization: Subnational government in Morocco is complex. It includes both local governments led by locally elected officials at the municipal level and institutions that represent, protect, and advance the interests of the central government. The latter -- through the person of provincial governors -- do have final jurisdiction and can remove local councils for cause.

Weak consultative assemblies exist at both the regional and provincial level, and a recent speech by the King suggested that more responsibility would soon be granted to the former.

Elected officials (council and mayor) have the most responsibility at the municipal commune level. This includes preparing, approving, and implementing the local budget -- both operating and capital -- and managing local public services, either directly or through authorities (regies).

Personnel: Local municipal staffs are improving. A new local civil service corps was established in 1977 and the MOI had over 2,000 people in its training institutes during 1980. Although pay scales are similar to national civil service, municipal benefits are lower. Parastatal agencies and ERACs can pay better and hold personnel more easily. Considerable French technical assistance has been applied in training local staff, and several cities visited by the UDA team had French architects or engineers in their cadres.

Finance: Urban municipalities depend upon central government to finance, through transfer, grants, subsidies, and loans a substantial share of municipal operating expenditures. Nevertheless, in general, municipalities in Morocco raise much of their revenues locally -- through a wide variety of taxes and fees.

A detailed survey of budgets for the 45 urban municipalities was made by the Governor of Mohammedia (Ouazzini) for the 1980 budget year. These totalled 1 billion DH, and were equivalent to 5 per cent of the national budget. Two-thirds went to operations, and only one-third to capital investment. Personnel expense was 55 per cent of operations, and debt service the second largest operating expense at 7.5 per cent.

Municipalities have three sources of funds for operations; local taxes and fees, transfer and revenue sharing from the central government, and a balancing subsidy from the central government. The latter amounted to 25 per cent of the operating budgets during 1980.

Annual capital budgets come from grants, FEC loans and self-financing. The chief source of grants is the FDCLG which distributed 600 million DH in 1980. Other central ministries also provide matching grants for specific projects, and MOI makes a public works subsidy which also amounted to 600 million DH in 1980.

FEC loans are at 6 per cent interest for 5-10 years. It disbursed 200 million DH in 1980. It does not permit debt service for a given community to exceed 20 per cent of the operating budget, well above the average borrowing level. Casablanca had 43 per cent of the total urban debt in 1978, and it along with Rabat/Sale, Fez, and Marrakech accounted for 65 per cent. These larger cities appear to be better risks for loans and have more skilled staff to prepare project applications.

Although municipalities are making progress in revenue raising, they are extremely dependent on central government -- especially for capital projects -- and long-term capital budgeting is not practiced.

Chapter Six concludes that improvements are needed in local revenue generation and collection and in cost-recovery for municipal services. It identifies an array of measures being considered at the national level but indicates that no definitive assessment has been made of potential yields from these measures.

Chapter Seven: Urban Planning and Land Use Issues in Morocco

Planning History: During the protectorate the French used Morocco as a testing ground for the theory and practice of modern French planning and civic design. Key laws on municipal government, land registration, urban planning and development regulations (including zoning and subdivisions), and landowner development associations were adopted, revised, and continue to be in force.

While the basic development framework is unchanged, new approaches to urban planning have been initiated by the GOM, also with European influence. The most important of these is the Schema Directeur -- or guide plan. The SD deals with economic and social as well as physical matters, is based on extensive research, involves public participation and culminates in a staged program for implementation. Many of these SDs also contain preliminary designs for infrastructure and proposals for specific economic development activity. Twelve have been prepared under supervision of MHAT (Rabat, Fez, Tangiers, Beni Mellal, Meknes, Agadir, Oujda, Safi, Tetouan, El Jadida, Kenitra and Marrakech). A 13th has been prepared under special arrangements for Greater Casablanca. The GOM recently created a new development agency for Casablanca to implement the plan.

The UDA team examined three SDs in detail (Agadir, El Jadida, Beni-Mellal), visited the cities and discussed them with local officials. While the quality of technical work is strong, the SDs outside of Casablanca are not linked with any implementation procedure other than normal municipal and provincial budgeting. Since long-term capital budgeting is not practiced, and since central government resources have been dispersed rather than concentrated in growth centers, coordinated program implementation has not followed from the plans. No estimate of overall urban infrastructure needs can be made from data available, but Agadir is one example where the SD has led to an estimate of priority infrastructure requirements for a major urbanized area. The several project proposals amount to 630 million DH, or about \$68 million.

Regional plans -- comparable to the SDs -- are mandated for each of the seven planning regions -- although just two are under way.

Few cities have up-to-date detailed land use and zoning plans. Although precise relationships and responsibilities are unclear, this task is entrusted to a new National Lands Agency (AFN) in the Ministry of Agriculture which is working in cooperation with MHAT and MOI. AFN is also mapping public lands.

Other Urban Land Issues

Ownership is a serious issue due to the complex pattern of public, private, religious, and collective holdings and an incomplete cadastre. Lack of clear titles thwart many land development projects by both the public and private sector, although progress is being made in updating registers. Expropriation procedures are cumbersome.

Urban land prices are an issue as well. Public development agencies often site projects on whatever public land can be acquired at the nominal price of 10-15 DH/m². The private sector must pay up to 1,000 per cent as much on the market for privately owned sites. Indeed, the price of a lot in clandestine areas can be as high as 100 DH/m².

Except for the industrial site write-down program of ODI/CDG the government has been reluctant to intervene in the land market. A new public/private development technique is about to be initiated in two cities by MHAT. Called the ZAC (Zone d'Amenagement Concerte) and modelled after a similar French approach, it holds promise for utilizing private sector resources to create large scale mixed-use development on lower cost publicly-owned land. Detailed cost sharing and development regulation provisions for the technique have not been drafted, however.

Volume BChapter One: Findings, Conclusions, and Recommendations to the GOM

Findings and conclusions of the preceding volume are summarized in context of Morocco's commitment to reduce its level of capital expenditures, make them more efficient, and emphasize export-oriented manufacturing, agriculture, and tourism over the next few years. The UDA suggests that, since the primary locations for export production are Casablanca and the other corridor cities, major priorities for GOM urban investment should (from an efficiency standpoint) be directed towards supporting the corridor cities.

At the same time, the UDA recognizes there will continue to be pressures for decentralized development which must be addressed in some fashion. Its principal recommendations, therefore, deal with ways of directing this investment more efficiently and productively than in the past. A number of cities outside the corridor have significant export potential and/or are centers for agricultural and touristic regions which can generate foreign exchange. These specialize in activities not found in the corridor. Agadir, Beni Mellal, and Tanger, all significant secondary centers over 100,000 people, are examples. The UDA recommends that the GOM proceed to reinforce the growth center policy which has been articulated but not implemented in the past. It proposes that two-three urban areas be selected for concentrated development effort during the next planning period.

- A. Selection should be based on the following criteria:
 1. existence of a Schema Directeur (limiting the pool to 10 cities).
 2. an assessment of which of the 10 have the most promising export production/foreign exchange earning potential.
 3. an evaluation of relative performance of present provincial/local administrations.
 4. a determination of which have the most vigorous private sector enterprises.
- B. Program design should include the following elements, based on detailed analysis of needs and prospects for each urban area:
 1. financial assistance from national, international, and local sources for priority infrastructure requirements defined in the Schema Directeur.
 2. administrative support and reform to increase the capability and revenue-raising capacity of local government.

3. an array of incentives -- from utilization of the ZAC technique to management training and investment credit -- for private enterprise.
- C. Implementation mechanisms should be established to further the program over a 3-5 year period. In addition to incorporating the program within the national plan and budget allocations, a coordinating body of participating agencies should be established at the national level, reporting to the MCI. A lead agency at the local level, reporting to the governor, should be established in each selected area. There should be significant local council participation. The designated body could be an existing agency (such as an ERAC or a municipal council with broadened powers) rather than a new institution, to avoid proliferation.

Given political and economic conditions in Morocco, short-term allocations to cities and rural areas outside both the corridor and designated growth poles will continue, although probably at a much reduced level. The limited growth center, selective concentration program suggested should not be considered contradictory to such broader policy. It is rather a means, recognizing increasingly limited resources, to make decentralization policy work more effectively than in the past.

Chapter Two: Options and Recommendations for USAID Assistance in Urban Development

Chapter Two examines current USAID program commitments in context of the UDA's findings and conclusions. It proposes three options for new activity consideration.

Option A: Assist the GOM in formulating and implementing a realistic growth center strategy. Components would include technical assistance in city selection and program design; technical assistance and training associated with program implementation in one target urban area; financial assistance (loans) for infrastructure/development projects within the adopted program for that city and its urban region.

USAID would enter into discussion with the Ministry of Planning to promote the concept of selecting a limited number (2-3) of target urban areas with export/foreign exchange generation potential to supplement investment allocations within the Casablanca-Kenitra urban corridor. It would urge:

formulation of 5-year investment/administrative reform/private enterprise stimulation programs for these cities;

explicit incorporation of such programs within the national planning process; and

establishment of implementing mechanisms at the national and local levels.

Financial assistance would be in the form of loans (HG,ESF) earmarked for infrastructure required to support new enterprise development and to improve living conditions for the population, particularly the urban poor, and for business credit if deemed important. Technical assistance would be applied in support of job creation, municipal management and finance, and in development project/ program implementation. Training would consist of short and long-term activities -- both in Morocco and overseas -- for designated municipal personnel in such subjects as financial management, computerized data processing, solid waste management, etc.

The level of U.S. financial commitment would be \$22 million, of which \$20 million would be loans and the remainder for technical assistance and training. The program could be a module for replication in other cities utilizing further rounds of USAID or other donor assistance.

Criteria for city selection would include designation of the city as a priority target center in the new national plan, utilizing the screening procedure identified above. In addition, presence in the city and hinterland areas of other ongoing USAID activity would be a factor in agency support.

Option B. Initiate a modest technical assistance and training program in urban development.

Option B assumes the Agency determines that capital funds -- HG or concessional -- will not be allocated to urban development in Morocco. It proposes for consideration a program of technical assistance and training directed at national level institutions and their staff who could benefit from specialized U.S. expertise. It concentrates on central agencies on the assumption that technical assistance at the local level without linked capital support will not lead to either economic development or municipal reform.

Two agencies in particular are potential candidates for technical assistance: the newly formed National Lands Agency (AFN) which could benefit from support in efforts to inventory public lands and adapt the nation's land use regulatory structure; the Planning Department of MHAT which is interested in utilizing microcomputers to store and retrieve data for planning purposes.

Training activities could focus both on these agencies and other Moroccan professionals such as those in the new Casablanca Development Agency who could benefit from in-country workshops with U.S. experts, fellowships to U.S. universities, and study tours of U.S. cities and implementing agencies such as New York's Urban Development Corporation.

Option B's level of funding would be at the \$2.8 million level currently proposed for urban development in the ABS, with \$1 million for technical assistance and the remainder for training.

Option C: Continue or expand the present HG program in shelter, but leave further direct involvement in urban development to other international donor agencies.

Option C recognizes the difficulties inherent in undertaking a new urban initiative in Morocco, along with the constraints on USAID's financial and administrative resources. It confines major AID activity to the existing Housing Guaranty program which has the possibility of eventual expansion to the \$25 million level. A program in Tetouan -- a secondary city -- is under active consideration for that expansion and would present a significant commitment, totally in keeping with the Agency's past and present work in Morocco. While formal urban development activity would not be initiated under Option C, the Mission's participant training program could be expanded to permit off-shore fellowships and seminars as discussed in Option B.

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Chapter Two examines each of the options in detail, presenting their rationale, identifying policy issues, necessary pre-conditions, and discussing both the positive and negative aspects of their implementation. Significant policy issues are involved, and these can only be evaluated and resolved by the Agency.

The UDA team, however, strongly recommends Option A as the most suitable approach. It takes full advantage of the skills and resources which the United States can provide in this field. It addresses the most significant problems of urban development in Morocco. If successful, it will lead to accelerated economic growth and may be replicable. It is an approach which Moroccan officials will take seriously, and it would support all of the Agency's four basic principles: policy reform, institutional development, technology transfer, and private enterprise expansion.

The report concludes with recommendations for studies in subject areas (municipal finance, public/private partnerships in land development, comparative advantage analysis of the Casablanca-Kenitra corridor, urban-rural linkages) which USAID might usefully support, whether or not it elects to make additional development commitments in the field.

CHAPTER ONE: URBANIZATION AND ECONOMIC DEVELOPMENT:
A CONCEPTUAL FRAMEWORK FOR VIEWING CONDITIONS IN MOROCCO

Policy makers in developing countries must be concerned with urbanization both as a prerequisite for and a result of economic development. Cities, with their attendant entrepreneurs, trainable labor, markets, commercial services, supplies of power and other utilities are essential seedbeds in which the processes of industrialization and modernization take root and grow. Economic growth is an expansive phenomenon by definition, and its very existence breeds further rounds of urbanization. A country caught up in the business of development is one whose urban population, urban industry -- and urban problems -- are increasing as well.

In examining aspects of urban structure relevant to national development, we discover close relationships between economic and physical characteristics of cities. The nature of productive activity, housing, services and the flow of transport between these functions, provide a city with much of its physical form. On the other hand, the urban physical environment -- its quality, character, and capacity to support growth and change -- profoundly influences efficiency of production and community satisfaction with quality of life.

Although the city plays a crucial role in national development, national economic plans and planners pay surprisingly little attention to urbanization and to organizing in harmony the variety of functions and activities within an urban context. Programming for such broad sectors as industry, agriculture, transportation, and housing (on a nationwide or at best regional basis) frequently neglects the physical space in which the sectors have to operate and the complementarities of financing, staging, and organization needed to make a city operate successfully.

Thus, an understanding of relationships between economic development and urbanization, and of the process by which urban growth helps to transform a nation's economic and cultural life, should be an essential prelude to formulating practical urban development policies.

I. Towards an Urban Hierarchy

Many nations possess large cities even before they industrialize. These were entrepots for imports and exports of goods, commercial trading centers, national capitals, or centers of colonial power. Quite often the various urban functions coincided and one or two major centers were dominant in nations largely rural in character, culture, and economy.

As the process of industrialization begins, some industries are, of course, bound to the sites of raw materials. But most new enterprises tend to gravitate toward the few large diversified centers already established during a nation's pre-industrial period. Several reasons account for this early tendency to concentrate:

Entrepreneurship often comes from the commercial and trading classes already established in the large cities.

Location at the entrepot or at a major transportation junction offers greatest accessibility to sources of supply for imported raw materials and machinery.

The few financial and commercial institutions already in existence are usually in the largest centers.

Access of entrepreneurs to high government officials is often essential, especially in countries whose governmental systems involve significant governmental control or direct decision-making in industrial development.

The existing large cities offer a more concentrated and immediately accessible market for budding industries than elsewhere, particularly in a nation where distribution facilities are limited and where low-income peasants are unlikely to provide a market for manufactured goods.

The labor supply in large existing centers, while not necessarily trained for industrial pursuits, nevertheless includes artisans and others with skills to form a nucleus of an industrial labor force.

Mitigation of risk is another factor. Under a free enterprise system, risk influences entrepreneurial choice of large cities as a prime location. In the early stages of a nation's industrial growth, with undeveloped markets, untrained labor, little in the way of infrastructure or communications to outlying regions, the risk factor is minimized by maximum accessibility to opportunities for markets, labor, transport, and utilities. Thus, in developing countries, location in the largest cities provides the most comfortable physical setting for entrepreneurship.

A bundle of advantages that favor enterprise expansion are created in these cities. They are termed "external economies" ("external" in the sense that they are external to the individual enterprise but common to the urban environment). They include availability of major public infrastructure (water, power, transport, telecommunications), and a labor force trained and available to train other workers. The concentration of demand affords a market for commercial services, maintenance/repair, and transportation not present elsewhere, along with institutions established to handle the demand (e.g. finance, processing of governmental permits). All these reinforce the center's position as the primary setting for new enterprise.

As the big city develops, it generates more than economic activity. An educational establishment is essential to train staff for the top echelons of industrial enterprise as well as those of government and commerce, now faced with increasingly complex functions. Therefore, it is at the centers of development that creation of universities, training schools, and other specialized institutions tends to take place. The populace at these "national centers" becomes endowed with an increasing diversity of skills and interests, again contributing to dominance.

The rural hinterland of these great centers is also affected by development advance. A growing urban market exerts pressure on subsistence agriculture to convert to cash crop farming which can supply urban needs for perishable foodstuffs. Furthermore, capital from the city becomes available for agricultural investment. Often a nation's most profitable farmland is in the vicinity of the largest centers, even though soils elsewhere might have more potential, because the influence of the urban market is so pervasive.

In more advanced stages of national development, other urban centers with specialized industrial enterprises and with external economies of their own become established, extending the benefits of modernization and providing alternatives to investment beyond those offered by the national centers themselves.

Import substitution begins to take place in several centers within the hierarchy. As Jane Jacobs has put it:

Import replacing has always been a city process, for good, practical reasons. In the first place, replacing imports is impossible to achieve economically, skillfully, and flexibly -- that is, in ways suitable to the time and place -- except in a settlement that is already versatile enough at production to possess the necessary foundation for the new work...city markets -- whether of consumers or of producers -- are at once diverse and concentrated. These two qualities of the local market make economically feasible the local production of many kinds of goods and services that would not be feasible in rural places, company towns, or little market towns.¹

As prosperity increases and sufficient external economies are operating, further spinoffs take place from regional centers to their own hinterlands: the smaller cities, small towns and rural areas in their surroundings. What economist John Friedmann calls an "integrated space economy" comes into being.

1. Jacobs, Jane: "Cities and the Wealth of Nations" in The Atlantic Monthly, March, 1934, p. 43.

In many developing countries, however, this process of spatial integration is difficult to achieve. On the economic front, investment opportunities at the center continue to be more attractive than elsewhere, regardless of valuable natural resources or other objective opportunities that go begging outside.

Per capita income at the centers continues to be much higher, thus attracting younger and more ambitious migrants who might stay to help transform their own surroundings were opportunities available. Lacking these opportunities, peripheral areas cannot hold on to their most vigorous youth; their stagnation continues, and the gap between them and the center widens.

Often political tensions stem from these social and economic strains. Peripheral areas are well aware of the center's bounty and their own continued stagnation and decline. As the gap widens, these areas afford breeding grounds for political agitation.

Still another factor contributes to disparity. The main cities invariably experience manifold and costly physical problems, from need for adequate housing to demands for increasingly complex utility systems required for burgeoning industrial, commercial, and residential areas. Solutions which bring adequate relief are extremely expensive, particularly in view of the limited resources available for public works. Attempts at such solutions draw even more funds into the main urban centers, leaving commensurately less for public investment elsewhere... further widening the gap and intensifying conflicts between the chief cities and peripheral areas.

So long as the few large centers continue to attract a disproportionate share of what industry exists, of commercial activity, professional people, and modernizing institutions, the gap between metropolis and the remainder of a nation will widen, for there will be proportionately fewer jobs for the migrants to the smaller cities. There will be proportionately fewer educational opportunities or chances to learn new

skills. There will be proportionately fewer doctors and administrators, lawyers, teachers, etc. able to handle the service and organizational apparatus of the smaller cities in rural regions.

Thus it is even more difficult for outlying cities and regions to develop spontaneous economic growth of their own and to share in the process of national development.

One conclusion is apparent. A great deal of reliance must be placed on the resource allocation policies of the national government if a spread of growth from the main center is to occur, and if idle resources and manpower in outlying areas are to be brought into the productive cycle.

II. Some Policy Guidelines

In an ideal world, national governments faced with imbalanced urban development would formulate and adopt national urban development policy parallel with and related to a national economic development plan. One component of urban policy would deal with the main cities. It would be directed towards a selective strengthening of their economic base and the infrastructure and services needed to support expansion. Those activities which function best in the metropolitan setting, and their support needs, would be identified and estimates made as to what proportion of national investment resources could responsibly be directed towards the metropolitan centers.

A second component of urban policy would recognize both the political realities and development prospects which mandate some attention to other urban centers and their hinterland regions. It would be directed towards identifying special initiatives to alleviate the strains of concentration and to bring idle resources of peripheral regions into the productive cycle. For some "push" by public authorities is needed to set in motion for other regions that process of dynamic growth which characterizes the main national centers.

Whether measures are taken within a clearly articulated policy framework or not, many countries faced with imbalanced development have adopted approaches to urban economic decentralization. In general, their choice of approaches has fallen somewhere between two extremes.

(1) Dispersion: Investment resources and incentives are spread widely over a nation outside the main centers. Some modern activity is given to a great number of locations in the expectation that this seeding process will activate growth of productive urban regions.

(2) Selective concentration: A few areas with relatively high development potential are selected for special treatment. Many forms of related industrial, educational, transport, agricultural and other programs are concentrated in these communities and their rural hinterlands. Special attention is given to creating viable urban administrative institutions in these cities and to building up their revenue-raising capacity to support further infrastructure and productive investment. All this in a concerted attempt to overhaul thoroughly existing economic and social structure.

A. Dispersion

The first alternative of dispersion is based on assumptions that only a few devices are needed in a given area to correct imbalances and that once these remedies are installed, a region will be stimulated to shake off its torpor. Investment prospects will materialize automatically and obstacles to growth will be removed. Available investment resources not earmarked for the main centers are distributed among a number of locations. One community is endowed with roads, another with sewers, another schools, another a state-run industry, but rarely combinations. The effort is dispersed and no single community receives a complement of assistance especially tailored to its development needs and prospects. Often the "growth pole" approaches pursued by many countries in the name of decentralization have followed this course: a few investments in a given city, albeit large, but lacking complementary attention to

supporting investments and institutional reform, expected to work economic miracles.

While these individual projects are often helpful to the given community (short term jobs in construction, provision of a needed service) without complementary investments in infrastructure and services or attention to strengthening institutions at the local level, they fall far short of providing secondary centers with the wherewithal to generate sustained economic growth. Some countries have accompanied dispersed investments with financial incentives to new enterprise (such as tax forgiveness, cheap land for industrial sites, or special sources of credit). These have been only modestly successful, as entrepreneurs from the national centers have not found the incentives sufficiently compelling to outweigh the risks of a remote, under-serviced location. Fiscal incentives in and of themselves, moreover, have not been enough to stimulate indigenous entrepreneurship in these locations.

Countries pursuing a dispersion strategy have failed to perceive the basic lesson of urban economic development revealed in the performance of the main cities: complementarities of infrastructure, institutions, and services are critical. Where such complementarity does not exist, it must be created. Scattershot programs do not remove fundamental obstacles or create instant advantages for their target cities.

B. Selective Concentration

Selective concentration policy is based on quite a different set of assumptions. It contends that a complex of factors prevents growth, particularly when the one or two main centers provide so many attractions and advantages that all other regions are at distinct disadvantage by comparison. It assumes a necessity to create through intensive conscious effort an environment comparable with that at the national center — with external economies of complementary infrastructure, trained labor force, amenities, industry tailored to local resources, productive agriculture and so on. It sets out to create in a limited

number of urban areas of high potential, conditions and "climate" akin to that built up over time in the national centers and their hinterlands.

Selective concentration assumes that any outlying peripheral region will be hard pressed to amass enough advantages to generate dynamic growth. If public funds and incentives along with private capital are dispersed over many areas, the center would continue as the sole target for risk-conscious investors, cosmopolitan professionals, and the most ambitious from the migrant stream. Selective concentration attempts to break the monopoly of the traditional centers by focusing multi-sectoral attention on a few key communities and their rural hinterlands.

A place (or places) is selected for treatment based on detailed analysis of economic and political assets. An effort is made to spell out the full battery of related investments and institutional reforms which the community needs for its potential to be realized over time. Industry and agriculture, housing and education, sewage disposal, roads, and the competence of a municipal administration to raise revenues and administer services are looked at within the same physical context. Not only are the investments and allied financial incentives selective, but their timing and financing are carefully programmed so that implementation can take place with a minimum of wastage.

As in all planning policy, implementation is the most difficult and uncertain stage in the process of selective concentration. Planning is of little real significance unless financial resources from national and local budgets are programmed to meet the public infrastructure and service targets, and implementing mechanisms put in place to administer the effort.

The process of selective concentration is receiving increasing acceptance in the developing world. Much of Venezuela's national development effort, for example, has been concentrated on key regions and on the development of key communities in these regions. Tunisia has done it,

with international agency assistance, through concentrated allocation of resources to the secondary centers of Sfax and Sousse. Brazil and Korea, each after many attempts at dispersing public investment to stimulate new growth, have begun to press for more selective, concentrated efforts in individual cities and their hinterland regions. In every case, choices have had to be made within a political context where both the central urban regions and peripheral areas clamor for additional support from a limited resource pool.²

III. Relevance to Morocco

Morocco also needs to make resource allocation choices among competing claimants. It does so at a more advanced stage of urbanization than many other developing countries.

A country whose population is still predominantly rural, Morocco's GDP is generated predominantly in its urban areas. Casablanca is the national center, with 56 per cent of industrial employment, major commercial institutions and many entrepreneurs. But both urban growth and economic development have extended far beyond Casablanca's boundaries into a 75-mile long urban corridor, containing the national capital of Rabat and the industrial cities of Mohammedia and Kenitra. Private entrepreneurship is concentrated in this urban corridor, along with significant public investment in ports, airports, railways, urban infrastructure and certain industries (chemicals) where public investment has been important.

Although the corridor is the prime generator of economic growth in Morocco, the urban periphery is not so peripheral as in many other countries. Ten cities outside the corridor, well distributed in respect to agricultural areas, have urban population exceeding 100,000 and at

2. For further information and analysis, see Rivkin, G. and Rivkin, M. Approaches to Planning for Secondary Cities in Developing Countries, Office of Urban Development, USAID, Washington, 1982.

least modest complements of industrial enterprise, business services, educational institutions, etc. Indeed, Morocco, with a population of 20 million, has 26 cities larger than 50,000 people -- all of which, along with numerous other smaller centers and market towns, are competing for the same limited pool of national investment resources for supporting infrastructure, services, and direct productive investment.

The choice issues are compounded because Morocco has dwindling capital resources to invest. After a considerable spurt of growth in the 1970s, per capita GDP has stagnated at around \$850 for the past several years. Due to factors discussed more fully in the body of this report, national capital investment scheduled at an annual level of 12 billion DH during 1981-85 has been slashed to a level of 8 billion DH, which itself may be sustained with difficulty. Severe austerity measures have been adopted and will be sustained, including a sharp cut-back in public sector employment.

If efficiency objectives are to prevail in this austerity period, there appears little doubt that investment in the corridor cities, especially Casablanca, should predominate. The GOM has made a major policy decision to emphasize export-oriented industrial production in the short-term, both to earn essential foreign exchange and capitalize on the existing entrepreneurial base. Where is the complex of external economies, but in Casablanca itself and elsewhere in the corridor whose access to ports, airports, power, trained labor and commercial institutions is unparalleled? As within any national center, however, the corridor has severe problems which require large amounts of public capital to alleviate: mass transit, housing, sewage treatment, availability of serviced land...all problems which affect its level of productivity. If austerity is to continue and efficiency to be the driving force, national priorities would argue for rapid deployment of available investment to Casablanca and its urban extensions.

One might well argue that equity measures, that is to say the decanting of public investment to peripheral regions to improve quality of life

and development prospects, should be put on hold until Morocco can break out of its economic decline.

As in most instances where priorities and pressures conflict, however, such choices can not easily be made. First of all, there continues to be considerable political pressure to spread development beyond the corridor. Morocco, historically, has been a country of strong regional independence and conflict against the established centralized state. The continuing trouble with secession in the southern Sahara is only the most apparent manifestation of regional strife. Other areas also, and these with sizeable cities unlike the Southern Sahara, clamor for pieces of the investment pie.

Encouragement of regional strivings comes from the King himself, who, over the course of years (motivated perhaps by a perception that national unity can occur only with regional prosperity) has emphasized widespread regional development. More than a policy commitment, the king has pursued a program of gradual devolution of decision-making and fiscal responsibility to local government, under the tutelage of Governors directly responsible to the central state. Not an easy matter this, and the process of local decision-making once set in motion can become like letting the genie out of the bottle if not backed up with serious resource allocations in support.

To a great degree, moreover, the thrust towards greater interregional equity has "efficiency" implications. Several urban areas outside the corridor and their hinterland regions are already export-oriented and have considerable potential to contribute to Morocco's foreign exchange objectives. Take Agadir, for example: This is Morocco's prime international tourist destination, primary fish-processing center for export, and the center of a potentially rich agricultural hinterland that produces export crops.....or Beni Mellal where irrigated agriculture holds promise both for import substitution and for export...or Fez and Marrakech, major tourist destinations and handicraft centers...or Tanger where industrial employment is over 14,000, albeit well below the scale of the corridor, but significant.

All of these cities, along with others of considerable size and regional importance, offer potential contributions to national development not available within the corridor. They also have problems of housing, sewage treatment, garbage disposal, lack of real incentives to entrepreneurship, etc. which retard the extent to which their contributions can be made. Resource allocations to one or more of these outlying centers, if effectively programmed and implemented, could go far towards mobilizing greater productivity, earning foreign exchange, and meeting the pressures for greater equity.

While public investment priority to Casablanca and the corridor cities is defensible in view of Morocco's current national conditions, neglect of urban centers outside may make neither political nor economic sense. On the basis of the UDA team's review of urbanization in Morocco, we believe the issue of allocating and implementing development activities in urban areas outside of the corridor is of central importance for both Moroccan authorities and interested international agencies such as AID to address.

Morocco is a very sophisticated country. It has made allocation decisions to non-corridor centers in the past through the mechanisms of national plans and budgetary commitments. Under its complex economic system of private sector reliance and limited direct government intervention, it has established incentives to entrepreneurship in outlying centers. Within its national planning, Morocco has put forward a "growth pole" policy, identifying a few major urban areas to be targets for economic expansion. But, as the team's investigation revealed, there has been a significant gap between policy and performance.

During the 1970s, levels of national capital investment were high while the government pursued a dispersed allocation approach, placing projects and other investments in numerous urban areas and rural regions outside of Casablanca and the corridor. The growth poles were not poles except on paper, and were among the many centers to which investments were dispersed. The linkages among investments (institutional performance,

timing, sustained efforts to coordinate both public and private sector activity and ensure continuing funding for municipal operations) needed to establish viable centers have not always been forthcoming. Implementation has not been sustained. Lack of implementation is a luxury which Morocco may not be able to afford during a period of severe austerity when every major allocation requires a follow-through to succeed.

This Urban Development Assessment looks at the broad sweep of Moroccan urban history, conditions, policy, and institutions. It is in a sense too broad and too quickly-performed to produce definitive, responsible directions for either the GOM or USAID. Much documentation was studied, many people interviewed, and places visited, but at the same time many key decision-makers and decision-making institutions were not available during its performance. The UDA can not pretend to be a definitive treatment of the subject matter and should not be judged as such.

Nevertheless, as so often happens when disinterested outside observers are asked to examine a complex situation, at least one major insight can emerge to make the exercise worth while. In the case of the Morocco UDA, this insight relates to the need for both the GOM and its international support institutions to capitalize more effectively on fundamental linkages between urban development outside the corridor cities and Morocco's economic growth. On this aspect of the subject matter assessed, our recommendations can be made with confidence that Morocco has an opportunity to obviate some serious shortcomings that have hindered both its urban and economic development efforts in the past.

CHAPTER TWO: THE URBAN GEOGRAPHY OF MOROCCO, 1984

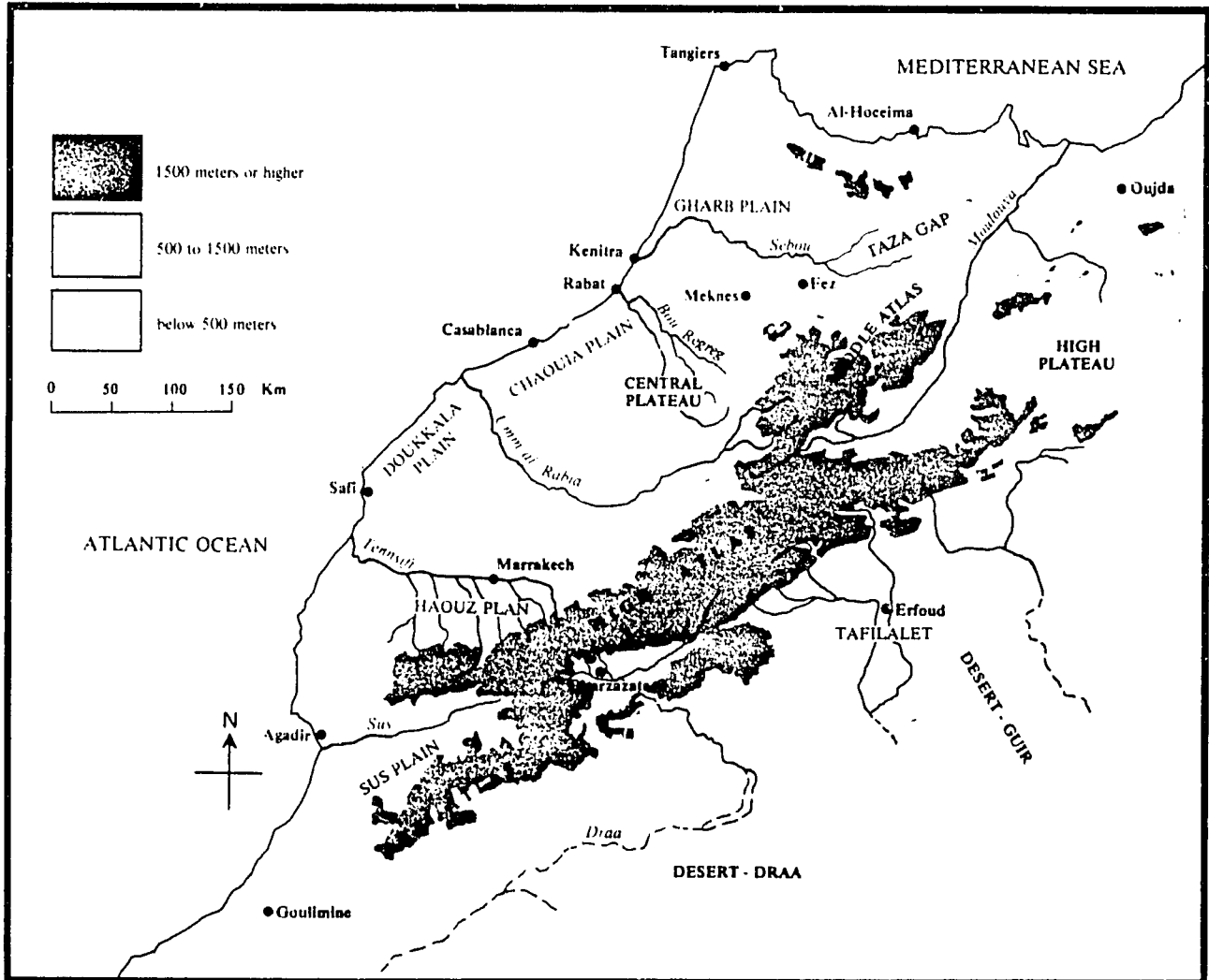
I. National Physical Characteristics

Nearly impenetrable mountain chains, fertile coastal lowlands, a climate of arid areas to the south and east of the mountains, man-made harbors along the Atlantic Ocean and the Mediterranean Sea, the vast and foreboding expanses of the Sahara desert, an extensive river system, and trade routes on land and sea have all shaped Morocco's well-distributed network of cities, towns and villages.

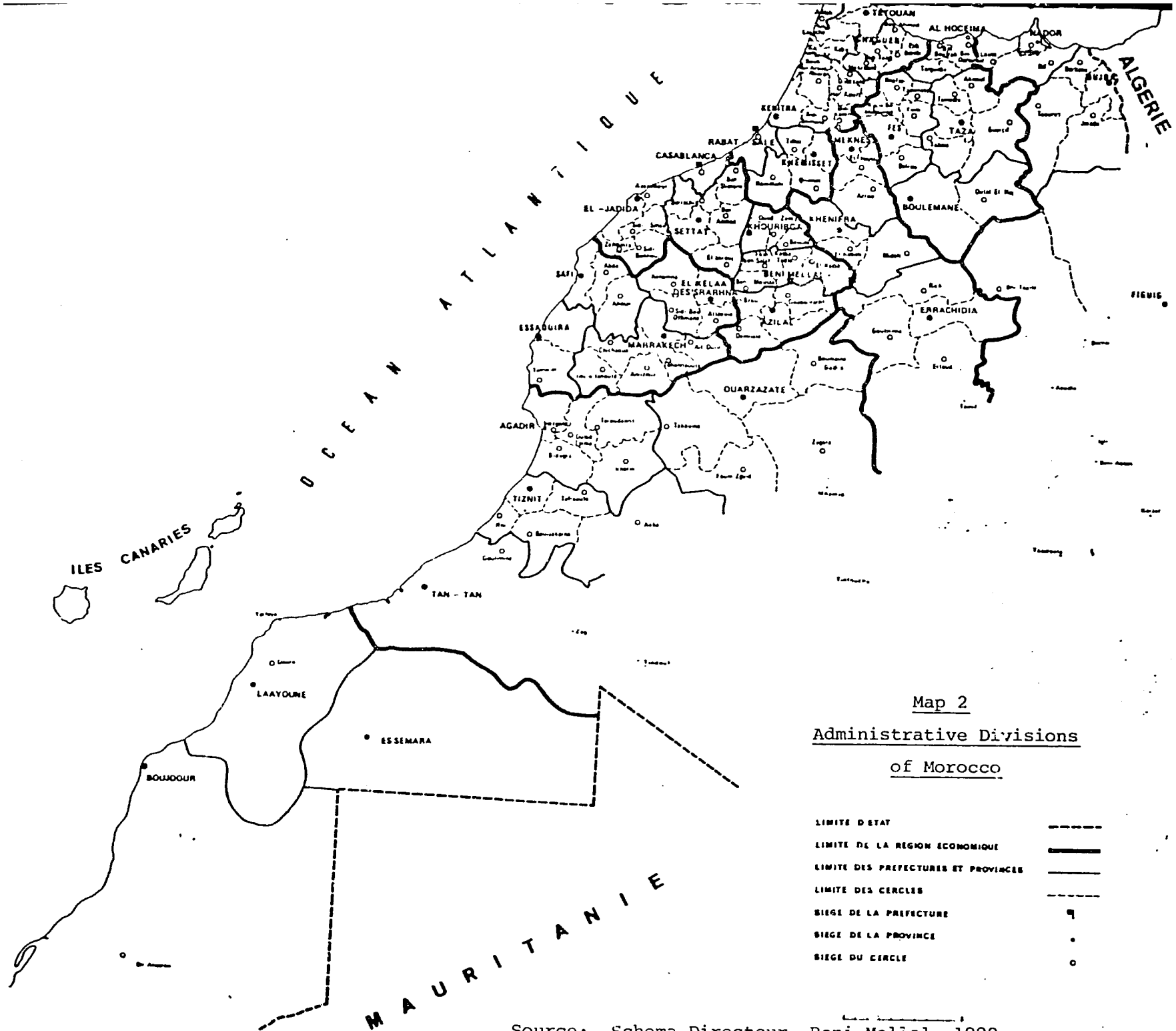
Some 47 per cent of Morocco's 20.4 million population (1982 census) lives in the economically productive urban centers and agriculturally rich lowlands and coastal plain of the northwest and center regions, which comprise only 15 per cent of the country's land area. This heavily populated area, centered on the growing megalopolis of Casablanca, extends 250 kilometers (155 miles) from El-Jadida to Kenitra, along the coast of the North Atlantic. Yet even here are vast expanses of agricultural and rural land, with scattered compact small settlements in addition to several major cities. In contrast, the mountains and plateaus of the east and south are infertile and sparsely populated.

Morocco has a total land area of about 668,000 square kilometers (258,000 square miles), including the former Spanish Sahara (226,000 square kilometers) reincorporated with Morocco in 1976 but still the subject of military, diplomatic, and legal disputes. Two remaining Spanish free port enclaves, Ceuta and Mellila, lie on the Mediterranean coast. Mountains and high plateaus not conducive to urban settlement make up about two-thirds of the Moroccan landscape, excluding the Sahara. Map 1 portrays the country's geographic features, and Map 2 its cities and administrative divisions which will be discussed in the chapters to follow.

Map 1
Geography of Morocco



Source: Abu Lughod, Janet; Rabat; Urban Apartheid in Morocco, Princeton University Press, 1980.



Source: Schema Directeur, Beni Mellal, 1980.

A well-developed transportation system links urban centers, including 49,000 km. (30,380 miles) of roads more than half paved (1977), a 1,935 km. (1,200 mile) railroad system, five major seaports (Casablanca, Tanger, Safi, Mohammedia, and Jorf Lasfar), and over 50 civil airports, including eight which offer international service. The telecommunications network of telephone and telex is adequate by developing world standards, although 80 per cent of the telephone infrastructure was concentrated in the central and northwest regions (1972).

The country is rich in natural resources, including phosphates (three-fourths of the world reserves), minerals, and coal. About 20 million acres, or 20 per cent of the land area excluding the Sahara, are cultivated for barley, wheat, citrus fruits, and wine grapes. The decade-long drought has taken its toll, however, as many wide river beds lie dry and even olive groves stand parched and dying on hillsides.

The 13 largest cities in Morocco (see below) all lie west of the Atlas Mountains, which run northwest to southeast and form a backdrop to the coastal lowlands and plateaus. Eight of these cities lie on the coast: Casablanca, Rabat-Sale, Tanger, Safi, Agadir, and Mohammedia on the Atlantic and Tetouan on the Mediterranean. Three ancient inland cities, Fez, Marrakech, and Meknes, serve rich agricultural areas at the foot of mountains and are located at the crossroads of traditional trading routes. Oujda lies near the northern border with Algeria. Khouribga is a growing phosphate mining center.

II. Location and Distribution of Cities in Various Size Classes.

In 1982, Morocco's urban population was 8,730,000, or 43 per cent of the nation's 20.4 million. Urban population had been 35 per cent of the national total in 1971 and grew by over 3.3 million during the 1971-82 intercensal period (4.4 per cent annually). Urban residents were located in 45 municipalities, 40 "autonomous centers" and 165 "other centers". Some 6,505,000 people, or 75 per cent of the urban total were in the 26 municipalities whose populations exceeded 50,000 people in 1982.

Table 1 displays population figures for each of these 26 municipalities and traces their growth from 1936. Map 3 locates these 26 cities by population size in 1982.

