

KINGDOM OF MOROCCO

MILLENNIUM  
DEVELOPMENT GOALS

National Report 2009

March 2010

## Abstract

When Morocco endorsed in 1990 the commitment to achieve the Millennium Development Goals (MDG), as set by the international community, Morocco had barely emerged, after the debt crisis, from the difficult period of structural adjustment. The macro-economic and financial indicators were relatively recovering, while the social context continued to deteriorate with occasionally violent social and political protests.

The 90's was, therefore, the decade of balance sheets and operations research to end the crisis. It was marked by accelerated liberalization and economic openness, financial sector reforms and an upgrading process of the legal and institutional framework of the businesses.

There was also a parallel resurgence of interest in human development and improving governance. A commitment to political openness gave way to a more peaceful dialogue between the government and political parties, professional organizations and civil society associations.

At the end of the decade, Morocco continued, however, to complain about a heavy burden in terms of growth and human development. The growth rate did not exceed 3% on an annual average. The poverty rate continued to rise, reaching 16.3% in 1998. The net primary school enrolment that was at 74% in urban areas was more than twice lower in the rural areas (36%) and two thirds amongst girls (23%). The literacy rate in the 15/24 age group was still at 80% in urban areas in 1994, at 35% in rural areas and at 17% among girls in the rural areas. In 1995, access to safe water was available to only 81% of the urban population and 14% of the rural population.

Taking advantage of the advent of King Mohammed VI's reign, and after inheriting this heavy burden, Morocco had to make a significant break with a long historical context marked by insufficient consideration of an inconsistent liberalization and economic openness policy with largely traditional social structures and conservative cultural values.

The quest for higher economic growth, a more equitable social and geographic distribution of wealth, a more active democratic participation, as part of a

recognized and assumed citizenship, was to lead in an explicit manner the national will to consolidate achievements and exceed liabilities accumulated during previous periods.

Supported by a societal and institutional reforms process, Morocco's economy was firmly committed in an active integration process at the international level. Morocco was committed to build on the partnership opportunities with the European Union, and the potential benefits of the free trade agreements with the United States of America or even with an increasing number of countries in the Middle East and Africa.

In synergy with the opportunities of globalization and the added value of open regionalism, the operating of liberalization and economic openness policy, and breaking apart from the administration's previous government, was increasingly supported by companies from a mixed-economy. They had the power to create a more dynamic, incentive and secure framework for new partnerships between the government and many domestic and foreign private sector operators, local municipalities, and in specific cases with the civil society.

It is within this framework that centers of economic excellence were created and are still developing at sectoral and regional levels, enhancing the country's

comparative advantages and the natural and human potentials of these regions. On the basis of partnership agreements (contrats programmes), there has been an investment process, particularly in economic and social infrastructures, in urban and rural areas, and in high added values industries.

The regional diversity of these investments has spurred the relocation of the national economy and has contributed to the geographical redistribution of employment and income. By doing so, it has offered to a large portion of the population new opportunities to access basic social services. This economic growth has provided the capacity to reduce social inequalities and regional disparities.

The National Initiative for Human Development (NIHD) has been in this respect, the Royal will to

make human development both the goal and a motivating factor for a new pattern of growth. The NIHD was, by its conceptual approach, by its participatory approach for implementation, and by its plural evaluation methods, designed by the King as a specific framework to promote social progress and, in this case, to achieve the Millennium objectives. In accordance with its purpose, the actions planned in this context aim to improve the living conditions of the population through social infrastructure development and incentives, at the basic geographical level, and for the creation of revenue generating micro projects for youth and women.

Dedicated to this model of development, and if needed with the lover aging of the Hassan II Fund, public investments provided by State resources and local municipalities were enrolled in a fiscal policy accountable to the fundamental balance of the macroeconomic framework, and this despite of a context where growth has been, throughout the decade, driven by domestic demand.

Six years prior to 2015, Morocco's performance, both in economic and human development terms, made it one of the countries inclined to achieve the MDG. This has been confirmed both by the analyses of the High Planning Commission and that of numerous senior United Nations officials. This credibility is based on statistical data. The last two decades a comparison of shows, indeed, that economic growth increased from an average of 2.2% to 4.4%, and excluding the primary sector, from 3.0% to 4.8%. Domestic demand grew by 5.1% on average annually instead of 2.4%. The overall investment rate increased from 24.8% in 1999 to 32.6% in 2009. Meanwhile, the unemployment rate, dropped from 13.8% in 1999 to 9.1% in 2009, with nonetheless a high rate for university graduates. Household expenditure grew by 4.3% on average per year and since 2003 by 5.6%. With an annual growth of income per capita of 4.3% and consumer prices of 1.9%, purchasing power has improved by 2.4% per year.

