Results Profile: Morocco Public Administration

Overview
In Morocco, the International Bank for Reconstruction and Development (IBRD) and the government are working to improve public administration, making it leaner, more focused, and more efficient in the delivery of social services. Through the program, Morocco’s administrative tradition is evolving from strict and bureaucratic legal compliance to a search for better performance and more effective public service.

Challenge
Between 2001 and 2009, Morocco enjoyed the benefits of sound macroeconomic management and reforms, with its economic growth rate doubling from that of the nineties to an average of 5.1 percent, while per capita gross domestic product (GDP) also doubled to US$2,890. Thanks to steady reform efforts, public finances largely withstood the negative impact of the global crisis, running a manageable fiscal deficit of 2.2 percent of GDP in 2009, following two years of fiscal surpluses.

However, many social indicators were still lagging those of comparable countries, especially those on poverty, equity, health, and education. The low performance of public services delivery and weak governance were contributing to the disparity between economic growth and improvements in social indicators. Public administration in Morocco was characterized by the lack of a multi-year vision on budgeting, by excessive centralization, and by poor civil service management, including a high-cost wage bill out of proportion to its 7 percent share of the labor force.

Approach
Since 2002, the government has implemented a comprehensive Public Administration Reform Support Program (PARP). Public administration reform is viewed as a core component of improving governance and is central to the economic and social reforms that the government is carrying out to improve economic performance and enhance its capacity to achieve sustained growth.
The aim of the PARP is to provide Morocco with a modern and gradually de-concentrated administration that could contribute to the competitiveness of the economy and to the sustainable development of the country while ensuring the viability of its macroeconomic framework. The key objectives of the reform program are to improve government efficiency in budget management and human resources management; consolidate and control the public payroll; and improve service delivery and simplify public procedures through e-Government.

Results

Under a reform program supported by funds and technical support from IBRD, Morocco’s administrative tradition is evolving from strict and bureaucratic legal compliance to a search for performance and more effective public service. While this change in the administrative atmosphere still needs to develop further, it has already yielded a number of achievements. The IBRD loan and the accompanying analytical activities have served as a vehicle for the articulation of a comprehensive medium-term framework for economic policy and institutional reform.

The budget reform actions taken in the context of the PARP contributed to the improvement of budget management parameters, especially execution rates of the economic and social investment projects, which increased to more than 86 percent in 2009 from 64 percent in 2002. Another important achievement of the PARP is the timely preparation and submission to the Parliament of the Annual Budget Execution Reports. Preparation delays have been significantly reduced during the last few years, when the government has made significant effort to adopt and submit all overdue budget execution reports (those of 2003–2006) to the Parliament by the end of 2008. During 2009, the government also adopted and submitted the reports of the fiscal years 2007 and 2008. In addition, the PARP has led to an improved structuring of the budget as more resources have been channeled to investment. The share of investment in total expenditures increased to 22 percent in 2009 from 17 percent in 2002. The improvement in the structure of expenditures has been achieved through reducing the shares of recurrent expenditures (to 64 percent from 65 percent), including of the wage bill (to 35 percent from 41 percent). The PARP strategy also entailed the streamlining of the civil service, and improvement of service delivery in the social sectors. The voluntary retirement program implemented in 2005 allowed the government to restructure the civil service in favor of the social sectors, through targeted recruitments to fill the gaps in needed skills and in understaffed areas and sectors, especially in education and health. Data for 2009 show that 64 percent of recruited civil servants (not counting security and military personnel) joined the education and health sectors (42 percent in education and 22 percent in health). The PARP also sought to enhance the skills of civil servants also through training. In this regard, credit earmarked to training has been raised by 60 percent since 2002 (from MAD 111 million to MAD 176 million).

Diagnostic work completed in 2009 under the Public Expenditure and Financial Accountability Framework allows for a detailed appreciation of progress. Predictability of budget execution is satisfactory and arrangements are in place for monitoring the flow of public funds. Control and audit procedures were found to be good overall for procurement and payroll. Significant improvements were realized during the period reviewed in the implementation, frequency, and methods for internal audit. Complete, good quality budget execution reports are regularly produced however delays, while fewer in 2008, remain in the preparation of annual financial statements. Accounting data categories for recording state assets and liabilities are still absent from the Chart of Accounts. The General Auditor’s Office (Cour des Comptes) is fully engaged in its role as external auditor of the management and use of public funds. The frequency and scope of its audits are steadily increasing.

Steady implementation of the PARP resulted in subdued recurrent expenditures, including a continued decline in the wage bill relative to GDP. The main measure to control the wage bill
consisted of the successful voluntary early retirement program, implemented in 2005, and subsequent measures to limit hiring to actual needs, mostly targeted to the education and health sectors. Although the size of the central government staff has now reached its pre-reform level, its skills mix, its geographic and sector coverage, and its age structure improved significantly. The combined effect of these measures translated into declining wage bill, which, in 2008 edged down to 10.2 percent of GDP compared to 10.7 percent the previous year (and 11.7 percent in 2005). In 2009, it stayed at the same level as in 2008, despite wage increases for low-income civil servants as part of the fiscal stimulus package to alleviate the effects of the global crisis.

The e-Governance agenda is also taking hold with a clear institutional framework now in place and the design of as much as 89 projects conceived to improve public sector efficiency and transparency.

Bank Contribution

To support the PARP the Bank has prepared a series of programmatic development policy loans with four medium-term objectives: (a) improve government efficiency in budget management; (b) improve government efficiency in human resources management; (c) consolidate and control the public payroll; and (d) improve service delivery and simplify public procedures through e-government. This last component was added in the second PARP series following government introduction in 2007 of e-governance as a core element of its reform agenda.

The main characteristic of Bank support to the PARP has been the continuous combination of programmatic development policy loans and programmatic advisory and analytical activities. Both actions have been reinforcing each other and have provided the momentum for continuous progress. Through the loans provided under the PARP, IBRD has provided: US$100 million under the first phase, US$120 million under the second, US$100 million through the third phase, and US$100 million under the fourth.

Partners

This is an emergency or disaster risk reduction type of project. There has not been much donor interest or capacity to support this project. IDA remains the only donor partner for this project through its three successive phases.

Toward the Future

The fourth PARP operation concludes the second PARP series. Looking ahead, a third new series is envisaged to support the next phase of the reform program. The PARP agenda will focus on several key dimensions: (i) the finalization of the draft Organic Budget Law; (ii) the completion of the de-concentration strategy and (iii) the conclusion of the preparatory work and subsequent implementation of the current phase of human resources reform. In line with the new IBRD Country Partnership Strategy objectives, the Bank is prepared to design a new PARP series to support the next PARP phase and further strengthen the results orientation of the program for enhanced service delivery thus fostering the mainstreaming of the reform objectives in key line ministries. In addition the new series would further reinforce donor harmonization as it will be developed in full coordination with the next EU and AfDB programs which should materialize around the same time frame and with similar objectives. This will contribute to an even more effective multi-donor support to the government reform agenda as joint discussions with government to develop the new program are tentatively planned to start in the spring of 2010.