Certain conclusions can be drawn from the 1982 information. First, Morocco has an almost "classic" hierarchy of urban centers. While Casablanca is a primate center at 2.1 million, in 1982 it contained only 25 per cent of the urban population. The 26 centers were arrayed as follows:

<u>Number</u>	<u>Population Size</u>
1	1 -- 2 million
1	500,000 -- 1 million
5	200,000 -- 500,000
6	100,000 -- 200,000
13	50,000 -- 100,000

A second conclusion may be drawn from the population map itself. While the preponderant pattern of urban settlement was along the coasts, major (primary and secondary) urban centers are located throughout those portions of the country where settlement, both rural and urban, is most extensive. Map 4 displays the density of rural population during the prior census period of 1971. It indicates sparse rural settlement to the east and south beyond the plateaus of the Atlas ranges and in the desert areas, locations where major cities are sparse as well.

Thus Morocco evidences an extremely good relationship between major cities and rural hinterlands.

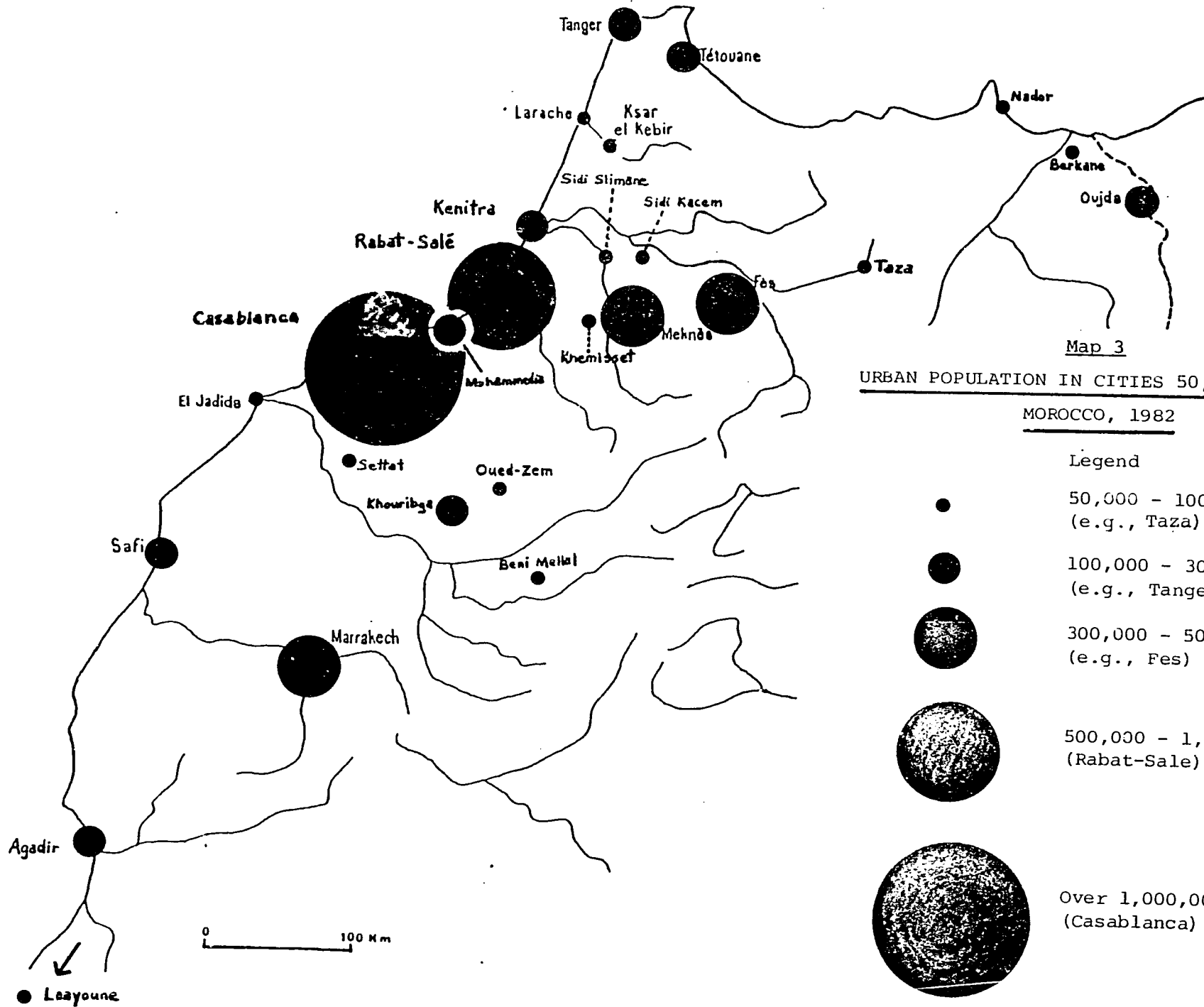
Morocco's balanced settlement pattern has been verified by the studies of Beguin and Escallier during the 1970's and 1980's. Map 5 is Beguin's depiction, using 1960 census data, of migration patterns to Moroccan cities. Similar portrayals were made by Escallier from 1971 census statistics. Map 6 (Urban Purchase of Rural Products) and Map 7 (Provision of Banking Services) are among several prepared by Beguin to portray the hierarchy and network of urban/rural relationships.

TABLE 1

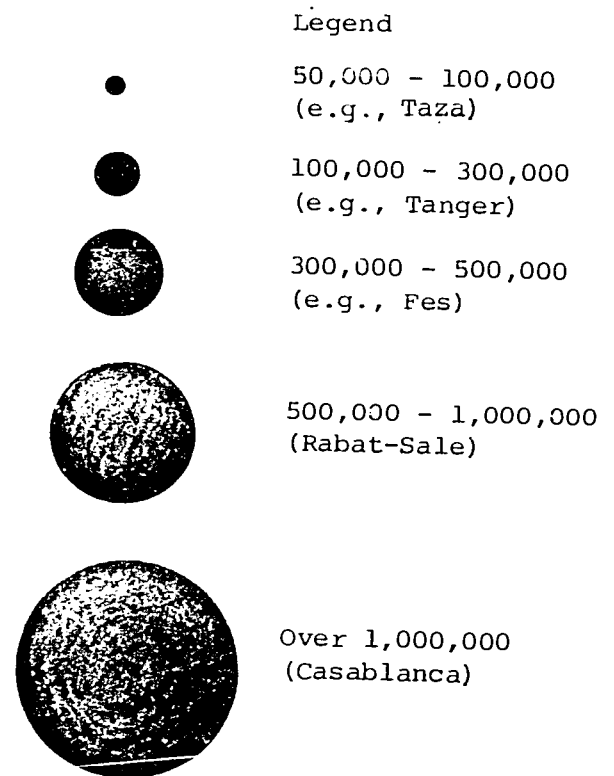
Population Growth Trends, Moroccan Cities, 1936-1982

Cities of 50,000 or more in 1982	Population					Population Change, 1971-1982		
	1936	1952	1960	1971	1982	Number	Per Cent	Annual Rate
Casablanca	247,000	682,000	965,000	1,506,373	2,139,204	632,831	42.0	3.24
Rabat-Sale	115,000	203,000	303,000	523,177	808,007	284,830	54.4	4.03
Fes	144,000	179,000	216,000	325,327	448,823	123,496	38.0	2.97
Marrakech	190,000	215,000	243,000	332,741	439,728	106,987	32.2	2.57
Meknes	75,000	140,000	176,000	248,369	319,783	71,414	28.8	2.32
Tanger	NA	NA	142,000	187,894	266,346	78,452	41.8	3.22
Dujda	35,000	81,000	127,000	175,532	260,082	84,550	48.2	3.64
Tetouan	NA	81,000	101,000	139,105	198,655	59,550	42.8	3.29
Safi	25,000	57,000	81,000	129,113	197,309	68,196	52.8	3.93
Kenitra	18,000	56,000	87,000	139,000	188,194	49,194	35.4	2.79
Khouribga	8,000	20,000	41,000	73,667	127,181	53,514	72.6	5.09
Agadir	NA	30,000	17,000	61,192	110,479	49,287	80.5	5.52
Mohammedia	10,000	25,000	35,000	70,392	105,120	34,728	49.3	3.71
Beni Mellal	10,000	16,000	29,000	53,826	95,003	41,177	76.5	5.30
Laayoune	NA	NA	NA	NA	93,875	NA	NA	NA
El Jadida	24,000	35,000	40,000	55,501	81,455	25,954	46.8	3.55
Taza	15,000	22,000	32,000	55,157	77,216	22,059	40.0	3.11
Kasr El-Kebir	NA	32,000	34,000	48,262	73,541	25,279	52.4	3.90
Settat	18,000	25,000	30,000	42,325	65,203	22,878	54.1	4.01
Larache	NA	42,000	31,000	45,710	63,893	18,183	39.8	3.09
Nador	NA	22,000	NA	32,490	62,040	29,550	91.0	6.06
Berkane	NA	NA	20,000	39,015	60,490	21,475	55.0	4.07
Khemisset	NA	NA	NA	21,811	58,925	37,114	170.2	9.46
Qued-Zem	6,000	NA	NA	33,323	58,744	25,421	76.3	5.29
Sidi Kacem	6,000	15,000	19,000	26,831	55,833	29,002	108.1	6.89
Sidi Slimane	NA	NA	NA	20,398	50,457	30,059	147.4	8.58

Sources: 1936-1960 Abu Lughod, Janet; Rabat, Urban Apartheid in Morocco, Princeton, 1960
 1971, 1972 Population Legale Du Maroc, (Census) 1982
 Growth Rates computed by Rivkin Associates.

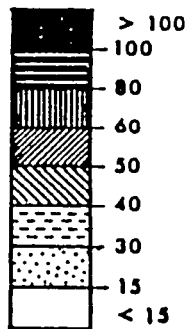


Map 3
URBAN POPULATION IN CITIES 50,000 & OVER
MOROCCO, 1982

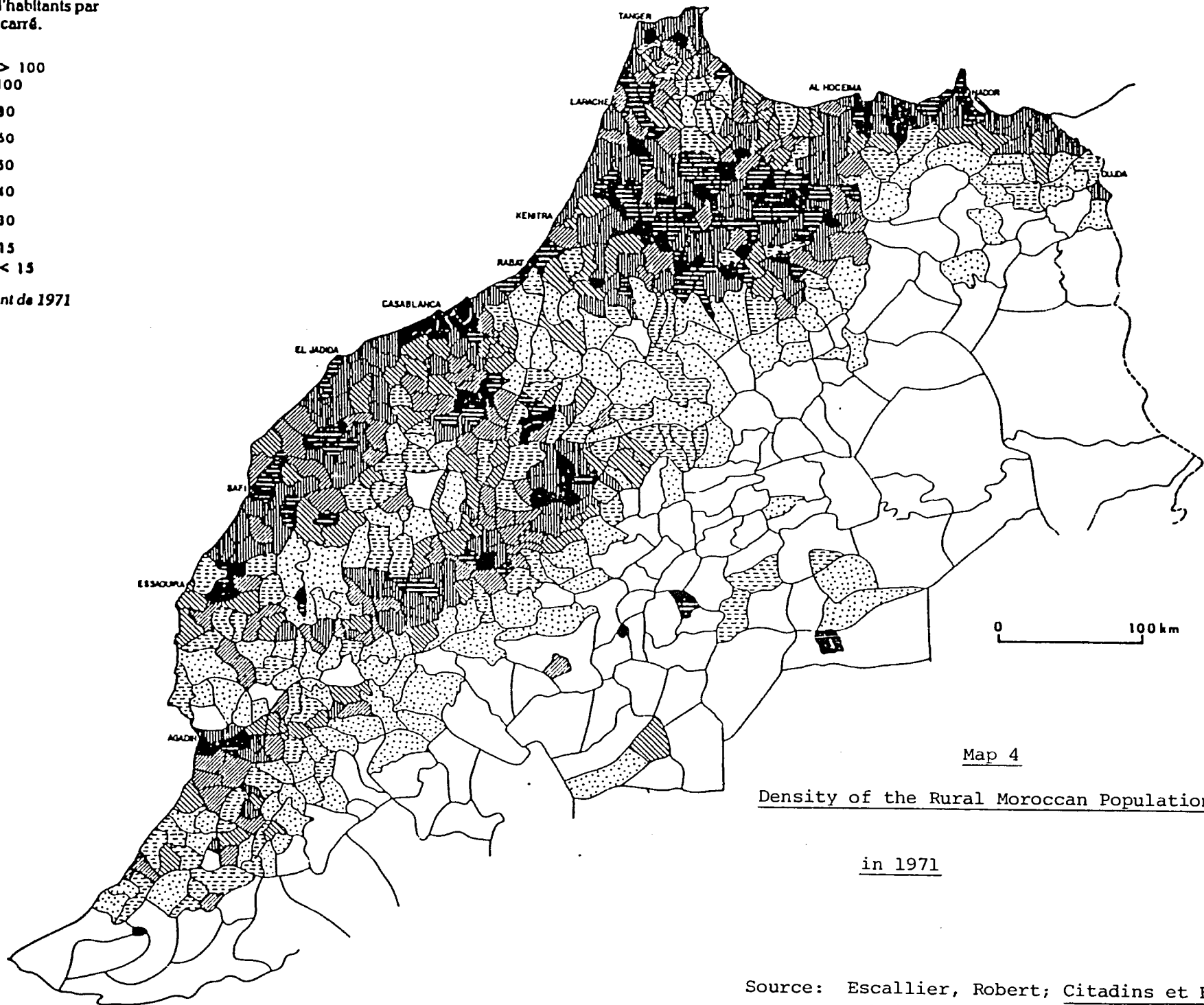


Source: 1982 Census.

Nombre d'habitants par
kilomètre carré.



Recensement de 1971



Map 4

Density of the Rural Moroccan Population

in 1971

Source: Escallier, Robert; Citadins et Espace
Urbain au Maroc: Toors. 1984

The favorable distribution of urban population and activities notwithstanding, a "mini-megalopolis" has grown up along 75 miles of Atlantic coast between Casablanca and Kenitra. This conurbation contains four major centers (Casablanca, Mohammedia, the twin cities of Rabat-Sale and Kenitra) with almost 3,250,000 people in 1982 or 37 per cent of Morocco's urban population. The extent of interaction along this urban corridor may be noted on Map 7, depicting inter-city vehicle movements in 1966 (substantially intensified since then). Unlike megalopolis in many other parts of the world, large and controlled open spaces (agricultural areas) still effectively separate and demarcate the four centers.

Three additional maps portray the transportation infrastructure which links together Moroccan cities, provides major farm-to-market access, and gives access to international movements of goods and people.

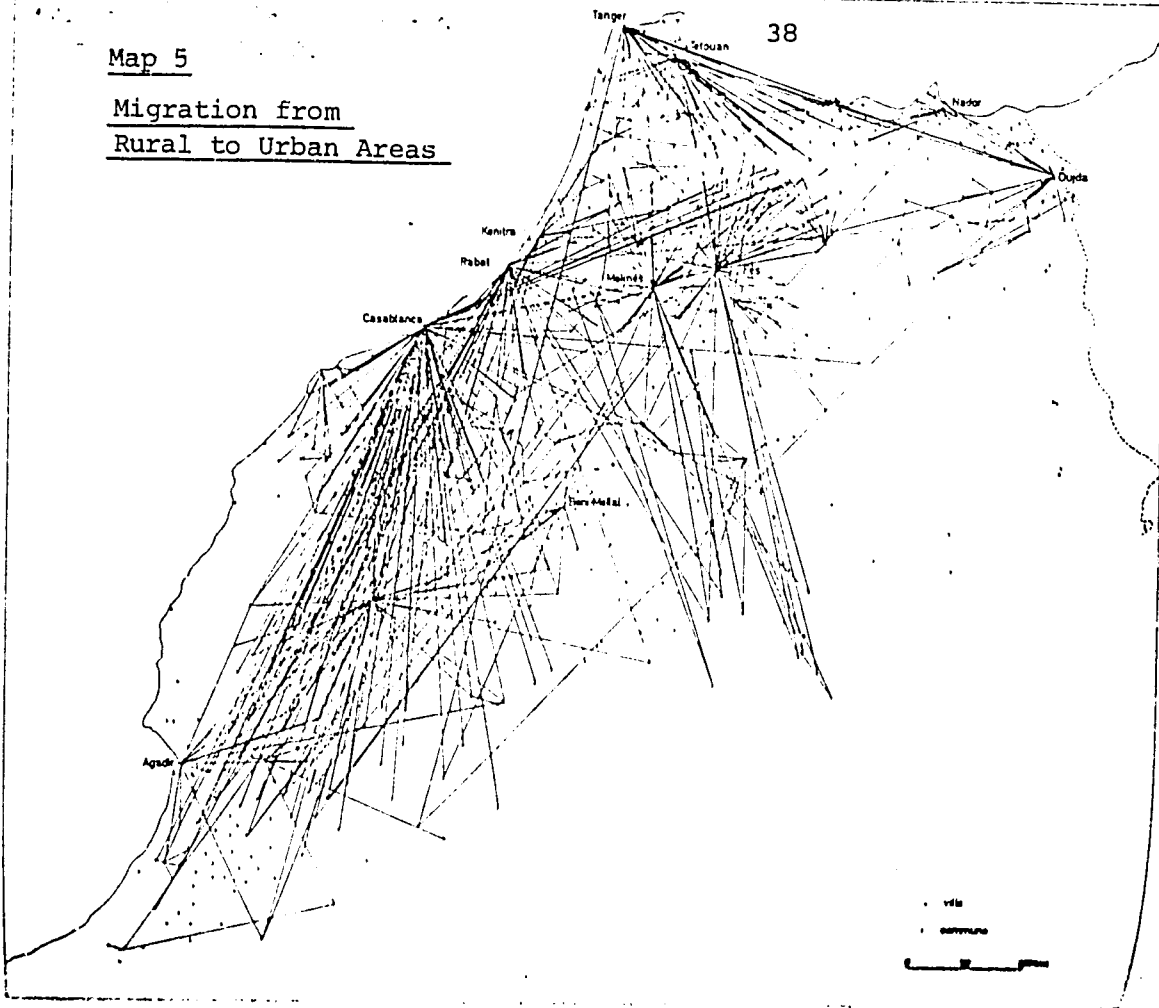
Map 8 portrays the 1984 primary and secondary highway network. Map 9 is the railroad network and Map 10 the location of primary and secondary ports. Airports are not mapped, but all 13 cities over 100,000 have ready access to airports capable of handling long and medium range aircraft (There are 11 such fields).

III. Physical Form of Moroccan Cities

Major Moroccan cities typically have districts and neighborhoods with four different physical forms: the medina, a European style "ville nouvelle" (new city), rowhouses, and spontaneous settlements. Each has different densities, internal systems of spatial organization, building scales and materials, external relationships to its city, degrees of infrastructure and public services, land tenure arrangements, and connections with urban history and public land use planning. A fifth physical feature is the separation of urban from rural areas.

Map 5

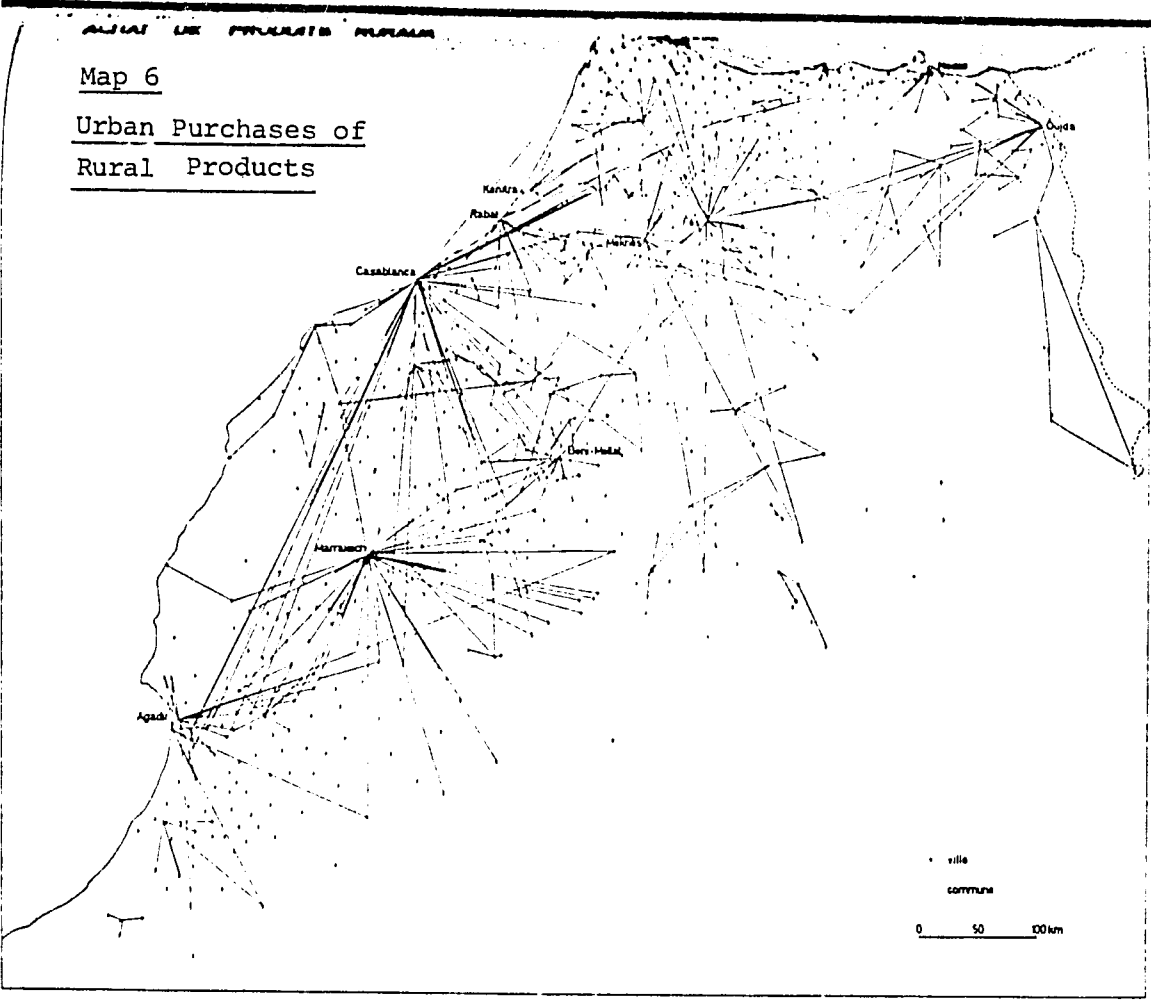
Migration from
Rural to Urban Areas



ALJAI DE PRODUITS RURAUX

Map 6

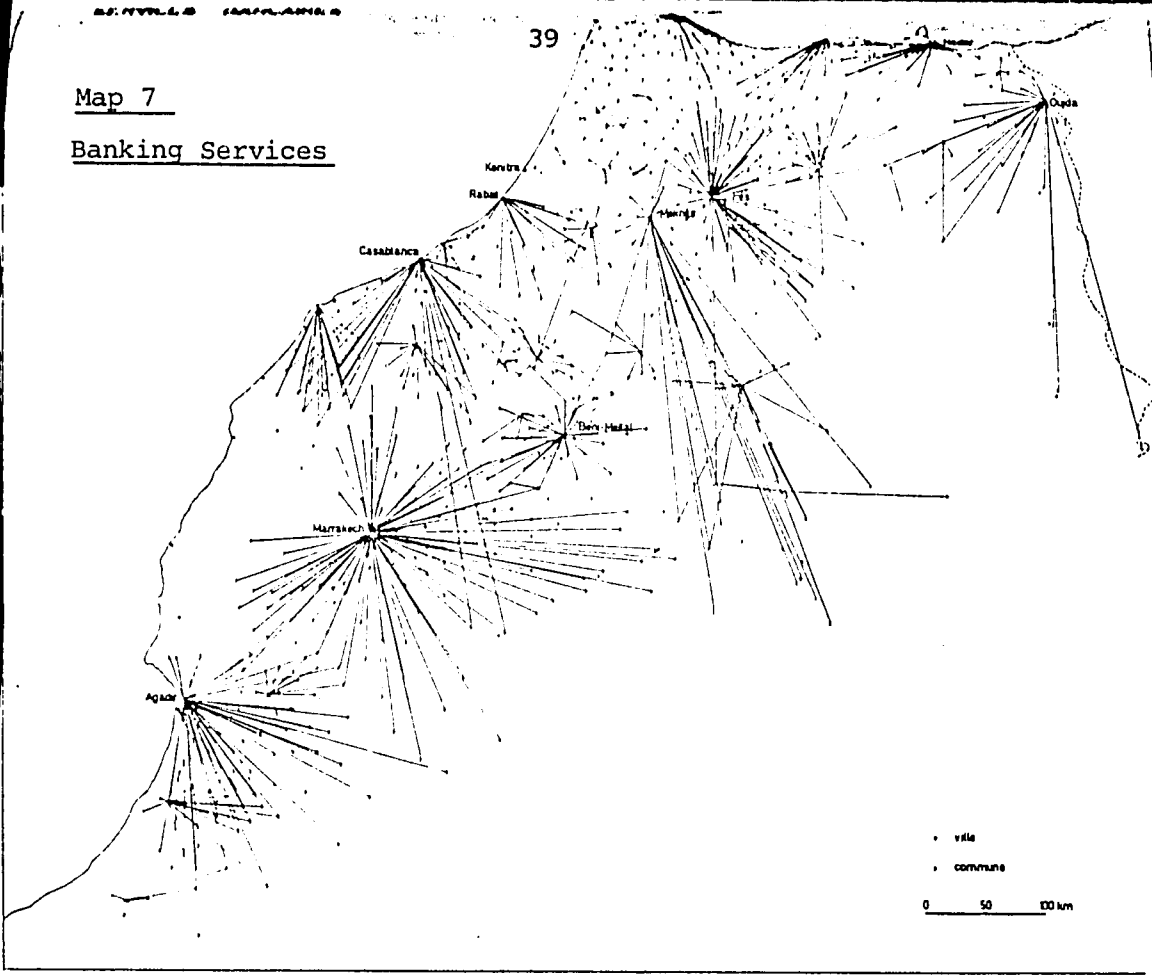
Urban Purchases of
Rural Products



Source: Beguin, Hubert; L'Organisation De L'Espace Au Maroc; Brussels, 1974.

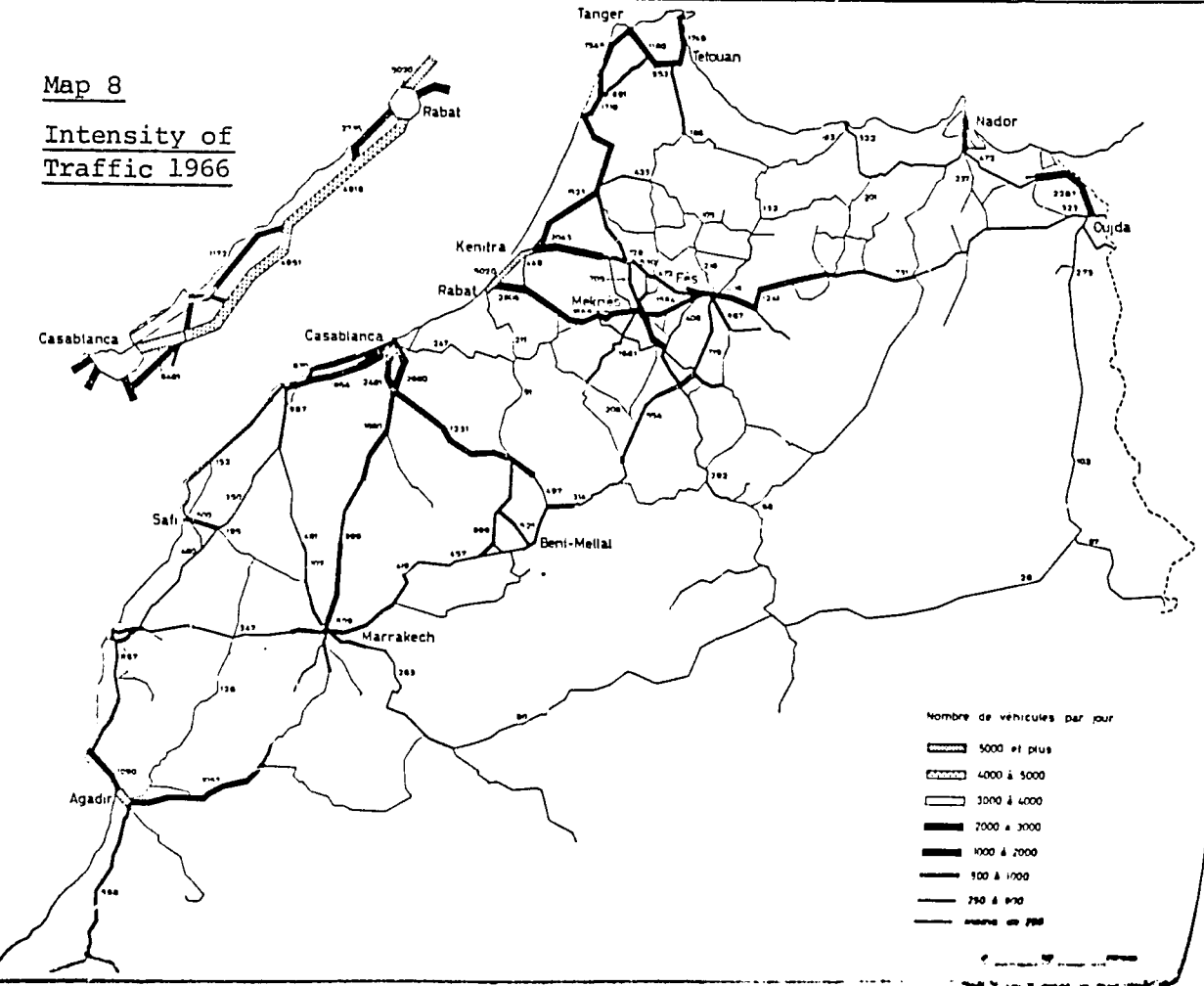
Map 7

Banking Services



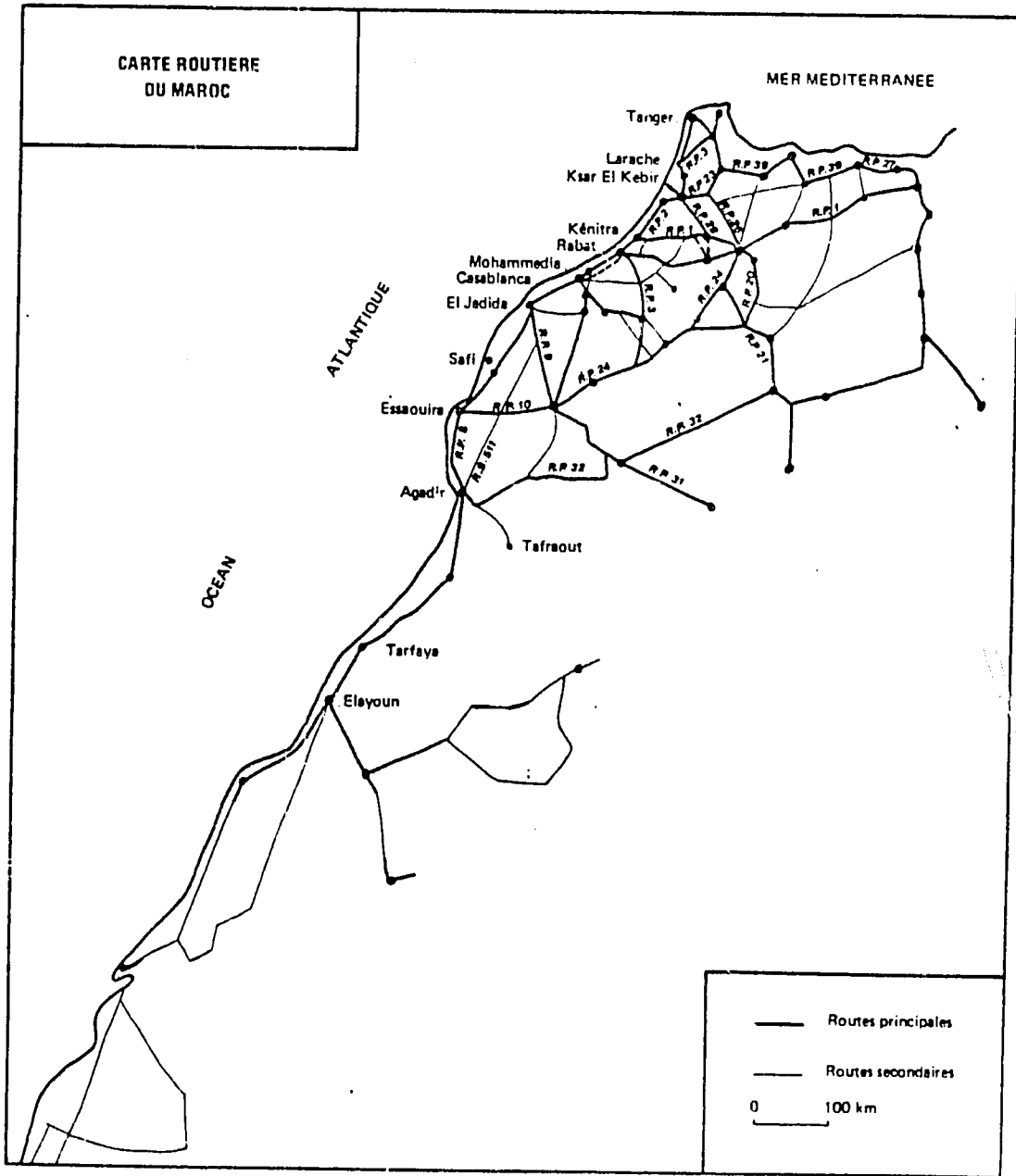
Map 8

Intensity of Traffic 1966



Map 9

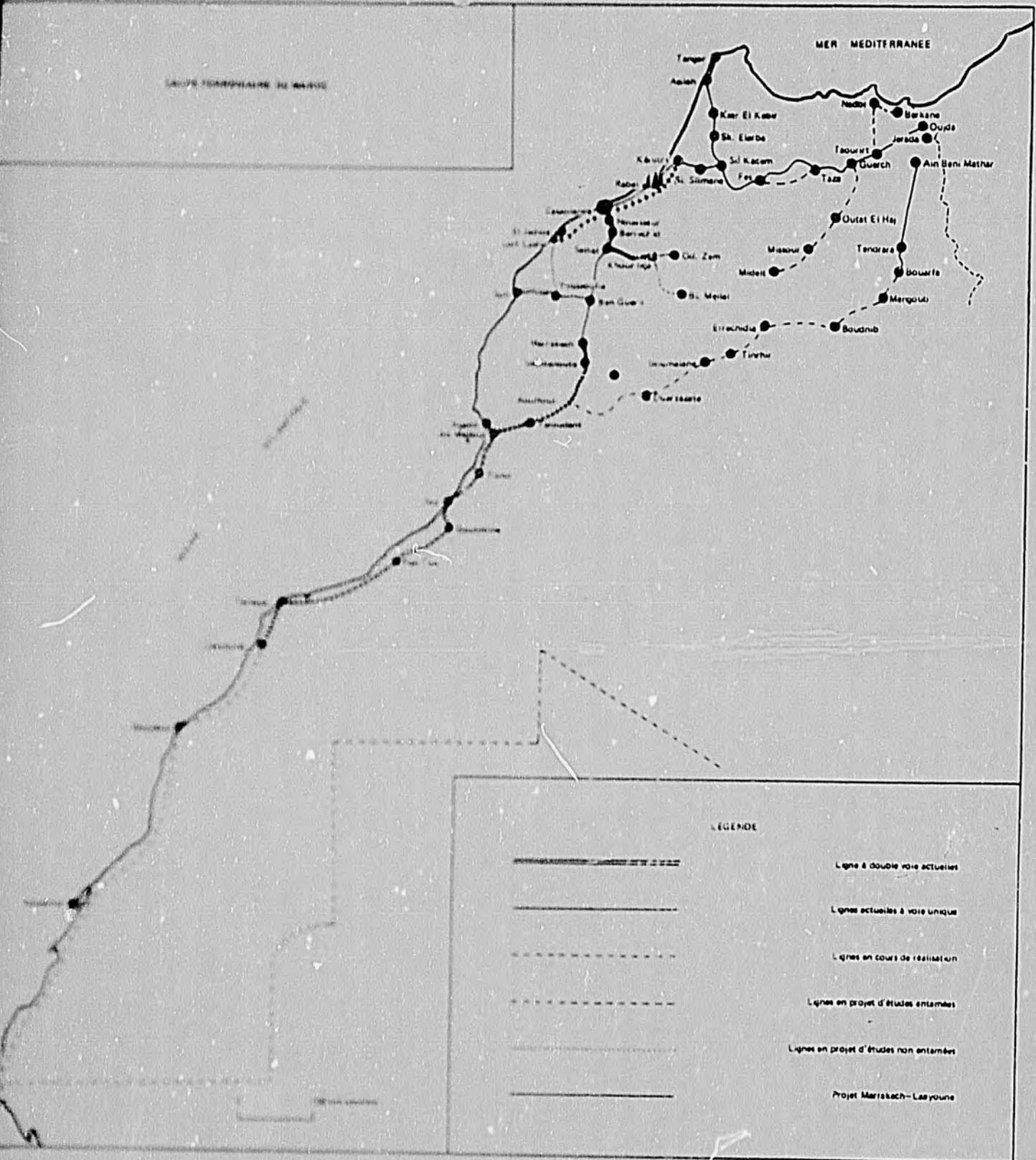
Highways in Morocco, 1984



Source: Panorama Economique et Social, 1984; Casablanca.

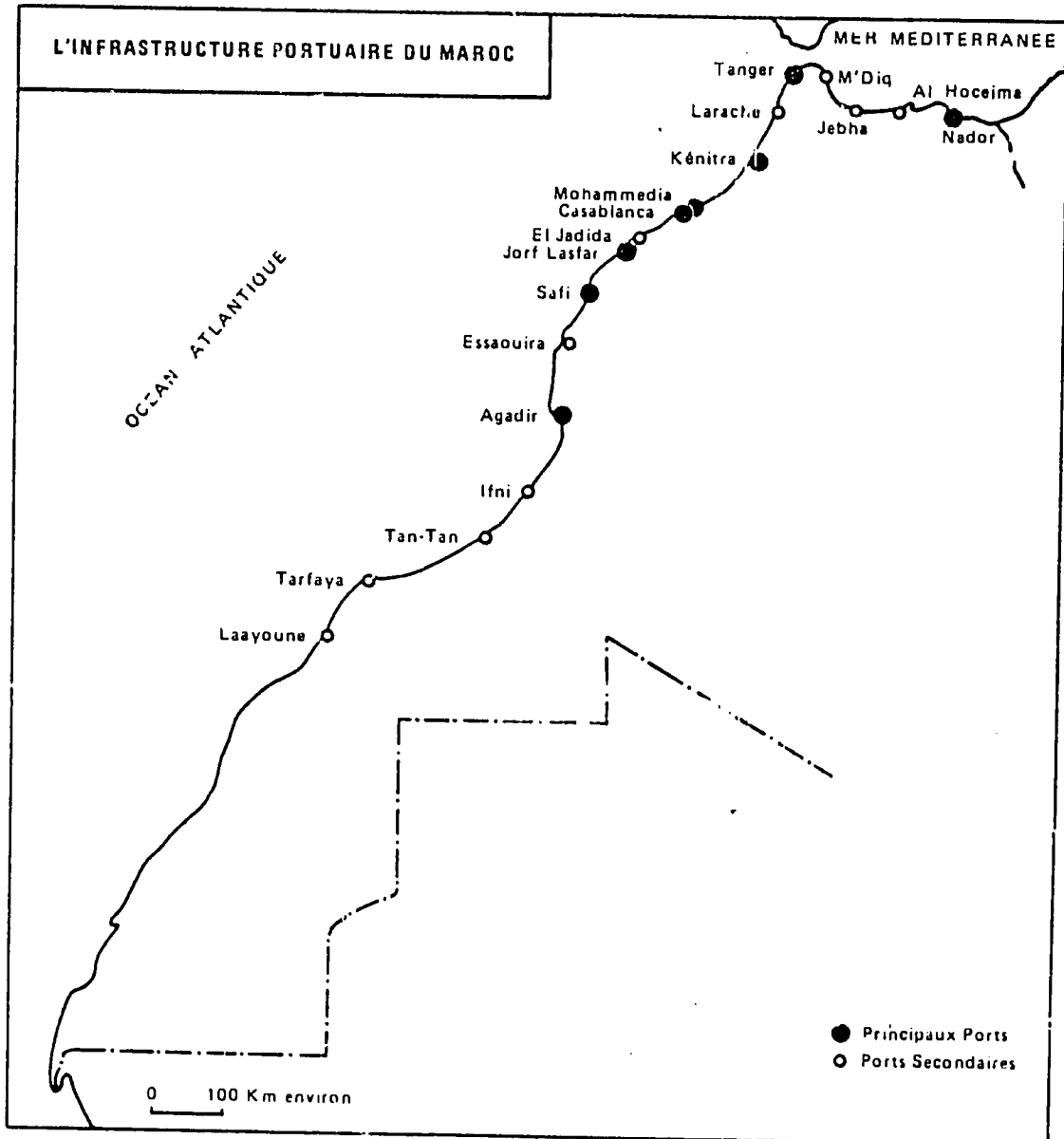
Map 10

Railroads in Morocco, 1984



Map 11

Ports in Morocco, 1984



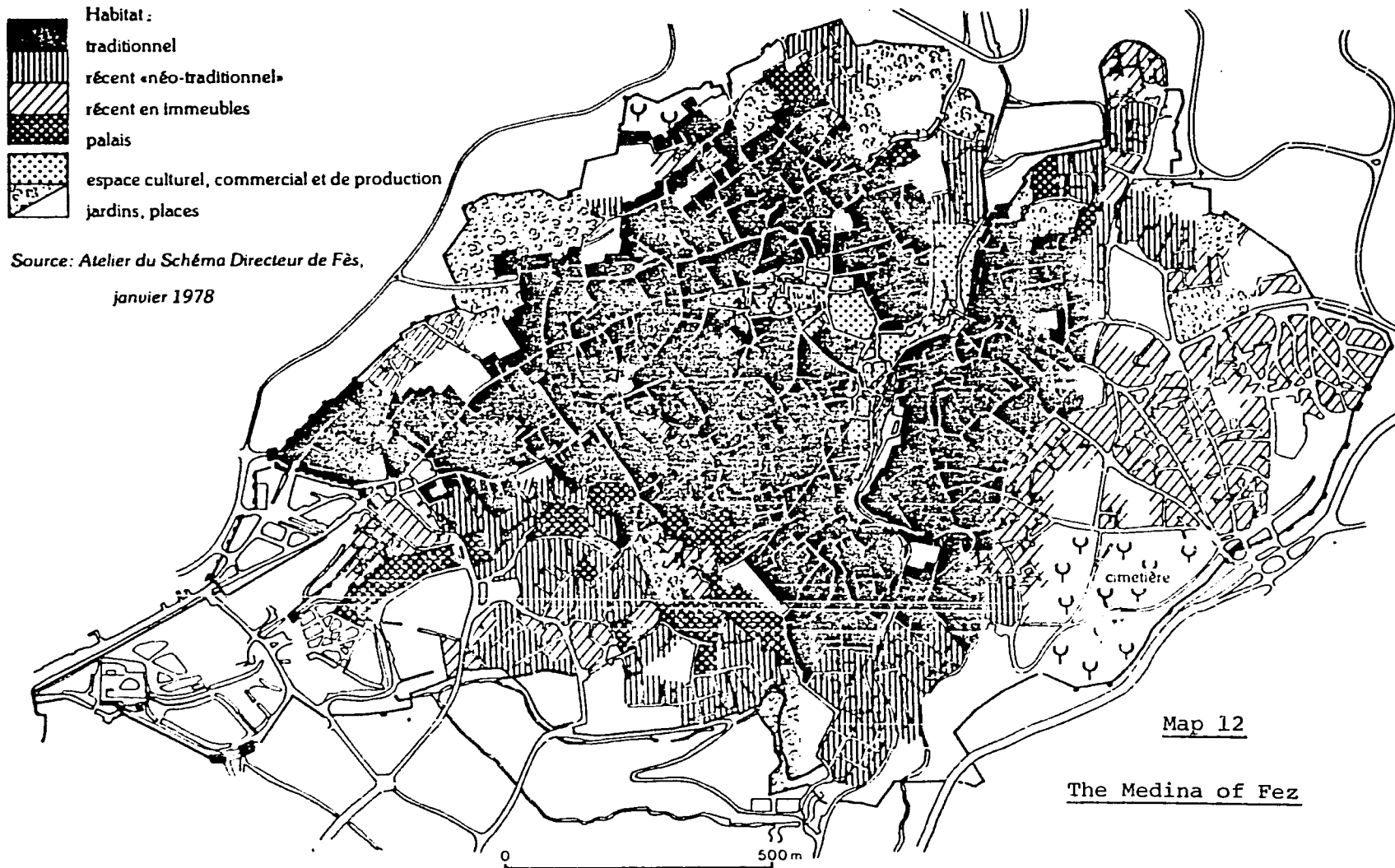
Source: Panorama; op.cit.