Moreover, people's access to basic social services has improved at a more accelerated rate. If it is already widespread in urban areas, rural access to electricity increased from 9.7% in 1994 to 83.9% in 2009 and drinking water from 14% to 90%. In the education sector, the net enrollment rate of children from age 6 to 11 increased from 52,4% to 90,5% nationally. Education rate has almost tripled in rural areas and quadrupled among rural girls. Therefore, the boys to girls' ratio in primary education increased from 66% to 89% and the parity index has more than doubled in

rural areas. Today, the emergency program adopted by the government in this area should reduce school dropouts, improve access to preschool and help lower the illiteracy rate particularly in rural areas and consequently optimize human resources.

Finally, life expectancy at birth increased from 65.5 years in 1988 to 72.9 years in 2009. This increase is an indicator of improved nutrition and public health. The relative decrease in maternal and infant mortality anticipated in the preliminary results of the demographic survey in progress, would mark, in this regard, an improved efficiency of public health management.

In general, improved household income benefited all social groups, mostly middle and higher classes, although relatively in smaller proportions to the middle class. The poverty rate has therefore decreased from 16.3% in 1998 to 8.8% in 2008. For the first time, Morocco has achieved a growth rate benefiting the poor and stabilized the level of social inequalities.

Taking into account the performance rate, the UNDP projections foresee that Morocco will be able to achieve the MDG by 2015. The steps taken by the HCP, in turn, are based on developing economic models giving priority to a comprehensive assessment of public policies ability to achieve these results.

It is within this approach that the dynamic model has been developed by this institution in collaboration with Mr. Rob Vos from the UNDP and with the specialized expertise of Mr. Hans Lofgren from the World Bank. This model simulates the impact of public policies in favor of social sectors on the Moroccan economy, including macroeconomic stability and achievements of the MDG, particularly issues relating to poverty, health, education, water and sanitation. This permits to comprehend the relationship between these targets and the synergies they have with the different segments of the national economy. It also allows to approach the complementarities between the expenditures allocated to them and to assess the level of optimization. The results demonstrate that by continuing in current trends, Morocco, through greater vigilance over its economic management, would be able to fulfill its goals by 2015. It is in fact due to the high levels of resources already allocated to the social sectors, that such management should become more efficient with the consistency of sectoral programs, by preserving the stability of macro-economic development. Increased business competitiveness and a more active support through international cooperation are

especially needed in this regard. It is worth recalling, that international cooperation must firmly fall in the context of the commitment of the developed countries in the eighth Millennium Development Goal specifically relating to international development assistance.

Developing countries should not fail to challenge them convincingly over this commitment at the Heads of State Summit that the United Nations Secretary General proposes to organize in September 2010. In fact, several of these countries would not be able to achieve the MDG without substantial international aid, especially since they have suffered the consequences of the recent global financial crisis. Morocco, itself, despite the relative resilience of its economy to the effects of this crisis, has nonetheless lost according to our analysis 0.9 points of GDP growth in 2008 and 2.4 points in 2009 and should continue to endure the repercussions over the coming years.

In general terms, no one is able to estimate the outcome of the magnitude and duration of the global crisis effects, nor assess its likely impact on the economy in developed countries and even less on the living conditions in developing countries. What is obvious, in terms of prospective, is that the source of wealth and profits accumulation should, at an international level, find a new hierarchy of investment priorities. Sustainable energies, environment, the knowledge of economy, the reduction of inequalities, and regional integrations could become the new engines of the global economy. This could further the gap of inequalities the inequalities between developed and developing countries.

Also, beyond the MDG, Morocco can welcome the King's will to initiate a new generation of reforms and projects to base the country's development trends in the projected perspectives of developed economies. The creation of the Economic and Social Council for strategic planning, the advanced regionalization to transform the institutional landscape of the country and to boost its economic and social development, as well as the promotion of new energy sources and green growth, are all examples of the Royal ambition. After having eliminated its social deficits, Morocco presents now the image of a country determined to build the future model of its economic and social development. In conclusion, it is relevant to note that the rich debates that resulted in the MDG national report and the interest it has generated in various sectors of public opinion, have in fact guided its preparation and presentation.

The significance of this debate does, nevertheless , highlight the weak ability of indicators, such as the HDI, to yield, due to its simplistic indicators, as much impact on the necessary public awareness of the multiple challenges of human development.