

**THE UNDP STRATEGY FOR REGIONAL  
ECONOMIC DEVELOPMENT IN MOROCCO:  
INCREASING COMPETITIVENESS, REDUCING  
POVERTY, AND OFFERING BETTER  
OPPORTUNITIES TO MRE'S**

***A PROPOSAL***

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## 1. Introduction: the conceptual framework, according to the UNDP learned lessons.

National policies for the economic development has radically changed since the last 20 years. The transactional and flexible bottom-up approach is substituting the prescriptive top-down one, and the macro-economic primacy on the micro-economy, is going to be put in discussion by the emergency of the meso-economy which is more able to exploit and valorise the local potentialities, the agglomerative production processes, the innovation and the needed continuous changes, through dynamics and ways not necessarily the same for each area or a country.

The territorial dimension, that either facilitates a participatory approach, or optimises the critical mass of resources for development faces better the globalisation and the production of welfare and equity.

Each region is able of building up development, changes and innovations, thanks to its endogenous resources, the agglomerative and differential economies, due to its own history, knowledge, and culture.

The territory is the excellent space for the endogenous development, because it generates externalities, allows increasing economic rates, productive diversification and differentiation, networks among the local actors, the diffusion of the tacit and the explicit knowledge. It facilitates the collective learning, and facilitates the creation of new businesses and services.

Territory is not a mere geographic space, but the place where the social relationships, the human values, the cumulative collective experience allow the history, the economic evolution, the know how, the interaction between the residents, the natural resources, and the environment. All this generates long-term, sustainable and equitable development, because the residents' main interest is just of preserving and developing their own resources for them and the future generations.

In many poor areas generally the initial conditions typical of weak economies: survivalist, individualistic, non-commercial, non-sustainable.

In these contexts UNDP, mainly through the ART Initiative and its predecessors<sup>1</sup> has learned the following lessons:

1. territorial economic development is based on the local human and social capital. Only the willingness and the intelligence of the local actors, which decide together about goals, strategies and instruments, can provide durable, sustainable, and equitable development perspectives. There is no development with social fractures, discriminations, inequalities: the only possible development is the human development. It implies a long-term vision, built around the institutional, environmental, economic, and social sustainability.
2. An effective territorial development is an able combination of locally shared strategies, through "territorial pacts" between the public and private stakeholders, and national policies, which accompany, rule, and support the local processes.
3. There is no development without competitiveness. The economic competitiveness depends on the differential advantages each territory can express, more than on the sum of economic activities. Networks of micro, small, and medium enterprises, organised in chains of value or clusters, constitute the territorial strength, because they favour the business interaction and reciprocity.

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<sup>1</sup> The APPI, Human Development at Local Level, and Prodere programs.

4. An effective combination of strategic planning, participatory governance, and implementing capacities is the secret of the success of the local economies. A comprehensive public-private service system at regional level constitutes the most adequate mean for providing support to the regional economic development strategies, if it optimises financial and non financial services, territorial marketing, and project development<sup>2</sup>.

## 2. The SWOT analysis for the Morocco's economic development

Macroeconomic stability, coupled with low inflation and relatively slow economic growth, has characterized the Moroccan economy over the past several years. The government continues to pursue reform, liberalization, and modernization aimed at stimulating growth and creating jobs. Employment, however, remains overly dependent on the agriculture sector, which is extremely vulnerable to inconsistent rainfall. Morocco's primary economic challenge is to accelerate growth in order to reduce high levels of unemployment and underemployment and pursue human development. While overall unemployment stands at 11%, this figure masks significantly higher urban unemployment, as high as 33% among urban youths.

### Morocco economy in brief

**GDP (2005):** \$51.990 billion.  
**Per capita GDP (2005):** \$1.725 billion.  
**Natural resources:** Phosphates, fish, manganese, lead, silver, and copper.  
**Agriculture (13% of GDP, 2005):** *Products--* barley, citrus fruits, vegetables, olives, livestock, and fishing.  
**Industry (31% of GDP, 2005):** *Types--* phosphate mining, manufacturing and handicrafts, construction and public works, energy.  
**Trade:** *Exports--* \$14.037 billion (27% GDP, 2005). *Major markets--* EU 71.5%, India 4.1%, U.S. 2.6%, and Brazil 2.4%. *Imports--* \$17.68 billion (34% GDP, 2005). *Major suppliers--* EU 52.1%, Saudi Arabia 4.8%, Russia 6.7%, China 5.2%, U.S.

Through a foreign exchange rate anchor and well-managed monetary policy, Morocco has held inflation rates to industrial country levels over the past decade; inflation between 1999 and 2004 remained at 1.5% and fell to 1% in 2005. Despite criticism among exporters that the dirham has become badly overvalued, the country maintains a current account surplus. Foreign exchange reserves are strong, with over \$16 billion in reserves, the equivalent of 11 months of imports at the end of 2005. The combination of strong foreign exchange reserves and active external debt management gives Morocco ample capacity to service its debt. Current external debt stands at about \$15.6 billion, or 27.8% of GDP.

Economic growth has been hampered by an over-reliance on the agriculture sector. Agriculture production is extremely susceptible to rainfall levels and ranges from 15% to 20% of GDP. Given that almost 50% of Morocco's population depends directly on agriculture, droughts have a severe negative effect on the economy.

Exports more than doubled from approximately US \$2 billion in 1990 to over US \$4 billion in 1991. As a result of the 1983 structural adjustment program, almost 50 of Morocco's exports are consumer and semi-manufactured goods with a significant reduction of mineral and agricultural products.

The current government is continuing a series of structural reforms begun in recent years. The most promising reforms have been in labor market and financial sectors, and privatization has accelerated the sale of Global System for Mobile Communications (GSM) licenses in the last few years. Morocco also has liberalized rules for oil and gas exploration and has granted concessions for

<sup>2</sup> The Human Development UNDP programs have experienced successful sustainable local economic development structures, such as the LEDA (Local Economic Development Agencies) in 15 countries and 50 areas. They are legal, no profit structures, owned by the public and private entities of the territory. Through the LEDA the local actors plan and activate, in a shared way, initiatives for territorial economic development, identify the most convenient instruments for the realization of the initiatives and activate a coherent system for their technical and financial support. The LEDAs provide services, such as territorial promotion, economic animation, credit, technical assistance to businesses, entrepreneurial training, project development and financing

many public services in major cities. The tender process in Morocco is becoming increasingly transparent. Many believe, however, that the process of economic reform must be accelerated in order to reduce urban unemployment.