The medina, the traditional bustling center of the Moroccan city, has an intricate urban fabric of narrow streets, alleys, and courtyards (Map 12). It displays a vigorous mixture of residential, retail, wholesale, manufacturing, religious, administrative, and public land uses, and a high density. Indeed, the housing density is often 100 units per hectare, with a corresponding population density of 600 persons per hectare, although densities of 1,000 to 1,500 persons per hectare are not unusual.

The medina is the heart and core of the Moroccan city, and its markets (souks) attract consumers from the entire area. The medina also attracts rural immigrants, to its substandard and inexpensive housing. Contained and defined by ancient walls, the medinas have become oversaturated in the last two decades. The spillover from their crowded two and three-story structures has helped create peripheral spontaneous settlements.

The second type of physical form is the bourgeois French Second Empire style "ville nouvelle" or new city built adjacent to (Fez) or surrounding (Casablanca) the traditional core of the medina, depending upon topography. Early 20th century French colonial administrators and urban planners left the medinas in place and laid out plans for new parallel cities with the monumental simplicity and stress on both function and symbolism that characterize 19th century European cities. These new districts begin immediately adjacent to the medina walls, with radiating boulevards, grand avenues, plazas, and circles. Symbolically-significant public buildings of the European culture, such as a court house, railroad station, and cathedral occupy prominent locations in this urban scheme (Map 13).

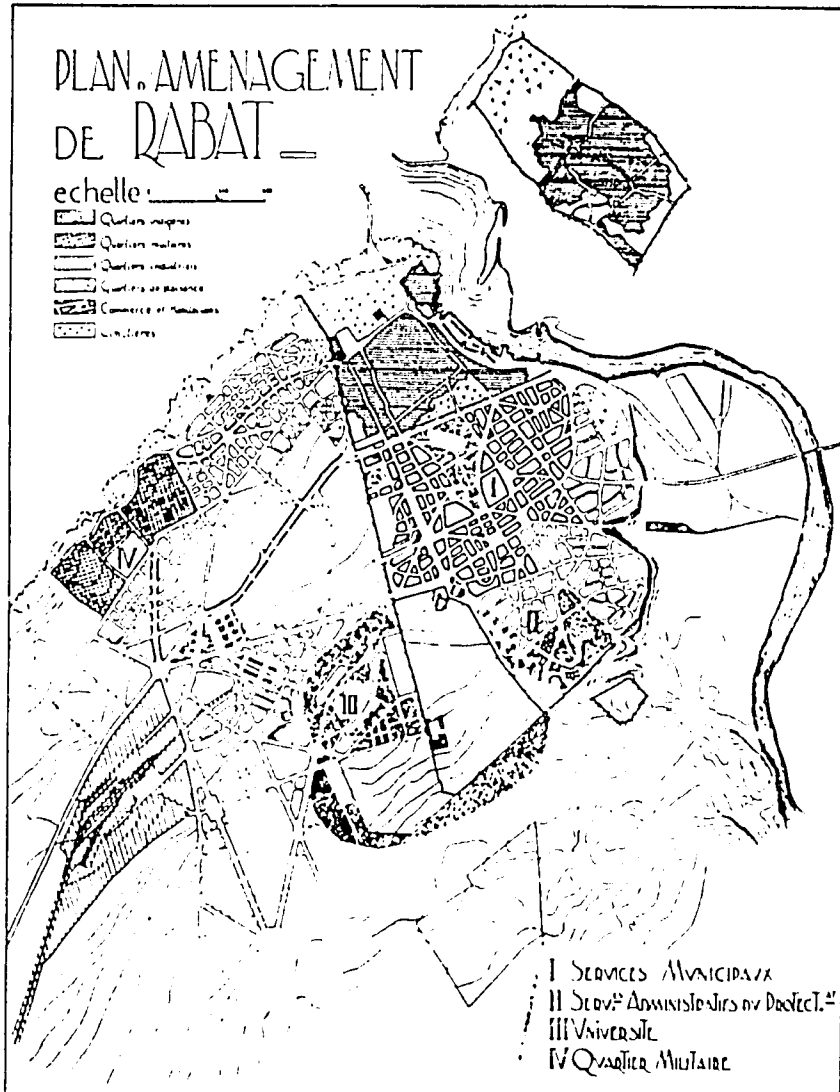
These districts include central administrative, commercial, and "downtown" apartment residential blocks with many mid-rise, five-story structures and some high-rise structures of at most 10 stories, with the exception of 20-story buildings in Casablanca. The new city districts also include low-density residential neighborhoods with large lots (1,000 to 2,000 m²) and a corresponding population density of only 60 to



Source: M. Naciri, *Present et Avenir des Medinas (de Marrakech a ALED)*, 1982, Tours.

Map 13

Rabat circa 1920, Showing Colonial Expansions



Source: Abu Lughod, op.cit.

120 persons per hectare, 10 per cent of the medina density. Traditional one- or two-family rowhouses, built compactly in two or three stories on 100 per cent of a 100 m² lot (1076 ft²) often with the ground floor for commercial use, make up the pervasive third physical form of areas of Moroccan cities. These units fill lots created in subdivisions large and small, public and private, legal and illegal (habitat clandestin). The resulting density averages around 300 persons per hectare, although it can range from 100 to 800 depending upon the number of stories, the number of households per structure, and the extent of development and building on lots in a subdivision. Rowhouse districts line major roads and by their construction continue to push out a city's periphery, subject to limitations of topography and land availability.

The fourth physical form found in Moroccan cities is spontaneous settlement. Shantytowns (bidonvilles) are built on the periphery in single story structures of scavenged materials on tiny lots of about 40 m² (less than 430 ft²). The resulting density in these compact neighborhoods, which lack adequate infrastructure and public services, resembles the medinas and ranges from 600 to 1,000 persons per hectare. Other types of spontaneous settlements include once-rural villages or simple clusters of houses (douras semi-ruraux) that have become "urban" as a city extends toward its hinterland.

A fifth important physical feature of Moroccan cities is the visible separation of town and country. While there is some spread along and between roads that radiate from Moroccan cities, a fairly sharp separation is maintained between urban areas and the agricultural countryside. An urban management and land-use planning technique, the "urban perimeter" (perimetre urbain) appears to be enforced and probably helps explain this physical phenomenon, together with patterns of urban and rural land ownership. Bidonvilles and clandestine housing appear to be within or just outside the perimeter line, but conventional development is largely contained inside.

CHAPTER THREE: CURRENT URBAN CONDITIONSI. Evolution of Moroccan Cities

Geography, economics, and politics have profoundly affected the evolution of Moroccan cities. At the dawn of the Twentieth Century Morocco was essentially a rural country, with only nine per cent of the population in urban areas. The two biggest were Fez, with 100,000 residents in 1900, and Marrakech, with a population of 60,000. However, the urban history of these and other centers begins more than one thousand years ago.

Nomadic life dominated early Morocco, with both pure nomads in the desert and a hybrid form of nomadism mixing some agriculture in the mountains and fertile valleys. Small agrarian villages also existed, as did trade and fishing towns. During the Islamic middle ages, some of the most important and beautiful urban centers of the Arab world were founded and built in Morocco. Fez was established in the Ninth Century as a new capital city at the crossroads of two great trade routes, the east-west North Africa route between the Atlantic Ocean and Tunis and the north-south route connecting Tanger, the gateway to Europe, and Tafilaleet, the gateway to Mali and Ghana.

Marrakech was founded in the Eleventh Century, also as a new capital city and also as a vigorous trading center, a key point on the north-south route between Tanger and Niger.

Morocco avoided European colonialism longer than any other part of North Africa, although the Spanish, Portugese, and British fortified various ports and enclaves beginning in the 15th century. During the Nineteenth Century, however, European traders began to reduce Morocco to economic dependence and shift economic activities from the interior to the coast. For example, a small fishing village of 1,600 inhabitants in 1856 became the principal new port and commercial center of Casablanca, with a population of 20,000 in 1900. European capitalists opened Morocco to

international markets, and its interior cities began to stagnate as land trading routes were bypassed in favor of port-centered cities. By the time the French and Spanish Protectorate was established in 1912, the new pattern of concentrated economic activity and manpower on the coasts had already affected the location, physical form, and growth rate of Moroccan cities.

Morocco has had cities for centuries, but its explosive urban growth occurred since World War II and primarily since independence.

Table 2 summarizes the experience.

Table 2
Morocco: Evolution of Urban Population
('000)

	<u>1960</u>		<u>1971</u>		<u>1982</u>	
Casablanca	965	0.28	1,506	0.28	2,139	0.25
Rabat-Sale	303	0.09	523	0.10	808	0.09
Other Cities over 100,000 in 1982	1,173	0.35	1,674	0.31	2,662	0.30
Remaining urban centers	<u>948</u>	<u>0.28</u>	<u>1,706</u>	<u>0.32</u>	<u>3,121</u>	<u>0.36</u>
TOTAL	3,389	1.00	5,409	1.00	8,730	1.00

Source: 1960, 1971 and 1982 census data.

Between 1960 and 1982, Morocco's urban population grew by 150 per cent while the national total grew by 75 per cent. Casablanca was and is the dominant center, but its proportion of the total urban population actually dropped from 28 per cent in 1960 to 25 per cent in 1982. Rabat-Sale as the second city grew rapidly but maintained its relative 9 to 10 per cent of the total. The 11 other cities that were over 100,000 in 1982 maintained a population share of about one-third, but that share actually diminished over time in favor of still smaller secondary centers and market towns.

As the growth rate figures on Table 1 indicate, some secondary centers have expanded more rapidly than both the national urban totals and the chief centers. Casablanca and Rabat-Sale each grew during the last intercensal period less than the 4.4 per cent annual urban rate. Of all the other cities over 100,000, only Kouribga (the center of phosphate mining and refining) and Agadir (a center for tourism, fishing, and agricultural processing) exceeded the national rate. Six of the major secondary centers between 50,000 to 100,000 had growth rates exceeding 5 per cent annually, and all of these are relatively diversified processing and market centers for their rural hinterlands.

Nador, for example, which grew at a 6 per cent annual rate over the period, added steel production and phosphate ore processing to its economic base. Nador and Khemisset (with the highest annual growth rate of over 9 per cent) are provincial capitals and major transportation junctions.

One distinct aspect of Morocco's urban pattern is the ability of many secondary centers to attract and hold rural migrants rather than serve as a temporary stopping-place for ultimate remigration to the major cities (Map 7). As the World Bank's Urban Sector survey has recognized:

The relative size of Morocco's urban population has increased rapidly over the past two decades...Natural population growth accounted for about 60% of the rise while migration from rural areas...the remainder. This rural to urban movement has affected all urban centers and has mostly involved a one-step process (migrants locating in their first destination permanently), except for some limited movement from medium- and small-size cities to Casablanca and Rabat-Sale. (p. 8)

Although one migrant in four heads for Casablanca, the other cities in the corridor attract about 35 per cent of the flow, and the overall pattern is relatively dispersed for a rapidly-urbanizing nation.

II. Characteristics of the Urban Population

Moroccan planners and foreign advisers have studied population, income, and other characteristics of individual Moroccan cities. Several studies, conducted in association with development plan preparation, were shown to the UDA team and can serve as excellent background for program efforts in those cities. On a national level, however, relatively little recent information is available about urban population and shelter characteristics, and this comes mainly from the decennial census.³ Salient data are presented and discussed below.

In conjunction with the 1982 census, a sample survey of households (5 per cent) was taken to obtain demographic information. Preliminary results were published in the fall of 1984.

A. Age and Sex

42.1% of the population was less than 15 years of age

53.0% of the population was less than 20 years of age

75.0% of the population was less than 35 years of age

Under 7 per cent of the population was over 65

The population is about equally divided between men and women. Although not broken out separately for urban and rural areas, the percentages are probably characteristic of the urban population. They sharply underscore the challenge Morocco faces to create meaningful jobs for a burgeoning labor force. World Bank estimates place the annual job need at 240,000.

3. The works of Beguin and Escallier cited earlier present extensive data from the 1960's, however, and are useful for historical reference, as are the shelter analyses prepared by USAID and the World Bank.

B. Household Size

Average household size in 1982 was 5.9. This continues the post-war rise (4.8 in 1960 and 5.5 in 1971) and underscores Morocco's serious population planning problem.

Urban household size is nonetheless smaller (5.4) than rural (6.3).

C. Literacy

The census information reveals that the GOM is making considerable strides to increase literacy, particularly in urban areas. The 1982 illiteracy level was 65 per cent (51 per cent male and 78 per cent female) over 10 years of age, down from 75 per cent in 1971 and 87 per cent in 1960.

The urban illiteracy level was, moreover, only 44 per cent, as contrasted with 82 per cent in rural areas. Two-thirds of the country's 3.5 million students at all levels were in urban areas, reflecting the significant national investment in urban educational facilities that occurred during the 1970's. At the same time, however, the number of rural students doubled between 1971-1982.

D. Labor Force and Unemployment

Morocco's active labor force grew nationally by 48.4 per cent over the period to 6 million. Some 30 per cent of the urban population was active, compared with 26.2 per cent in 1971.

According to the World Bank's urban survey, during the 1960's and '70's urban employment had expanded three times faster than rural, growing at the rate of 7 per cent annually between 1973-77. Most of the jobs (75 per cent) were provided by the private sector.

About 642,000 were unemployed in 1982, of whom 285,000 were seeking work for the first time. Unemployment stood at 10.7 per cent nationally (up from 8.7 per cent in 1971, but below the 1960 level of 18.3 per cent). Unemployment was most severe in urban areas (12.3 per cent) compared with rural (9.5 per cent). Unemployment for young people 20 to 24 was over 20 per cent.

To some degree this increased unemployment level is a reflection of the rapid growth of the labor force during the period, which exceeded the nation's ability to generate new jobs. It also represents an even more ominous occurrence which could fundamentally alter Morocco's development prospects -- the drying up of emigration of young men to Europe, particularly France, to work and send back foreign exchange. By the late 1970's about one million Moroccan workers were abroad. This significantly relieved job pressure on Moroccan cities. Their remittances were an extremely helpful balance to imports, particularly petroleum. With the advent of recession in Europe this migration ceased, and alternative opportunities in the Gulf states have not kept pace with Morocco's "surplus" manpower. Future pressures for job generation in Morocco's cities will be even more intense.

The Bank's survey stated that the worsening statistics masked an equally severe problem of urban underemployment, which it estimated was affecting about 30 per cent of the labor force. Still it concluded:

Despite such massive underemployment, Morocco's urban economy has been dynamic, presenting a fluid labor market with much greater potential than the rural economy to absorb the increasing number of job-seekers. (p. 3)

E. Sectors of Activity

Agriculture as a percentage of the national labor force continued to plummet during the intercensal period. Agriculture held a little more than 40 per cent in 1982 compared with 51.5 per cent in 1971 and 57.5 per cent in 1960.

The extent to which non-agricultural activity -- especially activity performed in urban areas -- became dominant between 1971 and 1982 can be seen in the following table.

Table 3
Per cent of Labor Force by Sector

	<u>1971</u>	<u>1982</u>
Primary	52.2	40.3
Secondary	14.7	23.2
Tertiary	33.1	36.5

Primary, by GOM definition, covers only agriculture. Secondary includes mining and industry, and tertiary includes services and government.⁴

F. Incomes and Expenditures

Current data are not available through the national census, and in October 1982, the Minister of Planning announced a new survey to tally these data by region.

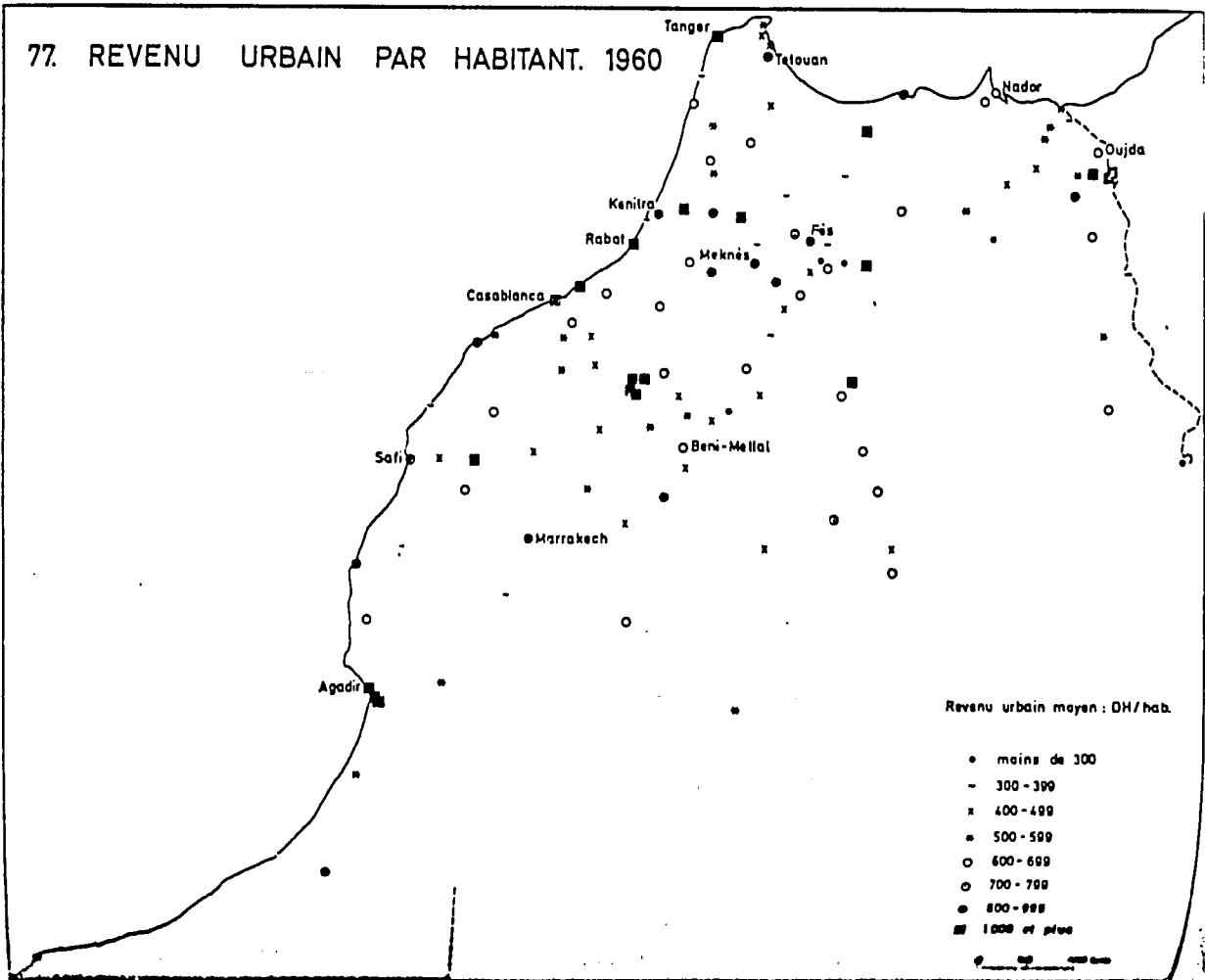
Some illustrative data are available from other sources, however.

Beguin contended (1974) that urban incomes were generally higher than rural, and that they differed from city to city. His map (Map 14) displays the urban income pattern based on 1960 data. The spread is considerable. The urban corridor, other large centers and mining cities such as Khouribga displayed the highest levels. This pattern probably

4. Tertiary probably also includes the informal sector whose scale is large but thus far unquantified. Escallier's recent treatise on urban Morocco, Citadins Et L'Espace Urbain Au Maroc devotes considerable attention (Chapters XI and XII) to describing employment characteristics of the urban labor force. He looks at the anatomy of underemployment, largely in tertiary activity, which he appears to equate with the informal sector.

Map 14

Urban Income Per Inhabitant
by City, 1960



Source: Beguin, op. cit.

continues today. Although we have no comparable information on expenditures, various cost-of-living indices suggest that prices are higher in Casablanca and the corridor cities than in the secondary cities.

AID's Shelter Sector Assessment, using 1971 census data, estimated that urban household incomes were double those of rural.

Median urban income was 5490 DH/year or
 \$1419 at the then exchange rate of 3.87 to 1.
 Average urban income was 8057 DH (\$2082).
 Average rural income was 4003 DH (\$1034).

Updating these figures to 1980, the SSA pegged median monthly urban income at 9880 DH (\$255). It cited averages of three major cities which displayed the following differentials

Meknes	1016 DH (\$263)
Fez	743 DH (\$192)
Beni Mellal	700 DH (\$181)

Information furnished to the UDA team by the World Bank cited a Ministry of Housing (MHAT) survey in the early 1980's which estimated average monthly urban income at 2000 DH, and a Bank of Morocco estimate of 1100 DH per month as the "poverty line".

In reviewing available income statistics the World Bank's sector study cited considerable disparities between the rich and poor in urban areas. (In 1971 the poorest and richest 20 per cent of urban households received 3.7 and 52.7 per cent of the income pool respectively.) The study stated this disparity has deepened, and that over 25 per cent of urban households lived in absolute poverty by 1981.

On the expenditure side, the Bank study reported that food and housing costs accounted for more than 80 per cent of total monthly household outlays by the early 1980's. Housing costs were estimated at 28 per cent.

This trend is even more significant for low income groups and is consistent with indication that an increasingly large share of the urban population, including middle-income groups, is experiencing major problems in satisfying its housing needs. (p. 6).

III. Housing

A. The Census Sample

The 1982 census 5 per cent sample also provided some revealing information on housing. Although housing was explicitly excluded from the UDA review because of relatively recent Bank and USAID analyses include this hitherto unpublished information below.

The census made a tally of basic urban housing types and provided the following data by household distribution.

	<u>per cent</u>
Villas (free standing)	4.8
Apartment in an apartment house	17.6
Traditional "Moroccan" house	63.7
Residence in an institution	0.8
Residence in a building not designated as a home (i.e. shop)	2.3
Other (Barracks, shanties)	10.0
Not specified	<u>0.8</u>
	100.0

While most of this information was not available for earlier censuses the 10 per cent figure for other (bidonvilles) is the same as in 1971. The proportion has remained constant, but the numbers in bidonvilles have grown along with the urban population.

Certain data on tenure and shelter condition can also be compared (Table 4). If accurate they indicate that urban housing conditions are undergoing some measure of improvement.

Table 4
Tenure of Urban Households
(in %)

	<u>1971</u>	<u>1982</u>
Owner, Co-owner or in process		
of obtaining ownership	37.5	40.9
Renter	53.5	47.1
Free Occupancy or Other	<u>11.0</u>	<u>12.0</u>
	100.0	100.0

Although rental continues as the predominant mode, the proportion of home ownership has increased substantially -- especially given the significant urban household increase over the period. The census report attributes the rise to major government-assisted housing production efforts over the decade, although most formal sector housing is produced privately. Amenities within the units seem to have increased as well.

Table 5
Urban Housing Amenities
(in % of households)

	<u>1971</u>	<u>1982</u>
With a kitchen	65	72
Toilet ("cabinet d'aisance)	82	85
Running Water	52	63
Electricity	68	74
Bath or shower	19	24
Spring water or well	12	9

In contrast, only 2 per cent of rural households during 1982 had access to running water and 4.5 per cent to electricity -- pointing up the disparity between the rural and urban housing supply.

B. Clandestine Areas

According to a 1983 MHAT survey, about one million people live in clandestine areas, or about 12 per cent of the urban population.⁵

The growth of clandestine areas -- particularly in secondary cities -- has been a relatively new phenomenon. While these areas are illegal (not formally platted) and are generally lacking in utilities and services, they do represent a form of tenure-transfer to individual owners. Many dwellings in clandestine areas are, moreover, well-built and substantial. They are theoretically salvable and could be serviced unlike most bidonvilles.

Taken together, the MHAT survey figures plus the census results suggest that approximately 22 per cent of the urban population is living in illegal settlements of some kind, bidonvilles or clandestine areas.

5. Almost three-quarters of these (700,000) are distributed among the 12 largest centers -- 71 per cent inside and 29 per cent outside the urban perimeter on private land illegally sold to occupants. Interestingly enough Casablanca has only 30,000 people in clandestine areas because of its control efforts. Rabat-Sale, Fez, and Marrakech have the largest concentrations with over 100,000 people each; and Oujda, Tanger, and Tetouan have over 50,000 each. Average household income in these settlements is 1300 DH, above the poverty line but below the urban average.

C. Some Observations

During the course of the field investigation the UDA team visited 16 large and secondary cities. In each of these we saw substantial numbers of legal dwelling units recently built or in various stages of construction by ERACs (Regional Housing Corporations), other government agencies, or private builders. Many of the latter were being contracted or constructed by the owners themselves, and many were occupied before completion. In one city (Settat, population 65,000) we witnessed both residents and contractors working at the midpoint of a 2800-unit self-help bidonville reconstruction project. In Agadir, officials showed the team a 1,000-lot subdivision under development by the local ERAC that was entirely sold out through pre-financing. They termed this a "small" project. Urban Morocco (see photographs) seemed to be a vast "chantier" or construction site.

The extent of illegal settlements, and the serious overcrowding of conventional dwellings throughout Moroccan cities as revealed in the World Bank and AID studies reviewed for this UDA underscore Morocco's serious housing problem. If recent facts and the team's observations are accurate, however, one must also conclude that Morocco has been making important progress in dealing with that problem. Whether Morocco can continue to make such progress in the face of continued urban growth and increasing resource constraints are as-yet unanswered questions.

IV. Urban Infrastructure

The colonial legacy to Morocco was a relatively high level of infrastructure in new areas of existing cities, an extensive well-surfaced road network, a railway system, and well-functioning ports. Infrastructure in the medinas was relatively primitive.

By and large Morocco has been able to extend and maintain infrastructure at a broad level of service despite the rapid growth of urban centers. The census sample cited earlier is the only national level infrastruc-

ture information available, and it suggests that conditions (water, electricity, sanitation) for major urban residents have improved somewhat over the past decade. Of course these conditions vary throughout the country and by sections of cities, and we have only illustrative information for further citation.

Casablanca, Rabat, and the other large centers appear to provide reasonably efficient power, water, and sanitation services to most residents. In Agadir, 80 per cent of the population has access to the water system, and 80 per cent is served by sewers. In Beni Mellal, 68 per cent of the population has water connections, and a new sewage system with a primary treatment plant has been installed to service the entire built-up urban area. Good quality main roads exist throughout urban Morocco (many with separate parallel bike paths) and street lighting appears adequate as well.

There are, however, some fundamental infrastructure problems. In cities with medinas, continued influx of migrants has strained the aging services which exist. Open sewers run through the souks of Fez, and garbage (despite an efficient hand cart collection system) is often dumped in the sewer channels. Indeed, garbage collection and sanitary waste disposal are generic problems for both the medinas and many newer areas of Moroccan cities.

Bidonvilles and clandestine housing areas are either serviced poorly or not at all. A 1978 World Bank study in Rabat (Douar Doum) identified 85 standpipes, each serving about 2,100 people within a 250 meter radius. Solid waste collection was generally non-existent.

The growing clandestine areas are better constructed than the bidonvilles, but they also lack basic water and sanitation infrastructure, although electricity is often available. Here, even when resources exist to extend municipal services, lack of clear titles makes it difficult for government to organize and obtain land for facilities. A major infrastructure assistance program for clandestine settlements is a matter of negotiation between the GOM and the World Bank.

Although current service levels are generally adequate for the urban majority, enormous growth pressures and shortfalls in financing prevent agencies from extending services at current standards and relieving system inadequacies. In Agadir, for example, the city of 110,000 has sewer pipes but no treatment system and the outfall in the bay has serious potential for polluting beaches which are the city's main tourist attraction. In El Jadida, a new university with a 2,500 student enrollment will open next year, but there is no provision for sewer extension (or housing) to accommodate the increased population.

In reviewing these pressures, the World Bank's Urban Sector Survey commented:

Despite their awareness of the need to extend basic infrastructure services to all urban areas and households, central and local governments are hampered by the problem of mobilizing scarce resources...compounded by the continued urban expansion and the pressure to locate additional resources to accommodate the vast number of future city dwellers and to stimulate economic activity.

This problem is manifested in the lack of serviced land for residential and industrial development. Any solutions require coordinated action on three levels: (i) increasing the share of fiscal resources available to local government to finance capital investment and operating costs; (ii) transferring the financing of certain services from fiscal resources to user charges; and (iii) reducing the level of capital investment and operating expenses by improved urban planning and the adoption of low-cost, lower-standard technical solutions. (p. 7)

On the matter of standards, the UDA team was unable to obtain hard information. Successive national development plans have, however, called for more realistic design standards and MHAT and other agencies are working on the problem. The new sewer system for Beni Mellal cost 90 million DH for a population of 100,000 (\$10 per capita) and the treatment plant was 70 million DH (\$7.75 per capita). This does not seem an excessive level. Nor does the proposed sewer improvement to serve an ultimate 600,000 population in Greater Agadir (170 million DH or about \$3 per capita). Again, however, these are not verifiable numbers or necessarily applicable nationwide.

One factor does favor utility extension at reasonable cost in Moroccan cities: their urban form. The general pattern of urbanization is compact and contained. Even with the bidonvilles and clandestine housing, there is little urban sprawl. Urban "perimeter" lines generally hold and there is substantial open land beyond (See Appendix photo of Fez). While land acquisition for urban expansion may be difficult, the situation does permit for orderly, efficient extension of services when resources do exist.

CHAPTER FOUR: NATIONAL AND URBAN ECONOMIC CONSIDERATIONS

Morocco has substantial economic potential, but is hampered by serious difficulties in resource mobilization and by mounting foreign debt. Morocco's cities contribute a great deal to national production, and as phosphate (the principal export and source of foreign exchange) prices have declined and agricultural conditions worsened, Morocco's economy is increasingly dependent on the productivity of its urban network. This chapter provides an overview of the national and the urban economy. Section I examines major characteristics and trends in the national economy and identifies primary economic issues facing the country. Section II describes the nature and distribution of urban economic activity and the impact of government incentives/actions to distribute that activity more widely. Section III attempts to assess the extent to which national public investment is directed to urban areas. Familiarity with these circumstances is essential to understanding the main challenge of urban development in Morocco today -- increasing the cities' contribution to economic growth.

I. National Considerations

A. Economic Potential and Performance

Economic growth was rapid during the 1968-77 decade when the demand for phosphate, and the world market price, was high. The annual rise in GDP was about 6.5 per cent. Between 1980-83, GDP has grown only 2.5 per cent annually, less than one per cent per capita (Table 5). GNP per capita was \$840 in 1982.

Morocco has an abundance and a variety of natural resources on which it has been building a relatively diversified economy. Its agricultural potential is substantial, though still far from being realized, with 200,000 km² of agricultural land producing at relatively low yields (including 79,000 km² of arable land suitable for crops, about 10% of which is under irrigation). Morocco also has mineral resources, with the world's largest and most accessible phosphate reserves and signs of potentially important natural gas

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Table 5

MOROCCO - MACROECONOMIC TRENDS, 1973-83

	Annual Growth Rate (%) (a)			Share of GDP (%) (b)				
	1973-77	1977-80	1980-83	1973	1977	1980	1982	1983
Value Added by Sector								
Agriculture	-0.8	7.2	-4.1	20.8	16.4	18.1	18.0	16.9
Mining, Energy, Pub. Utilities	2.4	6.3	2.8	6.9	6.6	8.2	8.1	7.9
Manufacturing	6.1	3.9	1.3	17.3	16.6	17.1	16.2	16.9
Construction	27.2	-11.0	1.8	3.7	9.4	6.9	7.3	7.2
Services	7.8	1.8	2.2	41.6	39.7	37.5	37.6	38.0
Government	14.4	10.7	9.9	9.6	11.4	12.2	12.8	13.2
Gross Domestic Product	7.5	3.6	2.5	100.0	100.0	100.0	100.0	100.0
National Accounts								
Consumption	8.0	4.1	2.8 (c)	84.4	87.9	88.4	91.6	88.7
Public	23.5	5.4		11.7	20.8	20.4	21.4	19.8
Private (d)	4.8	3.7		72.7	67.2	68.1	70.3	68.9
Gross Investment	28.0	-11.4	-6.1 (c)	16.9	32.5	22.6	23.3	20.6
Exports of GNFS (e)	-2.2	2.6	5.2 (c)	20.8	16.9	18.4	19.8	22.5
Imports of GNFS (e)	17.5	-8.3	-1.1 (c)	22.1	17.3	29.4	14.8	11.7
Resource Gap	106.5	-19.1	-14.2 (c)	1.3	20.4	11.1	14.9	9.2
Gross Domestic Savings	4.7	-2.1	-4.1 (c)	15.6	12.1	11.5	8.4	11.3
Government Budget (% of GDP)								
	1973	1977	1978	1979	1980	1981	1982	1983
Current Revenues	16.2	21.7	21.2	22.2	21.7	23.3	22.7	22.3
Current Expenditures	14.1	18.6	18.9	19.5	21.8	24.7	22.7	23.4 (f)
Capital Expenditures	4.7	20.8	12.0	14.5	12.2	12.6	13.9	8.4 (f)
Overall Deficit	2.0	15.8	11.1	10.1	10.7	14.5	12.3	9.1 (f)
External Payments & Debt								
Current Account of Balance								
of Payments (in \$ million)	105	-1826	-1348	-1531	-1420	-1862	-1899	-1104 (f)
As % of GDP	1.7	-16.5	-10.2	-9.6	-8.0	-12.5	-12.7	-8.3 (f)
Medium & Long-term Capital (g)								
Gross inflow (\$ million)	98	2153	1446	1826	1711	2047	2310	984
External Debt Outstanding and Disbursed at year end (h)								
in \$ million	999	4085	5144	6204	7109	7983	9054	9445
as % of GDP	16	37	39	39	40	54	60	71
as % of Exports of Goods & Services	64	164	174	168	163	193	236	241
Debt Service (in \$ million)	129	264	548	801	1193	1266	1334	1120 (i)
Debt Service (as % of Exports of Goods & Services)	8.2	10.7	18.5	21.7	27.3	30.6	34.7	28.6 (i)
International Reserves (j)								
(as month of imports)	2.5	1.7	2.1	2.1	1.7	1.0	1.1	0.9
Other Indicators								
		1973-77		1977-80		1980-83		
Incremental Capital-Output Ratio (ICOR)			3.0	6.1		7.4		
Marginal Savings Rate (GNS/GNP)			0.13	0.11		0.12		

(a) In constant 1969 prices.

(b) In current prices.

(c) Estimated in constant 1980 prices.

(d) Estimated by residual.

(e) Estimated on the basis of balance-of-payments data.

(f) Before debt relief. After taking into account the impact of the external debt rescheduling, the budget deficit would be 8.5% of GDP in 1983, and the balance-of-payments current account deficit would be \$893 million and 6.6% of GDP.

(g) Including grants.

(h) Medium and long-term only. Not including military debt.

(i) Debt service in 1983 reflects impact of rescheduling.

(j) Including gold, valued at current market price.

reserves. Significant oil shale reserves could become important in the future depending on the price of petroleum.

Morocco has other key assets. Its climate, historical and cultural heritage and proximity to Europe create considerable potential for tourism, which presently accounts for around 15% of foreign exchange earnings. Morocco is also close to the European market for its other exports, particularly important for food and consumer manufacturers. With a population of 21 million, an abundant labor supply (increasing at 3.5% per year) along with restrained government intervention in labor markets have kept wage rates low, providing a source of comparative advantage in international markets for labor intensive products.⁶

B. Trends with a Major Impact on the Moroccan Economy.

Morocco's current economic and financial problems derive from a convergence of external factors beyond Morocco's control and the failure of domestic fiscal, monetary and exchange policies to react adequately to these changed external circumstances. (Ibid p. 3)

A summary of the most critical of these factors follows:

Variation in phosphate prices, especially relative to the prices of petroleum imports, has been responsible in large part for Morocco's fluctuating and increasing foreign debt. Phosphate (export) prices fell and petroleum (import) prices rose. Foreign debt has quadrupled since 1976 and the debt service ratio has increased five-fold.

Other factors have included;

-increased government expenditures for capital investments during the phosphate price booms which were not reduced to prior levels once the booms ended.

6. From Morocco Economic Report, January 1984, Near East Bureau, Agency for International Development, p 1. This document provides a comprehensive review of the Moroccan economy. The UDA team reviewed the Report with the Economic Officer of the Embassy in Rabat who attested to its timeliness. While sections of the document are quoted here, the entire Report merits attention.

-recession in the industrialized world, reducing markets for Moroccan goods (particularly phosphate, citrus, and other food exports), reducing remittance inflows from over one million Moroccan workers abroad, and restraining the growth of tourism.

-rapid appreciation of the U.S. dollar, increasing the cost of many imported goods.

-doubling of the world market interest rates since the early 1970's, greatly increasing interest payments on foreign debt.

-serious droughts since 1981 adversely affecting agricultural productivity and converting Morocco from a grain exporter to a net grain importer.

There are also important internal domestic factors that have allowed consumption and investment decisions to overstep the limitations of domestic production during the past decade, with serious implications for balance of payments deficits and the accumulation of foreign debt. (Ibid p. 4)

A massive public investment program was initiated utilizing phosphate revenues, as well as increased public spending in the social sector and in defense (as the conflict in the Southern Sahara intensified). These increases in government expenditures led to increases in consumption at the expense of domestic savings. Other domestic contributions to the economic downturn have included:

-large government subsidies and rising consumer subsidy levels for certain goods, contributing to increased aggregate consumption.

-interest rates ranging from 8-12 per cent since 1980, when compared with inflation rates over 10 per cent, which have not provided adequate inducements to save, and have instead induced more capital intensive investment decisions.

C. Sectoral Composition of GDP

Since 1971, the sectoral composition of GDP has changed dramatically (Table 6). Agriculture dropped significantly from 23.0 to 14.2 per cent. Mining increased slightly from 3.6 to 5.6 per cent, but the real value of mining production due to the phosphate situation dropped by one third between 1978-82. Construction also increased in proportion, from 4.8 to 7.0 per cent. Manufacturing -- almost completely in urban areas -- maintained a steady share of about 17 per cent over the period, actually passing agriculture in its significance.

The steady if undramatic long-term growth of manufacturing activities, maintained to a degree even recently in the face of stagnation or decline in most other subsectors of the Moroccan economy, is reflected more clearly in the composition of Moroccan exports...Consumer manufactures and semi-finished products, particularly phosphoric acid, have doubled their share of merchandise exports since 1976 (from 17% to 35% in 1982). The manufacturing subsector may have bright prospects for continued future growth in light of increasing urbanization and Moroccan reform efforts in the export sector. But even given an optimistic scenario for future growth of manufactures, rapid employment generation will depend more on complementary growth in productive service sector activities, particularly business and tourist services, than on direct employment in manufacturing. (Ibid p. 9)

It is services -- again predominantly urban -- which accounted for the largest percentage of GDP in 1971 (48.5) and grew to 51.6 per cent a decade later.

