Report of the workshop Support for the implementation of the economic dimension of decentralization in Morocco.

02 November 2017
Sofitel Rabat Jardin Des Roses (Salle SO)
© 2017 UCLG Africa

This publication presents Report of the workshop Support for the implementation of the economic dimension of decentralization in Morocco.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical or photocopying, recording, or otherwise without the prior permission of the publisher.

Published by United Cities and Local Governments of Africa
22, Essâadiyne Street, Hassan
10020, Rabat, Kingdom of Morocco

www.uclga.org

DISCLAIMER
“The terms used concerning the legal status of any country, territory, city or area, or of its authorities, or concerning delimitation of its frontiers or boundaries, or regarding its economic system or degree of development do not necessarily reflect the opinion of United Cities and Local Governments of Africa. The analysis, conclusions and recommendations of this report do not necessary reflect the views of the all members of United Cities and Local Governments of Africa.

Special acknowledgments for financial support

European Union

Illustration and graphics: Hamza Bernoussi

All photo of this document is published under the Creative Commons License. (https://creativecommons.org/licenses/). All right reserved.
Table of Contents

1. INTRODUCTION...........................................................................................................5

2. CONTEXT AND OBJECTIVES OF THE WORKSHOP...........................................7
   2.1 CONTEXT ...............................................................................................................7
   2.2 OBJECTIVES OF THE WORKSHOP....................................................................8

3. TECHNICAL PRESENTATIONS............................................................................10
   3.1 METHODOLOGY ON THE ELABORATION OF REGIONAL ACCOUNTS, OFFICE OF THE HIGH COMMISSIONER FOR PLANNING, MOROCCO......................................................................................10
   3.2 ECONOMIC ACCOUNTS OF THE LOCAL GOVERNMENT AND PROVINCE OF CHEFCHAOUEN : METHODOLOGY AND RESULTS.................................................................12
   3.3 STATISTICAL SYSTEM AT THE REGIONAL LEVEL AND INADEQUACIES IN DEVELOPING LOCAL ECONOMIC ACCOUNTS..................................................................................13

4. REVIEW OF THE ACTION OF THE CHEFCHAOUEN LOCAL GOVERNMENT BASED ON THE ECONOMIC PROSPECTS........................................................................................................15

5. REVIEW OF THE BUDGETING AND ACCOUNTING CLASSIFICATION OF THE LOCAL AND REGIONAL GOVERNMENTS OF MOROCCO.............................................................19

6. DEVELOPMENT OF SUB-NATIONAL ECONOMIC ACCOUNTS: THE AFRICAN EXPERIENCE.................................................................................................................................22

7. PRESENTATION OF THE INITIATIVE OF THE ECONOMIC COMMISSION FOR AFRICA ON THE CALCULATION OF THE GDP OF CITIES...........................................................25

8. ROUND TABLE ON THE ELABORATION OF INDICATORS AND REALIZATION AT THE TERRITORIAL LEVEL : NATIONAL PROGRAM AND SOUTH/ SOUTH COOPERATION......27

9. SUMMARY AND RECOMMENDATIONS....................................................................30
List of abbreviations

AMD : Municipal Development Agency
AMPCC : Moroccan Association of Presidents of Municipal Councils
ARM : Association of Regions of Morocco
CAPI : Computer Aided Collection
UCLG-A : United Cities and Local Governments of Africa
LRGs : Local and Regional Governments
DGCL : Department of Local Governments
GFCF : Gross Fixed Capital Formation
HCP : Office of the High Commissioner for Planning
LAD : Automatic Reading of Data
SDDS : Special Data Dissemination Standard
ODD : Sustainable Development Goals
MAC : Municipal Action Plan
RDP : Regional Development Plan
GDP : Gross Domestic Product
RGPH : General Census of Population and Housing
SNA : System of National Accounts
GIS : Geographic Information System
RSIS : Regional Statistical Information System
LSS : Local Statistical System
AV : Added Value
DGI : Internal Revenue Board
CNSS : National Social Security Fund
1. Introduction

UCLG Africa organized on 2 November 2017, in collaboration with the Office of the High Commissioner for Planning, the Ministry of Home Affairs, the Moroccan Association of Presidents of Municipal Councils (AMPCC) and the Association of Regions of Morocco (ARM), a national workshop on support for the implementation of the economic dimension of decentralization in Morocco.

