PN-AAU-315

Country Development Strategy Statement

FY 1984

Morocco

January 1982

Agency for International Development
Washington, D.C. 20523

****

THIS STRATEGY STATEMENT HAS BEEN PREPARED BY THE A.I.D. FIELD MISSION. IT IS PREPARED ANNUALLY AND USED FOR PLANNING PURPOSES IN THE FIELD AND IN WASHINGTON. IT DOES NOT REPRESENT OFFICIAL AGENCY POLICY.

****

****

****

****

****

****

****

****

****

******

****

**

*

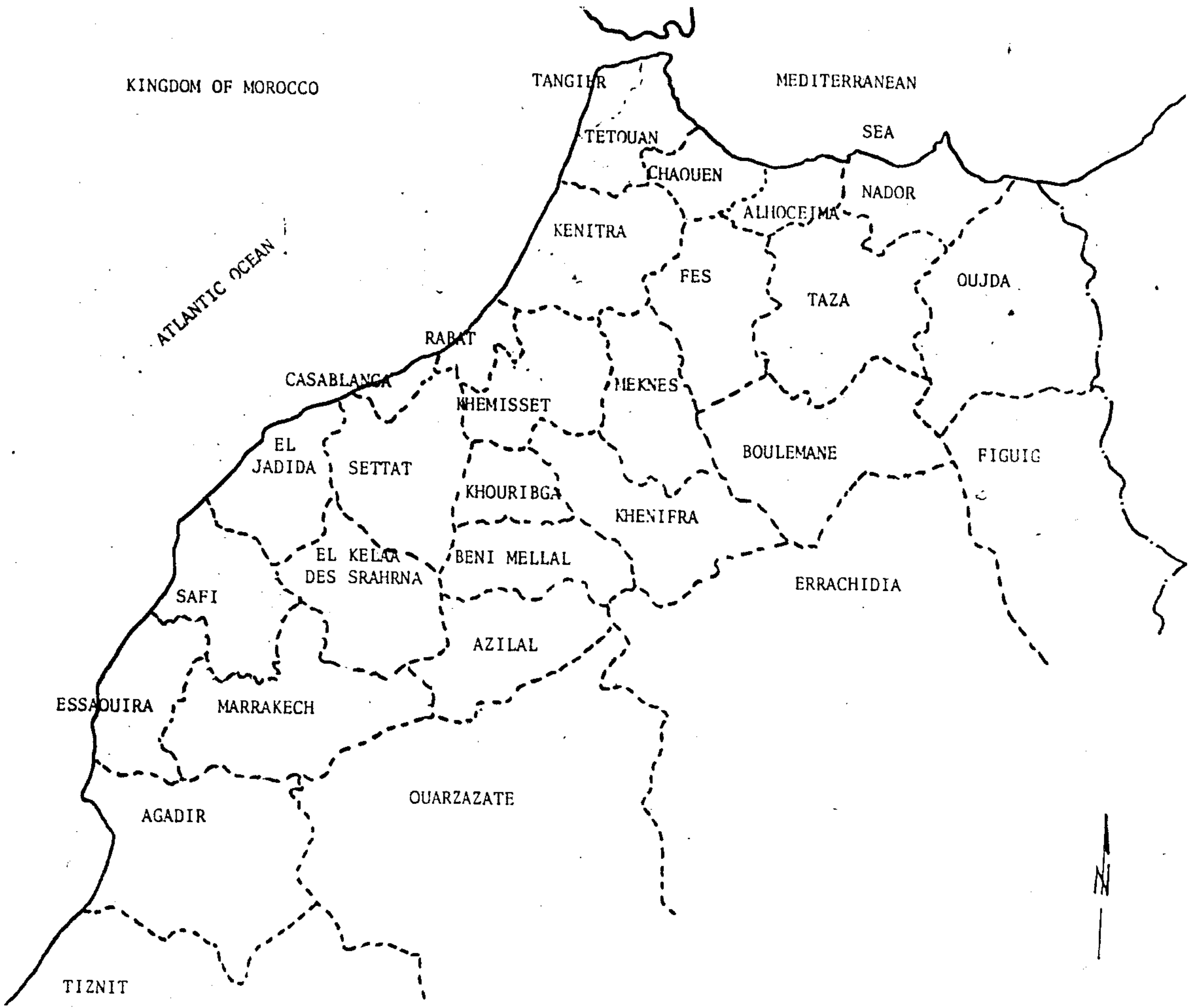
M O R O C C O

FY 1984 COUNTRY DEVELOPMENT STRATEGY STATEMENT

(SEE ALSO SEPARATE DOCUMENT: ANNEX I -- AGRICULTURE SECTOR STRATEGY PAPER)

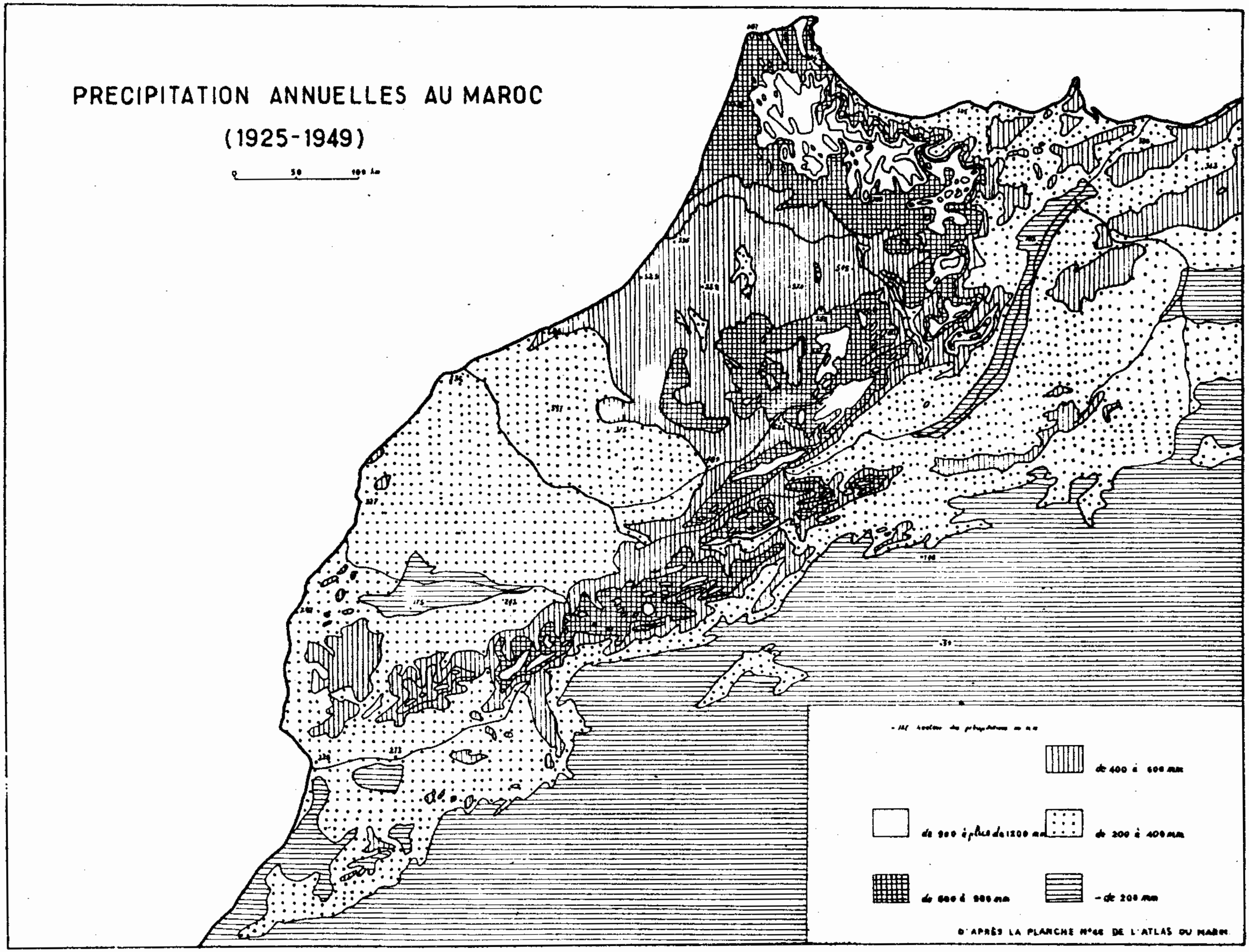
TABLE OF CONTENTS

LIST OF TABLES


KINGDOM OF MOROCCO
MEDITERRANEAN
SEA
ATLANTIC OCEAN
TANGIER
TETOUAN
CHAOUEN
ALHOCEIMA
NADOR
KENITRA
FES
TAZA
OUJDA
RABAT
CASABLANCA
KHEMISSET
MEKNES
BOULEMANE
FIGUIG
EL
JADIDA
SETTAT
KHOURIBGA
KHENIFRA
EL KELAA
DES SRAHRNA
BENI MELLAL
ERRACHIDIA
SAFI
AZILAL
ESSAOUIRA
MARRAKECH
OUARZAZATE
AGADIR
TIZNIT
N

PRECIPITATION ANNUELLES AU MAROC

(1925-1949)



I. INTRODUCTION

Morocco is currently in the throes of an economic crisis fueled by heavy dependency on imported oil, spiraling importation of foodstuffs, and the debt servicing consequences of 10 years of heavy external borrowing to fulfill ambitious development plans. At the same time, the war in the Western Sahara continues to drain national resources as increasing Polisario combat sophistication leads to rising Moroccan expenditures for the war and for military preparedness on all fronts. In addition, the 1980-81 drought not only placed severe stress on the economy, as food imports increased 75% over previous high levels and as drought-related effects rippled throughout the industrial sector, but also engendered a loss of confidence and related confusion about development goals among decision-makers. Because of dollar appreciation, Morocco has been forced to use ever-increasing amounts of foreign currency to pay for its two most important imports - crude oil and grains.

Even more than the Sahara conflict, the drought has constrained what had been "heady" economic optimism. The GOM, even in the so-called austerity development cycle of 1978-80, continued to invest heavily in infrastructure, in social development and in public sector enterprises of varying efficiency. Before the impact of drought was felt, the GOM had started the lengthy process of formulating and ratifying the new Five-Year (1981-85) Development Plan which was to be more "expansionist" than the last, and contained a significantly improved emphasis on food production and on integrated rural development. As a result of the recent economic downturn, new last-minute initiatives (discussed in detail below) were included to help stimulate recovery, and certain development packages were trimmed back or eliminated. It is clear, however, that regardless of which development outcomes and strategies remain enshrined in the new Plan, the Ministry of Finance, in exercising its control over the country's economic levers, has shown itself prepared to limit GOM commitments. The rate of economic recovery will partly depend on real investment in the Plan which in turn relys on external assistance, particularly from OPEC and OECD sources. While there is genuine cause for concern about Morocco's immediate economic stability, the long-term view does not appear to be as grim as for some other developing countries facing current economic disequilibria.

A generally efficient and well-managed agri-business sector, the ability to implement projects when resources are available, a modern industrial sector, steadily-increasing revenues from tourism, and remittances from workers abroad that are holding steady despite the current European economic downturn, as well as very large phosphate reserves and alternate mining and energy resources, all give Morocco a solid economic base. Rapid population growth and related food production shortfalls are the key constraints on Morroco's economic development and will be the focus of the AID program as it moves into the mid-1980's.

Five years ago, the AID program in Morocco was so minimal that it was on the point of phase-out. Since that time, the

Mission has pursued a strategy of using increased but still modest funding levels to address development constraints in a variety of sectors, so as to have a catalytic effect where there were targets of opportunity, and where the U.S. had an apparent comparative advantage in terms of technical assistance.

In the next five years, USAID/Morocco intends to withdraw from some of these sectors, and to focus a greater proportion of still modest available funds on more intensive activity in the areas of population and agricultural production, thus addressing Morocco's major development constraints, and continuing to build upon U.S. comparative advantage. The program will continue to support GOM family planning activities which, since 1981, have gained significant momentum and widening social acceptance. Having reestablished AID's credibility as a source of agricultural expertise, and based on the revised agriculture sector assessment, the USAID will accelerate and expand its Dryland Agriculture Research Project, which is the linchpin in improving cereal production in Morocco's rainfed zones. Following this FY '82-'83 expansion, a major rainfed agricultural production project is planned to be in the initial stages of implementation by late FY '83. (The Ag sector will receive 57% of all Mission funding in FY '83, and 74% by FY '87.) During the mid-1980's the Mission will carry forward important initiatives to improve Morocco-US links in science and technology and in long-term trade and investment, including technical assistance in conventional energy development, and non-project-tied multisector participant training.

In this process of narrowing and deepening the focus of the AID program in Morocco, continued emphasis will be given to integrating food aid into the overall development assistance strategy. While the USAID recognizes that food aid to Morocco is an interim form of assistance, it is the major source of USAID support to improve nutrition in Morocco which, in turn, can have a positive impact on reduced fertility, on mother-child health, and on individual and collective productivity.

While the USAID does not anticipate significant increases in funding levels over the CDSS planning period, it should be noted that Morocco is likely to play an increasingly important role in terms of U.S. foreign and strategic policy concerns in North Africa and Middle East. The USAID perceives its mission as one of providing skillful and appropriately targetted development assistance to address economic development constraints. However, it is also aware that success in this area will increase Morocco's internal stability and that this is in the U.S. national interest as well as in the interest of the people and the Government of Morocco.

II. MACRO-ECONOMIC ANALYSIS

This section addresses current and projected economic and financial constraints, GOM policies and strategies for dealing with these constraints, including the 1981-85 Development Plan, and IMF and IBRD negotiations. Data on which this analysis is based have been drawn from GOM reports and statistics, discussions with GOM officials, with other donor representatives, and from other donor documentation. Table I, Gross Domestic Product, serves as a basis for the following discussion.

A. Current Economic Situation

1. "Three-Year Austerity Plan" (1978-80)

During the "Three-Year Austerity Plan," a stabilization program which was designed to improve the rapidly deteriorating financial situation, Morocco's GDP rose on an average of 4.1% per year in real terms. During the same period, however, the country's population continued to grow at an annual rate of 3%, implying virtually stagnant per capital production and possibly a negative rate of improvement in the standard of living (see Table I).

Unfortunately, the GOM's attempt under this plan to decrease public investment and the growth of budgetary expenditure during this period was to some extent vitiated by increases in oil prices and in the prices of imported food, as well as the rising cost of debt-servicing. in addition, after 1978, international pressures led to some relaxation in the strict fiscal policy adopted in that year. Further difficulties arose from the increasing-cost of defense and social expenditures, and the rising cost of consumption subsidies. A further setback came with the severe drought conditions of the 1980-81 agricultural year.