The government sector, along with transport and other services, have provided most of the real growth in the Moroccan economy since 1978. But it may be precisely this persistent growth of the government sector within the Moroccan economy, reflected in continued large budgetary deficits since 1976 in the absence of adequate increases in revenue generation, that is a measure of Morocco's inadequate policy response to the external shocks imposed by a more austere world economy. Morocco's unwillingness to control government deficits, at least through mid-1980, provides a major clue to Morocco's current economic and financial crisis. (Ibid p. 9)

	1971	1976	1977	1978	1979	1980	PR LIM 1981
AGRICULTURE	4,757	8,063	7,619	10,435	11,116	12,711	10,887
INDUSTRY	5,907	13,336	15,557	17,287	20,268	23,546	25,998
MINING	734	2,270	2,478	2,076	2,750	3,427	4,283
ENERGY, PUBLIC UTILITIES	748	1,020	1,165	1,357	2,143	3,268	2,935
MANUFACTURING	3,429	6,764	7,739	9,367	10,436	12,010	13,416
CONSTRUCTION	994	3,262	4,175	4,507	4,939	4,841	5,364
SERVICES	10,035	18,166	21,061	27,432	30,659	34,804	39,560
COMMERCE	3,827	6,313	6,979	7,691	8,213	9,115	9,588
GOVERNMENT	2,163	4,489	5,571	6,139	7,336	8,596	9,958
OTHER	4,045	7,364	8,511	13,602	15,110	17,093	20,014
GDP/GDP (AT FACTOR COSTS)	20,699	39,565	44,237	-	-	-	-
GDP AT MARKET PRICES	21,383	42,356	49,761	55,154	62,043	70,161	76,700
AS A PERCENT OF GDP (%)							
AGRICULTURE	23.0	20.4	17.2	18.9	17.9	18.1	14.2
INDUSTRY	28.5	33.7	35.2	31.3	32.7	33.6	33.9
MINING	3.6	5.8	5.6	3.8	4.4	4.9	5.6
ENERGY, ETC.	3.6	2.6	2.6	2.4	3.5	4.7	3.8
MANUFACTURING	16.6	17.1	17.5	17.0	16.8	17.1	17.5
CONSTRUCTION	4.8	8.2	9.4	8.2	8.0	6.9	7.0
SERVICES	48.5	45.9	47.6	49.7	49.4	49.6	51.6
COMMERCE	18.5	16.0	15.8	13.9	13.2	13.0	12.5
GOVERNMENT	10.4	11.3	12.6	11.1	11.8	12.3	13.0
OTHER SERVICES	19.5	18.6	19.2	24.7	24.4	24.4	26.1

TABLE III: 2
GROSS DOMESTIC PRODUCT AND GROSS NATIONAL PRODUCT
(MILLIONS OF DIRHAM OR \$US)

	1971	1976	1977	1978	1979	1980	PR LIM 1981	EST 1982	PROJ 1983	PROJ 1984
GROSS DOMESTIC PRODUCT										
IN CURRENT DH	21,383	42,356	49,761	55,154	62,043	70,161	76,700	88,500	100,400	114,500
IN CURRENT \$US	\$4,258	\$9,584	\$11,050	\$13,237	\$15,912	\$17,822	\$14,829	\$14,694	\$12,244	\$13,963
IN CONSTANT 1980 DH	43,285	60,422	62,277	64,357	67,292	70,161	69,224	73,141	75,375	77,313
GROSS NATIONAL PRODUCT										
IN CURRENT DH	21,692	44,096	51,154	56,529	63,455	71,585	77,151	88,500	100,400	114,500

NOTE: SECTORAL GDP FOR 1971-77 IS AT FACTOR COST; FOR 1978-81 AT MARKET PRICES.
SOURCE: SECTORAL DISAGGREGATION OF GDP AT FACTOR COST AVAILABLE ONLY FOR 1971-77 FROM WORLD BANK, MOROCCO -- ECONOMIC AND SOCIAL DEVELOPMENT, 10/83; SECTORAL DISAGGREGATION AT MARKET PRICES FOR LATER YEARS FROM IMF, SM/82/205.

D. Governmental Response

Morocco's severe debt situation has recently resulted in a series of short term financial assistance agreements from a variety of international sources. In 1983, the IMF approved a standby agreement for \$315 million to be drawn down through 1984. Agreements to reschedule almost \$1.5 billion of bilateral and commercial bank debts followed. Morocco has agreed to a severe austerity program with the IMF -- raising consumer prices and cutting back government expenditures -- which has halted many investment projects of the 1981-85 National Development Plan. Taxes have been raised. Government hiring has been sharply reduced, and thousands of retirees will not be replaced. In the short term, analysts agree that unemployment is bound to rise.

In reviewing these developments, the economic report reached a particularly important set of conclusions about development planning which bear on the future of productivity in urban areas.

Although it is clear that domestic demand must be reduced in order to redress Morocco's financial situation, any attempt to achieve an adjustment of the magnitude required in Morocco through demand management alone could delay attainment of a viable external payments position even further by adversely affecting economic growth and productivity. The solution will also require supply-side adjustments; in particular, a major effort to increase the effectiveness of investments. Morocco must devise an investment strategy that can improve productive capacity, reduce the resource gap and make progress toward the country's social goals, with relatively less investment than in the past, i.e. reduce the capital-intensity of future investment decisions.

To achieve this objective requires a two-fold strategy. One of the elements of the strategy will be to adjust the overall incentive and policy framework within which the private sector makes its investment and production decisions by eliminating existing biases toward capital intensity, inefficiency and excessive orientation of production to the domestic market. This effort will involve improvement in the whole complex of trade, exchange, tax, credit, price, and subsidy policies...

The large-scale expansion of the public sector investment program envisaged in the 1981-85 Economic and Social Development Plan cannot be achieved during 1981-85 without triggering an even more severe

deterioration of the already critical financial situation. Because absolute levels of public investment must be constrained, a second step requires that Morocco make public investment more efficient. This will require public agencies to improve their ability to rank priorities, make planning and budgeting decisions more coherent, select investments with the highest returns, and strengthen institutional capacity to implement projects. Further, the efficiency of the existing capital stock must be increased through policy and institutional reforms. (Ibid p. 17)

Embassy staff told the UDA team that the GOM was abiding very closely by its austerity agreements. The government deficit has been slashed over the past year by 27 per cent and the budget of April 1984 projects slightly lower spending still along with increased revenues. For the foreseeable future there is the clear implication that capital spending -- in urban areas as well as rural -- will be drastically constrained. It is also clear that economic activity in urban areas, both manufacturing and service, must substantially increase to absorb the burgeoning urban labor force and generate more in the way of tax and other revenues, even as public capital investment to support growth of that economic activity is curtailed.

E. An Export-Oriented Policy

One aspect of Morocco's structural adjustment program has particular relevance to cities, and their economic role. That is the GOM decision to emphasize export-oriented manufacturing as a means both to obtain foreign exchange and to increase employment.

Along with this stabilization effort, Morocco also made a significant start on the structural reforms needed to restore a viable balance-of-payments position in the medium term, with a package of measures to restructure trade incentives in order to eliminate the bias in favor of production for the domestic market as compared with exports, and to promote the efficient use of resources. In January 1984, the Bank approved a \$150 million Industrial and Trade Policy Adjustment loan to support the first phase of this program, which included actions to reduce import protection and encourage exports, in particular: a continuation of the exchange rate adjustment envisaged under the IMF stand-by, coupled with a reduction in the special import tax; reductions in import tariffs and an easing of

quantitative import restrictions; broader access to duty-free inputs for exports; improved administrative procedures relating to exports; the elimination of export licensing in agriculture and manufacturing; improvement of the export credit and export credit insurance systems; and a significant reduction in the scope of price controls on manufactured goods.⁷

Efforts will be made to promote manufacturing export and relieve tax and regulatory burdens on relevant processors — most of whom are currently in the major cities (See II below).

According to a recent study for USAID by Coopers & Lybrand, Morocco's export-oriented industries are the most efficient users of capital resources in manufacturing (i.e. clothing, leather, and shoes) and have the best potential for generating employment because of their capital-to-labor ratios.

Manufacturing industry is assuming a central role in Morocco's structural adjustment process. The reform of industrial and trade incentives on which Morocco has embarked since mid-1983 is directed in particular at reorienting Moroccan enterprises to export production and to making Moroccan manufacturing industry competitive in the international economy. Moroccan Government authorities count upon trade and industrial incentive reform to launch an expansion of export production which in turn will be a key force for stimulating the entire domestic economy.⁸

Morocco's export emphasis will also extend to agriculture where efforts will be made to improve farming practices, and marketing mechanisms and provide the support services needed to increase production. Since urban centers that service potentially rich agricultural regions will need to play a greater role in marketing and trans-shipment of products, agricultural aspects of the export-oriented policy have urban implications as well.

7. From Morocco: Medium-Term Adjustment Policies and Prospects, International Bank for Reconstruction and Development, December 1984, p. 26.

8. From Private Sector Export Industry Promotion Project For USAID/Morocco, Coopers & Lybrand, November 1984.

II. Characteristics of the Urban Economy

Although urban population in Morocco is still less than rural, urban areas have long produced the bulk of economic activity. In 1960, only 29 per cent of the population was urban, but cities and towns accounted for 58 per cent of Gross Domestic Product (Beguin, op. cit.). This included processing and distribution of agricultural commodities for export and internal consumption, as well as industry, services, and construction. According to Beguin, the value of goods and services produced in 1960 was 1000 DH/household in urban areas and 400 DH/household in rural areas, a productivity differential of 250 per cent.

A. The Situation in the 1960's

Table 7 shows the source of GDP by geographical location in 1960. The 10 cities (Table 1) with populations greater than 80,000 generated 45 per cent of GDP (more than three-quarters of the urban total) and they dominated production in such sectors as industry, commerce, miscellaneous services, and even handicrafts. The 10 largest cities accounted for 72 per cent of the urban population and 80 per cent of urban income. Cities between 10-40,000 generated 9 per cent of the GDP. Still smaller communities (rural service centers) were strong only in mining and military and contributed but 4 per cent of the national total.

In 1960, Casablanca contained slightly less than 30 per cent of Morocco's urban population, but generated 38 per cent of the urban contribution to GDP.

Some 90,000 workers were employed in 1,100 industrial establishments in Moroccan cities. Only 20 of these firms employed over 500 people. These 20 firms contributed 1/3 of the total industrial product, and 214 firms contributed 3/4 of the total.

Table 8 and Map 15 depict the geographical distribution of industry in 1963 and the location of industrial employment. Twelve cities accounted

for 92.5 per cent of the industrial value added, but the Casablanca-Mohammedia area dominated.

...within this group there is the apparent dominance of Casablanca-Mohammedia which contains 57% of the businesses, 53% of the total labor, 68% of the permanent labor, 64% of the invested equipment, 67% of the distributed salaries, and 68% of the value added. The industrial bulk of Casablanca-Mohammedia is 15 to 30 times more important than in any other large town. It dominates about 90% of the industrial sectors...especially such industries as metal and chemical production. Average salaries and average production are higher than elsewhere. The average size of businesses is larger... The structure of industry is well balanced. This concentration is undoubtedly the major geographic characteristic of the area. (Beguin, op. cit. p. 477)

The incipient megalopolis of Casablanca-Mohammedi-Rabat/Sale-Kenitra contributed a total of 75.7 per cent of industrial value added in 1963, but at the same time several other industrial centers existed, especially on the Kenitra-Fez axis, at Tanger-Tetouan, and at Marrakech.

Beguin's portrait of the distribution of economic activity by city in the 1960's is extremely revealing. Regrettably, we have not discovered any comparable presentation for the 1980's. Such data would be extremely valuable, if they could be assembled, as background to investment priority analysis.

B. Contemporary Trends

Beguin extrapolated data from the 1960's to estimate that in 1971 urban areas increased their share of GDP to 64 per cent. Over the decade of the 1970s urban population growth accelerated, along with manufacturing and service employment, and the contribution of agriculture to GDP decreased from 22 to 14 per cent. This suggests that the urban contribution to GDP in the 1980's is higher still, perhaps on the order of 70 per cent or more.

Table 7

Geographic Distribution of GDP in 1960 (in percent)

Tableau 44. — Répartition géographique du produit intérieur en 1960 (en %)

Part de chaque milieu géographique dans le produit total de chacune des branches d'activité	Villes de plus de 80 000 h.	Villes de 10 000 h. à 41 000 h.	Villes de moins de 10 000 h.	Milieu urbain	Milieu rural	Total
Agriculture, forêt, pêche	1	—	—	1	99	100
Mines	2	21	30	53	47	100
Industrie	81	14	1	96	4	100
Artisanat	58	12	3	73	27	100
Bâtiment, travaux publics	47	13	4	64	36	100
Transport	71	12	3	86	14	100
Commerce	71	12	3	86	14	100
Logement urbain	84	13	3	100	—	100
Services divers	72	10	2	84	16	100
Forces armées	51	14	14	79	21	100
Produit intérieur total	45	9	4	58	42	100
Population	21	6	2	29	71	100

Table 8

Industrial Value Added by Locality and Activity Type, 1963

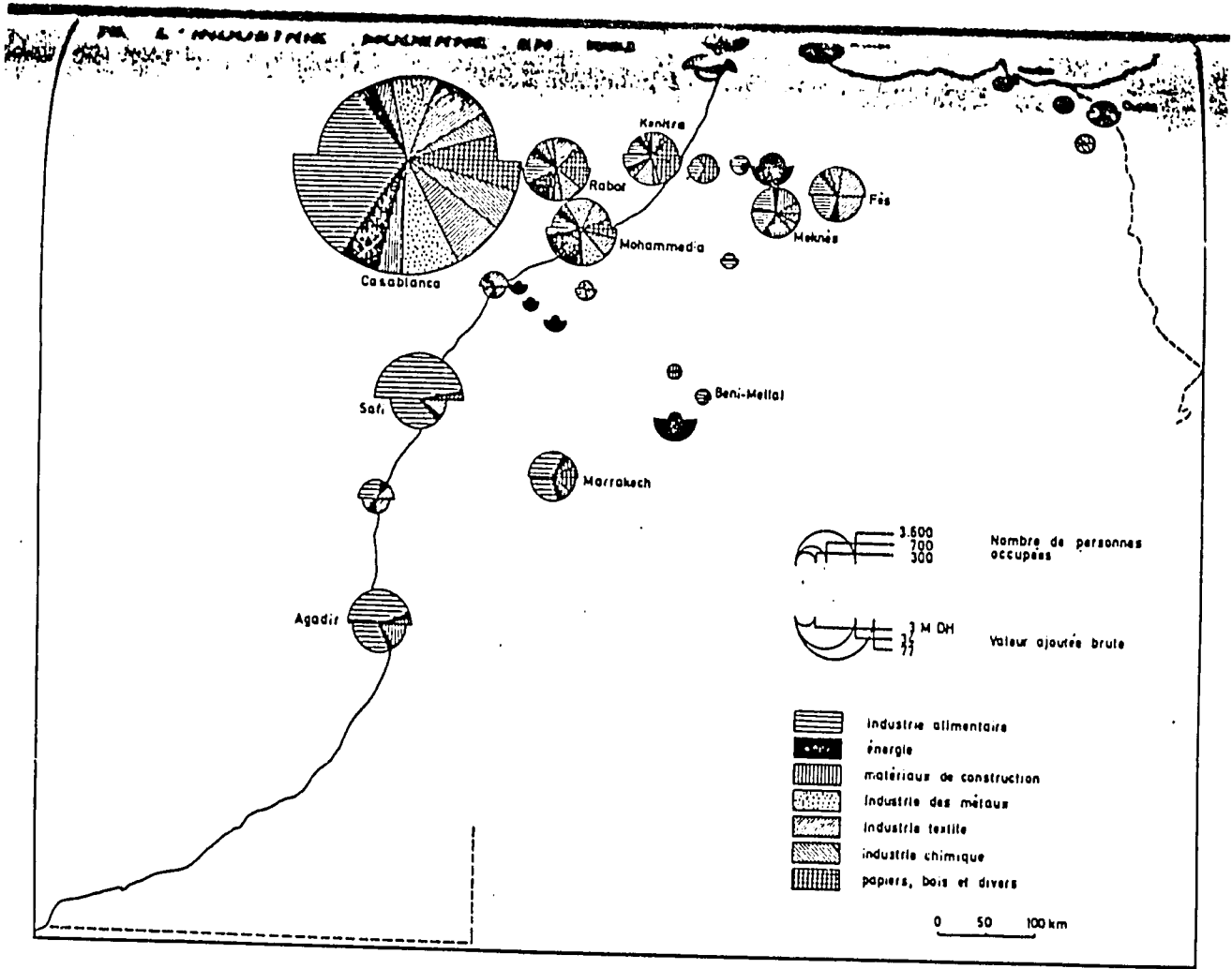
Tableau 30. — Valeur ajoutée industrielle selon la localité et la branche d'activité, 1963

Valeur ajoutée en MDH	Alim.	Energie	Matér. construct.	Métaux	Textile cuir	Chimie	Bois Papier Divers	TOTAL	Total en %
Casablanca	216	75	42	120	94	77	50	674	61,0
Mohammedia	4,6	37	0,7	17	14	0,7	3,2	77	7,0
Rabat	6,0	14	5,2	3,1	12	0,6	10	50	4,6
Kenitra	5,8	1,5	0,8	1,2	10	0,9	14	34	3,1
Safi	24	1,5	0,5	0,1	4,1	0,4	—	30	2,7
Fès	10	3,9	0,9	1,9	13	—	0,4	29	2,6
Meknès	6,9	2,6	7,6	2,3	2,1	0,8	0,1	22	2,0
Tanger	3,8	5,0	1,5	1,5	5,2	2,1	2,7	22	2,0
Tetouan	4,0	5,9	2,7	0,2	2,2	3,4	4,0	22	2,0
Agadir	14	2,0	3,8	0,7	—	—	0,9	22	2,0
Marrakech	12	2,5	1,3	0,2	0,1	—	3,7	20	1,8
Sidi-Kacem	0,3	19	—	0,1	—	—	—	19	1,7
Oujda	1,5	5,8	0,1	0,5	—	1,0	—	9,0	0,8
Sidi-Yahia	2,5	—	—	—	—	—	5,0	7,5	0,7
Larache	6,2	—	—	—	0,1	—	1,0	7,3	0,7
Essaouira	1,1	1,0	—	—	2,6	—	—	4,7	0,4
El-Jadida	1,2	0,7	0,1	—	1,8	—	—	3,8	0,3
Autres lieux	8,1	29	4,2	5,2	—	0,9	1,0	50	4,6
TOTAL	328	204	72	155	161	87	96	1103	
Total en %	29,7	18,5	6,5	14,0	14,6	7,9	8,7		100

Source: Beguin, op.cit.

MAP 15

Distribution of Industry
By Number of Employees
And Value Added, 1963



Source: Beguin, op.cit.

Current information on the nature and distribution of urban economic activity can be derived from the survey of "licensed" establishments for 1978 and 1981 recently published by the Statistics Office. Some 299,732 firms were tabulated in 1981 (up 10.2% from 1978) with a total of 748,615 employees (down 4% from 1978).⁹ This represented about 25-30 per cent of the employed urban labor force.

1. Size of Firm

Small enterprises continue to predominate in most sectors of the urban economy. (See Table 9). Most striking is the number and proportion of sole proprietorships. Approximately 40 per cent of the firms surveyed had no employees.

Well over half the firms had 1-4 employees, and in 1981 these accounted for over one third total employment. Thus over ninety per cent of the operations surveyed had fewer than 5 people, It is these small firms, moreover, which demonstrated the greatest increase between 1978-81.

At the same time, there was a significant concentration of employment (over 40 per cent) in the large enterprises with 50 or more workers, which represented less than 1 per cent of the establishment total. The numbers of firms and workers in this category actually declined over the five year period as the result, according to the survey, of adverse economic conditions.

2. Distribution by Sector

Table 10 presents the sectoral distribution of the firms and employment. Commerce and services accounted for the largest proportion of establishments (63 per cent) in 1981, but less than 30 per cent of

9. The survey excludes agriculture, public administration, and those firms which were "not profitable" and exempt from taxes. Thus it does not purport to be a total coverage.

Table 9

Licensed Firms and Employees by Size of Firm 1978, 1981

Taille	1978				1981			
	Ets	Part	Emplois	Part	Ets	Part	Emplois	Part
0	105 009	40,05	-	-	113 688	39,37	-	-
1-4	140 445	53,57	222 177	28,52	156 452	54,18	250 657	33,48
5-9	8 737	3,33	54 334	6,96	10 039	3,47	62 433	8,34
10-49	6 294	2,40	115 002	14,76	6 896	2,39	124 283	16,61
50 & +	1 695	0,65	387 356	49,74	1 655	0,57	311 742	41,57
TOTAL	262 180	100,-%	778 919	100,-%	286 732	100,-%	748 615	100,-%

Table 10

Licensed Firms and Employees by Sectors 1981

Secteurs	Nombre d'établissements	Part en %	Nombre d'employés	Part en %
Commerce	152 966	52,96	149 798	20,01
Autres Services	46 397	16,06	71 119	9,50
Textile, cuir, chaussures	21 312	7,38	101 394	13,61
Transport et communications	15 547	5,38	47 943	6,40
Hébergement et restauration	13 337	4,63	36 932	4,93
Bâtiment et Travaux Publics	9 274	3,21	97 632	13,04
Bois, papier et imprimerie	9 092	3,14	28 315	3,78
Mines et Énergie	777	0,27	40 551	5,42
Métal, machines, matériel	5 817	2,02	34 725	4,64
Industrie alimentaire	5 461	1,90	61 337	8,19
Autres industries	4 359	1,51	34 683	4,63
Agriculture, forêt, pêches	3 161	1,09	28 888	3,86
Banques, assurances	1 126	0,39	14 756	1,97
Divers	34	0,012	42	0,006
TOTAL	286 732	100,00	748 615	99,986

Table 11

Licensed Firms and Employees by City 1978, 1981

Villes	1978				1981			
	Ets.	%	Emplois	%	Ets.	%	Emplois	%
Casablanca	65 753	25,-%	332 337	42,66	70 135	24,29	315 587	42,2
Rabat, Salé	18 997	7,25	60 476	7,76	23 042	7,98	59 424	7,93
Fès	17 893	6,82	44 684	5,73	19 627	6,87	47 328	6,32
Marrakech	17 953	6,84	40 124	5,15	18 099	6,27	36 288	4,85
Meknès	15 057	5,74	32 998	4,24	12 361	4,29	24 975	3,34
Kénitra	10 850	4,13	32 525	4,17	8 235	2,85	20 264	2,71
Agadir	12 086	4,60	33 844	4,34	14 295	4,95	37 107	4,96
Oujda	12 059	4,60	25 870	3,32	12 652	4,38	22 632	3,02
Tanger	9 883	3,77	30 087	3,86	10 560	3,65	30 948	4,13
Safi	8 580	3,27	30 742	3,94	9 135	3,16	33 103	4,42

the labor force. Major industry groups -- textile, leather and shoes -- employ over 13 per cent, construction 13 per cent and food processing 8 per cent. Construction, as a reflection both of urban growth and public sector capital investment, actually increased in employment by 10 per cent over the five year period.

3. Geographical Location

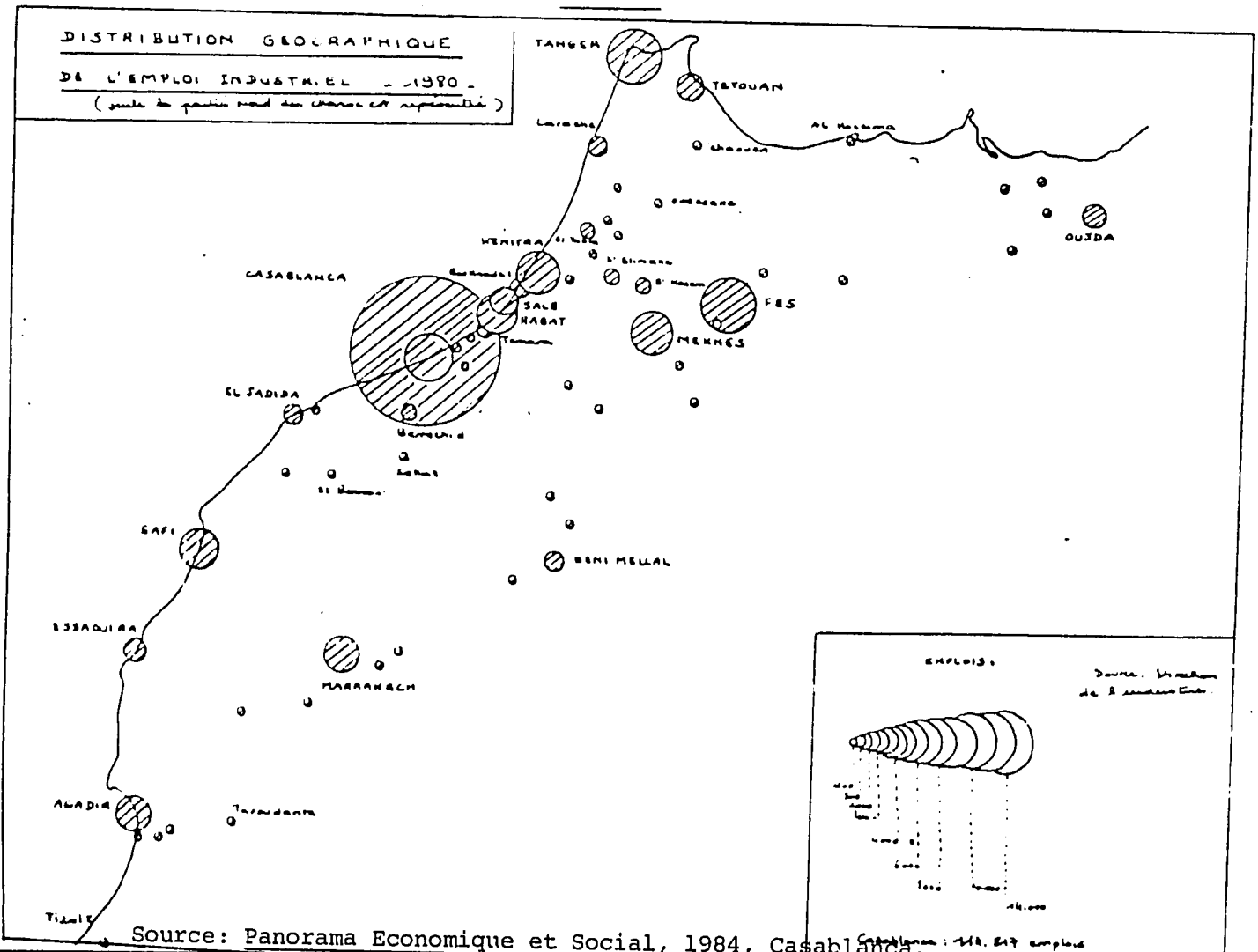
Table 11 shows the major geographical distribution of the firms and employment for the two periods. It lists 10 urban centers.¹⁰ The 10 together accounted for approximately 70 per cent of the firms and 84 per cent of the employment -- evidencing continuing dominance of the major (both primary and secondary) centers in the "modern" sector of the Moroccan economy. Within this group the Casablanca-Kenitra corridor accounted for approximately 35 per cent of the establishments of all categories and 53 per cent of the labor force. Casablanca itself had 25 per cent of the firms and about 42 per cent of employees -- a sign of continued dominance but one which is being modulated by expansion of business into centers satellite to Casablanca and to other cities.

This pattern of continued concentration with moderate dispersion is reflected in the distribution of new construction in urban Morocco. Between 1977-81 building permits were issued in urban areas amounting to a construction value of 12.153 billion DH (including industrial, commercial, and formal sector residential development). Of this amount, 51 per cent was earmarked for the Casablanca-Kenitra metropolis. Casablanca itself commanded 32 per cent of the total, and Rabat-Sale 15 per cent. By and large the scale of construction in the other major centers was commensurate with population growth, although three of the larger secondary centers whose population and economic activity have been growing rapidly (Agadir, El Jadida, Kouribga) showed particularly high construction volumes.

10. The figures for Casablanca undoubtedly include Mohammedia which is a separate city but effectively part of the immediate metropolitan region.

Villes	Nombre Etablissements	%	Effectifs	%
Casablanca	1.656	54	114.817	56
Zone Kénitra				
Mohammedia	317	10	25.484	12
Total zone Casablanca-Kénitra	1.973	64	140.301	68
Tanger	213	6,9	14.581	7,1
Fès	200	6,5	12.471	6,1
Safi	59	2	6.609	3,2
Marrakech	96	3,1	5.183	2,5
Agadir	84	2,7	4.010	2
Meknès	95	3,1	3.970	2
Tetouan	52	1,7	2.653	1,4
Beni Mellal	7	0,2	1.568	0,8
Oujda	56	1,8	1.533	0,8
Autres Villes	238	8	11.758	6
Total Maroc	3.073	100	204 657	100

Map 16



4. Industrial Location

In terms of industrial development, Casablanca and the urban corridor to Kenitra continue to be the most dynamic sections of the country. Table 12 shows the number of industrial plants and levels of employment by city for 1980.

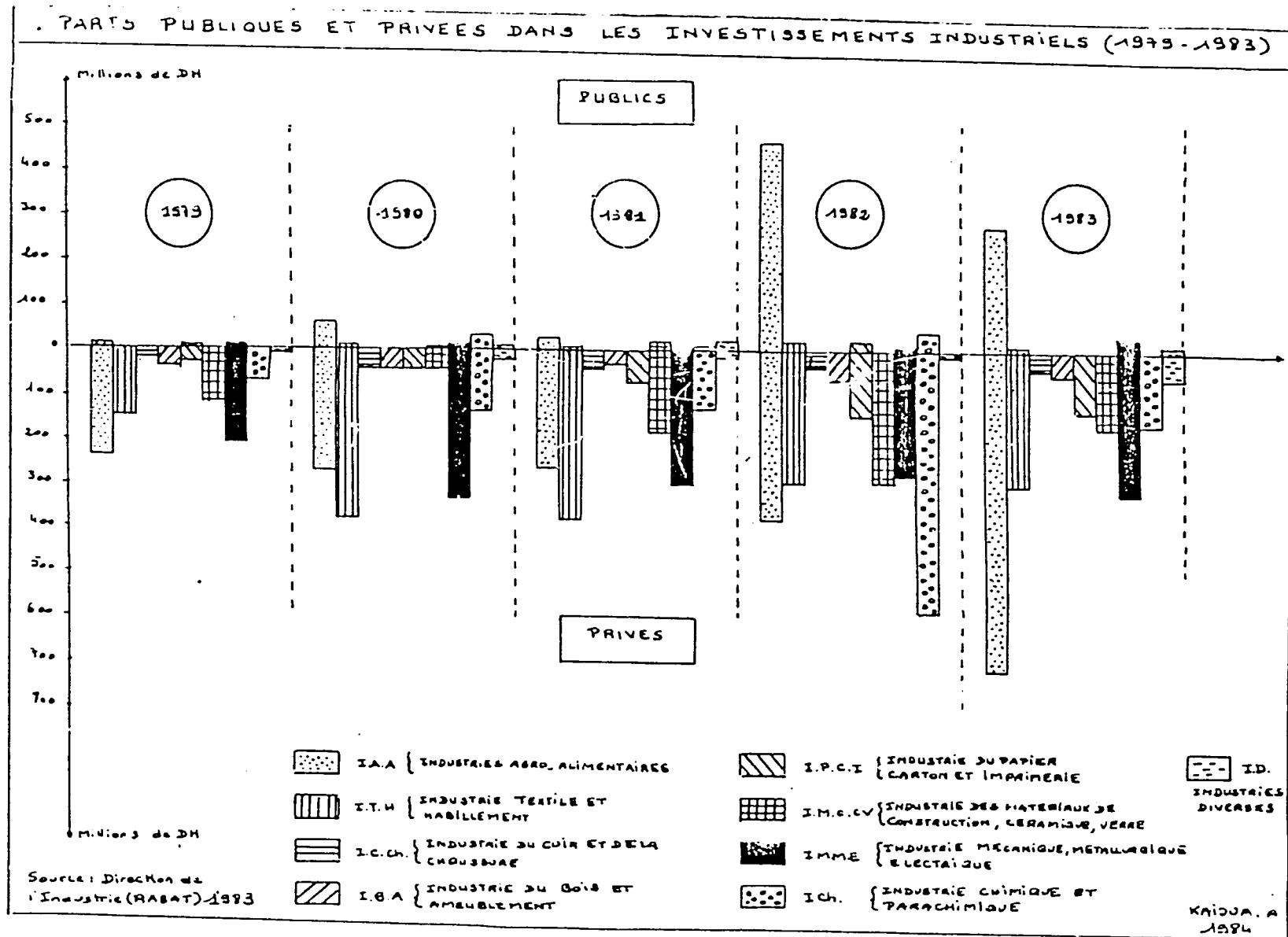
In 1980, Morocco had a total of 3,000 manufacturing establishments and 205,000 industrial workers. This was a tripling of establishments in less than 20 years (Beguin's 1963 figure) and a 130 per cent rise in employment.

Casablanca contained 54 per cent of the establishments in 1980 and 56 per cent of the labor force -- only marginally less than in 1963. The total "urban" zone from Casablanca to Kenitra contained 64 per cent of the firms and 68 per cent of the labor force. Within this urban zone, industrial employment had expanded by 120 per cent since 1967.

Other centers, however had also grown considerably: Tanger, for example, quadrupled its industrial employment in 12 years (from 3,000 to 14,500) and Fez tripled (from 3,700 to 12,400). These were large proportional increases, and Map 16 shows many industrial locations in 1980. Nevertheless, the conclusion is clear that Casablanca and its extended urban corridor remain the industrial heartland of Morocco. It is the private enterprise industrial heartland, moreover, since the great bulk of industrial investment and industrial operations in Morocco come from the private sector.

5. Private Enterprise and Public Intervention

Private enterprise is the principal developer of industry in Morocco as indicated in Chart 1. This displays new investment by industry over the period 1979-83. It shows that government investment has been modest and significant only in agro-processing, specifically sugar. Since these private investment decisions must respond to market factors,



Source: Panorama, op.cit.

Public and Private Industrial Investment 1979-1983

Chart 1

availability of services, and labor, continuing concentration in the Casablanca-Kenitra corridor is understandable.

Government has apparently deployed industrial investment resources to support its urban decentralization policies (See Chapter Six), particularly to some secondary cities, which are close to resources processed by the plants.

Eight of Morocco's 16 sugar refineries have been established since 1969 -- all in small to medium sized cities (i.e. Beni-Mellal, Ksar El Kebir), each employing 150 to 300 workers and represented in the geographical distribution on Map 16. Government investment in cement production (largely before 1980) has also been decentralized and accounts for a substantial portion of industrial production in cities such as Oujda, Marrakech, and Tetouan.

Government also controls the phosphate industry and production of its chemical derivatives. These operations are located in secondary centers such as Khouribga (mining), Safi (6,000 employees), Mohammedia, and El Jadida (a new port for phosphate export south of the city at Jorf Lasfar) and have accounted for much growth in these centers.

White-collar government employment has also contributed to the growth and economic base of Rabat-Sale and many provincial capitals. Although statistics are not available, we can assume that public sector employment and the infrastructure to service it characterize the economy of several secondary cities.

Rather than invest heavily in industry itself, however, the government has thus far relied on indirect incentives to produce decentralization. These have come primarily through the tax structure. An array of tax and investment incentives has been established -- beginning with industrial location laws established in 1973 -- to stimulate private sector industrial location outside of Casablanca. Unlike some other developing

Table 13
Industrial Investments by Location 1973-1982
In Millions of Dirhams

Tableau n° 3 : Ventilation régionale des investissements industriels agréés dans le cadre du code des investissements de 1973 à 1982
(en millions de dirhams)

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Casablanca	311,4	446,8	728,4	776	579,5	149,8	431,4	586,7	664,3	761,9
Kénitra Mohamédia	128,2	51	550,8	1157,5	376,5	420,8	149,5	250,7	118,2	236
Reste du Maroc	48,1	162	149	1860,5	1279,5	487,0	459,1	682,1	727,2	1535,7
Total	487,1	853,8	1428,2	3794	2235,5	1057,6	1040	1519,5	1509,7	2533,6

Source : Rapports annuels de la Direction de l'Industrie.

Table 14
Industrial Investments by Location 1973-1982
In Percentages

Zones	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Kénitra - Casa	90 %	58,1	89,6	50,9	43	54	56	55,5	52	59,1
Reste du Maroc	10 %	41,7	10,4	49,1	57	46	44	44,5	48	60,7
Total	100 %	100	100	100	100	100	100	100	100	100

Source : Rapports annuels de la Direction de l'Industrie.

countries (e.g. Korea) the incentives have not been coupled with penalties restricting location in the dominant center.

While not fundamentally altering the existing pattern, the industrial incentives may have contributed to some recent broadening of locational distribution. Tables 13 and 14 display the DH values and proportion of approved investments in industry by location over the period 1973-82.¹¹

Annual approved investment in new or expanded industries rose five times (in current dollars) between 1973-82. Casablanca continued to be the single most targeted community. But, as the decade of the 1970's continued, proportions in both Casablanca and the urban corridor diminished. By 1982 the rest of Morocco actually pulled ahead of the corridor, commanding over sixty per cent of the investment in that year. During the entire decade, Casablanca received only 22 per cent of the new investment and the corridor as a whole, only 35 per cent. This is an indication at least that some secondary centers are building strength.

Some public sector support as well as private investment has gone to finance artisan and other handicraft enterprises -- the products of which have a strong international market. These investments do not appear in the tables below, since handicrafts are not combined in the industry sector. They are significantly dispersed outside of Casablanca. In 1983, over 25 million DH in loans were approved to some 4,625 artisans. Fewer than 200 of these were in Casablanca. While Rabat-Sale

11. These are approved investments, all of which were not necessarily implemented. The figures on total volume represent about 9 per cent of total gross fixed investment, both public and private, over the 1980-82 period. However the private sector component of the figures (Chart 1) represents from 20 to 27 percent annually of total fixed private sector investment in all sectors over the 1980-82 period, underscoring the significance of direct private investment in industry.

had the largest number (1,142), enterprises in 22 other cities benefited, with over 200 each in Marakech, Oujda, Fez, Settat, Khemisset and Kenitra. Small handicraft enterprises apparently provide a significant proportion of the urban economic base outside the corridor.

C. The Role of ODI

Encouraged by modest success in its various incentive efforts, the GOM began to take a more activist role in creating the basis for private industrial enterprise during the latter part of the 1970's. It created the Office of Industrial Development (ODI) to serve as a promotion agency and an expeditor of industrial growth, primarily outside the urban corridor. ODI has associated with the Caisse de Depot et de Gestion (CDG) which acquires and develops the industrial parks that ODI promotes. Their concept is to provide developed sites and infrastructure, mainly in the secondary centers, which can be sold to industries at a low cost. Thirty-five such zones -- mostly outside the corridor -- are in some stage of preparation. About 10 are under development, all but two in cities over 50,000. By 1983, ODI could claim firms in these parks employing over 5,000 workers.

In terms of decentralized development, however, ODI is frank to admit that success is still modest. Zones in Sale and Tetouan are occupied, because they are in major cities with ample supporting services. Zones in Khemisset and Settat are not attracting occupants, in contrast, because they are in communities without the external economies of the major cities; e.g. market demand, commercial services, or trained work force.

ODI provides considerable incentives for potential customers: land write-downs that make the cost of serviced sites well below levels in the urban corridor, and worker training programs. According to one ODI official, even these incentives plus the tax breaks are insufficient to attract entrepreneurs from the corridor to establish new enterprise in locations where a critical mass for profitable activity does not exist.

A 1983 survey of 100 industrialists concluded that the principal factors in plant investment decisions were market demand and potential profitability of the investment, underscoring the drawing power of the corridor cities. Adequate infrastructure and available, affordable manpower ranked 9th and 11th on a list of 17 criteria (Table 15).

Efforts to stimulate local entrepreneurship in the outlying cities are, according to the same ODI official, the ultimate key to success of decentralized industrialization. It is necessary that merchants, mechanics, landowners, or the present proprietors of small fabricating plants begin to see profit potential in starting industry in their own communities. Thus far, the efforts (in terms of government promotion to find and cultivate potential entrepreneurs) have not met expectations.

One possible reason for the relative lack of effectiveness may be that the ODI/CDG activity stops short of providing incubator structures on the developed sites. The industrial buildings have to be constructed by a private developer for rental or sale or by the end user. Developers are not operating in the provinces, and many small, undercapitalized firms would not have the resources to finance such construction. Thus far neither construction financing nor extensive promotional activity in the secondary cities is part of the ODI package.

Table 15
Priority Factors in Industrial Plant Investment Decisions

<u>Rank</u>	<u>Factor</u>	<u>% Citing the Factor</u>
1	Market possibilities and demand	90%
2	Profitability of the investment	87
3	Fiscal incentives	70
4	Desire to maintain market share	72
5	Export opportunities	48
6	Government policy favoring expansion	44
7	Financing terms	44
8	Available raw materials	41
9	Adequate available infrastructure	39
10	Public protection of private property	38
11	Available, affordable manpower	38
12	Social conditions	39
13	Cooperation from the Administration	36
14	Protection from import competition	31
15	Improved productivity	2
16	Available qualified manpower	2
17	Innovation	2

Source: Akesbi, Bulletin Economique et Social du Maroc, No. 151-152
 (1983), p. 77.

Note: Rank is based on the number of times the factor was cited
 by the 100 respondents in the survey.

D. Other Factors in the Economy of Urban Areas

1. Tourism

Government tax and other incentives have spurred Morocco's growth as a destination for European and American tourists. Receipts from tourism, which produced the equivalent of \$453 million U.S. in 1980, are projected to increase by over 8 per cent annually in the 1982-85 period (World Bank Medium Term Adjustment Report, op. cit. p. 33), and further tourism development will be emphasized under the GOM's export-oriented policy. Morocco's principal tourist areas are outside the corridor and are focussed on four main secondary cities -- Agadir, Fez, Tanger and Marrakech. Employment in tourism-related activity has served to expand and diversify the economic base of these cities.

2. Urban-Rural Linkages

While the smaller cities and towns have not shared the rapid industrial and commercial expansion of the Casablanca-Kenitra corridor, or the more modest industrial-artisan-commercial growth of at least a dozen other secondary centers, or in the benefits from tourism, many of these are nonetheless important to the national economy. They have critical roles as marketing and distribution centers, and as centers for dissemination of government services in health, education, and credit to rural areas. That these communities do play important roles may be seen in the following comments from the World Bank's review of agriculture in Morocco.

Morocco's efficient agricultural credit system has the highest interest rates, the best recovery performance, the greatest density of credit staff and branch offices, the most rapid processing time (the administratively least complex), and the greatest dependency on non-government financial resources...Morocco's system works well because it requires self-discipline among borrowers, regular funds

through recovery and relending, and ratifies the farmer's need for processing speed and accountability.¹²

One reason Morocco's agricultural credit and extension system functions so successfully is decentralized administration in provincial capitals and other secondary centers. Indeed these secondary centers have profound influence on their rural hinterlands because of the network of services they provide. Map 6 from Beguin displays the distribution of marketing centers for rural products, and Map 7 the network of banking services, which are well-distributed throughout the country (See Chapter Three).

The Schema Directeur for Beni Mellal, for example, cites it as the seat of provincial services for agriculture, education, medical care, fiscal administration, courts, and public works -- all told a total of 40 public agencies of various kinds. Beni Mellal is in the center of a potentially rich agricultural region, and the plan attributes much of the city's rapid growth (to over 100,000 people) to existence of these services. Escallier (op. cit.) makes similar comments about the network of rural services as contributors to the growth and regional influences of Khouribga and Berkane. The extent of services in Berkane, he contends, has contributed to the "deruralization" of the surrounding countryside (p. 248) and has supported the city as a regional commercial center. While Khouribga is a prosperous phosphate-processing city, its array of services, continues Escallier:

permits it to establish close economic relationships with the agricultural hinterland...The extent of tertiary service activity is as significant to its importance in the region as its industrial base (p. 249).