In order to propose a strategic framework for Morocco's territorial economic development, a synthetic SWOT (Strength-Weaknesses-Opportunities-Threatens) analysis is illustrated as it follows. It takes into consideration the main variables, as they come out from literature and direct experience.

### **Strengths**

1. Good economic potential offering competitive advantage in agro-industry (fruit and vegetable, olives, fish, etc.), tourism, culture, and arts and crafts
2. Presence of economic and financial services
3. Proximity to Europe
4. Entrepreneurial attitude

### **Weaknesses**

1. Dependence on few and not modernised sectors, such as traditional tourism, traditional manufacturing (textile, clothes) too much exposed to international competence, traditional agriculture, exposed to climate variability.
2. Concentration of the main economic activities on the axes Casablanca-Rabat.
3. Lack of productive infrastructure (mainly transportation, irrigation, communication).
4. Risk of the environment contamination increase.
5. Weakness of the SME sector and cooperatives.
6. Difficulty of the access to business finance for the majority of the population, small entrepreneurs and farmers.
7. Insufficiency of business services (mainly for innovation, international market, territorial marketing, clustering, innovative finance, etc.)
8. Lack of professional capacities (technical, managerial, entrepreneurial).
9. Weak capacities of decentralised administrations for enhancing good participatory governance, strategic implementation, and services.
10. Scarce contribution of women to the economic development.
11. Separation of social development policies for reducing the poverty (mainly sub-urban, rural, women, young people) and economic development policies at macro, meso, and micro level.
12. Scarce coordination between the authorities committed to economic development at national, regional, and provincial level.
13. Scarce contribution of the RME's to the competitive and sustainable economic initiatives and projects.

### **Opportunities**

1. Macro-economic stability
2. Measures concerning the opening to stranger capitals, the liberalisation of the commerce, the privatisation, the modernisation of the financial sector already operational.
3. Efforts from the government for the fight against poverty and for regulating economic development (law about customs, competition, intellectual property, association agreement, etc.).

4. Financial availabilities from national budget and development programs (INDH, Create business, Agenda 21, Habitat, etc.).
5. Decentralisation with power in the hands of regional, provincial, and municipal administration.
6. Resources from RME.
7. International cooperation contribution (UNDP, World Bank, the next EU neighborhood programs, international and decentralised cooperation, among others).
8. Presence of institutions dedicated to regional development (Regional Development Agencies, CRI, etc.).

### **Threatens**

1. Scarce disposition to collective work, concertation, and coordination at all the levels .
2. Overlapping of initiatives and regulations, impeding coherence between macro-meso and micro strategies, and links between social and economic development responsibilities.
3. A formal decentralisation, without concrete assigned resources and powers to decentralised administrations.

**TABLE 1: SWOT ANALYSIS FOR TERRITORIAL ECONOMIC DEVELOPMENT IN MOROCCO**

<p style="text-align: center;"><b>WEAKNESSES</b></p> <ol style="list-style-type: none"> <li>1. Dependence on few and not modernised sectors, such as tourism, traditional manufacturing (textile, clothes)</li> <li>2. Concentration of the main economic activities on the axes Casablanca-Rabat</li> <li>3. Lack of productive infrastructure (mainly transportation, irrigation, communication)</li> <li>4. Risk of the increase of the contamination</li> <li>5. Weakness of the SME sector and cooperatives</li> <li>6. Difficulty of the access to business finance for the majority of the population, small entrepreneurs and farmers</li> <li>7. Insufficiency of business services (mainly for innovation, international market, territorial marketing, clustering, innovative finance, etc.)</li> <li>8. Lack of professional capacities (technical, managerial, entrepreneurial)</li> <li>9. Weak capacities of decentralised administrations for enhancing good participatory governance, strategic implementation, and services</li> <li>10. Scarce contribution of women to the economic development</li> <li>11. Separation of social development policies for reducing the poverty and economic development policies at macro, meso, and micro level</li> <li>12. Scarce coordination between the authorities committed to economic development at national, regional, and provincial level.</li> <li>13. Scarce contribution of the MRE's to the competitive and sustainable economic initiatives and projects</li> </ol>	<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ol style="list-style-type: none"> <li>1. Macro-economic stability</li> <li>2. Efforts from the government for the fight against poverty and for regulating economic development (lay about customs, competition, intellectual property, association agreement, labour market, etc.)</li> <li>3. Measures already operational, regarding the opening to stranger capitals, the liberalisation of the commerce, the privatisation, the modernisation of the financial sector</li> <li>4. Financial availabilities from national budget and development programs (INDH, Create business, Agenda 21, Habitat, etc.)</li> <li>5. Decentralisation with power in the hands of regional, provincial, and municipal administration</li> <li>6. Resources from RME</li> <li>7. International cooperation contribution (UNDP, World Bank, the next EU neighbour programs, decentralised cooperation, among others)</li> <li>8. Presence of institutions dedicated to regional development (Regional Development Agencies, CRI, etc.)</li> </ol>
<p style="text-align: center;"><b>THREATENS</b></p> <ol style="list-style-type: none"> <li>1. Scarce disposition to collective work, and coordination</li> <li>2. Overlapping of initiatives and regulations, impeding coherence between macro-meso and micro socio-economic strategies</li> <li>3. A formal decentralisation, without concrete assigned resources and powers to decentralised administrations</li> </ol>	<p style="text-align: center;"><b>STRENGTHS</b></p> <ol style="list-style-type: none"> <li>1. Good economic potential in agro-industry based on products offering competitive advantage (fruit and vegetable, olives, fish, etc.), Tourism, Culture, and Arts and crafts</li> <li>2. Presence of economic and financial services</li> <li>3. Proximity to Europe</li> <li>4. Entrepreneurial attitude</li> </ol>

### 3. A strategy for economic development: increasing competitiveness, decreasing poverty, and offering new opportunities for MRE's

#### 3.1 Main goal

The main goal consist in providing the operational framework for increasing competitiveness, reducing poverty, and offering new opportunities to MRE's investment, through improving regional economic performances.