2. The Five-Year Plan (1981-85)

While final figures are not yet available, the GOM has announced that there will be no real growth in GDP

TABLE 1A- EVOLUTION OF GROSS DOMESTIC PRODUCT

(Billions of Current Dirhams)

Activity	77	78	79	80	81
Agriculture, Forestry, Fishing	8.153	10.435	11.116	12.591	
Mines	2.075	2.076	2.750	3.385	
Energy and Utilities	1.214	1.337	2.143	2.341	
Industry and Handicrafts	8.241	9.367	10.436	12.010	
Buildings and Public Works	4.668	4.507	4.939	4.818	
Transport and Communications	2.159	2.470	2.638	3.127	
Commerce	7.282	7.691	8.213	9.115	
Hotels, Restaurant, Insurance, Services	7.737	8.668	9.739	10.608	
Banking	-1.019	-1.108	-1.204	-1.409	
Customs, Import Taxes	3.601	3.572	3.937	4.842	
Public Administration	5.650	6.139	7.336	8.596	
Gross Domestic Product	49.761	55.154	62.043	70.024	80000
(Δ%)		(10.8)	(12.5)	(12.9)	(14.3)

Not available for 1981. Estimated.
Source: Ministry of Plan

(U.S. $1 = DH 5.7)

TABLE 1B - EVOLUTION OF GROSS DOMESTIC PRODUCT
(Billions of Constant Dirhams, 1969 Base)
and GDP/Capita

Activity	77	(Δ%)	78	(Δ%)	79	(Δ%)	80	(Δ%)	81
Agriculture, Forestry Fishing	3.508	(18.0)	4.138	-1.7	4.067	6.1	4.317		-
Mines	.873	5.7	.923	5.6	.975	-4.1	9.35		0
Energy and Utilities	1.011	1.3	1.024	58.2	1.620	-1.9	1.590		-
Industry and Handicrafts	4.925	5.4	5.190	1.6	5.272	4.7	5.520		0
Buildings and Public Works	2.085	-21.5	1.637	-0.9	1.622	-9.4	1.469		+
Transport and Communications	1.354	10.0	1.489	2.8	1.531	1.9	1.560		+
Commerce	5.538	0.2	5.548	1.9	5.656	5.0	5.939		0
Hotels, Restaurant	4.453	2.5	4.566	3.3	4.716	4.4	4.924		+
Banking	-.579	0.9	-.574	-0.3	-.576	-6.8	-.615		-
Customs and Import Taxes	2.098	-22.9	1.617	2.9	1.664	6.0	1.764		-
Public Administration	3.668	8.7	3.986	11.7	4.451	11.9	4.979		-
Gross Domestic Product	28.934		29.580*		30.998		32.382		32000
(Δ%)		2.2		4.8		4.5		-1.2	
Population (000,000)	19.2		19.8		20.4		21.0		21.6
GDP/Capita	1507	-0.9	1494	1.7	1520	1.4	1542	-4.0	14.81

Source: Ministry of Plan and U.S Bureau of Census for Population
GDP not available for 1981 but estimated at No Change.

* As reported, figures add to 29.544

for 1981 because of the drought-related drop in agricultural production, including a reduction in production of four major cereals--barley, hardwheat, bread wheat and corn--to only 47% of the 1978-80 average. As reservoirs emptied, production on irrigated perimeters also suffered, with a consequent impact on agricultural processing and export of commercial agricultural produce. As the effect of the drought spread through the economy, sales and manufacturing also declined. Much of the country's scarce foreign exchange, some borrowed at very high rates (15-17%), was channeled toward the purchase of imported grain on an unmatched scale, with such imports for 1981 double those for the previous years. Additionally, on-farm grain reserves were depleted during the drought of 1980-81.

Despite this major increase in food imports, the IBRD notes that non-oil imports overall were substantially reduced and remained below the 1977 level in nominal terms. During the austerity plan period there had been "a sharp reduction in capital goods imports (by about two-thirds in real terms between 1977 and 1980)."1/ Despite a modest decline in consumption of imported oil for vehicle use, net petroleum imports during the period were increased to offset losses in hydroelectric power generation. During the austerity plan period overall oil imports increased 2.5 times in value in dirham terms because of price increases. On the positive

---

1/ IBRD: Report and Recommendation of the President of the IBRD...Middle Atlas-Central Area-Ag. Dev. Project, 12-10-81. p.4.

side, export earnings improved in 1979, receiving an important boost from phosphate price recovery in 1980.

As the gravity of the drought and the financial crisis were increasingly recognized, the need to "relaunch" the economy was recognized by virtually all observers both within and outside the GOM. The launch pad was to be a new Five-Year Plan (1981-85) with its 6.5% real growth rate scenario. The Plan had already passed through several revisions when it was announced in 1981, each reflecting less ambitious goals than the one before. At the same time, many of the IMF-IBRD reforms and structural adjustment were accommodated in the GOM program. This accommodation and structural adjustment lasted through April/May 1981, when the IMF strictures against short-term concessional foreign borrowing to cover grain imports had to be relaxed.

The strategy reflected in the Five-Year Plan is intended to narrow the external resource gap, accelerate growth, and spread the benefits of that growth on a more equitable basis both socially and geographically. The principal objectives are to achieve a significant increase in domestic savings and investments, higher exports and improved balance of trade, and a rise in productivity and the employment rate. If achieved, the Plan's projections show that such changes would permit a gradual acceleration of annual GDP growth to 6.5%/year, which are somewhat higher than IBRD projections[2/] accompanied by a reduction in the resource gap to about 7% by 1985.

2/ Ibid p.5

The investment target of DH 111 billion set by the Plan would be difficult to achieve in the best of years, and it was clearly not achieved in 1981, one of the worst of years given the foregoing constraints. Foreign reserves and loans badly needed for investment were diverted to pay for food imports. It should be noted that the GOM's program of massive food imprts and rural "Food for Work" projects during the drought prevented mass starvation and mortality and, although rural to urban migration rates increased, most rural families were able to remain on the farm. This success, despite its concomitant investment costs, reflects favorably on the GOM's capacity to address problems, particularly when 1980-81 is compared to years of severe drought and grain shortfalls that occurred in prior years.

B. Economic Constraints

1. Balance of Payments and Morocco-US Financial Flows

Morocco's balance of trade has consistently been in deficit. Improvements noted in 1980 deteriorated in 1981. Although exports during the first nine months of 1981 were up 23%, imports increased by 35%, leading to export coverage of only 50.8% versus the final 1980 figure of 58.0%. These figures indicate an estimated balance of trade deficit of $2.1 billion for 1981, 45% higher than that of 1980. There are informal expressions of concern that the real situation may indeed be worse than these preliminary official figures. Bleak as these estimates are, other elements in the balance payments do bring some relief.

Receipts from tourism are up, and remittances from foreign workers--once estimated at 4.3 billion dirhams for 1981 ($767 million at current exchange rates), appear to have held up despite stagnation in France, Belgium and West Germany. The big question in estimating the balance of payments is the transfer of resources from Arab countries. These are known to be large, but they are both irregular and difficult to document. (See Table 2.)

Imports for the first three quarters of 1981 rose 35% over the same period in 1980. The principal element in this poor import performance, which occurred despite GOM attempts at import substitution, was a 78% increase in the cost of imported foodstuffs. Tonnage of food imports increased 38% mainly due to drought-related cereal imports.[3/] For the same period petroleum imports increased 52% in value, and 8.7% in volume. As previously mentioned, consumption of gasoline and diesel fuel actually declined as the impact of heavy price increases combined with a general slow-down in economic activity began to be felt.

Exports in 1981 also grew in value by 23%, due primarily to the recovery of world phosphate prices. (Morocco holds 75% of the world's known phosphate reserves.) The value of phosphate rock exported during the first nine months of 1981 rose 35%, while tonnage declined about 1%. Phosphate derivatives, fertilizer and phosphoric acid, rose in value

---

3/ First nine months. End of year figures will be higher because of heavy end-of-year imports.

TABLE 2. DONOR GRANT ASSISTANCE TO MOROCCO

(Disbursement in $ Million)

Source	1977	1978	1979	1980
DAC Countries	158.6	180.3	168.8	187.7
IBRD	165.7	133.0	299.0	204.0
OPEC	80.0	32.4	394.2	400.7
Other	136.2	745.5	283.4	259.6
All Sources	540.5	1,091.2	1,145.4	1,052.0

The above figures are taken from DAC and IBRD documents. These are official assistance figures and do not include loans, special budgetary assistance grants or military sales credits. **They should be viewed with great circumspection, especially the OPEC and other sources.**

by 62%[4/] and in tonnage by 35%. In the first nine months of 1981 export performance also improved in consumer goods (tonnage increased 15% and value increased 32%), with the greatest improvement in the value of exported clothing, exclusive of shoes. For the same period exports of processed foods increased both in tonnage and in value, while non-processed food exports, citrus and tomatoes, both decreased in tonnage and in value. (See Table 3)

It is worth noting that the value of Moroccan imports from the U.S. was DH 1.089 billion in 1980, or 8.3 times the value of Moroccan exports to the U.S. At the exchange rate then in effect (U.S.$1 = DH 3.8), the trade deficit was over $250 million. As the dirham underwent a de-facto devaluation against its basket of trading currencies, and as the value of the U.S. dollar rose worldwide from a 1980 low of DH 3.7/1$[5/] to DH 5.7/1$ U.S. at present, the trade balance shifted even further against Morocco. The U.S. Secretary of Commerce, after his return from Morocco in January, 1982, noted that in 1981 the U.S. trade surplus with Morocco will total $305 million. Counting past loan repayments, including military sales, the net flow of funds is approximately $380 million from Morocco to the U.S. In terms of net economic relations, Morocco is supporting the U.S., not the contrary.

4/ Phosphates are valued in dollars. In this case the strengthened dollar helped Morocco.

5/ There is evidence that the dirham was overvalued (S. Skogstad, "The Moroccan Economy 1981"). The IMF considers this no longer to be true.

TABLE 3A

IMPORT TRADE

(CIF)

	September 1980		September 1981		% change	
	Tons	DH 1,000	Tons	DH 1,000	Weight	Value
FOODSTUFFS, BEVERAGES, AND TOBACCO	1,639,564	1,916,208	2,263,375	3,407,317	+ 38.0	+ 77.8
- Wheat	1,217,856	904,701	1,679,353	1,487,191	+ 37.9	+ 64.4
- Corn	82,880	51,419	109,435	106,805	+ 32.0	+ 107.7
- Barley	12,982	8,699	138,617	122,874	+967.8	+1312.5
- Sugar	234,095	350,237	214,443	833,609	- 8.4	+ 138.0
- Milk	15,040	82,010	15,075	101,471	+ 0.2	+ 23.7
- Butter	16,221	98,255	13,405	143,658	- 17.4	+ 46.2
- Tea	12,455	106,583	17,015	205,834	+ 36.6	+ 93.1
- Tobacco	5,370	75,674	7,304	159,142	+ 36.0	+ 110.3
ENERGY AND LUBRICANTS......	3,362,544	3,040,600	3,655,397	4,626,852	+ 8.7	+ 52.2
- Crude petroleum oil.	3,211,233	2,818,628	3,451,688	4,242,069	+ 7.5	+ 50.5
RAW ANIMAL AND VEGETABLE PRODUCTS	507,857	1,012,351	539,276	1,263,788	+ 6.2	+ 24.8
- Crude vegetable oils	120,476	298,632	134,187	421,207	+ 11.4	+ 41.0
- Wood	263,481	287,801	269,625	357,657	+ 2.3	+ 24.3
RAW MINERAL PRODUCTS.......	611,046	407,642	760,004	675,008	+ 24.4	+ 65.6
- Sulphur	537,280	245,692	675,163	471,419	+ 25.7	+ 91.9
SEMI-MANUFACTURED GOODS ...	1,006,725	2,627,004	927,302	2,862,031	- 7.9	+ 8.9
- Chemicals...........	138,549	415,327	127,785	449,034	- 7.8	+ 8.1
- Iron and steel plates, sheets, hoop, strip...............	108,380	261,445	116,516	303,130	+ 7.5	+ 15.9
- Iron and steel wire, bars, rods, angles, shapes..............	254,638	405,462	267,998	440,538	+ 5.2	+ 8.7
- Artificial plastic materials...........	46,372	236,417	38,503	210,213	- 17.0	- 11.1
- Fertilizers.........	231,601	144,287	175,435	152,249	- 24.3	+ 5.5
- Paper and paperboard	65,591	157,966	55,824	169,402	- 14.9	+ 7.2
MACHINERY AND EQUIPMENT	97,936	2,275,551	97,713	2,668,317	- 0.2	+ 17.3
- Commercial vehicles	9,493	185,264	9,283	241,708	- 2.2	+ 30.5
CONSUMER GOODS............	45,653	934,459	49,334	1,101,933	+ 8.1	+ 17.9
- Medicaments........	1,048	107,755	1,139	108,842	+ 8.7	+ 1.0
- Passenger cars (ckd)	7,771	144,676	7,134	152,224	- 8.2	+ 5.2
TOTAL	7,271,325	12,213,889	8,292,400	16,605,246	+ 14.0	+ 36.0

TABLE 3B

EXPORT TRADE

(FOB)

	September 1980		September 1981		% change	
	Tons	DH 1,000	Tons	DH 1,000	Weight	Value
FOODSTUFFS, BEVERAGES, AND TOBACCO	1,102,824	1,721,527	1,030,498	1,819,752	- 6.6	+ 5.7
- Citrus fruit........	508,478	713,180	436,536	659,475	- 14.1	- 7.5
- Fresh tomatoes......	62,593	169,146	52,237	143,130	- 16.5	- 15.4
- Canned fish	32,329	228,331	39,936	315,297	+ 23.5	+ 38.1
- Preserved vegetables	40,550	160,637	38,879	171,123	- 4.1	+ 6.5
ENERGY AND LUBRICANTS.....	332,215	289,678	241,612	329,933	- 27.3	+ 13.9
RAW ANIMAL AND VEGETABLE PRODUCTS..................	117,166	301,366	94,062	276,376	- 19.7	- 8.3
- Paper pulp	51,752	88,684	45,136	95,924	- 12.8	+ 8.2
RAW MINERAL PRODUCTS......	13,126,038	2,728,335	13,000,718	3,482,501	- 1.0	+ 27.6
- Phosphates	12,262,062	2,204,010	12,139,790	2,979,304	- 1.0	+ 35.2
- Lead ore	80,006	207,297	68,375	161,589	- 14.5	- 22.1
- Cobalt ore..........	5,615	106,580	4,463	77,295	- 20.5	- 27.5
SEMI-MANUFACTURED GOODS...	473,520	987,852	633,201	1,451,053	+ 33.7	+ 46.9
- Phosphoric acid	302,751	572,370	356,819	886,117	+ 17.9	+ 54.8
- Fertilizers.........	119,068	110,883	211,408	224,085	+ 77.6	+102.1
- Unwrought lead	24,954	96,357	34,532	112,374	+ 38.4	+ 16.6
MACHINERY AND EQUIPMENT ..	2,928	23,013	1,181	17,498	- 59.7	- 24.0
CONSUMER GOODS	19,645	811,047	22,681	1,071,454	+ 15.5	+ 32.1
- Carpets	5,955	203,126	6,280	219,326	+ 5.5	+ 8.0
- Hosiery	1,533	88,282	1,734	107,964	+ 13.1	+ 22.3
- Clothing	3,829	229,580	4,052	320,700	+ 5.8	+ 39.7
- Shoes	1,294	70,490	1,310	74,349	+ 1.2	+ 5.5
TOTAL	15,174,337	6,862,816	15,023,954	8,447,567	- 1.0	+ 23.1

2. Cost of Living

The General Urban Cost of Living Index, based on the 1971 household consumption survey, advanced 13.2% for the 12 months ending December 31, 1981, as compared with 9.7% for the previous year. Due to heavy price increases in January, 1982, the Index showed a 14.4% increase for the last 12 months for which figures are available. Table 4, a graph of the Index for eight cities, shows the degree to which Casablanca, the largest city, reflects this trend, but at a higher level. The table also shows that the retail food price index has advanced more rapidly than the General Index. In fact, for Casablanca, it rose 20.4% from January, 1981 to January, 1982.