The Ministry of Housing and Regional Development (MHAT) has mapped and analyzed many of the economic relationships between secondary centers and their rural hinterlands in a series of detailed studies (Schema d'Armature Rurale) conducted during the past decade.

12. The Agricultural Development Experience of Algeria, Morocco, and Tunisia - A Comparison of Strategies for Growth. Kevin M. Cleaver. World Bank Staff Working Papers, Number 552, p. 46. 1982.

III. National Investment in Urban Facilities

Morocco's urban population is over 40 per cent of the national total, and Morocco's cities are the settings for as much as 70 per cent of national domestic production. Within this context the UDA team felt it useful to explore the extent of national government investment in the facilities and infrastructure that can support urban economic growth and provide a decent quality of life for the urban citizenry. We felt such an exploration useful for two reasons. First, in light of current austerity measures it is clear that whatever the present level of urban capital investment, it is bound to be sharply curtailed in the next 3-5 years. Secondly, one of the most frequent criticisms levied by international donors against developing country governments is that they tend to favor urban investment over rural and other resource projects and devote an inordinate proportion to "unproductive" urban infrastructure. What is the situation in Morocco?

Figures which permit a tally of total public investment (national, parastatal, and commune) in municipal infrastructure and services do not exist. Some approximation of relative capital investment priorities, at least by the national government, can be obtained, however.

The 1981-85 development plan called for national public capital investment of 61.44 billion DH during the plan period, an average annual outlay of 12.3 billion DH. Thus far, in the first three years of the plan period, actual expenditure reached that level only in 1982 and -- as the result of adverse balance of payment conditions -- dropped to under 8 billion DH in 1983. Indications are that in response to the IMF agreements, the GOM will hold expenditures at or below the 8 billion level for the next 1-2 years. To the extent that expenditures on urban infrastructure are reflected in the plan targets, they have probably been cut back at least proportionately.

Table 16 is a breakdown of anticipated 1981-85 expenditures by sector as interpreted by the World Bank (Morocco, Priorities for Public Sector

Investment 1981-85). It indicates a very high priority in the Government Budget for agriculture (17 per cent) and education (17 per cent). Clearly much of the latter is to be directed to construction of urban school facilities. (The census information cited in Chapter Three indicates strides made in urban education over the 1981-82 intercensal period.) Portions of the expenditures for transportation, energy and health are undoubtedly earmarked for urban areas also, along with segments of the allocation to post and telecommunications. How much, we could not determine.

The 2.5 billion DH allocation for housing and urban development consists of MHAT's core housing and upgrading programs, and any infrastructure and services directly associated with these.

The principal allocation for strictly urban infrastructure (sewer, water, solid waste, etc.) is a 3 billion DH sum subsumed in the "General Administration and Other" category. This was earmarked for grants to municipalities under FDCL (Fonds de Developpement des Collectivites Locales). The 3 billion DH amounts to less than 5 per cent of the proposed capital program.

Certain other funds must be added as well. The Ministry of Interior provided capital subsidies to municipalities amounting to 600 million DH in 1980, and a special regional development fund (now discontinued) granted 258 million DH in the same year. The Ministry of Agriculture also makes a 30 per cent grant towards municipal slaughterhouses. The 1981-85 plan also included a 1.5 billion DH fund for government employee housing and a 50 million DH special grant for infrastructure (sewers, public transportation) reconstruction in Casablanca.

If we assume that all of these miscellaneous funds add up to the equivalent of the FDCL allocation, this would amount to a total commitment to urban housing and infrastructure of 9.7 billion DH during the plan period -- roughly 15 per cent of the national investment program. If we add another 5 billion DH for portions of allocation from other sectoral

agencies, the total amounts to 14.7 billion DH, or only 24 per cent of the national commitment -- well below the proportional level of urbanization and the proportion of urban contribution to GDP.

This relatively modest urban allocation was confirmed by discussion with World Bank staff who could not make a precise calculation but were convinced that urban areas were not receiving an excessive share of public capital.

To these figures for direct investment and subsidies must be added the loan funds to municipalities of the national municipal Bank (FEC, See Chapter Six) which amounted to \$200 million in 1980. These are loans to be repaid, however, from the municipalities' own resources.

Once the conclusion of modest capital commitment is drawn, however, the stark reality of the GOM austerity program suggests that any expansion of present funding levels will be difficult indeed. Yet expansion is probably needed if the cities are to intensify their contribution to the Moroccan economy.

Table 16

PUBLIC INVESTMENT PROGRAM, 1981-85
(in DH million at 1981 prices)

	Government Budget	Total Including Other Public Sector Investment
<u>Dams</u>	<u>2,972</u> a/	
<u>Agriculture</u>	<u>10,545</u>	
Large Irrigation	3,039	
Small & Medium Scale Irrig.	981	
Livestock	1,303	
Forestry	893	
Integrated Rural Devt. Projects	1,107	
Other	3,222	
<u>Mining</u>	<u>531</u>	<u>7,451</u>
Phosphate	-	5,917
Other (excl. coal & petroleum products)	531	1,534
<u>Manufacturing</u>	<u>1,372</u> b/	<u>13,991</u>
Phosphate	-	10,658
Sugar	350	1,202
Steel	200	800
Other	822	1,331
<u>Energy</u>	<u>4,655</u>	<u>9,406</u>
Electricity c/	1,272	3,523
Oil Shale	1,684	2,168
Oil & Gas Exploration	1,500	2,000
Refining & Distribution	-	1,352
Coal	113	250
Other	86	113
<u>Transport</u>	<u>9,848</u>	<u>13,783</u>
Roads	3,307	3,307
Railways d/	2,870	2,870
Ports & Shipping	2,899	6,214
Civil Aviation	584	1,068
Other	188	324

CONTINUED

	Government Budget	Total Including Other Public Sector Investment
<u>Post & Telecommunications</u>	<u>2,001</u>	
<u>Education and Training</u>	<u>10,995</u>	
<u>Health</u>	<u>1,426</u>	
<u>Housing and Urban Development</u>	<u>2,535</u>	<u>f/</u>
<u>General Administration and Other</u>	<u>14,560</u>	<u>g/</u>
TOTAL	61,440	

a/ Excludes M'Jara (DH 1 billion).

b/ Not including DH 240 million in interest rate subsidies.

c/ Excluding shale-burning power plant, which is included in oil shale program.

d/ Excludes Marrakech-Laayoune railway (DH 6.6 billion).

e/ Includes DH 574 million of shipping company subsidies.

f/ A DH 1,120 million allocation for Government employees' housing is included in Other Investment.

Source: Ministry of Planning, Plan de Développement Economique et Social, 1981-85.

g/ includes 3,000 DH million for FDCL and 50 DH million for special infrastructure funding in Casablanca.

Source: World Bank Priorities for Public Sector Investment (1981-85).

CHAPTER FIVE: NATIONAL POLICY AND INSTITUTIONAL FRAMEWORK

Moroccan governmental institutions are in a process of transition from centralization to decentralization of administration and decision-making at provincial and local levels. These efforts face formidable obstacles from within the present system. According to the 1981-85 National Plan:

Most government departments have retained a centralized functional organization. The defects of this system are: slowness of administrative management, great distances between decision centers and information sources, congestion of central services, and an irrational utilization of human resources.¹³

Deeply rooted traditions also make such devolution particularly difficult. The French colonial administration left a highly centralized legacy that permeates the entire governmental system. Morocco is a monarchy. Islamic custom is assuming growing importance with its deference to a single authority, the Koran, or to its interpreter the Prophet.

Thus, there are inherent tensions in an effort by a highly-centralized state to loosen the reins of power. But Morocco's approach is a conscious one, taken by the King to strengthen national unity and to improve quality of life in a diverse nation, subject for centuries to regional conflict, of which the difficulties in the Southern Sahara are only the most obvious current manifestation.

As Nellis summarized in his penetrating analysis of "Tutorial Decentralization:

In sum, the Moroccan decision to begin a process of decentralization is based on a complex, but interrelated array of factors. First, it is thought that decentralization will promote regional and income equality, and local representative democracy (or at least the first stages thereof). These, in turn, will promote general political

13. Royaume du Maroc, Projet de Plan de Developpement Economique et Social, Rabat, Avril 1981, Vol. I p. 69 quoted in John Nellis, Tutorial Decentralization: The Case of Morocco, Syracuse University, June 1983, p. 13.

stability and, more specifically, enhance the regime's legitimacy. Second, it is thought that decentralization will stimulate economic expansion, by transferring to the subnational levels certain powers of the slow and ineffective -- because over-centralized -- administrative system. Third, it is thought that the progressive transfer of resource generation and allocation powers to the sub-national levels will result in a greater number and larger scope of services at the local level, an improvement in their delivery and functioning, a growth in output, reductions in cost, and higher levels of citizenry satisfaction with the government.

For all these reasons, Moroccan authorities have launched their decentralization program. (p. 22)

Since the early 1960's Morocco has formally encouraged decentralized economic development and extension of industry and other modern sector activity from its nucleus at Casablanca to other cities and towns throughout the country. Decentralized economic development and guided devolution of responsibility to provinces and municipalities have become two sides of the same coin. The approach to each has been quite different however. Administrative decentralization announced by King Hassan in decrees during the mid 1970's has been conducted under total control by the central authorities. The apparatus of government is being divested gradually from Rabat to lower levels and an administrative structure created to monitor progress and ensure its effectiveness (See Chapter Six).

Government intervention in the economic process has been more gradual still. Certain state enterprises have put production units in secondary centers (See Chapter Four) and the very location of governmental agencies and services has contributed some employment. However the GOM places primary reliance on the private sector as its engine of sub-national development. Its "voluntary" approach to economic decentralization has taken the form mainly of policy directives encouraging the process in successive national Development Plans, and incentives to industrial growth in secondary centers (See Chapter Four).

Decentralization directives in successive national plans were intended to guide the infrastructure investments of public authorities as well --

e.g. so that the support base for economic development could be established in secondary centers and outlying regions. While some of that support base has indeed been created, public sector priorities have been less clearly articulated, and resources have been insufficient to meet the very broad objectives of national planning.

Most important, the GOM has not followed through on its own perception that secondary centers lack the bundle of advantages -- the external economies -- which characterize attractiveness of Casablanca and the other corridor cities. The synergy of services, infrastructure, institutions and business climate in the corridor has taken generations to evolve. Its replication in other places requires sustained investment, institutional adaptation, and on-site coordination -- an intensity of treatment going far beyond a few scattered investments. In all of its efforts, the GOM has not been able to orchestrate such a targeted, multi-sectoral approach to the infrastructure and operations of individual secondary cities.

As a result, economic decentralization has not kept pace with the devolution of administrative responsibility. While the institutional framework for limited local decision-making is in place in many municipalities (See Chapter Six), generation of jobs and economic growth expected to accompany greater local control has been more limited still.

I. The Policy Framework For Economic Decentralization

The general thrust toward decentralized urban and regional development has been expressed through speeches and proclamations by the King since the early 1960's. Specific policies have been contained in a series of national development plans approved by the King and Prime Minister and issued by the Planning Ministry.

The first plan of 1960-64 recognized only the need to reduce regional disparities -- to encourage economic growth in the areas which were sending migrants to the cities and to reorient economic growth towards

the interior of the country. A municipal development bank, the Fonds d'Equipement Communal (FEC) was launched during this period to provide loan funds to communities in an effort to build up the local infrastructure to support development and improve community life.

The plan of 1968-72 also stressed economic decentralization. It was a first attempt at delineating regions for planning purposes and was accompanied by detailed inventories of soils, agricultural production, and other resources along with an estimate of investment requirements for each province. Still no precise regional priorities were established, although simultaneously with the plan an interministerial committee for regional development was created.

Part way through the planning period, the King issued a decree (Dahir) identifying an institutional framework within which regional planning could occur. The decree stated that groups of provinces would be organized as planning entities.

A group of provinces interrelated on the basis of geographic, economic, and social characteristics, which maintains or can maintain linkages of a developmentally stimulating nature, should be planned as a unit. The region constitutes a framework for economic action in which studies will be undertaken and programs realized to achieve a harmonious and balanced development for the different parts of the kingdom.

The decree also established seven planning regions which had these interrelationships and were focussed around one or more major cities (Map 2). It created Regional Consultative Assemblies in each, chaired on a revolving basis by a governor of one of the provinces. And it established a Directorate of Regional Development in the State Secretariat for Planning to interface with the assemblies and incorporate their recommendations into the national plan.

The 1973-77 plan represented a turning point towards greater precision of policies. The seven regions were incorporated in its program and five urban growth poles were designated as priority targets for

investment outside the Casablanca-Kenitra corridor. These were Agadir, Fez, Marrakech, Oudja and Tanger. Although these target cities were identified, the plan was not specific on what investment projects they were to receive or how activities would be coordinated and implemented.

During the plan period, the GOM did support its policies with several important measures. In 1973 the first industrial incentive legislation was passed, providing tax relief for companies who would locate plants outside Casablanca. Regional construction and development agencies (Etablissements Regionaux d'Aménagement et de Construction or ERACs) were established in each planning region to implement low-cost housing programs with subsidized loans. In 1976 the King also announced his major program of administrative decentralization to devolve decision-making power on the municipalities and provinces.

At the end of the plan period, the State Secretariat for Planning and Regional Development was granted a special fund (FDSR) of 1.7 million Dirham which it would disburse for infrastructure projects in the poorest regions¹⁴.

From both both a political and economic standpoint, the GOM believed the mid-1970s opportune to emphasize administrative and economic decentralization.

Politically there prevailed an unusually strong sense of nationalist enthusiasm, due to the campaign to incorporate the Western Sahara... Neither before the mid-1970's nor since, has the Moroccan polity been so united.

The economic situation was also quite promising. In the mid 1970's national income was growing faster than population. GDP growth rates were well ahead of previous performance. Commodity prices were very high, and Morocco saw the possibility, once the Saharan territories were pacified, of controlling the bulk of world phosphate production. Massive capital inflows were providing the

14. Much of this fund was allocated to the Sahara provinces over the next five years, and it has recently been phased-out as the result of austerity measures.

government with the extra resources needed to get the decentralization and other new programs underway. In sum, there was an aura of economic optimism which facilitated the decision to undertake new and different policies. (Nellis, p. 33-4)

It is the climate of economic optimism, combined with the expectation that public capital resources would be forthcoming and private investment would follow, that has carried over to subsequent national plans.

A three-year plan was prepared for 1978-80 and a five-year plan for 1981-85. The first emphasized the need for realistic, enforceable plans to serve as the basis for urban development (See Chapter Six) along with modified, less-expensive standards for infrastructure and housing. It called for a new policy of rehabilitation for medinas and proliferating bidonvilles and improved housing finance to encourage private investment. It continued to emphasize regional decentralization and it set in motion a spate of studies on provincial and regional project requirements and a series of guide plans (Schemas Directeur) for the larger secondary cities that were supposed to spell out priority public and private investments for each city.

The 1981-85 plan essentially reiterated past decentralization policies and established the following objectives:

- to implement a voluntary policy of regional planning and promotion of growth poles,
- to consolidate the decentralization and deconcentration process,
- to reduce regional disparities and high unemployment and under-employment,
- to encourage public participation in the development process.

Increased resources were recommended to implement these objectives, subject to budgetary constraints. Certain other steps were to be taken to:

- reinforce the process of regionalizing the plan and requiring preparation of investment plans for each region.
- reinforce the measures to promote industrial decentralization,
- continue decentralization and deconcentration of government administration.

Some of the methods proposed to achieve these aims included: promoting labor intensive activities and credit to small-scale enterprises in urban areas; tax incentives and creation of serviced sites to encourage industrial decentralization (the ODI program); tax incentives to enlist the private sector in home building, slum upgrading, and increased technical assistance; and training for local municipal administrators.

II. Assessment of Policy

What has actually occurred in the context of these clearly-articulated and reiterated goals for decentralized development has been a wide and uncoordinated dispersion of investment. The designated growth poles have received some investments over time (in tourism facilities, new universities, roads, sewage lines), not however in relation to any capital program that might spell out a logical sequence of related infrastructure activities and operational support. Many other cities have gained major investments as well (i.e. a port at Jorf Lasfar, a steel mill at Nador, a university at El Jadida, a library in Settat, a sewage treatment system in Beni-Mellal), emanating from the priorities of sectoral agencies and/or political representations from Governors and local authorities. The Special Fund for Regional Development allocated most of its resources to roads and other infrastructure projects in small communities -- not in areas of highest development potential -- in the most disadvantaged provinces of the South.

Many studies and plans have been made to identify opportunities for coordinated investment in the growth poles and in rural areas, but a comment in the World Bank's economic review of 1980 depicts the impact of this work and continues to apply today:

Because of changes in the economic situation, the projects identified have not been pursued further. It cannot be denied that for want of a comprehensive framework, these studies undertaken on an ad-hoc basis in response to the needs of the moment have proved of limited effectiveness. The same could also be said of the rural infrastructure schemes (schemas d'armature rurale) which have, on the contrary been devoid of any consideration of short-term operational needs. (p. 299)

The same report went on to criticize the decentralization efforts for lacking a clear strategy (read "choices") to follow through on the broad policy directives. It singled out for particular criticism implementation of the growth pole approach:

While clear in principle the development pole policy actually implemented has been less precise in practice and has been characterized by ad hoc actions. The commitment to counterbalance the appeal of Casablanca-Rabat-Kenitra...should not result in a dispersion of investments and infrastructure. The promotion of development poles would under normal conditions make it possible to concentrate investments in a certain number of locations and thus maximize the results. (p. 298)

Apparently the GOM planners shared this view in principle. For, while admitting that past implementation of growth center policy had not led to the anticipated blossoming of the target cities, the 1981-85 national plan vowed to pursue a more selective, intensive, and cost-effective approach to correcting imbalances.

This action will be accelerated during the 1981-85 plan through the location of large new public projects (economic and infrastructure) in the future poles and the setting in motion of a series of measures to attract investment to these zones, to better organize transport and commercial traffic, to reinforce administrative structure and social and cultural facilities. The success of an action so broad demands concentration of efforts on a narrow zone or a regional metropolis permitting a massive installation of diverse

activities which may have a cumulative effect. That is why such an action can only be launched in a limited number of priority areas from among the potential growth poles. (GOM, 1981-85 National Plan, p. 164)

This has not happened. Dispersion continued as a practical fact during the plan period, and while many secondary centers have some productive activity and support infrastructure, the hegemony of the corridor continues. Why? A number of possible reasons can be advanced.

1. National centers continue as the primary development areas for good and long-standing reasons. They have the efficiencies of production and the array of services that appeal to entrepreneurship, and these can not be replicated overnight. They also continue to draw public resources for investment in infrastructure -- as have Casablanca and other corridor cities during these various planning periods. This serves to widen the gap.
2. Political pressures for some measure of government attention to a great number of places continue to be strong in a country with as many constituencies as Morocco, a country where national unity is a compelling objective of the King. There is a great deal of rhetoric in all national plans, and Morocco is no exception. Plans can be "All things to all men", and performance is often based on ad hoc considerations quite different from plan directives.
3. Financial resources, particularly in light of the economic conditions of the 1980's have been too constrained to permit a follow-through on lofty objectives.
4. Sectoral ministries and parastatal bodies have their own priorities and are not always prepared to modify them in response to regional or area considerations. This was indeed a criticism of past performance advanced in the 1981-85 plan itself.

5. Administrative and decision-making decentralization is moving in Morocco, but moving gradually. Successful development in secondary centers throughout the world has never been solely due to the infusion of outside, national resources. There is always a crucial local component -- local entrepreneurship, local participation in plan making, local revenues devoted to development projects and infrastructure, local coordination of program implementation. It may be argued that Morocco has made great strides to create local institutions and leadership during the past decade, but such things take time to develop and 10 years of devolution is extremely short. It may also be argued that few, if any, urban centers outside of the corridor yet have the institutional strength to do more than administer, not to mention participate effectively in, development efforts.

In our opinion, all of these factors have some bearing on the inability -- at least in relation to the high goals of national planning -- of secondary centers to contribute more extensively to national development.

Fundamentally, however, we see the major problem as a failure on the part of national government to follow through on its best instincts -- namely the recognition articulated in the national plans and by many of our contacts that policy does not implement itself. Most simply put, the government has not done what it could to implement its growth pole directive.

We submit that there are many in the national government -- both technicians and decision-makers -- who understand the concept of "external economies" as critical to urban economic development. They understand the ascendancy of Casablanca and the corridor cities and how they got that way. They also know two basic principles of national development.

1. With limited resources it is not possible to develop many places simultaneously, certainly not through isolated investment actions.
2. In search of creating external economies in any given place, an action program needs to be designed and implemented for that place which combines physical, economic, and administrative commitments -- tailored to the specific problems and potential of the community -- and sustains these commitments over time.

As Morocco enters more completely into a period of austerity, the dispersion of energies characterized by the past planning periods can not realistically be maintained. The recommendations emanating from this UDA will offer suggestions for pursuing a program of more selective concentration that narrows the gap between the objectives for decentralized economic development and actual performance.

III. The Institutional Framework at the National Level

The major restructuring of relationships between central and local government culminated in the Charte Communale (Local authorities Charter) of 1976. Some communes (municipalities and some rural areas) provinces, and regions created previously were designated certain powers and a modicum of financial responsibility (Chapter Six). Technical personnel were provided to local governments and training programs instituted for civil servants to work at subnational levels.

The process of devolution was to be continuous and it is "tutorial" in character. It was continuous because only certain units of government were delegated the new powers in 1976 -- and more provinces and municipalities have been created since. By 1983 there were 47 provinces (versus 18 in 1959), and 847 communes both rural and municipal were governed under the Charte Communale. It is "tutorial" (derived from the French word "tutelle") because central government closely supervises the exercise of responsibility by the local authorities, provides assistance, and maintains the right to abolish local councils, remove mayors, etc. for cause.

Thus, along with the bona fide commitment to decentralization, central government continues to play a pivotal role in national development. On the policy level, the Planning Ministry is responsible to the King and Prime Minister and promulgates national development plans. But the real authorities are individual functional ministries and certain parastatal agencies.

A. The Ministry of the Interior

MOI is the most powerful ministry affecting both urban development and urban management. It has two principal functions: (a) public safety and security through various police forces and (b) supervision of local government. The latter role affects urban development through oversight of local government operations, finance, and administration, as well as

the central provision of personnel, training, and vital subsidies, grants, and loans for local operating and capital investment expenditures.

Two key departments in MOI are particularly important for urban development. The Department of Local Governments (Direction des Collectivites Locales) is responsible for supervising all local governments, acting through the provincial governors. The Department of Capital Budgeting and Public Works (Direction de la Programmation et de l'Equipement) supervises capital investment in infrastructure, allocating grants from the Local Governments Development Fund (FDCLG) for potable water, sewer, electricity, roads and other local infrastructure projects. According to the World Bank 1983 staff appraisal report on the Local Public Works Bank (FEC), central MOI officials manage the FDCLG, but the local allocation of these grant funds has been entrusted to the provinces (p. 6). Central MOI officials in these departments relate to local governments and utility authorities through the central government's pivotal representative in the provinces, the governor.

Provincial governors, while appointed by the King are responsible to the MOI. Representatives of other central government departments at the regional and provincial levels must report both to their own ministries and the governor, who exercises considerable discretion over their activities. Unlike many other countries where the Ministry of Finance holds the subnational budgetary reins, provincial and municipal budgets are approved through the Governor/Ministry of Interior and subventions disbursed through MOI. The principal (although not exclusive) source of grants for municipal infrastructure comes from the FDCLG managed directly by MOI. The MOI budget allocation in the 1981-85 plan was 4.2 billion DH, of which 3 billion was earmarked for the FDCLG.

MOI continues to maintain control of municipal staff. According to Nellis, of the 37,000 personnel in local authorities in 1980, 25,000 were MOI employees and the remainder were mostly at lower job levels. MOI also conducts the training of local personnel and the "education" of

municipal councillors. A Direction de la Formation des Cadres (DFC) under a skilled professional administrator supervises 13 training centers around the country, of which 12 have been established since 1975. Their 1982 enrollment was 2,334, a number larger than the total graduated in the preceding dozen years. DFC, in an effort to upgrade the quality of local elected officials holds seminars for mayors and councillors on various aspects of local government oversight and decision-making.

B. The Ministry of Housing and Regional Planning

MHAT is the second key ministry. It is in charge of planning for both regions and municipalities. It supervises preparation of seven regional plans in response to the directive in the 1981-85 plan (two of which are underway), the preparation of guide plans and specific development plans at the municipal level, and studies and plans for agricultural areas. Chapter Six discusses MHAT's planning role in some detail.

MHAT's central staff (architects, economists, engineers, sociologists) is a very high quality cadre of professionals, trained in both Morocco and Europe.

Plans developed under MHAT supervision go far beyond the traditional physical approach and deal with economic, social and financial policies and programs. While MHAT has implementation responsibilities, the extent of its authority for implementation is unclear and it must rely largely on persuasion of local governments and other central agencies.

MHAT also is responsible for formulating national housing policy and for executing publicly-assisted housing programs.

1. Constituent Bodies

Three constituent bodies of the Ministry are primarily responsible for its direct shelter activities. The Fond National d'Achat et d'Equipement de Terrain (FNAET) or National Fund for Land Purchase and Development develops serviced lots for house construction. It operates with a 6 million DH revolving fund. In the 10 years of its existence FNAET produced some 113,000 plots.

ERACs (Etablissement Regional d'Amenagement et de Construction) are residential development and construction agencies operating in each of the seven regions. ERACs purchase public land at low cost (Chapter Six) and produce housing for sale. Between 1974 and 1980, ERACs produced only 8,500 units. Their target during the 1981-85 plan is 105,000 units. Production is largely for middle-income families and, according to the World Bank, not affordable by the lower 35 percent of the income range. While we do not have figures on current production levels, the UDA team saw hundreds of ERAC units in the process of construction in Marrakech, Fez, Rabat and Tanger:

A third constituent is the newly created National Agency to Upgrade Substandard Housing (Agence Nationale pour la Lutte Contre l'Habit Insalubre). This was started in 1984 to develop serviced lots, rehabilitate medina housing and build new housing. A staff is in place, but precise responsibilities and how this agency is to relate to other housing producers are unclear.

2. Parastatal

The Caisse de Depot et de Gestion is a parastatal with relatively broad powers and potential for even greater significance as an urban development agency. On its own account it has been assembling land and preparing sites for ODI's industrial park program. It is currently and coincidentally chaired by the Minister of Housing. Directly responsible to CDG are the following.

- a. The Fonds d'Equipement Communale or FEC is the municipal development Bank established during the first Five Year Plan of the 1960's. It is the primary source of loans to municipalities for infrastructure and is being directly assisted by the World Bank. FEC's activities are discussed in Chapter Six. FEC is managed by CDG as a department of CDG. The CDG chairman is therefore in a position to control the policy and operations of FEC, including its loan approvals. According to the 1983 World Bank staff appraisal of the FEC, it was not a smoothly-operating, efficient organization that made allocation decisions on rational economic and efficiency criteria. Indeed, the FEC then lacked formalized policies and operating procedures or project financing criteria. However, the FEC proceeded to draft a statement of policy defining operational and lending policies in cooperation with the World Bank and has subsequently developed eligibility and appraisal criteria with detailed guidelines for various types of urban development projects.

- b. The Compagnie General Immobiliere is another housing corporation which has produced about 800 units annually.

The Societe pour le Promotion de l'Habitat Locatif (SOPHAL) has been an agency to provide rental housing for government employees also responsible to CDG. Due to heavy deficits its activities have been suspended, and each ministry is now required to devote 2 percent of its budget to employee housing.

The Credit Immobilier et Hotelier (CIH) is the major housing finance institution in Morocco. Owned by the CDG and the Bank of Morocco, the CIH has operated since 1920. A 1981 decree authorized private developers to move into the low cost housing market, with financing from CIH. CIH has received four loans from the World Bank for hotel construction plus a \$60 million loan from the Bank to CIH to finance developer construction of low cost housing.

C. Other Ministries

Education and Health are national responsibilities and these ministries are responsible for building and operating facilities at the municipal level. The Ministry of Transportation is responsible for airports and railroads, and the Ministry of Tourism for tourist facilities. The Ministry of Public Works (Equipment) is the builder and manager of ports and major roads.

D. Other Parastatals

Several parastatal agencies attached to ministries play major roles in the provision of urban infrastructure and services. These include:

1. The Office National de l'Eau Potable, ONEP is responsible to the Ministry of Public Works and produces and delivers water to urban centers. The regies distribute the water in 22 major urban areas, with the rest handled directly by ONEP or the municipalities themselves.
2. The Office National de l'Electricite, ONE is part of the Ministry of Energy and Mines and produces the national power supply. As with water, regies are responsible for distribution in urban areas.
3. Office de Developpement Industriel or ODI is responsible to the Ministry of Commerce and Industry. The nation's industrial promotion agency (Chapter Four) it is developing 35 industrial parks across the country in association with CDG and the municipalities.
4. Offices Regionaux de Mise en Valeur Agricole or ORMVA's are regional agricultural development agencies working in irrigated areas. While they do not have direct "urban responsibilities", the ORMVA's are heavily involved in improving marketing and

distribution of rural produce in the hinterlands of several important secondary cities (i.e. Agadir, Beni Mellal, Berkane). AID has begun to explore program activities with the ORMVAs.

Most of these Ministeries and agencies have decentralized regional or provincial offices (delegates) headquartered in major cities. These divisions and the infrastructure regies are coordinated by and responsible to the Governor (MOI). Thus, while each develops its program independently, in the final analysis it is the Governor of the particular province who is the primary decision-maker in respect to the impact of these programs on urban areas.

CHAPTER SIX: LOCAL INSTITUTIONS:
ORGANIZATION, PERSONNEL AND FINANCE

Various public institutions at levels below the central government participate in the urban development process in Morocco. These institutions plan, finance, implement, operate, and maintain vital services. This chapter presents the organization of these institutions, and assesses their performance and capability in terms of personnel and financial resources.

I. Organization

The structure of local institutions in Morocco, including the major push toward decentralization launched in 1976, clearly reflects its antecedents in the French centralized state administrative tradition. Two different types of local institutions are important to the urban development system: (1) local governments led by locally elected officials at the municipal level and (2) institutions that represent, protect, and advance the interests of the central government, primarily at three levels: regional, provincial, and municipal. Table 16 indicates the number of units at these levels and the title of the responsible appointed official of the central government.

The GOM created seven regions in 1971, grouping together several provinces generally around a city development pole, as a planning, coordination, and regional development entity of the central government (See Map 2). The region's major role in urban development to date has been to provide inputs for economic planning through submission to the national government of investment proposals by its weak consultative assembly. Most ministries of the central government have also organized their field operations along these regional lines, such as the regional offices of the Ministry of Housing and Regional Development (MHAT). In 1974 the GOM created a development and construction authority (ERAC) for each region, to bypass some of the administrative constraints that delay or block operational urban development activities.

Table 16
Principal Local Institutions of Central Government*

<u>Level</u>	<u>Units</u>	<u>Official</u>
Nation	1	King and ministers
Region	7	rotating governor
Province**	47	governor
Municipal***	849	pacha****

Source: Nellis

Notes:

*The Moroccan administrative structure includes other levels that are less significant for urban development issues, such as the district (cercle), which groups together several municipalities for the purposes of the Ministry of the Interior, and traditional units below the municipal level.

**Metropolitan Casablanca and the Rabat-Sale urban area are organized into a total of seven prefectures that have essentially the same status as provinces.

***The municipal (commune) level includes three types of territorial units, classified according to their extent or urbanization:

Urban (municipalite)	45
Semi-urban (centre autonome)	40
Rural	764

The principal focus of this Urban Development Assessment is on the 84 urban and semi-urban municipalities and the urban prefectures of Casablanca and Rabat-Sale, although the 1982 Census also classifies as "urban" the population found in 165 other centers, which account for one-fifth of the rural municipalities.

****The pacha represents the central government in urban and semi-urban municipalities. In rural municipalities this official is called a caid.

In the near future, the regions are expected to be delegated increased authority and become a true level of government, not just an economic planning vehicle. On October 24, 1984, King Hassan made a speech emphasizing regional development and regional initiatives. He announced his intention to submit a bill to parliament to transform the regional consultative assemblies into full-fledged legislative and executive bodies, supported by their own staff of civil servants. However the King also made clear that the appointed governors would continue to be a strong link between the central and local governments.

Provinces, and their chief executives the governors, constitute the chief intermediary between the central and municipal levels of government. The number of provinces has more than doubled since independence, to stimulate the development of less favored areas, to respond to local demands for more services and financial resources from central ministries, and to provide for more effective local public administration.

Governors appointed by the King represent the Government in provinces. Responsible to the Minister of the Interior for the daily administration of his province, a governor's primary function is to carry out Interior's twin responsibilities: to maintain law and order and to oversee the political, administrative, and financial affairs of local government. A governor also coordinates the local activities of central ministries and urban development, utility, and agricultural authorities. The governor serves at the apex of the provincial administration and is supported by a secretary general and provincial civil servants, in addition to the regional and provincial field representatives of central ministries. He plays many roles at the same time; manager, policeman, diplomat, advocate, banker, negotiator, and coordinator.

Weak consultative assemblies also exist at the provincial level. The assembly approves the provincial budget, which is entirely financed by subsidies from the central government, prepared by the governor, and may be imposed on the province by the Minister of the Interior over the assembly's objections.

The real power at the provincial level belongs to the governor. He is the key official who can marshal resources to promote an urban development strategy.

At the municipal level, two parallel structures, one elected locally and representing local interests and one appointed by the central government and representing central interests, share responsibility for municipal affairs. The 1976 royal edict on municipal organization established in all urban, semi-urban, and rural municipalities, a directly elected municipal council which chooses one of its members to serve as mayor (president du conseil communal). This major step toward local democracy nevertheless remained an agent of central control, the local executive authority (autorite locale), known as the pacha in urban municipalities. Each element has staff, offices, and equipment, as well as their respective constituencies, mandates, and constraints. These two hierarchies, one modern and one traditional, work with some tension and conflict, although they generally carry out different responsibilities.

One distinction between the elected mayor and council and the appointed pacha is that the pacha is responsible for local police functions, to maintain law and order broadly defined. The mayor and council are responsible for most other municipal functions, such as:

- preparing, approving, and implementing the municipal budget,
- defining the local economic and social development plan,
- establishing the local capital investment program,
- creating and managing local public services, either directly or through authorities,
- proposing development projects to the central government that exceed local capabilities and resources, and
- reviewing detailed land-use plans.

However, most resolutions of the municipal council do not take effect until the governor has exercised oversight responsibilities. These extend to matters such as the municipal budget, debt, loan guarantees,

and changes in the dates of public fairs and markets. The pacha has authority to step in and assume a mayor's responsibilities if the mayor fails or refuses to carry them out. Symbolic of the close relationship between the pacha and the central government is designation of the pacha of the capital city of each province as the first deputy to the governor.

It is difficult to determine whether the elected mayor and council or the appointed pacha is more powerful in urban development matters. The mayor and council are responsible for designing and submitting municipal projects for financing, through the budgeting process, to the governor. The governor serves as broker in arranging the financing package for a typical project. The pacha can serve as an important advocate for a local government, but both the pacha and mayor are subject to supervision by the central government's representative in the province, the governor.

The Moroccan system of local government has also long recognized the advantages of inter-municipal cooperation and has authorized creation of associations of two or more municipalities (syndicats) for the joint development and operation of public services. Separate authorities (regies) have also been authorized and created for utilities and transit systems in many urban areas. These local institutions also operate under the supervision of the governor

II. Personnel

The ability of local institutions to perform depends upon available human resources as much as public finance and organizational support. The GOM decentralization reforms of the late 1970's also recognized the importance of personnel and training.

For example, a new local civil service corps was established in 1977. Also, MOI has established extensive training programs both for staff and elected members of the municipal councils. Although municipal employees

and civil servants of the central government, whether at the national, regional, or provincial level, have a similar pay scale, municipal employees have far fewer benefits. These disparities need to be addressed to increase the attractiveness of municipal jobs. Municipal governments require capable staff to prepare and implement urban development plans and programs, in order for decentralization to become a reality.

Other local institutions involved in urban development, such as the regional development and construction agencies (ERAC) and the regional offices of the MHAT, appear to have greater success in attracting and retaining capable staff. As a semi-public agency, an ERAC can offer salaries higher than the civil service. Local public utility authorities (regie) have a similar advantage.

Considerable French technical assistance has been applied in training local staff, and several of the cities visited had French architects or engineers working as part of their technical corps.

While the UDA Team did not make a formal survey of manpower needs for urban development, one clear message emerged from MHAT and local officials: Adequately trained architects, engineers, and planners exist in Morocco. What is lacking is money to hire them.

III. Public Finance

Urban municipalities in Morocco depend upon the central government to finance, through transfers, grants, subsidies, and loans, a substantial share of municipal operating and capital expenditures. Only a handful of urban municipalities balance their budgets without a central subsidy. While the central government makes a large contribution to municipal budgets, operating deficits absorb most subsidies, leaving little for the capital budget. The extent of self-financing of municipal expenditures is difficult to establish with precision, given conflicting reports. Indeed, Nellis begins his detailed analysis of Moroccan local public finance with an important disclaimer:

Moroccan local government financial data are difficult to find. Those available are inadequate; often, they are not presented in detail sufficient to allow one to understand precisely what one is seeing. The data raise, but often leave unanswered, many questions. To add to the confusion, different sources frequently give different figures for the same categories. What one has is an insufficient data base, of questionable accuracy. (Nellis, p. 41)

With that caveat in mind, this Urban Development Assessment attempts to describe, clarify, and analyze the confusing local public finance system in Morocco as it functions in the 1980's, with an emphasis on the 45 urban municipalities.

Estimates of a fundamental indicator of local fiscal capacity, the extent of local revenue generation, vary widely. In 1980, the World Bank estimated that local governments raised at most 35 per cent of their operating and infrastructure expenditures (based on data for the period 1967-75, and implied that local governments raised at most 28 per cent of their infrastructure budgets in 1978 (Morocco: Basic Economic Report, No. 3289-MOR, p. 284). Then in 1983, the Bank estimated that local governments raise only 50 per cent of their operating expenditures and implied that the entire investment budget of local governments is financed by the central government, "in most cases." (Staff Appraisal Report, Morocco, Pilot Project for the Communal Infrastructure Fund (FEC), No. 4186-MOR, p. 4)

A USAID official advised the UDA team that one city, Agadir, raised locally 80 per cent of its operating budget (excluding its utility authority) in 1984. Local officials in Settat advised the UDA team that two-thirds of its budget are locally-raised revenues.

Nellis concludes his careful analysis by suggesting that in general local governments raise about half of their expenditures, but that rural communes can depend on central government transfers for only one-quarter of their expenditures (Nellis, p. 45). He expressed the opinion to the UDA team that Morocco's local revenue generation is between average to better-than-average for Francophone countries.

The key urban public finance matters for this UDA concern the decision-making process for local budgets (who decides who gets what), the sources of local revenue (what gets tapped), and the extent of cost recovery for public services (to what extent do consumers pay for the services they consume).

A detailed survey by Ouazzani (who is the Governor of Mohammedia) of data from the 1980 budget year in Morocco's 45 urban municipalities provides a rich source of information on local public finance. As these municipalities hold the bulk of the urban population, the results of this survey will be analyzed in some detail to portray the financial capability and constraints of urban municipal governments.

The 45 urban municipalities had a total budget in 1980 of 1 billion DH, which was the equivalent of 5 per cent of the national budget and represented 50 per cent of the total of all local government budgets. Two-thirds of urban municipal budgets were devoted to operating expenditures; only one-third, about 297 million DH, financed the capital investment necessary for urban development. Personnel expenses account for 55 per cent of the operating budget, with debt service -- at 7.5 per cent -- being the second largest operating expense.

The budgetary decision-making process for Moroccan urban municipalities and utility authorities that provide urban public services involves both the municipal and provincial levels of government. The elected mayor and council prepare, approve, and implement the municipal budget, but the governor, representing the central government at the provincial level, must approve the municipal budget and any municipal debt or loan guarantee obligation before they may take effect. To be sure, there is a negotiation process between a municipality and the governor. However, the governor is the critical overseer of local financial affairs on behalf of the central authorities. Ultimately it is the governor who decides on the total amount as well as specific items of a municipal budget, as he provides the central subsidy that balances the operating deficit of local budgets. The same central-local decision-making process applies to utility authorities.

A. Revenues for Operations

Municipalities rely upon three sources of funds to finance operating expenditures: local taxes and fees; transfers and revenue sharing from the central government; and a balancing subsidy from the central government.

Local taxes and fees include: property taxes based on rental income (taxe urbaine et taxe d'edilite); revenues from forest and mineral reserves; fees for leased space in markets and use of municipal slaughterhouses; and vehicle and other excise taxes (taxes locales). These local taxes and fees are collected by local officials. For example, the local excise fee allowing vendors to sell merchandise in a public square is collected daily by a local tax collector. Table 17 displays the relative shares of these local revenue sources for the 45 urban municipalities.

Local utility authorities (regie) rely on user fees to cover some of the operating costs of the drinking water, electricity, and public transit services they provide. However, utility authorities have generally not yet been established to provide wastewater treatment or solid waste management services. These services, where they exist, are provided by the municipalities from their own budgets. Urban public transit authorities have chronic operating deficits. According to the World Bank urban sector survey, the transport agencies in Casablanca and Rabat defaulted on debt service in 1979 and 1980.

Table 17
Locally-raised Urban Municipal Operating Revenues, 1980

<u>Source</u>	<u>millions of DH</u>	<u>% of Total</u>
taxe urbaine	180	38
taxe d'edilite	163	32
taxes locales	133	28
<u>miscellaneous</u>	<u>20</u>	<u>4</u>
Total	476	100

Source: Ouzzani, Abdellah; La Gestion Municipale au Maroc, Imprimerie de Fedala, Mohammedia, 1982.

The chronic deficits of Morocco's urban municipalities are highlighted in data presented by Ouazzani on their 1977 operating budgets. Table 18 summarizes these data and demonstrates the extreme dependence of municipalities on the balancing subsidy from the central government.

Table 18
Municipal Operating Budgets, 1977

<u>Item</u>	<u>Millions of DH</u>	<u>%</u>
Locally-generated revenues	335.4	76
Balancing Subsidy	80.5	24
Total	415.9	100
Annual Debt Service	91.1	

Debt Service/Total Budget 21.9 per cent.

