

Morocco Workforce Development Assessment

Submitted to USAID/Morocco

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The GWIT assessment team is grateful to the numerous USAID, Government of Morocco, private sector, and other stakeholders who met with the team during their visit to Morocco March 17-28, 2003. A full list of interviews held by the team is presented in Annex B.

The views presented here, however, are those of the authors and do not necessarily engage the U.S. Government or USAID.

List of Acronyms

AFEM	Association of Moroccan Women Enterprise Leaders (<i>Association des Femmes Chefs d'Entreprises Marocaines</i>)
AMICA	Moroccan Association for the Automobile Industry and Trade (<i>Association Marocaine pour l'Industrie et le Commerce de l'Automobile</i>)
AMITH	Moroccan Association for the Textile and Clothing Industry (<i>Association Marocaine de l'Industrie du Textile et de l'Habillement</i>)
ANAPEC	National Agency for Employment and Skills Promotion (<i>Agence Nationale de Promotion de l'Emploi et des Competences</i>)
AREF	Regional education and training academies (<i>Académies régionales d'éducation et de formation</i>)
CFI	Center for Teacher Training (<i>Centre de Formation des Instituteurs</i>)
COSEF	High Commission for Education and Training (<i>Commission Supérieure pour l'Education et la Formation</i>)
CPR	Regional teaching centers (<i>Centres pédagogiques régionaux</i>)
DCA	Development Credit Authority
ENS	Graduate teacher training schools (<i>Ecoles normales supérieurs</i>)
ESITH	Textile and Clothing Industries Higher Institute (<i>Ecole supérieure des industries du textile et de l'habillement</i>)
FDI	Foreign direct investment
FIMME	Federation of Mechanical, Metalworking, and Electrical Industries (<i>Fédération des Industries Métallurgique, Mécanique, Electrique et Electronique</i>)
FTA	Free trade agreement
GIAC	Professional analysis and consulting groups (<i>Groupement interprofessionnels d'analyse et de conseil</i>)
GWIT	Global Workforce in Transition project
IESC	International Executive Service Corps
ITA	Institute of Applied Technology (<i>Institut de Technologie Appliquée</i>)
MEPI	Middle East Partnership Initiative (of the U.S. Department of State)
OPPPT	Office for Professional Training and Labor Promotion (<i>Office de la Formation Professionnelle et de la Promotion du Travail</i>)
PIN	European Union's <i>Programme Indicatif National</i>
SBA	Skills-based approach
SEFP	State Secretariat for Professional Training (<i>Secrétariat d'Etat chargé de la Formation Professionnelle</i>)
SMAG	Guaranteed minimum agricultural wage (<i>Salaire minimum agricole garanti</i>)
SMIG	Guaranteed minimum industrial wage (<i>Salaire minimum industriel garanti</i>)
USAID	U.S. Agency for International Development
WFD	Workforce development

Morocco Workforce Development Assessment

Executive Summary

Background

Responding to the Challenges of the U.S.-Morocco Free Trade Agreement

The U.S. Agency for International Development's mission in Morocco is preparing its strategic plan for 2004-2008. Three factors set the context for USAID's workforce assessment in Morocco. The first is the fact that the Kingdom of Morocco and the U.S. Government have launched negotiations for a comprehensive bilateral free trade agreement (FTA), scheduled for conclusion by early 2004. This sets USAID/Morocco's overarching strategic objective for 2004-2008, i.e. helping Morocco respond successfully to the new opportunities and challenges presented by the FTA.

Sectors or clusters that are likely to see their markets expand as a result of the FTA, either because of reduced tariffs in the U.S. export market or because of reduced tariffs on imported inputs into Morocco, include agro-industrial exports, livestock, labor-intensive manufactures (e.g., garments, leather, automobile parts, electrical and electronics), tourism, and new information and communications technology-based services. On the other hand, those that are likely to face new challenges in Morocco as a result of reduced tariffs on competing products include field crops such as cereals and oilseeds, and non-competitive industrial and services sectors.

Addressing Limited Access to Economic Opportunity

The second contextual factor for this workforce assessment is Morocco's desire to redress the problem of limited access to economic opportunity that has long plagued important shares of its population. Unemployment has been a source of growing tension in Morocco. At the national level, unemployment is higher in urban areas (21.5%) than rural areas (5%), although the rural data likely belie significant *under*-employment. Unemployment is particularly acute for male and female youth and young adults between the ages of 15 and 34 years (20%), especially in urban areas (34%). Among the well-educated as many as 40% of humanities graduates may be unemployed, with about one-third of university graduates turning to vocational training institutes for practical skills-building after realizing that their university degrees do not equip them for the job market. Street demonstrations by jobless university graduates are increasing in frequency in Rabat and elsewhere.

Mitigating the Potential for Civil Conflict

The third contextual factor is the recognition that these limitations of access to economic opportunity – if left unaddressed – can exacerbate social and political tensions in the country and lead potentially to civil conflict. Since 1996, Morocco has conscientiously pursued successive rounds of political liberalization, resulting in an increase in the diversity of popular political participation. However, until economic liberalization results in a commensurate diversity of increased access to educational, economic, and social opportunity, tensions will remain. One indication of the potential for increased tensions in the future is the surprisingly boisterous showing in the September 2002 Parliamentary elections of the Justice and Development Party (PJD), Morocco's moderate Islamist party, nearly tripling the number of seats it holds to become Morocco's third largest political force. Although at this writing it is too early to draw definitive conclusions, the May 16, 2003 events in Casablanca demonstrate only too clearly how such tensions can erupt into violence.

Morocco Workforce Assessment

A team from the Global Workforce in Transition (GWIT) project conducted a workforce assessment in Morocco from March 17-28, 2003. The team focused on three industry clusters that could benefit the

most from participation in this kind of assessment, i.e. agribusiness, labor-intensive manufacturing, and tourism. Interviews were conducted with representatives of various parts of government, education and training professionals, private sector, employment agencies, consumers of skill development services, and development donor organizations to understand the structure and behavior of Morocco's labor and skills markets.

The GWIT team identified many signs of breakdown in Morocco's workforce development system. First, while the U.S.-Morocco Free Trade Agreement will present new opportunities and challenges, there are only limited signs that private firms and the professional associations to which they belong are beginning to analyze and preparing to react. The greatest challenges to Morocco from increased U.S. competition will likely be felt in Morocco's agricultural economy, where an economic restructuring strategy – let alone a new education and training agenda – is yet to emerge. Although not just in the context of the FTA, the Ministry of Economic Restructuring has created a number of multi-party groups to consider new strategies – but education and training providers are absent from the conversations.

Stakeholders in the education and training system feel underserved by the system. Students complain of the dearth of career guidance information in schools, the absence of training institute certification, the poor placement records of institutions of higher education and professional training, and the difficulties in finding job leads information. Employers complain that basic and higher education systems do not adequately prepare youth, entering the labor market lacking the thinking, technical, managerial, and foreign language skills required in their businesses, for employment. Wanting to be pro-active on the issue of youth unemployment, policy makers mandate increases in the number of training slots without understanding the negative effects on the demand for labor of present exchange rate, social protection, tariff, labor code, and financial sector policies.

USAID/Morocco Workforce Development Strategy

After identifying the full range of gaps and opportunities through an extensive series of interviews in Morocco, the GWIT team considered a number of factors in developing our recommendations for USAID's portfolio in the areas of job creation and workforce development in Morocco in the context of the full range of opportunities and challenges created by the FTA. First, the available resources for USAID's WFD portfolio are assumed to be limited to approximately \$1 million per year over five years, thereby constraining the breadth of activities that can be undertaken over the program period.¹ Second, previous or on-going USAID investments in Morocco were taken into account – ranging from the depth of Moroccan human capital developed through years of USAID-financed participant training in the agricultural technical and social sciences to the viability of cutting-edge models for self-supporting micro-credit lending to an on-the-ground project team laying the groundwork for environmentally sound rural tourism development – that could be leveraged to maximize the effect of USAID's limited WFD resources in the next plan period. Third, the team evaluated where other donors are already focusing their WFD activities, which niches remain uncovered, and where the needs are greatest, believing that USAID will gain greater visibility by focusing its limited investment in unique areas of intervention.

Fourth, the team reflected on past USAID-supported technical assistance projects that delivered education and training as a part of agribusiness or private sector development activities, in Morocco and elsewhere. While many of these activities were found to have been quite successful in achieving their primary objectives, sustainable traces of those projects are often undetectable just a few years after project completion. Thus, the GWIT team also grappled with the need to go beyond the mere provision of WFD assistance to create sustainable markets for workforce development services. Rather than a

¹ Attempting to cover these ideas with \$1 million per year is unrealistic. If additional Middle East Partnership Initiative (MEPI) monies become available to the mission, then there would be greater flexibility to more fully implement these WFD activities.

traditional technical assistance model, which completely subsidizes service delivery while the consumer/beneficiary never perceives the real cost of the service, models for WFD assistance should be explored that will bring local suppliers and consumers of competitiveness- and WFD-related services together in partnerships or market-based interactions. There are lots of interesting international examples of competition or market-based funding models that could be adapted here to extend resources through loans, grants, or a combination of the two for WFD investment purposes. Helping to identify these service markets and bridge actual linkages will be a significant contribution of USAID's WFD effort.

The team also considered numerous examples of U.S. comparative advantage in WFD-related areas. For example, the U.S. community college system links 1,132 institutions with 10.4 million students for continuing and higher education, job training, literacy instruction, and adult education. American colleges and universities offer industrial extension services to promote regional and local development goals.² The National Science Foundation's Integrative Partnerships program in Science and Technology Centers supports innovation and productivity research through partnerships among academic institutions, national laboratories, industrial organizations, and/or other public/private entities.³ Through the Association Liaison Office for University Cooperation in Development (ALO),⁴ USAID supports institutional linkages between foreign and American community, state, land-grant, and independent colleges and universities that can be used to further competitiveness and workforce development objectives such as a two-year grant awarded to a U.S. university in partnership with Egypt's Alexandria Institute of Technology to develop human resource capacity in business management, with a focus on international marketing.⁵ The U.S. Department of Commerce's Technology Opportunities Program (TOP) promotes the application of digital network technologies, especially in rural and underserved communities, for a variety of purposes, including economic development and entrepreneurship training.⁶

Focus for USAID WFD Assistance on Morocco's Rural Sector

After considering the factors above, **our team proposes to focus WFD assistance on Morocco's rural sector transformation.** USAID/Morocco's greatest WFD priority should be on increasing the competitiveness of the rural economy to allow it to navigate the transition challenges posed by the FTA.

Why focus on the rural sector transformation? Quite simply, the needs are greatest here. This is the sector that faces both challenges *and* opportunities under the Free Trade Agreement. Moroccan cereals cultivation will be severely undercut by more competitive U.S. producers, but many opportunities present themselves in high-value, labor-intensive horticulture; animal husbandry of both ruminants and poultry; fisheries; and specialty products (spices and aromatics, wine, medicinal plants, niche oils, processed foods, floriculture). Morocco's rural sector would benefit greatly from increased cluster collaboration in order to improve its ability to compete in new foreign markets. Stakeholders need to be brought together, with strengthened communication for vision and strategy development. Producers need assistance to identify new niche products, new marketing strategies, new modes of collaboration, new services to rural producers and suppliers of services, new support through independent testing and quality enforcement institutions, and the like.

Besides, helping rural households not only cope, but *flourish*, under new competitive conditions is the right thing for the U.S. to do to shield it from the criticism that the FTA seeks to undercut Morocco in

² National Governors' Association, "A Governor's Guide to Creating a 21st-Century Workforce," http://www.nga.org/center/divisions/1,1188,C_ISSUE_BRIEF^D_4062,00.html.

³ <http://www.nsf.gov/pubs/2003/nsf03550/nsf03550.htm#summary>.

⁴ For information on ALO, see <http://www.aascu.org/alo/>.

⁵ See ALO's "Work in Progress," <http://www.aascu.org/alo/working/WORK.htm>.

⁶ Described at http://www.ntia.doc.gov/otiahome/top/grants/briefhistory_gf.htm.

its bread basket, so to speak. Right now, an excess of defeatism dominates Morocco's rural sector: "What can we Moroccans do against the U.S.? The FTA will devour our agriculture." There is an urgent need to create a new mentality of initiative and entrepreneurship, and new pride in Moroccan competitive advantages.

The risk of increasing radicalization of youth may be in the cities... but if more opportunities are not offered to rural youth, even more will flood into the cities. Contributing to the sustainable expansion of secondary cities around Morocco will further contribute to that strategy.

USAID has made important investments in agriculture- and rural sector-related human capital over the last thirty years through cooperative agreements with U.S. educational institutions; participant training in the U.S.; and U.S. agriculture and agribusiness technical assistance that made a difference. Many of these highly skilled Moroccan professionals are now in positions of authority, and still have warm memories of their experiences in the U.S. Also, many of them still work in the agricultural sector. Supporting their work with resources and new WFD-related U.S.-Morocco exchanges will deepen those ties and reinforce "hearts & minds" connections.

From a workforce perspective, the weaknesses of the education and training sector in Morocco are especially acute in rural areas. The agricultural sector is where nearly half of Morocco's workforce is employed (or underemployed). Rural areas are also where literacy rates and primary school enrollment rates are lowest (especially among females) and premature school drop-out and poverty rates are highest. Yet the needs of rural students are inadequately addressed, witnessed by the fact that 85- 90% of rural students drop out after primary school. An innovative but inadequately financed non-formal education system does its best, given resource constraints that limit its outreach. Professional training institutions exist but access is restricted to youth who are 15 years and older. The result is a "missing middle" of young who are neither educated nor trained for jobs in the workplace.

In terms of donor support for WFD, the rural sector is also neediest. Most donor WFD resources are distributed through the State Secretariat for Professional Training, which runs institutes (and oversees private institutes) for training in vocations *other than* agriculture. Professional associations in formal industries (e.g., the Textile and Clothing Association (AMITH) and the Federation of Mechanical, Metalworking, and Electrical Industries (FIMME)) are, by and large, far better organized, better supported by UNIDO, the EU, and many of the bilateral donors, and already positioning themselves for increased trade openness. The Ministry of Agriculture is the only government institution responsible for rural education and training after primary and middle school, but does not attract the same level of donor support.

In designing and implementing WFD-related activities, USAID/Morocco should interact as much as possible with local producers, enterprises, and professional associations as well as with the existing institutions that provide WFD services. Of the two, however, working with existing workforces involves employers at a much deeper level, which in turn encourages education and training institutions to do a better job understanding and responding to the needs of industry.

Implementation of this strategy could be pursued through a variety of approaches. It may involve raising the productivity and global market outreach of Morocco's agriculture and agribusiness sectors by providing youth with the technical and entrepreneurial skills necessary to respond to FTA opportunities, building partnerships to link Moroccan agribusiness with university- or private sector-based research and development service providers to improve quality and productivity, increasing options for non-agricultural sustainable livelihoods in rural areas as with a customized entrepreneurship and skills-building component for the existing rural tourism project, or promoting skills development in manual trades such as construction and machine repair for rural youth to find meaningful employment in

Morocco's secondary cities. A final decision among these various options cannot be made by the GWIT team, but rather should be made once the configuration of the rest of USAID/Morocco's strategic plan is known, in order to ensure maximum synergy with other activities in the portfolio.

For this WFD activity, USAID can draw on a wide variety of unique partners through its Global Development Alliance. For example, Kraft Foods, already based in Morocco, may be one possible partner, accessed through its "Kraft Cares" international corporate social responsibility assistance program.⁷ In addition, U.S. NGOs such as the International Executive Service Corps, 4-H, and Future Farmers of America may have unique contributions to make in rural business development. The U.S. Departments of Agriculture, Labor, and Commerce may also be able to bring other resources to the table.

One word of caution is in order. USAID's overarching objective of job creation in the context of responding to new opportunities and challenges of the FTA may be undermined by the failure to address key macro and labor market policy issues. The policy environment, both with respect to macroeconomic issues such as exchange rates, tariff rates, and financial rates, as well as with respect to labor market policy issues such as wages, social protection costs, labor market regulations, and the financing of skills development, exerts an invisible influence on any job-creating workforce development-cum-economic growth strategy that USAID chooses to pursue. All efforts to increase employment-elastic growth will be undermined, to some extent, by the biases of these policies. Part of USAID/Morocco's mandate, therefore, will have to be to raise the visibility of the macroeconomic and labor market issues in the context of its strategic objective programming on economic growth and workforce development.

⁷ International focus areas include education, with particular attention to adult literacy and at-risk children and adolescents. <http://www.kraft.com/profile/cares.html>

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As part of its program of economic reform, Morocco has decided to pursue greater integration with foreign markets. Several free trade agreements are already in effect with other trade partners, including the Association Agreement with the European Union. The U.S. Free Trade Agreement distinguishes itself from Morocco's existing FTA's because it will likely be the first to include a schedule for free trade for agricultural products. The economic implications of this FTA are wide-reaching, and suggest that as a result of tariff reductions substantial resource transfers could occur between agriculture and other sectors as well as intra-sectorally.⁸ These changes will lead to broad restructuring of Morocco's employment patterns, especially in rural areas, and labor skills requirements.