A further refinement can be seen in Table 5 which repeats the Casablanca Food Index and adds sub-indices for meat, fruits and vegetables. Meat prices follow a broad 'U' curve and are now rising following a low point last June, when heavy slaughtering took place as herders sold off drought-afflicted flocks. The General Food Index is moving steadily upward, pulled up principally by steeply rising and fluctuating prices of fruits and vegetables. In 1971, the average urban household devoted 54% of its expenditures to food. Some would say the proportion is higher now. Of food expenditures, 45% were spent on foods presently under direct or indirect price control (flour and bread, vegetable oils, sugar, milk products and tea). These price controls restrict the general rise and dampen the seasonal fluctuation of the General Index. The non-controlled items do the opposite--

Table 4

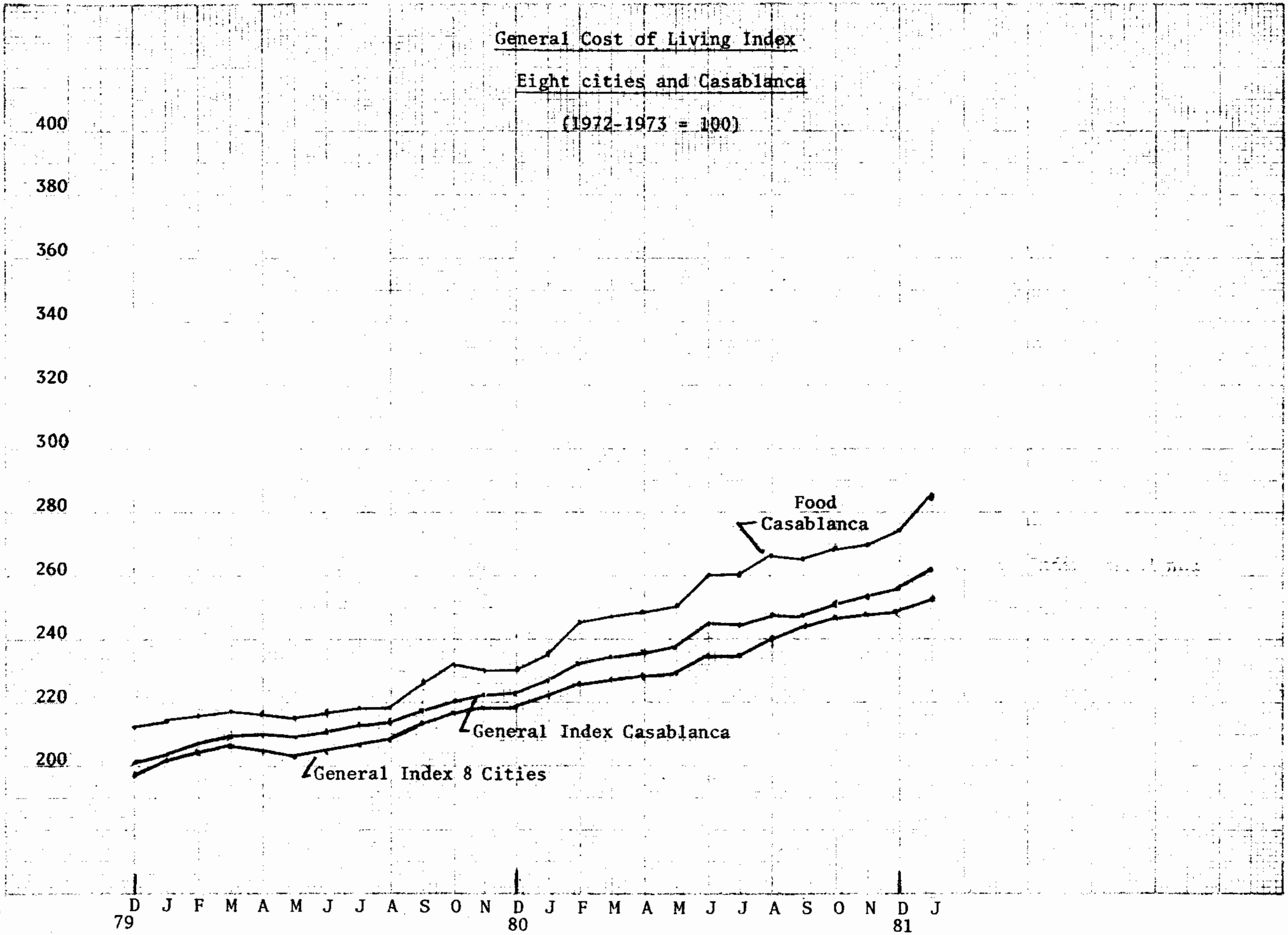
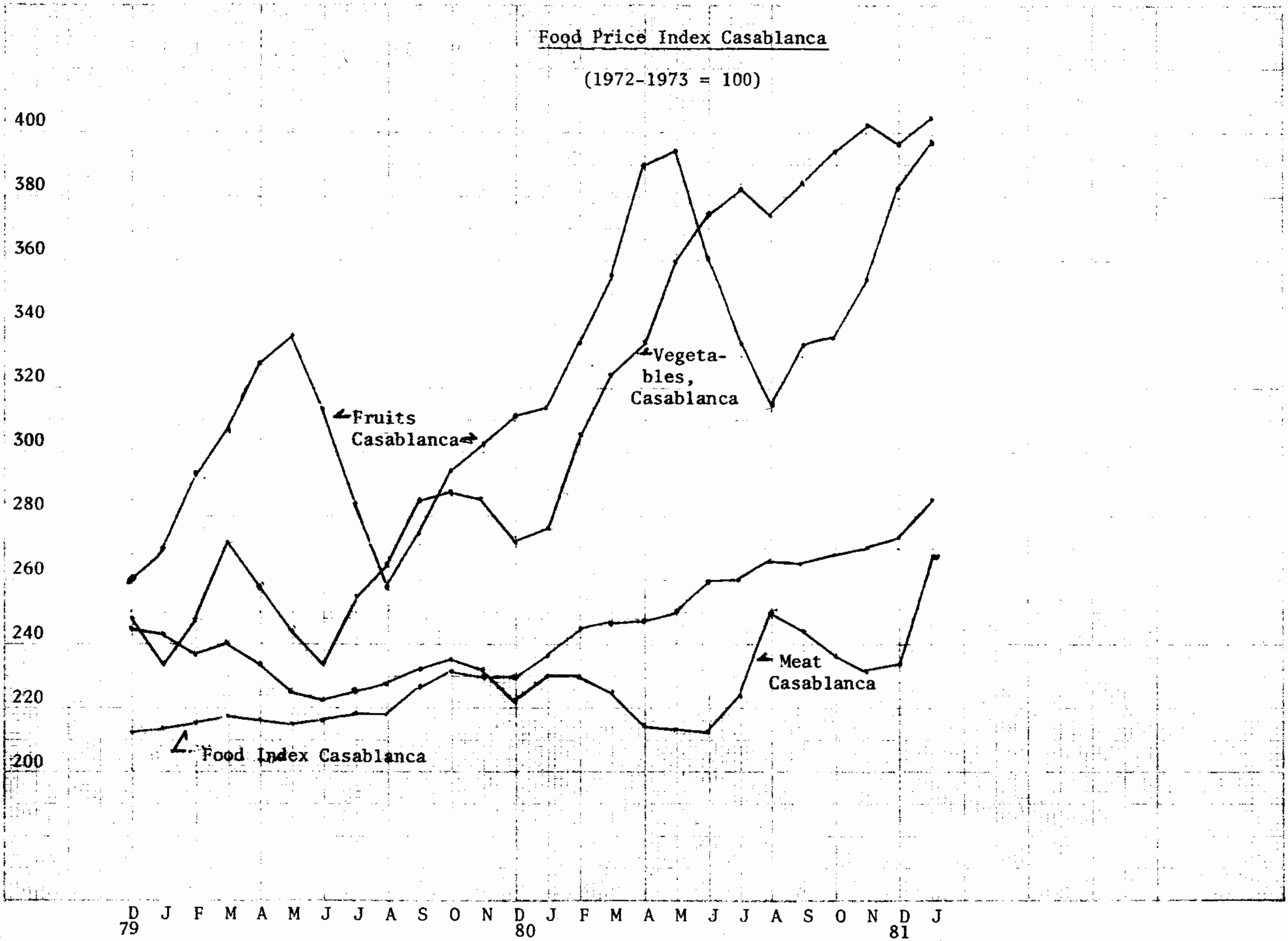

General Cost of Living Index
Eight cities and Casablanca
(1972-1973 = 100)
400
380
360
340
320
300
280
260
240
220
200
Food Casablanca
General Index Casablanca
General Index 8 Cities
D J F M A M J J A S O N D J F M A M J J A S O N D J
79
80
81

Table 5


Food Price Index Casablanca
(1972-1973 = 100)
400
380
360
340
320
300
280
260
240
220
200
Fruits Casablanca
Vegeta-bles, Casablanca
Meat Casablanca
Food Index Casablanca
D 79 J F M A M J J A S O N D 80 J F M A M J J A S O N D 81 J

they tend to rise more rapidly on an annual basis and to fluctuate more widely from month to month. No regime in Morocco could permit a precipitous reduction in subsidies, with the resultant rise and fluctuation in the General Index, both for political and for humanitarian reasons. The June riots in Casablanca are indicative in this regard.

This 13% rate of inflation for 1981 is up 3% from an annual rate of 10% in 1980. The GOM has worked hard to keep inflation under control and this is a reasonable performance given internal pressures for government spending, massive government borrowing, and the rapid rise in the dirham value of Morocco's imports.

C. GOM Measures to Alleviate Current Economic Constraints

1. Background

In response to the IMF Extended Fund Facility performance criteria, initial cuts were made in flour, vegetable oil, milk and sugar subsidies in early 1981. These cuts were achieved without public outcry. They were matched by increases in the minimum industrial and agricultural wage and control on rents, measures without major foreign exchange implications. For the second round of subsidy cuts in May, such palliatives were not immediately available. Although the government rescinded half the price increases, the June riots in Casablanca, during which hundreds died, deeply shocked the GOM. GOM decision-makers, mindful of the riots and of similar outcomes of zealously-applied IMF reforms in other countries, are unlikely to institute further precipitous cuts in these food subsidies. However, other, less dramatic measures can be anticipated and, in fact, have commenced. A more thorough price control effort, launched by the Ministry of Interior, may have more teeth than previous efforts. The government's agricultural policy, if not always in accord with outsiders' perceptions of what is needed, is specifically geared to increasing domestic production of these subsidized foodstuffs.

2. IMF/GOM Negotiations on an EFF Loan

The IMF has apparently taken the view that the GOM has accepted the principle of the necessity of certain reforms, and that these reforms were well-advanced up to the point when the drought imposed heavy import requirements, while food subsidies increased. At that point, the GOM responded by increasing petroleum product prices and effectively removing price subsidies on gasoline and on oil used to generate electricity. Gasoline, now costing over $3.00 a gallon, costs twice as much as diesel fuel used in commercial transport and tractor operation.

Consumer subsidies on flour, edible oils, sugar, tea and milk products were reduced twice, with the effects already noted. The draft Industrial Investment Code, and a draft program for the reform of state enterprises have been prepared, but await Parliamentary approval. Ceilings on non-concessional foreign borrowing have been maintained. What further measures the IMF may require for 1982 cannot be authoritatively reported here, but probably include budgetary restraint and control over the expansion of the money supply, continued reductions in consumer subsidies, as well as implementation of the draft state enterprise and tax reform measures.

The IMF team has just returned to Washington with a recommendation that Morocco be given a standby agreement for 125% of its 225 million SDR quota, plus a Compensatory Financing Facility, Cereals Option for 100% of that quota, or a total of 506.25 million SDR.[6/] This proposal should go before the Board of the Fund in March, 1982. The CFF is designed principally to assist agricultural exporting countries faced with an unexpected drop in export prices. This facility is also to be open to countries such as Morocco, where a short-term natural disaster such as last year's drought resulted in a similar balance of payments shock, in this case because agricultural exports suffered and agricultural imports had to be greatly increased.

IMF loans invariably carry certain performance criteria which are often fewer in number and simpler than the IBRD structural adjustment criteria, now an expected part of World Bank strategy. The principal performance criteria incorporated in last year's EFF were restrictions placed on Morocco's off-shore non-concessional borrowing, to which the GOM conformed until the drought-related grain importing crunch was felt.

3. IBRD Structural Adjustment Loan

In contrast to the IMF, the World Bank deals primarily at the project level. Procedural reforms, sometimes

---

6/ SDR currently equals U.S. $1.13 or 6.4 dirhams. (SDR 506.26 million = $572 million) in very specific terms concerning the way a particular Ministry operates may be part of the project negotiating process. (The recent advent of Bank structural adjustment lending has evidently generated some concern within the Bank family.) If the renewed IMF/GOM negotiations are not successful a structural loan, probably for a smaller amount, may also not be forthcoming. However, Bank project lending to Morocco, both in support of the numerous projects designed in last two years, and of some new projects, will probably be continued if these projects can be plausibly linked to structural adjustment goals. Two of the Bank's newest projects illustrate this point. Bank studies have shown that hotel investment has a positive impact on both foreign exchange and employment. The Bank has negotiated another hotel loan for Morocco on these grounds. An industrial forestry loan is currently under negotiation. The project will create employment in planting and harvesting of eucalyptus trees and in the conversion of these to charcoal and wood pulp, and Morocco has excess capacity in a pulp plant whose output both meets demand for industrial paper and provides exports.

The Structural Adjustment Loan (SAL) of 1981, on the other hand, contained a lengthy list of required reforms. 6a/ Some could be easily accommodated, others had to be rejected by the GOM on economic and political grounds without further objection by the World Bank. The remainder would be subjected to intense negotiations. One may conclude that, especially with the effects of the drought, Morocco

6a/ The Bank has had a SAL of $100-150 million under consideration for a couple of years and has discussed such a possibility with the Moroccans. This loan remains under review and has not been approved, pending *inter alia* the outcome of GOM-IMF negotiations on one-year standby agreement.

found some of these adjustments too painful to be worthwhile, given the size of the loan involved. In the future, we expect World Bank project development work to continue with softer World Bank and IMF positions on recommended major structural adjustments. Eliminated will be measures Morocco either cannot realistically carry out, or could carry out only at too great a social cost, such as the total elimination of consumer subsidies.

With the onset of rains and the consequent hope of a better harvest in 1982; with draw-downs of loans contracted in previous years; with expected increases in tax revenues, and by recourse to multi-year and roll-over budget credits, Morocco is expected to emerge in 1982 in slightly better economic shape than it was in at the end of 1981. The position in 1982 will be further assisted by expected relative stability in petroleum import prices, stable or reduced petroleum import tonnage, reduced agricultural imports, and relative stability in the exchange rate.

4. 1982 Budget

The 1982 Budget as presented to Parliament is expansive, and on the surface hews closely to the recently published Five-Year Plan. The Budget proposes operating costs of 18.1 billion dirhams, debt repayment of 4.45 billion dirhams and an investment budget of 16.8 billion dirhams. Clearly the latter will not be achieved. The large amount for debt repayment is due to appreciation of the dollar relative to the dirham and to additional short-term debt incurred to support this year's increased agricultural imports.

