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LOCAL GOVERNANCE PROJECT (LGP)

Annual Report 2007

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I. Project achievements and challenges in 2007

The Local Governance Project made significant progress in most programmatic areas under both Intermediate Result 13.2 (improved government transparency) and Intermediate Result 13.3 (improved local governance performance).

Progress achieved under IR 13.2: Improved Government Transparency

During 2007, the project made significant progress in implementing a three pronged strategy to achieve results under this IR. This strategy consists of the following main axes:

- **Reinforcing the capacity of the executive to conduct audit:**

The LGP Finalized and disseminated 11 audit guides to the General Inspection of Territorial Administration (IGAT) and adapted a number of them to meet the needs of the College of Inspectors General of Ministries (CIGM). These guides were presented to IGAT inspectors during validation workshops and IGAT senior officials confirmed that they are now being used as part of IGAT audit missions.

- **Awareness and sensitization:**

The process for the development of codes of conduct for elected officials and employees of the city of Casablanca is nearing its end. The two codes are incorporated into a “good governance pact” that also includes a series of commitments made by the senior management of the commune toward its employees. The Mayor of Casablanca agreed that the pact would be submitted for approval to the Council. The city of Témara requested that the LGP provides them support in developing their own guide and

- **Support to reform promoting transparency:**

The LGP initiated a process to support governmental efforts to reform public procurement for local governments. This support consists of adapting the recently adopted national public procurement reform to the needs and constraints of local governments. The LGP helped facilitate meetings with local government officials to discuss the impact of the reform on Moroccan communes and identify needed adjustments. The LGP is incorporating the proposals emerging from this consultation process into a draft decree that will apply only to local governments and that will aim at simplifying procedures while ensuring transparency.

Progress achieved under IR 13.3: Improved Local Government Performance

Activities implemented under this IR are too numerous to mention all in this summary but the following highlight the progress made by the project under this IR:

- **Continuation and replication of participatory strategic planning (PSP) processes.**

LGP support to PSP processes was extended to 3 new communes: 2 rural communes in the Province of Benslimane and the urban commune of Témara. In the Province of Errachidia, the LGP continued its support to local development efforts by focusing on 3 year development plans. The LGP has become a recognized leader in the participatory strategic planning field as indicated by the fact that more communes and partners are requesting LGP intervention in this sector (Prefecture of Settat and UNDP in the Province of Errachidia). In addition, we are playing a key role in developing, in partnership with DGCL, a PSP guide for rural communes.

It is worth noting that the gender approach was fully integrated in all seven processes and that the LGP also initiated training on gender sensitive budgeting as part of its capacity building support to the provinces.

- **Completing the credit rating exercise for three cities:**

Fitch ratings completed the first rating exercise for the cities of Casablanca, Marrakech and Salé and reported their findings to the three to cities, the DGCL and the Ministry of Finance. This was achieved in spite of significant skepticism of our main partner regarding this effort.

- **Continuation of activities in support of Cities without slums program**

During this year the LGP launched activities new initiatives in Kénitra and Mansouria. A first grant to conduct a socioeconomic study for the Bachkou settlement in Casablanca was successfully completed by Search for Common Ground. The NGO received a second grant to support the relocation of a first wave of inhabitants.

- **Support to the “Jeudi de la Gouvernance” in Casablanca:**

The LGP supported seven editions of the “Jeudi de la Gouvernance” a monthly cycle of open forums chaired by the Mayor of Casablanca. The “Jeudis” provides a much needed space to discuss key governance issues in the city of Casablanca and received significant press coverage. The last event launched a process to define a common vision for the City of Casablanca.

- **Support to developing a national strategy for women participation in local affairs**

During 2007, the LGP supported a process that is bringing together civil society actors and representatives of the Ministry of interior to develop a national strategy to improve women's participation in local affairs.

- **Local government Information system**

The LGP provided the following support to the DGCL:

- A first prototype application was developed and validated for budget management.
- Technical assistance to improve civil registries management at local and national level
- Development of the concept and TORs for a national Portal for Local governments
- Supported effort at developing a national Human Resources Database for LGs.
- Launched an RFP for the development of an application for fiscal management

- **Study tour to the US**

The LGP supported the organization of a study tour to the US for high level local and central government officials. The primary objectives were to familiarize the participants with local governance structures in the US, primarily the function of the city manager, and to view how information systems enhance the management of local services and provide citizen access to local government decisions and other information. The DGCL is currently considering replicating the city manager model in Morocco.