Job creation cannot be mandated. The supply of employment opportunities increases as economic growth accelerates. As observed in the 2002 *Arab Human Development Report*,

While there is a place for special employment-generating projects, programs and funds, broad-based growth is the major determinant of job creation...Where employment creation has been most successful, it has resulted from the concerted application of a deliberate, informed strategy rather than the simple assumption that employment will increase automatically with growth. Most successful job-creation policies have deliberately targeted sectors in which growth could be labor-intensive, but typically low-skill labor-intensive sectors cannot sustainably improve productivity and incomes. Long-term strategies must therefore aim to move from employment in low-skill, low-productivity sectors to more skill-intensive, higher-productivity jobs. Such strategies should exploit the opportunities and niches that globalization offers. (UNDP 2002, p. 10)

A comprehensive free trade agreement lowers tariffs on imports and improves the business environment for trade and investment through coordination of policies and procedures related to a wide range of issues, e.g. customs administration, trade facilitation, intellectual property rights, government procurement, technical barriers to trade, product standards, environment, labor, and competition policy. Experience with the North American Free Trade Agreement, the U.S.-Jordan Free Trade Agreement, and the Africa Growth and Opportunity Act has shown that strengthened commercial cooperation of this kind leads to new market opportunities in competitive sectors – increased exports of both goods and services, more competitive production of goods and services with less expensive imported inputs for the

⁸ As presented in Salinger, Samuel, Nadifi, and Belghazi 2003.

local market, investment opportunities in export-oriented production for other markets, and so on – that generate higher rates of economic growth.

Addressing Limited Access to Economic Opportunity

The second contextual factor for this workforce assessment is Morocco's desire to redress the problem of limited access to economic opportunity that has long plagued important shares of its population. The country's leadership is well aware of the potential risks of limited access to economic opportunity for social stability. For more than a decade, neighboring Algeria – where economic disequilibria have led to both higher rates of population living below the poverty line and of unemployment than in Morocco – has been destabilized through successive waves of political violence and terror. Morocco also underwent a long period of political instability in the 1970s with several direct attacks on the monarchy.

Improved economic growth opportunities lead to an increase in the demand for labor. On the one hand, Morocco's economy should have an advantage in supplying goods and services produced using labor-intensive methods of production. As the structure of an economy changes under free trade, the sets of skills required by firms also changes. Experience with trade liberalization around the world has shown that increased integration with world markets shifts labor demand in favor of higher- rather than lower-skilled workers, thereby further increasing the spread in wages between qualified and unqualified labor.⁹ As the demand for higher-skilled workers grows, pressure grows for the country's education and training system to provide appropriate curricula, teaching methods, and learning and skills acquisition opportunities.

In some sectors, the FTA may actually lead to a decrease in labor for one set of activities within a sector and an increase in labor for another set of activities in the same sector. For instance, Morocco's agricultural sector will be challenged in a number of ways. There will be pressure *inter alia* to increase the economic productivity of field crops; raise production of higher value horticulture, floriculture, livestock, and so on; and develop new specialty products for new markets abroad. This push for increased professionalism of agricultural production will also increase the demand for new sets of skills within the cluster, encompassing everything from more scientific methods of farm production to international market analysis and development for exports. And there will be a diversification of economic activity in rural areas, involving everything from rural tourism to secondary city growth and development, which will add even more skills requirements to the mix.

Unemployment has been a source of growing tension in Morocco. Hard data – especially regarding the distinction of economic opportunity in the formal and informal economies – are hard to find. Table 1 further below presents economic activity and unemployment rate information by age group and by urban and rural breakdowns. At the national level, unemployment is higher in urban areas (21.5%) than rural areas (5%), although the rural data likely belie significant *under*-employment. Unemployment is particularly acute for male and female youth and young adults between the ages of 15 and 34 years (20%), especially in urban areas (34%). Among the well-educated as many as 40% of humanities graduates may be unemployed, with about one-third of university graduates turning to vocational training institutes for practical skills-building after realizing that their university degrees do not equip them for the job market. Street demonstrations by jobless university graduates are increasing in frequency in Rabat and elsewhere.

⁹ Confirmed by experiences in Brazil (Pavcnik et al. 2002), Indonesia (Agrawal 1995), Mexico (Revenga 1995), and South Africa (Alleyne and Subramanian 2001).

Morocco's longstanding strategy to rely on labor-intensive manufacturing to capture an increasing share of the workforce is failing. Despite declines over time in Morocco's birth rate, over half of Morocco's population is under the age of 25 and nearly two-thirds is under the age of 30. Among urban 25-34 year-olds, 39% are considered "inactive" and another 18% are unemployed. The potential for increased civil conflict as a result of such economic pressures is clear. Urban concentrations of un- or underemployed youth have proven fertile ground for Moroccan political opposition groups to gain ground.

Mitigating the Potential for Civil Conflict

Third, left unaddressed, these limitations can exacerbate social and political tensions in the country and lead potentially to civil conflict.

As recognized by USAID (2002a), limited access to economic opportunity, particularly of population subgroups defined by age, region, or ethnicity, can increase social tensions to the point of civil conflict. Especially when concentrated in urban slums or isolated areas, unemployed youth are particularly vulnerable to exploitation by political or military elites, to recruitment into extremist ideologies, or to participation in illicit trade of arms, "lootable" commodities, or illegal substances. Therefore in addition to specific labor and skills market issues, USAID's Office of Conflict Management and Mitigation asked the Morocco GWIT team to address some of the linkages between economic growth/decline, economic shifts, dynamics of access to economic opportunity, economic inequality and exclusion, and existence of shadow economies and predatory economic behavior on the potential for the emergence of conflict in Morocco.

Since 1996, Morocco has conscientiously pursued successive rounds of political liberalization, resulting in an increase in the diversity of popular political participation. However, until economic liberalization results in a commensurate diversity of increased access to educational, economic, and social opportunity, tensions will remain. One indication of the potential for increased tensions in the future is the surprisingly boisterous showing in the September 2002 Parliamentary elections of the Justice and Development Party (PJD), Morocco's moderate Islamist party. The PJD received 42% of the vote, nearly tripling the number of seats it holds (from 14 to 37) to become Morocco's third largest political force. Although at this writing it is too early to draw definitive conclusions, the May 16, 2003 events in Casablanca demonstrate only too clearly how such tensions can erupt into violence.

USAID's Objectives for This Assessment

A team from the Global Workforce in Transition (GWIT) project conducted a workforce assessment in Morocco from March 17-28, 2003. The team was asked to analyze critically the domestic markets for labor and skills. The labor market encompasses the nexus of supply and demand related to employment opportunities, and ideally should cover both formal and informal sector employment. Firms and workers are the key actors in the labor market. The skills market is the nexus of supply and demand shaping worker capabilities, in which education and training suppliers and workers are the key actors. The two are conceptually distinct, but inexorably linked. Specifically, the assessment was asked to identify:

- Industry clusters¹⁰ in Morocco that could benefit the most from participation in this kind of assessment to increase their competitiveness, increase employment opportunities, and improve the

¹⁰ The term "cluster" and the notion of "sector" both imply a web of related enterprises, encompassing input suppliers, skills providers, financial institutions, producers, marketing agents, processors, advertising firms, professional associations, distributors, government agencies, research institutions, consulting firms, public relations/marketing companies, wholesalers, retailers, and so forth, all working on a related set of products and services. The difference between "cluster" and "sector" is one of location (clusters are usually geographically proximate) as well as function.

quality of employment; provide employment opportunities for workers – especially female – dislocated as a result of FTA-driven economic restructuring; and contribute to economic development and employment growth in Morocco’s rural areas and secondary cities;

- Government policies that impact the current and future supply and demand for labor, including consideration of macroeconomic policies, demographics, transportation and housing constraints, and skill development, as well as policy and other changes the GOM and private sector could make for addressing priority workforce skill development needs;
- Stakeholder interests, priorities, potential sources of leadership, willingness and capacity to address the job creation and skill development opportunities and challenges posed by the FTA;
- Relevant skill development activities currently provided by the public and private sectors and customer satisfaction with these services;
- Activities of other donors in the markets for labor and skills;
- Potential roles of basic education in expanding access and promoting equity in the workforce development sector; and
- Options for USAID supported assistance in addressing crosscutting and cluster-specific priority needs.

The mix of labor and skills demanded and supplied in Morocco is conditioned by Moroccan policies on exchange rates, wage rates, capital, social protection, industrial relations, and other issues. Despite the fact that unemployment is of clear social and political concern in Morocco, the net cost of labor to employers, especially when considered relative to worker productivity, may lead international firms to prefer other more competitive production platforms around the world over Morocco. The degree to which firms rely on low skill labor also has to do with their vision, or lack of it, for their country, its economy, and specific clusters. It is at the level of vision and its expression, leadership, that we find an opportunity to make a vital difference. Any activity undertaken by USAID/Morocco should consider raising both the capacity for vision and leadership to carry out the vision.

Businesses organized in clusters tend to exhibit collaborative behaviors within the commodity chain – resulting *inter alia* in lower input costs, better qualified and educated workers, and improved logistical efficiency (Fairbanks and Lindsay, 1997) – and vis-à-vis other stakeholders in the competitiveness diamond (see page 7).

Potential Impact of the U.S.-Morocco FTA on Morocco's Competitiveness and Workforce System

Cluster Impacts

The new opportunities for trade and investment likely to be enjoyed by Morocco as a result of the U.S. Free Trade Agreement have been amply discussed elsewhere and are only summarized here.¹¹ Clusters that are likely to see their markets expand either because of reduced tariffs in the U.S. export market or because of reduced tariffs on imported inputs into Morocco include agro-industrial exports, livestock, labor-intensive manufactures (e.g., garments, leather, automobile parts, electrical and electronics), tourism, and new information and communications technology-based services. On the other hand, clusters that are likely to face new challenges in Morocco as a result of reduced tariffs on competing products include field crops such as cereals and oilseeds, and non-competitive industrial and services sectors.

A number of comparative advantage analyses, focusing on cost competitiveness relative to international markets, were undertaken in Morocco in the 1980s and early 1990s.¹² One of the first introductions of the competitiveness approach, which integrates qualitative strategic factors as well (Salinger 2003), was "*Le Maroc Competitif*." (Waelbroeck-Rocha, Hansen, and El Baze, 1996). The study, undertaken in 1996 by DRI/McGraw-Hill with Morocco's Private Sector Development Committee, consisted of cluster analyses in textiles and apparel, sea products, tourism, and electronics and information technology. Beyond cluster-specific recommendations, a number of strategic directions were identified, including:

- Moroccan clusters rely too heavily on traditional market outlets for their products and need to sharpen their focus on new foreign market opportunities, even within Europe.
- Moroccan companies need to improve quality of output.¹³
- Moroccan industries are atomized and poorly organized in terms of clusters. They therefore miss significant opportunities to enhance competitiveness. Their relationships with the public sector also need strategic strengthening.
- Morocco needs to build more specialized and responsive economic foundations, including improved physical infrastructure, better skilled workers, access to new technology, and a more supportive business climate.

Detailed analyses of competitiveness in seven industries – electronics, textiles, garments, processed food products, chemicals (pharmaceuticals), leather and shoes, and plastics – were undertaken in 2000 by a Morocco-World Bank collaboration (World Bank and Moroccan Ministry of Industry, Commerce, Energy, and Mines, 2002). A firm-level survey was administered among 859 plants. Key lessons from this analysis were:

- Morocco's labor productivity is comparable to that of China and India, but its wage costs are twice as high as that of China and four times as high as in India.

¹¹ See Salinger, Abbott, and Abdelkhalek 2000; Salinger, Plunkett, and Belghazi 2002.

¹² Government of Morocco et al. (1986, 1990); Van de Wetering, Belghazi, and McDermott (1993); Agro Concept (1995).

¹³ By 2003, many Moroccan exporters participate in ISO-certification processes in order to strengthen their approaches to quality.

- Appreciation of Morocco's exchange rate is exacerbating this imbalance.
- Excessive bureaucracy and red tape reduce investment and growth.¹⁴
- Electricity costs are high, but other aspects of physical infrastructure are favorable in Morocco. However, international shipping lines to the U.S. are underdeveloped.
- Inefficiency and lack of competition in the commercial banking sector put a serious brake on domestic investments, most of which must be financed from owners' equity and retained earnings.
- A mismatch between the education and training system and firms' needs limits the latter's ability to innovate and increase productivity.
- Research and development expenditures are almost completely lacking in Morocco's firms.

While a number of these findings are now being addressed by Moroccan policy makers, several key themes are clear and remain relevant in 2003:

Moroccan firms struggle with low labor productivity, relative to wages, exacerbated by an appreciation of the dirham relative to foreign currencies. This is *not* necessarily, as the World Bank study concluded, evidence of "a labor cost problem." We would argue it is both symptomatic of a deficiency in the workforce development system and of distortions in the foreign exchange regime.

Moroccan firms are not engaged in R&D or innovation efforts to address that low productivity. This is as true of intra-firm behavior as it is of outreach by firms to Moroccan and/or foreign university and private advisors. Moroccan managers are unsure how to retrain their workers, organize work flows for improved efficiency, evaluate alternative technology investments, utilize new information technology, develop new products or services to increase value-added, and so forth, and they are unsure how to reach out for advice to solve this dilemmas. Policy makers consider productivity a "*boîte noir*" and are unsure how to analyze, let alone, address the issue.

With a few positive exceptions, cluster behavior is limited and cluster institutions are underdeveloped. There are many opportunities for expansion of related and supporting firms to help Morocco's key sectors grow – design studios, software houses, equipment repair and maintenance specialists, university research & development, nimble financial institutions, private think tanks, public relations & marketing firms, transportation & freight companies, customs clearing agents, branding/merchandising experts, packaging producers,... the list goes on.

In the sections that follow, this assessment uses the competitiveness approach, with specific application to workforce development systems, to explore how alternative workforce development (WFD) investments can be brought to bear to encourage economic growth and job creation in Morocco.

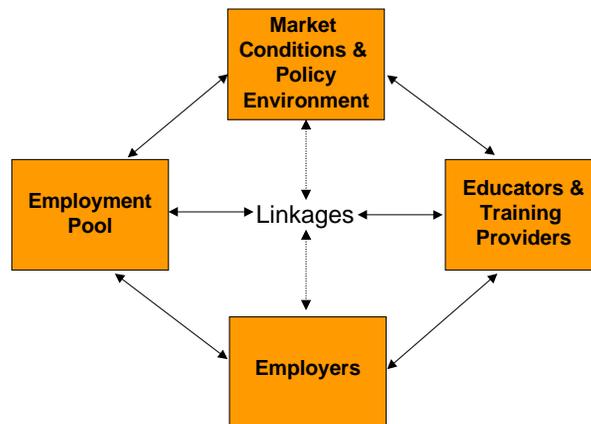
Definition of a Workforce Development System

Workforce development leads to stronger economic growth, increased productivity, and expanded employment opportunities by preparing new entrants to the workforce, bringing new skills to the existing workforce, and supporting entrepreneurship.

¹⁴ USAID-supported work by PriceWaterhouseCoopers on the investor roadmap ("*le parcours de l'investisseur*") contributed significantly to increased government awareness of this nexus of constraints, culminating in the creation of regional investment centers to streamline investments around the country.

As depicted in Figure 1, a workforce development system consists of employers, policymakers, educators, and workers (Aring 2002). Such a network can be conceived at the national, sectoral, or regional level. Ideally, these stakeholders should work as partners in competitive clusters of the economy to ensure that markets clear for skills and jobs. It is the collaboration or communication linkages among the stakeholders that determine the system’s ability to respond to changes in the market environment. A key focus of this assessment is the effectiveness of these linkages among stakeholders.

Figure 1: Stakeholders in Workforce Development



This model recognizes that an effective workforce development system is both an adaptive and a technical phenomenon. It is adaptive because the effectiveness of the system depends on the interrelationships among the stakeholders and on the quality of information that passes among them. In that sense, the system is one of mutually reinforcing feedback loops. Its functioning is revealed in the connections among the stakeholders, who operate inside highly differentiated time horizons, language, and priorities, but who agree to cooperate to create competitive advantage for themselves. It is important to recognize that workforce development solutions, as an adaptive phenomenon, cannot be “imported.” Rather, local stakeholders have to build and maintain their own relationships.

Workforce development is also a technical phenomenon, as each stakeholder group must solve specific problems for which solutions can be imported from elsewhere. The model reinforces Porter’s definition of competitiveness as being determined by the productivity with which a nation, region, or cluster uses its human, capital, and natural resources (Porter 2002). Firm strategy and rivalry, factor input conditions, related and supporting industries, and demand conditions are the four points of Porter’s “competitiveness diamond.” The diamond does not function without active coordination or communication among cluster actors of their needs to each other.

Experience in successful economies suggests that effective workforce development systems need to support economic growth and function in a flexible and adaptable manner. EDC’s previous study of 20 best practice cases of workforce development systems around the world (Aring et al., 1996) identified nine characteristics of any effective workforce development program or system – leadership and accountability, demand-driven design, open access, portable skills, continuous improvement, public-private partnerships, sustainable financing, replicability, positive economic and social impact – that can be used to evaluate WFD programs anywhere.

These nine dimensions will characterize any good investment in workforce development. Effective investments typically seen in workforce development systems around the world include **upgrading skills of workers** (applies to all workers, whether they are employed in formal enterprises, small businesses, or self-employed); **support for small enterprises in the informal sector**; shifting investment from traditional vocational schools to **market-oriented education and training models**; **national training systems**; **development of national, industry-wide skill standards**; **opportunities for lifelong learning**; **targeting education and training to special populations**, e.g. youth, women, ex-combatants, ethnic minorities, and the disabled; and acknowledging the **importance of technology and enterprise-based training**.

Such are the workforce development challenges confronting Morocco as it opens its economy under the U.S. Free Trade Agreement.

Analysis of Morocco's Skills and Labor Markets

Education and Skills Development Trends

In 2000, 63% of Morocco's population was under the age of 30. Many students do not stay in school beyond the primary level (leaving at age 11 or 12), especially in the rural areas. However, the minimum age for youth to enter training institutions is 15. Although the bias against girls'/women's education is being openly addressed by the new Moroccan government, female illiteracy rates (64.9%) are almost double those of rates for males (38.9%), according to 1999 figures presented in UNDP (2002).¹⁵

USAID/Morocco has targeted its education strategic objective over the last five years to providing basic education for girls.