#### 3.2 Strategic objectives

According to the SWOT analysis, and for pursuing the above mentioned main goals, the following specific strategic objectives have been identified for utilising the strengths, reducing the weaknesses, exploiting the opportunities, and facing the threatens:

1. Valorise the regional endogenous potential resources for a sustainable competitiveness
2. Coordinate governmental initiatives, regulations, and measures designed by the different authorities with the aim of concentrating them towards regional competitiveness, productive infrastructure, and social inclusion
3. Implement new financial instruments for smme, cooperatives, and small farmers
4. Reinforce small entrepreneurs, farmers, cooperatives and their associations
5. Empower decentralised capacities for implementing coherent economic development plans, including local administrations, NGO's, women associations, entrepreneurs associations.
6. Implement comprehensive service systems at regional level, utilising the existing service delivery organizations, and integrating technical and technological assistance, access to credit, socio-economic animation and stimulation, commercialisation, marketing, and internationalization
7. Provide an unique referential service for addressing decentralised cooperation and RME's investment
8. Empower women for their participation to economy

The following table 2 shows the impact of each objective on the SWOT analysis components.

**Table 2: Impact of the economic territorial development strategic objectives on the SWOT analysis variables**

Strategic Objectives	Valorise the STRENGTHS	Reduce the WEAKNESSES	Take the OPPORTUNITIES	Face the THREATENS
Valorise the regional endogenous potential	1,3,4	1,2, 4, 5, 10, 11, 13	2, 3, 4, 6, 7, 8	1, 3
Coordinate governmental initiatives,	1, 2, 3	2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13	1, 2, 3, 4, 5, 6, 7, 8	1, 2, 3
Implement new financial instruments	1, 2, 3, 4	1, 5, 6, 8, 10, 13	4, 6	1
Reinforce SMME, and cooperatives	1, 2, 3, 4	1, 2, 5, 8, 10, 13	4, 6, 7, 8	1
Empower decentralised capacities,	1, 2, 3, 4	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13	1, 2, 3, 4, 5, 6, 7, 8	1, 2, 3
Implement comprehensive service systems at regional level	1, 2, 3, 4	1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 13	2, 3, 4, 5, 6, 7, 8	1, 2, 3
Provide an unique referential service for RME's	1, 3	1, 2, 3, 5, 6, 12, 13	3, 4, 5, 6, 8	2, 3
Empower women	1, 3	2, 4, 5, 7, 8, 10, 11, 13	2, 4, 5, 6, 7, 8	1, 3

*(Example for reading the table: the valorisation of the regional endogenous potential valorises the component 1,3, and 4 of the strengths, as indicated in the table 1 (Swot Analysis), reduces the components 1,2,4,5,10,11 and 13 of the weaknesses, etc.)*



### 3.3 Valorise the regional endogenous potential resources for a sustainable competitiveness

The sustainability of territorial development is given in first instance by its ability to compete, using own resources and local knowledge in order to attract additional resources from the outside (financial, human, technological), and for positioning the local ones on the global markets. Such sustainability is, on the other hand, assured if the main resources at disposal of the territory (human and natural resources), are safeguarded and valorised. This implies an echo-compatible and social development addressed to the well-being of the population.

A territory is in competition with the other ones. The endogenous development opens new perspectives at global scale, because the local vocations introduce new and additional knowledge, goods, and services within the market. Market is not a "closed" dimension, where the only way for participating is stealing niches, but an open space where new answers to the people needs increase the demand.

Territorial competitiveness depends on specific differential advantages (more than on comparative advantages), given by the tradition, the culture, the local acknowledgements, the specific natural resource.

The more recent evolutions of the territorial economic development models make reference above all to the network approach: (a) nets of local enterprises, that cooperate for competition in districts, chains of the value, system-areas (as many European experiences, specially Italian and Spanish teach); (b) nets of development services, able to connect various competences (financial, technological, commercial, training, etc); and (c) international partnership nets, in order to strengthen the positioning in the global markets.

Also the external investment could be better used within the endogenous potential approach, if they reinforce the prioritised sectors or chains of value of the area, in terms of improving capacities, opening up the economy to internationalization, enhancing innovation or innovation capacities, etc.

Sectoral studies have already been carried out in several regions of Morocco for identifying the competitive endogenous potential.

This is related to those resources characterised by competitive advantage, and sustainable performance by the point of view of social sustainability (reduction of poverty, social inclusion, job creation); economic sustainability (capacity of adding value, and multiplying proximity value); institutional sustainability (strategic resource for the region as identified by national and regional government); environmental sustainability<sup>3</sup>.

Similar studies should be realised in the regions, which lack it.

Enormous competitive potentialities exist, in general, in agro-business (fruit, olives, vegetables, fish, etc.), tourism, culture, and arts and crafts.

Natural and cultural patrimony represent an important economic potential in Morocco, and it represents also a historical heritage for the humanity. archaeological sites, kasba's, and medina's, oasis, forests, deserts, and sea, but also the immaterial heritage, such as the oral tradition and expression, the arts and the spectacles, the dances and the music, etc. It provides a relevant contribution to tourism and cultural economy.

An important role is of the art and crafts enterprises. They provided the 20% of the employment of the active population in 2003, the 19% of the GNP in 2001, 700 millions of DH in 2003. They contribute to safeguard and develop products linked to the cultural identity of Morocco, adding economic value to the endogenous local potential. They contribute in relevant manner to social development, either for the

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<sup>3</sup> UNDP/ART/ILSLEDA introduced the innovative concept of "sustainable competitiveness" and a specific analytical tool.

consistent presence of social enterprises, or for the women participation, or for the training on the job offered.

Agriculture plays a major economic and social role in Morocco and largely contributes to efforts of economic takeoff that the Kingdom has been undertaking for some decades.

The agriculture sector employs about half of the active population and contributes 17% of the GDP.

The country's area is estimated at about 7.1 million hectares, including 40 million hectares of agricultural land plots

Production of the three major cereals (hard wheat, soft wheat and barley) reached in 1996 around 100 million quintals, which is a 100% increase in comparison with the average production of the 1991-1995 period.

Citrus fruits are grown over an area of 74,700 hectares, or 10% of the total area where fruit trees are grown.

Most of the citrus fruits fields are located in the regions of Souss, Gharb, Moulouya and Tadla which hold together more than 80% of the total area.

A percentage of 44 % of the national citrus fruits output is destined to exportation, 10% are processed and 46% are consumed fresh at the local market.