Challenges faced in 2007

Despite significant achievements, the project also faced important challenges that caused delays in implementation or prevented some activities from achieving expected results. These include:

- Information system activities have yet to achieve expected results due to a number of factors including: poor performance from the team of consultant hired for this activity; shifting strategy from our partner (DGCL) that has prevented us from implementing activities in the field.
- Activities under the cities without slum component have met a number of setbacks that led to the project withdrawing from Mohammedia and Kenitra. The complexity of situation on the ground, the lack of vision and/or ownership from key partners and the

limited involvement of local governments are all factors that contributed to the setbacks.

- Resistance to change and/or slow decision making processes at the Ministry of Interior meant that key activities such as the credit rating and support to fiscal reform were significantly delayed.

II. Objectives for 2008

The Local governance Project officially ends end of may 2008. Given the numerous requests for support and the number of activities that remain to be implemented it is likely that a cost extension of the project, until the end of 2008, will be needed. The LGP team has initiated a process to identify priority activities and will hold a brainstorming session to finalize the strategy.

Key elements of this strategy will include:

- Ensuring that LGP activities help build a bridge with USAID Morocco new strategy in the DG sector.
- Focusing on activities that can yield results within the remaining time frame of the project.
- Focusing on dissemination of results and building sustainability.

Main activities will include:

- Replicating and documenting LGP experience with participatory strategic planning process in rural and urban communes. New activities are planned for two urban communes in the Province of Settat.
- Supporting the efforts of city of Casablanca to develop a unified vision for the city, with a specific focus on the governance prerequisites needed to develop this vision.
- Promoting the creation of internal audit units in local government with tailored technical assistance provided to 2-3 cities.
- Disseminating the code of conduct experience and supporting its replication in selected cities (Témara and Marrakech)
- Launching training of trainers training and developing a guide in support of local Fiscal reform

- Increasing and systematizing communication and activity dissemination through implementation of a series of national and regional seminars (procurement, codes of conduct, gender, best practices, internal audit...)
- Follow up to credit rating of three cities including:
 - Communication event around the publication of the ratings
 - Designing TA program in support of concerned cities

III. Selected performance indicators

A- SO 13: Increased government responsiveness to citizens

		2006		2007		2008	
		Target	Actual	Target	Actual	Target	Actual
A1- Number of examples where local government decision making is influenced by civil society		15	19	20	21	10	

Comment:

The results achieved under this indicator demonstrate the effectiveness of LGP sponsored participatory processes in influencing decisions that have an impact on people lives and on increasing government responsiveness.

B- IR 13.2: Improved government transparency

		2006		2007		2008	
		Target	Actual	Target	Actual	Target	Actual
B1- Number of target Local Governments making progress toward adopting new codes of conduct	#	1	1	2	2	4	

Comment:

Efforts at disseminating the experience of Casablanca have been limited to date and will be amplified in 2008.

		2006		2007		2008	
		Target	Actual	Target	Actual	Target	Actual
B2- Number of target LGs where financial audits have been conducted (Joint test audits by IGAT/KPMG)	#	0	0	3	n/a	3	n/a

Comment:

Results for this indicator were not achieved because of a change of strategy of our main partner for this activity (IGAT) which led to the cancellation of planned joint test audits. This indicator will therefore be modified as it no longer measures the result of any LGP activity.

C- IR 13.3: Improved local government performance

		2006		2007		2008	
		Target	Actual	Target	Actual	Target	Actual
C2- Percent of LGs that adopt a gender sensitive approach in their planning and budgeting processes	%	0	0	20	70	50	

Comment:

This indicator applies to local governments where the LGP implements local participatory processes. The results reflect a greater willingness of partner local governments to adopt gender approaches as part of their planning processes than we had anticipated.

D- Sub-IR 13.2.1: Executive branch audit and inspection functions improved

		2006		2007		2008	
		Target	Actual	Target	Actual	Target	Actual
D1- Percent of inspector general of IGAT using advanced auditing methods and investigative techniques	%	20	20	50	61	90	

Comment:

This indicator will be moved to the IR to replace the indicator on audits. Estimate is based on IGAT feedback on the effective use of the guides.