Access to skill development is concentrated in urban areas. However, only 10-25% of all applicants are admitted into training institutions, depending on the sector, and of these, only 15% complete their skill development process (qualifications) and only 45% of public sector training institutes graduates find jobs at the end of their training.

Employment Trends

Of Morocco's 10.8 million people who are considered economically active in 2001, 9.4 million were employed in 2001 and 1.4 million were out of work. An additional 18 million are not economically active. The breakdown of economic activity and unemployment rates by age group is shown in Table 1.

Table 1: 2000 Economic Activity & Unemployment Rates (% , by age)

	National			Urban			Rural		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
Economic Activity									
15 - 19 years	37.3	53.1	21.0	23.4	36.0	11.1	52.2	70.5	32.3
20 - 24 years	55.9	80.8	31.3	48.4	71.6	26.7	64.7	91.2	37.1
25 - 29 years	63.8	93.1	35.1	61.8	91.4	33.5	67.1	95.7	37.9
30 - 34 years	63.1	95.4	33.5	60.7	95.0	29.6	67.4	96.1	40.3
35 - 39 years	63.1	96.0	32.5	59.4	95.6	26.8	69.7	96.6	43.3
40 - 44 years	63.4	95.6	32.1	59.2	94.8	24.1	71.1	97.1	46.4
45 - 49 years	62.4	93.8	31.9	56.7	92.5	20.7	72.0	96.3	50.0
50 - 54 years	57.3	89.6	29.0	49.5	86.9	14.6	68.5	94.1	48.4
55 - 59 years	50.9	83.3	22.8	40.7	77.2	8.9	64.8	91.7	41.8
60 years + above	28.3	44.7	11.8	16.6	29.6	3.8	42.4	62.2	21.8
Total	52.9	78.8	27.9	47.0	74.0	21.3	61.4	85.4	37.5
Unemployment									
15 - 24 years	19.9	21.4	16.1	37.6	37.8	37.0	7.9	9.9	2.8
25 - 34 years	20.7	20	22.4	30.0	27.5	36.8	6.7	8.4	2.6
35 - 44 years	7.3	7.5	6.7	10.4	9.7	12.5	2.7	3.7	0.7
45 - 59 years	3.4	3.9	1.8	5.0	5.1	4.7	1.5	2.2	0.4
60 years + above	0.7	0.8	0.5	1.3	1.3	2.1	0.4	0.5	0.1
Total	13.6	13.8	13	21.5	19.9	26.7	5.0	6.5	1.7

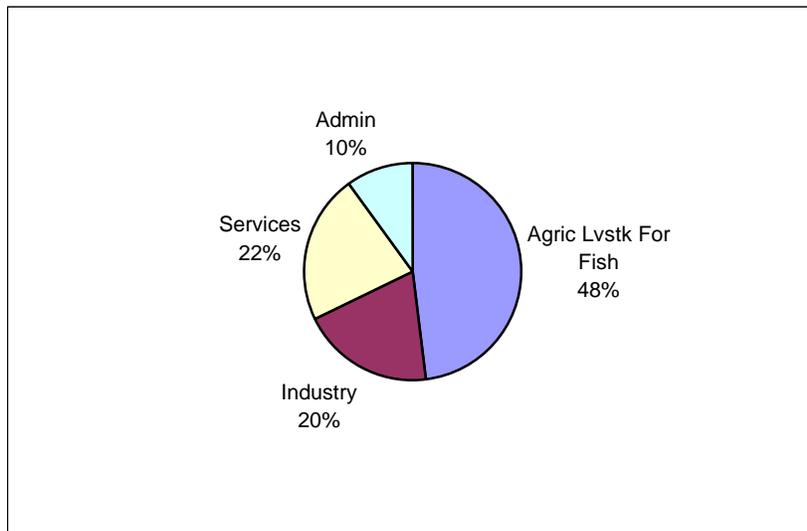
Source: Moroccan Statistical Yearbook 2001

¹⁵ Morocco's rates for males and females are higher than average rates in the Arab region. Only two countries have higher rates of female illiteracy, namely Mauritania (68.6%) and Yemen (76.1%). (UNDP 2002, Annex Table 14)

At the national level, economic activity is higher among males (78.8%) than females (27.9%) and higher overall in rural areas (61.4%) than urban areas (47%). Unemployment is higher in urban areas (21.5%) than rural areas (5%), although the rural data likely belie significant *under*-employment. Urban unemployment is particularly acute for male and female youth and young adults between the ages of 15 and 34 years.

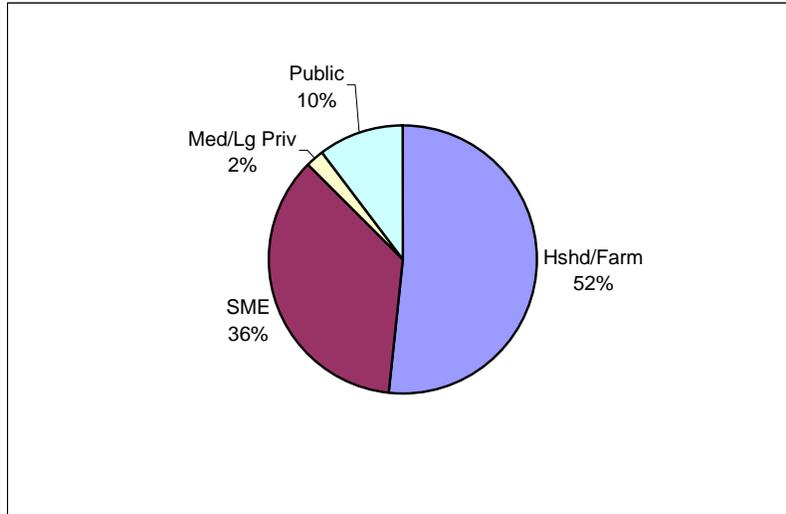
The primary sector (agriculture, livestock, forestry, fisheries) provides nearly half of Morocco’s employment (Figure 2). Services in the Moroccan economy are the second largest sector of employment (22%), while industry provides 20% of employment and the public sector provides another 10%. Within industry, the manufacturing sector occupies 12% of the active population in urban areas. Although the manufacturing GDP is greatest in the chemical industry, manufacturing employment is highest in the textile and leather industry. Industrial sector employment is 42.4% female, as of 1999. Twenty-eight percent of the industrial workforce is illiterate, 40% only has a primary school education, 25% has completed secondary school, and only 7% has enjoyed some form of higher education.

Figure 2: Distribution of Moroccan Employment, by Sector



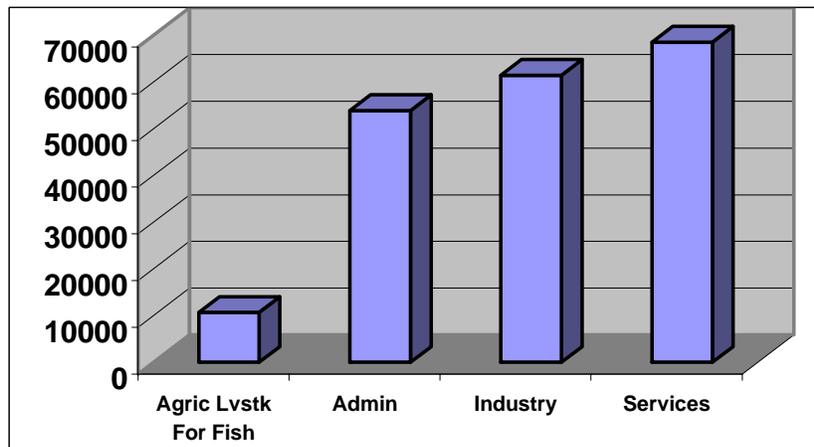
Morocco’s labor market is heavily concentrated in the informal sector (Figure 3). Over half of Moroccans work in the household or on their farms (52%), while another third (36%) are occupied in very small private firms. The public sector (public services and government administration) cover 10% of total employment. This leaves only 2% of Morocco’s total active population working in private firms with 100 or more employees. According to the Ministry of Employment’s Department of Labor, 80-90% of new jobs are now in the private sector, across all sizes of enterprises, as opposed to the public sector. The use of temporary workers and layoffs of current workers is of great concern to Morocco’s labor unions. Still, temporary employment agencies, such as Manpower, play a significant role in the country’s economy.

Figure 3: Distribution of Moroccan Employment, by Employer



The productivity of the Moroccan workforce varies widely, depending on the sector. In 2000, whereas GDP per worker in the government, industry, and services sectors is 54,000 to 69,000 Dh per worker, it was less than one-fifth that level in the primary sector (agriculture, livestock, forestry, and fisheries combined), just over 10,000 Dh per worker. Yet we know that rising agricultural productivity offers economy-wide benefits in terms of economic growth spillover across sectors and increased opportunity for all (USAID 2002b). Addressing this productivity gap could be one of the underlying themes of USAID/Morocco's workforce development strategy.

Figure 4: Productivity per Worker, by Sector
(Dh per worker)



Poverty in Morocco

As seen in Table 2 below, poverty in Morocco is concentrated in rural areas. About one-fourth of the rural population is poor, and a full four-fifths of rural residents are considered “economically vulnerable,” i.e. either below the poverty line or between the poverty line and 1.5 times the poverty line. Rural infrastructure and rural education indicators also are less favorable in rural areas.

Table 2: Morocco: Selected Poverty Indicators

	Past		Latest available year	
	Urban	Rural	Urban	Rural
Period	1990-1991		1998-1999	
Population (millions)	12.3	12.7	15.4	12.9
Number of poor (millions)	0.9	2.3	1.8	3.5
Number of economically vulnerable (millions) 1/	2.3	6.6	5.0	7.1
Poverty incidence (% of total)	8%	18%	12%	27%
Economic vulnerability incidence (% of total) 2/	26%	70%	44%	82%
Period	1992		2000	
Percentage of households with access to safe water 3/	98%	14%	100%	42%
Percentage of villages with access to electricity		15%		45%
Period	1990-1991		1999	
Percentage of households with access to electricity	89%	13%	89%	22%
Period	1990-1991		1998-1999	
Female primary net enrollment rate (% school-age female population)	79%	28%	83%	47%
Female youth literacy rate (aged 15-24)	76%	21%	77%	25%

Sources: World Bank 2001 Country Assistance Strategy, p. 2. Data from Living Standards Measurement Surveys of 1990/91 and 1998/99, Labor Market Survey 1999, Statistical Yearbooks, Statistical Office of Morocco; Provincial Department of Ministry of Equipment; National Electricity Office.

- Notes:
1. People between the poverty line and 1.5 times the poverty line.
 2. Number of poor + number of economically vulnerable, as % of total population.
 3. Percentage of the population with access to a permanent source of drinking water with acceptable sanitary conditions, generally stand pipes provided by the local authorities. Does not include catch basins or other unprotected sources of water (even if uncontaminated).

While the average incidence of urban poverty is 12%, urban poverty is particularly acute (24.1%) and approaching levels of rural poverty in an interior swath of the country formed by the regions of Fès-Boulemane, Meknès-Tafilalt, and Gharb-Chrarda-Beni Hssen.¹⁶ This region contains only 19% of the nation’s urban population, yet 38.2% of the urban poor reside here, especially in the ancient medinas and areas of substandard housing.

One safety valve that may help to mitigate these pressures is international out-migration. In 1995 it was estimated that 1.5 million Moroccans reside abroad, especially in Europe (80%), Canada, and Middle East/North Africa. Remittances from family members living abroad have become an important source of revenue to households, and to the nation at large.¹⁷ However, Europe is interested in stemming that

¹⁶ “La carte régionale de la pauvreté urbaine,” *Répères Statistiques*, Mars 2003, no. 79, www.statistic.gov.ma/rep79.pdf.

¹⁷ Morocco’s trade balance in February 2003 of (-7025) million Dh was complemented by repatriation of revenues from the Moroccan diaspora of 5911 million Dh, up 15.8% from the same time in 2002. Office des Changes, *Indicateurs mensuels des échanges extérieurs: Février 2003*, No. 02/2003, www.oc.gov.ma.

tide, and its Euro-Mediterranean policy can be understood in part as an attempt to substitute local economic development and regional integration for immigration support.

The solution to the crisis of increasing poverty is pro-poor economic growth, i.e. growth that creates productive jobs where poor people live (Klein 2003). It is not about redistributing the benefits of growth, but about bringing growth processes to poor areas, a process which involves harnessing savings, investment, education, resources, new technology – and most importantly, institutions – to help spread the benefits of such pro-poor growth.

Policies Affecting Morocco’s Labor Market and Incentives for Skill Development

In addition to education and training policies, which will be discussed in the rest of this report, the degree to which Moroccan firms rely relatively more intensively on labor versus capital is also shaped by a broad set of policies affecting the macroeconomy, the competitiveness of individual sectors, the labor market, and the skills market. Some of the more important are discussed in the text that follows.

The demand for labor is affected immediately by its cost, relative to some measure of skill or productivity. Labor costs to employers are a function of wages and non-wage salary-related expenses.

Minimum wages are negotiated between the government and union representatives. Labor productivity is not tied to minimum wage increases. Guaranteed minimum wages in the industrial (SMIG) and agricultural (SMAG) sectors are raised in Morocco on an irregular basis. Although the SMIG and SMAG have more than doubled in nominal dirhams between 1985 and 2000, the real increase (taking account of the national urban consumer price index) has been about 20% over the period.

In Morocco, **non-salary wage costs** include the general income tax (from which minimum wage laborers are exonerated), pension contributions, and health insurance contributions. Recent analysis indicates that for a minimum wage worker, non-wage taxes and social costs amount to 18.7% of wage, whereas for an upper-level manager they rise to 49.4% of wages. Social security system reforms in 2002 increased the non-wage labor costs for minimum wage workers. The Ministry of Finance (Direction of General Economic Policy) report concludes “the marginal cost of labor for a firm is at least twice as important as its social cost for a lead manager and is over 42% for an average salary worker. This distortion of the relative price of labor could explain the inefficient choices made in terms of employment. Thus, firms tend to substitute to an excessive degree capital for labor, and to pull back from certain labor-intensive activities” (Naânaâ 2002, p. 11). Benchmarking the cost of Morocco’s social protection program, 100% of which is borne by employers, with the level and cost-sharing structure of social protection programs in similar countries would help policy makers understand the extent to which this exacerbates the lack of competitiveness of the formal workforce in Morocco.

Another policy that directly affects the cost of labor, and thus demand for it, is the **exchange rate**, which determines the wage cost expressed in foreign currency. Foreign investors consider labor costs as one of several variables when evaluating whether to make an investment in country X or Y (McMillan, Pandolfi, Salinger, 1999). If a country’s exchange rate has appreciated above its equilibrium rate,¹⁸ then the cost of local labor will be *higher*, expressed in foreign currency (e.g., dollars, euros, or yuan), than it would otherwise be at the equilibrium exchange rate. Overvaluation of the local currency therefore may bias investors against the domestic economy because labor costs look higher than they otherwise would

¹⁸ This can occur due to a number of factors, including excessive demand pressure for the domestic currency (such as occurred in Morocco when the first telecommunications license was auctioned internationally) or inflexibility of the foreign exchange market adjustment mechanism (if a Central Bank maintains an official exchange rate without adequate revision as supply and demand conditions change).

be. Alternatively, some countries have deliberately chosen exchange rate policies that *undervalue* their currencies in foreign exchange markets in order to maintain the competitiveness of their domestic factors, expressed in foreign currency terms. Morocco's exchange rate having steadily appreciated over time – 22% increase in the real effective exchange rate between 1990 and 2000, for example (IMF 2001) – thus raises concerns about the increasing cost of Moroccan labor in foreign exchange terms. Compared with competing exporters, the competitiveness of Moroccan labor is even less favorable, as Morocco's real exchange rate as appreciated 42% relative to China's and 64% relative India's over the same time period (World Bank and Ministry of Industry 2002).

The demand for domestic resources such as labor is also affected by other macroeconomic policies such as **tariffs, interest rates, or depreciation rates**, which all affect the degree to which capital costs appear relatively more attractive. Firms can produce goods and services along a production frontier using theoretically infinite possible combinations of labor and capital. Their choice of where to position themselves will be made in part as a function of tariff, interest rate, or depreciation policies. In Morocco, capital goods are exempt from import duties in order to encourage investment. This policy helps to bias incentives in favor of more capital-intensive, over labor-intensive, forms of production.

Morocco's **labor code** has been highlighted repeatedly by private sector representatives as a disincentive to expanding employment. This legislation makes it difficult for firms to lay off redundant workers, thus reinforcing labor market rigidities. Unproductive workers are kept on the payroll, limiting firms' ability to hire workers with new skills. Weak capacity to investigate alleged labor code violations and to mediate minor industrial relations disputes has created a climate that favors job stoppages over mediation. This, in turn, discourages domestic and foreign investment in new or expanded labor-intensive activities. Such regulations also increase firms' incentives to use temporary workers under less secure and perhaps less optimal working conditions. Reliance on temporary labor to fill workforce gaps also discourages firms from investing in employee skill development. Moroccan authorities are aware of these issues, and the King announced that passage of a new labor code is on his government's agenda for 2003.

Financial market policies severely constrain growth in the small business sector (the largest source of employment in most countries, even in the U.S.). Micro-lending organizations, which can charge interest rates at levels to compensate for the riskiness of their portfolios, cannot lend above a fixed ceiling (about \$5,000). Commercial banks, on the other hand, cannot raise their borrowing rates above a fixed threshold in order to cover the increased risks associated with small business clients. The result is a "missing middle" in a financial sense, i.e. a large swath of the business sector in Morocco which is unable to access working or investment capital from the financial sector.