An additional element is the debt structure (see Table 6).

Short and long-term debt payments are expected to rise from 2.8 billion dirhams in 1981 to 4.45 billion dirhams in 1982 (= 30% of export receipts). This must take place in the context of no real growth in GNP, and a fall in import coverage by exports from 57.4% to about 51% in 1981. The current account deficit rose from about 5.6 billion dirhams to 10.2 billion dirhams in 1981. Prices have risen in the last 12 months by 14.4% according to the General Urban Consumer Cost of Living Index. The money supply is believed to have advanced by about 11% in 1981.

Against expenditures of 39.4 billion dirhams, the Government has estimated revenues of 33 billion dirhams. This is up from 25.7 billion dirhams estimated for 1981; however actual performance in 1981 is not known at this time. About 1.3 billion dirhams of 1982 revenue will come from domestic borrowing and 10 billion dirhams from domestic sources, principally taxes and import duties. Indirect taxes and business taxes are scheduled to cover the remainder. Officially at least, the Government maintains that internal and external means have been found to cover the budgetary and current account deficits through increments in the monetary supply, loans from international sources, particularly Arab, and internal borrowing.

The gap between proposed budget receipts and realization, however, is known to be large and will be wider than ever in 1982. (See Table 7.) In this context the proposed investment budget of 16.5 billion dirhams and the

TABLE 6 Debt Ratio

	77	78	79	80	81
1) External Debt 1)	1293	2084	3043	4030	
2) Exports + Moroccon Worker Remittances 2)	11398	12314	14067	17373	
3) Debt Ratio (1 ÷ 2)%	11.3	16.9	21.6	23.2	32.0

1) Billions of Current Dirhams
2) estimated

Source: Five Year Plan

TABLE 7

A. ORDINARY RECEIPTS

(Billion Dirhams)

	77	78	79	80	% Change 77/78	% Change 78/79	% Change 79/80
Direct Tax (excl OCP 1)	2.251	2.625	3.202	3.298	16.6	22.0	3.0
Customs Duty	2.403	2.568	2.897	3.530	6.9	12.8	21.9
OCP Contributions	0.917	0.800	0.700	0.800	-12.8	-12.5	14.3
Registration and Stamps	0.821	0.832	1.186	1.344	1.3	42.5	13.3
Indirect Tax	3.900	4.168	4.659	5.413	6.9	11.8	16.2
Other Receipts	1.409	0.700	1.158	0.707	-50.3	65.4	39.0
TOTAL	10.784*	11.693	13.802	15.092	8.4	18.0	9.3
% of Gross Domestic Product	22.9	22.2	23.7	22.2			

1. Cherifian Phosphate Office
Source: Five Year Plan
* As reported. Totals do not add due to miscounting of OCP account

B. ORDINARY EXPENSES

	77	78	79	80			
Operating Expenses (Personnel, Supplies)	7.697	8.947	10.102	11.761	16.2	12.9	16.4
Subsidies & Transfer Payments (Retirement)	.699	.389	.611	1.427	43.0	57.0	133.6
Public Debt	1.044	1.713	2.287	2.979	70.6	33.5	30.3
TOTAL	9.400	11.049	13.000	16.167	17.5	17.7	24.4
Total (A-B) Theoretically available to fiance annual investment budget without grants or loans.	1.384	.644	.802	-1.075			

corresponding elements in the Five-Year Plan should be regarded as a statement of projects which have survived several screenings and which the Government hopes to undertake.7/ Some GOM development projects will doubtlessly be supported even where no external support has been identified. In other cases, the inclusion of projects in the Five-Year Plan and in the Budget is used as a means to elicit support from bilateral donors, international organizations, and the World Bank for these projects.

Proposed investment budgets for the principal AID counterpart ministries are as follows:

	(million of Dirhams)8/	
	1981	1982
Agriculture	1503	1900
Housing	205	495
Social Affairs	4.3	20
Health	238	300
Energy and Mines	373	887
Plan and Training	98	155

7/ In a recent newspaper interview, the Minister of Finance indicated publicly that the 16.5 billion investment ("equipment") budget would not be met. This method, by which the Ministry of Finance "blocks" investment credits, or rolls them over to future years, has been a quietly used means of financial constraints for many years.

8/ Due to the Ministry of Finance practice of multi-year credits, blockage of present credits, and their roll-over to future years, actual yearly investments are always less than what is inscribed in the budget.

5. The Five-Year Plan (1981-85)

As we noted in last year's CDSS, Morocco's Five-Year Plan (1981-85) had been developed with a distinctly expansive emphasis at the same time that the hard economic realities of drought and foreign exchange problems were receiving higher-level and more urgent attention. The principle goals of the plan as repeatedly stated are 1) national defense and territorial integrity, 2) economic growth with priorities in agriculture, fisheries, energy and tourism, and with special consideration given to export and import substitution industries with a high labor component, 3) the reduction of social and economic disparities through a program of job creation, education expansion and continued consumer subsidies and price controls on basic items, and 4) greater Government decentralization and development of the country's poorer regions. The Plan scenario involves 6.5% annual real growth in GDP and combined public and private investment of 111 billion current dirhams over the five-year period. The Plan investment targets are shown in Table 8. Slightly under 70% of total investment is to come from the private and parastatal sector, with by far the largest contribution being in industry, including artisanal industries, and housing. The financing of this investment and the ability of the Moroccan economy to absorb these amounts even if they were available, has been openly questioned in the press and by the loyal opposition in Parliament. The employment creation targets are shown in Table 9, involving an average of 190,000 net new jobs per year. This represents an annual rate of increase of 3.7% from the estimated present

TABLE 8

Gross Investments 1981 - 1985

Million DH 1981

Type of Investment	1981			1985			Total 1981 - 1985			Percentage		
	Public	Private	Total	Public	Private	Total	Public	Private	Total	Public	Private	Total
Rural & Hydraulic Equipment	1,834.5	1,299.0	3,133.5	2,747.8	1,700.8	4,448.6	11,650.2	7,985.2	19,635.4	33.6	10.5	17.7
Mines	18.5	1,448.8	1,467.3	28.4	1,432.2	1,460.6	115.9	7,643.9	7,759.8	0.3	10.0	7.0
Energy	8.0	878.5	886.5	10.5	1,130.0	1,140.5	46.0	5,360.5	5,406.5	0.1	7.0	4.9
Industry/Handicrafts/Public Works	101.8	3,093.3	3,195.1	2.3	4,315.5	4,317.8	213.5	22,709.4	22,922.9	0.6	29.8	20.7
Transport	-	986.1	986.1	-	1,253.3	1,253.3	-	5,904.1	5,904.1	-	7.7	5.3
Tourism	20.0	315.0	335.0	28.2	475.8	504.0	205.8	1,850.6	2,056.4	0.6	4.1	1.8
Communication/Information	65.0	206.7	271.7	71.5	393.2	464.7	371.0	1,520.2	1,891.2	1.1	2.4	1.7
Commerce & Services	2.5	471.0	473.5	5.4	685.0	690.4	20.0	3,132.4	3,152.4	0.1	2.0	2.8
Total Commercial Sector	2,050.3	8,698.4	10,748.7	2,894.1	11,385.8	14,279.9	12,622.4	56,106.3	68,728.7	36.4	73.5	61.9
Infrastructure (roads, bridges, ports & airports)	992.3	-	992.3	1,037.8	-	1,037.8	4,667.0	-	4,667.0	13.5	-	4.2
Education & Trg	1,198.0	34.7	1,232.7	1,511.4	62.1	1,573.5	6,813.6	238.2	7,051.8	19.6	0.3	6.4
Health/Social Welfare	367.3	-	367.3	387.5	-	387.5	1,907.2	-	1,907.2	5.5	-	1.7
Housing	198.9	2,650.0	2,848.9	270.5	3,769.2	4,039.7	1,097.3	19,941.6	21,038.9	3.2	26.2	19.0
Admin. Overhead	200.0	-	200.0	354.4	-	354.4	1,653.0	-	1,653.0	4.8	-	1.5
Regional Dvpt	830.0	-	830.0	1,615.2	-	1,615.2	5,862.7	-	5,862.7	16.9	-	5.3
Total Other Sectors	3,786.5	2,684.7	6,471.2	5,176.8	3,831.3	9,008.1	22,000.8	20,179.8	42,180.6	63.5	26.5	38.1
Total Gross Investment	5,836.8	11,383.1	17,219.9	8,070.9	15,217.1	23,288.0	34,623.2	76,286.1	110,909.3	99.9	100.0	100.0

Source: Five Year Plan

TABLE 9

Projected Employment by Economic Sectors (1980-1985)

Economic Sectors	Total Number of Labor Force in 1980	Percentage			Total Number of Labor Force in 1985		New Employment Openings Increase (1981-85)	
		1960	1971	1980	Number	%	Total	Per Year
- Primary Activities	2,276,000	62	55	48	2,357,000	41	81,000	16,200
Citrus, Forests, Cattle Breeding & Fisheries								
- Secondary Activities	927,000	13	16	19	1,360,000	24	433,000	86,600
Mines & Energy	86,000				108,000		22,000	4,400
Industry & Handicrafts	534,000				728,000		194,000	38,800
Buildings & Public Works	207,000				524,000		217,000	43,400
- Tertiary Activities	974,000	15	17	20	1,310,000	23	336,000	67,200
Transport & Communications								
Commerce & Services								
- Administration	420,000	7	7	9	495,000	9	75,000	15,000
- Miscellaneous	178,000	4	5	4	203,000	4	25,000	5,000
- Total Employment Openings	4,775,000	100	100	100	5,725,000	100	950,000	190,000

Source: Five Year Plan

Note/ Due to rounding percentages do not total 100%

employment rate of 0.7%, putting it marginally ahead of assumed population growth. A significant portion of this incremental growth will come from the continued addition of women to the work force.

The operating costs of defense are included in each year's budget. The equipment modernization and mobility costs, that is the additional costs of operating in the Sahara as opposed to peace-time garrison deployment, are expected to be met by friendly foreign countries, as has been the case in the past. It is principally Saudi money that is recycled to pay back the equipment credits offered by France and the U.S.

The economic growth element, it is noted, places high priority on export industry geared to expanding Moroccan markets in the Middle East, Sub-Saharan Africa, and possibly Eastern Europe and North America. Morocco must develop new markets for raw and processed agricultural products to replace those currently available in EEC countries. Inclusion of Spain, Portugal and Greece in the EEC will deprive Morocco of the year-round European markets developed over the past decade.

Projects which can clearly show an export orientation, or direct import substitution and which show a high component of manual labor and domestic inputs will be most favorably regarded. Agricultural processing, fisheries exploitation, energy exploration and tourism are examples of favored areas of investment. At the same time, inducements in the new industrial code, including relaxation of the Moroccanization requirements, favorable tax treaties, and methods to reduce bureaucratic requirements and inter-ministerial infighting, are expected to encourage both foreign and domestic capital investment in expanding industry. To support this industrialization drive, certain needed reforms favoring professional and vocational training will be incorporated in the educational system.

Reduction of social disparities will be fostered by the emphasis on professional and vocational training and more labor-intensive industrial and commercial projects. In addition, there is a more rigorous and progressive tax structure whose effects are beginning to be seen, though basic foodstuffs and social services, which consume a major proportion of poorer households' income, remain subsidized. Expansion of the labor force should allow rural Moroccans and more traditional urban Moroccans to participate in the money economy, breaking down the traditional dichotomized society, and at the same time increasing the size of the domestic market. Finally, through the special funds for regional development and specific integrated rural development projects, partly financed by foreign donors, there will be an expanded effort to raise living standards in the poorer pre-Saharan and Rif areas.

The Plan was drafted before the major impact of the drought was felt. The necessity of relaunching the economy is widely accepted, but the means of doing so remain elusive. During 1981, domestic revenues did not match expectations, resources needed for investment were diverted to food imports and behind it all the 57% of the population under age twenty and a demographic increase of 3% per year place inexorable strain on the economy. The easy reforms have been made. The dirham was effectively devalued, and consumer price subsidies reduced. No more simple nostrums are in sight. Increased taxes, to the degree that they can be administered, will provide some additional government revenues, but not enough. Despite the wish to reduce government administrative expenses, the increasing size of the subnational bureaucracy as part of the decentralization effort will inevitably mean more public sector employees rather than fewer.

In addition to concerns about the heavy domestic and foreign loan component of planned investment, there are questions about the ability of the large parastatal sector to finance its own development. The Government is seeking ways of withdrawing from its heavy participation in this sector, but it does not follow that these industries will then automatically be run more efficiently. Given the need to invest and the desire to disengage from the large parastatals, the relaxation of the Moroccanization requirements of the previous investment code was a necessity. If domestic sources (parastatal and private) are not up to providing the needed capital, then the requirements for off-shore financing become even higher. These requirements will in turn bump up against IMF lending limits.

Over the Five-Year Plan period, if all goes well, 35 billion dirhams will be made available through the annual investment budgets, 10 billion dirhams will be channelled to the private or parastatal sector through investment credits or government equity investments, and the remaining 66 billion dirhams of the planned 111 billion dirhams total investment will come from the private sector and the larger parastatal entities such as the phosphate office, the mining bureau, and possibly the regional irrigation authorities. Even if domestic savings expand from 14 to 16% of national income as planned, not all of this will be available for investment, and foreign borrowing will remain a necessity. According to Plan estimates the latter will rise from about 8 billion in 1981 to almost 12 billion in 1985 in constant dirhams. These figures constitute only new borrowing, and exclude whatever borrowing is necessary to cover the increasing debt burden of past loans.

Behind these estimates and projections which do not have a very firm basis in the light of past performance and in view of the world economic picture, there still lies economic potential greater than in most LDC's. Morocco is close, geographically and in terms of trading links, with major markets. It has small modernized industrial service and agricultural sectors which could serve as growth points to break down economic dualism and draw a larger proportion of the population into the modern sector. Its position as a long-term exporter of phosphate rock, fertilizer and industrial phosphoric acid is unique. Morocco offers possibilities, perhaps unmatched in the Near East, to be a net food exporter rather than an importer. Even its energy crisis is potentially solvable by pursuing promising gas and oil traces, by commercializing oil shales, by extracting atomic energy from phosphates, and by modest expansion of coal and hydro-power resources. Its mineral exploitation possibilities appear hopeful, and its fishing resources have so far been harvested principally by other countries. The question is how to arrange for investment and efficiently manage these considerable material and human resources.

D. The Private Sector

1. Background

Morocco has a mixed economy. There are approximately 200 parastatal enterprises in which the GOM holds a majority interest, and a further 600 or so with minor GOM participation. Parastatals are important in agriculture, mining and fisheries. The largest single parastatal is the Office Cherifien des Phosphates (OCP), the phosphate mining, treatment and marketing monopoly, which is the single largest source of export earnings. The nine regional irrigation perimeters have, conversely, been the largest users of public funds within the parastatal sector. The past two years have seen efforts through water-pricing policy moves and other reforms, to make these and other parastatals more efficient, and such improved efficiency is a consistent theme in GOM economic policy pronouncements. Nonetheless, little has been done to rationalize the structure of these industries, and the pattern of subsidies, protection, exchange controls and price controls is clearly cumbersome, although further analysis is being undertaken by the GOM to assess their total economic impact.