The purpose of this workshop is to raise the awareness of Morocco’s national and territorial authorities on the need to pay greater attention to the economic dimension in the management and preparation of municipal and regional action plans. It is a prime opportunity for decision makers at the territorial level to improve significantly the understanding of the economy of their territory through the identification of the tools needed for good governance.

It was also during the workshop on the initiation to the evaluation and the perspective of local economy in Morocco organized in Rabat on 9 and 10 December 2010 that the municipal and regional elected officials of Morocco expressed the wish to have tools that can enable them to steer their territories to attain development and job creation. These tools cover especially the development of local economic accounts.

Further to its request to serve as a pilot territory, UCLG Africa provided a support to the Chefchaouen Municipality for the development of the economic accounts of the local government and the province. Actually, the local stakeholders of this local government expressed their pressing needs in figures quantifying the situation of the local economy.

UCLG Africa conducted within this framework a pilot study on the evaluation of the local economic accounts of Chefchaouen local government. It is an estimate of the GDP of the province and the urban local government of Chefchaouen, broken down per sector of activity. This study helped to test how and under which conditions it was possible to realize these accounts. There is no doubt that the statistical system at the municipal level has shortcomings that need to be corrected by carrying out additional statistical operations.

The diagnosis of the economic situation through the analysis of the economic accounts helped to understand better the current economic situation and to have consequently a better visibility. The review of the action plan realized for the Chefchaouen local government taking into account the estimated economic accounts is a perfect illustration. In addition to the knowledge of the value of the wealth created, these accounts helped to identify and reorient growth bearing sectors and the ones which are likely to improve the added value of their production.

The various conclusions, which emerge from the analysis of the thus elaborated economic accounts, helped to make proposals that inform the choices of the decision-makers on the actions to be undertaken within the framework of the action plan of the local government.

The realization of the pilot study at the level of Chefchaouen local government raises the question of how to organize so as to generalize this work to all the local governments of the kingdom. This generalization cannot be achieved
without a reorganization of the statistical apparatus and the development of the local statistical system (LSS). The latter must lay more emphasis on the administrative statistics and ensure a representativeness of statistical surveys at the local level. At the African level, the issue also arising issue is how to share this experience within the framework of South / South cooperation.

After a presentation of the context and the objectives of the workshop, this report describes the different presentations in the calendar order in which they took place. They concerned the regional and local accounts, the regional statistical system, a review of the Chefchaouen action plan after the pilot study of the local accounts of this local government, a review of the budgeting and accounting classification of local and regional governments in Morocco, and a presentation of the African experience on sub-national economic accounts and the GDP of cities. The report also presents a complete transcript of the interventions of the round table on the development of indicators and realization of foresight at the territorial level. Finally, after a summary, the recommendations are presented to guarantee the continuity of this project.

Mr. Abdelhak Allalat, Secretary General of the High Commissioner for Planning (HCP)
2. Context and objectives of the workshop

2.1 Context

UCLG Africa has been collaborating since 2010 with the Office of the High Commissioner for Planning and the Ministry of Home Affairs of Morocco for a better integration of the economic dimension into the planning and management of local governments and regions of Morocco. On 9 and 10 December 2010, an introductory workshop to the evaluation and foresight of local economy in Morocco was organized in Rabat in collaboration with the Ministry of Home Affairs (Department of Local Governments) and the Office of the High Commissioner for Planning. This workshop brought to the fore the benefits for the municipal and regional elected officials of Morocco to be interested in economic governance, and to have for this purpose the tools which can enable them to identify the levers of action to promote economic development and job creation within their jurisdictions. These tools concern notably the elaboration of local economic accounts and the development of indicators contributing to the steering and foresight approach to the development of economic activities and employment within the territories.

UCLG-A has been trying out these tools, particularly the approach to local economy (ECOLOC) for many years in Sub-Saharan African countries. The local governments involved improved significantly their understanding of the economy of their territory, developed new relationships with the private sector, and made progress in the area of economic governance and local citizenship.

The ECOLOC approach helps, among other things, to define the priority public investments in support of local economic development, and determine the level of management and maintenance expenses offering the opportunity to maintain the proper operation of existing investments and equipment and the level of levying on the economy and the wealth produced in the territory. These resources help to vest the public authorities with the necessary margins to meet the financing needs for the new investments and the management and maintenance expenses. They also offer to the local and regional authorities the opportunity to have a structured and informed dialogue on the sharing of public resources between the national level and the local/Regional governments, and on the priorities of the local function investment in support of the attractiveness of the territory, economic development and job creation.