Finally, **institutional governance issues** exist regarding the structure of the professional training sector. Professional training is paid for out of a 1.6% professional training tax levied on wages, and then programmed largely by the public sector. Most professional training is provided through government agencies, although private training institutions also exist. Two-thirds of all trainees are trained through public institutions, of which two-thirds again are managed by the OFPPT. There is a clear need to strengthen the hand of private enterprises to be responsible for their own workforce development needs. The opportunity for customized training services, tailored to the needs of individual firms, exists in the form of *Groupements Interprofessionnels d'Aide au Conseil* (GIAC), which are meant to provide customized training services, supervised by the OFPPT.

Analysis of Morocco’s Education and Training Systems

There is a distinct lack of momentum or visibility in Morocco connecting the pending FTA with visible, public discussion about the likely impacts on trade, economic activity, employment, productivity and quality requirements, and skills requirements. A few manufacturing sectors are beginning to address these issues, however the agricultural/rural perspective is taking longer to be articulated.

At the level of the Ministry for Economic Restructuring, five committees have been formed to consider “*mise à niveau*” (modernization or restructuring) needs, organized around the needs of the administration, enterprises, sectoral policy, markets and competition, and the macroeconomy. However, the sectoral policy committee is considering the implications of the sectoral development strategies (“*contrats-programmes*”) for tourism, transportation, and (soon) fisheries. A *contrat-programme* for agriculture is said to be underway, but only from the perspective of safety nets for vulnerable populations. Moreover, when asked whether education and training institutions are integrated into these discussions, the answer was, “no, that’s social affairs.”

This section presents the structure of Morocco’s education and training system and identifies the key actors operating in each domain, e.g., public actors and institutions, the private sector, and the principal international development agencies operating in Morocco. Basic education is presented quite summarily, as it was not the primary focus of this assessment.

Structure of Morocco’s Education and Training System

The key players in Morocco’s education and training system are, on the one hand, the consumers of education and training services (families, adults, firms, public enterprises), and on the other hand, supplier organizations of education and training services of both a public and private nature, Moroccan- or foreign-owned, operating either as direct suppliers or as sources of funding for suppliers. Other actors include parents associations, student tutors, and non-governmental development organizations.

Table 3: Existing WFD Actors, by Type of Training

Actors	Public	Private	NGO	Foreign Institutions	Within Firms
General Education					
Primary, middle school, secondary	X	X			
Higher education	X				
Management training	X	X		X	
Professional Training					
Initial	X	X		X	
Apprenticeships	X	X	X		
Continuous	X	X	X	X	X
Non-formal education and literacy training	X		X		X

The variety of supply of education services corresponds to the diversity of social groups who benefit from the services provided. One can distinguish among these according to various characteristics: age (education is obligatory for Moroccan children between the ages of 6 and 15 years), the legal responsibility of the beneficiary (minor or adult), the nature of the institution requesting education or training service (family, individual, or employer), the nature of the education (basic or professional), the level of schooling (pre-school, primary, secondary, and higher), and the type of training (initial, continuous, alternate, or apprenticeship).

Regulation of the education and training sector is covered by the High Commission for Education and Training (COSEF) the Ministry of National Education, the Ministry of Higher Education, Management Training, and Scientific Research, and the Ministry of Employment, Professional Training, Social Development, and Solidarity. Other technical ministries participate via the oversight of management and professional training institutions under their jurisdiction (e.g., Agriculture; Commerce, Industry and Telecommunications; Economic Forecasting and Planning; Public Sector Modernization; Territorial Management and Environment, Energy, and Mining; Health; Interior; Youth; Communication, Equipment and Transportation).

Basic Education

Morocco's basic education system consists of:

- **pre-school education**, consisting of Koranic schools, day care centers, and pre-schools;
- **primary education**, for children ages 7-12 years, from first through sixth grades;
- **middle school education**, for children ages 13-15 years, from seventh through ninth grades; in middle school, students are oriented either toward a general or technical secondary school education or toward professional training;
- **secondary education**, for youth between the ages of 16 and 18 years, covering the first through third secondary grades; secondary school education leads to the receipt of the baccalaureate which opens the way to higher education or to professional training;
- **higher education**, open to all holders of the baccalaureate, is provided by fourteen universities, institutes, and graduate schools (publics and private), the Center for Teacher Training (CFI), regional teaching centers (CPR), graduate teacher training schools (ENS), and professional training centers.

The Ministry of National Education is composed of administrative and operational divisions. The former consist of the central administration, covering 18 departments, 72 divisions, 245 services, 16 regional education and training academies (AREF), and 70 local offices covering 225 services. The operational units include 6,479 primary schools (over 18,669 sites), 1,131 middle schools, and 589 high schools, 8 graduate teacher training schools, 13 regional teaching centers, and 34 centers for teacher training.

With Law 07.00, the AREFs have become public establishments endowed with legal and financial autonomy for broad core competencies. The goals of the central administration have been refocused on the definition of education and training policy and national priorities, organizational oversight and human resource management (overseeing the statutes which guide education institutions and their personnel), the allocation of resources between the AREFs, and performance evaluation.

More than 95% of Moroccan students are educated in the public sector. In 2001-2002, this figure was 5.64 million. The private sector also participates increasingly actively, principally for primary education, growing in 10 years from 110,000 to more than 250,000 students. Over the last ten years, numerous higher education institutions (i.e. those offering Bac+2 and Bac+4 degrees) have been created in the private sector, often in partnership with foreign schools or universities.

Professional Training

The master coordinator of all professional training activities is the State Secretariat for Professional Training (SEFP), administratively housed within the Ministry of Employment, Social Affairs, and Solidarity. Within the State Secretariat reside two public organizations, the Office for Professional Training and Labor Promotion (OFPPT) and the Textile and Clothing Industries Higher Institute

(ESITH), external departments for trainers, departments for planning, professional education, and private professional training, and a field offices network.¹⁹

Training by and large conforms to the demands of employers in Morocco by providing training for lower skilled workers, which is characteristic of much of the country's economic activity. Although skills standards exist for 360 professions, only 15% of workforce entrants actually receive professional training through SEFP channels; the rest enter the workforce without any formal skills development. According to SEFP monitoring systems, on average about two-thirds of professional training graduates find employment within nine months of graduation from training institutes.

The OFFPT receives the Professional Training Tax and participates as an actor in the system. The OFPPT collects the Professional Training Tax from all formal enterprises, equivalent to 1.6% of firms' wage bills, and manages the continuous training system by providing subsidies back to firms for in-house training. The SEFP is also exploring with the Ministry of Finance to see whether scholarships could be made available to help individuals pay for training, or at a minimum whether the private cost of training could be deducted from income taxes. OFPPT has signed numerous agreements with professional associations (e.g., AMITH and AMICA) for literacy and personnel training and offers a catalogue of available training courses at its 186 centers distributed around the entire country. OFPPT employs 5,600 individuals. Its training courses tend to be adapted to local demand, but training for managers are still uncommon. One weakness is quality control of the training services provided by private service providers (concentrated to a large extent in information technology, clothing design, fashion, and hairdressing) and by the public service providers managed by other government departments.

The high-visibility issue of unemployment among university graduates has been communicated to the professional training sector as a problem related to the supply of professional training slots. Although training institutes have been told that they will double the number of trainees next year, one training institute manager worried about the lack of jobs to employ his graduates once twice as many come through his system.

The professional training sector was reformed in 1984-1985. Previously, the training system had focused on basic training. Over time, it incorporated a continuous training function as well. It was further enriched recently by the inclusion of apprenticeship training, seeking to open possibilities of vocational training to early school-leavers (i.e. children who leave during middle school). The key questions concern the quality of training; the partnership between firms and the partnership firm-training institute-financial organizations. Moreover, the quantitative and qualitative objectives are not well understood in these programs. Distribution of resources collected via the professional training tax and from foreign assistance is also problematic.

As of 2001, there were 2044 professional training institutes, of which 1,555 private institutes provided basic training. The private professional training sector handled 56,445 trainees out of a total of 132,000. Private professional training trainees are concentrated in administration (28,000 at the level of *technicien* and *qualification*) and in services (13,000, especially at the level of *spécialisation*). Public sector trainees are better distributed, principally in the mechanical, metalworking, and electrical industries (16,677, especially at the *qualification* level), services (12,000, at the level of *qualification*), and administration (12,000, mostly at the *technicien* level).

¹⁹ Taken from the organigram presented in Ministère de l'Emploi (2001).

The system of basic professional training offers four levels of professional training, upon successful completion of orientation or competitive entrance exams:

- Students who have completed at least the sixth year of primary school are eligible for training to the **spécialisation** level (1-2 years of training) and receive the *Certificat de Formation Professionnelle (CFP)* which qualifies holders for vocations such as artisanry and construction.
- Students who have completed their middle school education may train to the level of **qualification** (two years of training) and receive the *Certificat de Qualification Professionnelle (CQP)*.
- Students who have completed their third year of secondary school are eligible for training to the level of **technicien** (two years of training) and receive a *Diplôme de Technicien*.
- Holders of the baccalaureate are eligible for training to the level of **technicien spécialisé** (two years of training) and receive the *Diplôme de Technicien Spécialisé*.

The quality of basic training is subject to many problems, e.g., the status of trainers who are not involved in the modernization process within firms (and who often lack of actual experience) and whose timeliness of training is eroded due to lack of advanced training courses, the insufficiency and poor quality of materials, the lack of relevance of student counseling, and the lack of career information about training and occupations options. All these problems are raised by entrepreneurs. Many express frustration with the operations of the Professional Qualification Centers and the ITA give irregular satisfaction to entrepreneurs. In certain sectors and industries, employers are satisfied. The degree of satisfaction is a function of the quality of their participation in the management of the training centers and institutes. If training institutions would listen to their clients (the firms that exhibit training needs) and if firms would take student interns in order to assure appropriate workplace learning, the system would work more effectively. In many cases, where employer engagement is lacking, employers complain of inadequacies, slow response times, and insufficient attention to defining skill and job competencies.

In the 1990s the World Bank helped to establish professional analysis and consulting groups (GIAC) (organized by sector, e.g., mechanical-metalworking-electrical, textiles and leather, tourism, agro-food) and special training contracts, as well as the initiation of a system to finance continuous training which stimulated inter-firm cooperation and a dialogue between private firms and the public sector around training objectives. This program supported the development of a rational approach of developing training plans by competitiveness objectives. Receipt of the continuous professional training subsidy requires a preliminary study of the needs with regard to the competitiveness objectives identified by the firm. Many studies have been undertaken, either through the GIAC (about 200), or through the firms which individually have initiated continuous training actions. Going the GIAC route allows the firm to benefit from a training program subsidy of 80%, versus only 70% in the case of the individual approach. At least one professional association considered this initiative “a disaster,” stating that training courses were either provided at inappropriate levels, at wrong times, or taught ineffectively. In response, several associations have developed their own training institutes.

Morocco’s basic training has been enriched by the alternate training formula, which is based on Germany and Scandinavian “dual system” approaches where students learn part-time in school and part-time in workplaces, following an agreed-upon curriculum throughout the course of study. While this approach has proven satisfying, it only involves a small number of graduates to date in Morocco.

The main problem of training in the rural area is the large distances of schools relative to students’ residences. The Ministry of Agriculture runs many training schools for senior and mid-level managers and technicians, as well as centers of apprenticeship training. However, the pedagogic capacities and available material means are insufficient to meet requirements.

The last two professional training approaches, born in recent years (after 2000), are literacy training (for workers already employed by a firm) and apprenticeships (for graduates of primary schooling, over age 15). These two approaches are essential and address the needs of large numbers of workers. The number of training opportunities in urban and especially in rural areas are quite inadequate compared with needs. In addition, large, formal firms are organized to capture resources generated by the programs, and the informal sector remains marginalized. On the apprenticeship side, the apprentice training centers are still not sufficiently structured to respond to the demands of the Law 12-00 regarding apprenticeship training (apprenticeship to be followed with a master; complementary training; granting of diplomas sanctioning the training and distributing in a controlled manner a subsidy to the masters).

Education and Training in the Rural/Agriculture/Agribusiness Cluster

According to Morocco's 1996 general agricultural census, 1.5 million rural heads of household make their livelihoods from agriculture. The average age of these heads of households was 52 years, but about one-fourth of them are 65 years old and older. Nearly 90% of small and medium sized farms use family labor, only 5.4% of farms use permanent salaried labor, and the rest use a combination of family and temporary labor.

There are several kinds of civil society organizations in the rural sector in Morocco. In terms of professional organization, there are 56 national and 124 regional agriculture- or rural sector-related professional organizations, 60% of which are concentrated in the areas of red meat, fruits, and vegetables. Morocco's rural producers are also organized into over 1,700 cooperatives, of which 45 are for women producers only. Artisanal chambers also exist, but their training activities are very limited and unreliable. In order to encourage the development of a market for agriculture/rural sector-specific training services, a GIAC is presently being developed. These organizations are all quite disparate, however, with no "*interprofession*" to link them and seek commonalities of interests. Moreover, there are very few linkages between any of these layers and training organizations.

This lack of professional partnership or *interprofession* compromises competitiveness strategy building in the rural areas. For instance, professional associations compete with chambers of agriculture. The former do not play a "locomotive" role similar to what is seen in the textiles-clothing sector, in terms of articulating and developing strategies to address firms' training needs. While agricultural professional associations do not financially support any training activities of their own, the private sector is actively involved in discussions with the Ministry of Agriculture about how to adapt training to employment needs.

One actor left out of the identification of upstream training needs and local strategies is the local development NGO community. They have an important contribution to make as partners to the Ministry's provincial offices (DPA), irrigation zone offices (ORMVA), technical centers, and professional associations. NGOs are quite involved in literacy training and have attained a higher success rate than that of the ministry departments, including National Education.

The Ministry of Agriculture's strategy for training in this sector is focused at three levels: preparing the new generation of agricultural producers, helping to insert graduates of the system via self-employment assistance, and raising and restructuring the human resource skills of those already in the field.

As a whole, the country has an elevated school drop-out rate of children leaving school before completing middle school. The number of students leaving primary or middle school is close to 240,000 per year. By the sixth grade, the cumulative drop-out rate is 45% on average across the country, and even higher in rural areas. Despite sustained progress in schooling rates in the rural countryside the last few

years, the cumulative drop-out rate by sixth grade is 75% for rural boys and 85% for rural girls. Again in rural areas, fewer than 10% of girls and fewer than 15% of boys attend middle school. The Ministry of Agriculture is the only institution responsible for rural youth apprenticeship training for those who have left school prematurely (ages 10-15 years) and who are not eligible for professional training elsewhere. In 2003, 10,000 rural youth received such apprenticeships. Functional literacy training programs work with 20,000 rural illiterates per year. There is no formal adult education program in rural areas.

Table 4: Economic Classification of Rural Youth

Number of 7-18 year olds (1000s)	3754
Economically active	1392
Active, employed	871
Active, looking for employment	521
Economically inactive	2361
Inactive, uneducated	490
Inactive, educated	1872
Primary school	1702
Middle school	147
Secondary school	23

Source : Annuaire Statistique du Maroc – Direction de la Statistique

In 2001/2002, the number system of education and training for the agricultural sector serviced 1.9 million children in the following streams, across the Ministry of National Education (MEN) and Ministry of Agriculture institutes:

Table 5: Education and Training in Agriculture Cluster

Ages	In school			Out of school		
	Institution	#s ('000s) Total (females)	Graduates	Institution	#s ('000s) Total (females)	Graduates
6-10	Primary school (MEN)	• 1944.3 (858.0)	???			
11-14/15	Rural & MEN middle schools	• 188.5 (57.9)	???	<ul style="list-style-type: none"> • Non-formal education • Apprenticeships <ul style="list-style-type: none"> • Rural youth • Rural <i>maisons familiales</i> 	<ul style="list-style-type: none"> • 12.8 (9.8) • 10 (xx) <ul style="list-style-type: none"> • 5.5 (??) • 0.1 (??) 	•
15-17	Technical education	• 3.4 (?)	<ul style="list-style-type: none"> • BAC agricole (128) • Techn.spéc. (132) • Techn. (305) • Ouvriers qual. (903) 	<ul style="list-style-type: none"> • Farms • Professional training 	<ul style="list-style-type: none"> • (???) • 3.0 (very few) 	<ul style="list-style-type: none"> • Agriculture • Mix w/livestock • Horticulture • Gardening • Livestock • Agro-industry • Canning, fish processing
18-24	Higher education <ul style="list-style-type: none"> • <i>Grandes écoles</i> • <i>Techn.spécial.</i> 	2.0 (?)	<ul style="list-style-type: none"> • 344 eng. (90) • 35 (??) 			

Morocco's education and training system tries to be flexible. Students who do not finish degrees at higher education institutions are "re-oriented" into vocational training as *techniciens spécialisés*. They suffer, however, from a lack of information on available professional training and technical education opportunities through the Ministry. The lack of career counseling information is particularly acute for

young girls, which helps to explain why there is such a large gap between young females and males in professional training and technical education programs.

Education and Training in the Tourism/Hotels/Restaurants Cluster

This cluster is supported by the following nexus of education and training institutions, described here for 2001/2002:

Table 6: Education and Training in Tourism/Hotels/Restaurants Cluster

Public Sector			Private Sector	
Secondary Education	Higher Education	Professional Training	Professional Training	Apprenticeship Training
<ul style="list-style-type: none"> • Technical education resulting only in a <i>brevet</i> • 29 graduates, of which 16 female. • These students cannot go on to higher education in the cluster, because they do not receive a tourism diploma (<i>Bac</i>) (contrary to what one finds in the agriculture training system) 	<ul style="list-style-type: none"> • 1 public higher education institute; requires <i>Bac</i> to be eligible • 426 enrolled, of which 258 females • 222 graduates, of which 120 females 	<ul style="list-style-type: none"> • 15 public institutes train at 3 levels²⁰ • As of 2001, a new course of study in “<i>gastronomie marocaine et art de table</i>” proposed, training <i>techniciens</i>. Only covers 2 out of 32 tourism specialties. • Only 1 institution (ISTTHA d’Agadir run by Min of Tourism) offers a specialization in hotel marketing. 	<ul style="list-style-type: none"> • 5 institutions • 1,520 trainees 	<ul style="list-style-type: none"> • 500 apprentices • Private tourism institutes exist in Salé, Casablanca, Ouarzazate and Fès

Development Donor Activities and Other WFD Actors

Many international donor organizations are already investing in Morocco’s education and training system; see the detailed list below. The largest of these is the 50 million euro Professional Training Program funded by the EU through the OFPPT. The Belgians, Canadians, French Agency for Development and the economic mission of the French Embassy, Germans, and the World Bank also direct their workforce efforts through the State Secretariat for Professional Training, in which the OFPPT is housed.