Morocco's financial picture in mid-1981 indicates that the private sector had adopted a "wait and see" policy. There has been a rapid increase in checking accounts, savings accounts and time deposits. This has been attributed by observers not only to a late-1980 increase in interest rates, but also to businessmen watching to see how the economy will be going before financing new projects. The private sector, hamstrung during the Austerity Plan years by credit and price controls, has not yet adopted the active role expected of it by the GOM under the Five-Year Plan.

2. GOM Policies

Under the Five-Year Plan, the private sector is seen as the engine of development. Private entrepreneurs, in conjunction with the parastatal enterprises, are to come up with most of the investment capital necessary for the Plan's developmental targets (DH 76.3 billion of a total of DH 111 billion). The private sector is to assume responsibility for large-scale projects in the non-phosphate chemicals sector, in machinery production, and in agriculture and agro-industry. Greater autonomy is to be accorded private interests through planned new investment codes, diminished price controls, easier access to credit, and revision of currently-restrictive import policies. There is concern in certain quarters that the private sector is not up to assuming these responsibilities after 20 years of strict government controls, as well as concern that entrepreneurs simply will be unable to find the necessary capital after three years of little or no growth or profits.

Further, there is a discernible concern within the private sector that business conditions are actually deteriorating, that the GOM is largely inattentive to business needs, and inactive in the face of the business crisis. The GOM has, for example, had to take action in terms of import restrictions for BOP reasons. These have been harmful when prior import deposit schemes and red tape slowed the inflow of needed intermediate or packaging goods. Taxes and import duties continue to rise, and the cost of imported materials rise as well, particularly with the effective devaluation of the dirham. At the same time certain government price controls have placed a significant squeeze on some firms.

In addition to price controls, Morocco has official minimum wage policies in the industrial and agricultural sectors. In agriculture, this minimum wage policy has a limited application on state farms and in other goverment-operated concerns. The minimum industrial wage is generally exceeded in the modern industrial sector, which is heavily concentrated in metropolitan Casablanca.

3. <u>The Investment Codes</u>

On the surface the existing investment codes of 1976 provide considerable inducement for foreign investors. But there have been two problems. The first is the requirement that 50% of the capitalization be Moroccan. It is definitively stated that the new Code will remove this limitation and allow up to 100% foreign ownership. Repatriation of profits will be permitted, and Morocco has signed a new Tax Treaty with the U.S. which will eliminate certain onerous aspects of double taxation. The second main problem has been one of red tape and difficulties in dealing with a cumbersome bureaucracy. American investors must be prepared to deal with the fact that Morocco will remain a predominantly French and Arabic-speaking country. On the positive side, an expanded expediting role for the Office of Industrial Development (ODI), the recent creation of an Investment Advisory Committee to resolve jurisdictional problems, and the creation of 25 industrial zones should relieve some of the strain felt by U.S. investors. In the industrial zones, problems of land tenure, as well as provision of utilities, service and transport, will be greatly reduced, and a variety of additional incentives will be provided for overseas investors locating in these zones.

4. The US-Morocco Joint Committee for Economic Relations

On January 19, 1982, the U.S. Secretary of Commerce and the GOM Minister of Commerce, Industry and Tourism co-chaired the inaugural session of the Joint Committee. On the U.S. side, representatives of the U.S. private sector, EXIM Bank, OPIC, AID/PRE and TDP were present.

In the framework of cooperation with TDP, activities likely to be undertaken include: marine fisheries (surveillance in the Moroccan exclusive economic zone, professional training, scientific research, organization of administrative functions); mining and energy (indentification of mining projects of common interest during visit of a team of U.S. geologists); and possible cooperation in implementation of certain projects in the 1981-85 development plan in energy, mining, hydroelectric equipment, housing, fisheries, and basic infrastructure. The Moroccan delegation expressed the view that TDP constitutes a fundamental element for increased US-Moroccan cooperation..

III. STRATEGY

A. Policy Dialogue

While there is some depth of economic sophistication at the senior levels of the GOM establishment, donors are often frustrated by what appears to be a lack of coherence in policy implementation coupled with an apparent formalistic bureaucratic inertia. As donors with much more resource-transfer leverage than AID have discovered, attempts at macro-economic reforms are greatly tempered by political and institutional imperatives. Yet at the same time, it is possible to make steady though gradual progress through the development and use of sectoral strategies.

The GOM's economic development apparatus is comprised of three main power points - Ministry of Plan (whose role and authority have been upgraded recently; the Prime Minister's Council on Economic Development; and the Ministry of Finance. AID enjoys easy access to the senior levels of these entities, where knowledge of AID's mandates and limitations is good, where sophisticated analytical capability exists, and where several former AID participants have key policy roles. Assisting through workshops, sponsoring or participating in colloquia on development issues, and through the provision of senior-level technical assistance, AID has played a steady role with these three branches of government. It has helped shape policy in the family planning area; it has influenced resource shifts toward the neglected rainfed agricultural zones; it has helped in the reassessment of the costly formal education system.

In the next five years, the USAID proposes to continue to assist these three entities, where possible, through the provision of requested technical experts on a case-by-case basis, to meet perceived GOM needs for economic analysis and policy formulation, while at the same time providing additional points for the exertion of leverage on key policy decisions.

It must be understood, too, that for all the awakened attention to Morocco and the increased probing of its economic corpus, the Kingdom--after years of criticism and perceptions to the contrary--is allowing its institutions to function with all the political debate and needed compromise that goes with a less autocratic approach to governance. If to an outsider the GOM seems to lack a coherent focus, it is because its cabinet officers, as well as other senior officials, are chosen and placed so as to reflect the country's political, ethnic and regional diversity. While this staffing mosaic does afford stability, inter-departmental cooperation to meet development objectives can sometimes be diffused by specific constituency issues. This is a realistic approach, given the nature of the country and the regime, and one which any donor must learn to deal with.

B. Donor Coordination

The GOM relates to most significant bilateral donors through the mechanism of the Joint Commission, wherein economic development, trade and investment, and cultural exchange issues are discussed, and resource commitments are determined. While the substantive value of the Joint Commission mechanism may be questioned, for the GOM it serves to coordinate the various elements of the donor mission and GOM interests and it establishes some semblance of priority for competing interests. Given its formalistic proclivities, it is doubtful that the GOM would relate to AID as a donor on broad, cross-cutting matters except through a Joint Commission mode. (The GOM has officially, said as much.) To do otherwise would go against the grain of a known process, and would tend to irritate other, more substantial donors.

This notwithstanding, AID can continue to influence sectoral policies through specific interventions. Due to the structural and institutional factors already mentioned, improvements in key sectors such as food production and family planning will be gradual but steady. AID can continue to engage key policy officials in long-range inter-sectoral discussions and broad program reviews. To this end, the USAID plans, at the invitation of the Ministry of Plan, to hold a review of its current program and CDSS during the late spring of 1982. Given the above-mentioned caveats, however, this review will not necessarily result in forging new policy coherence. It will, however, at a minimum, lead to better comprehension of AID and GOM capabilities and limitations in the sectors on which AID will be placing most emphasis.

It should be understood in evaluating all U.S. assistance to Morocco that GOM officials, while cognizant and supportive of the recent favorable shift in US-Moroccan political relations, express considerable concern that U.S. development assistance remain a priority, rather than becoming subsumed under currently more visible politico-military concerns. Similarly, though the agenda of the recent meeting of the US-Morocco Joint Committee for Economic Relations was specifically designed not to address AID activities and issues, AID's contributions were repeatedly noted by the Moroccan delegation, and it was made abundantly clear that the USAID's program and activities were valued and would continue to be sought after. What is important, then, is to understand where AID can exert most constructive leverage in influencing GOM development policy, rather than assuming that AID as a small donor can do either all or nothing in this arena.

Donor coordination, particularly with UNFPA and UNICEF will undoubtedly continue to be excellent through the 1980's. USAID and UNFPA staff work together routinely, albeit informally, to ensure the high degree of complementarity which characterizes our population assistance programs. This cooperation has included joint participation in project design activities, program evaluations, and synchronization of our day-to-day dealings with the GOM.

Relations with UNICEF have been similarly close and productive, including the establishment of cross-project linkages between the vaccination-referral element of the USAID-supported VDMS project and the UNICEF-assisted national immunization program of the MOP. USAID, UNFPA and UNICEF will continue to coordinate respective commodity assistance activities in support of the MOP family planning program (UNICEF serves as UNFPA's commodity procurement agent). USAID also expects to provide future technical assistance, via the WASH project, in support of a joint UNICEF-Peace Corps project to develop potable water resources in Moroccan villages.

Coordination with the World Bank has improved over the last several years as our sectoral interests in technical education, low-cost housing, food production and energy have been brought closely together. Even though there are GOM sensitivities concerning such collaboration, we do foresee continued improvement in AID participation in World Bank agriculture projects, where we maintain a strong in-country involvement.

C. Other Donors

The World Bank is the largest donor to Morocco in project-tied development assistance (see Table 2). World Bank new project commitments apparently slowed in 1981 from their previous high levels. This does not necessarily mean a waning of Bank interest in Morocco, but a period of implementation and pay-out of extensive existing projects and the commencement of a few new projects developed in the last year. As noted previously, project development and implementation move somewhat independently from the structural adjustment loan negotiations.

OPEC official donor assistance is sizable, perhaps reaching U.S. $400 million in any given year, but the Arab donor organizations tend to be conservative and deal in bankable industrial and mining projects. It is virtually impossible to estimate general grants and private investment from Arab countries. They tend to be treated as off-budget items, taking the form of balance of payments relief for off-shore petroleum or military equipment purchases. Other Arab private money is simply invested in real estate or occasionally in hotel and industrial projects.

France is the principal OECD donor. Under the d'Estaing government, Morocco was the largest recipient of French overseas assistance. There is now a certain concern that, as the Socialist Government of France mends its fences with Algeria, Morocco will come out the loser. The results of high-level meetings between France and the GOM in early 1982 are unknown, but it can be assumed that no major decrease in the French mix of foreign assistance to Morocco will be forthcoming.

Annual levels of French Official Development Assistance (ODA) have been running at about $100 million. In addition, French low-interest commercial lines of credit total several hundred million dollars annually. Much of this is used as BOP assistance to finance French imports, and the lines between ODA and commercial assistance become blurred, making it difficult to make a firm estimate of the total dollar amount. As we noted in last year's CDSS, France's ability to mix development and commercial assistance to both the public and private sectors is very effective, but this sort of approach cannot be replicated under current modalities of U.S. development assistance.

Many other countries have also opened lines of commercial credit which Morocco may draw upon for specific goods purchases. However, many of these lines of credit are not drawn down to their full amount; softer financing sources are drawn down first, and credit available on hard terms, such as U.S. CCC credits, is pursued as a last resort. German and Belgian technical assistance and commercial lines of credit, while far short of French contributions, are considerable, and Japan is increasingly becoming a factor in both the technical assistance and commercial fields. The UN program is stable and valued at about $20 million per year in technical assistance, training, project pre-feasibility studies, and some supporting project equipment.

D. The Direction and Goals of the AID Program

USAID/Morocco has been urged by AID/W to consolidate its program in one or two sectors to achieve maximum impact. At the same time, the Agency as a whole is pursuing a number of new development initiatives -- energy, private enterprise, natural resources management -- which are appropriate to the program and some of which, particularly energy, have been part of this program for some time.

Meanwhile, the GOM is facing an economic downturn and has insufficient resources to fully fund its ambitious Five-Year Development Plan. Despite competing requirements for scarce GOM resources there are at least two areas of development activity which are receiving high priority, and for which stated commitments are not likely to be modified because of financial difficulties. These are increased food self-sufficiency and decreased population growth. GOM performance in these two areas is impeded more by problems of technology transfer and absorptive capacity, than by resource scarcity.

The GOM has been gradually redressing the imbalance between resource allocations to the irrigated and rainfed agricultural subsectors, from a 70-30 split in CY '78 to a

50-50 split in CY '82 (see Annex I). This balanced investment in both will remain throughout the period of the Five-Year Development Plan (1981-85). New farm credit schemes, financed in part by IBRD and Arab Fund loans, are structured to favor small and medium farmers. GOM policies for agriculture are similarly oriented; fertilizer distribution, subsidy and off-peak buying schemes were greatly expanded before the 1980-81 drought.

As is elaborated in Annex I, the central problem in accelerating cereal production from the GOM perspective is one of technology development and transfer in the more traditional agricultural areas, only after which can increased resources be put to good use. With several new Arab Fund and World Bank integrated agricultural development packages for the rainfed zones, an expanded AID rainfed cereals research and extension effort, and with PL 480 Title I resource generations largely tied to rainfed agriculture, the GOM will be in a reasonably secure position to maintain self-sufficiency in hard or durum wheat, and also to substantially reduce imports of other foodgrains by the mid-1990's.

In the area of family planning, the problem again is not one of resources but rather political will, infrastrucure development, and absorptive capacity. With a follow-on project to AID's Family Planning Support II (0155), and with corollary assistance from the UNFPA, the GOM will steadily increase its family planning outreach capability. GOM policies and political acceptance in this sector have come a long way in a relatively short time. In 1979, a Royal Decree resulted in the replacement of senior managers in the Ministry of Health with a new team of family planning advocates. During 1981, public awareness campaigns actively using the media, public fora and the like, have increased many-fold. The long-awaited expansion of the VDMS program (Visites a Domicile de Motivation Systematique) got underway in early 1982, delays having been caused not by a lack of commitment or resources, but by infrastructure availabilities. Given the complex structure of Moroccan society, and despite what appears to the outsider as inertia and lack of policy coherence in this area, AID should continue to support the GOM in its steady and dedicated push through the political and religious thickets which surround the family planning issue. With modest AID assistance in revamping outmoded health management systems, and with continued Family Planning Project support at generally the same levels as in FY '82, USAID believes that outreach capability will greatly improve, and that acceptance and a concommitant measurable impact on population growth rates will be realized by the mid-1980's.

The USAID already made the decision to eliminate or phase-out of skills-training projects in order to consolidate its program by the end of FY '84. Continuation of a general participant training effort (Sector Support Training) will assist in meeting GOM priorities in technology transfer, and AID priorities in stimulating private sector investment and development initiatives. It should be noted, however, that the USAID's current portfolio of skills-training projects (Industrial Training for Women and Social Services Training) are largely targeted on providing poorer women in rural and urban areas with income-generating skills. It is now evident that, with or without AID support, the GOM will continue to expand its efforts to provide women (as well as men) with "non-classic" job-training opportunities, given the increased demands from this group for participation in the modern sector, and given the cost-effectiveness of such training vis-a-vis the formal education system. There is also abundant evidence to support the linkage between female education, including the type the USAID has sponsored, and lowered fertility rates. The importance of these linkages should not be forgotten as AID returns to a strategy of more focused initiatives in the family planning area.

The strategy of reducing program dependence on AID and its intermediaries in the Title II nutrition education area, and of encouraging the GOM to assume fuller responsibility for food commodities and program management, is embodied largely in the Nutrition Development Project to be implemented in late FY '82.