Source: Derived from Ouazzani, pp. 209-210.

However, the World Bank suggests that locally-raised revenues cover only 50 per cent of local government operating expenditures, although this statistic may well refer to urban as well as smaller and less fiscally sound rural local governments (Staff Appraisal on FEC, 1983, p. 4).

Some local taxes are collected, either by municipalities or the central government, and then redistributed to local governments as transfers and revenue sharing. These include a sales tax on goods and services (taxe sur les produits et services), a business registration fee (patente), and a tax on vacant urban land, although analysts of Moroccan local public finance disagree on the continued existence and relative contribution of these taxes. According to an official of the Ministry of the Interior, only 16 per cent of the locally-collected goods and services tax is returned to municipalities. Some locally-collected taxes, such as a tourist tax based on hotel occupancy, are not returned at all to the collecting municipalities. For example, the Kingdom's principal tourist destination of Agadir collects about 9 million DH from the tourist tax each year for the central government. By comparison, the total operating and capital budget for Agadir in 1980 was about 16.2 million DH.

The important point is that revenues generated from a local base come from a variety of sources, which are nevertheless inadequate to meet the current and recurring expenditure needs of most urban municipalities. The Ministry of Interior balances these operating deficits with a balancing subsidy (subvention d'équilibre), which amounted to 158 million DH in 1980, or 25 per cent of the operating budgets of these municipalities. In some cases, this balancing subsidy amounts to more than 40 per cent of the operating budget, such as Settat and Tanger in 1980. Interior asserts considerable budgetary oversight in awarding these balancing subsidies. This reinforces the role of the governor in urban development decisionmaking.

B. Capital Financing

Capital expenditures of urban municipalities are financed primarily by central government grants, loans from a semi-public bank, and self-financing. The Ouazzani survey indicates the dimensions of urban municipal capital investment and financing sources. Table 19 lists the capital financing sources in 1980 for these 45 municipalities.

Table 19
Capital Financing for Urban Municipalities, 1980

<u>Source</u>	<u>Millions of DH</u>	<u>%</u>
Operating surplus	205	54
Central subsidies	145	39
Loans	21	5
Matching grants	<u>6</u>	<u>2</u>
Total	377	100

Source: Ouazzani, op. cit. pp. 80, 81, 86.

The modest level of borrowing is explained by the fact that only nine municipalities reported new loans in 1980. Others presumably had exhausted their debt capacity or loans were not available. However, Ouazzani also reports total capital expenditures of 294 million DH, or 83 million DH less than the reported available capital financing. This discrepancy may in part be explained by the large operating surplus item.

According to Ouazzani, the principal source of local capital finance is transfer to the capital budget of the anticipated surplus from the operating budget. Yet Nellis' study of municipal finance (op. cit.) does not mention this source at all. Since the Ministry of the Interior must approve all municipal budgets and grant balancing subsidies to avoid deficits, this transfer of what must be only a "paper" anticipated surplus, whatever its extent, clearly is a further form of discretionary central subsidy of the capital budget.

This perhaps fictitious "operating surplus" is also one of the mysteries of the Moroccan system of local public finance that deserves further analysis, particularly when compared with Ouazzani's statement that "auto-financement" of local capital expenditures is only 18.5 per cent (p. 207). This is quite a discrepancy from the 54 per cent share of locally-generated capital financing suggested by the Ouazzani data presented in Table 18.

The chief source of central subsidies is the Local Governments Development Fund (FDLCG), administered by the MOI and established in 1976, as part of the decentralization reforms. In 1980 it distributed 600 million DH in grants to local governments. More than a third of its grants went for wastewater and storm water infrastructure.

A second source of grants was the Special Regional Development Fund (Fonds Special de Developpement Regional or FSDR), established in 1973 to finance infrastructure projects in the least developed regions and now being phased out. It dispensed 358 million DH in 1980. In 1978-79 one third of its grants, a total of 222 million DH, went to build infrastructure, primarily roads and community facilities, in the South, especially the Sahara provinces regained from Spain in 1976.

A third source is matching grants for specific projects. For example, the Ministry of Agriculture finances 30 per cent of the capital cost of public slaughterhouses. A final source is the public works subsidy (subvention d'equipement) administered by the MOT. According to Nellis, this source dispersed 600 million DH in 1980. Ouazzani also lists this source, but does not mention the two Funds.

Despite the confusion, two points are clear. First, central grants are the most important source of urban municipal capital finance. Second, the central government possesses and uses wide discretion in awarding these grants to favor specific cities, types of municipalities, or regions.

Loans from the Local Public Works Bank (FEC) to municipalities are a second important source of capital finance. Indeed, the FEC is the only source of loans available to local governments for local infrastructure and development projects. FEC is a semi-autonomous agency, a subsidiary of the Caisse des Depots et Gestion, and is administered with assistance from MOI and the Ministry of Finance. FEC terms are 5-10 years at 6 per cent. Between its creation in 1958 and 1978 it disbursed about 622 million DH. The World Bank, in recognition of FEC's importance to municipal development, made a \$15 million loan in 1983 to supplement its resources. A second Bank loan of \$50 million has been reserved and is under negotiation.

The FEC has grown rapidly in the last decade, approving seven loans in 1977 and 47 in 1981, and continued growth is expected as shown in Table 20.

Table 20
Local Public Works Bank Loan Approvals

<u>Year</u>	<u># of Loans</u>	<u>Millions of DH</u>
1977	7	33.45
1980	37	171
1981	47	103
1986 (Forecast)	106	360

Source: The World Bank, Staff Appraisal on FEC, 1983, pp. 19-20.

The lending policies of the FEC have also evolved over this period. Its loan portfolio currently includes rural areas in addition to its clients among urban local government and utility authorities.

Table 21
Local Public Works Bank Loan Distribution

<u>Client Area</u>	<u>Annual Average Distribution of Loans</u>	
	<u>Actual Percent 1977-1981</u>	<u>Forecast for 1982-1986</u>
Urban	52	38
Rural	--	35
Authorities	48	27

Source: The World Bank, Staff Appraisal on FEC, 1983, pp. 19-20.

The actual extent of present borrowing is difficult to analyze. In 1980, the 45 urban municipalities borrowed only 21.4 million DH, according to Ouzzani, while the total sum loaned by FEC to all local governments was perhaps 200 million DH, according to Nellis. It seems unlikely that the 45 municipalities that account for 50 per cent of local government expenditures borrowed only 10 per cent of FEC loans that year.

Some municipalities have borrowed far more than others, as evidenced in their debt service requirements. While the World Bank (1982) notes that MOI will not allow annual debt service requirements to exceed 20 per cent of the total operating budget, El Jadida in 1980 had an annual debt service of 23 per cent of its operating budget of 8 million DH. Municipal officials in El Jadida described their community to the UDA Team as the most heavily in debt in Morocco, and then listed the capital projects FEC loans had financed: sewer collectors, a new market, a new city hall, community facilities, and an industrial park. The average debt service for an urban municipality represents 7.5 per cent of the operating budget.

The extent and geographic distribution of outstanding local debt, using 1978 figures collected by Ouzzani, shows a not surprising concentration in the larger cities, which are better risks for loans and have more skilled staff to prepare loan applications. Specifically, Casablanca

accounted for 43 per cent of the outstanding urban municipal debt of 477 million DH. The four cities with a population over 400,000 in 1982 (Casablanca, Rabat-Sale, Fez, and Marrakech) had 65 per cent of the total debt. In addition to direct municipal debt, another 231 million DH of borrowing by public authorities (regie) was outstanding, for local water, electricity, and transit agencies.

The actual process of developing and financing an urban municipal capital investment project in Morocco remains murky. However, it is clear that the central government asserts great influence due to the pivotal role of FEC loans, FDLCG grants, and operating budget surplus allowed by the governor.

The balance of needs and priorities of local governments is not always addressed in this process. Local governments may make up their own lists of investment priorities, but ultimately it is the governor who must make hard choices in recognition of the resources available to his province through the annual national budget prepared by the Ministry of Finance. He approves projects on the list, thereby defining the actual capital investment budget for a specific municipality.

Pooling of funds from various sources is often used as a means to finance infrastructure. For example, officials of Beni-Mellal told the team that the 16 million DH to finance a new sewer system and treatment plant came from a FEC loan plus the provincial and municipal budgets. When congratulated on the financial arrangements, one official laughed and said "We have to pay it all back, you know".

The present urban public finance system in Morocco finds municipalities still very dependent on the central government for discretionary transfers, revenue sharing, grants, and loans to balance operating budgets and undertake capital projects. Although there is substantial local revenue generation, too much uncertainty exists for realistic multi-year capital municipal budgeting. Indeed, officials in Marrakech told the team they could draft only an annual capital request.

Again, Nellis strikes a cautionary note:

...one needs to know a great deal more about many parts of the local finance system, especially the precise manner in which project proposals are devised, submitted, approved and implemented. No detailed analyses of this type are available...(p. 58)

C. Towards Fiscal Reform

If urban municipalities are to become more financially independent from the central state, then municipal fiscal reform is an imperative. An official of the Ministry of Interior responsible for local government capital budgeting advised the UDA team that local fiscal reform was needed and would only say that a proposal was pending. A World Bank Staff Appraisal of the FEC noted in 1983 that a fiscal reform was under preparation to increase local financial resources, but provided no further details (p. 4). Nevertheless, three types of reform are believed to be under consideration, according to Ouazzani and Nellis.

1. The central government could transfer to local governments all, or at least some, of the revenues of certain existing taxes that are imposed and collected nationally. These taxes include:

the real estate transfer tax (taxe sur les mutations immobilières);

real estate profit tax (to capture a share of increases in land value due to public infrastructure investments);

the sales tax on goods and services (increase the local share from the present 16 per cent to 40-50 per cent as one Ministry of the Interior official suggested to the UDA team);

alcoholic beverages taxes and liquor licenses;

and the private transportation coordination tax.

The central government could also transfer to local government an increase in the rate on existing taxes, such as agricultural taxes, individual income taxes, customs duties, and tobacco and petroleum products taxes.

2. The central government could enact new excise, nuisance, and other taxes, such as a tax on urban development (promotion urbaine), urban collective transportation tax assessed on employers, driving license fees, a tax on sale of used cars, a water consumption tax, a tax on hotel and restaurant bills (as collected now in Agadir), a water pollution tax on industries, a tax on lots and real estate, a municipal contribution tax paid by all voting age individuals, a tax on luxury automobiles, passport fees, and user fees for telephones and television.

Whether these additional taxes or a more broad-based approach to tax reform would be more appropriate in Morocco for generating greater municipal revenues locally is beyond the scope of this UDA. Morocco appears already to employ the traditional range of real estate, income, excise, nuisance, other taxes, and user fees to finance urban public services and local government operations. Also, this quick sketch of local public finance reform concepts (none appear to be definite enough to call a specific "proposal") heeds the cautionary note from Nellis: "There are no estimates of the revenue any of these would generate, and not a word on administration, equity issues, etc." (p. 62)

3. Administrative reforms and improved local management techniques could increase real local fiscal capacity in several critical ways. In the area of tax collections, Ouazzani notes that urban municipalities have available only about 50 per cent of the centrally-imposed taxes that are locally collected and allocated exclusively to local governments. That is to say, at least some of the taxes which are theoretically available go uncollected. As a result, municipalities face difficulties in meeting their operating and capital budgets, since the central government provides advances to local governments in anticipation of local collection of central taxes, not on the basis of past local tax collection performance. Improved local tax collecting techniques would obviously improve local fiscal capacity.

Further areas of desirable administrative reforms, according to Ouazzani, include improved municipal accounting procedures, increased use of computers for financial management, and more effective financial and administrative oversight by the central government of the quasi-independent utilities authorities.

The prospects for municipal financial independence, or at least reduced dependence on the central government, rest upon further fiscal reform, as part of the decentralization movement launched in 1976. The UDA team has inadequate information to presume to propose a specific package of reforms of the municipal finance system or an optimal division of resource generation between local and central sources in Morocco.

However, one reform seems clearly desirable on the basis of interviews with central officials, field observations, and secondary sources. While extensive land development operations are under construction throughout the country, rarely if ever are developers assessed the true capital cost of wastewater collection and treatment facilities, and operating costs of these services are financed by general municipal operating budgets. At most, developers install sewer collectors and leave to the local government the cost of interceptors and treatment facilities. Public and private developers could be assessed a sewer connection fee that would defray a share of these costs and provide a pool of capital to spur on the creation of needed utilities authorities for wastewater treatment, on a cost-recovery basis.

While this analysis of the Moroccan "system" of local public finance seems sketchy, one must not lose sight of the clear fact that considerable reform has taken place in the past decade. As Nellis concludes:

...the picture (of the Moroccan local public finance system) is disturbingly incomplete. But available information is sufficient to allow one to conclude that much of an innovative and progressive nature has taken place since 1975. Perhaps more important, the reforms and actions undertaken constitute in themselves pressures for additional reforms. That is, there is now a larger constituency of officials and agencies supporting decentralization, and...this constituency is calling for the clarification of the regulations concerning the supposedly decentralized fiscal system. Whether this pressure is sufficient to lead to concrete results remains to be seen. (pp. 63-64)

CHAPTER SEVEN: URBAN PLANNING AND LAND ISSUES IN MOROCCO

I. Planning History of Morocco Since the Protectorate

Once the Protectorate began in 1912, the French used Morocco as a testing ground for the theory and practice of modern French urban planning and civic design. The first French Governor General, Marshal Lyautey, had a distinguished military career and a passion for town planning. He clearly left his mark on the cities of Morocco as he elaborated and implemented an approach to colonial urban development, including public architecture, urban management, and the legal-administrative aspects of planning. Lyautey's close collaborator in this effort was Henri Prost, a mainstream Beaux-Arts trained French architect who had won the prestigious Prix de Rome symbolic of supreme achievement in neoclassical design. Lyautey and Prost shared a fascination for the Orient and, in particular, Constantinople, especially its monuments and street patterns.

The Lyautey-Prost urban development policy in Morocco had three basic physical elements according to Abu-Lughod:

1. Minimal alteration in the Moroccan quarters, which were to be preserved and protected both from those unwise foreigners who, against their own best interests, might want to live there, and from those Moroccans who, in an undignified attempt to abandon their "noble savage" ways, might wish to improve their homes by modernizing them;
2. Creation of a cordon sanitaire around these native reservations with a greenbelt of open land; and
3. Design and construction de novo of the most modern, efficient, elegant cities that Europe could produce. (op. cit., pp 144-145)

To carry out this policy, the Protectorate swiftly adopted several key laws in the form of edicts, nominally from the Sultan, (dahir) that established the legal-administrative framework for a planning system that has essentially governed land-use and urban development decisions in Morocco from 1912 to the present.

A 1913 law on municipal government, with later amendments, established the principle of the primacy of the representative of central government in local government affairs. A French civil servant, the chief of municipal services, essentially managed a Moroccan city, with nominal control retained by the Moroccan pasha. The governor general presided at the apex of this centralized administrative state, acting through two sections of his Directorate of Municipal Administration, one responsible for budgets and administration and the other, headed by Prost, responsible for physical planning.

Another 1913 law loaded a French system of land registration and deeds to property on top of the existing traditional Arab system of land tenure. The first law on subdivisions also was promulgated that year.

In 1914 an innovative and comprehensive urban planning law was adopted, a decade before zoning of land use became common in the United States. This law authorized public action to: (a) define street and roadway alignments, easements, and rights-of-way; (b) develop legally binding urban development and expansion land-use plans; (c) control the form, architectural style, external and internal dimensions, materials, etc. of structures through a building permit system; and (d) adopt building standards and development regulations for each municipality. In practice, Prost prepared a model code, which most cities simply copied and adopted as their own. This assured considerable uniformity in local planning administration.

Finally, a 1917 law on landowners' associations (associations syndicales de propriétaires urbains) authorized private groups of land owners to band together, pool their land and financial resources, and then improve and distribute resubdivided parcels of land that had been subdivided before land-use plans were established. This technique gave the state easements for roads and infrastructure according to the state's own plans, at no capital cost to the state. In fact, this law is still on the books and used by Moroccan urban development agencies in the 1980's to overcome land ownership and substandard subdivision problems.

While the Protectorate's planning laws were updated, with changes in subdivisions in 1933 and 1952, and changes in 1953 in the basic planning law, the framework remained unchanged through independence in 1956. Indeed, these laws continue to constitute the enacted statutory framework for planning and urban development. Various bills (project de loi) and reforms on urban planning and regional development have been proposed and debated in ministerial, local government, and academic circles over the past three decades. But no significant changes have been made. These proposals have typically paralleled the evolution in the French legal framework for planning, demonstrating the continuing strong continental influence in shaping Morocco's urban environment.

II. Contemporary Planning: Regional Plans and Guide Plans for Major Cities

The content and process of urban planning, if not the legislative framework, in Morocco have undergone major evolution since independence. Detailed land-use and rights-of-way plans (Plans d'Amenagement) continue to be prepared by MHA'T and are in place in many cities. But the GOM's objective has been to broaden the basis upon which such planning is performed. The principal instrument is the Schema Directeur, a statement of data, analyses, planning principles, and land-use and project recommendations. This is an urban area "guide plan", not a conventional "master plan", because it covers a wider range of subjects and its land-use proposals are more generalized than master plans. Economic and social criteria are to be articulated as well as physical, and surveys performed. Regional considerations that influence planning decisions in a particular city are to be evaluated. Public participation, through extensive media coverage and exhibitions and public forums, is to be encouraged.

The SD is to serve as the policy guideline for updating or preparing detailed land-use and project plans. A more recent addition, linking urban planning to regional and national policies, is the regional plan or Schema de Developpement et d'Amenagement Regional (SDAR). Both of these are discussed below. Considerable European influence has shaped

the nature of these two planning instruments. European advisors and consultants have been used in much of the early work, but most present activity is by Moroccan professionals and consulting groups.

A. The Regional Plan (SDAR)

The regional planning component of the 1981-85 national plan called for a "voluntary" policy of regional development and promotion of growth poles. A regional development plan was to be prepared at the national level, along with comprehensive plans for each of the seven planning regions. Although the national plan has not been started, plans in two regions, Central (Casablanca) and North Central (Fez) have been commissioned by MHAT; both are being prepared by Moroccan firms.

The plans are to emphasize broad policies for economic development. They are multi-sectoral (agriculture, industry, handcrafts, tourism, etc.) and prepared in stages: preliminary analysis, diagnosis, and prognosis with the elaboration of basic investment alternatives. The most important component is an implementation program. This is to set priorities, establish a time frame, and assign institutional responsibilities.

Work on the two pilot studies has only recently begun. While that work is indeed comprehensive, any status the plans might have -- e.g. enforcement authority -- is extremely unclear. They will also take up to two years to produce. Given Morocco's constrained budgets for professional services as well as capital investment, it may be many years before the SDARS can play a useful role in resource allocation and actual development.

B. Urban Guide Plans: Schemas Directeur

The Schemas Directeur for cities and their urbanizing surroundings are a far more tested and significant product, although even they take considerable time to produce. A total of 12 have been prepared for MHAT

since 1972, by foreign consultants under bilateral assistance agreements and by Moroccans. These cover most of the key primary and secondary cities: Rabat, Fez, Beni Mellal, Meknes, Agadir, Oujda, Tanger, Safi, Tetouan, El Jadida, Kenitra, and Marrakech -- several of which are rapidly growing and among those designated as development poles in national plans. A 13th SD, for Casablanca, has a special status discussed below.

The most important characteristics of the Schemas Directeur are their comprehensiveness -- evaluating economic and social as well as physical elements; their solid analytic base; and the nature of their recommendations, which are site specific and often contain preliminary designs for infrastructure systems upon which detailed feasibility and costing studies can be based.

In 1973, MHAT issued formal guidelines for preparation of the Schemas Directeur. These spell out the scope of work, analytic requirements, the nature of inter-agency consultation, and an approach to public participation and dissemination of information prior to a final draft.

The UDA team reviewed three Schemas Directeur done within the past five years: for Agadir, El Jadida, and Beni Mellal. While we might take issue with some of the methodology and conclusions, assumptions are spelled out and the recommendations are specific enough to serve as basis for implementing a program.

Certain illustrative materials relating to the plans and their preparation are included in this report. Below is the Table of Contents from the Beni Mellal SD (Chart 2). It provides an indication of the scope of physical, economic, and social analyses made and the subjects on which recommendations were formulated. The Appendix includes the executive summary of the Beni Mellal plan and the contents table of the MHAT guidelines document.

The UDA team also visited the three cities. Especially remarkable to American planners is the extent to which land use and infrastructure provisions, when resources have been available, are actually carried out. At the same time, however, these plans carry no guarantee that implementation will actually take place. The Beni Mellal SD, for example, does not include capital budgeting provisions that would link the infrastructure proposals to revenue sources and a timetable for execution. Nor does it identify any proposed institutional framework or mechanism to set priorities, obtain resources, and carry out a development program. Although the SD discusses need for intra-governmental, interagency cooperation, implementation is left to the normal processes of government decisionmaking.

Since capital budgeting is not practiced at the municipal and provincial levels, and since central government resources have been dispersed rather than concentrated, coordinated project development has not followed from the plans. Their technical quality is high, but they cannot be self-implementing. Thus the Schemas Directeur are good blueprints for development. Whether or not they act as such is a function of the ad hoc processes which characterize operations at the local level.

Casablanca has its own, and controversial, Schema Directeur that is currently undergoing further elaboration. It is the most recent in a succession of plans for the city since early in the Protectorate. It projects almost a doubling of the area's population (to 4 million) by the year 2000, and was approved by the King in 1984. The plan reflects some adaptability in Morocco's urban governance system. It extends over a region larger than Casablanca itself. It calls for expansion of the urbanized area northeastward to Mohammedia, leading to an agglomeration of the two centers, along with the imposition of controls to deter further expansion to the south and west. (Landowners in these areas expecting urbanization have objected.) A second feature, reflecting the significance of Casablanca, has been recent creation of a "super

CHART 2

Table of Contents From The Beni Mellal Schema Directeur

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development" agency responsible for implementation of the plan. It reports directly to the Ministry of Interior (not MHAT). Precise powers for this agency have not yet been set, and it may ultimately have land acquisition and infrastructure development authority as well. The new director participated in a recent Embassy-sponsored tour of the U.S., during which he met with a number of city and land development corporation officials.

C. Urban Capital Resource Needs -- The Agadir Example

While each Schema Directeur spells out facilities requirements, there is no summary tally of priority resource needs for the 13 major centers. No overall estimate of urban capital requirements has been made by MHAT or the Ministry of Interior. Since Moroccan cities do not do capital budgeting, such an estimate would probably not be possible or realistic to structure.

An indicative estimate, at least in terms of scale of perceived requirements for a major urban area based on its Schema Directeur, can be found in the recent capital list prepared for Greater Agadir by the Provincial Governor.

Agadir is one of Morocco's most important, and diversified secondary centers. While the city itself had a population of 110,000 in 1982, nearby urbanized communes raised the metropolitan total to 250,000. Agadir is the primary fishing port of Morocco, accounting for 25 per cent of the fishing fleet and one-third of national production, with considerably greater export potential. It is the single largest tourism center, accounting for over 20 per cent of tourist stays in Morocco, and it is the trade, service, and marketing center for an irrigated agricultural area (the Sousse valley) which produces vegetables and fruits for export. It is also the trade and business gateway to the Southern Region.

Agadir was largely rebuilt after an earthquake in 1960. While it has a significant complement of infrastructure, its lack of sewage treatment facilities is endangering the very resources (bay, beaches) which make it productive, and it has a serious problem of bidonvilles. Planning for Greater Agadir has been extensive, going beyond even the Schema Directeur into detailed analyses of a potential sewage system and housing. Based on the studies, the province has arrived at a needs estimate (exclusive of housing) amounting to 630.7 million DH, or \$68 million at the 1984 rate of exchange, roughly \$272 per urban resident.

These all represent projects for which funding had not been established by the end of 1984. (See Table 22, page 142.)

Outside this capital "program", the province and city have developed a detailed plan for relocating some 12,000 families from bidonvilles to a new subdivision permitting lot ownership and various forms of self help construction. Financing for a portion (1000 units) of the project has been committed by the municipality, but the provincial government and various ministries are still being solicited for additional support.

A significant feature of these projects is that each has passed through at least the preliminary design stage and can be carried through to early implementation.

D. A Parallel Land-Use Planning System

In 1983 the GOM took steps to speed up the process of detailed land-use planning by creating a new agency, the National Lands Agency (Agence Fonciere National) under the Directorate of Land Management in the Ministry of Agriculture. One important task of AFN has been to make an inventory of government-owned land. Planning is another. In response to a royal directive, AFN has begun a rapid preparation of zoning guideline plans (plans d'orientation des zones) for all urban centers whose plans d'aménagement have not been prepared or recently updated.

Table 22
Greater Agadir Infrastructure Project List
(in millions of Dirhams):

<u>First Priority</u>	
Sewage (collection and treatment)	170
Solid Waste Collection	11
Water Distribution	60
Roads	100
Seawall	7
Electrification	40
Street Lighting	<u>30</u>
	418
 <u>Other Priority Projects</u>	
Solid Waste Disposal	10
Vehicles for Public Transportation	12.7
Facilities for Public Transportation	12.5
Development of Tassilla Industrial Zone	38
Development of Ait Melloul Industrial Zone	35
Market for Ingezane	10
Marina	20
Slaughterhouses	12
Amphitheatre	2.5
Convention Center	10
Swimming Pool	10
Morgue	3
Central Station Agadir	5
Central Station Ingezane	<u>5</u>
	185.7
 <u>Social Facilities</u>	
Library	7
Cultural Center	<u>20</u>
	27
 GRAND TOTAL	 630.7

These AFN-prepared sketch plans depict broad patterns of present and future land uses, identify sites for major public facilities, and specify general guidelines for private construction in the various zones. AFN staff prepare these simple plans quickly, in three to five months per city, due to their comparatively large scale (such as 1:10,000 and 1:25,000). AFN has authority to bypass the local government approval process, ready access to the cartographic and field staff resources of its parent agency, and cooperation from MOI and MHAT. While AFN has been acting under a dahir from the King, it has drafted a bill to formalize its land-use planning role and the status of its zoning guidelines. This creation of a parallel land-use planning system outside of both MHAT and the local governments suggests a royal perception of the urgency of completing at least an initial round of contemporary planning in all urban centers. From an administrative standpoint it could be confusing, however, for local government and developers alike. The course ahead is quite unclear.

III. Other Urban Land Issues

The ownership, availability for urban development, and price of unimproved and unserviced land make up the Moroccan "urban land market". In addition to land-use plans and development regulations, this public and private market in land exerts major control over the location and pace of urban growth, and fundamentally constrains implementation of the best laid land-use plans.

Often urban development projects require or can benefit from public acquisition of specific parcels or entire sites from both public and private sector owners. Several factors, however impede the public land acquisition process in Morocco: the complex land tenure system; the incomplete central land register and lack of clear titles; inadequate information on the location, extent and designated purpose of existing publicly-held land; cumbersome administrative procedures for transferring public lands among agencies; and antiquated expropriation procedures.

The price of urban land is a significant deterrent to greater private sector development activity, and, the GOM has shown considerable reluctance to intervene in the urban land market.

A. Ownership

Six possible types of urban land ownership result from the coexistence of Arab and European land registration systems. Each category of land ownership has its own legal framework and constraints. The net effect of this multiplicity of tenure systems, coupled with lack of inventories and information on location of these lands, has been lack of coordination on land policy and, in particular, on planning for use of public lands.

First, state-owned land ("makhzan" land) is allocated to the king or the central government. Many agencies of the GOM have been assigned control over these lands, such as watershed and forest lands administered by the Ministry of Agriculture. The Public Lands Agency (Service des Domaines) in the Ministry of Finance manages the acquisition, transfer, and disposition of this real estate.

Local governments at the municipal level are a second category of public land owner. Their interests and transactions in this land are supervised by the Ministry of the Interior.

Third, religious "habous" land has been donated under Islamic law to a religious institution, by either the state or an individual. An agency of the central government, the Ministère des Habous, administers these religious trust lands and participates in the real estate market to develop properties and earn rental income to defray the expenses of religious institutions.

A fourth category of ownership is the "guiche" form, where the land belongs to the state but favored individuals are granted the right to use and benefit financially from it.

Collectively-owned lands are the fifth category of public (not necessarily urban) lands. Most grazing land, for example, is owned by collectives, which are often organized by ethnic groups. Individuals have a leasehold right to a specific plot of collective land under this system.

As much as 40 per cent of the vacant land suitable for housing and industrial sites in some cities is publicly owned according to the World Bank's 1982 Urban Sector survey (p 25).

Private land is the sixth major form of land ownership, and includes so-called "melk" land that is treated as privately owned under Islamic law after it has been worked for ten years, as well as formally registered land with a European-style title.

1. Land Registration System

Land ownership disputes in Morocco often delay or block urban development projects, due to the dual Arab and European land titling systems, the incomplete status of the central land register (cadastre), and the practice of not recording many land transactions. The Directorate of Land Registration (Direction de la Conservation Fonciere) is making progress in preparing land registers for selected urban and rural areas, completing the prerequisite geodesic, topographic, and cartographic studies and lot and block surveys needed for further registers. It is maintaining and expanding the central register, recording land transactions, issuing titles for current transactions as well as a backlog dating from 1913. It is also regrouping tiny rural plots into reasonably-sized parcels for agricultural development (through a process of replotting called remembrement), and automating its records and systems.

Lack of a complete land registration system is likely to hinder urban development in two other ways. First, individuals who have purchased lots in illegal settlements (habitat clandestin) at the urban periphery from private developers who do not register those transactions neverthe-

less need clear title in order to obtain a mortgage for housing construction or improvement. The same constraint exists in other settings with traditional land title practices, such as medinas. Second, the lack of clear titles -- due to confusing patterns of undivided interests in lots, tiny parcels, and traditional unregistered "titles"--thwarts new land development and housing construction projects by both the private and the public sector.

2. Public Land Acquisition and Dispcsition

One of the most serious factors impeding mobilization of public land for urban development has been the lack of centralized information on where such land exists, and who actually owns it. The National Lands Agency (AFN) cited above has made commendable progress in just over one year by producing rapid, consolidated inventories of state land. The National Lands Agency has neither eminent domain, land acquisition, or land development powers, however. A decree from the Prime Minister is needed to transfer land from one ministry to another.

Expropriation of private land for public projects is conducted under cumbersome procedures established in a 1952 law during the French protectorate by the Public Lands Office (Service des Domaines) in the Ministry of Finance. The World Bank reported in its 1982 Urban Sector review that expropriation usually takes a minimum of three years (page 26), an unacceptable length of time that must surely impede important public urban development projects. While the 1981-85 national plan recognized the need for policy reform in public land acquisition and disposition procedures, such reform has not yet been established.

Direct procedures are needed so that both private and public land can be acquired and made available for both public and private development of housing and related facilities that are clearly in the public interest. With appropriate safeguards to avoid abuses, the land acquisition and disposition system could be modified to speed up its procedures and

authorize entities other than the Public Lands Office to condemn private land, for example in joint development zones (See below).

B. Urban Land Prices

The importance of public lands in national urban development policy becomes clear by analyzing the market for improved land. Serviced lots averaging 100 m² are the standard building block of Moroccan subdivisions for row houses, whether publicly developed by MHAT or an ERAC or privately developed. In major cities such as Marrakech, Agadir, and El-Jadida, the price of a publicly-developed, serviced lot ranges from 100 DH/m² to 200 DH/m². The price of a similarly improved lot sold by the private sector ranges from 400 DH/m² to 800 DH/m², or 400 per cent of the publicly-developed lot price (higher still in Casablanca).

Two factors explain most of this difference, the high acquisition cost of privately-owned, unimproved land and developer profit. Public land development agencies often site projects on the basis of whatever public land is available and can be acquired from the Service des Domaines, at a nominal price of 10 DH/m² to 15DH/m².

The private sector, however, must purchase land on the open market, often at cost of 100 DH/m², or 1,000 per cent of the nominal price paid by a public land developer. Furthermore, private land speculators often sell privately-developed, illegal subdivision lots without improvements at a price of 200 DH/m².

Thus far the GOM has been reluctant to intervene in these market processes. It has, however, established an interesting precedent in public/private partnerships for serviced industrial land in secondary cities assisted by the ODI/CDG program cited in Chapter Four. For these sites, CDG acquires and services the land and then sells to private developers at a write-down or otherwise subsidized price. Serviced industrial land in these projects ranges from 10 DH/m² to 150 DH/m², depending on the zone, with the government absorbing 25 to 50 per cent of the cost.

C. Public/Private Partnership: the ZAC

The UDA team met with the leadership of two influential, Casablanca-based private sector investment groups. Both are involved in a wide range of businesses and industries and large scale real estate development, including a 2,000 dwelling-unit project in the center of Oujda and a 7,000-unit mixed-use development on a 271 acre (110 hectare) site in metropolitan Casablanca. These projects constitute entirely planned neighborhoods, complete with community facilities and feature some cross subsidies to increase the affordability to lower income households of some lots and units.

The businessmen raised two problems which hinder this scale of private sector development: housing finance¹⁵ and development regulations. Despite the sophistication of the Moroccan land-use planning system in comparison with other developing countries, lack of clarity and uncertainties in the development regulation process (i.e. local politics) apparently discourage major private sector initiatives in housing and mixed-use development.

One remedy to this problem under consideration by the MHAT is the joint development zone (Zone d'Aménagement Concerté or ZAC) technique. The ZAC is modeled on a French approach and involves joint public/private financing of large land development projects which could include industry and commerce as well as shelter. No law or ruling has yet been detailed that would specify cost-sharing arrangements or how this

15. From their private sector perspective, the Moroccan housing finance system is both too inflexible and inadequate to meet the needs of prospective purchasers and the construction capability of the private sector. One group cited in particular the loan requirements of the Real Estate and Hotel Bank (Credit Immobilière et Hotelier or CIH), Morocco's principal housing finance institution, as its loan policies apparently fail to recognize growing household incomes, particularly with several wage earners in a household, and require large down payments. A contract savings system for housing (epargne-logement) was viewed as a possible improvement in housing finance.

technique would actually work. Nevertheless MHAT is now negotiating with developers for pilot sites in Casablanca and Meknes. This form of contract zoning could firmly establish an agreement among the central and local governments and a private developer on their respective responsibilities for key elements such as its location, scope, mix of dwellings by type and price, and schedule for construction of community facilities of a large scale mixed-use project.

Very little information exists on the MHAT initiative to channel private investment into partnerships with the public sector through the as yet undefined ZAC technique. Yet this joint development zone approach can learn from a wealth of French practical experience with its ZAC program established in 1968. Ann Strong has succinctly captured the objectives of ZACs in France:

(1) to offer land for development that has been properly equipped with public services, and (2) to organize major metropolitan development projects so that they occur in the right place at the right time with adequate financing.¹⁶

It is important to recognize that the French ZAC program is well integrated with both land-use planning and the French system of public urban development and finance. For example, once an urban area's master plan (Schema Directeur d'Amenagement et d'Urbanisme or SDAU) is in force, a ZAC must be compatible with its land-use objectives, but is not subject to provisions of an adopted municipal land-use plan (Plan d'Occupation des Sols or POS). Rather, development of a ZAC is governed by its own detailed development plan (Plan d'Amenagement de la Zone or PAZ). Land in a ZAC may be acquired by condemnation if necessary. Most ZACs benefit from subsidized loans for land acquisition and infrastructure construction. Either nonprofit public-development corporations or private companies may be the ZAC land developer. More than 1,500 ZACs have been developed in France, at a scale ranging from several hundred to several

16. Ann L. Strong, Land Banking, Baltimore: The Johns Hopkins University Press, 1979, p. 166.

thousand dwelling units. Chapter Nine includes recommendations for an AID-sponsored study to explore this promising land development, urban planning, and financing mechanism.¹⁷

To remedy another constraint, the ZAC could also provide private-sector access to public land and land-acquisition procedures for development in the public interest i.e. (the ODI/CDG approach). For the private sector finds competing with the public sector difficult if not impossible under existing land-price conditions. This could be a significant breakthrough against obstacles which currently impede moderate income housing and private sector business investment.

Carefully detailed, furthermore, the ZAC would be able to address the principal concern about public/private relationships expressed to the UDA Team by the Minister of MHAT. "Ce n'est pas normale que l'etat conçoit et le speculateur recoive" (It's not normal that the state should devise projects and all the benefits go to the speculator.)

17. For an introduction to the French ZAC technique, see Ann L. Strong, Land Banking, pp. 138-238. For an analysis of its predecessor technique, the ZUP (Zone a Urbaniser par Priorite or priority development zone), see David N. Kinsey, "The French Z.U.P. Technique of Urban Development," Journal of the American Institute of Planners, XXXV, 6, November 1969, pp. 369-375.

FINDINGS AND CONCLUSIONS

The government of Morocco must now conduct development efforts under severe fiscal constraints. Morocco faces balance of payment problems and needs to reduce its budget deficit. Agreements signed with the International Monetary Fund commit the GCM to expenditure restraint for the foreseeable future in return for IMF and other international donor support.

This iron necessity of austerity comes at a time when the GOM has begun to draft a new national plan to guide Government development policy and capital investments over the next 3-5 years. A much greater level of efficiency for these investments than in the past will clearly be a driving force in this plan-making. At the same time, however, Morocco is faced with a dilemma that has confronted numerous governments in similar circumstances. It is committed to goals of interregional equity, goals not easily held in abeyance, especially in view of continuing concerns for national unity and continuing pronouncements by the King on the need/desirability for greater regional development.

We can not pretend to offer insights on how to resolve this dilemma at the macro-economic level. This review, and the reviewers' competence, is limited to matters dealing directly with urbanization. In so far, however, as national allocations to urban areas bear a relationship to overall development policy, findings and conclusions from this UDA can suggest ways in which that policy, and its performance, can be significantly improved

Principal findings and conclusions of the UDA are as follows:

1. Morocco's cities produce most of the Country's GDP and will need to be continuing generators of jobs and enterprise if the country is to improve significantly its present economic conditions.

2. Casablanca and the urbanized region to Kenitra is the urban economic heartland of the country, particularly for the private sector. Here is where Morocco's most skilled and sophisticated entrepreneurs are located along with port facilities, international airports and other major infrastructure. Services, industries, commercial operations and developable land exist to support further economic growth.

3. Unlike many developing countries, Morocco has a complement of other cities outside the corridor, well distributed in relation to rural hinterlands, which are growing rapidly and are also capable of more sustained economic development. While these cities perform valuable functions both in the private and public sector, the present array of GOM incentives has had only modest success in attracting new jobs and enterprise to these locations.

4. Morocco has embarked on a bold program of gradual, controlled decentralization of administration and decision-making responsibility to local municipal (commune) corporations, particularly in provincial capitals. Expectations are that greater decision-making power will lead to greater locally-generated economic growth and greater municipal fiscal responsibility to support that growth. Municipalities do raise a substantial proportion of their operating and capital resources, while the state continues as a major source of financial support to both. The devolution effort has only been operating for a decade, however. Significant improvements can still be made in local public finance, and urban economic growth as a result of greater local autonomy has not yet met expectations.

5. Morocco has many institutions at the national, provincial, and local levels which deal with urban management and urban development. By-and-large these institutions are staffed with well-trained, competent people. Although the staffs are skilled and operations of these institutions are supervised at the local level by provincial governors, the system is so complex that inevitable problems of priority setting and coordination occur when it attempts to undertake development in specific urban areas. The problems are compounded because no effective capital budgeting occurs at the local level to serve as a guide for application and timing of public expenditures by various agencies.

6. Through the mechanisms of national plans and royal decrees, Morocco has articulated a strong and consistent goal for decentralized development at the regional and urban levels. It has also called for concentrating public investment in a few key secondary cities or "growth poles". Combined with tax and other incentives to attract voluntary private investment, these capital commitments are intended to spur economic development in the target centers. In actual practice, however, governmental capital has been dispersed in cities and rural areas throughout the country. Designated growth poles have not been the loci of concentrated investment programs, and private sector growth in the target cities has proceeded slowly.

7. Morocco's urban and regional planning approaches are sophisticated and of relatively high technical quality. Thirteen of the larger cities have Schemas Directeur, or guide plans which are generally sensitive to local conditions. They identify development prospects for the urban areas, the array of municipal infrastructure needs, and high-priority development projects. Their land use provisions are generally followed.

8. The Schemas Directeur for the 13 cities could serve as frameworks for coordinated action programs to improve infrastructure and economic development capacity. They do not, however, for the following reasons: They are not effectively linked to the resource allocation process and are subject to serious shortages of capital to fund planned infrastructure and economic development projects at the municipal level. Complex land assembly procedures and high land costs, particularly for the private sector, also hinder implementation. While Morocco has shown its administration capable of considerable adaptation, institutional mechanisms for conducting the kind of coordinated development at the local level implicit in the guide plans are not commonly in place.

Volume B of this UDA will address recommendations to the Government of Morocco and USAID based on these findings and conclusions.