In addition, there are numerous private organizations specialized in the area of continuous training. Many institutes linked to chambers of commerce in developed countries have training activities. During the last few years, numerous foreign firms have established themselves in the Moroccan market. Subsidiaries of international groups, they rely on a network of trainers, which allows them to propose all kinds of customized training in management methods. Other firms rely on techniques and methods of training specific to their own network.

²⁰ Note: In 2000 only 1 establishment offered a course of study in traditional cuisine, and only at the lowest level of training, i.e. “*qualification*.”

Table 7: Donor Agency Workforce Development Activities

Donor	Activity	Projects and Resources
Belgian Cooperation	Skills-based training, apprenticeships; works with professional associations & firms;	1) FORAP (<i>Formation par Apprentissage</i>) with SEFP, focused in Souss-Massa-Draâ (€4.7 m total, 1.7 m Belgian) 2) Engine repair training (FOREM) with OFPPT, development of 7 professional training centers in Ouarzazate, Taroudant, Tiznit (€ 1 m total, 0.776 m Belgian)
Canadian CIDA	Support in implementing skills-based approach (SBA) with the SEFP, focusing in six sectors: textiles, electrical/mechanical/metal, agriculture, artisanal, tourism, information tech	\$10-15 m
European Union	<i>Programme Indicatif National</i> (PIN) (2002-2004), 50% of which is for social/cultural/human program which includes inter alia two education/training activities	1) <i>Programme de formation professionnelle II</i> , focusing on tourism, textiles, IT (€ 50 m) 2) <i>Programme TEMPUSempus</i> : Higher education exchange program (€ 8 m) 3) Nothing in the agricultural sector, although “ideas being discussed” 4) Still being funded under MEDA II, Rural Participatory Development project, Central Middle Atlas, working with 12 rural communities and MADRPM's Eaux et Forêts (€ 9 m)
French Agency for Development	Working through Moroccan professional associations	Line of credit (€ 15.24 m) for professional training
Economic Mission of French Embassy	Two instruments to help SMEs	1) Line of credit at subsidized interest rate (5,25 %) to the SGMB (<i>Société Générale Marocaine de Banques</i>) 2) Guaranty fund via the <i>Caisse Centrale de Garantie</i>
German Technical Cooperation Agency (GTZ)		1) Strategy to expand the system of “formation en alternance” (school and workbased learning integrated to produce high level skills), for professional training, across regions and sectors, working with SEFP; 2) Restructuring of Moroccan enterprises: work w/AMITH and FMC, as well as private SMEs, entrepreneurs, public institutions/organizations, Ministry of Industry, professional associations, consulting firms (€ 3.5 m).
Japanese International Cooperation Agency (JICA)	Fisheries development training	
Spain	Spanish assistance is targeted to the northern part of Morocco, for historical traditional reasons.	1) Training of trainers, tourism sector, with Ministry of Tourism & <i>Institut Supérieur de Technologie Appliquée Hôtelière et Touristique de Mohammedia</i> (€ 150K); 2) Rehabilitation of <i>Institut Hotelier et Touristique de Tanger</i> (€ 619K); 3) Moroccan Youth Labor (training centers in Chefchaouen (rehab), Tanger & Nador (new)).
World Bank		1) Basic education quality, higher education reform, & vocational training projects under development. 2) Alpha Maroc: Financed by a Learning and Innovation Loan, to finance development of new approaches to literacy training and reinforce the capacity of the <i>Direction pour la Lutte Contre l'Analphabétisme</i> (\$4.1 m). 3) BAJ Education: part of an integrated poverty alleviation effort. Aimed at development of primary school capacity in 14 poorest provinces in Morocco (closing at end of 2003).

Source: Compiled from information provided by Brad Favor, USAID consultant.

Education and Training System Reform

Morocco's education and training system has undergone reform as a result of the work of a commission representing a diversity of social and political perspectives, which developed the COSEF charter adopted in 1999. This Charter defines the parameters of the educational system, outlining a program whose aim is the extension of basic education to the entire population, the elimination of discrimination, the introduction of permanent training structures open to all citizens, notably for literacy and non-formal education. COSEF also defines an orientation for an autonomous and open university, one which is open to its environment and is seen as the engine of regional and national development.

The low rates of school-attendance are said to be due to the dispersion of housing and the problem of physical isolation, the dispersion of schools, the lack of teaching materials, the inadequacy of school hours and programs compared with local needs in rural areas, poor integration of instructors in rural areas, the lack of physical infrastructure such as water and electricity, and the high cost of schooling relative to low rural incomes. The principal effect of these circumstances is the increase in the number of students who prematurely leave the basic education system.

The COSEF prescribed ambitious objectives and a significant set of timelines. Among these objectives are eradication of illiteracy by 2010-2015 and expansion of opportunities for schooling to all Moroccan children.

The university system has recently undergone a profound reform. Universities have become public establishments, endowed with legal and financial autonomy. A modular teaching system has been put in place in order to reduce the number of drop-outs through improved teacher training and to increase the mobility of learners within the education structure. The structure of diplomas has been adapted to norms adopted in developed countries, notably the European Union and U.S. Remuneration of professors has also been improved, allowing faculty to earn outside consulting incomes.

Table 8: Timeline of Education Reform Objectives

Ultimate Objectives	Deadlines and Quantitative Objectives
Eradication of illiteracy	2010 : Reduction of global rate to less than 20% 2015 : Quasi-total elimination
Generalization of education	2002 : Registration completed of all 6-year-old children 2004 : Registration for first year of pre-school, with state financial support in rural, peri-urban, and disadvantaged zones
Improvement in results	2005 : 90 % of children complete first year of primary school 2008 : 80 % of registrants complete middle school 2011 : 60 % of registrants complete secondary school, 40% of registrants obtain the baccalaureate

Source : National Education and Training Charter (COSEF), 1999

Many government and/or NGO initiatives have recently been put in place to reduce the number of uneducated children. These programs tend to focus on non-formal education programs, reinsertion into the formal education system, or apprenticeships.

Workforce Education and Training Gaps and Opportunities

Morocco's professional training system is less than twenty years old. Given its fairly recent origins, the relationship between employers and employer associations, educational institutions, and the country's policymakers is fairly well developed, as seen above. However, it was largely designed to meet the needs of an economy that has been based on low-wage enterprises providing agricultural products and

assembled manufactured goods, mostly to the European market. If Morocco is to take advantage of the upcoming Free Trade Agreement with the U.S., the country's workforce development and job creation systems need to transform to produce workers whose products and services can compete with those of the highly industrialized nations.

To modernize its workforce development and job creation systems, several transformations are required. First of all, the country – particularly its many regions – needs a robust vision for economic growth in order to capitalize on the opportunities provided by the FTA. Developing and maintaining this vision requires a culture of leadership and personal initiative, along with increased transparency in the process of decision-making (democracy and governance).

Within the past few years, Morocco's economy has undergone major restructuring. These forces are likely to continue over the next five to ten years as the Government develops policies and practices that will help Morocco grow its exports and internal labor market. A number of interviewees suggested that vision and leadership are not adequately distributed among the country's citizenry. Moroccans look to their King for vision – and the population expects to depend on him to tell them what should be done. However, nodes of leadership can be found in many national and regional organizations, which could be mobilized in the context of developing a regional economic strategy with regard to the FTA. Moreover, it would appear possible to build leadership into the education and training system for the country's youth – building a more resilient base of leadership for coming generations. Many exciting international initiatives, such as the Youth Employment Summit held in Alexandria, Egypt in September 2002, offer models for how to engage youth leaders in such visioning processes.

Secondly, there needs to be a greater focus on quality measures, such as those required for the various ISO certifications. This focus on quality needs to permeate through all the parts of the system, so that the country's workplaces, schools, and public and private institutions can hold each other accountable for continuously improving the quality of products and services. For example, Morocco's labor market still does not depend entirely on competencies – good jobs go to those with connections instead of to those with the capacity to do the job well.

Finally, the education and training system needs to transform itself to become far more flexible, responsive, equitable and accessible to people throughout their lifetime (lifelong learning), especially women and girls. The workforce development systems must provide easy means of access and exit, along with credentials that provide for portability across industries, wherever possible. Current public-private partnerships in education, training, and job creation should be expanded in the context of growing an economy that can export higher value-added goods and services.

Given the sheer numbers of Moroccan un- and underemployed youth and adults, it is virtually impossible to talk about workforce development without emphasizing job creation. Current and past investments in microenterprises have resulted in people who are maintaining their own livelihood needs. However, the vast majority of these microenterprises do not create employment. Leveraging microenterprise loans with training for enterprise development, including the development of cooperatives for marketing, finance, and other support services, is a promising approach for job creation in Morocco.

Basic Education Gaps

This assessment's information about Morocco's basic education system comes from other interview sources, not from official sources, as we did not directly examine the quality of basic education except as it pertains to improved skill development and participation of girls.

The owner of an employment firm in Casablanca lays the source of labor market imbalance at the feet of the basic education system in Morocco, which he categorizes as “catastrophic,” owing primarily to the poor quality of primary school teachers.

Of particular concern is the fact that many children in rural areas, especially girls, leave education after primary school at the age of 12. Some rural parents believe that education is *not* a ticket to a better future, but rather “spoils” the student from wanting to return to his or her place on the farm. However, children cannot obtain any training for work until age 15. One professional training official observed, “if we allow them access to the training institutions any earlier, we will be accused of encouraging child labor.” This leaves a “missing middle” of young people left in a void. One local director of the national employment office also indicated that their clientele is considered to be school graduates, i.e. they do not serve early school leavers. Language is another barrier, as the move from primary to secondary education requires a shift from Arabic, the language of basic education since 199?, to French, one of the languages of secondary and higher education.

Career information is generally not well developed for public school students, although Morocco is experimenting with an orientation program for 9th grade students. Students and trainees also complain of great difficulty in seeking out job information, despite the fact that numerous websites exist for Morocco-based job leads.²¹ ANAPEC has 22 offices throughout the country, and assigns sector-specific job counselors to work with job-seeking clients, who are pre-screened and tested by ANAPEC before being connected with potential employers for on-site job interviews. In addition to this public sector agency, Morocco also appears well-endowed with a large number of private employment companies and head-hunter firms in Morocco.²²

Morocco’s higher education university system appears to be disconnected from the needs of the private sector, except for one or two instances, we could not find the public/private institutes typical of highly industrialized nations where university/private sector partnerships join forces to conduct the R&D required for a high value-added economy. However, a new law has restructured university governance to include significant private sector representation, and faculty may now receive additional income for consulting work. In interviews with senior officials in the Ministry of Higher Education, the team found:

Workforce Development System Gaps and Opportunities

Reflecting a previous focus on low-wage work such as textile assembly, Morocco’s workforce development system is not well linked to the country’s current and future needs. A Commission for each sector makes the rules for schools within the sector. In the textile sector at least, the enterprises select the directors and faculty of the training institutions, while the state provides the equipment. The quality of training at the technical institutes does not meet standards required by FIMME members, who represent as much as 40% of Morocco’s employers. Of the 25,000 youth that graduate from technical institutes each year, 50% go to FIMME members, the other 50% remain unemployed, according to the FIMME. When FIMME members created their own internal training institute, they found that 98% of

²¹ They are: www.anapec.org, www.aventicmarc.com, www.bilconsulting.com, www.bourseemploi Maroc.com, www.etudiant.ma, www.forum-carrieres.com/asso/index.htm, www.jobmaroc.com, www.lms-conseil.org, www.manpower-maroc.com, www.monemploi.com, and www.ojob.com. It is not known how effective these sites are.

²² One website listed the following for recruitment agencies and offices currently operating in Morocco: Adecco, Adéquation, Advitam Conseil, Afrique Management Conseil, AT Consulting, Best Profil, Best Services, Bil Consulting, Contact Service, Convergence Conseil, Dama Services, Diorh, EMERGIA, Euro Net Interima, First Plus Services, Foreva, F2V Consulting, Générale Intérim, Gesper Services, Hotels Market & Management-HMM, Idées R.H., Idoine, LMS recrutement, Manpower Maroc, Multitech Morocco, Positif conseil, Potentiel RH, PW Conseil, R.M.O Maroc, Selecteam. Source: www.lms-conseil.org/cabinets/index.htm.

graduates were absorbed by industry. Similarly, the textiles and clothing industry instituted a graduate institute of study, ESITH, held out by the SEFP as a model of public-private partnership in the training services area.

There is significant mismatch between demand and supply of training opportunities for Morocco's youth, who by and large appeared eager to learn the skills they would need to gain a good job. There is also a mismatch between perceived and actual quality. The quality of the public sector tourism institute in Marrakesh was of grave concern to the students with whom we spoke. Throughout the two hours we spent with them they let us know that they were deeply disappointed, and that they recognized that the skills they were acquiring were far below those of their friends who had gotten training abroad and significantly behind tourism practices and training in Europe. A number of students claimed that they had been "deceived" by the language in the brochures of the Tourism Institute. In contrast, the clothing industry ITA in Rabat appeared to have a rigorous program, designed to meet the needs of employers in the area. The evening of our visit, a group of employers had met to review and approve a series of modular courses to be added to the curriculum. Surprisingly, there appears to be no system of quality control of schools, such as found through accreditation measures in the highly industrialized nations, to oversee the quality of training services delivered by public sector technical institutes across industries. Instead the quality of training institutes (technical colleges) is determined via inspection of the list of actual students, a look at the equipment provided, and "control" of outputs, i.e. the students' work.

Private technical institutes also appear to differ widely by industry. For example, according to students who appeared to be well informed thanks to the Internet and their informal networks, the private Tourism Institute in Tangiers is said to have a high reputation, charging students \$6000/year plus room and board. However, in the textile sector, we saw a private training institution that lacked equipment, basic hygiene, and a rigorous curriculum. Private sector training institutions are regulated by a law and must operate under certain rules.

The workforce development system is designed to allow for learning in the workplace, although the number of training places is far too small to meet the demand. In general, workplace learning can be accomplished either through internships or through the more formal "alternate" or dual system exported particularly by the Germans. Many of Morocco's university graduates cannot find jobs. In fact, 30% of university graduates go on to study in professional training institutes.

An alternative channel for offering business development and training services is through micro-lending organizations. However, because of the way micro-credit organization funds are restricted to loans only, there are virtually no resources for micro-entrepreneurship training. Both of Morocco's leading micro-credit organizations provide limited training in literacy and basic business skills. However, the international field of micro-credit offers numerous examples of "business development services" offered in conjunction with micro-lending. We find this to be a potentially good opportunity for achieving leverage, as some micro-enterprise owners would be interested in and able to grow their enterprises into small and medium-size enterprises or cooperatives if they had the necessary training and support. At present only 2-3 percent of loans are said to convert into small/medium-sized enterprises over time. This is not to over-estimate what can be done through micro-enterprises. A 1999 impact evaluation of Al-Amana's portfolio indicated that of 281 enterprises surveyed, 234 created no new jobs or wage employment (VITA 1999). Only 44 firms (15.7% of the sample) created one or more jobs, for a net total of 64 new jobs.

The GWIT team identified a large number of gaps in the education and training system that constrain Morocco's competitiveness, with a corresponding list of opportunities where actions could make a difference. These are organized in tables, by cluster and stakeholder group, and presented in Annex A.

In the final section of this report, we offer our ideas about where USAID/Morocco could best leverage a modest investment to make a difference. The list of specific opportunities is offered here to give an indication of the breadth of issues considered by the team:

Microenterprise opportunities:

- Provide training to women, youth, to convert micro-enterprises to small/medium-sized enterprises
- Provide enterprise training to youth via Junior Achievement International and other groups
- Provide assistance for cooperative formation and development
- Pilot project to move more microenterprises into formal economy
- Capitalize on opportunities in fisheries industry

Textile cluster opportunities

- Student-run website for career info in the textile sector

Tourism cluster opportunities

- Need to adapt hospitality sector training to small businesses, independent operations that will characterize rural tourism
- Ample opportunities to develop skills for small businesses in areas of marketing, promotion, communication; nature, culture, and history interpretation
- Ample opportunities to create jobs among the unskilled (porters, entertainers, guards, support guides, laundry, maintenance workers, construction workers, kitchen/housekeeping help)
- Ample opportunities to create jobs in indirectly related services (health, sanitation, food safety, environmental protection)
- Linkage to agricultural employment via increased demand for niche crops, e.g., medicinal plants, wine grapes, organic produce, herbs/spices, flowers
- The *Conseil Régional de Tourisme* (Marrakech) created its own Center of Excellence for advanced training and retraining; technical institutes would have to satisfy criteria to belong
- Develop a training program for rural tourism
- A fund and training program for youth entrepreneurs who want to start up companies in tourist sector
- Partnerships with U.S. departments of tourism and hotel studies, through USAID's Association Liaison Office (ALO) for University Cooperation in Development (www.aascu.org/alo/)
- Develop tourism training institute norms and standards based on global norms of relevant industry associations and hold technical institutes accountable
- Opportunities for International Executive Service Corps (IESC) advisors
- Career information website on tourism education and training, norms, schools, quality criteria of schools, jobs, etc.