The Nutrition Project (discussed in more detail in Section IV-F), will focus on improved beneficiary targeting and the development of food substitutes for Title II, as well as on assisting the Ministry to develop an in-house capability for commodity distribution management. In light of the latest economic downturn, the large number of beneficiaries in the current (FY '82) program, and the widening dependency on imported foodstuffs, the GOM will face great difficulty in reallocating resources to this program from the already reduced 1981-85 Development Plan. The Social Services Training Project (0157) will assist in strengthening the implementing Ministry's managerial capabilities through upgrading of personnel and the establishment of a program planning and evaluation unit.

Along with the concentration of most AID resources on food production and family planning, energy will continue as a smaller but nonetheless important area for AID assistance. The GOM's highly capital-intensive goal of energy self-sufficiency is likely to be postponed by the effects of the current economic climate. It will likely slow the rate of oil shale development and conventional energy exploration in which AID, through a centrally-funded project, is beginning to play a modest technical assistance role. However, this is not likely to slow the implementation of the comparatively modest GOM/AID renewable energy activity.

No follow-on activity to the Renewable Energy Project (0159) is envisioned, as there is indication that private sector initiatives--in particular the solar thermal and solar photovoltaic subsectors will take hold by the mid-1980's. With low head or small hydroelectric generation for mountain stream application, the Central Electricity Board (ONE) is presently investigating local manufacturing of generating units. We do see, however, a continuing role for AID in assisting the GOM to develop its conventional energy sector. With modest amounts of training and technical assistance through the 1980's AID can not only help to develop improved managerial analytic and scientific skills, but can also help broker U.S. private investment and commodity sales on a hopefully significant scale.

Looking toward FY '84, the GOM plans to have an impressive array of low-cost housing initiatives in various stages of implementation. Most of these will receive some loan support from the World Bank and the AID Housing Investment Guarantee program. Low-cost housing and slum upgrading will continue to demand considerable GOM resources and policy attention, given the politically volatile nature of the ever-growing bidonvilles. Two factors, however, may slow implementation: 1) with the heavy debt service and the need to reduce non-concessional borrowing, the rate of borrowing against existing HIGs (HIG 01 and 02) may be slowed, thus affecting rates of implementation and approval of additional loan guarantees; 2) new housing policies being formulated during CY '82 will further slow existing World Bank and AID/HIG project activity, although there are expectations that the new policies will be more action-oriented, and, therefore, may accelerate implementation. Through the last half of the 1980's nevertheless, we do not foresee any further Mission involvement in the housing sector beyond HIG 01, and the full HIG 02.

For the CDSS planning period, then, the USAID's strategy is to concentrate resources in two major areas--food production and family planning--working through two implementing ministries, with some additional assistance being provided as required to the areas of conventional energy and participant training for management and technology development and transfer.

E. Cancun Initiative

There has been a continuing dialogue between the GOM and the World Bank, results of which are reflected in various IBRD documents and in the increased emphasis placed on agricultural development in the GOM's latest Five-Year Development Plan (1981-85). Within this plan, the emphasis now placed on rainfed agriculture requires a doubling of the resources previously devoted to domestic production of foodgrains, indicative of a major shift from irrigated, commercial agriculture which took the greater part of investments in this sector during the past decade. Concurrently, the level of IBRD loans for integrated agricultural and rural development undertakings has been increasing within the total assistance the Bank provides Morocco. In light of these developments during the past eighteen months, the USAID believes the recent trend of overall GOM agricultural policy is proceeding in the right direction. Against this background the USAID has been developing a comprehensive strategy for U.S. inputs into Morocco's agriculture sector which is being submitted as an Annex to this CDSS. There have been numerous inputs in this exercise from AID/W, USDA, land-grant universities and private contractors, so that there is no additional need of the type of expertise envisioned under the Cancun Initiative.

IV. PROGRAM AND SECTOR EMPHASIS

A. Implementation

Except for USAID-financed contract team staffing changes and the expansion of activities of the Dryland Agricultural Research Project (0136) planned for FY '82, there will be no significant implementation issues with any of the current project portfolio. As indicated, the Mission may phase down and out of activities in the shelter sector if GOM policy changes conflict with those of AID. Implementation of the Renewable Energy Project (0159) will continue as scheduled through FY '84, and then be followed by a Conventional Energy project. The Nutrition Project (0168) will begin in FY '82 and facilitate the phaseover from PL 480 Title II resources to locally-purchased substitutes. One of the three human resources projects (Non-Formal Education for Women) has been terminated early for failure to achieve project targets and objectives on schedule, and the remaining two are on schedule. During FY '83, the Family Planning Support Project (0155) will have to be amended to redefining goals which are currently realistic. To date, this latter project has been characterized as very comprehensive, but overly ambitious, given the infrastructure and absorptive capacity issues noted in a recent evaluation and elsewhere in this document. The Rainfed Agriculture Project (0170), which will be brought on stream during FY '83, phasing in ongoing efforts of the Dryland Agricultural Research Project, will become the centerpiece of the AID program in Morocco. As noted in Annex I, its implementation will initially be slow, given existing lack of infrastructure and trained GOM personnel.

USAID/Morocco staff are making every effort to focus on project management and implementation. However, since a significant number of its direct hire project managers are relatively new to AID, the Mission wishes to conduct, at the earliest opportunity, an in-house seminar on project management, using AID/W TDY assistance.

B. Food Production

This section outlines the proposed shift in the Mission's agricultural program towards a major cereals research and food production effort. It summarizes the accompanying Rainfed Agriculture Strategy (Annex I to the FY '84 CDSS). The conclusions and recommendations contained in the agricultural strategy annex are largely based upon analysis contained in the October 1, 1981 USAID Dryland Agriculture Subsector Strategy Paper.

During the last few years the Government of Morocco has steadily shifted the emphasis of its agricultural strategy to rainfed agriculture, to smaller farmers, and to production of food staples. Production of food grains, feed crops and vegetable oil has not kept pace with requirements generated by population growth and as a consequence, imports have grown rapidly, drawing down scarce foreign exchange. Crops grown on rainfed lands are cultivated mainly under traditional practices with very low use of fertilizer or higher yielding varieties. Land preparation and seeding methods are costly in terms of energy used and moisture lost, and are not conducive to high yields or intensive land use. Undercapitalization of rainfed agriculture and an inadequate supply of inputs and implements are major constraints. In addition, there are few meaningful agricultural extension programs. The majority of farmers are dependent on one or two small animals for power, with implements limited to a crude plow.

Even on farms with tractors, the tillage methods and tools commonly used are wasteful of energy, land and water resources.

Livestock production is closely integrated with crop production in most farm enterprises. Forestry and range management are closely related as well. Most farmers also employ traditional methods of raising livestock which yield low rates of output per land unit. Overgrazing of the land resource has resulted in serious degradation of forest, range and cropland. In addition, heavy cutting and low rates of tree replanting have made for serious nationwide ecological deterioration and erosion problems.

Agricultural analysts, including recent IBRD teams, have concluded that rainfed lands in Morocco currently are producing at no more than 30 to 40% of their capacity. Literature reviews, field observations and analysis carried out by AID staff support this conclusion.

The USAID's October, 1981 Agriculture Strategy Paper emphasized the high degree of interrelationship between cropland, range and forest utilization, emphasizing that the socio-economic framework and ecological balance in rural Morocco does not allow any one of these activities to be addressed in isolation from the other two. It stressed the high degree of dependence of large numbers of low-income farm families on forest products and small migratory herds which graze open ranges, farm residue and forest undercover.

This CDSS reconfirms these conclusions, but in view of management and financial constraints recommends that AID concentrate its resources on rainfed crop production, leaving some aspects of prior proposals to the GOM and other donors. It also recommends that AID assistance to the GOM in rainfed agriculture be expanded in support both to research and production programs. The proposed program will focus on wheat and barley production, supplemented with selected forages and pasture management; the latter fit into crop rotations and farm enterprises.

Specifically, the existing Dryland Research Project (0136) will be broadened geographically to include all rainfed arable areas within the 200-600 mm rainfall zone. A parallel effort will be organized to provide known desirable production technology to farmers, and to extend new technologies to them as they become proven through field trials. On-going projects in range management and agricultural education will be linked more tightly to these two major efforts.

The foregoing strategy will address the development of technologies for the low-rainfall areas and for regions characterized by poor soils, allowing for fullest exploitation of production potential. This strategy takes into account the capabilities and projects being undertaken by other donors, as well as the GOM Ministry of Agriculture's strengths and weaknesses. The proposed U.S. inputs are designed to address both production and equity objectives.

The approaches prescribed are synchronized to GOM priorities as outlined in the current Five Year Development Plan.

Main areas of emphasis of the USAID agriculture sectoral strategy are as follows:

1. Research

(a) Broaden the present program to include all major rainfed arable crop areas and accelerate research efforts to the extent possible;

(b) Support research to identify and appraise factors that motivate or constrain farmers' adoption of production and income increasing practices under different socio-economic and agronomic conditions. This will encompass family and farm resources, mobility, input availability, information, credit, and cultural factors. A considerable amount of this work is curently being performed under the socio-economic research component of the Dryland Agriculture Project (0136) by Hassan II Agronomic Institute's sociology department. However, research will also include identification of farmers whose production is high on rainfed lands, assessment of how they use and manage inputs, and an appraisal of cost relative to levels of output to provide guidance for improved extension; and

(c) Continue the present research program dealing with seed varieties, tillage practices, small equipment, fertility, water conservation, and weed control.

2. Support to Production

New activities will add a variety of means to ensure that known technology improvements developed under the project are tested expeditiously and, as proven, moved to farmers' fields. This element includes:

(a) Professional inputs and financing for widespread demonstrations of proven technologies;

(b) Identification of investment or other requirements to exploit production opportunities;

(c) Professional and financial inputs to expand and improve dissemination of information, including video and radio options;

(d) Professional and financial inputs to support a program of research on extension methodology, and evaluation of extension program results. This will provide a basis for guidance and in-process redesign of both extension and research;

(e) Development and immediate initiation of a plan to expand and increase the GOM's extension capability by increased staffing and provision of training for managers, extension specialists, information specialists, trainers and field workers, including use of paraprofessionals;

(f) Assisting the GOM to undertake a program to identify outstanding producers in different areas, publicize their accomplishments for information of other farmers, and provide the best producers with awards;

(g) Provision in both research and extension of greater exposure to systems used in other countries that have similar problems, and of information on varieties, practices and equipment that have been successfully applied elsewhere;

(h) Identification of distribution and marketing constraints and assistance to GOM and the private sector to find ways to address them; and

(i) Technical assistance where required to emerging service cooperatives in affected zones.

3. Agronomic Institute (0160)

This project has evolved into a major training effort for the Hassan II Agronomic Institute, and increasingly for other units of the Ministry of Agriculture. The project has established the beginning of a strong graduate training and research program at the Institute and GOM planning requires that all government-sponsored degrees in higher agricultural education be granted by Hassan II. Degree training under the various cereals activities will be closely coordinated with the Institute's graduate training and research programs.

Various project options exist for coordinating and achieving goals of faculty development, graduate training and creating a rainfed agricultural research and development programs. Specifics of how best to achieve these objectives will evolve in the course of developing the entire cereals program, and will be completed well before termination of the current project.

4. Range Management (0145)

This project will be continued essentially as is, but increased emphasis will be given to cooperation and coordination with the rainfed agriculture development project in the areas of forage varieties, forage management research, and extension of results.

5. Forestry (0165)

With the substantially increased efforts in rainfed agriculture, it seems prudent to make reductions in proposed forestry activities. At this juncture the USAID anticipates providing only the most critically needed support to the Forest Service in the areas of Argan tree research, and possibly the testing of bareroots planting methods as a sub-activity of either the Range Management or Rainfed Agriculture project.

6. Policy Analysis

Analysts seem to agree that price, subsidy and import policies have increased consumption by being oriented toward protection of consumers in urban areas. Consumer price and liberal import policies have been directed to food grains, vegetable oil, sugar and dairy products. Morocco now is heavily dependent on imports of all of these commodities. Concurrently, the GOM has for some years made only modest investments in rainfed agriculture.

The extent to which these policies, when combined with producer price policies, have discouraged production is unclear. It is possible that farm price and liberal import policies have created some distortions in production patterns. Moreover, the large expenditures on food imports and consumer subsidies have reduced resources available for development.

Producer subsidies have had only modest favorable impacts on grain production, and have generally benefited the more well-to-do farmers. These include: irrigation water made available at a fraction of cost; fertilizer and seed subsidies; credit and machinery services; livestock and feed inputs; and livestock facility development. Reports indicate input subsidies have suffered from lack of an adequate distribution network, requiring rationing of commodities and services.

Many of these policy issues have been the subject of high-level IBRD and IMF studies and discussions with the GOM. There is probably very little AID can add to these discussions at this time. However, AID will maintain a dialogue and, to the extent necessary, commission studies with appropriate GOM agencies on those policies which may act as continuing constraints to achievement of goals of AID-supported agriculture projects and programs.

C. Population/Family Planning

GOM population program performance over the past few years has been mixed. As the primary donor to this population program, USAID has been occasionally frustrated with the slow pace at which specific USAID subprojects have moved forward. This disappointment has been tempered by considerable satisfaction with broader policy and infrastructural achievements which augur well for future development of a successful GOM program.

The delays affecting implementation of key subprojects -- notably, the launching of the VDMS expansion program; construction of Family Planning Referral Centers; and the opening of the National Training Center for Reproductive Health -- were troublesome, but temporary. Most subprojects are now underway.

A recent (December, 1981) evaluation of the population assistance program noted these delays -- but also cautioned the USAID that the project timetable it was urging on the GOM may in fact be too rapid, given the actual assimilative capacity of the GOM and the need to avoid a confrontation with powerful political/religious factors in the country. At the same time, the evaluation shares the Mission's own conclusion that the past three years have witnessed a fundamental and far-reaching change in the way Moroccan officials view -- and act upon-- this country's population problem. Most significantly, the evaluation noted exceptional progress since the last evaluation (1976) in the central task of delivering contracetive services to the Moroccan population. The evaluation noted, for example, that oral contraceptives and condoms are currently available in virtually all of the Ministry of Public Health's 1000 health facilities throughout the country; the inclusion, for the first time, of family planning as a priority program in the Health portion of the GOM Five-Year (1981-85) Plan, including the establishment of a FP target of 24% contraceptive prevalence by the end of 1985; the initiation of a MOPH training program in sterilization despite the ambivalence of a conservative medical community; and the institutionalization of door-to-door delivery of FP services via VDMS. The USAID would also note the increasing frequency with which population concerns have entered into public discussion and the media, including university, radio and TV colloquia; informal positive exchanges with cabinet-level GOM officials (including at least one minister affiliated with the Istiqlal Party -- nominally opposed to family planning); the very candid public exhibits of contraceptives and FP films at railway stations and street corners by the Moroccan Family Planning Association; the recent issuance of a postage stamp displaying a four-member family and the words "Family Planning" in French and Arabic; and the telecast, several times weekly, of short TV messages extolling the advantages of family planning.