Other main productions regard vegetables, olives, livestock, and fishing

Fishing is another important resource for Morocco. 238,000 tons of fish is annually destined to final consumption, but 160,000 tons are used for other scopes, mainly for industry (conservation, freezing, fish oil flour). Export accounts for 739,000 Euro. The fishing sector employs 120,000 direct workers, and 280,000 indirect workers.

Once the resource is identified, the valorisation should be pursued through:

- a) promoting clusters and chains of value focalised to the competitive resource, through associations, stimulation, incentives, and financial and non-financial services;
- b) realising regional brands, for better promoting and commercialising the products;
- c) realising a comprehensive regional marketing;
- d) reinforcing the small, and medium enterprises, small farmers and cooperatives performances, through diagnosis, problem setting and problems solving, capacity building.

**Coordinate governmental initiatives, regulations, and measures designed by the different authorities with the aim of concentrating them towards regional competitiveness, productive infrastructure, and social inclusion**

The link between local development initiatives and national policies influences positively their reciprocal effectiveness and sustainability on the long term. Furthermore it multiplies the development opportunities for the country economy and employment.

A national policy and strategy for regional economic development is, then, envisaged. It can achieve two main goals:

- 1) utilise all the local resources, capable of generating richness, added value and competition;
- 2) render more effective the combination of economic and social goals, through favouring the participation of all the actors to the economic development, enhancing the social inclusion, and, last but

not least, creating a favourable environment for orientating and addressing the investment of the MREs.

Several initiatives and programs for enhancing economic development and human development have been implemented by the Morocco Government and Kingdom, and UNDP.

Among the others the INDH (Initiative nationale pour le developpement humaine); PRONACE (Programme nationale pour la craetione d'entreprise); the national programs for regional industrial development, the National Emergency Plan; the rainfed agriculture development project (RADP), the VSB (ville sans bidonville) program, Agenda 21, the law 53-00 for smme, and many sectoral programs from ministries of agriculture, economy, tourism, local collectivities, and culture.

The problem is that all these important programmes and initiatives, although rich of useful perspectives, work one if the other ones do not exist, through implementing structures that scarcely coordinate each other, sometime in competition, often duplicating efforts, and mainly with weak relations between social and economic objectives.

INDH itself states "the INDH appears to be somewhat conducive to splitting the Moroccan government's development strategy between economic policies aimed at guaranteeing macroeconomic stability, boosting growth and favouring Morocco's international economic integration, and social policies aimed at guaranteeing an acceptable level of social cohesion or at least mitigating social exclusion (this being considered a national security issue). The INDH takes an approach that focuses more on social impact and social indicators than on the development process itself, or on social development as a structural component of growth and endogenous economic development. In this sense, it could be argued that the 'growth without development' policy, whose failure is highlighted in the Fiftieth Anniversary Report, runs the risk of being followed by an equally unarticulated 'development without growth' policy that lacks a clear linkage between the microeconomic projects that make up the INDH and the general macroeconomic policy. This split could foster the already endemic duality between a modern, dynamic and competitive Morocco and an economically and culturally backward Morocco that lacks opportunities and depends on outside help. Under these circumstances, although the INDH may help raise the standard of living of the most unfavoured social groups, it will not necessarily contribute to the 'process of expanding people's choices', which is the basis of human development".

A national coordinating mechanism or a board is, therefore, envisaged for:

- i) avoiding duplications and waste of resources
- ii) steering coherently all the initiatives towards a common strategy including competitiveness and social inclusion. It is possible, if the differential competitive factors of the regional resources are supported, through a tailored instrumentation, and the various initiatives for reducing the poverty are channelled into this mainstreaming objective.

An articulation of national and regional strategies and measures, should be the consistent component of development strategy.

In this case the role of the national government moves from being the only decision maker and financial provider of development project to being the local development facilitator. It builds the regulatory framework for orientating, uniforming financial, and monitoring the local development general objectives and the methods, established inventives and penalties, adopts the financial and non financial service systems framework. The role of the national government is also important for coordinating the various local initiatives, facilitating exchanges of practices and lessons, providing access to the international knowledge and market.

At local level a concertation table (for instance looking at the successful experience of the European territorial pacts) between the public and the private sector should be enhanced, for making operational the good participatory governance, and for selecting and targeting the initiatives concerning

infrastructure development, business and service development, financial operations, territorial marketing, social inclusion, economic animation, and training plans.

A more close operational relationship should be established also between the municipal, provincial and the regional administrations, either for providing coherence between the various levels, or for rendering more effective the implementation of the plans.

The INDH initiative has established community working groups, through a participatory approach. This could be very useful for linking communities and institutions, social and economic goals.

### 3.5 Implement new financial instruments for smme, cooperatives, and small farmers

National innovative instrumentation should be targeted to facilitate the access to finance (credit, venture capital, leasing, etc.) for small businesses and cooperatives.

Regional responsibilities and capital should be assigned to each region for its best allocation, and for reducing the risk of a low return rate.

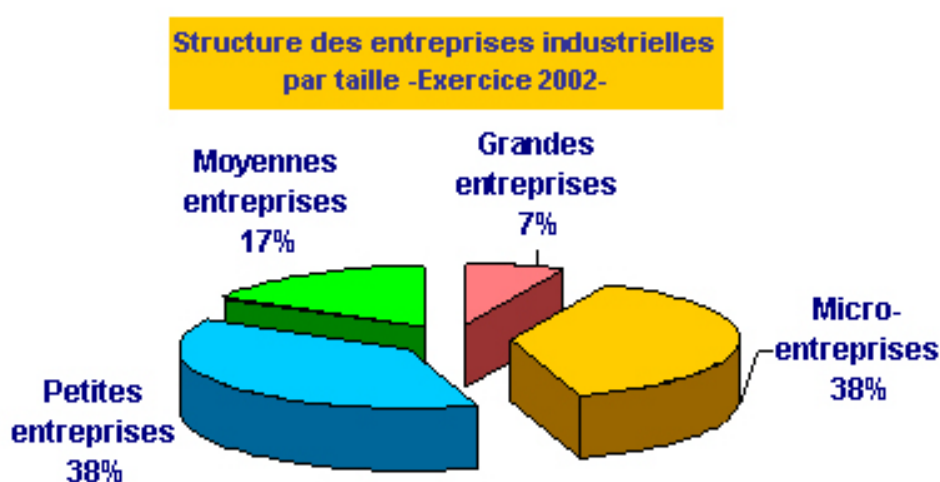
Regional guarantee fund, eventually with the participation of the private sector, could be implemented for providing additional guarantees, and reducing the bank risks.