Rural sector/Agriculture/Agribusiness cluster opportunities

- U.S.-trained Moroccan agricultural academics, policymakers, and managers are in abundance and represent a deep reservoir of already-developed human capacity who have strong interest in renewing professional ties with U.S. institutions
- Create more opportunities for agricultural academics to offer services to Moroccan private sector
- Need to “demystify” the U.S. market for potential agricultural exporters – increased exposure to FDA, APHIS officials, increased exposure to U.S. buyers of fresh agricultural products and the specialty foods trade
- Moving beyond the Morocco Agribusiness Project experience, need to create local, market-based solutions

- Opportunities for IESC advisors
- Bring NGOs in as active partners in the rural sector
- Encourage NGOs to adopt more of an employment-generation approach in their training programs, offering entrepreneurship training to women
- Build capacity to train trainers to accompany microenterprise loans
- Better private sector linkages with agricultural institutions
- Provide training funds, not just loan funds
- Need for energizing rural youth via entrepreneurship training (e.g., 4H, Future Farmers of America)

Professional associations opportunities

- Business leaders developed a vision for capturing higher value-added export opportunities
- Know-how to better identify skills and competencies
- Know-how to penetrate U.S. markets
- Know-how to develop products that could succeed in the U.S. market
- Know-how to adapt and develop the logistic know-how (transport, packaging, etc.) needed for U.S. trade
- Develop a “training enterprise” designed to expose students to workplaces
- Develop a means of paying those employers who were willing to train
- Develop rapid-on-line assessments for modules

The GWIT team found some evidence of “cluster development” of related firms and supporting organizations. For example, the textile and clothing association AMITH is taking a very active role in everything from participation with the government in the U.S. FTA trade negotiations to public outreach²³ to creating its own professional training school with the SEPF. Another example was of a Meknes-based agro-industrial firm that has collaborated with the *Ecole Nationale d’Agriculture (ENA)* to adapt international best practices for field cultivation of industrial tomatoes to local growing conditions. Together, the partnership demonstrated that with international seed varieties, advanced drip irrigation methods, and careful crop management practices, Moroccan industrial tomato yields could be raised from 30 tons per hectare to 130 tons per hectare, comparable to best international yields. Such results have led this firm to contemplate a strategy for entering the U.S. market for processed tomato products, as well as expand the strategy to other, even more labor-intensive agricultural products (e.g., cornichons, capers, artichokes, etc.).

However, for other clusters such collaborative behavior is nascent or non-existent. In the tourism cluster, USAID resources are contributing to the development of new rural tourism products. Morocco’s self-declared strategy to raise the number of annual tourist visitors to Morocco to 10 million will require a comprehensive overhaul of how it portrays itself as a tourist destination, especially relative to the U.S. market. There is ample opportunity to depict Morocco in the U.S. market as an Arab country with open arms and a rich cultural heritage. Such cultural branding could lead to the development of training and employment opportunities not only in rural tourism (innkeepers, guides, restaurateurs, sports and recreation leaders) but in music, cuisine, architecture, tiling, handicrafts, interior design if Moroccan aesthetics achieved greater exposure through such “cultural branding” and marketing. One creative example of international donor assistance in a cultural skills development area is that of the Belgian-

²³ See “Le Secteur Textile : Defis et Opportunités,” presentation made by AMITH to the American Chamber in Morocco, Sheraton Casablanca, March 12, 2003 (www.amcham-morocco.com).

French community program with the *Institut National des Beaux-Arts* in Tétouan, where Belgian cartoonist experts are training teachers of cartooning design with intriguing application possibilities in many fields (e.g., applied arts, public relations, training materials for illiterate workers).

USAID/Morocco Workforce Development Strategy

Development of a WFD Strategy for Morocco

The GWIT team identified many signs of breakdown in Morocco's workforce development system. First, while the U.S.-Morocco Free Trade Agreement will present new opportunities and challenges, there are only limited signs that private firms and the professional associations to which they belong are beginning to analyze and preparing to react. The greatest challenges to Morocco from increased U.S. competition will likely be felt in Morocco's agricultural economy, where an economic restructuring strategy – let alone a new education and training agenda – is yet to emerge. Although not just in the context of the FTA, the Ministry of Economic Restructuring has created a number of multi-party groups to consider new strategies – but education and training providers (“those are *social* partners,” observed one official) are absent from the conversations.

Stakeholders in the education and training system feel underserved by the system. Students complain of the dearth of career guidance information in schools, the absence of training institute certification, the poor placement records of institutions of higher education and professional training, and the difficulties in finding job leads information. Employers complain that basic and higher education systems do not adequately prepare youth, entering the labor market lacking the thinking, technical, managerial, and foreign language skills required in their businesses, for employment. Wanting to be pro-active on the issue of youth unemployment, policy makers mandate increases in the number of training slots without understanding the negative effects on the demand for labor of present exchange rate, social protection, tariff, labor code, and financial sector policies.

After identifying the full range of gaps and opportunities through an extensive series of interviews in Morocco, the GWIT team considered a number of factors in developing our recommendations for USAID's portfolio in the areas of job creation and workforce development in Morocco in the context of the full range of opportunities and challenges created by the FTA. First, the available resources for USAID's WFD portfolio are assumed to be limited to approximately \$1 million per year over five years, thereby constraining the breadth of activities that can be undertaken over the program period.²⁴ Second, previous or on-going USAID investments in Morocco were taken into account – ranging from the depth of Moroccan human capital developed through years of USAID-financed participant training in the agricultural technical and social sciences to the viability of cutting-edge models for self-supporting micro-credit lending to an on-the-ground project team laying the groundwork for environmentally sound rural tourism development – that could be leveraged to maximize the effect of USAID's limited WFD resources in the next plan period. Third, the team evaluated where other donors are already focusing their WFD activities, which niches remain uncovered, and where the needs are greatest, believing that USAID will gain greater visibility by focusing its limited investment in unique areas of intervention.

Fourth, the team reflected on past USAID-supported technical assistance projects that delivered education and training as a part of agribusiness or private sector development activities, in Morocco and elsewhere. While many of these activities were found to have been quite successful in achieving their primary objectives, sustainable traces of those projects are often undetectable just a few years after project completion. Thus, the GWIT team also grappled with the need to go beyond the mere provision of WFD assistance to create sustainable markets for workforce development services. Rather than a

²⁴ Attempting to cover these ideas with \$1 million per year is unrealistic. If additional Middle East Partnership Initiative (MEPI) monies become available to the mission, then there would be greater flexibility to more fully implement these WFD activities.

traditional technical assistance model, which completely subsidizes service delivery while the consumer/beneficiary never perceives the real cost of the service, models for WFD assistance should be explored that will bring local suppliers and consumers of competitiveness- and WFD-related services together in partnerships or market-based interactions. There are lots of interesting international examples of competition or market-based funding models that could be adapted here to extend resources through loans, grants, or a combination of the two for WFD investment purposes. Helping to identify these service markets and bridge actual linkages will be a significant contribution of USAID's WFD effort.

One interesting possibility for using market-based mechanisms for WFD is USAID's Development Credit Authority (DCA), which allows USAID to convert development assistance resources into transfer authority funds to leverage Moroccan private capital for on-lending.²⁵ In Morocco, USAID has successfully accessed DCA funds on several occasions to promote housing development, micro-credit recapitalization, and – the newest innovation – to entice a local commercial bank to develop a new mortgage product for non-salaried Moroccan workers seeking home ownership for the first time. It is unknown to what extent Moroccan firms would be willing to borrow to invest in training, quality, competitiveness improvements, or market outreach. Part of the design process for USAID's WFD program might involve a market feasibility survey for such services.

On the grant-making side, there are numerous examples of grant-making institutions which solicit partners through carefully focused requests for proposal with narrow eligibility requirements, based on program objectives. The World Bank social development funds model makes grants to rural communities according to pre-defined eligibility requirements for community-level income generation purposes. The Bill and Melinda Gates Foundation's Global Alliance for Improved Nutrition makes cost-sharing by local partners a requirement of its grant-making. In the early 1990s, a Swedish NGO developed a program around "entrepreneurship stipends," offered to rural women to pursue agribusiness and tourism small business ideas, that eventually grew into a rural tourism network.

The team also considered numerous examples of U.S. comparative advantage in WFD-related areas. For example, the U.S. community college system links 1,132 institutions with 10.4 million students for continuing and higher education, job training, literacy instruction, and adult education. American colleges and universities offer industrial extension services to promote regional and local development goals.²⁶ The National Science Foundation's Integrative Partnerships program in Science and Technology Centers supports innovation and productivity research through partnerships among academic institutions, national laboratories, industrial organizations, and/or other public/private entities.²⁷ Through the Association Liaison Office for University Cooperation in Development (ALO),²⁸ USAID supports institutional linkages between foreign and American community, state, land-grant, and independent colleges and universities that can be used to further competitiveness and workforce development objectives such as a two-year grant awarded to a U.S. university in partnership with Egypt's Alexandria Institute of Technology (AIT) to develop human resource capacity in business management, with a focus on international marketing.²⁹ The U.S. Department of Commerce's Technology Opportunities Program (TOP) promotes

²⁵ Leverage ratios of 30:1, utilizing limited USAID funds to access Moroccan commercial bank liquidity, are not out of the question according to the USAID/Morocco task manager who has used this program most successfully.

²⁶ National Governors' Association, "A Governor's Guide to Creating a 21st-Century Workforce," http://www.nga.org/center/divisions/1,1188,C_ISSUE_BRIEF^D_4062,00.html.

²⁷ <http://www.nsf.gov/pubs/2003/nsf03550/nsf03550.htm#summary>.

²⁸ For information on ALO, see <http://www.aascu.org/alo/>.

²⁹ See ALO's "Work in Progress," <http://www.aascu.org/alo/working/WORK.htm>.

the application of digital network technologies, especially in rural and underserved communities, for a variety of purposes, including economic development and entrepreneurship training.³⁰

Focus for USAID WFD Assistance on Morocco's Rural Sector

After considering the factors above, **our team proposes to focus WFD assistance on Morocco's rural sector transformation.** USAID/Morocco's greatest WFD priority should be on increasing the competitiveness of the rural economy to allow it to navigate the transition challenges posed by the FTA.

Why focus on the rural sector transformation? Quite simply, the needs are greatest here. Morocco's rural sector faces both challenges *and* opportunities under the U.S. Free Trade Agreement. Much of Moroccan cereals cultivation will likely be severely undercut by more competitive U.S. producers, but many opportunities present in high-value, labor-intensive horticulture; animal husbandry of both ruminants and poultry; fisheries; and specialty products (spices and aromatics, wine, medicinal plants, niche oils, processed foods, floriculture).

Morocco's rural sector would benefit greatly from increased cluster collaboration in order to improve its ability to compete in new foreign markets. Stakeholders need to be brought together, with strengthened communication for vision and strategy development. Producers need assistance to identify new niche products, new marketing strategies, new modes of collaboration, new services to rural producers and suppliers of services, new support through independent testing and quality enforcement institutions, and the like.

Besides, helping rural households not only cope, but *flourish*, under new competitive conditions is the right thing for the U.S. to do to shield it from the criticism that the FTA seeks to undercut Morocco in its bread basket, so to speak. Right now, an excess of defeatism dominates Morocco's rural sector: "What can we Moroccans do against the U.S.? The FTA will devour our agriculture." There is an urgent need to create a new mentality of initiative and entrepreneurship, and new pride in Moroccan competitive advantages.³¹

The risk of increasing radicalization of youth may be in the cities... but if more opportunities are not offered to rural youth, even more will flood into the cities. Contributing to the sustainable expansion of secondary cities around Morocco will further contribute to that strategy.

USAID has made important investments in agriculture- and rural sector-related human capital over the last thirty years through cooperative agreements with U.S. educational institutions; participant training in the U.S.; and U.S. agriculture and agribusiness technical assistance that made a difference. Many of these highly skilled Moroccan professionals are now in positions of authority, and still have warm memories of their experiences in the U.S. Also, many of them still work in the agricultural sector. Supporting their work with resources and new WFD-related U.S.-Morocco exchanges will deepen those ties and reinforce "hearts & minds" connections.

Morocco's Ministry of Agriculture has a broad network of training and extension institutions, but more importantly is open to new ways of doing business with the private sector. For example, the *Ecole Nationale d'Agriculture* now sends 90% of its graduates to *stages* in private agriculture and agri-business. In addition, the Ministry's experience with privatization of veterinary services was highly successful in the

³⁰ Described at http://www.ntia.doc.gov/otiahome/top/grants/briefhistory_gf.htm.

³¹ Several years ago, the World Bank energized new thinking about manufacturing sector possibilities in sub-Saharan Africa with a publication entitled, "Africa Can Compete!"

1990s and the Ministry is ready to use this as a model for privatization of extension services. The Ministry also has extensive outreach networks that work with women and youth in collaboration with other government agencies. Examples are collaboration of the Ministry of Agriculture with the Ministry of National Education regarding non-formal education and collaboration with NGOs for women's entrepreneurship training.

From a workforce perspective, the weaknesses of the education and training sector in Morocco are especially acute in rural areas. The agricultural sector is where nearly half of Morocco's workforce is employed (or underemployed). Rural areas are also where literacy rates and primary school enrollment rates are lowest (especially among females) and premature school drop-out and poverty rates are highest. Yet the needs of rural students are inadequately addressed, witnessed by the fact that 85- 90% of rural students drop out after primary school. An innovative but inadequately financed non-formal education system does its best, given resource constraints that limit its outreach. Professional training institutions exist but access is restricted to youth who are 15 years and older. The result is a "missing middle" of young who are neither educated nor trained for jobs in the workplace.

In terms of donor support for WFD, the rural sector is also neediest. Most donor WFD resources are distributed through the State Secretariat for Professional Training, which runs institutes (and oversees private institutes) for training in vocations *other than* agriculture. Professional associations in formal industries (e.g., the Textile and Clothing Association (AMITH) and the Federation of Mechanical, Metalworking, and Electrical Industries (FIMME)) are, by and large, far better organized, better supported by UNIDO, the EU, and many of the bilateral donors, and already positioning themselves for increased trade openness. The Ministry of Agriculture is the only government institution responsible for rural education and training after primary and middle school, but does not attract the same level of donor support.

In designing and implementing WFD-related activities, USAID/Morocco should interact as much as possible with local producers, enterprises, and professional associations as well as with the existing institutions that provide WFD services. Of the two, however, working with existing workforces involves employers at a much deeper level, which in turn encourages education and training institutions to do a better job understanding and responding to the needs of industry.

Designing for Visibility

The U.S. Ambassador to Morocco reminds us that "visibility" means bringing tangible positive returns to average Moroccans, especially to improve the livelihoods of youth, women, and private enterprises. Visibility is not simply a passive outcome of good USAID efforts, it is *created*.

Another aspect of the "visibility" criterion is that there are far fewer donors working on education and workforce development in the rural sector. The bulk of donor resources are channeled through the OFPPT and training programs for organized industries. Moreover, the agricultural sector is not an object of other "*mise à niveau*" activities at the Ministry of Economic Restructuring or in the OFPPT. USAID's \$1 million per year would be swamped by these other donor activities, whereas it could make a real difference building entrepreneurship models in the rural sector.

Ample opportunities exist to highlight the tangible positive returns from WFD programs:

- When the Rural Entrepreneurship Fund brings women together for entrepreneurship training, to learn from established women entrepreneurs such as the *Association des Femmes Chefs d'Entreprises*

Marocaines (AFEM) and rural training facilitators how to convert their artisanal, processing, or hospitality activities into employment-generating, export businesses, *that's visible*.

- When the Rural Entrepreneurship Fund helps rural youth start new businesses, on or off farm, and generate revenues to contribute to families' livelihoods, *that's visible*.
- When Moroccan professionals in the agricultural university system (many of them U.S.-trained) connect with Moroccan agribusiness (and with U.S. academic partners) to develop Moroccan solutions to agribusiness competitiveness challenges for tackling the U.S. market, *that's visible*.
- When U.S. WFD assistance helps to train rural youth, men, and women for modernization of *gites* and other rural tourism infrastructure including restaurants, guiding services, recreation, and cultural stops, so that a greater number of Morocco tourism products feature prominently in up-scale U.S. tour operators' offerings and tourism traffic from the U.S. increases, *that's visible*.

In order to accomplish this, the GWIT team suggests that skills and employment results indicators be woven into the monitoring framework for USAID-financed activities in the new strategic plan. Most importantly, to *create visibility* each USAID procurement should also be required to include a public relations plan as part of its workplan, highlighting intermediate results at each progress milestone in the local media and for relevant U.S. interest groups.

Strategy Implementation

Implementation of this strategy could be pursued through a variety of approaches. It may involve raising the productivity and global market outreach of Morocco's agriculture and agribusiness sectors by providing youth with the technical and entrepreneurial skills necessary to respond to FTA opportunities, building partnerships to link Moroccan agribusiness with university- or private sector-based research and development service providers to improve quality and productivity, increasing options for non-agricultural sustainable livelihoods in rural areas as with a customized entrepreneurship and skills-building component for the existing rural tourism project, or promoting skills development in manual trades such as construction and machine repair for rural youth to find meaningful employment in Morocco's secondary cities. A final decision among these various options cannot be made by the GWIT team, but rather should be made once the configuration of the rest of USAID/Morocco's strategic plan is known, in order to ensure maximum synergy with other activities in the portfolio.