It should be observed that these developments are unfolding in the absence of any specific GOM population policy statement (aside from the Plan's FP objectives), or supportive pronouncements from the Royal Palace. What does exist now, and did not exist even three years ago, is a broad consensus within the GOM that the time is right to press ahead with an expansive FP program, but in a manner which will not elicit a reaction from societal and political forces which would feel compelled to confront an explicit policy statement by the GOM leadership. This delicate combination of forthright action/official diffidence is made possible by the GOM's traditional practice of assigning virtually total responsibility for individual social programs to specific line ministries. In this instance, the GOM has assigned overall responsibility for the FP program to the Ministry of Public Health. The MOPH can, of course, coordinate and encourage FP-related activities of other GOM ministries and agencies. But the political effect of this process is to couch the language and facts of a rather bold FP effort within the non-threatening technical vocabulary of this particular ministry. Given these constraints, however, the GOM has moved with considerable vigor in implementing a broad-based FP program. Indeed, GOM officials note that an explicit population policy statement at this point is almost redundant, and could in fact be counterproductive to the continued, steady implementation of population activities.

The USAID is not in total agreement with this conviction. We believe, for example, that many of the actions mentioned above may have already demonstrated the Moroccan public's inclination to accept a bolder official posture; that an official, encompassing policy could encourage greater participation by other ministries; and that such a policy could reinforce MOPH and other ministry bids for additional population resources. Yet, given the fact that the absence of a formal policy has not significantly constrained GOM commitment or action to date, and given our GOM colleagues' expressed judgement on this issue, the USAID sees little advantage in pressing hard for a policy directive in the near future. We will nonetheless continue our low-key training and technical assistance activities, i.e., with the Ministry of Plan, to develop the antecedants for an eventual overt population policy.

The primary emphasis of USAID efforts during the 1983-87 period will continue the focus on strengthening and expansion of FP service availability. Start-up delays affecting key elements of the FY 78-82 population project will postpone attainment of most project objectives until the end of FY '83. As noted above, sufficient project funds are available to cover this one-year extension. The Mission therefore expects to enter FY '84 with most of the major objectives of the current project accomplished -- except for the development of a commercial distribution project for contraceptives.

A follow-on project will be developed in FY '83 to cover the period FY '84-'88. This project will build on the solid foundation then in place, and will target resources more closely on areas which are 1) most closely linked to FP service expansion; and 2) are particularly suited to AID competence and experience. Illustrative areas of investment -- as identified in the recent project evaluation -- will include the development of a nationwide service network for voluntary sterilization; delivery of FP services to urban slum areas and particularly to the _bidonvilles_ of Casablanca; reinforcement of in-service training in FP for paramedical personnel of the MOPH; development of non-MOPH information and service networks for FP -- including, if possible, a commercial sales program; and the provision of contraceptives and FP-related medical supplies and equipment.

The UNFPA is the only other major donor active in Morocco's population program. UNFPA is still in the process of streamlining its assistance portfolio here to reflect that agency's relatively static (worldwide) budget, and its effort to pare away some "non-population" elements of the UNFPA program.

UNFPA assistance will, however, play an important role in strengthening data collection and analysis and population education (Ministry of Plan and Ministry of Education, respectively), provision of training grants, and provision of vehicles and FP clinical equipment for MOPH health facilities. UNFPA assistance resources available for the FY '81-84 period will total approximately $6 million.

Given these resources, and in view of the gathering program momentum cited above, the USAID believes that the GOM's target of 24% contraceptive prevalence (public sector) by 1985 is well within range. (For comparison's sake, public sector prevalence was estimated by the USAID to be approximately 7% in 1979, and about 15% in 1982. Morocco/ WFS and CPS* results due out shortly will provide measures of fertility and prevalence that are more reliable than USAID's computations derived from contraception distribution data).

The GOM/MOPH bureaucratic milieu will doubtless continue to affect the pace of individual population subprojects. Indeed, the MOPH is quick to recognize the frailties of its own management structure, as indicated by the Ministry's enthusiastic support for the new USAID/MOPH Health Management Improvement Project. But the overall current of change in Morocco's population program, including the ways by which that problem is officially and popularly perceived and

* For Meknes, El Jadida and Beni Mellal Provinces

implemented, is palpably evident. USAID therefore has substantial confidence in the likelihood of continuing progress in this program, and in the critical importance of U.S. assistance provided thereto.

D. Education

The Mission is in the process of phasing out its involvement in vocational and technical education activities in order to concentrate its limited resources in areas of greater priority. It should be noted, however, that for the GOM the educational sector will continue to consume several times the resources devoted to agriculture through the 1980's, and it will continue to be a source of political volatility. As noted in prior CDSS's, population pressures, coupled with rising educational expectations, have come to a critical juncture during the past five years. Additionally, adherence to an outdated and largely irrelevant European-style education system, and to an almost universal student subsidy system at the university and professional levels, contribute to training of questionable utility and thoroughness. Even before the current sharp downturn in the economy, unemployment among recent university graduates ran as high as 25%.

Morocco has only recently moved to address the dysfunctional aspects of its educational system. As an outcome of last year's Royal Commission on Education, the Ministry of Plan assumed responsibility for manpower planning, and the operational responsibility for vocational and technical education as well, a long-ignored and widely scattered sector. AID and the World Bank have advocated since 1979 that the GOM wean itself from elements of its costly and highly structured classical system in favor of more lower-level skill training and higher-level industrial and technical training. The GOM, then, has taken the first significant step in this direction. However, resistance to reform is deep-rooted, and the GOM is wary of taking more than very gradual steps in an area which affects its young, strike-prone population.

Current AID education sector activities are focused on providing skills training to disadvantaged Moroccan women. Implementation progress and a phase-down timetable for these activities are as follows:

1. The Industrial and Commercial Job Training for Women Project (0147) continues to provide technical training opportunities for women in the modern sector. The project is ahead of schedule in curriculum development and in a labor market survey, and it is now planned that the U.S. technical assistance team will phase out by March, 1983.

2. Implementation of the Social Services Training Project (0157) is still at an early stage. The Tangier Institute was opened in late 1981, and the U.S. technical assistance team and Moroccan counterparts have been very active in developing course curricula. Project implementation is on schedule. By late 1985, when the TA team departs, it should have imparted the institutional capacity within the Ministry of Handicrafts and Social Affairs to carry out training programs for disadvantaged Moroccan youth;

training programs for upgrading of its own institutional staff; and a high-level training program for producing skilled manpower for the social services sector.

3. The only human resources activity to be continued is the Sector Support Training Project (0178), which is scheduled for FY '83 as a follow-on activity to the Development Training and Management Improvement Project (0149). Recently, the GOM focus for Project 0149 has shifted from the Ministry of Education to the Ministry of Plan, given its new responsibilities for public and private sector manpower training. The importance of this project to maintaining some semblance of AID flexibility in the wake of more focused program concentration cannot be underestimated. It will be the principal means of forging technical and professional linkages with the U.S. through which technology transfer will be accommodated.

The current project has been successful in preparing Moroccans for key management and technical positions. The quality of the competitiveness of those selected for long-term training has been high, with low attrition rates and outstanding scholastic performance. Short-term activities have also provided training opportunities for key GOM development planners, and have facilitated senior-level assistance in economic policy development. It has also proved a timely vehicle for training counterpart technicians in advance of implementation of other

AID-supported projects, where the waiting time for contractual formalities to be completed would have seriously delayed implementation.

Most importantly, however, Project 0149 and the successor Project 0178 are key to the long-term success of new private sector initiatives. Repeated often to donors and trade missions is the point that business linkages are forged through technical exchange. In-depth familiarity with donor institutions, technology, business practices and culture leads to long-term associations on wide fronts. While the effectiveness of the participant training modality in promoting trade and investment may be difficult to measure, it has certainly been the formula of certain major donors such as the French who largely reject project assistance in favor of large-scale technical, professional and academic interchanges. This approach continues to provide them with important trade and investment conduits, and while AID should not or could not be competitive in this area, it should recognize the importance of U.S. technical and professional training to the GOM and to its own long-term interests as well.

E. PL 480, Title I

In response to the disastrous drought of 1980-81 which required more than doubling the usual annual level of Morocco's grain imports, the U.S. reinstated a PL 480, Title I program at a $25 million level in FY '81, with an additional $30 million increment in the first quarter of FY '82. Along with much larger concessional sales from Europe, the terms of these PL 480, Title I sales helped relieve the immediate critical balance of payments problems of the GOM. In addition, the dirham proceeds generated by these sales are being used to finance activities in the GOM development budget which would otherwise have been deferred or reduced substantially in scope. Thus, the actual and projected PL 480, Title I sales serve a very crucial twofold purpose; BOP relief in some degree at a time when the GOM's foreign debt servicing is at roughly one-third of annual foreign exchange earnings, and concurrently providing support of select activities in the GOM's internal budget for which anticipated revenues are off sharply.

The latter activities are reviewed and selected by a joint working committee of USAID and GOM representatives from the ministries and services concerned. All of the activities addressed have a distinct bearing upon the improvement of domestic production of foodstuffs. Certain of these, such as seed production and distribution, reforestation and soil conservation, are specified within the agreements themselves. The remainder are contained in accompanying Side Letters of Understanding, and are defined as progress and resource requirements in each subsector of agriculture is assessed each year. Included in the latter are local currency requirements of undertakings such as integrated agricultural projects being undertaken by the World Bank, watershed stabilization, and assistance to agricultural cooperatives. These select activities are all contained in the GOM Five-Year Development Plan, and the eligibility of each is evaluated annually in the context of the progression of the Plan, and the impact that any one of these will impart to the coordinated advance of the GOM agricultural sector. The periodic scrutiny by which these Self-Help Measures are assessed and chosen assures that these local currency generations provide maximum additionality.

The reintroduction of PL 480, Title I into the AID program in Morocco coincided with a critical juncture in the GOM's BOP and internal budgetary situation. Its timeliness in this respect has made the GOM very conscious and concerned over the proper utilization of this resource in order to strengthen its eligibility as a continuing recipient. The responsiveness of the GOM in this regard and the projected internal budgetary and external BOP shortfalls of the GOM place PL 480, Title I at the levels projected as a unique resource the U.S. can provide to maintain the degree of progress required in activities which support and expand upon USAID's own DA funded undertakings in the agriculture sector.

F. Title II/Nutrition

The Mission strategy for Title II and nutrition activities in Morocco reflects a delicate accommodation to diminishing Agency and worldwide PL 480, Title II resource availabilities; to the scrutiny that all middle-income countries - Morocco included - must face in an effort to assure that sufficient resources are available for the poorest countries; and to the GOM Ministry of Handicrafts and Social Affairs (MAAS) objectives to provide humanitarian social and economic aid to an increasingly larger proportion of Morocco's under-privileged population.

For a decade USAID/Morocco has encouraged and supported use of Title II foods for reduction of human suffering through income supplementation and promotion of improved health/nutrition practices. The next result of these activities has been the governmental institutionalization, including administrative and personnel network, of a successful health/nutrition education program responding to AID PL 480 priority concerns, and to GOM general social development objectives. Nevertheless, there is a frank awareness that continued program functioning is inherently dependent on the availability of donated (Title II) food resources.

The USAID's challenge for the coming years will be to assist the GOM/MAAS beginning this year in long-term planning for gradual substitution of Title II commodities with food and other inputs from the GOM. At the same time it will seek to reinforce the program's nutritional and social impacts on the most vulnerable elements of the population without jeopardizing the existance of the considerable GOM institution which has evolved to support it. Current projections for Title II indicate a maintenance of dollar funding levels for 3 years, followed by rapid decline and eventual phase out in FY '88. Thus, two major nutrition strategy objectives have been identified: to improve technical understanding and consideration of the various factors which influence the nutritional status of the Moroccan poor (social, economic, food availability and consumption patterns, education); and to improve the cost-effectiveness of the current MAAS food distribution program. USAID collaborative project activities with the GOM/MAAS over the next several years will be designed to improve an assistance package that aims to narrow the gap between MAAS and AID immediate concerns (increase in social services vs Title II phase-over), and to guide and support the MAAS as it seeks to re-define its own role and capabilities.

Serious obstacles still exist which may impede implementation of this strategy, the most significant being its timing. The Mission's on-going dialogue concerning this issue has come into focus in the context of Morocco's currently delicate economic situation and against the backdrop of a very positive but heightened intensity of American-Moroccan relationships. Thus, the GOM, despite acknowledging the need to initiate the phase-over process, has naturally found the nutrition strategy with its built-in phase-over element rather perplexing, and is reacting somewhat skeptically to the USAID's projections of diminishing Title II resources.

In the Mission's view, the central concerns of our two governments could best be met by continuing the nutrition phase-over process being initiated this year, but by attenuating the schedule into a timetable more financially and politically practicable for the GOM. Specifically, we propose (1) that a final year of Title II assistance be definitely identified and communicated to the GOM; (2) that this categorical end-point be deferred approximately three years from current projections, thus allowing a straight-line decline throughout the phase-over process; and (3) that the GOM be advised that, notwithstanding a less rigorous phase-out schedule, year-to-year Title II allocations to the Morocco program will be contingent upon satisfactory progress in directing these resources at critical nutrition objectives set forth in the Nutrition Development Project, and on commencement of GOM resource input in support of its nutrition program. These explicit understandings would enable the GOM to proceed toward implementation of an orderly, assimilable phase-over plan, while removing GOM perceptions of U.S. ambivalence toward the feeding programs. Moreover, this approach would facilitate good-faith MAAS implementation of the objectives of the Nutrition Development Project by removing the impression that it is a stalking horse for a U.S. effort to terminate the Title II program.

Regardless of unforeseeable changes-- favorable or otherwise-- in international political considerations, it is recognized that food aid to Morocco is interim external assistance. Thus, USAID/GOM nutrition project activities must try several alternatives for developing self-sufficiency while concurrently being guided by best available food assistance projections. To aid this process, a Title II level of U.S. $11.5 million, discussed with AID/W Food for Peace during the design of the Nutrition Project (0168), must be assured for FY '84. Remaining out-year dollar figures must also take into consideration the GOM's ability to respond to its increasing responsibility. USAID can best assist the GOM by supporting project activities which will provide information, the means of finding and using this information, and time during which the GOM can outline its own, long-term nutrition program objectives and activities; and align these with available resources.

G. Peace Corps Collaboration

The USAID Mission undertakes periodic reviews with the Peace Corps staff in Rabat to assure that our respective programs take into account and make optimal use of the resources each agency can bring to bear. Peace Corps/USAID collaboration on a vocational education subactivity of the Social Services Training Project (0157) has been excellent. Peace Corps teachers will phase out by FY '84 and be replaced by host country nationals. As planned, Peace Corps Volunteers will be integrated into some of the extension activities of the Range Management Project (0145) during FY '83. Beyond some possible involvement in Renewable Energy (0159), there will be little opportunity for Peace Corps participation in USAID's consolidated portfolio for FY '84 and beyond. The Ministry of Public Health (MOPH) maintains that it has sufficient resources to extend family planning services. What is sought from foreign donors, such as AID and UNFPA, are training and management system packages to enable the MOPH to administer and mobilize more effectively its existing paramedical field force. There is a similar constraint against Peace Corps participation in the Cereals Production Sector, as the GOM looks to USAID to develop the technology packages and to assist in training so that it may better engage its underutilized extension system.

Per the Athens Near East Mission Directors' Conference (November 1981), we do recommend that a small centrally funded accelerated impact fund be instituted as a means by which USAID can support worthwhile Peace Corps activities. As has been amply demonstrated in sub-Saharan Africa, AID support to small-scale Peace Corps projects compounds the value of individual PCV's, and allows them and the Peace Corps staff to consider far more meaningful undertakings. The same holds true north of the Sahara, and such a fund should be initiated for the Moroccan Peace Corps program.