Micro-credit initiatives should be linked to the economic development strategies, more than subsidising poor people, without producing economic added value. It means the selection of those micro-businesses included into the regional competitive chains of value, more than dispersing funds in thousands of weak initiatives.

### 3.6 Reinforce small entrepreneurs, farmers, cooperatives and their associations

The small and medium enterprises constitute a relevant part of the economy in Morocco. They represent the 93% of the total number of the Morocco industrial companies (see figure below), and contribute quite a lot to the economic growth, employment, and added value.

Globally, according to the Ministry of Industry and Commerce, 6690 industrial PME operate in Morocco in 2002, of which the majority belong to the chemical industry (29%), agro-alimentary (25%), and textile (25%).



The law 53-00, published on 23 July 2002, constitute the reference for the governmental action in favour of SMME, through the partnership with the private sector. It launched the "SME Chart", which foresees various actions, such as:

- the establishment of the National Association for SME (ANPME);

- the implementation of an institutional framework for favouring concertation, dialogue, and partnerships;
- the government support for service delivery, finance, fiscal regulations, mortgage regulations.

Nevertheless various problems constrain the full development of the Morocco micro, small, and medium enterprises. The main ones regard the entrepreneurial skills, the quality of the products (not adequate to the international standards), the technological innovation, the difficulty to establish networks with other SME (for realising scale and scope economies), and the internationalisation.

Difficulty to access to finance and to have support from the national service organisation still remain, mainly for SME out of the axis Casablanca-Rabat.

The same situation occur for cooperatives and small farmers.

A strategy for reinforcing the small and medium enterprises and cooperatives should include:

- a. the reinforcement of the institutional framework, through rendering more effective the law 53-00, reinforcing or creating the regional associations, and providing them of flexible decisional instruments, for participating to the regional public-private partnership for the strategic planning and its implementation;
- b. a more direct and tailored support from the regional economic development service (diagnosis, problem setting and solving, clustering, quality control, regional brands, marketing, international partnerships, innovation, etc.);
- c. Capacity building, including exposure to best practices.

### **3.7 Empower decentralised capacities for implementing coherent economic development plans, including local administrations, NGO's, women associations, entrepreneurs associations.**

A national plan for improving capacities of the regional and local actors in the implementation of the regional development strategy should include:

- a. training for forming specific professional skills, such as local economic development agents, technology transferors, business angels, cluster managers, territorial marketing experts, economic animators, project development expert;
- b. exposure to international practice and knowledge, through facilitating international networks with network organisations, such as Eurada, UNDP/ART/ILSLEDA, OECD-LEED, etc;
- c. incentives to universities for including regional economic development studies, researches and curriculum in their agenda.

### **3.8 Implement comprehensive service systems at regional level, utilising the existing service delivery organizations, and integrating technical and technological assistance, access to credit, socio-economic animation and stimulation, commercialisation, marketing, and internationalization**

Numerous specific service for economic development are needed for improving the business and the economic regional performance (see table).

Many of these services are already available in Morocco at national and regional level. Among them the regional development agencies, the CRI, the chambers of commerce, the regional offices for agriculture development, the universities' centres, the micro-credit institutions, the banking system, the provincial department for social and economic development, technological parks, etc.

**Table 3: Typical services needed for the regional economic development**

Territorial Service Typology	Services
Commercialization and Marketing	Technical assistance to entrepreneurs for commercial operations
	Information on rules and laws
	Organization of fairs
	Territorial Marketing services
	Organization of territorial brands
	Consultancy for participation to international events
Technical Assistance to Entrepreneurs	Technical assistance to business plans
	Technical assistance for business administration
	Information on rules and laws
	Fiscal assistance
	Information about local opportunities for business investment
	Assistance for improving productivity
Economic Animation	Stimulation for creating new businesses
	Support to women entrepreneurship
	Information to population
	Support to business associations
	Actions for social inclusion into the economic circuit
	Support to job creation
	Sensitisation
Support to Innovation	Technical assistance for technology diagnosis and transfer
	Technical assistance for product development
	Quality improvement and control
	Promotion of university-research
Training	Training for entrepreneurs
	Skill training
	Training for local administrations
	Training for economic development agents
	Training for strategic plans
Financial Services	Credit delivery
	Specific support to micro and small businesses
	Attraction of private external investment
	Support to businesses for access to credit
Strategic development	Territorial diagnosis
	Support to administrations for strategic planning
	Development monitoring and evaluation
	Information systems on economic situation and structure
	Information on job design
	Promotion of chains of value
	Project Financing (search for finance to strategic projects)
Service for decentralised cooperation	Orientation
	Information
	Project elaboration
	Project execution

A mechanism or a dynamic that facilitates coordination, optimisation, and better socio-economic impact through realising synergies among the existing services, is envisaged.

This could help, for instance, a small entrepreneurs seeking for improving its business performance to have one only reference for assessing and resolving its problems: preparing a business plan, accessing to credit, using national programs opportunities and incentives, improving the technology asset, quality, and commercialisation, its skills and capacities, entering into the international markets, being linked to other businesses related to its activity.

On the other side, a vulnerable person seeking for participating to the economic cycle could have an unique reference for receiving all the information about the opportunities, being assisted for using the most adequate ones, trained, and accompanied.

A national strategy for regional and local economic development should be focused on the following actions:

At national level:

- a. establish rules for the coordination of the different service organisation depending on different ministry;
- b. favour and incentive the public-private partnership for the regional and local service organisations' management and delivery;
- c. establish a financial framework aimed at facilitating the access to credit for small entrepreneurs, farmers and cooperatives, and also favour the establishment of links between this financial system and the non-financial services;
- d. establish a national network of the regional services' systems, for facilitating exchanges and knowledge development.

At regional level

- a. establish the regional network of financial and non-financial services for providing a comprehensive support to the regional and local economic development, according to mechanisms, rules, and organisation selected by the regional actors;
- b. establish regional guarantee funds (or similar mechanisms)

### **3.9 Provide an unique referential service for addressing MRE's and decentralised cooperation and investment**

The problem of the contribution and investment from the exterior, including mainly those of the MRE's, is that they seek the *economic advantage* (profit expectations) and the *social benefit* (help to the family, reduction of migrations, link to the roots).

The economic advantage is due when a durable growth is recognised, and this depend on macro-economic framework, but also on local contexts.