Following its request to serve as pilot territory, in collaboration with the Office of the High Commissioner for Planning (HCP) and the Ministry of Home Affairs (DGCL), UCLG Africa provided a support to Chefchaouen Municipality for the development of the economic accounts of the local government and the province, and for the establishment of indicators for the local economy. This support was provided through the energization of the municipal development agency (AMD) which was equipped with the necessary tools for the implementation of the economic dimension of the Municipal Development Plan.

Building up the capacities of the municipal development agency to steer the local economy requires localized economic
information offering the opportunity to ascertain the different components of the local economy and their interactions. It is a prerequisite for the development of differentiated and relevant strategies for the various components of the local economy.

The development of the economic accounts of Chefchaouen and its province was based on the methodology of the preparation of regional accounts developed by the Office of the High Commissioner for Planning. It is based especially on the two regional indicators produced by HCP: regional GDPs broken down per sector of activity (the economic activity was broken down into 13 branches of activity) and household final consumption expenditures per region. This methodology is in line with the current global standard of national accounts (SNA) in force. The basic principle retained is that the economy of the Province or the City corresponds to the added value of all the resident units.

The HCP methodology is complemented by the ongoing discussions at DGCL on the financial and budgetary programming of the implementation of MAPs (Municipal Action Plans) and by the tools developed by UCLG Africa within the framework of the implementation of the ECOLOC approach (revitalization of local economies).

On 31 August 2016, a first feedback workshop of the pilot project was held in Chefchaouen. This workshop helped to share the experience on the elaboration of the economic accounts of the Chefchaouen Local Government in the presence of the representatives of the active forces of the Local Government and the Province, all the stakeholders of the management and economic development of the Local Government, deconcentrated central government departments, the Moroccan Association of Presidents of Municipal Councils (AMPCC), the Office of the High Commissioner for Planning, the Department of Local Governments and UCLG Africa. It provided the opportunity to identify the missing information and elements that still need to be collected in order to be able to set up a real tool for the foresight steering of the economy at the territorial level. At the end of the Chefchaouen workshop, the participants agreed on the need to pursue the experiment and to draw the lessons with a view to the standardization the method at the regional level.

Following the Chefchaouen workshop, UCLG Africa continued its collaboration with HCP and DGCL, and with the associations of local governments of Morocco (AMPCC and ARM) with a view to achieving fairly robust results at the level of the pilot project capable of establishing a standardization of the method at the national level and its dissemination at Pan-African level within the framework of South-South cooperation.

2.2 Objectives of the workshop

The general objective of the National Workshop is to present the methodology for the elaboration of accounts and indicators of the economy of territories, as well as the associated tools, notably for the construction of a foresight vision of the future of the economy of the territory, and the definition of the trajectories to follow for the realization of this vision.
This entails mobilizing knowledge tools, steering tools, and tools to promote the territory’s economy, and possibly legal tools to lay down the institutional arrangements necessary for the definition, implementation and management of the economic development of the territory in order to achieve the desired development vision.

At the end of the National Workshop it should be possible to launch a National Program for the review of the MDCs (Municipal development Plans) and RDPs (Regional Development Plans) in order to take into account better the economic dimension of their implementation, in support of the advanced regionalization in Morocco.

The specific objectives of the National Workshop are to:

1. Present the methodology and results of the elaboration of the economic accounts of the City and the Province of Chefchaouen and their scope for the local and regional governments of Morocco;

2. Define the implications of developing local economic accounts on the setting up of a system of collection of localized statistical data;

3. Develop an economic re-reading program of municipal and regional development plans based on the foresight of the economic development of territories;

4. Discuss the organization of local and national political dialogues on the economic development of territories and the tools necessary for their usefulness and efficiency.

5. Debate the financing modalities and the possible timetable for the implementation of such a program to make local economic information available to local and regional governments in Morocco.

6. Consider South / South cooperation which may be developed in these areas
3. Technical presentations

3.1 Methodology on the elaboration of regional accounts, Office of the High Commissioner for Planning, Morocco

In order to meet to the statistical needs of a spatial nature, the HCP undertook works to develop the production of local and regional statistical indicators. It set up especially a system for preparing regional accounts in accordance with the principles of the system of national accounts in force.

The establishment context of the accounts was marked by the rise in importance of local and regional governments within the framework of decentralization policies, the promulgation of the 2011 constitution presenting a region as a regional government responsible for the economic and social development, and the advanced regionalization which constitutes a new mode of governance.