For this WFD activity, USAID can draw on a wide variety of unique partners through its Global Development Alliance. For example, Kraft Foods, already based in Morocco, may be a possible partner (are there other U.S. agro companies here?), through its "Kraft Cares" international corporate social responsibility assistance program.³² In addition, U.S. NGOs such as the International Executive Service Corps, 4-H, and Future Farmers of America may have unique contributions to make in rural business development. The U.S. Departments of Agriculture, Labor, and Commerce may also be able to bring other resources to the table.³³

It is important to follow USAID/Morocco's consultative approach, so that local stakeholders participate fully in the design of the program once it has been approved by USAID. To that end, we propose regional stakeholder meetings to design the program, possibly run through the Regional Investment Centers. We also propose that selected experts from various parts of the world who have successfully

³² International focus areas include education, with particular attention to adult literacy and at-risk children and adolescents. <http://www.kraft.com/profile/cares.html>

³³ The U.S. Department of Labor is also said to be planning a workforce project in Morocco in anticipation of the FTA, although their level of advancement in such planning is not known.

launched and run rural entrepreneurship, agribusiness, and tourism programs present their programs via interactive sessions with the regional stakeholder group, which should feature Moroccan experts in these fields.

To illustrate the kinds of workforce development programs that could be included in USAID/Morocco's portfolio, the GWIT team was asked to outline specific options that could be considered when a WFD procurement is designed. The team focused on two possible areas of intervention, i.e. the seeding of new entrepreneurship activity in rural areas, with a particular emphasis on the emerging needs of the rural tourism industry, and an initiative that links private enterprises with university, private sector, or public providers of services emphasizing quality, productivity, and competitiveness. These are elaborated below.

Creating Economic Empowerment Zones for Rural Tourism

One cluster in which USAID/Morocco may wish to specialize in the first instance is rural tourism, a non-agricultural sector to which USAID is already making a commitment under a separate project which is already on the ground. The rural tourism cluster encompasses both "experience enterprises," i.e. companies that produce and manage tourism products that give visitors access to Morocco's mountains and countryside, and "tourism support enterprises," i.e. the array of retail, food service, lodging, and transportation firms that enable those visits. However, if USAID/Morocco wishes to expand its focus within the rural sector, or as additional resources become available, the program could be expanded to include entrepreneurship seeding for agricultural production conversion, agribusiness, or other non-agricultural rural workforce topics.

A recent report on rural tourism workforce in Morocco (MacGregor 2003) suggests that foreign visitor demand for rural tourism experiences significantly exceeds the supply of available tourism products in Morocco. For example, a recent UNDP and World Bank tourism survey revealed that 59% of visitors to Morocco want to spend more time in rural areas. If just 15% of Morocco's international visitors ventured into rural areas, 1.3 million rural tourists could be generated by 2010, resulting in 16,000 direct and indirect jobs.³⁴ The current USAID/Morocco Rural Tourism Project has established several ambitious goals for tourism product development and job creation over the next five years.

Given resource constraints, we propose that USAID/Morocco conduct a three-year pilot project to build a comprehensive rural tourism job and skill development program in one region. This region would be called an *Economic Empowerment Zone* (EEZ). The program is described more fully below, focusing on rural tourism activities. The specific region should be determined during the design phase of the project, in consultation with local stakeholders in the tourism industry and USAID/Morocco tourism consultants. Assuming that stakeholders support the idea, the pilot project could focus on women's economic empowerment.

Once the approach has been reviewed and "owned" by local stakeholders, a "Rural Entrepreneurship Fund" should invite competitive proposals from existing institutions (NGOs, universities, training institutes) to conduct the rural tourism training program.

The GWIT team recommends that rural women and youth be the particular focus of this program. Women in Morocco's rural areas have higher rates of illiteracy and are likely to be especially hard hit by restructuring of the agricultural economy. A recent rural tourism program in the Nordic countries, the Baltic Network for Women in Rural Areas project, funded by the World Bank and the Women's World

³⁴ The World Tourism Organization uses a multiplier that assumes one job is created for every 8 tourists; in rural areas, MacGregor suggests that the ratio may be as few as 6:1.

Bank, demonstrated that it is possible to bring together rural women to find new ways of cooperation and collaboration in order generate new employment in the rural areas to develop businesses in food, handicrafts, farm tourism, and related areas.

While a certain percentage of Morocco's rural youth will undoubtedly migrate to major and secondary cities in Morocco and even abroad, professionalization of agriculture, agribusiness, and rural tourism will require identifying young people for new skills development. Youth in Morocco face particularly high rates of un- and underemployment. The challenge of raising the productivity of the agricultural sector will ultimately have to be met by raising a new generation of professional, science-based farmers and business-oriented entrepreneurs.

Drawing on insights from our rapid assessment, conversations, and literature reviews, we believe the following components should be part of such a program:

1. **Provide entrepreneurship training for women and youth to help them enter the workforce in direct and indirect employment linked to the rural tourism cluster.** Such training will provide applied learning opportunities, help participants acquire new technical and language skills, contribute to business growth, and increase participants' access to job information and career counseling.
2. **Launch a Rural Entrepreneurship Fund, with USAID seed money support.** The Rural Entrepreneurship Fund would have two objectives:
 - a. **Micro-credit loans for rural tourism ventures,** such as ethnic interpretation, cultural entertainment, safety and security, guiding, tour logistics, equipment maintenance, arts and crafts production, health and well-being practices, organic meal preparation, handicrafts for tourist demand, etc.
 - b. **Small business loans for development of rural tourism enterprises.** The most promising micro-entrepreneurs should be supported with larger loans to expand their businesses as they create employment for others. This is a crucial element of growing employment beyond subsistence livelihood. While only one in twenty might qualify as a promising small business venture, this investment will develop the leadership core and middle class within the sector that will help to stabilize it over time.
3. **Create a rural tourism training institute (or expand an existing institute),** closely linked or located within a Moroccan university.³⁵ University faculty should be encouraged to develop a rural tourism program. The rural tourism institute will provide rapid training in all areas of rural tourism services and products. The institute should be staffed with experts and provide Internet connectivity to microenterprises. It should partner with a variety of resources within and outside of Morocco, providing on-line data that will help Moroccan entrepreneurs shape their products and services to real demand. Hands-on consulting expertise should be provided in the most critical aspects of rural tourism services and products. The rural tourism institute would offer certification for critical skills. Trainers should be trained, who are then able to provide know-how to local entrepreneurs.
4. **Create a business development services center** to be located at the training institute. The center would administer the loans, possibly under contract to Morocco's existing microenterprise programs. Models for such centers can be found in every state within the U.S. and are commonly twinned with USAID micro-credit programs in other developing countries. Typically such centers provide basic resources for small business development, such as expert consultants

³⁵ Depending on the region that will be selected, an existing tourism training institute may be appropriate. However, our preliminary scan of tourism training in Morocco suggests that such institutes focus almost exclusively on hospitality services.

and logistical support. Entrepreneurship training for youth should include career counseling regarding technical and languages skills that will be required by tourism cluster.

5. **Provide intensive, short-term training** for large formal firms, small/medium-sized businesses, microenterprises, and their employees, in the areas of their interest and need. Training should be coupled to loan provision and should be conducted in the small business development center. Training should be provided in a straightforward, simple, hands-on manner, if possible by Moroccans.
6. **Focus strongly on monitoring and evaluation** in a way that not only assesses impact, but also builds capacity to utilize data throughout all levels of the program, starting with the micro-entrepreneurs (Noponen 1997).

Other factors to consider include the following:

Rural tourism may have mixed benefits. A brief survey of the literature on rural tourism indicates that rural tourism initiatives are more successful when initiated locally. However, it also suggests that while rural tourism development is economically beneficial, it can create social problems and threaten the rural ambience of the host community. For instance, increasing rural tourism is likely to have major impact on:

- bases of social organizations, particularly in simple and traditional societies, as some parts of life become increasingly commercialized;
- considerations of economic gain among individuals, which take greater priority than before;
- building a broad base of skilled and semiskilled workers;
- lifestyle and loss of local hangouts for residents; and
- land markets, with sometimes dramatic increases in rural land prices.

Competition. Developing Morocco's rural tourism market does not guarantee instant success or economic results. It should be noted that there is a lot of competition for the rural tourism market throughout the world. Much of the competition can be found in the highly industrialized nations who are all launching or have already launched various forms of heritage, cultural, and other rural tourist programs.

The importance of sound research, assessment, before implementation. In conjunction with USAID/Morocco's Rural Tourism project and as part of the process of developing the Economic Empowerment Zone, data on the rural labor market, training requirements, and infrastructure needs of the rural tourism market will have to be gathered. Identifying potential microenterprises and small/medium-sized businesses will be important, as well as potential sources of leadership for the program within the region. Finally, international tourists to rural areas will expect minimum health, sanitation, food safety, and environmental protection standards. It will therefore be important to identify where Morocco's rural sector is weak in these areas, and develop a strategy to help rural tourism entrepreneurs address them.

Developing Models for Private Sector Collaboration

Morocco's universities have been divorced from the needs of the private sector. However, with the new higher education reform law in place, Moroccan universities may work with the private sector in ways unheard of in the past. It will be important to build capacity in the university and start to link capabilities among faculty, research, and graduate students with the needs of private enterprises. Three themes could be of particular importance in this regard.

First, Morocco's globalizing economy needs to fully embrace the concept of **quality or total quality management** – a structured system for thinking about quality in the context of the business environment, production, customer satisfaction, and organizational culture within the firm.³⁶ Interviews in Morocco with business leaders revealed that the concept of quality or total quality management is not widely understood or embraced by Moroccan business people and their workforce. Morocco is a member of the International Organization for Standardization (ISO) through the *Service de Normalisation Industrielle Marocaine* (SNIMA) of the Ministry of Industry, Commerce, and Telecommunications. ISO 9000 and its later versions are set by this international standard-setting body that works with the National Standards Institutes of countries around the world, such as SNIMA, to build a world-class benchmarking system for quality processes.

If Morocco's business products and services are to compete in the U.S. and other markets, continuously improving quality – inseparable from productivity improvements – becomes critical. The competitiveness literature abounds with information, resources, and best practice on how businesses can improve the quality of their products and services through TQM, or Total Quality Management. For example, Italy's export powerhouse, the region of Emilia-Romagna, has developed a robust quality culture by means of a regional center for research and standards of quality (CERMET). Its goals are to adapt the technical quality of the metalworking industry to the levels of the most industrialized countries, promote research and development, and distribute technical information. CERMET houses a lab that tests and controls the performance of advanced technological materials. It conducts certification activities in the areas of voluntary quality control systems, voluntary certification of goods, and mandatory certification.

Second, private firms have **adaptive research needs**, such as demonstrated by the agribusiness-ENA partnership in Meknes, for which university researchers are best suited to finding solutions. In the U.S., grants from the National Science Foundation are offered to “integrative partnerships” established to promote innovative research and education projects. Partnerships are established among academic institutions, national laboratories, industrial organizations, and/or other public/private entities. A 1996 evaluation found that each of these centers resulted in relationships among 3 to 4 universities, more than 7 private firms, and 2 government laboratories. The STCs model in the U.S. is credited for outstanding basic and applied research accomplishments and the development of a broad range of education components at all levels of basic and higher education (Fitzsimmons 1996).

Third, Moroccan firms require assistance assessing and enhancing their **export competitiveness**. For any given cluster, such research may include *inter alia* understanding international competitiveness trends, identification of alternative approaches to new product development and marketing, strategies for undertaken cluster-based research and development, identifying U.S. distribution chains, strategies for Moroccan value creation, understanding export/import regulations and policies, and logistics. In contrast to the highly successful Morocco Agribusiness Project supported by USAID in the early 1990s, this approach would emphasize direct market linkages between potential buyers and sellers of such analytic services.

The GWIT team believes that the following elements could be a part of a strategy to increase collaboration between the private sector and the Moroccan university, technical institutes, and private think tanks, focusing on quality management, finding solutions to adaptive research needs, and (or) analyzing competitiveness:

³⁶ See Integrated Quality Dynamics, Inc., www.iqd.com/hoshin_def.htm.

1. **Develop public-private capacity to evaluate and publicly recognize private companies for their innovative approaches to quality.** Similar to the Malcolm Baldrige National Quality Award, run by the National Institute of Standards and Technology in the U.S. Department of Commerce,³⁷ Morocco's SNIMA could institute National Quality Awards to innovative and quality-focused Moroccan companies. The U.S. award program is a successful government and industry team effort, with the annual government investment of about \$4.8 million leveraged by contributions of over \$100 million from private sector and state and local organizations. Hundreds of largely private-sector volunteers act as independent, private examiners.
2. **Develop Moroccan university capacity to offer total quality management services to the private sector.** This investment would train university and technical institute faculty on TQM measures; train university and technical institute faculty on how to provide services to Moroccan business and industry who are interested in gaining access to the export market in the U.S.; train Moroccan faculty on creating curricula and courses on TQM and ISO certification; create exchange programs for faculty and graduate students; and build lasting partnerships with U.S. institutions, cementing alliances with a moderate Arab country. USAID/Morocco should dedicate a limited amount of resources to the Associated Liaison Office (USAID/ALO). The ALO would launch competitive bids for American universities and community colleges to propose partnerships with Moroccan counterpart institutions and SNIMA to build center(s) of excellence at Moroccan universities in the area of quality and standards.
3. **Promote private sector-university liaisons for adaptive research through the creation of an Applied Science and Technology Partnership Fund.** Modeled somewhat on the U.S. National Science Foundation Science and Technology Center concept, grants could be made to partnerships of Moroccan private firms, Moroccan university researchers, Moroccan private think tanks, and U.S. partners to address applied technology issues relating to implementation of the Free Trade Agreement. Each grant application would require cost-sharing between grant-maker and beneficiary. Partnerships would also be required to publish results of their activities in both scholarly and popular media, and to track the direct and indirect trade and employment effects of their research.
4. **Promote collaborations on export competitiveness analysis through the creation of a Morocco Competitiveness Enhancement Fund.** Similar to the Applied Science and Technology Partnership, the Morocco Competitiveness Enhancement Fund would be a market-based model to link the Moroccan private sector with sources of analytic capacity in Moroccan academic institutions and private think-tanks, as well as to possible U.S. sources of such technical assistance, to conduct research into export competitiveness.

Raising Macro and Labor Market Policy Issues

The policy environment, both with respect to macroeconomic issues such as exchange rates, tariff rates, and financial rates, as well as with respect to labor market policy issues such as wages, social protection costs, labor market regulations, and the financing of skills development, exerts an invisible influence on any job-creating workforce development-cum-economic growth strategy that USAID pursues. All efforts to increase employment-elastic growth will be undermined, to some extent, by the biases of these policies.

Part of USAID's mandate, therefore, should be to raise the visibility of the macroeconomic issues in the context of its strategic objective programming on economic growth and workforce development.

³⁷ See www.quality.nist.gov.

In addition, the GWIT team recommends that USAID's WFD program contribute to a broader reflection on alternative institutional governance issues regarding professional training. In South Africa's National Skills Development Strategy, for example, revenues gathered via the assessment of a skills development levy on employers are returned to the firms upon submission of a sector skills plan by the cognizant Sector Education and Training Authority (SETA).³⁸ Moroccan firms, or professional associations as their representatives, need greater independence in finding their own sources of training expertise once their needs have been articulated, not just from the SEFP, but from universities and private consultants, in addition to the technical training institute network. Coaching may be required to help firms or professional associations articulate their needs and know what opportunities are available to them. This could be the role played by the GIAC, as long as firms have access to their own skills tax payments to purchase the services they need from whatever source they choose.

³⁸ There are 27 SETAs across South Africa (www.labour.gov.za/docs/sp/2001/feb/mldladlana_skills.htm, www.labour.gov.za/docs/legislation/skills/index.html), organized by cluster.

Annex A: Workforce System Gaps Analysis, by Stakeholder

Table 9: Basic Education Gaps

Findings	Gaps
<ul style="list-style-type: none"> • Lots of rote learning; students are not taught to think critically • “Catastrophic” quality of primary teachers • There is a “missing middle” of early school leavers for whom no skills training is available; extremely limited scope of “non-formal” education • Very little in way of school-to-work programs, career counseling 	<ul style="list-style-type: none"> • Training of teachers needed to make schools work more effectively • Increased equipment infrastructure in schools • Some early exposure to areas of work and enterprise development • Need for expanded “non-formal” education • Need for more adapted education for “missing middle” • Need for school-to-work programs; career counseling at earlier age

Sources: Interviews with Ministry of National Education’s Non-Formal Education Department, employment agencies; attendance at “*Le Système d’Education et le Monde des Affaires*,” seminar organized by the American Chamber of Commerce, Casablanca, March 25, 2003, including directors from the Ministry of National Education and the Ministry of Higher Education.

Table 10: Higher Education Gaps

Findings	Gaps
<ul style="list-style-type: none"> • Almost no research centers • Little use of technology • Faculty have weak pedagogic training • Few courses for managers on business strategy • 40% unemployment of humanities grads • 5% unemployment of professional schools • 1995 World Bank Study found higher education system “fragile” • Lack of connection between university and private sector • New incentives for faculty to obtain consulting work 	<ul style="list-style-type: none"> • Know-how needed on reaching the international market • Investment in retraining of faculty • How to develop and respond good labor market research • Lack of resources to send young faculty abroad to study • Opening up to other disciplines • Need to create entrepreneurs out of university/ institute professors, so that private firms and government can access their expertise, similar to U.S. community college extension models

Table 11: Microenterprise Gaps & Opportunities

Findings	Gaps	Opportunities
<ul style="list-style-type: none"> • Few loans for agriculture; pilots in rural areas just starting • Very little entrepreneurship training; only 2-3% of micro-enterprises turn into SME's • Rural outreach more expensive • Work with CGAP (US group) • Interest in launching rural tourism • Only 3% of microenterprises go into formal economy 	<ul style="list-style-type: none"> • Limited micro-credit lending in rural areas, even less accompanied by training • Employment creation • Training on marketing and other aspects of management • Youth not oriented to microenterprise or SME creation • Schooling divorced from market • Absence of women's entrepreneurship training • Support for women micro-entrepreneurs on marketing • Transition program into formal sector • Training on basic financial management 	<ul style="list-style-type: none"> • Provide training to women, youth, to convert micro-enterprises to SME's • Provide enterprise training to youth via Jr. Achievement International and other groups • Provide assistance for cooperative formation and development • Pilot project to move more microenterprises into formal economy • Capitalize on opportunities in fisheries industry

Sources: Al Amana Organization, Fondation Zakoura.