This is the reason why the investment of MRE's so far has been destined to the Casablanca area.

It is possible to change this situation through regional economic policies, building a favourable environment for viable, at low risk, and attractive investment.

A favourable environment means having at disposal :

- all the information about the opportunities and accompanying conditions;
- financial incentives;

- a local strategic framework which renders the investment return more secure (competitive productions, and chains of value);
- a local system, that provides all the needed technical and financial assistance, including that for possible joint-ventures;
- the technical assistance for identifying specific opportunities, that match the MRE's (or the decentralised cooperation) interest, elaborating the projects, tutoring, and monitoring them.

A strategy for favouring MRE's and decentralised cooperation investment and contribution is based on:

- a. establishing a national board for facilitating the links between the MRE's associations and the regions of origin, also using the decentralised cooperation;
- b. establishing a one stop shop, as unique reference service, for providing information, coordinating activities, involving the local actors around the specific projects, assuring the technical and financial assistance, and utilising the territorial service system.

### **Empower the participation of women to the economy**

Empowering women for improving their participation to the economic cycle means mainly, the challenge for changing the subordinating conditions of the women. It is not only a question of accessing to goods and services, but of modifying the culture that justifies the women exclusion.

Empowering women implies, then, participation, and the creation of the conditions (environmental and individual) for enhancing an effective gender approach.

A strategy for economic development cannot neglect a gender vision, because of the importance of women in the social contexts, and because some of the pillars of the new territorial economic development approach are closer to the women culture: safeguard of own resources, long-term vision, collective learning, solidarity, reliability, etc. The territorial economic development would, then, take more benefits.

A double strategic input should be foreseen:

- 1) allow the effective participation of women in all the collective bodies at national and regional level, where decision about economic development are taken
- 2) reinforce the capacities of the women and their associations for exercising their participation

Nevertheless women in Morocco need to improve their condition, starting from the problems of discrimination, education, health, and employment. It needs a comprehensive approach.

A strategy for empowering women and improving the territorial economic development should, therefore, foresee:

#### at national level

- a) include the gender approach into the national strategic committees;
- b) Promote and reinforce women associations and their networks;

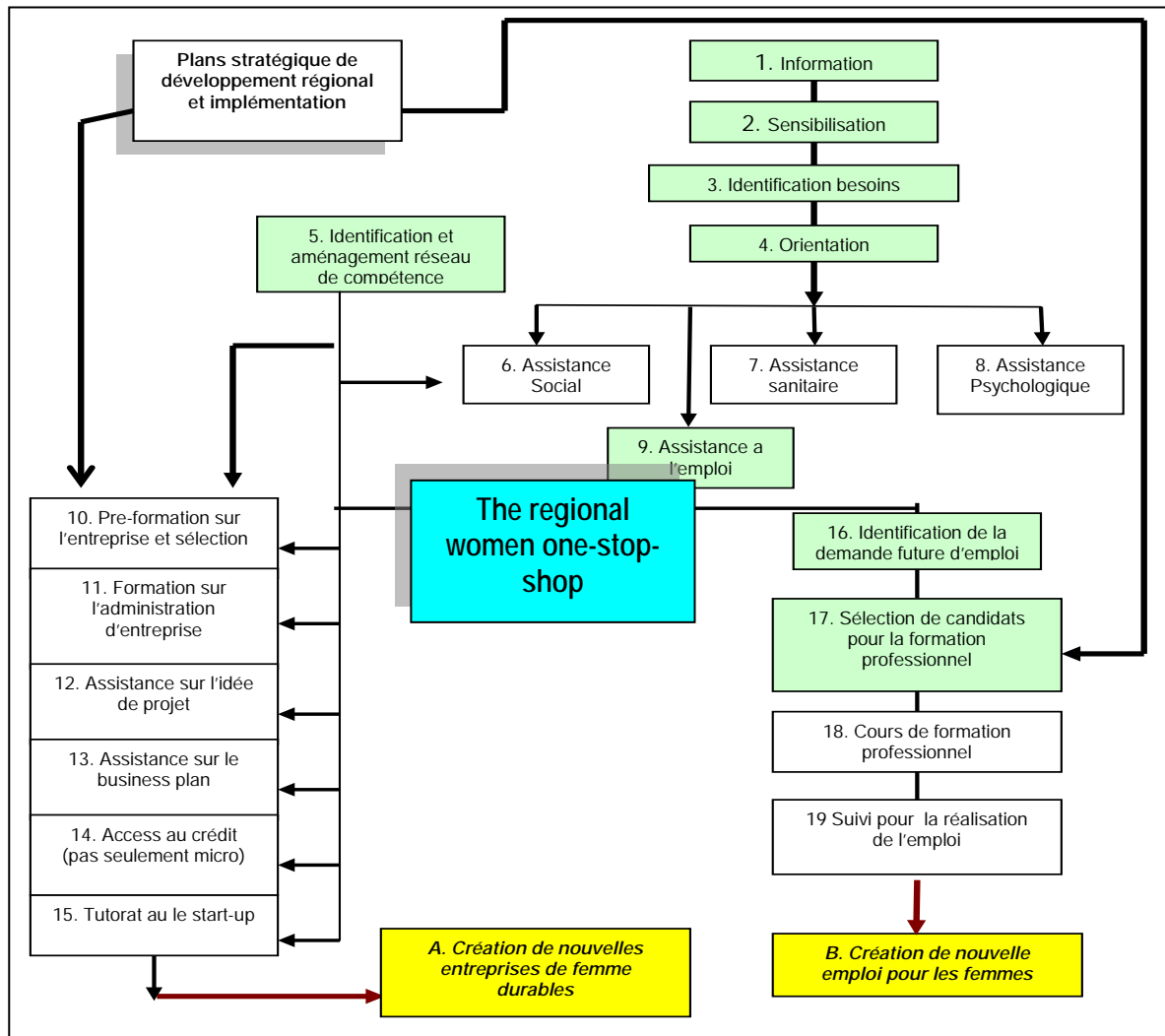
#### at regional level:

- a) include women representatives into the regional development and planning committees
- b) establish "women one-stop-shops or observatories", for providing comprehensive support to women needs for participating to the economy (see figure below), either for creating new businesses or to be employed. Diagnosis should be carries out in each region for identifying objectives and organisation of this service



c) build capacities of women and their associations

### A mechanism for enabling women to participate to the regional economy



#### 4. Conclusions: the strategic framework in synthesis

A strategy for improving regional economic performances requires, then, a combination of initiatives both at national and at regional level.