The objectives of the compilation of regional accounts were presented and confirmed by quantified examples of the regional accounts of Morocco for the year 2015. These are:

- Provide relevant and meaningful indicators for the region;
- Monitor the evolution of regional economies over time;
- Present the contribution of regions to the national aggregates;
- Highlight the specialization of each region;
- Identify the role of the different regions in each branch of activity;
- Identify regional disparities;
- Define and evaluate public policies: identify the sectors with high added value, capable of boosting the local economy, assess the achievement of public policy objectives at the regional level and reinforce regional cohesion through the reconciliation of the diversity of regions and the reduction of inequalities.

In the absence of a regional accounting framework, the current SNA was adapted to the regional specificities. There are, however, special conceptual difficulties to establish full regional accounts.

Mrs. Yattou AIT KHELLOU, Head of the Methodology and Studies Division, National Accounts Directorate, Office of the High Commissioner for Planning (Rabat, Morocco)
The method of compiling regional accounts differs completely from the one used for national accounts. It is based on lighter methods for the elaboration of indicators for the regionalization of the aggregate. These methods are:

- **Bottom-up method:** Consists in collecting data directly for the resident units and adding them to obtain the regional aggregate and then reconciling these bottom-up estimates with the totals of the national accounts.

- **Top-down method:** Consists in distributing a national total across regions without distinguishing between the resident units per region. Thus the national figure is distributed using a distribution key (a variable assumed to be correlated with the aggregate to be estimated).

- **The often used mixed method** which is the combination of the two preceding methods.

The regional accounts are established with reference to the national accounts, in accordance with the basic principles of the System of National Accounts. They present regional GDPs broken down in accordance with a classification containing 14 sectors of activity and the household final consumption expenditures per region.

Several statistical sources were used. These are censuses and surveys conducted by HCP, other administrations, as well as administrative statistics which are established by the ministerial departments and the establishments.

With regard to the prospects for the improvement of the content of the regional accounts, HCP plans to supplement the GDP and the final consumption expenditures of households with GFCF, the final consumption expenditure of the APUs, and the household institutional sector account. It is also planned to produce regional GDPs in Purchasing Power Parity.

The diagnosis conducted of the national statistical system showed that on the economic side, the basic statistical information needed for the elaboration of statistical indicators and regional accounts is not sufficiently developed. In most cases, it is designed to meet national needs. Apart from the censuses which are comprehensive, the surveys provided generally representative data at the national level and per area of residence; they are not necessarily representative at the regional level for all the observed variables.

As a result, the improvement of the quality of regional accounts and the sustainability of their production require the strengthening of the regional statistical information system through the following actions: the establishment of a directory of businesses and their establishments per region; the guarantee of the regional representativeness of the surveys carried out by HCP as well as the ones produced by other departments; the strengthening of cooperation between the regional departments of HCP and the local producers of statistical information so that it can be made available in a timely manner; the establishment of surveys of (light) regional structures; accessibility and assurance of
the fluidity of statistics produced by the regions; sensitization of all producers of statistical information to produce data at sub-national levels.

### 3.2 The economic accounts of the Local Government and Province of Chefchaouen: methodology and results

Conducting a pilot study in a Moroccan municipality to test the feasibility of developing local economic accounts was one of the main recommendations of the workshop organized by UCLG Africa in December 2010. This study aims to raise the awareness of the national and territorial authorities of Morocco to pay a close attention to the economic dimension of decentralization. Chefchaouen Municipality proposed in this context to serve as a pilot local government.

The purpose of the study is the preparation of a methodological note on the calculation of GDP and AV broken down per sector of activity for the province and the local government of Chefchaouen. The accounts were compiled based on the approach to production, using the following assumptions:

- compliance with the global standard of national accounts in force in Morocco;
- the sectoral breakdown used in the regional accounts (13 sectors of activity sectors);
- the administrative demarcation in 16 regions;
- the sectoral AVs of the Tangier-Tetouan region are the reference for the calculation of the GDP of the province and the local government of Chefchaouen.

The study helped to identify the inadequacies of the local statistical system (LSS). Indeed, available static sources are designed, generally, to meet national needs, notably, statistical surveys. In most cases, the information available is at best representative at the provincial level. Statistics available at the local level are scarce (usually from the general census of population and housing and from some administrative sources).
A methodological note defining the new statistical operations to make up for the inadequacy of the information relating to the provincial and municipal component was developed. Pending the completion of these operations, a provisional estimate of local (province and city) GDP was produced. It was worked out based on the proxy variables which helped to supplement the AV estimates per sector of activity. The thus obtained provisional results, helped to:

- provide an even partial vision of the local economy;
- appreciate the creation of wealth and its sectoral distribution;
- highlight some specificities and assets that can be used to give an impetus to an economic development policy of the local government;
- review the action plan prepared by the urban local government (see part 3).