E- Sub-IR 13.2.2: More participatory local government decision-making

		2006		2007		2008	
		Target	Actual	Target	Actual	Target	Actual
E1 Percent of targeted LGs where Community leaders are participating in decisions related to slum upgrading	%	60	30	80	58	100	

Comment:

Though it is showing an improvement over last year’s result, this indicator reflects the difficulties faced by the LGP’s activities in support of the cities without slum program.

F- SUB-INTERMEDIATE RESULT Sub-IR 13.3.1: Improved processes for integrated planning, budgeting and economic development

		2006		2007		2008	
		Target	Actual	Target	Actual	Target	Actual
F1- Percent of targeted LGs that have integrated planning, budgeting, and management systems	%	10	0	50	0	80	

Comment:

This poor result reflects the slow progress of the information system component and more particularly the emphasis of our key partner, the DGCL, on support at the national level at the expense of direct support to local governments. This indicator needs to be reformulated to reflect the reality of LGP activities in this sector.

G- SUB-INTERMEDIATE RESULT Sub-IR 13.3.2: Improved local government financial capacity and service delivery

		2006		2007		2008	
		Target	Actual	Target	Actual	Target	Actual
G2- Percent of LGs that have expanded and/or improved community services in poor/disadvantaged areas	%	10	15	30	38	60	

Comment:

This result reflects the success of the LGP in improving social services in poor rural and urban communities

IV. Success stories

Jeudi de la Gouvernance: The city of Casablanca creates a forum for public discussion of city governance issues.

Casablanca, Morocco's largest city and principal economic center is a city where local governance issues are mired in politics and where the general interest of the city is too often confused with special interests. In order to address this situation, the Mayor of Casablanca requested USAID support in improving the city's communication with key local actors as well as citizens. The Local Governance Project met with city officials and developed with them the concept of the "Jeudi de la Gouvernance," a cycle of conferences open to the public that pursues the following objectives:

- To provide a neutral space for elected officials of the City of Casablanca to dialogue on key issues related to the city
- To communicate and exchange ideas with economic and civil society actors active in the city
- To learn from national and international experiences that could be applied to Casablanca
- To relay ideas and proposals to the national decision-makers on future reforms of the decentralization framework.

Instead of focusing directly on issues facing the city of Casablanca, the Jeudi de la gouvernance proposed a number of themes aimed at discussing the local governance framework under which these issues are addressed. The following themes have been discussed:

- The role of local elected officials in a metropolis: responsibilities and challenges (March, 1 2007)
- Elected Officials and local NGOs: synergy or competition? (April 5, 2007)
- The role of citizens in representative democracy (May 3, 2007)
- Financing a city: levers and responsibilities (June 7, 2007)
- Public-private partnerships: the conditions for efficacy (October 4, 2007)
- The state and the city: toward a new interpretation of the communal charter (November 1, 2007)

The final event, held December 6 2007, focused on the theme “what shared vision for the city of Casablanca?” It marked the starting point for a process that aims at bringing together the numerous actors that influence the development of the city to agree on common objectives for its future. During this event, participants established a strong link between the city’s complex governance framework and the difficulties in developing and a shared vision for the city.

The cycle of conferences generated a strong interest as demonstrated by the large attendance (between 200 and 400 persons), good media coverage, and very positive feedbacks received from various LGP partners. Several cities have requested that the LGP helps them organizing a similar process. The quality of attendance was also noteworthy as several central level decision-makers attended the conferences regularly. Finally, the city of Casablanca will probably continue the cycle beyond 2007 as there is strong demand for its continuation.

Social mediation work in Bachkou Shantytown

The LGP issued a grant to Search for Common Ground (SFCG), an international conflict transformation organisation, to implement a social mediation project in Bachkou shantytown in Casablanca in the context of the national program “Cities without Slums” launched by the Ministry of Housing, with the support of USAID’s Local Governance project.

Bachkou is one of the most complex urban shantytowns in Morocco (characterized by the high land value, and a large population of approximately 9000 inhabitants) where local authorities, political leaders, and the population could not come to an agreement on a new rehousing/upgrading strategy despite multiple attempts since 1992. The inability of local authorities to develop a relationship based on trust and open dialogue with slum residents is one of the major causes of the failure of the rehousing program.

To address this issue, LGP grantee SFCG initiated a process that aimed at creating a culture of collaboration between all parties willing to resolve the problems posed by Bachkou’s complex situation, namely the inhabitants, local authorities, local government’s representatives, Ministry of housing, the land owners, etc...).