At national level the following strategic actions should be accomplished:

*For valorising the endogenous potential:*

- ✓ Incentive sectoral studies at regional level for identifying the competitive endogenous potential.
- ✓ Establish policies and incentives for realising clusters and chains of value focalised to the competitive resources.
- ✓ Promote regional brands, for better commercialising the products.
- ✓ Promote a comprehensive regional marketing.

*For coordinating governmental initiatives*

- ✓ Affirm the role of the national government as local development facilitator, through building the regulatory framework for orientating and monitoring the local development general objectives and the methods, establishing incentives and penalties, adopting the financial and non financial service systems framework, facilitating exchanges of practices and lessons, and the access to the international knowledge and market.
- ✓ Establish a national inter-governmental coordinating mechanism for:
  - i) avoiding duplications and waste of resources
  - ii) steering coherently all the initiatives towards a common strategy including competitiveness and social inclusion. This is possible, if the differential competitive factors of the regional resources are supported, through a tailored instrumentation, and the various initiatives for reducing the poverty are channelled into this mainstreaming objective.

*For implementing new financial instruments*

- ✓ Promote national innovative instrumentation for facilitating the access to finance (credit, venture capital, leasing, etc.) to the small businesses and cooperatives, also favouring the links between this financial system and the non-financial services
- ✓ Assign regional responsibilities and capital should to each regional financial institution for its best allocation, and for reducing the risk of a low return rate.

*For reinforcing the small entrepreneurs, farmers, and cooperatives and their associations*

- ✓ Reinforce the institutional framework, through rendering more effective the law 53-00, also strengthening or creating the regional associations.

*For empowering decentralised capacities for implementing coherent economic development plans*

- ✓ Realise training for forming specific professional skills, such as local economic development agents, technology transferors, business angels, cluster managers, territorial marketing experts, economic animators, project development expert.
- ✓ Enhance the exposure to international practice and knowledge, through facilitating international networks with network organisations, such as Eurada, UNDP/ART/ILSLEDA, the OECD-LEED, etc.

- ✓ Establish incentives to universities for including regional economic development studies, researches and curriculum in their agenda.

*For implementing comprehensive service systems at regional level*

- ✓ Facilitate the establishment of regional service systems, through public private partnerships, and coordination of the different existing services.
- ✓ Establish rules for the coordination of the different service organisation depending on different ministry.
- ✓ Establish a national network of the regional services' network, for facilitating exchanges and knowledge development, also enhancing the public-private partnership for the regional and local service organisations' management and delivery.

*For providing an unique referential service for MRE's and decentralised cooperation investment*

- ✓ Establish a national board for facilitating the links between the MRE's associations and the regions of origin, also using the decentralised cooperation.

*For empower women*

- ✓ include the gender approach into the national strategic committees;
- ✓ Promote and reinforce women associations and their networks;

**At regional level**

*For valorising the endogenous potential:*

- ✓ Realise sectoral studies at regional level for identifying the competitive endogenous potential.
- ✓ Realise clusters and chains of value focalised to the competitive resource.
- ✓ Realise regional brands, for better promoting and commercialising the products.
- ✓ Realise a comprehensive regional marketing.

*For coordinating governmental initiatives*

- ✓ Establish concertation tables (for instance looking at the successful experience of the European territorial pacts) among the public and the private sector, for making operational the good participatory governance, and for selecting and targeting the initiatives concerning infrastructure development, business and service development, financial operations, territorial marketing, social inclusion, economic animation, and training plans.
- ✓ Establish a close operational relationship between the municipal, provincial and the regional administrations, either for providing coherence between the various levels, or for rendering more effective the implementation of the plans.

*For implementing new financial instruments*

- ✓ Establish regional guarantee funds, possibly with the participation of the private sector, for providing additional guarantees, and reducing the bank risks.
- ✓ Link the micro-credit initiatives to the economic development strategies, more than subsidising poor people, without producing economic added value. It means the selection of those micro-businesses included into the regional competitive chains of value, more than dispersing funds in thousands of weak initiatives.

*For reinforcing the small entrepreneurs, farmers, and cooperatives and their associations*

- ✓ Include the regional associations of small enterprises, farmers, and cooperatives in the regional public-private partnership for the strategic planning and its implementation.
- ✓ Provide a more direct and tailored support from the regional economic development service (diagnosis, problem setting and solving, clustering, quality control, regional brands, marketing, international partnerships, innovation, etc.).
- ✓ Realise capacity building, including exposure to best practices.

*For implementing comprehensive service systems at regional and provincial level*

- ✓ Establish the regional network of financial and non-financial services for providing a comprehensive support to the regional and local economic development, according to mechanisms, rules, and organisation selected by the regional actors.