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- M. Mohamed Allouch, Secretary General (province)
- M. Jacques Lary, Chief, Provincial Technical Services
- M. Mustapha Meziane, Chief, Provincial Urban Planning Service
- M. Ahmed Derras, Commercial Director, National Company for Tourist Development of the Bay of Agadir (SONBA)
- M. Le Pacha of Agadir
- M. Ahmed Outakrout, Municipal Councilman Ait Mellal
- M. Ahmet Abakit, Deputy Director, Ministry of Housing and Regional Development for Agadir

Casablanca

- M. Edouard Marc Rouy, Architect-Planner Equipe M. Pinseau
- M. David Amar, Deputy Chairman of the Board COGESPAN
- M. Ali Kettani, Managing Director, SOPAR
- M. Saad Kettani, Deputy Managing Director, SOPAR

Beni-Mellal

- M. Miloud El Ayachi, Secretary General (Province)
- M. Mohamed Amis, Deputy Governor
- M. Driss Bacheikh, Second Vice President, Municipal Council
- M. Naciri, Municipal Engineer
- M. Didier, Municipal Architect

El Jadida

- M. Mohamed Guerraoui, Governor
- M. A. Zilate, Representative of the Ministry of Housing and Regional Development
- M. A. Bougrine, Provincial Engineer
- M. Said Sbai, Architect
- M. M. Touzali, City Architect

Marrakech

- M. Hassan Moulihi, Secretary General (Province)
- M. Abelshani Bennis, Deputy Representative, Ministry of Housing and Regional Development
- M. Noredine Oudghiri, Ministry of Housing and Regional Development
- M. Mustapha Melghagh, Provincial Staff

Settat

- M. Nia Ahmed, Secretary General (Province)
- Representatives of Technical Services and the Chamber of Commerce

United Nations

- M. J.C. Petit Pierre, Resident Representative

Embassy of the United States

- Mr. Daniel Philips, Consul General Casablanca
- Mr. Richard Johnson, Economics Officer

U.S. Agency for International Development

Mr. Robert Chase, Director
Mr. Harry Petroquin, Deputy Director
Mr. William S. Rhodes, Program Officer
Mr. John Giusi, Deputy Program Officer
Mr. Malcolm Purvis, Agricultural Officer
Ms. Dana Gibb, Population Officer
Mr. Gary Bricker, Technical Officer
Ms. Diane Tsitsos, Energy Project
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Ms. Sonia Hammam, RHUDO Tunis

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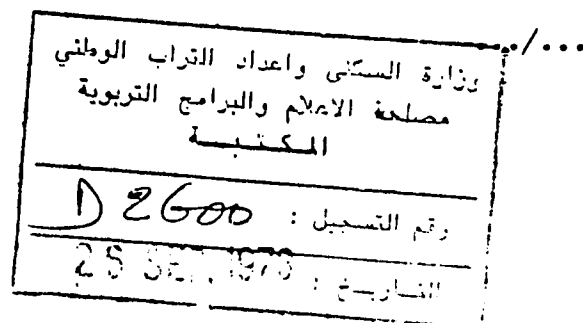
Ministère de L'urbanisme
de L'habitat du Tourisme
et de L'environnement

Secrétariat Général

SCHEMAS DIRECTEURS

DOCUMENT N° 2

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S C H É M A S - D I R E C T E U R S

D O C U M E N T N ° 2

O- A V A N T - P R O P O S

Il est apparu utile de placer en préambule à ce Document n° 2 de définition de la démarche des Schémas-Directeurs de villes, l'évocation de la "ville marocaine", vue sous un jour plus qualitatif que quantitatif, que les études auraient à considérer pour leur choix d'orientation du Modèle Urbain.

L'aménagement urbain a pour objectif essentiel de favoriser ces relations entre les hommes rassemblés en une même localité. Ceci pose, en plus de l'amélioration des rapports d'objets physiques, le problème fondamental de la communication sociale et du rapport d'identité culturelle entre l'espace aménagé et la société qui l'anime. Ceci ne s'obtient que par l'intégration technologique de l'objet urbain au milieu humain global, en considérant le groupe social concerné avec sa dynamique et sa personnalité collective propres - comme déterminant principal des formes et dimensions des objets urbains.

Le but à atteindre, à échéance, est l'unité urbaine, en particulier la réconciliation de la médina musulmane avec la ville nouvelle - par la résorption définitive des séquelles dissociatrices de la phase récente d'intervention coloniale.

Les Schémas-Directeurs de villes sont, ainsi, une occasion de découvrir la "ville marocaine" moderne. La dimension culturelle de la ville serait donc à traiter au même titre que ses autres dimensions, par les méthodes habituelles de l'analyse urbaine. La prise en considération du facteur culturel de la ville implique une révision du Modèle Urbain dans la prospective. .

L'objectif du Document N° 2 est de définir le cadre technique du processus de préparation des Schémas-Directeurs. Il forme la continuation du Document N° 1 qu'il complète et élargit.

.../...

5. CONCLUSION

Les analyses des différents secteurs de la planification urbaine du Schéma Directeur de Beni Mellal ont montré que le développement de la ville de Beni Mellal est fortement influencé par les facteurs suivants :

- o l'accroissement rapide de la population de la ville de Beni Mellal même et de sa zone d'influence favorise une migration vers Beni Mellal, celle-ci étant un des points d'attraction principaux de la population rurale venant des montagnes du Moyen et du Haut Atlas
- o les problèmes du domaine économique dont la faiblesse freine le moteur du développement

Vu que le Schéma Directeur de Beni Mellal est un plan d'action à moyen et à long terme, celui-ci doit :

- o déterminer les besoins en terrains à urbaniser
- o structurer et orienter les besoins futurs en fonction de l'habitat, de l'économie, de l'infrastructure technique et des équipements sociaux
- o formuler les options fondamentales concernant l'organisation de l'espace urbain
- o montrer la situation des ressources et les budgets d'investissements nationaux et urbains :

Les analyses et les prévisions pour tous les secteurs de la planification sont la base du cadre du développement et du Schéma Directeur. Pour élaborer de différents programmes de mesures et des plans d'actions, les éléments suivants et leur répartition sont les plus essentiels :

- o la population actuelle (78 000 habitants en 1976) et future (189 000 habitants en 1998)
- o les postes d'emploi actuels (18 000 postes en 1976) et future (49 000 postes en 1998)
- o les conditions naturelles (les restrictions et les potentiels physiques), l'inventaire et l'état actuel des constructions (l'immobilier de l'habitat et du travail), des différents réseaux de l'infrastructure technique et des équipements de l'infrastructure sociale.

Ces éléments et la discussion de la conception et organisation spatiales des différentes fonctions urbaines sont la base des objectifs et des programmes de mesures selon les différents domaines de la planification :

o ECONOMIE :

- Objectifs :

Le secteur économique prendra une position clé pour l'amélioration des conditions urbaines et de la qualité d'habitat des mellalis. Pour développer l'économie de la ville de Beni Mellal, le Schéma Directeur propose que

- o toutes les mesures doivent viser à améliorer la situation économique de la population et surtout des couches sociales défavorisées
- o l'accroissement du chômage est évité au moyen de la création de postes d'emploi additionnels
- o les mesures de promotion bien déterminées essayent d'améliorer la structure défavorable existante de l'économie urbaine, surtout dans le secteur agricole, ainsi que dans le domaine du commerce marginal et des services
- o les relations entre l'économie de la ville de Beni Mellal, et celle de sa zone d'influence doivent être promues.

- Mesures :

- o Créations des postes d'emploi additionnels jusqu'en
 - 1988 env. 13 000 postes et entre
 - 1988 et .998 18 000 postes
- o Protection douanière visant à interdire l'importation des produits similaires à ceux fabriqués par les artisans
- o Prêts ou subventions aux artisans pour l'achat d'équipements leur permettant d'abaïsser leurs coûts de production
- o Réalisation
 - des "centres intégrés" de formation professionnelle
 - des coopératives à tous les niveaux de l'artisanat et des petites et moyennes entreprises
 - des mesures pour améliorer l'information générale sur les marchés

- o Encouragement du secteur du tourisme
- o Concentration des artisans gênants à cause de leur emplacement actuel dans les quartiers habitats
- o Cultivation de certains produits indispensables au ravitaillement de la population urbaine aussi près de la ville que possible
- o Réouverture et aménagement des fandouks et des kessaria-s qui se trouvent actuellement dans la médina
- o Installation de marchés dans les deux secondaires centres
- o Conservation de l'emplacement actuel du souk à moyen terme (au moins 5 ans) et désignation d'un nouveau terrain au cas nécessaire et échéant.
- o Concentration d'une grande partie de l'administration publique.

o HABITAT :

- Objectifs :

- o Diminution du déficit actuel en logement et réalisation des logements additionnels pour la population croissante
- o Réservations de terrain afin que chaque famille ait son propre logement
- o Mixage des différentes couches sociales et des logements (différents types d'habitat et standing) évitant une séparation sociale
- o Transposition des éléments variables du mode d'habitat traditionnel (p.e. dans une médina) aux nouveaux quartiers
- o Considération des vœux de la population s'exprimant par un mixage de formes d'habitat traditionnel et moderne
- o Adoption de la politique nationale de l'habitat avec de différents programmes à caractère social ou d'habitat classique, comme
 - l'amélioration du sous-habitat en bidonvilles, logements vétustes et insalubres dans la médina
 - Construction de logements sociaux évolutifs et de logements bon marché
 - Restructuration des bidonvilles et réhabilitation de la médina

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Pour pouvoir éviter ce procédé à long terme, une extension systématique des centres secondaires doit s'opérer dès la deuxième échéance du Schéma Directeur.

- o la construction du Pôle A sera terminée
- o la construction du Pôle B sera en cours de réalisation

Ainsi, la ville aura une structure multicentrique.

- o La surface prévue pour le centre administratif sera saturée. Des besoins en surface futurs devront être remplis par la construction d'un autre centre administratif.
- o L'extension du centre d'artisanat sera de même terminée dans cette période.
- o Le secteur de la zone industrielle ne sera utilisé qu'en partie. Il existera toujours des réserves de surface au delà du seuil 1998.

En ce qui concerne le programme d'infrastructure technique dans la période d'évolution dont nous parlons, la période entre 1988 et 1998, toute la partie de l'ouest de la ville sera urbanisée, ce qui signifie que les réseaux d'assainissement et d'eau potable doivent être complétés. Dès ce moment, il faut que la station de traitement ait sa capacité finale et la construction de la station d'épuration doit être entamée.

La nouvelle déviation de la RP 24a doit être mis en chantier, elle dirige le réseau de voirie à l'état définitif prévu par le Schéma Directeur. La troisième ligne du transport public entre la zone industrielle et les centres secondaires à côté de la route vers Fkih Ben Salah doit être installée et, si nécessaire, des arrêts supplémentaires devront être prévus pour les lignes d'autocars régionales.

Le bilan des surfaces pour la période 1988 - 1998 (en ha) est fait sur la base des mesures proposées comme l'indiqué le tableau no. 4.18.

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- Mesures :

- o Dans le domaine de l'habitat on tient compte jusqu'en 1998 des besoins suivants :
 - Réalisation de 18 725 logements pour la population croissante dont la structure est :

o 2 600	lots sommaires	}	type d'habitat individuel (12 725 fam.)
o 7 100	r = 1, r = 2 (HBM)		
o 2 500	trad., villa en bande ou jumelle		
o 755	villas isolées	}	type d'habitat collectif (6 000 fam.)
o 4 850	immeuble continu		
o 1 150	immeuble orienté		
- o Réserve des terrains d'habitat selon la densité
 - habitat dense 120 ha surface (sans équipem.)
 - habitat semi-dense 65 ha surface (sans équipem.)
 - habitat résidentiel 80 ha surface (sans équipem.)
- et des terrains destinés à
 - l'infrastructure technique au niveau des quartiers 70 ha surface
 - aires réservées à l'infrastructure sociale 130 ha surface
 - postes d'emploi intégrés dans des quartiers d'habitat 26 ha surface
- o Restructuration et assainissement de l'ensemble des bidonvilles touchant une population de 8 000 habitants
- o Réhabilitation de la kasbah, revitalisation et élimination du sous habitat dans d'autres quartiers pour un minimum de 6 000 personnes
- o Augmentation des revenus par la création d'emplois pour 3 000 actifs au moins dans l'artisanat
- o Exploitation des ressources de matériaux locaux et développement des techniques de structure et superstructure pour réduire les frais
- o Intégration des différentes couches sociales par une répartition bien équilibrée des types d'habitat proposés et des établissements d'ordre social.

o INFRASTRUCTURE TECHNIQUE

- Transport Urbain

- o Proposition d'un tracé du chemin de fer au nord de la ville parallèlement à la nouvelle déviation de la RP 24
- o Elargissement du réseau des routes principales et existantes de la circulation individuelle, comme suit :
 - la circulation de transit doit contourner la ville par une nouvelle route de déviation
 - la RP 24 a et le boulevard Mohammed V resteront comme axes transversaux

- L'Avenue des FAR et le Boulevard Hassan II seront absorbés par la circulation entre les parties de la ville au nord et au sud.

- o Installation d'un réseau de transport public à court terme et d'autres stations de taxis, conformément à la distribution démographique et aux densités futures des centres secondaires

- Assainissement

- o Installation obligatoire d'un réseau d'assainissement pour la médina
- o Prolongation du collecteur principal qui traverse les quartiers Lalla Aïcha et Boulegroune et branchement de la zone industrielle et des quartiers Somaï et Dar Dbagh
- o Elargissement du réseau existant à l'emplacement du collecteur principal le long de la déviation de la RP 24 a et du Boulevard Hassan II
- o Construction d'une station d'épuration au nord de la ville à l'Oued Day

- Ordures et décharge centrale

- o Installation d'un système d'évacuation du ramassage des ordures au niveau des quartiers par moyen de charrettes et au niveau de la ville par moyen de camions, s'occupant du transport vers la décharge centrale
- o Installation d'une décharge centrale des ordures dans une petite vallée à côté de la route vers Tagnzirth, à environ 1 km à l'est du village Al Qcabi.

o INFRASTRUCTURE SOCIALE

- Enseignement

- o Construction d'environ 390 salles de classes supplémentaires
 - soit en 20 écoles primaires à grande surface
 - soit en 40 écoles primaires à surfaces moyenne pour 13 000 ou 14 000 élèves
- o Extension des collèges et des lycées existants (20 locaux supplémentaires) et installation de
 - 2 lycées supplémentaires et de
 - 3 collèges supplémentaires

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- Distribution spatiale des postes d'emploi additionnels et de la population :

Pour atteindre un mixage équilibré des fonctions habitat et travail la répartition de ces fonctions doit être effectuée comme suit :

o Postes d'emploi :	
- Extension de la médina	3 000 postes
- Centres secondaires	2 100 postes
- Centre d'artisanat	2 900 postes
- Centre administratif	3 550 postes
- Zone industrielle	1 150 postes
Total à fonction centrale	14 800 postes
- Postes à fonction des quartiers	7 700 postes
- Secteur informel (sous localisation)	6 000 postes
Total des postes d'emploi	28 500
o Population :	
(1) zone à l'est et extension de la médina	14 000 - 16 000 hab.
(2) zone Lalla Aïcha	23 500 - 26 500 hab.
(3) zone à l'ouest du centre d'artisanat	19 500 - 22 000 hab.
(4) zone Ouled Hamdane/Al Grabziya	37 000 - 43 000 hab.
(5) zone au sud de Bd. Moh.V et de la route de Marrakech	15 500 - 18 000 hab.
Total	117 000 hab.

- Besoin en surface à urbaniser

Pour l'extension de la ville jusqu'en 1998 il faut agrandir les surfaces à urbaniser :

- o d'environ 355 ha (1978)
- o à environ 1 000 ha (1998)

La structure des surfaces additionnelles pour les différentes fonctions urbaines sera comme suit :

o Habitat dense	env. 274 ha	(avec équipement)
o Habitat semi-dense	env. 114 ha	(avec équipement)
o Habitat résidentiel	env. 104 ha	(avec équipement)
o Restructuration de bidonville	env. 4 ha	
o Habitat et travail à fonction des quartiers dont :	env. 496 ha	(avec équipement)
- Voirie	env. 68 ha	
- Infrastructure sociale	env. 134 ha	
- Postes d'emploi	env. 26 ha	
o Postes d'emploi à fonction centrale	env. 53 ha	
o Grande voirie	env. 76 ha	
o Réduction du déficit actuel	env. 15 ha	
o surface à urbaniser	env.	

- Echéances

Le croissement de la population mellal détermine le développement spatial de la ville :

	augmentation d'environ		
	habitants	familles	postes d'emploi
o à court terme (1978-1983)	29 000	5 000	5 850
o à moyen terme (1983-1988)	23 000	3 000	4 700
o à long terme (1988-1998)	59 000	9 500	11 850

Pour une telle augmentation de la population il faut prévoir les surfaces additionnelles et les surfaces nécessaires pour la réhabilitation de la médina et le sous-habitat ainsi que la restructuration des bidonvilles (6 000 habitants).

L'extension de la ville de Beni Mellal sera réalisée dans les zones et quartiers suivants :

- o 1^{er} échéance : Howda, Ouled Hamdane, au sud du centre administratif
- o 2^{er} échéance : nord-est et ouest du quartier Lalla Aïcha et dans les quartiers Ouled Hamdane ainsi que Ourbi
- o 3^{er} échéance : Les surfaces d'extension sont en majeure partie situées au nord-ouest, à l'ouest (al Grabziya) et au sud (Ourbi).

Les surfaces additionnelles pour l'extension échéante seront :

- o 1^{er} échéance : env. 177 ha
- o 2^{er} échéance : env. 137 ha
- o 3^{er} échéance : env. 326 ha

Sur la base de ce Schéma Directeur, il faut encourager, dès maintenant, la planification urbaine au niveau du plan d'aménagement (1) et de lotissement pour atteindre un développement harmonieux et cohérent de la ville dans le futur. De plus, les différentes études sectorielles déjà établies, doivent être continuées par la planification de construction, p.e. pour l'assainissement de la médina et l'ensemble de la ville ou l'approvisionnement en eau potable.

La réalisation des différents programmes d'action de ce Schéma Directeur nécessite une prolongation de la coopération étroite de toutes les administrations locales et nationales ainsi que du Conseil Municipal. Cette coopération a été instaurée lors de l'établissement du Schéma Directeur de Beni Mellal.

Ayant dressé les grandes lignes du Schéma Directeur de Beni Mellal pour des horizons à moyen et long terme en élaborant des schémas d'utilisation du sol et en établissant une programmation des grands équipements, de l'habitat et des fonctions socio-économiques, nous savons que l'on ne peut pas résoudre tous les problèmes urbains avec cette étude, mais nous sommes sûrs que, grâce à cet outil de planification urbaine, on pourra y remédier à long terme. De plus, il est prévisible, lors de l'élaboration du Schéma Directeur, la discussion permanente de la planification urbaine ait créée une vaste prise de conscience des problèmes et de leurs solutions possibles de Beni Mellal et sa zone d'influence et que celle-ci portera ses fruits dans l'avenir.

(1) Entre-temps la préparation des travaux de ce plan est achevée et celui-ci se trouve maintenant dans la phase d'élaboration.

- Santé publique

Considérant les différents équipements sanitaires existants, la construction des établissements suivants sera nécessaire :

- o 3 dispensaires au nord de la ville
- o 2 circonscriptions médicales (1 centre de santé et 3 dispensaires) à l'ouest de la ville
- o 1 autre hôpital entre 1993 et 1998.

- Jeunesse - Loisirs - Verdure

- o Protection et sauvegarde de zones vertes
- o Implantation de trois complexes de loisirs et de culture et d'un terrain pour le sport régional
- o Approvisionnement convenable de terrains pour les sports et les loisirs au niveau des quartiers (2,8 m² surface par habitant)
- o Considération des terrains suffisants pour grandes et petites mosquées, garderies et foyers féminins.

o OCCUPATION DU SOL

- Objectifs :

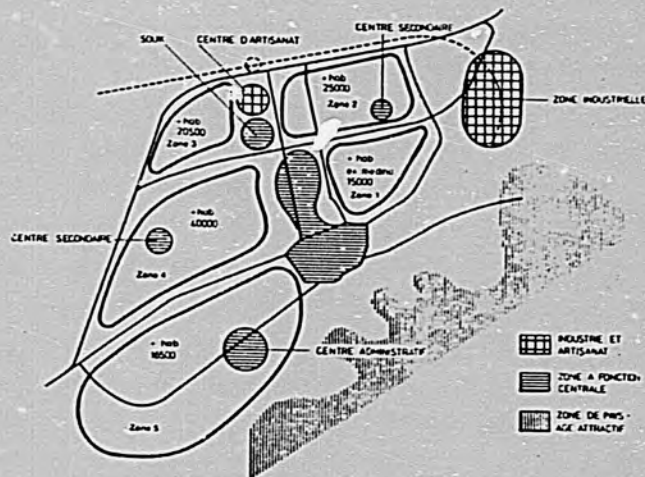
- o Maintien des espaces verts et protection de l'environnement
- o Diminution de la séparation des couches sociales
- o Augmentation de l'offre de terrain, surtout de l'offre de terrains fonciers publics.
- o Considération des réserves de terrain proposé dans le plan d'aménagement existant.
- o Conservation du mixage des postes d'emploi avec l'habitat
- o Formation des centres secondaires
- o Formation des grands axes de développement urbain le long des routes principales
- o Extension de la ville par le moyen d'orientation multicentrique (système des centres) et de concentration spatiale (réduction des moyens financiers pour l'infrastructure technique)
- o Coordination de mesures d'assainissement et d'amélioration dans le domaine de l'infrastructure technique
- o Répartition équilibrée des établissements d'ordre social.

- Conception de l'utilisation du sol :

- o Extension de la ville surtout dans les zones urbanisées limitrophes au :
 - Nord : Amria, Lalla Aïcha, Houda
 - Nord-est : Nouvelle Industrie
 - Sud-ouest : Ouled Handaue, Al Ourbi

o Organisation de la ville existante et future au moyen d'un système de centres de niveau et d'importance différente :

- Médina : Conservation et réhabilitation de la médina comme centre prédominant de la ville
- Deux centres secondaires : Installation de deux nouveaux centres à côté du quartier Lalla Aïcha et à l'accès vers Fkih Ben Salah. Ces deux pôles d'animations socio-économiques, avec des fonctions multiples devront assurer l'intégration des nouveaux habitants aux événements de la vie quotidienne de la cité et d'une liaison entre les quartiers nouveaux et anciens.
- Centre administratif : Le centre administratif actuel sera agrandi afin qu'il soit un point de gravitation de la totalité de l'administration.
- Centre d'artisanat : Les artisanats gênants sont, autant que possible, concentrés dans un centre ayant l'emplacement à côté du souk nouveau et du quartier Lalla Aïcha.
- Zone industrielle : Les surfaces d'extension sont prévues au nord-est de la ville pour les industries en expansion.
- Trois complexes de culture et de loisirs ainsi qu'un complexe de sport régional : A la base de l'excellente réserve naturelle de verdure et de l'extension de la ville on implantera ces complexes pour la récréation, la détente et les loisirs de la population mellahie.
- Grands axes de circulation : Le Schéma Directeur, conserve la tendance actuelle de développement établie par les postes d'emploi du secteur tertiaire sur les voies de circulation principales. Les voies suivantes sont prévues pour des axes économiques du secteur tertiaire : Les Boulevards Mohammed V et Hassan II, l'Avenue des FAR et la RP 24 a.



1-2

SECTEURS/QUARTIERS

- | | |
|-----------------------------|--------------------|
| 1 MEDINA | 4 BM-EST |
| 11 OULAD SAD | 41 HMLIA |
| 12 MEDINA SUD-EST | 42 CIFAR SAD |
| 13 RUE DU PIERA | 43 MOHAM |
| 14 RUE CAD LASHI | 44 HABTA |
| 15 RUE DE LA GRANDE MO OUEE | 45 BAB FTOUH |
| 16 MEDINA CENTRE | 46 NOUVELLE MEDINA |
| 17 MEDINA NORD OUEST | 47 AHSAT ET BACHA |

- | | |
|-------------------------|------------------|
| 2: BM OUEST | 51 BOUACHOUCH |
| 21 AIT THOUH | 52 BAYAD SOMMA |
| 22 OUK | 53 PHILA SOMAA |
| 23 AIT SOUK | 54 SOUK |
| 24 KANEAU SOUK | 55 KAF LAHMAR |
| 25 EL TEPE | 56 AIN LOUZI ALI |
| 26 MRHA | 57 MARRE |
| 27 AAFI HAMDANE | 58 ASAT SERHANI |
| 28 TISSERENT CAD LASHI | 59 DAR D'BAGH |
| 29 TISSERENT DRASSIA | 510 DOKLA |
| 210 SIFA | |
| 211 ZITOUR LAMBAL | |
| 212 QUARTIER INDUSTRIEL | |
| 213 OUCED AYAD | |

- | | |
|-----------|--------------------------|
| 3: BM SUD | 61 SECTEUR MOULINE |
| 31 | 62 SECTEUR ADMINISTRATIF |
| 32 | 63 COIRA |
| 33 | 64 TRINVALE |
| 34 | 65 FOUGHAL |
| 35 | 66 AYAT |
| 36 | 67 AOUNEM |
| 37 | 68 BOULOUZ |
| 38 | 69 QUARTIER ZITQIN |
| 39 | 70 QURBIA |

- | | |
|------------|--|
| 3: BM NORD | |
| 31 | |
| 32 | |
| 33 | |
| 34 | |
| 35 | |
| 36 | |
| 37 | |
| 38 | |
| 39 | |
| 40 | |

SECTEURS DE LA VILLE

- | |
|-----------|
| 1 MEDINA |
| 2 BM-EST |
| 3 BM-NORD |
| 4 BM-EST |
| 5 BM-SUD |

— LIMITE DES SECTEURS
 - - - LIMITE DES QUARTIERS
 = = = LIMITE DES UNITES D'ETUDE
 XIX CHIFFRES DES UNITES D'ETUDE
 (VOIR PLAN UNITES D'ETUDE)



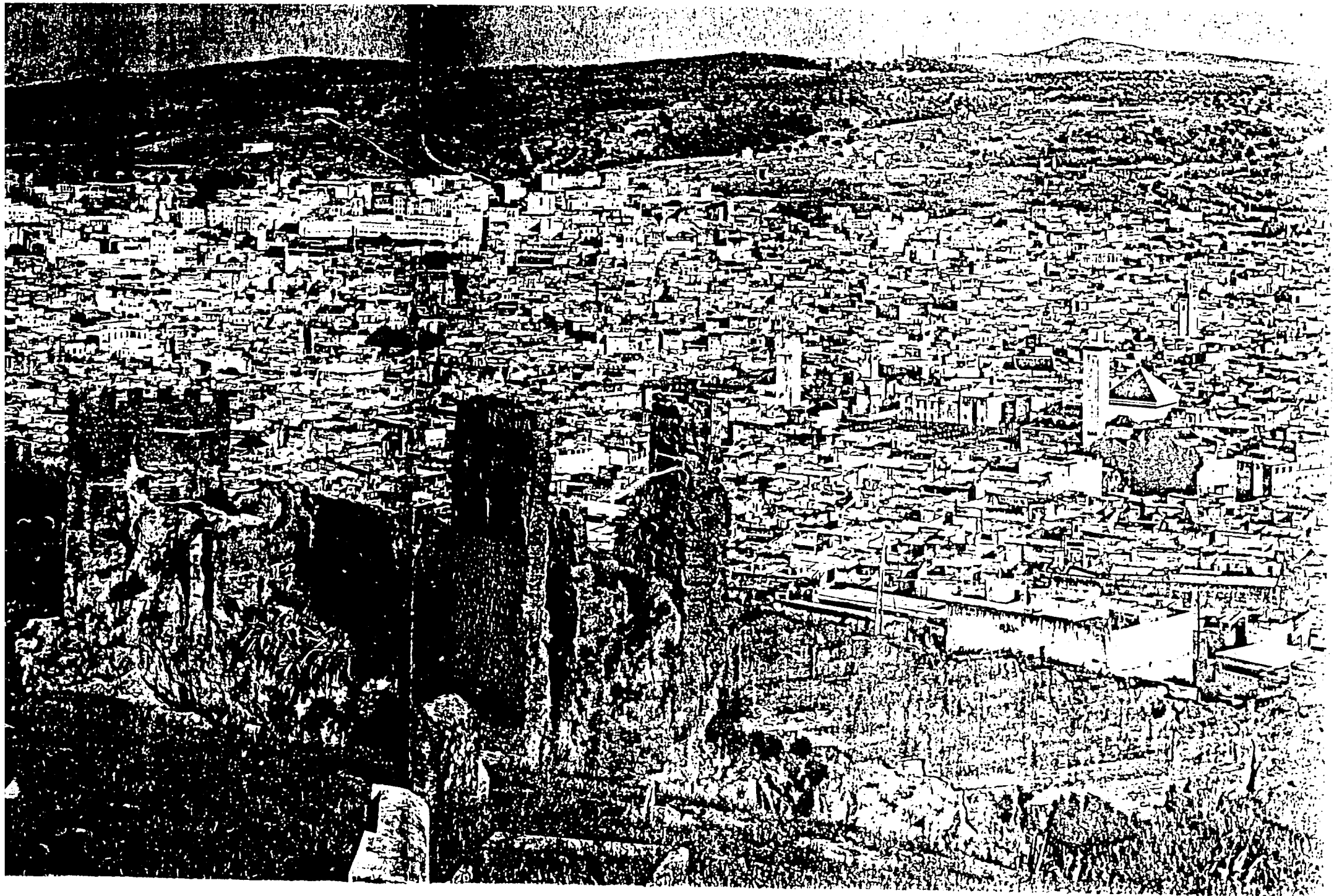
SCHEMA DIRECTEUR BENI MELLAL

DIVISION DE LA VILLE PAR QUARTIERS
 UNITES D'ETUDE ET SECTEURS

PLAN 13 DATE 8/78

COOPERATION TECHNIQUE MAROCO-ALLEMANGE



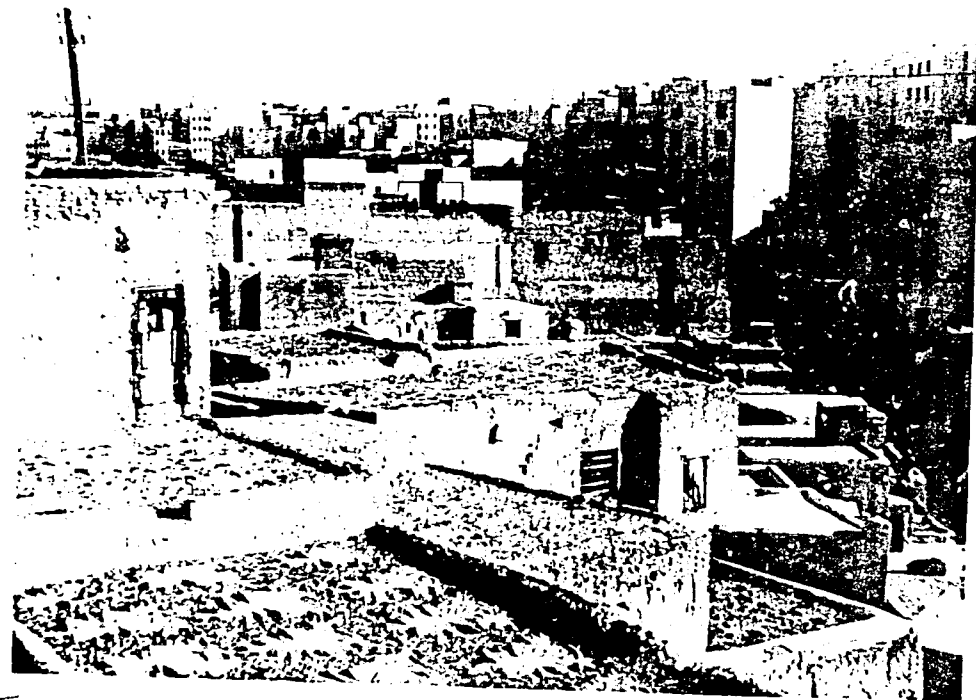




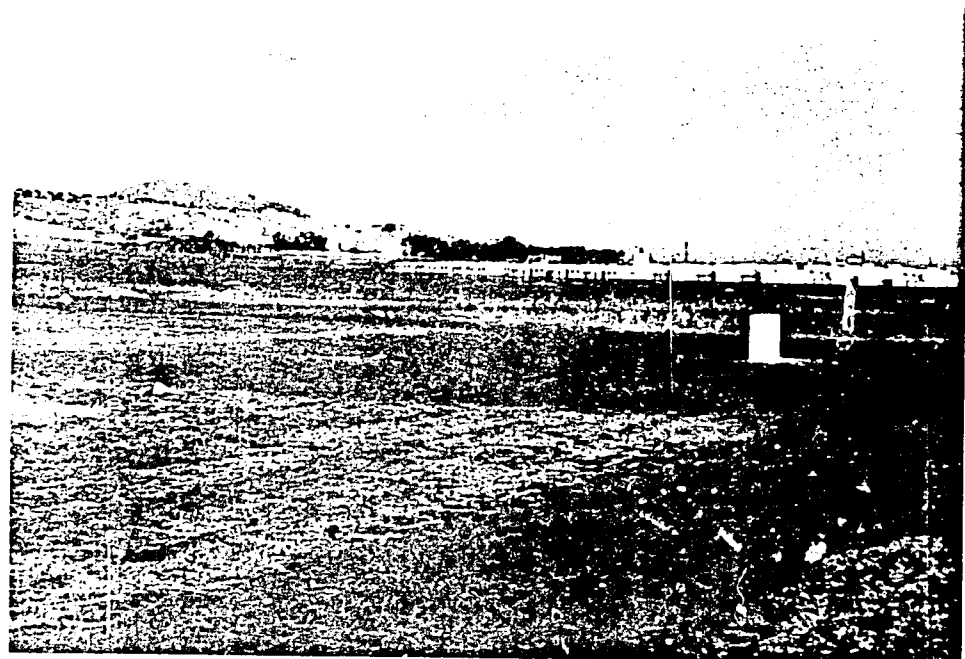
Fez - Medina Tannery



Fez - Medina Transport



Fez - Medina and New Apartment Blocks



Fez - Clear Edge to the City



Fez - Medina Open Sewer & Garbage



Fez - New Arterial Street



Rabat - Medina

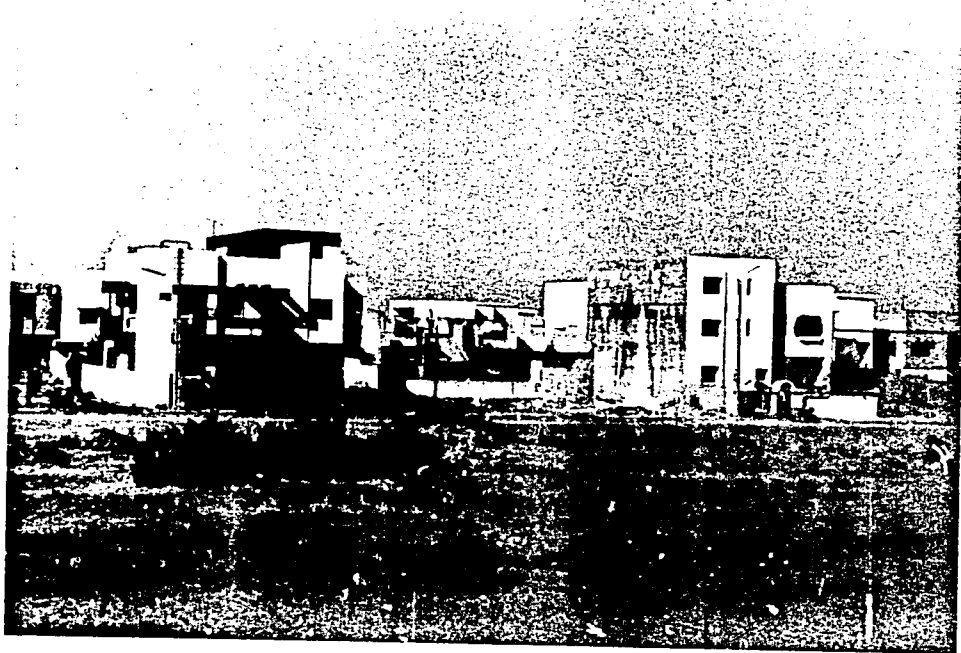
10-1



Marrakech - Clandestine Neighborhood



Marrakech - Clandestine Housing



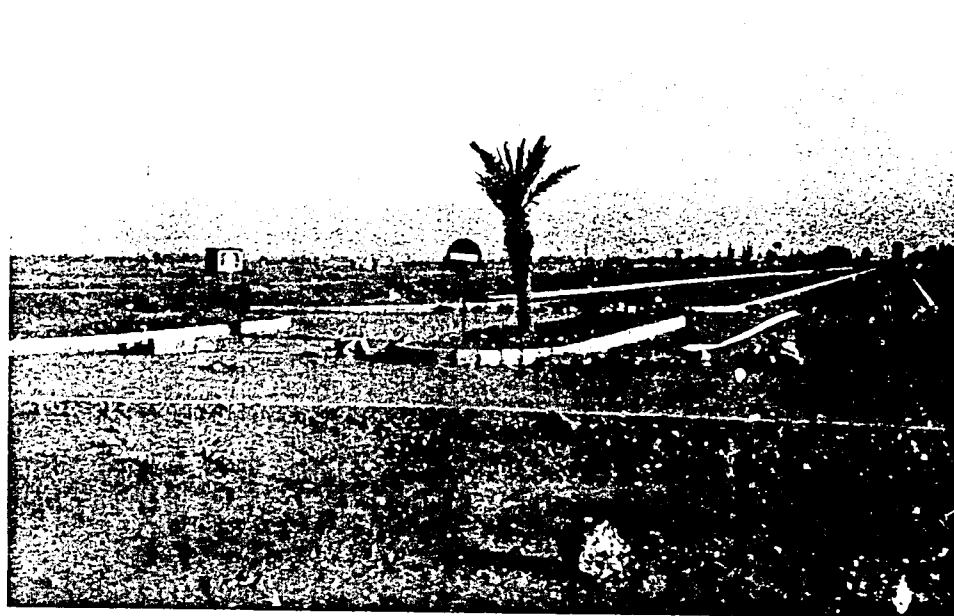
Marrakech - New Housing



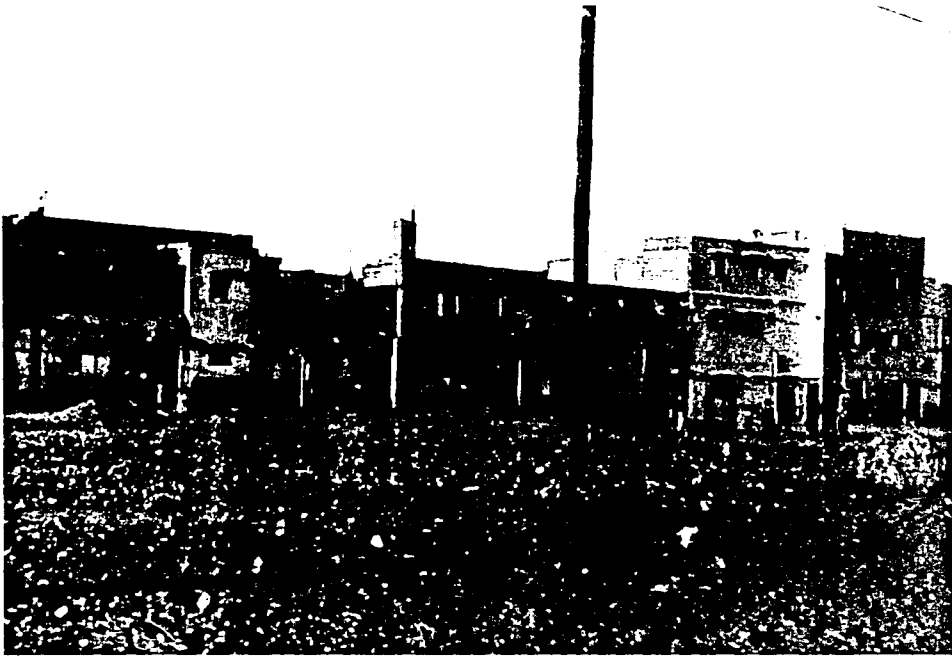
Marrakech - New Housing



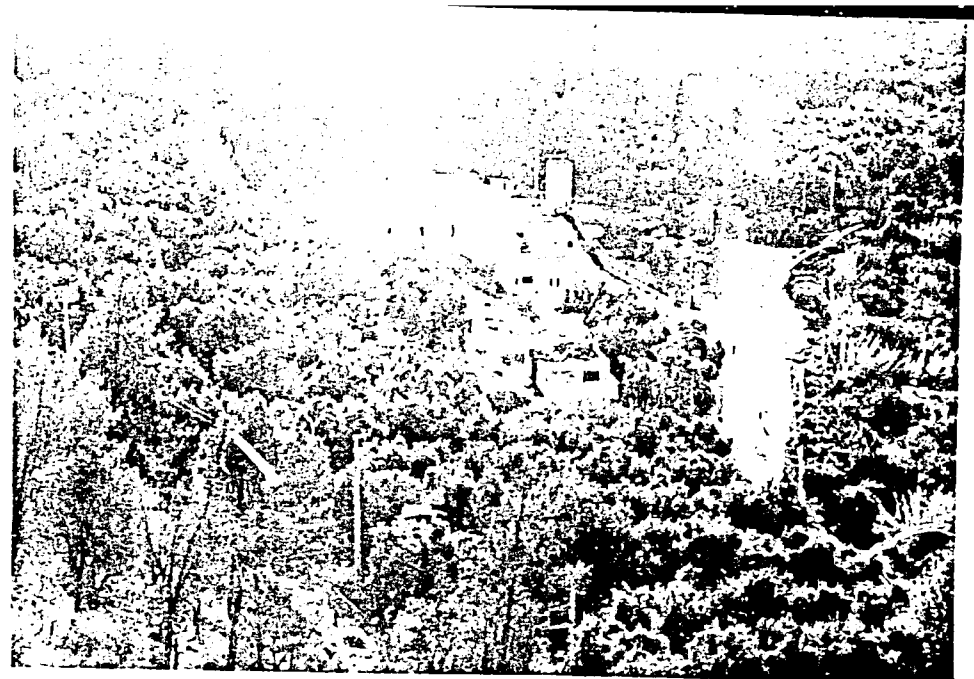
Marrakech - Separate Bike Path at New Arterial Street



Marrakech - New Subdivision



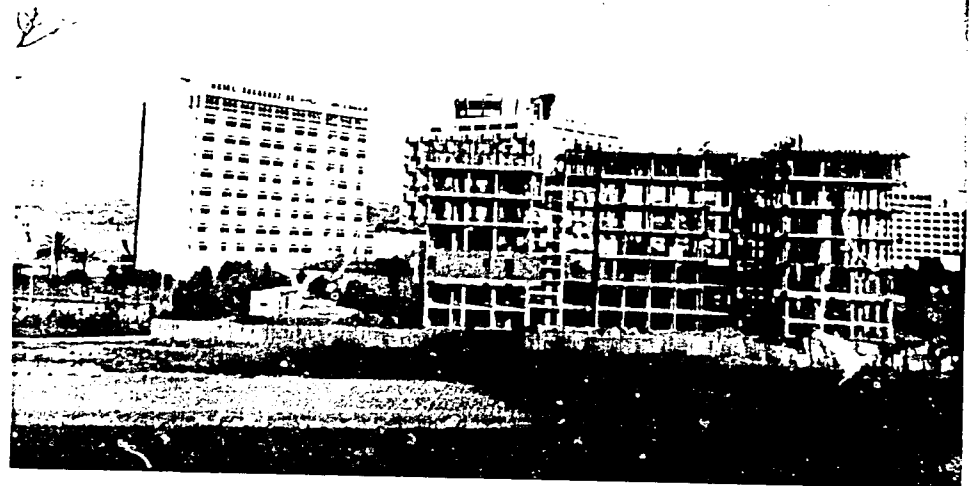
Beni-Mellal - New Housing



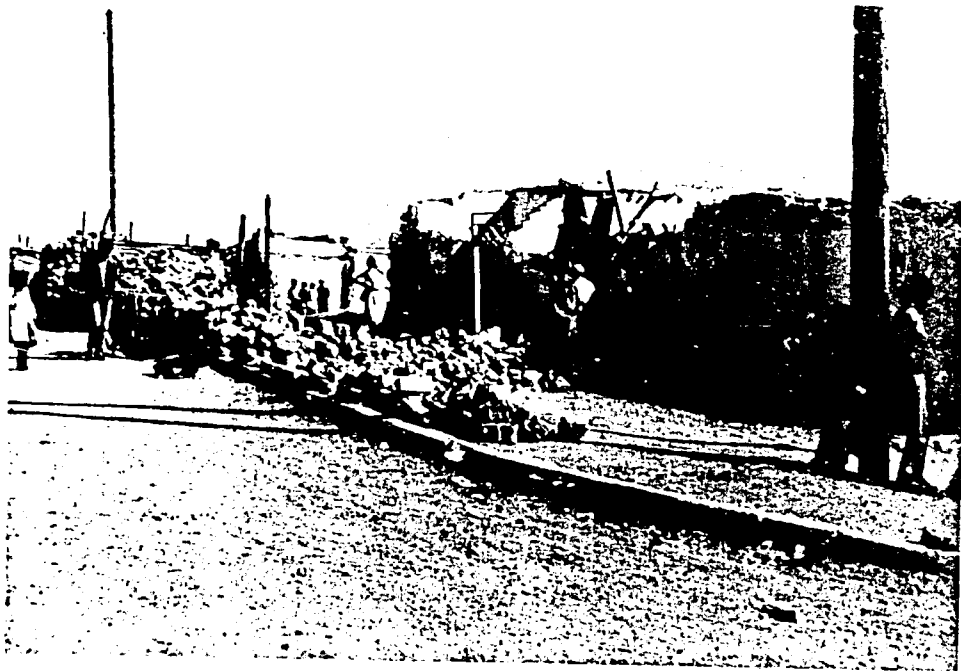
Beni Mellal - Sewer Treatment Plant



Tanger - New Housing & Subdivision



Tanger - New Construction



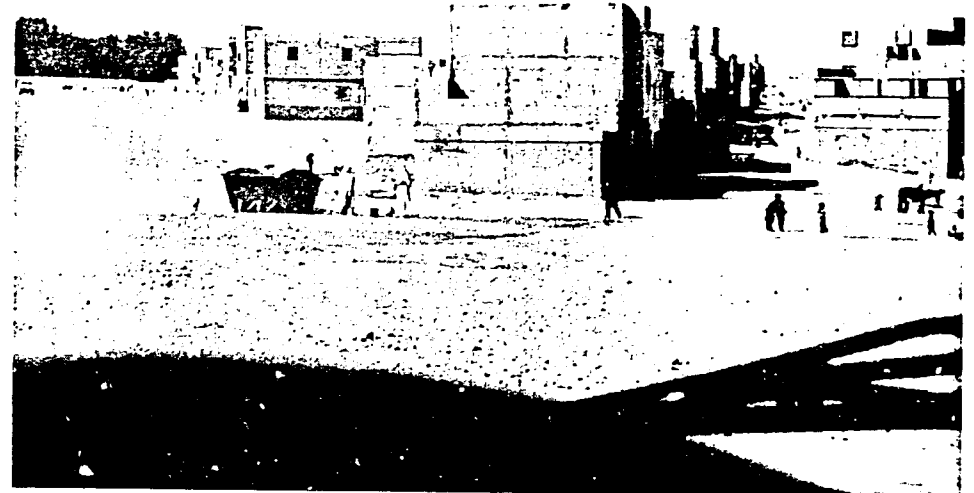
Settat - Bidonville Demolition



Settat - Reconstructed Bidonville



Settat - Reconstructed Bidonville



Settat - Reconstructed Bidonville

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URBAN DEVELOPMENT ASSESSMENT
FOR MOROCCO

VOLUME B
RECOMMENDATIONS

Prepared for the
United States Agency for
International Development

April 1985

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VOLUME BCHAPTER ONE: FINDINGS, CONCLUSIONS, RECOMMENDATIONS TO THE GOMI. Findings and Conclusions

The government of Morocco must now conduct development efforts under severe fiscal constraints. Morocco faces balance of payment problems and needs to reduce its budget deficit. Agreements signed with the International Monetary Fund commit the GOM to expenditure restraint for the foreseeable future in return for IMF and other international donor support.