To this end, Search for Common Ground designed a two-phase social mediation program (January 2007 – April 2008) consisting of institutional consensus building, study trips abroad, an exhaustive participatory social survey, awareness raising campaigns, and town hall public meetings. SFCG also welcomed local residents on a daily basis in its social mediation unit to listen to them and provide them with accurate information on the on-going process. All these

steps have aimed to inform and consult with the population of Bachkou regarding the important decisions for the future of the community.

In a relatively short period of time, the program succeeded in disentangling a situation that had been blocked for years. A major achievement of the LGP was to convince our local partners to launch an exhaustive participatory social survey with the aim to identify the real needs and expectations of the population regarding their future. This strategic decision was extremely well received by the of Bachkou dwellers who felt, for the first time, that their voice was being heard.

The final results of the exhaustive survey largely boosted the decision making process regarding the future of Bachkou shantytown. Indeed, the exhaustive survey showed that more than 70% of Bachkou households were in fact in favor of a new re-housing operation. This contradicted all the pre-established premises and suppositions that had been circulating before the launch of the survey, suggesting that the population would refuse to cooperate. It also demonstrated the importance of dialogue and providing accurate information to the population.

As a direct result of our action, local authorities made the decision in September 2007 to proceed to the transfer of a first phase of 270 households from Bachkou to Sidi Marouf. SFCG is currently liaising with the population to discuss the modalities and the details of this first transfer.

Credit rating of three Moroccan cities: Casablanca, Marrakech, and Salé.

The international credit rating Agency, Fitch Ratings, attributed financial ratings for three Moroccan cities: Casablanca (BB+; A/mar), Marrakech (BB+, A+/mar) and Salé (BB+; A/mar). This is the first time that Moroccan cities went through this process that requires and information sharing with the agency. Communes have agreed to the publication of the ratings which would mean that a significant amount of information would become public and that citizens would have a tool to evaluate the management of the city and compare it with its peers nationally and internationally. Publication is expected to take place the first week of January 2008.

A credit rating exercise assesses the economic performance, financial management, and overall governance through the eyes of private investors concerned about the level of risk they are taking when lending money to an institution. As reported by Fitch Ratings the ratings for the three cities “reflect a favorable institutional framework (including the measures the state

has implemented to monitor the local public sector's finances and the high probability of state intervention in case a local authority should meet financial difficulties) and a moderate level of debt in absolute terms but also relatively to the level of current balance generated by the [cities]...The ratings also take into account high rigidity on revenue and expenditure, limiting the effective room for maneuver for improving substantially the City's budgetary performances”

This exercise went a long way toward demystifying the rating process and opening new doors for financing to Moroccan cities. Having received grades just one step below that of the Kingdom of Morocco (BBB), the cities can indeed access private financing at suitable rates and conditions. This is good news for these cities, all of which have initiated ambitious infrastructure upgrading programs and need to diversify their sources of financing. Currently the only source of credit for local governments comes from the FEC, a public financial institution that lends to communes at high interest rate. The cities have also gained a better understanding of how their decisions may impact their credit worthiness and of the value of transparency and information sharing. The LGP will support their efforts to improve their standing and the ratings will be updated to measure the improvements. This pilot initiative also aims at encouraging other large Moroccan cities to undertake the same exercise.

Senior local and central government officials discover the American local governance system.

As part of its goal of improving the performance of local government in Morocco, LGP organized a study tour to the United States for a group of high level officials including several mayors, representatives of the Directorate for Local Government in the Ministry of Interior, and regional governors. The primary objectives were to familiarize the participants with local governance structures in the US, primarily the function of the city manager, and to view how information systems enhance the management of local services and provide citizen access to local government decisions and other information.

The study tour came at a propitious time. The DGCL is introducing significant reforms and is contemplating other changes that will have a major impact on local governance. More specifically, new fiscal reforms will be introduced in January 08 that will expand local revenue sources and give local government more authority in managing the revenues. The government is also considering modifying how municipal councils are formed and clarifying the separation of local policy making by the council from implementation of services by the municipal staff.