V. PROPOSED ASSISTANCE PLANNING LEVELS (PAPLs)

Fiscal Years

(In Thousands of Dollars)

Categories	1983	1984	1985	1986	1987	Total
AGRICULTURE AND RURAL DEVELOPMENT	8,900	10,860	12,900	15,300	18,700	66,660
HEALTH	1,000	615	-	-	-	1,615
POPULATION	2,800	4,500	4,600	4,700	4,800	21,400
EDUCATION AND HUMAN RESOURCES	2,800	2,025	1,500	1,500	1,500	9,325
SELECTED DEVELOPMENT ACTIVITIES	-	1,000	2,000	1,500	-	4,500
Of Which Science and Technology (including Energy)	-	(1,000)	(2,000)	(1,500)	-	(4,500)
TOTAL AID	15,500	19,000	21,000	23,000	25,000	103,500
Approved Projects	10,679	5,696	-	-	-	16,375
PL 480	36,090	36,500	31,000	28,500	18,500	150,590
Title I	25,000	25,000	20,000	20,000	15,000	105,000
Title II	11,090	11,500	11,000	8,500	3,500	45,590
Housing Investment Guaranties						

Project Title and No.	L/G	Period of Funding	LOP Cost	Obligations Through FY '81	FY '82	(Costs in Thousands of Dollars) FY '83	FY '84	FY '85	FY '86	FY '87
Agriculture, Rural Development and Nutrition					6,525	8,900	10,860	12,900	15,300	18,700
Doukkala Irrigation (0127)	L	76	13,000	13,000	-	-	-	-	-	-
Dryland Agriculture Applied Research (0136)	G	78-83	4,500	3,342	1,000	158	-	-	-	-
Range Management Improvement (0145)	G	80-84	5,075	1,800	1,000	1,400	875	-	-	-
Renewable Energy Development (0159)	G	80-84	6,100	1,494	1,425	1,500	1,681	-	-	-
Agronomic Institute (0160)	G	80-84	9,721	3,200	2,100	2,421	2,000	-	-	-
Approved Projects Total					5,525	5,479	4,556	-	-	-
New Projects Total					1,000	3,421	6,304	12,900	15,300	18,700
Nutrition Development (0168)	G	82-84	3,152	-	1,000	1,000	1,152	-	-	-
Rainfed Agriculture (0170)	G	83-87	24,993	-	-	2,421	5,152	6,000	5,620	5,800
Agronomic Institute II (0173)	G	85-86	6,000	-	-	-	-	3,000	3,000	-
Range Management II (0177)	G	85-87	5,000	-	-	-	-	1,600	2,000	1,400
Agriculture Applied Research	G	86-90	7,200	-	-	-	-	-	1,480	1,600
Other: New Agriculture Projects	G	87-92	-	-	-	-	-	2,300	3,200	9,900

(Costs in Thousands of Dollars)

Project Title and No.	L/G	Period of Funding	LOP Cost	Obligations Through FY '81	FY '82	FY '83	FY '84	FY '85	FY '86	FY '87
Health				1,025	560	1,000	615	-	-	-
Health Management Improvement (0151)	G	81-84	3,100	925	560	1,000	615	-	-	-
Family Planning Support II (0155)	G	78-83	100	100	-	-	-	-	-	-
Approved Projects Total					560	1,000	615			
Population Planning					1,700	2,800	4,500	4,600	4,700	4,800
Family Planning Support II (0155)	G	78-83	12,484	7,984	1,700	2,800	-	-	-	-
Approved Projects Total					1,700	2,800	-	-	-	-
New Projects Total			18,500	-	-	-	4,500	4,600	4,700	4,800
Family Planning Support III (0171)	G	84-88	18,500	-	-	-	4,500	4,600	4,700	4,800

Project Title and No.	L/G	Period of Funding	LOP Cost	Obligations Through FY '81	FY '82	(Costs in Thousands of Dollars) FY '83	FY '84	FY '85	FY '86	FY '87
Education and Human Resources				10,877	1,786	2,800	2,025	1,500	1,500	1,500
Industrial and Commercial Job Training for Women (0147)	G	78-82	3,236	3,000	236	-	-	-	-	-
Development Training and Management Improvement (0149)	G	78-83	4,497	3,747	750	-	-	-	-	-
Social and Economic Research (0154)	G	79-83	850	450	-	-	-	-	-	-
Social Services Training (0157)	G	80-84	5,205	2,680	600	1,400	525	-	-	-
Statistical Services (0162)	G	80-82	1,200	1,000	200	-	-	-	-	-
Approved Projects Total				10,877	1,786	1,400	525	-	-	-
New Projects Total				-	-	1,400	1,500	1,500	1,500	1,500
Sector Support Training (0178)	G	83-87	7,400	-	-	1,400	1,500	1,500	1,500	1,500

Project Title and No.	L/G	Period of Funding	LOP Cost	Obligations Through FY '81	FY '82	(Costs in Thousands of Dollars) FY '83	FY '84	FY '85	FY '86	FY '87
Selected Development Activities			-	-	100	-	1,000	2,000	1,500	-
Low Cost Housing I (0156)	G	81-82	900	800	100	-	-	-	-	-
Renewable Energy Development (0159)	G	80-84	600	600	-	-	-	-	-	-
Approved Projects Total			-	-	100	-	-	-	-	-
New Projects Total			-	-	-	-	1,000	2,000	1,500	-
Conventional Energy (0176)	G	84-87	4,500	-	-	-	1,000	2,000	1,500	-
Total Aid (AAPL)					10,671	15,500	19,000	21,000	23,000	25,000
Approved Projects					9,671	11,079	5,696	-	-	-
New Projects					1,000	4,421	13,304	21,000	23,000	25,000
PL 480 Total					43,000	36,090	36,500	31,000	28,500	18,500
Title I					30,000	25,000	25,000	20,000	20,000	15,000
Title II					13,000	11,090	11,500	11,000	8,500	3,500

VI. STAFFING

USAID/Morocco, in consonance with overall Agency workforce limitations, and following the Bureau guidance, has made provision for a reduction in the total workyear ceiling to 15 USDH and 21 FNDH by FY 1983. These reductions are made possible by the phase-down of Mission activities in the Human Resources Sector.

Despite the anticipated phase-out of additional projects in Human Resources and Health after FY '83 which would appear to entail further reductions, there will be a concomitant need to expand staffing to plan and manage the major expansion of activities in the agriculture sector as outlined in this CDSS and mandated by AID/W. Therefore staffing levels are required at the minimum to remain constant from FY '84-'87.

ANNEX II

MOROCCO - SOCIAL INDICATORS DATA SHEET

LAND AREA (THOUSAND SQ. KM.)
TOTAL 447.0/c
AGRICULTURAL 203.7 /c

	MOROCCO 1960 /b	MOROCCO 1970 /b	MOROCCO MOST RECENT ESTIMATE /b	REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) /a MIDDLE INCOME NORTH AFRICA & MIDDLE EAST	MIDDLE INCOME LATIN AMERICA & CARIBBEAN
GNP PER CAPITA (US$)	200.0	310.0	740.0	865.5	1616.2
ENERGY CONSUMPTION PER CAPITA (KILOGRAMS OF COAL EQUIVALENT)	169.3	222.2	315.2	758.3	1324.1
POPULATION AND VITAL STATISTICS					
POPULATION, MID-YEAR (THOUSANDS)	11626.0	14993.0	19538.0	..	..
URBAN POPULATION (PERCENT OF TOTAL)	29.3	34.6	39.9	45.2	64.2
POPULATION PROJECTIONS					
POPULATION IN YEAR 2000 (MILLIONS)			35.6	..	..
STATIONARY POPULATION (MILLIONS)			81.0	..	..
YEAR STATIONARY POPULATION IS REACHED			2090	..	..
POPULATION DENSITY					
PER SQ. KM.	26.0	33.5	43.7	36.3	34.3
PER SQ. KM. AGRICULTURAL LAND	59.0	76.0	92.9	442.7	94.5
POPULATION AGE STRUCTURE (PERCENT)					
0-14 YRS.	44.8	47.6	46.3	44.2	40.7
15-64 YRS.	52.6	48.3	50.4	52.4	55.3
65 YRS. AND ABOVE	2.6	4.1	3.3	3.4	4.0
POPULATION GROWTH RATE (PERCENT)					
TOTAL	2.6	2.5	2.9	2.7	2.4
URBAN	3.7	4.2	4.5	4.6	3.7
CRUDE BIRTH RATE (PER THOUSAND)	50.2	47.4	44.2	41.5	31.4
CRUDE DEATH RATE (PER THOUSAND)	20.8	16.4	12.8	12.8	8.4
GROSS REPRODUCTION RATE	3.6	3.5	3.2	2.9	2.3
FAMILY PLANNING					
ACCEPTORS, ANNUAL (THOUSANDS)	..	25.1	78.0	..	..
USERS (PERCENT OF MARRIED WOMEN)	..	1.0	5.4	..	..
FOOD AND NUTRITION					
INDEX OF FOOD PRODUCTION PER CAPITA (1969-71=100)	99.0	98.0	85.0	96.3	108.3
PER CAPITA SUPPLY OF CALORIES (PERCENT OF REQUIREMENTS)	96.0	102.0	105.0	110.4	107.6
PROTEINS (GRAMS PER DAY)	62.0	66.0	67.0	73.4	65.8
OF WHICH ANIMAL AND PULSE	13.0	13.0	13.0	17.1	34.0
CHILD (AGES 1-4) MORTALITY RATE	30.3	21.9	15.7	14.9	7.6
HEALTH					
LIFE EXPECTANCY AT BIRTH (YEARS)	46.9	51.9	56.4	55.9	64.1
INFANT MORTALITY RATE (PER THOUSAND)	..	..	..	..	70.9
ACCESS TO SAFE WATER (PERCENT OF POPULATION)					
TOTAL	30.6	51.0	55.0	59.4	65.7
URBAN	58.7	92.0	100.0	83.9	79.7
RURAL	19.0	28.0	25.0	40.8	43.9
ACCESS TO EXCRETA DISPOSAL (PERCENT OF POPULATION)					
TOTAL	..	29.0	..	..	59.9
URBAN	..	75.0	..	..	75.7
RURAL	..	4.0	..	..	30.4
POPULATION PER PHYSICIAN	9406.1/d	12814.5	11037.4	4174.5	1728.2
POPULATION PER NURSING PERSON	..	2742.2	1693.5	1780.5	1288.2
POPULATION PER HOSPITAL BED					
TOTAL	626.0	664.3	773.6	647.4	471.2
URBAN	..	454.7	623.4	547.2	558.0
RURAL	..	5821.4	3089.5	3361.1	..
ADMISSIONS PER HOSPITAL BED	..	15.5	16.5	25.3	..
HOUSING					
AVERAGE SIZE OF HOUSEHOLD					
TOTAL	4.8	5.5	..	..	..
URBAN	4.3	4.9	..	..	..
RURAL	5.1	5.8	..	..	..
AVERAGE NUMBER OF PERSONS PER ROOM					
TOTAL	2.2	2.4	..	..	..
URBAN	2.1	2.1	..	..	..
RURAL	2.3	2.6	..	..	..
ACCESS TO ELECTRICITY (PERCENT OF DWELLINGS)					
TOTAL	76.1/e	..	..	..	..
URBAN	85.4/e	68.4	65.0	..	..
RURAL	30.8/e	..	..	..	..

MOROCCO - SOCIAL INDICATORS DATA SHEET

	MOROCCO 1960 /b	MOROCCO 1970 /b	MOROCCO MOST RECENT ESTIMATE /b	REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) /a: MIDDLE INCOME NORTH AFRICA & MIDDLE EAST	MIDDLE INCOME LATIN AMERICA & CARIBBEAN
EDUCATION					
ADJUSTED ENROLLMENT RATIOS					
PRIMARY: TOTAL	47.0	52.0	72.0	85.1	101.7
MALE	67.0	67.0	90.0	101.5	103.8
FEMALE	27.0	36.0	54.0	67.5	101.5
SECONDARY: TOTAL	5.0	13.0	20.0	38.0	35.3
MALE	7.0	18.0	25.0	48.1	34.9
FEMALE	2.0	7.0	15.0	28.3	35.6
VOCATIONAL ENROL. (% OF SECONDARY)	..	2.0	3.0	11.3	30.1
PUPIL-TEACHER RATIO					
PRIMARY	43.0	34.0	39.0	34.9	29.6
SECONDARY	..	20.0	21.0	23.8	15.7
ADULT LITERACY RATE (PERCENT)	14.0	21.4	28.0	43.0	80.0
CONSUMPTION					
PASSENGER CARS PER THOUSAND POPULATION	11.0	14.8	19.6	18.3	42.6
RADIO RECEIVERS PER THOUSAND POPULATION	45.8	62.4	87.4	121.0	215.0
TV RECEIVERS PER THOUSAND POPULATION	0.4	11.6	32.6	57.4	89.0
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION	22.0	16.2	10.7	35.9	62.8
CINEMA ANNUAL ATTENDANCE PER CAPITA	2.0	..	2.0	3.0	3.2
LABOR FORCE					
TOTAL LABOR FORCE (THOUSANDS)	3369.7	3951.7	5117.3		
FEMALE (PERCENT)	10.1	14.1	15.6	10.5	22.6
AGRICULTURE (PERCENT)	62.5	56.9	52.7	43.5	35.0
INDUSTRY (PERCENT)	13.8	17.4	20.7	27.3	23.2
PARTICIPATION RATE (PERCENT)					
TOTAL	29.0	26.4	26.2	26.4	31.8
MALE	52.1	45.2	44.2	47.0	49.0
FEMALE	5.9	7.5	8.2	5.7	14.6
ECONOMIC DEPENDENCY RATIO	1.6	2.0	1.9	1.8	1.4
INCOME DISTRIBUTION					
PERCENT OF PRIVATE INCOME RECEIVED BY					
HIGHEST 5 PERCENT OF HOUSEHOLDS	18.0/f	20.0/f	..	..	..
HIGHEST 20 PERCENT OF HOUSEHOLDS	43.3/f	49.0/f	..	..	..
LOWEST 20 PERCENT OF HOUSEHOLDS	7.0/f	4.0/f	..	..	..
LOWEST 40 PERCENT OF HOUSEHOLDS	18.0/f	12.0/f	..	..	..
POVERTY TARGET GROUPS					
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US$ PER CAPITA)					
URBAN	107.0	157.0	389.0	271.4	..
RURAL	66.0	101.0	238.0	144.6	187.6
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US$ PER CAPITA)					
URBAN	..	..	242.0	400.8	513.9
RURAL	..	..	157.0	290.9	362.2
ESTIMATED POPULATION BELOW ABSOLUTE POVERTY INCOME LEVEL (PERCENT)					
URBAN	51.0	38.0	28.0	22.1	..
RURAL	49.0	45.0	45.0	29.2	..

.. Not available
. Not applicable.

NOTES

/a The group averages for each indicator are population-weighted arithmetic means. Coverage of countries among the indicators depends on availability of data and is not uniform.

/b Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961; for 1970, between 1969 and 1971, and for Most Recent Estimate, between 1976 and 1979.

/c Excludes the ex-Spanish Sahara; /d 1962; /e Brick buildings only; /f Consumption expenditures of households.

Revised
June, 1981