This iron necessity of austerity comes at a time when the GOM has begun to draft a new national plan to guide Government development policy and capital investments over the next 3-5 years. A much greater level of efficiency for these investments than in the past will clearly be a driving force in this plan-making. At the same time, however, Morocco is faced with a dilemma that has confronted numerous governments in similar circumstances. It is committed to goals of interregional equity, goals not easily held in abeyance, especially in view of continuing concerns for national unity and continuing pronouncements by the King on the need/desirability for greater regional development.

We can not pretend to offer insights on how to resolve this dilemma at the macro-economic level. This review, and the reviewers' competence, is limited to matters dealing directly with urbanization. In so far, however, as national allocations to urban areas bear a relationship to overall development policy, findings and conclusions from this UDA can suggest ways in which that policy, and its performance, can be significantly improved.

Principal findings and conclusions of the UDA are as follows:

1. Morocco's cities produce most of the Country's GDP and will need to be continuing generators of jobs and enterprise if the country is to improve significantly its present economic conditions.
2. Casablanca and the urbanized region to Kenitra is the urban economic heartland of the country, particularly for the private sector. Here is where Morocco's most skilled and sophisticated entrepreneurs are located along with port facilities, international airports and other major infrastructure. Services, industries, commercial operations and developable land exist to support further economic growth.
3. Unlike many developing countries, Morocco has a complement of other cities outside the corridor, well distributed in relation to rural hinterlands, which are growing rapidly and are also capable of more sustained economic development. While these cities perform valuable functions both in the private and public sector, the present array of GOM incentives has had only modest success in attracting new jobs and enterprise to these locations.
4. Morocco has embarked on a bold program of gradual, controlled decentralization of administration and decision-making responsibility to local municipal (commune) corporations, particularly in provincial capitals. Expectations are that greater decision-making power will lead to greater locally-generated economic growth and greater municipal fiscal responsibility to support that growth. Municipalities do raise a substantial proportion of their operating and capital resources, while the state continues as a major source of financial support to both. The devolution effort has only been operating for a decade, however. Significant improvements can still be made in local public finance, and urban economic growth as a result of greater local autonomy has not yet met expectations.
5. Morocco has many institutions at the national, provincial, and local levels which deal with urban management and urban development.

By-and-large these institutions are staffed with well-trained, competent people. Although the staffs are skilled and operations of these institutions are supervised at the local level by provincial governors, the system is so complex that inevitable problems of priority setting and coordination occur when it attempts to undertake development in specific urban areas. The problems are compounded because no effective capital budgeting occurs at the local level to serve as a guide for application and timing of public expenditures by various agencies.

6. Through the mechanisms of national plans and royal decrees, Morocco has articulated a strong and consistent goal for decentralized development at the regional and urban levels. It has also called for concentrating public investment in a few key secondary cities or "growth poles". Combined with tax and other incentives to attract voluntary private investment, these capital commitments are intended to spur economic development in the target centers. In actual practice, however, governmental capital has been dispersed in cities and rural areas throughout the country. Designated growth poles have not been the loci of concentrated investment programs, and private sector growth in the target cities has proceeded slowly.

7. Morocco's urban and regional planning approaches are sophisticated and of relatively high technical quality. Thirteen of the larger cities have Schemas Directeur, or guide plans which are generally sensitive to local conditions. They identify development prospects for the urban areas, the array of municipal infrastructure needs, and high-priority development projects. Their land use provisions are generally followed.

8. The Schemas Directeur for the 13 cities could serve as frameworks for coordinated action programs to improve infrastructure and economic development capacity. They do not, however, for the following reasons: They are not effectively linked to the resource allocation process and are subject to serious shortages of capital

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to fund planned infrastructure and economic development projects at the municipal level. Complex land assembly procedures and high land costs, particularly for the private sector, also hinder implementation. While Morocco has shown its administration capable of considerable adaptation, institutional mechanisms for conducting the kind of coordinated development at the local level implicit in the guide plans are not commonly in place.

II. Recommendations to the GOM

A. The Export Orientation Premise

The GOM is now committed to an export orientation for its development activities. Major planning and programming decisions over the next 3-5 years will be taken in support of improving the export of Moroccan manufactured goods and agriculture, both to earn foreign exchange and to generate jobs and enterprise from these sectors of activity. Export has an urban dimension -- since Moroccan cities are the setting for production of manufactured goods, for the processing of agricultural products and the dissemination of support services to export agriculture, and for the tourism which will also be an increasing source of foreign exchange and employment. Direct investment to encourage export and tourism will, moreover, have a multiplier effect in generating supporting production and service jobs in the urban areas where it occurs. In our opinion, a strategy can be formulated, justified by the export imperative, in which resources can flow both to the corridor and a limited number of secondary centers with perhaps more efficiency than in the past. It is on the latter component of such a strategy, the approach to secondary centers, that we focus our recommendations.

We do so for the following reasons:

1. Casablanca and the corridor centers are where primary export production occurs today. The principal entrepreneurs are there, and the services to support them. The GOM appears aware of obstacles to improved performance and has, through adjustments in taxation,

tariff restrictions, document processing and marketing support, begun to institute administrative changes to benefit entrepreneurship for export goods. International agencies such as USAID are considering technical and financial assistance to this effort, which will probably be most intense in Casablanca and elsewhere in the corridor because of the present concentration.

2. Each of the corridor centers, the Casablanca-Mohammedia area, Rabat-Sala, Kenitra has development plans and/or intensive planning under way. The Casablanca area has a new, multi-purpose development agency whose responsibility extends to implementation. Given the political/economic significance of the corridor centers, their priority infrastructure requirements and land development needs will probably come to the foreground in the national plan-making process. The UDA did not examine development needs in Casablanca and the corridor centers and has no data on the extent or costs of priority requirements. However, if past experience is a guide, major commitments will continue to be made to meet these requirements, particularly as they affect Morocco's export production ability. From an efficiency standpoint, such commitments are justifiable.

The hard choices will come in determining to limit resource allocations in the corridor in order to establish some priorities for urban investments outside. It may well be useful for the national planners to make as comprehensive a review as possible of support requests emanating from the corridor cities, to identify those projects most critical to the export orientation, to set limits on the near-term flows of public capital to the corridor and determine what resources are left for productive allocation outside. While the UDA does not suggest a basis for making these determinations, it is in establishing the non-corridor priorities that the study can offer insights.

First of all, it must be recognized that Casablanca and the corridor centers do not, even today, have a monopoly on export production or readily-mobilized export potential.

Other urban centers by virtue of the present industrial and touristic specialization and their accessibility to agricultural areas with export crop potential can also make crucial contributions. Morocco's past regional development activities have been characterized by dispersion of investment to many centers, and have not worked well. But political, as well as economic imperatives dictate some continued deconcentration even during this difficult fiscal period. Therefore, re-iteration of the growth pole approach within a framework of "selective concentration" as discussed in the introductory chapter of Volume A, may make both political and economic sense. Such a framework would have the following characteristics:

B. Investments, Operations, Incentives

The GOM would reaffirm its commitment to a limited number, no more than three, urban growth poles outside the corridor for the next 3-5 year planning period. The commitment would be multi-sectoral, i.e. including, but going far beyond infrastructure and other capital facilities. It would be directed towards providing these areas with the external economies needed to support increased, export-oriented, economic development. The basic tools would consist of:

1. Capital investment by the government,
2. Administrative reform undertaken to improve the operations of municipal/provincial government (including utility authorities) and its revenue-generating capability,
3. Incentives to private sector investment and land development coordinated with these measures.

Thus, the basic growth center policy would extend to implementation and follow-through which has not characterized that policy in the past.

C. Selection

Four criteria can be established to guide the process of selecting urban areas to become the targets for effort.

1. Existence of a Schema Directeur

Existence of a comprehensive development plan, even one to require updating and calibration, should be a critical factor in selection. These plans have made diagnoses of economic potential, social and infrastructure needs, land requirements, and priority development projects. It is now time to incorporate them directly into a national resource allocation process. This criterion will limit the number of candidate centers to ten outside the corridor, each of which has a population of 100,000 or over, each of which has some substantial base of economic activity today. The previously-designated growth poles are all included in the list which consists of Fez, Beni Mellal, Meknes, Agadir, Oudja, Tanger, Safi, Tetouan, El Jadida, and Marrakech.

2. Existing and Potential Contributions to Export

The principal economic screening exercise would be to assess the candidate centers in relation to their prospective contributions to Morocco's export objective. The current economic base of each would be examined to identify which have the largest potential for generating goods and services that can not be readily produced in the corridor to obtain foreign exchange.

Agadir, for example, would seem to be a likely candidate for three reasons: It is the largest processing center for fish, for which there is demonstrated international demand; it is today the country's principal tourist destination; and it would be the logical port for overseas shipment of agricultural produce from its rich rural hinterland.

Beni Mellal is another, again because of its agricultural hinterland and the extent of its current processing activity and service base.

Tanger is yet another, because of its importance as the largest industrial center outside of the corridor and as a primary tourist destination.

Each of these not only has an existing base of economic activity, infrastructure, and services, but is distant from the corridor. Its further growth could make a major impact on a large rural hinterland. More detailed analyses can, of course, be made of these and the other centers in the potential pool to determine both export potential and a prospective multiplier on employment if that potential is realized.

Such studies can be conducted by the Planning Ministry as a prelude to urban area selection.

3. Capacity of the Present Municipal/Provincial Administration

Selected cities will need relatively strong local administrations both to develop and manage services and to represent their interests during the course of the selective concentration process. Given that all local administrations require strengthening, the target centers should demonstrate relatively strong leadership by local elected officials, some technical staff capability, and a relatively significant current commitment to revenue raising in support of municipal development and operations. Those communities which are today making the most progress should be rewarded. Such an assessment can probably be made by the Ministry of the Interior.

4. Presence of an Active Private Business Community

While industrial performance in the secondary centers has been below expectations, each does have a complement of merchants, professionals, landowners, and others who can serve as a nucleus of increased entrepreneurship. Each has some form of Chamber of Commerce and Industry that acts as a representative body. The scale and caliber of present entrepreneurship can be assessed for each of the potential target centers.

These four factors can be utilized by the GOM in selecting the limited number of target centers for application of an action program sketched out below.

D. A Five-Year Action Program

For each selected urban growth center, a five-year action program can be formulated that can itself be incorporated into the national plan and thereby receive sanction at the highest levels of national government. The program would have three major components, tailored to the special requirements of each selected urban area:

1. An Infrastructure Support Program

The Schema Directeur would be assessed to identify the most critical public facilities and service needs that can be implemented in a five-year period. The gamut could run from sewage treatment, to solid waste collection, community facilities, to sites and services for bidonville reconstruction. Feasibility and cost-revenue analyses would be made, the most promising projects selected, and an infrastructure "package" prepared for implementation. Funding sources (national, municipal, international) would be identified and assured for the entire project package.

2. A Municipal Operations Support Program

The objective would be to provide technical staff and administrative reforms that will improve the commune's performance in administering and financing municipal services. A management audit of present operations and finance might be conducted to arrive at a precise set of requirements. The commune council would be enlisted as a participant in the audit. Recommendations might include, in addition to staff, means of improving tax collection, new taxes or excises that can be levied, and/or increased user charges for specified services. Resources would be made available to implement the recommendations, through temporary increases in operating budget grants from the MOI.

3. A Private Enterprise Promotion and Support Program

Diagnostic studies would be made to evaluate private sector performance in the area and identify blockages to expansion, especially in regard to export-oriented manufacturing and tourism, agro-processing, and shelter. Recommendations from the study would be implemented over the period of the action program. These could include, for example, the following group of measures:

Intensification of the ODI promotion efforts by establishing an ODI office in the city and expanding ODI's assistance to include the financing of incubator building construction on industrial sites.

Special efforts at credit provision, if credit is identified as an obstacle.

Management assistance and worker training.

Implementation of new forms of public/private partnerships for land development, such as the ZAC technique for residential and commercial expansion reviewed in the Volume A of this study ...i.e. government would acquire land, sell it at a write-down to private developers in accordance with a plan, and work with the developers to establish a cost-sharing arrangement for infrastructure.

E. Coordinating and Implementing Mechanisms

The key to program success will be sustained application of these various measures over the five-year action period. As we have indicated in Volume A, selective concentration efforts must be funded and sustained in order to build up the array of strengths needed at the secondary city level. Failure to do so has marked Morocco's past growth pole activity.

Incorporation of the program into the national plan is a critical initial step toward implementation. Past national plans have only touched

on the growth pole issue, have not included specific allocations, and have presented budgetary proposals on a sector rather than an area basis.

The most important step, however, would be to establish some coordinating mechanism at the national level that would ensure appropriate allocations of budget and staff for each urban area over the action program period. In Brazil's successful experience with secondary city development, the individual sectoral agencies responsible for aspects of the program at the national level each made their budgetary allocations, and coordination was ensured through the mechanism of an inter-ministerial/inter-agency committee. This committee reported to, and was physically located at the Ministry of Interior. The committee, which handled coordinated development efforts in eight middle-size cities, had its own directorate and staff.

A similar structure at the national level would be appropriate in Morocco because of the central role played by the Ministry of Interior in supervising all GOM public works activities at the provincial and local levels. There is tradition for other agencies and ministries to take guidance from the MOI.

Equally important, there must also be a directing or coordinating body, a "lead agency" within each urban area that will be local in orientation and can fulfill the task of making the program work on-site. Here would appear to be some options, depending on specific local conditions. The main requirement would be that the mayor and commune council play an important role in both planning and implementation of the program. One possibility would be for the local ERAC to assume broader development functions. (This might be desirable under any circumstances since the ERACs could build on their present residential development functions to become more comprehensive regional land development agencies.) Another, and perhaps more workable given the structure of local administration, would be for the provincial governor to assume direction, with an advisory committee from the mayor and council and some representation from the private sector.

In our opinion it is possible to bend, or expand, the functions of existing institutions and agencies to handle a growth center program, both at the national and local levels. Creating yet another agency or agencies for the task would be unnecessary proliferation.

III. Concluding Note

During the course of the UDA, the study team examined many other aspects of Morocco's urban governance and development system and perceived opportunities for improvements in such areas as fiscal management and private sector land assembly. While reforms in these areas are under consideration at the national level, in our opinion selected growth centers afford the best opportunity to test out new devices such as the ZAC and advancements in municipal revenue generation and collection.

Given political and economic conditions in Morocco, we recognize that short-term allocations to cities and rural areas outside both the corridor and designated growth poles will continue, although probably at a much reduced level from the past. National plan pronouncements and royal statements stressing greater regional responsibility and development will continue as well. The limited growth center, selective concentration program suggested above should in no way be considered contradictory to such broader policy. It is rather a means, recognizing increasingly limited resources, to make that policy work more effectively than in the past.

CHAPTER TWO: OPTIONS AND RECOMMENDATIONS FOR
USAID ASSISTANCE IN URBAN DEVELOPMENT

In response to the findings and conclusions of this Urban Development Assessment, the team believes that USAID can usefully consider three options for participation in Morocco's urban development activity.

Option A: Assist the GOM in formulating and implementing a realistic growth center strategy. Components would include technical assistance in city selection and program design; technical assistance and training associated with program implementation in one target urban area; financial assistance (loans) for infrastructure/development projects within the adopted program for that city.

Option B: Initiate a modest technical assistance and training program in urban development.

Option C: Continue or expand the present HG program in shelter, but leave further direct participation in urban development to other international donor agencies.

This chapter will spell out the options and a recommended approach. It will conclude with identification of certain studies which the Mission might sponsor in further exploration of urban development issues.

Two matters should be considered in weighing the options. Morocco has a long history of receiving and absorbing assistance in the urban development field. Starting well before independence, external aid, largely but not exclusively French, has helped shape the character of urban planning and control institutions, the physical form of urban growth and the skills of the planners, architects, economists and administrators operating in the field. More recently, the World Bank, has in addition to its continuous support of shelter and upgrading, begun a process of financial and technical assistance to the Municipal Development Bank (FEC). A loan of \$15 million (with an additional reservation of \$50

million) has been committed to expand that agency's municipal infrastructure lending program on a national basis. Thus, any new initiatives from USAID must be viewed in light of considerable prior international work in the field.

The second matter for consideration is how further involvement in urban development fits with current mission activities and priorities. Any new initiatives from the Agency should, moreover, be assessed in relation to the Mission's present program commitments and current intergovernmental relationships, matters which are reviewed below.

I. The Present Program and Commitments of USAID

AID's only direct current urban involvement is the Housing Guaranty Loan and related technical assistance administered through the Regional Housing and Urban Development Office in Tunis (Office of Housing and Urban Programs) with a resident advisor stationed at the Rabat Mission. This shelter sector assistance has been extremely difficult to place in operation. A HG loan was authorized in 1973 for 4,000 core houses but never executed. In 1979, AID approved a second HG loan for \$25 million for upgrading Ben M'Sik, Casablanca's oldest and largest bidonville. Eventually the GOM elected to raze rather than rehabilitate the bidonville and replace it with high-standard contemporary development. The HG loan was never executed. Finally, in 1981 AID approved a \$17 million loan for small upgrading projects in a great number of secondary and tertiary centers. This, too, has involved considerable administrative complexity, with the first borrowing of \$4.8 million drawn down only in late 1984. The HG program also involves a \$2 million technical assistance activity yet to be launched. Some participant training, through attendance of Moroccan officials at the AID-sponsored shelter workshops in Washington has also been conducted.

In the course of developing the HG, AID has established close contacts and good working relationships with one key ministry responsible for aspects of urban development, MHAT. MHAT has the housing function, but

it is also responsible for physical planning, nationally, and at the provincial and urban level. The contacts in MHAT could expedite AID involvement in the planning process for Moroccan cities. They could help to identify significant projects which need funding in promising secondary centers and have been studied in Schemas Directeur.

While the Mission does have good working relationships with MHAT, it has more remote connections with the single most important "urban" ministry upon whose priorities successful elaboration of any donor assisted urban program depend. That is the Ministry of Interior. MOI, through its provincial governors and a chain of command which requires all field based sector agencies as well as municipal corporations to report to the governors, is the institution which exercises control and direction for urban development in any given city. Other than the individual governors themselves, the Capital Budgeting Service is that MOI agency most closely involved with allocations to municipal development programs. The Mission has few ongoing relationships with the Ministry, and its existing programs do not touch on the Ministry's urban coordination responsibilities.

If, indeed, AID decides to make an entry into the urban field beyond current shelter sector commitments, establishment of firm contacts with the Minister and the higher echelons of MOI staff must be a prelude to any program initiative. Contacts with one other key agency, the Ministry of Planning which sets national development plan priorities with the Prime Minister are, excellent however, and provide opportunity for entering into a policy dialogue on urban matters.

Most ongoing Mission programs are only remotely related to urban development. The three major sectors of Mission activity are agriculture, population planning and energy. While none provide the mission with direct involvement or contacts in the urban field, the locations of activities that may be supported within these sectors suggest some promising linkages.

Agriculture is one example. The Mission has had extensive activities in the agricultural sector to improve technology, to improve the gathering and analysis of data, and to strengthen capacity of existing institutions. Support is also being considered to the regional irrigation agencies (ORMVAs, FY 1986 ABS).

The ORMVAs are organized throughout the country to provide technical and marketing assistance to farmers. Several are in areas hinterland to secondary cities which are agricultural service centers and centers for either industrial production, tourism, or both. For example, ORMVAs function in the regions of Agadir, Beni Mellal, and Marrakech, any or all of which could be high priority urban growth centers under the next national plan. If AID elected to initiate urban project activity in any of these cities, links could be established through and with ORMVA work.

The same could be said about the family planning program which has operated effectively in rural areas. That program will now be expanded to a number of urban centers, the selection of which is under study. If AID initiates activities in urban development, both the population planning program and the work in urban development would be strengthened by concentration in the same cities. The interprogram linkages would be even stronger if HG upgrading sites were in the same cities as well.

In respect to energy, most of the pilot work in energy conservation and alternative technologies has been located in Marrakech, a growth center candidate. Contacts developed also provide links to important infrastructure agencies nationally. Energy conservation can be a component of any future mission activities to strengthen economic development capacity of designated urban areas.

Beyond its sectoral interests, the Mission's ongoing commitment to participant training -- and contacts with the Directorate de la Formation de Cadres of MOI, provide an opportunity to expand into urban related fields.

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Other than the HG in shelter, however, the Mission activity most directly relevant to urban issues would be a private sector export promotion loan, grant, and technical assistance program proposed for FY 86. If some such activity to support the country's export promotion policy is approved, it will most likely focus on assisting present entrepreneurs in Casablanca and the Casablanca-Kenitra corridor, where the greatest concentration of existing industry with export potential exists.

II. Options for USAID

The three options for future USAID activity are discussed below in terms of the following framework: nature of the option, rationale, pre-conditions, pros and cons for evaluation.

Option A: Assist the GOM in formulating and implementing a realistic growth center strategy. Components would include technical assistance in city selection and program design; technical assistance and training associated with program implementation in one target urban area; financial assistance (loans) for infrastructure/development projects within the adopted program for that city and its urban region.

Option A flows directly from the findings and conclusions of this review and from the recommendations to the GOM above. It would assist the GOM to calibrate its present economic decentralization policies with more precision. It would address the principal deficiencies in such policies to date -- namely program design and on-site implementation -- and it would be in keeping with the larger U.S. endorsement of a GOM export orientation for the short-term future.

Nature of the Option

Option A would include the following components.

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A. Policy dialogue and technical assistance at the national level.

USAID would enter into discussion with the Ministry of Planning to promote the concept of selecting a limited number (2-3) of target urban areas with export/foreign exchange generation potential to supplement investment allocations within the Casablanca-Kenitra urban corridor. It would urge;

formulation of 5 year investment/administrative reform/private enterprise stimulation programs for these cities,

explicit incorporation of such programs within the national planning process, and

establishment of implementing mechanisms at the national and local levels.

Short term technical assistance would be offered to develop a screening procedure for identifying candidate cities, utilizing the four main criteria outlined in the preceding chapter: Existence of a Schema Directeur, demonstrated potential for export production and or tourism, presence of a competent municipal administration, and a current nucleus of entrepreneurship. An additional criterion, in AID's own identification of a target city to support, would be presence in the city/region of institutions and or activities with which AID is currently associated in its priority sectors of agriculture, family planning, energy, or housing.

B. Financial Assistance in the form of loans (HG, ESF) earmarked for development support in one of the target urban areas. These funds could be made available for a variety of purposes: e.g. infrastructure to support new enterprise development and to improve living conditions for the population, particularly the urban poor (i.e. water supply, sanitation, solid waste disposal); serviced land under a ZAC public/private partnership to support orderly commercial, industrial, residential development; private enterprise credit as an incentive to local

industrial production, if it is determined that lack of credit is an obstacle. Feasibility analyses would be made of any potential project candidates as part of project paper preparation.

C. Technical assistance in the following areas: overall project design for the target city; conduct of a municipal audit to identify necessary improvements to municipal administration and the revenue production capability of the municipality; organization of an implementing mechanism at the local level that could carry out a five-year program of capital investment and operational reform; private sector management assistance and job training. These should be regarded as alternatives, with any actual mix of technical support to emanate from the requirement of the particular city.

D. Training Training would consist of short and long-term activities - both in Morocco and overseas - for designated municipal personnel in such subjects as fiscal management, computerized data processing, solid waste management and/or others to be identified in the course of the management audit.

In suggesting a level of financial commitment for such a program, the following entered into our rationale: First of all, we derived from discussions with Moroccan officials that capital aid is a prerequisite to serious consideration of technical assistance to reform the present system of allocation to urban areas and to implement programs. Thus, to obtain leverage for reform, a sizeable amount of capital support not obtainable elsewhere is essential. The question is how much?

We reviewed the infrastructure needs package prepared for Agadir (Volume A, Chapter Six) amounting to \$68 million, assuming that it was indicative of a major secondary city. A 25-30 percent proportion for externally funded assistance seems reasonable, in order to encourage both allocation of GOM funds and more extensive revenue raising responsibility at the local level.

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Thus we believe a level of \$20 million is appropriate, with an additional \$2 million for technical assistance and training, a total of \$22 million. Feasibility and project paper analyses of specific candidate cities would be needed to determine the level more precisely.

Since the program would be focussed on a single city, it would represent a "module" which could be replicated elsewhere in Morocco utilizing further resources of USAID or other donor assistance.

Key GOM agencies to play a role in Option A would include: The Ministry of Planning to establish national policy; the Ministry of the Interior to direct formulation of an interministerial committee at the national level and implementation; the Ministry of Housing and Regional Development because of the importance of the Schema Directeur and as a major actor in implementation; and the Office of Industrial Development and the CDG as industrial promotion and development agencies. The Municipal Bank (FEC) could be utilized as the conduit for infrastructure lending, building on current World Bank commitments to strengthen the resources and performance of that agency.

Rationale

A city-focussed program of urban assistance would address the central problem of urban development in Morocco - expanding the economic contributions of the existing network of secondary centers and providing a limited number of such centers with the scale of external economies and "comparative advantages" not possible under past weak GOM incentives.

It would utilize the strong attraction of capital funding to create needed jobs and facilities and to leverage reforms in municipal management and program implementation.

It would serve to enhance AID's ongoing priority activities by stressing export potential in the economic base and by linking such individual projects as agriculture support and HG within a stronger area

development framework. In respect to agriculture, for example, AID assistance to improve a city's capacity for marketing and distribution would benefit agricultural development work with any ORMVA in the region, if ORMVAs are ultimately assisted.

It would serve to obtain maximum benefit from AID's scarce resources in this field by focussing them in a single geographic area.

It would utilize technical skills in which American experts have demonstrated competence. Recognizing the relative scarcity of French-speaking American experts in this field, it would also take maximum advantage of available talent which a more dispersed approach would find more difficult to do.

Last, but by no means least, a single city effort directed at intensive treatment of the range of capital, administrative and physical obstacles to economically productive urban growth would provide important support for the four "pillars" of the Agency program: policy reform, institutional development, technology transfer, and private enterprise development.

A question might arise as to why the UDA team is not recommending program activity in Casablanca or another corridor center. First, the UDA did not examine or have access to needs identifications in the corridor. More important, however, is the existing priority flow of funds by the GOM into the corridor and our perception, based on experience in other countries with primate centers, that the relatively modest resources available to USAID will have considerably greater leverage to induce reforms in a secondary center where the funds can be stretched further and have more impact.

Pre-Conditions

A program of this nature would require considerable preparatory work - particularly policy dialogue - with the government of Morocco. Program

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design (PID and Project Paper) would require close participation with relevant GOM authorities. Most particularly the following must be achieved.

- A. Commitment by the GOM (Ministry of Planning) that the next national plan will target 2-3 secondary cities with export production potential for high priority effort during the next planning period.
- B. Establishment in the national plan of an action program and budget for each of the target cities selected. It would be understood that USAID loan funds will defray only a portion of the capital and technical resources required.
- C. Commitment by the MOI to designate the target urban area for municipal management reform and to create or strengthen a coordinating/ implementing mechanism for program expenditures.
- D. Enlistment of the Municipal Council of the target city, along with the Governor, locally based national agencies, and the private sector in the planning/implementation process.

Pros

A multi-faceted program of this kind would represent a meaningful statement by the U.S. that it is prepared to address the root problems impeding economically productive urban development in Morocco.

Such a city-based effort takes maximum advantage of American expertise.

By combining technical/training support with a substantial capital (foreign exchange) incentive the program would be taken seriously by the GOM. It could stand a chance of leveraging municipal reform.

It would be replicable.

Urban Development is considered a high priority by the Near East Bureau of USAID.

Cons

A number of factors militate against a program of this scale.

1. It involves capital funds. Capital funds have not previously been considered (CDSS, ABS) for the urban field, certainly not at the level proposed. A policy decision undertaken as part of the present U.S. government review of its assistance to Morocco during the next 3-5 year period would be required.
2. Agency policy towards urban infrastructure and legislative requirements for the HG presents serious difficulties.

Agency policy, as reflected in the recent urban development policy paper, does not favor urban infrastructure investment for DA funds. It suggests that HG and ESF (where appropriate) be the principal resources for such allocations. The HG program, which would be utilized in whole or in part for these investments, carries restrictions requiring preponderant service to the urban poor. These restrictions - depending on the specific infrastructure involved and the specific city - may make projects difficult to justify. In addition, there are the fundamental questions of HG interest rates and U.S. attitudes toward further borrowing by the GOM in light of balance of payment problems.

3. The USAID Mission in Morocco does not have the staff or the relationships with key GOM agencies - other than MHAT and Ministry of Planning - to develop and carry forward such a program.

These too are serious obstacles, and the proposed program will need both time and skilled agency personnel to develop. It would be a new activity for the agency, and one for which AID is not currently prepared.

Option B: Initiate a Modest Technical Assistance and Training Program
in Urban Development

Nature of the Option

Option B assumes the agency determines that capital funds -- HG or concessional -- will not be allocated to urban development in Morocco. In this case, we propose for consideration a program of technical assistance and training directed at national level institutions and their staff who could benefit from specialized U.S. expertise.

Two agencies in particular would be potential candidates for technical assistance: The newly formed National Lands Agency in the Ministry of Agriculture and Agrarian Reform, and the Planning Department of MHAT.

AFN

The newly formed AFN has considerable responsibilities in mapping and inventorying public land, and adapting the nation's land use regulatory structure so that master plans can be more readily implemented. It works closely with MHAT. AFN could benefit from short-term technical assistance by U.S. Agencies (i.e. Bureau of Land Management, Federal Highway Administration) and individuals skilled in land acquisition and disposition procedures, and in the formulation of development regulations.

MHAT

The Planning Department of MHAT deals constantly with data on land use, physical facilities, property records etc. for all the cities of Morocco. It is extremely interested to explore ways in which micro-computers can be utilized to store and retrieve data for planning purposes. This is an area where U.S. institutions (Research Triangle Institute) and municipal planning agencies have developed considerable expertise. A program for applications at MHAT can be designed, and

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supported by short term consultancies and staff training in Morocco and the U.S.

Training activity under Option B would provide in-country workshops, for both agencies with technical experts, study tours (both to the U.S. and to public land development agencies elsewhere in the developing world such as Tunisia's Agence Fonciere de l'Habitat and Malaysia's Urban Development corporation), and short term training sessions overseas (such as RTI's seminar on computerized data processing).

Option B could also afford training opportunities in urban development for Moroccan professionals beyond those agencies identified above. It would expand present Mission participant activities to provide:

1. Fellowships for MOI personnel to attend U.S. universities (degree programs) in municipal administration and finance, solid waste management and other urban skills. The Mission's present activity with the MOI's training center would be expanded to include an urban component.
2. Study tours of U.S. cities and implementing agencies such as the New York State Urban Development Corporation for staff of the Casablanca development agency, provincial governors, municipal councillors, and technicians. This would be a formal expansion of the recent Embassy sponsored tour of U.S. cities for several provincial governors and the head of the Casablanca development agency.
3. Periodic workshops and conferences in Morocco, on various aspects of urban issues -- such as alternative forms of public development agencies, public/private partnerships, etc. -- to provide opportunities for Moroccan officials at all levels of government (elected officials, university specialists, and private sector representatives) with the assistance of international agency specialists to gain information, exchange viewpoints, and work towards new or improved procedures.

The level of funding would be at the \$2.8 million level proposed for urban development in the FY 86 ABS, with \$1 million for technical assistance and the majority in training.

Rationale

A technical assistance and training effort by USAID would be a useful complement to activities already underway by the GOM to improve urban management and land control.

Option B directs these activities to the national rather than the local level for the following reasons.

There is very little prospect that technical assistance at the local level without earmarked capital support will lead to either economic development or municipal reform. Considerable research supports this statement, including AID's own experience during the late 1970's when technical advisers were stationed in cities of three countries and operated under conditions of continuing frustration. Indeed, the only one of these pilot projects (Tamale, Ghana) that led to tangible reforms involved a capital grant for construction equipment. More recent World Bank and Asian Development Bank experience, along with AID's own secondary city efforts in Egypt, combine capital support with technical aid.

A technical assistance and training program at the national level would build on AID's existing relationships (with MHAT and the DFC) and capitalize on the monitoring and control possibilities of the Rabat office. It would engage the GOM in policy dialogue, contribute to institutional development, and utilize proven American expertise.

Pre-Conditions

Program commitments -- allocation of counterpart staff, willingness to utilize technical assistance and release staff for training -- would need to be established with AFN, MHAT, and the DFC.

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Pros

The proposed program would be a useful expansion of current mission activity and would contribute to the substantive improvement of GOM urban development and control agencies. It could be a good introduction of AID into the urban field.

Option B would not require a major expansion of Mission personnel and logistic capability.

Cons

The proposed program would not deal directly with key economic development issues facing Moroccan cities.

It would not utilize the main body of U.S. expertise capable of application to the urban field.

Although at a more modest level than Option A, Option B could not be organized and monitored by the existing complement of staff at the Rabat Mission. Even with assistance from RHUDO/Tunis an additional staff member with background in urban development would be required.

Option C: Continue or expand the present HG program in shelter, but leave further direct involvement in urban development to other international donor agencies.

Nature of the Option

Option C recognizes the difficulties inherent in undertaking a new urban initiative for Morocco, along with the constraints on USAID's financial and administrative resources. It confines major AID activity to the existing Housing Guaranty program which has the possibility of eventual expansion to a \$25 million level. A program in Tetouan - a secondary city - is under active consideration for that expansion and would represent a significant commitment, totally in keeping with the Agency's past and present work in the country. While formal urban development activity would not be initiated under Option C, the Mission's participant training program could be expanded to permit off-shore fellowships and seminars as discussed in Option B.

Rationale

AID's entry into urban development would have to be made in context of a highly developed institutional system whose needs are subtle more than simple, and whose methods of operation are firmly established.

Working effectively with this system will require care and creation of a largely new set of relationships along with an increase in Mission personnel skilled in the field and fluent in French. Above all, addressing capital needs which characterize the urban sector may not be consonant with AID's policies towards the sector or the country.

Past experience demonstrates how extremely difficult it has been to organize and implement AID's long standing interest in shelter, activities which have yet to be proven successful.

Rather than raise GOM expectations unnecessarily and unrealistically, AID's own program interests may best be preserved by:

- a. concentrating on making the shelter program work.
- b. leaving further capital assistance to the World Bank or other donors with more resources.
- c. leaving technical assistance and major training to the French and other European countries which provide traditional support in this field.

Preconditions

None

Pros

Option C would relieve AID from the risks of entering a field where it may lack financial and administrative resources to make a credible effort. By the same token Option C would permit the Mission and PRE/H to concentrate and indeed expand activity in agriculture and other areas where strengths have been clearly demonstrated.

Cons

Option C would not capitalize on the organizational and technical strengths which the U.S. can offer in the urban field.

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III. The Recommended Program Approach

The UDA Team strongly recommends Option A, a capital, technical assistance, and training program directed towards policy reform and focussed on a single urban area as the most suitable approach. It takes full advantage of the skills and resources which the United States can provide in this field. It addresses the most significant problems of urban development in Morocco. If successful it could lead to accelerated economic growth for at least one area, to improved export performance, and may be replicable. It is an approach which Moroccan officials will take seriously, and it will support all of the Agency's four basic principles.

We recognize that policy decisions regarding the scale of USAID activity in Morocco must be made before the approach can be implemented.

If, however, a decision were taken to increase American AID at a substantially higher level than the \$62 million contemplated for FY 86 (in FY 86 or subsequent years) the fact that an array of potentially feasible projects have already been defined for a number of secondary centers (Schema Directeur) makes the "urban" sector a particularly promising candidate for support.

In respect to the use of capital funds policy decisions would also be needed.

The Agency's policy towards infrastructure investment has some flexibility when a private enterprise economic development and institutional reform justification exists, which would be the case in the target city. The HG program also has some flexibility as evidenced by recent approval of a project paper in Tunisia which supports urban infrastructure expenditures broader than those for specific low income neighborhoods. In the specific case of Tunisia, the HG funds were mixed with those of another donor to provide city-wide sewer systems. Given World Bank, European, Arab and other interests in Morocco, a similar mixing might be considered.

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Finally, U.S. policy review could conclude that the HG terms and short-run foreign exchange availability might be acceptable in light of Morocco's resources and commitments and/or that concessional funding could be applied.

If favorable policy decisions are reached, through the resources of PRE/H and RHUDO Tunis, additional professional staff could be made available and necessary new relationships explored.

IV. Further Studies

Whether or not the mission elects to pursue direct program involvement with urban development in the short-term, AID could consider funding additional studies in the field. These studies could illuminate key urban issues which bear on economic development. Given Morocco's austerity program, resources of outside analytic assistance might be welcomed, especially if the studies can be conducted by U.S. experts in association with Moroccan research institutions such as the MHAT urban research center. Four study topics appear particularly promising.

1. Local public finance. Despite the extensive work by Nellis and Ouazzini, the actual characteristics of the Moroccan local public finance system are extremely unclear. This study would track the true scale of local revenue raising, the extent of national level assistance, the shortcomings in collection and allocation procedures, and would attempt to propose reasonable legislative and administrative reforms that could be implemented at the national level.

2. Public/private partnerships in land development. This study would be conducted in support of implementing the ZAC and other techniques to mobilize resources from both the public and private sector. It would examine the French experience and U.S. arrangements such as the Federal Urban Development Action Grant program and the experience of the New York State Urban Development Corporation

for their relevance to Morocco. It would identify obstacles to more extensive application of public/private partnerships in Morocco and would provide recommendations for legislative and administrative measures to expand the approach.

3. A development potential analysis of the corridor cities. This study would be conducted to identify which industrial and commercial activities are most appropriately concentrated in the urban corridor and the nature and scale of public sector support needed for their expansion. A model of the corridor economy could be formulated and the comparative advantages for corridor locations of various productive sectors assessed. If conducted in conjunction with the Ministry of Planning and the new Casablanca development authority, the study could assist both agencies in developing capital program priorities for the region.

4. Urban-Rural Linkages. Even if AID does not pursue formal involvement in urban development, its interest in the agricultural sector will continue. Strengthening of town-based linkages to the agricultural sector could represent appropriate intervention. As indicated in the report, MHAT has prepared a number of studies on Schemas d'Armature Rurale -- the relationships between rural activities and their service communities. A desk-study, analyzing these documents, could be a basis for identifying program options.