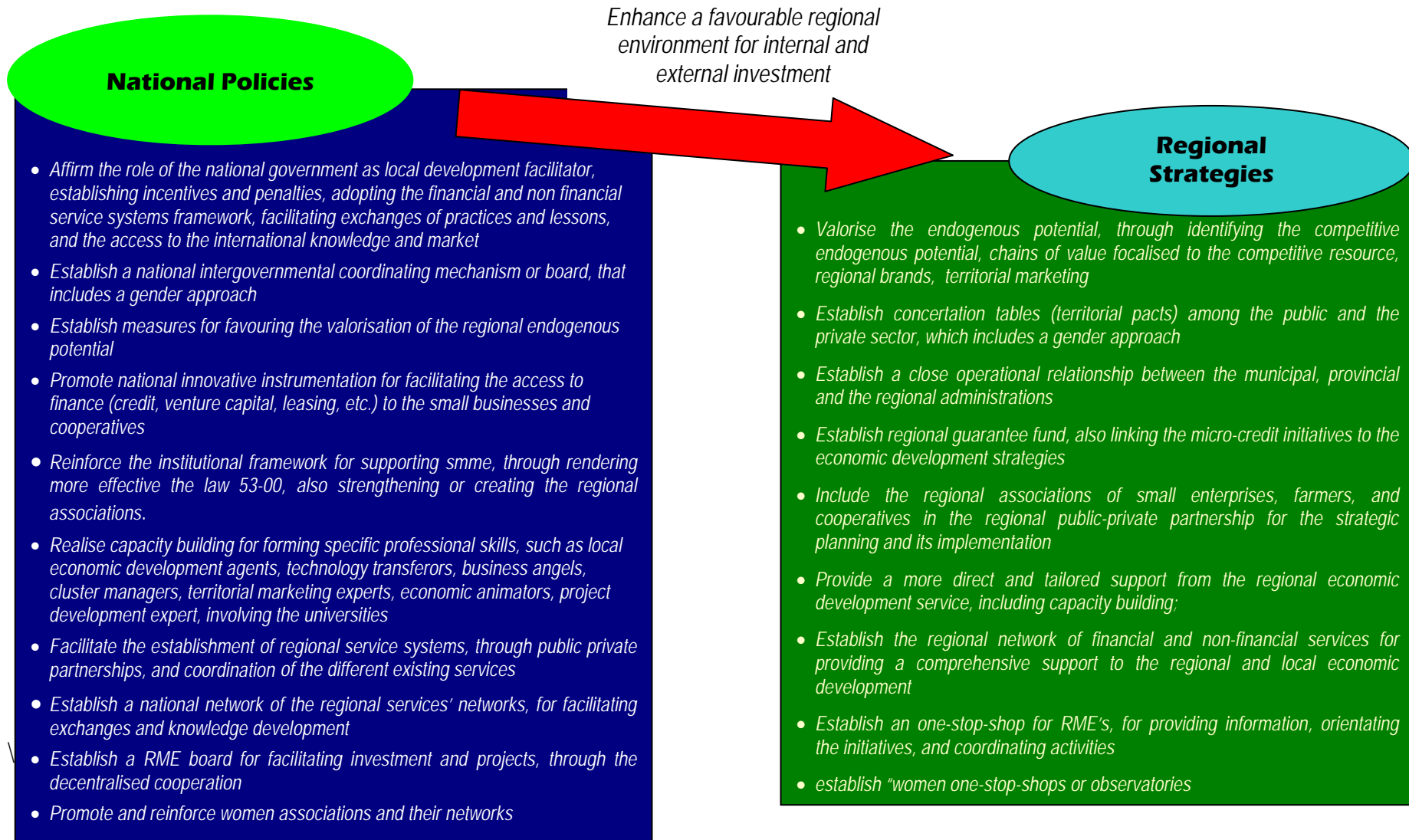
*For providing an one-stop-shop for RME's and decentralised cooperation investment*

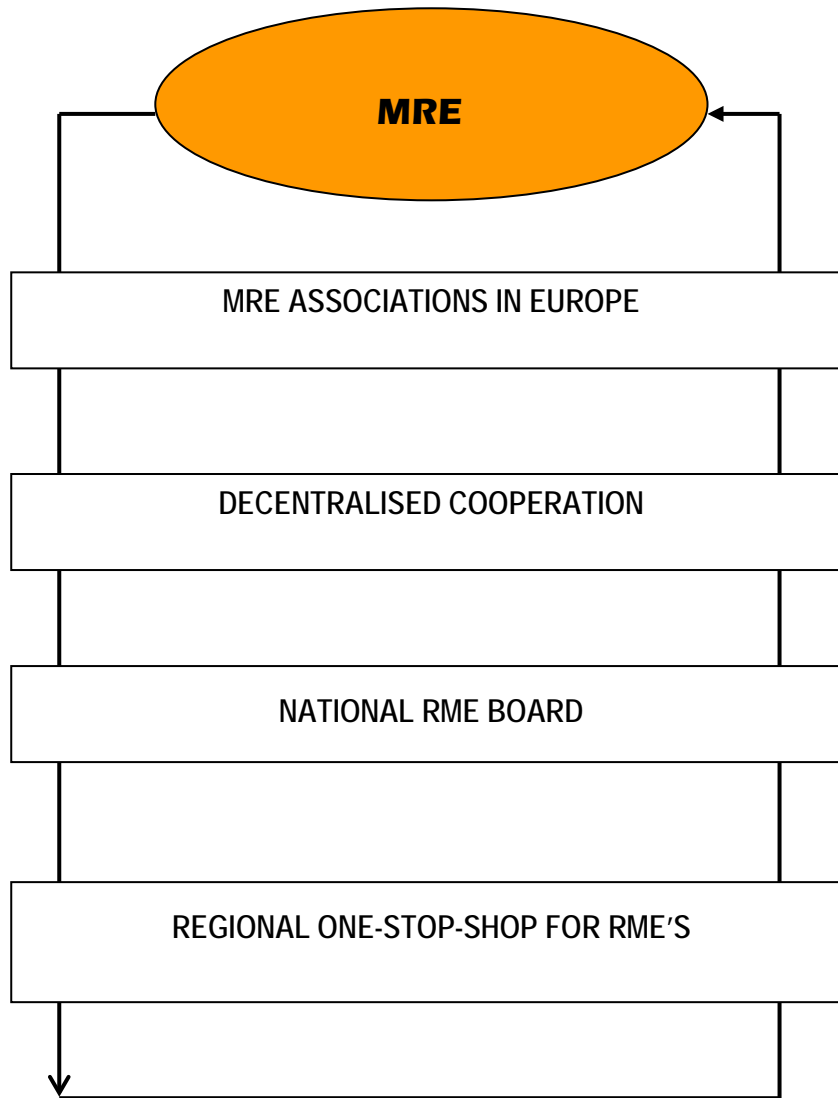
- ✓ Establish an unique reference service, for providing information, coordinating activities, involving the local actors around the specific projects, assuring the technical and financial assistance, utilising the territorial service system.

*For empower women*

- ✓ include women representatives into the regional development and planning committees;
- ✓ establish "women one-stop-shops or observatories", for providing comprehensive support to women needs for participating to the economy (see figure below) Diagnosis should be carries out in each region for identifying objectives and organisation of this service;
- ✓ build capacities of women and their associations.

## THE STRATEGIC FRAMEWORK FOR ENHANCING REGIONAL ECONOMIC DEVELOPMENT IN MOROCCO





**THE MECHANISM FOR FACILITATING  
MRE'S REGIONAL INVESTMENT AND  
PROJECTS**

Facilitate channelling information  
and orientation

Facilitates links and operations  
with the Morocco national and  
regional stakeholders

Provides general information and  
orientates towards regional  
investment and projects

Provides specific information  
about opportunities, technical and  
financial assistance to the  
investment and projects, through  
the regional service systems