Table 12: Textile Cluster Gaps & Opportunities

Sources of Information	Findings (Public Institutions)	Findings (Private Institutions)	Gaps	Opportunities
Technical Training Institutes	<ul style="list-style-type: none"> • Excellent public technical colleges • Instructors receive some practical training • All instructors have teaching certificates • Interministerial certification • Little instruction in how to work in teams 	<ul style="list-style-type: none"> • Weak private sector • Little or no equipment • Poorly motivated students 	<ul style="list-style-type: none"> • Literacy training • Basic skills • High quality teaching • Higher value added skills, such as design • No culture of quality • More autonomy for school 	
AMITH, Rabat	<ul style="list-style-type: none"> • Developing modular curricula • Discussing future needs for higher value added skills • Strong relationships and infrastructure 	<ul style="list-style-type: none"> • Less employer input into school 	<ul style="list-style-type: none"> • Literacy training • Basic skills • Team work • Management skills • "Middle" skills 	
Students	<ul style="list-style-type: none"> • Little or no info re labor market or jobs • Only ¼ meets employer requirements 			<ul style="list-style-type: none"> • Student-run website for career info in the textile sector

Source: Rabat/Salé visits to two technical training institutes (1 public, 1 private), employer association, and one clothing factory workplace

Table 13: Tourism Cluster Gaps & Opportunities

Sources of Information	Findings	Gaps	Opportunities
USAID Rural Tourism Project Chief of Party	<ul style="list-style-type: none"> • Tourism is world's largest employment-generation sector, according to World Travel & Tourism Council • Every 8 tourists generate 1 new job 	<ul style="list-style-type: none"> • Lack of products to give tourists to Morocco a rural tourism experience • Lack of training for direct & indirect employment that could be generated 	<ul style="list-style-type: none"> • Need to adapt hospitality sector training to small businesses, independent operations that will characterize rural tourism • Ample opportunities to develop skills for small businesses in areas of marketing, promotion, communication; nature, culture, and history interpretation • Ample opportunities to create jobs among the unskilled (porters, entertainers, guards, support guides, laundry, maintenance workers, construction workers, kitchen/housekeeping help) • Ample opportunities to create jobs in indirectly related services (health, sanitation, food safety, environmental protection) • Linkage to agriculture employment via increased demand for niche crops, e.g., medicinal plants, wine grapes, organic produce, herbs/spices, flowers
Public Training Institute, Marrakesh	<ul style="list-style-type: none"> • No training for rural tourism • No tracking • No library or curricular materials • 1/10 get in, re students • Feeling "disappointed" • No system of quality control of the training product • Highly different quality among public and private institutions • Inadequate facilities, inadequate language training, inadequate tools and technologies • Inadequate faculty not motivated or skilled • Unsafe physical environment • Grads cannot compete with Moroccans trained abroad 	<ul style="list-style-type: none"> • Up-to-date curricular materials, teachers and training places • Up-to-date technology • Cooperation between Technical College and Employers • Internship opportunities • Opportunities for training abroad • Better teachers • Information about what the market demands • Funds/resources for final project • Up-to-date curriculum 	<ul style="list-style-type: none"> • <i>Conseil Régional de Tourisme</i> created its own Center of Excellence for adv. training and retraining – technical Institutes would have to satisfy criteria to belong • Develop a training program for rural tourism • A fund and training program for youth entrepreneurs who want to start up companies in tourist sector
Regional Tourism Council	<ul style="list-style-type: none"> • Although goal is to attract 10 million tourists by 2010 and train 72,000 new grads, current facilities seem inadequate for even 	<ul style="list-style-type: none"> • Detailed vision and strategies for achieving the goal of 5X increase in tourists and new graduates • External audits or system 	<ul style="list-style-type: none"> • Partnerships with U.S. departments of tourism and hotel studies, through USAID's Association Liaison Office (ALO) for

	<p>current numbers</p> <ul style="list-style-type: none"> • Marrakesh CRT has begun to identify the current status of training and development for tourism • Due to govt policy? no ability to train • outside the country 	<p>of accreditation by employer or professional associations</p>	<p>University Cooperation in Development</p> <ul style="list-style-type: none"> • Develop tourism training institute norms and standards based on global norms of relevant industry associations and hold technical institutes accountable
Workplaces	<ul style="list-style-type: none"> • Too few training places • 86% of workers in industry not formally trained • Employers receive 70% reimbursement of costs for sending people to training • Mid-level managers fearful of being replaced by interns • Inadequate technology • Highly uneven quality of staff 	<ul style="list-style-type: none"> • Comprehensive work-based learning strategy and system • Some way to protect current managers from being arbitrarily replaced by student interns • Integrated work-based learning curricula and experiences to learn all aspects of industry 	<ul style="list-style-type: none"> • Opportunities for IESC advisors
Students	<ul style="list-style-type: none"> • No information about quality of technical schools • Little or no career information • Rely on the Internet and informal networks to learn about what skills are needed 		<ul style="list-style-type: none"> • Career info website on tourism education and training, norms, schools, quality criteria of schools, jobs, etc.

Source: Chief of party, USAID Rural Tourism Project; director and students at the largest public hotel technical training institute in Marrakesh; employees of hotels; head of the Marrakesh Regional Tourism Council.

Table 14: Rural Sector/Agriculture/Agribusiness Cluster Gaps & Opportunities

Sources of Information	Findings	Gaps	Opportunities
Ministry of Agriculture/DERD; Ministry of Economic & General Affairs & Economic Restructuring	<ul style="list-style-type: none"> • Current Ministry of Economic Restructuring portfolio does not include consideration of agricultural restructuring • Ministry of Agriculture is preparing a strategy paper • World Bank has also been engaged in reflection on future of agricultural sector • Women’s training focused in literacy programs and some technical areas (especially livestock, beekeeping) • NGOs also involve women in literacy, sewing, embroidery activities 	<ul style="list-style-type: none"> • Strategy for the “mise à niveau” of the agricultural sector that includes education & training needs • Absence of plan for converting low-productivity wheat growers to production of labor-intensive crop alternatives, livestock • Insufficient strategic thinking re how to integrate women into full spectrum of rural training programs 	<ul style="list-style-type: none"> • U.S.-trained agricultural academics, policymakers, managers are in abundance are a reservoir of already-developed human capacity • They have strong interest in renewing professional ties with U.S. institutions • Opportunities for IESC advisors • Bring NGOs in as active partners in the rural sector • Encourage NGOs to adopt more of an employment-generation approach in their training programs, offering entrepreneurship training to women
Private Sector	<ul style="list-style-type: none"> • Some organization of agribusiness into professional associations • A few examples of private-public partnerships to improve agricultural productivity • Great uncertainty of firms re their ability to address U.S. food safety and agricultural sanitary regulations • Great uncertainty of firms re their ability to penetrate U.S. wholesale/distribution networks 	<ul style="list-style-type: none"> • Need for more cluster organization and collaborative behavior • Only limited exposure of U.S. representatives of U.S. Food & Drug Administration, U.S. Department of Agriculture animal and plant health experts 	<ul style="list-style-type: none"> • Create more opportunities for agricultural academics, many of whom trained in U.S., to offer services to Moroccan private sector • Need to “demystify” the U.S. market for potential agricultural exporters – increased exposure to FDA, APHIS officials, increased exposure to U.S. buyers of fresh agricultural products & specialty foods trade • Moving beyond Morocco Agribusiness Project experience, need to create local, market-based solutions
Education and Training	<ul style="list-style-type: none"> • Charter does not include education for production purposes • Slow pace of reforms [MONIKA, EXPLAIN] • No private training institutes in agriculture, although not excluded 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Build capacity to train trainers to accompany microenterprise loans • Better private sector linkages with agricultural institutions • Provide training funds, not just loan funds
Rural Youth	<ul style="list-style-type: none"> • Youth feel they have no future in the rural sector 	<ul style="list-style-type: none"> • Limited opportunities for youth entrepreneurship training 	<ul style="list-style-type: none"> • Need for energizing rural youth via entrepreneurship training (e.g., 4H, Future Farmers of America)

Sources: Interviews with 2 micro-credit NGOs; national agricultural school; 1 major agro-industry

Table 15: Professional Associations Gaps & Opportunities

Sources of Information	Findings	Gaps	Opportunities
Federation of Mechanical, Metal-Working, and Electrical Industries (FIMME)	<ul style="list-style-type: none"> • Many firms are “green;” 50% are ISO-certified • Consume 34% of taxes, pay only 13% • Est. 1% of firms operate in global market, 20% are SME, rest very small • Increased technological developments require increased speed, responsiveness, and higher skills • Distinction between savoir faire, savoir, and savoir être • Professional associations working with OFPPT to accomplish greater responsiveness • Lycées lack financial resources • Lycées are not interested to work with employers • Professional associations have signed agreements with various training institutions • FIMME has Centers of Excellence with World Bank and OFPPT • FIMME is developing competency based profiles (A5) • Only 20% use computers seriously 	<ul style="list-style-type: none"> • Higher basic skills • More flexible system of training and faster response time to market needs • Critical thinking skills, initiative • Education and training system not responsive enough • “Timid” essays to increase responsiveness • Cultural competencies – how to get work done (workplace culture) • Strategy and vision for sector • Training within enterprises • Better intermediation among firms, and training institutes • Better mid-level management (behavioral) skills • Mid-level technical workers 	<ul style="list-style-type: none"> • Business leaders developed a vision for capturing higher value-added export opportunities • Know-how to better id skills and competencies (this info is readily available) • Know-how to penetrate U.S. markets • Know-how to develop products that could succeed in the U.S. market • Know-how to adapt and develop the logistic know-how (transport, packaging, etc.) needed for U.S. trade
AMITH, Rabat	<ul style="list-style-type: none"> • Working together to develop a revised, modular curriculum • Major problem is lack of training places at work (<i>stages</i>) • Close working relationship with ESITH 		<ul style="list-style-type: none"> • Develop a “training enterprise” designed to expose students to workplaces • Develop a means of paying those employers who were willing to train • Develop rapid-on-line assessments for modules

Sources: FIMME, AMITH, CRT/Marrakech

Annex B: Contacts Made in Morocco

Moroccan Government

Ministry of Agriculture

- Ait Baba, Direction of Rural Education, Research, and Development
- Mostafa Berrada, Director, Direction of Rural Education, Research, and Development
- Mohamed Achahboun, Chief, Division of Higher Education and Agricultural Research
- Akka Oulahboub, Chief, Division of Agricultural Extension

Ministry of Artisanal Affairs

- Bensaid Amal, Direction of Continuous Training

Ministry of General Economic Affairs & Economic Restructuring

- Sabah Benchekroun, International Economic Relations (Tel. 037-68.73.16, benchekroun@affaires-generales.gov.ma)
- M. Baïna (baina@affaires-generales.gov.ma)
- M'hamed Hilali (hilali@affaires-generales.gov.ma)
- Bahia Omari (omari@affaires-generales.gov.ma)

Ministry of Higher Education

- Mokhtar Annaki, Director of Higher Education (Tel. 037-70.61.73)
- Lhoucine Ait El Mahjoub, Direction of Forecasting and Evaluation (Tel. 037-70.64.95, mahjoub@cnssup.gov.ma)

Ministry of Labor, Social Affairs, and Solidarity

- Ahmed Benrida, Director of Employment (Tel. 037-68 31 87/88, abenrida@emploi.gov.ma)

Ministry of National Education

- Hamid Behaj, Conseiller Technique to the Minister (Tel. 037-68.72.19, behaj@men.gov.ma)

State Secretariat, Condition of Women, Family, Children, and the Handicapped

- Nazha El Boukili, Chief, Division of Women's Affairs (Tel. 037-67 06 65, nzboukili@hotmail.com)
- Fatima Kerrich-Ezzine, Division of Women's Affairs

State Secretariat, Professional Training

- Khalid Alaoui, Director, Professional Education (Tel. 037-75.01.95)
- M. El Hirsch, Apprenticeships
- Driss El Yacoubi, Director of Private Professional Training (Tel. 037-75 02 67, elyacoubi-dfpp@dfp.ac.ma)
- Boujaemaâ Moukasse, Department of Professional Training, Information and Professional Relations Service (Tel. 037-75 02 67, moukasse-sirp@dfp.ac.ma)
- Mme. Zougari, Chief, Division of Studies

State Secretariat, Youth and Non-Formal Education

- Habiba Bouazzaoui, Director (037-73.28.20)
- M. Safi, Direction of Non-Formal Education

Agence Nationale de Promotion de l'Emploi et des Compétences (ANAPEC)

- Abdelhalim El Fatihi, Director of Meknes office (Tel. 055-52.10.17, aelfatihi@anapec.org)

Entraide Nationale

- Mohamed Talbi, Director (Tel. 037-77.24.87)

Non-Governmental Organizations

Al Amana

- Fouad Abdelmoumni, Director (Tel. 037-77 01 41, fouad@alamana.org.ma)

Fondation Zakoura Micro-Credit

- Ahmed Belbaly (Cell 061-15.67.96, zakouramc@casanet.net.ma)

Microcredit Summit

- Sam Daly Harris, Founder and CEO (samdharris@microcreditsummit.org)

Education and Training Institutions

Ecole Nationale d'Agriculture de Meknes

- Abdelhafid Debbarh, Director (Tel. 055-30.02.39, adebbarh@enameknes.ac.ma)

Ecole Supérieure des Industries de Textiles et d'Habillement

Institute of Applied Technology – Clothing

- Director, (Tel. 037-75 39 98, itac@iam.net.ma)
- Samir Abdelmajid Chourouk, Coordinator of Continuous Training (Tel. 037-75 39 98, itac@iam.net.ma)
- Six students

Institut Supérieur de Technologie Hôtelière et Touristique de Marrakech

- Mustapha Chagdali, Director (Tel. 044-42.09.79)
- Hicham Jaddoud, Technicien et étudiant (Tel. 062-39.83.01)

Private Sector

Note: In addition to the companies or associations listed here, two members of the GWIT team had interviewed many members of the private sector last year as part of the USTDA/Ministry of Foreign Trade study on opportunities under the U.S.-Morocco Free Trade Agreement.

Association Marocaine des Industries du Textile et de l'Habillement (AMITH)

- Salah Mezzouar, President

Beltrame Confection

- Aziz Ibn Ghazala, Administrator (Tel. 037-85.24.68, belcome@logisoft.net.ma)
- Hamada Ibn Ghazala, Director General (Tel. 037-85.24.68, belcome@logisoft.net.ma)

Conseil Régional du Tourisme, Marrakech

- Rachid Tibari, President of Training and Employment Committee (Tel. 044-43.08.86, tafiotel@iam.net.ma)

CMS Energy

- Majid Iraqui, Business Development Analyst (airaqui_houssaini@cmsenergy.com)

Diorh (private employment agency, Casablanca)

- Essaid Bellal, Director (Tel. 022-23.77.67)

Euro-Maroc Entreprise

- Neama Ouazzani, Deputy Director (Tel. 022-25.60.25, emc@marocnet.net.ma)

Federation of Mechanical, Metalworking, Electrical, and Electronic Industries (FIMME)

- Lekbir Belaidi, Counselor & training expert, Programme d'appui à la mise à niveau de la formation professionnelle (Tel. 037-75.02.77, ugp-dfp@dfp.ac.ma)
- Michel Devalland, Expert, Professional Training counselor, Programme MEDA (037-75.02.77, dvi-ugp@dfp.ac.ma)
- Abdelhak Mounir, President (Tel. 022-30.16.83)

Hotel Tafilalet

- Rachid Tibari, Director (Tel. 044-44.98.18, tafiotel@iam.net.ma)

Les Conserves de Meknes -- Aïcha

- Mardochée Devico, President & Director General (Tel. 055-50.17.90, aicha@aicha.com)

Manpower, Inc.

- Jamal Belahrach, Director (Tel. 022-94.40.84, j.belahrach@manpower-maroc.com)

International Development Donor Community

Note: A complete donor inventory is being prepared for USAID/Morocco by consultant Brad Favor. The GWTT team therefore did not schedule additional interviews with the donor community, in light of the other demands on its time.

Belgian French Community (Walloon-Brussels)

- Philippe Mottet, Coordinator (Tel. 037-67.40.87, apefema@mtds.com)

Canadian International Development Agency (CIDA)

- Aouatif Aliaoua (Tel. 037-68.74.00/07, aouatif.aliaoua@dfait-maeci.gc.ca)
- Marie-Pierre Longtin (Tel 037-68.74.07, marie-pierre.longtin@dfait-maeci.gc.ca)

USAID (Tel. 037-63 20 01)

- James Bednar, Mission Director
- Monique Bidaoui, Education office chief
- Ronald Carlson, Urban Development officer
- Brad Favor, Strategy consultant, donor inventory
- Mark Krackiewicz, economic growth consultant
- Peter Kresge, General Development officer
- Rhys Payne, Strategy consultant, democracy & governance assessment
- Richard Rousseau, Private Sector officer
- Dominique Zemrag, Education officer

U.S. Embassy (Tel. 037-76 22 65)

- Margaret Tutwiler, Ambassador
- Helen LaLime, Deputy Chief of Mission
- Merritt Chesley, Agricultural attaché
- George Aldrich, Labor attaché

World Bank (Tel. 037-63 60 50)

- Jenny Litvack, economist
- Michel Welmond, education specialist (DC)
- Albert G. Zeufack, competitiveness specialist (DC)

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