During their ten day visit, the group visited the cities of Durham and Raleigh in North Carolina, and Austin, Texas where they heard presentations on how the mayor, council, and city manager interact, how information systems support services, including budget preparation and management, and the respective cities' strategic approaches to urban and economic development. In Washington DC, the group met with the International City and County Management Association to learn about how the city manager form of government has been introduced in US local government and how the organization supports professional city managers. Finally, the group learned about New York City's long term development plan - PLANYC 2030 – to combat climate change and about how a large city is governed.

As a result of the study tour, the participants have a clearer vision of specific meaningful changes that will be targeted in near term reforms. They include:

- Gradual introduction of more professional local government managers;
- Clarifying municipal council roles in local policy making and changes in council structure to make them more effective (such as reducing the size of councils);
- Continuing to move forward with the introduction of information systems in targeted applications;
- Improving the package of support (information, training, documentation) for local government managers.

USAID will continue to provide support to these reforms through LGP's ongoing assistance program.

Annex A

Complete 2007 results (PMP)

BASELINE AND TARGETS UPDATED ON 07/10/15

(Non cumulative data except for %)

INDICATOR	UNIT	BASELINE		TARGETS					
		Year	Value	2006		2007		2008	
				Target	Actual	Target	Actual	Target	Actual
A- STRATEGIC OBJECTIVE SO13: Increased government responsiveness to citizens									
A1- Number of examples where local government decision making is influenced by civil society	#	2005	??	15	19	20	21	10	
A2- Change in Index of CSO Perception of Parliamentary Interactions	%	2005							
B- INTERMEDIATE RESULT IR 13.2: Improved government transparency									
B1- Number of target Local Governments making progress toward adopting new codes of conduct	#	2005	0	1	1	2	2	4	
B2- Number of target LGs where financial audits have been conducted (Joint test audits by IGAT/KPMG)	#	2005	0	0	0	3	n/a	3	n/a
C- INTERMEDIATE RESULT IR 13.3: Improved local government performance									
C1- Progress of LGs in developing, implementing and/or monitoring Local Development Plans that reflect stakeholder priorities	#	2005	1	5	5	7	7	10	
C2- Percent of LGs that adopt a gender sensitive approach in their planning and budgeting processes	%	2005	0	0	0	20	70	50	
D- SUB-INTERMEDIATE RESULT Sub-IR 13.2.1: Executive branch audit and inspection functions improved									
D1- Percent of inspector general of IGAT using advanced auditing methods and investigative techniques	%	2005	0	20	20	50	61	90	
E- SUB-INTERMEDIATE RESULT Sub-IR 13.2.2: More participatory local government decision-making									
E1- Percent of targeted LGs where Community leaders are participating in decisions related to slum upgrading	%	2005	0	60	30	80	58	100	
E2- Percent of LGs that regularly consult with gender-focused organizations and women community leaders	%	2005	0	50	40	60	66	80	
F- SUB-INTERMEDIATE RESULT Sub-IR 13.3.1: Improved processes for integrated planning, budgeting and economic development									
F1- Percent of targeted LGs that have integrated planning, budgeting, and management systems	%	2005	0	10	0	50	0	80	
G- SUB-INTERMEDIATE RESULT Sub-IR 13.3.2: Improved local government financial capacity and service delivery									
G1- Number of targeted LGs that have made progress toward achieving investment grade credit rating	#	2005	0	1	1	2	3	3	
G2- Percent of LGs that have expanded and/or improved community services in poor/disadvantaged areas	%	2005	0	10	15	30	38	60	

Annex B

FY 2007 results for operational plan indicators

Local Government and Decentralization	\$2,928,000	
Indicator Title	Target Value	Actual Value
Number of Sub-national Governments Receiving USG Assistance to Increase their Annual Own-source Revenues	3	3
Number of Laws or Amendments Promoting Decentralization Drafted with USG Assistance	1	1
Number of Sub-national Government Entities receiving USG assistance to Improve their performance	8	18
Number of Local Mechanisms Supported with USG Assistance for Citizens to Engage their Sub-national Government	15	13
Number of Local Non-Governmental and Public Sector Associations Supported with USG Assistance	15	16
Number of Individuals Who Received USG-Assisted Training, including management skills and Fiscal Management, to Strengthen Local Government and/or Decentralization.	157	659
Number of women	48	221
Number of men	109	438
Anti-Corruption Reforms	\$675,000	
Indicator Title	Target Value	Actual Value
Number of Government Officials Receiving USG-Supported Anti-corruption Training	150	155
Number of women	50	12
Number of men	100	141