Regarding the statistical operations to be carried out, the study recommended to conduct type 123 surveys and to develop administrative statistical sources.

For the type 123 surveys, the field data collection procedure was defined. In the same vein an assessment of the human and financial resources for the realization of this type of survey was carried out.

As for the administrative statistical sources, their development at the local level must cover, inter alia, the statistics of the central government budget, the statistics on the salaries of the central government emanating from the PPR, the statistics on the authorizations to build, the statistics on nights spent by tourists and the administrative accounts of local governments.

### 3.3 Statistics system at the regional level and inadequacies for the development of local economic accounts

Statistical information is of paramount importance in any decision-making and management process. It is at the root of any planning process for socio-economic development strategies at the national, regional and local levels.

The main objective of any statistical information system (national or regional) is to meet the specific needs expressed by the users.

The statistical information system is thus based on the one hand, on a system of surveys and censuses; and on the other, on statistics from the current activities of public administrations and the external services of the ministries (under-produced statistics or administrative statistics).

At the regional level, the development of the statistical information system is essential to help the formulation of consistent and efficient development policies and to make available to the various operators a reliable, fast, consistent, comparable information over time, in the space and meeting international standards.

The Diagnosis of the Current State of the Regional Statistical Information System (RSIS) exposes the strengths, weaknesses, opportunities and threats of
the regional statistical information system. **The strengths relate to** the accumulated experience in data collection and the production of statistical information; the classification of the World Bank of Morocco as a country with advanced statistical capabilities; the membership of Morocco to the Club of States participating in the Special Data Dissemination Standard (SDDS) of the International Monetary Fund; the use of new statistical techniques (GIS, LAD, CAPI ...); the multiplicity of means of dissemination and communication (Publication, Statistical benchmarks, Plan Papers, Internal Bulletin, Statistical Office, etc.). In addition to two interactive websites.

**The RSIS weaknesses** relate to information dispersal, information discontinuity, lack of standardization and targeted information, insufficient geographic and sector coverage, limited data production at the local and sectoral levels, low exploitation of administrative statistics, updating of the texts regulating SNIS (notably the Royal Decree no. 370-67 of 1968), the training needs of human resources for an appropriate processing of information, poor coordination between the sectors producing statistical information, inconsistency between data sources (between central and regional).

However, there are several opportunities for improvement, notably the Royal letter addressed to the participants on 2010 World Statistics Day; the profound changes that Morocco went through during the last ten years (the new constitution of 2011, the successful return of Morocco to the African Union, the advanced state with the economic partners of Morocco, etc.); Morocco’s commitment to the Sustainable Development Goals (SDGs); the regional and international partnership (INSEE, Paris 21, MEDSTAT, UNFPA, IUSSP, etc.); the implementation of the advanced regionalization project; the new Organic Law on finance LOF / 130-13 (multi-annual budget planning, results-oriented budget, etc.); sectoral strategies (Green Morocco Plan, Digital Morocco Strategy, Halieutis Strategy, Vision 2020 for Tourism, Industrial Acceleration Plan, etc.).

**As for the threats, they relate to the** poor coordination between the sectors producing the statistical information; the problem of managing and administering databases; the need for continuous
training for the human resources (external services and local/ regional authorities) for an appropriate processing of statistical information; the realization of statistical surveys by consulting firms, the administrative sectors and academia raise the issues of credibility of the information collected and its compliance with international scientific standards; the multiplicity of the institutions responsible for foresight studies and the analysis of the economic situation. Decentralization and administrative deconcentration require unquestionably a large amount of data (reliable, fast, consistent and comparable over time, in space and meeting international standards) on the different aspects of economic and social life as well as at both the national and local levels.

However, the successful completion of this project requires the establishment of a regional statistical information base, punctual and relevant, on the various components, both sectoral and spatial. This challenge could only be met through the mobilization of the various stakeholders of the society (Central Government, External Services, Local and Regional Governments, civil society …)

4. Review of Chefchaouen local government action plan based on the economic foresight

The economic development of the territory must be an important part of the municipal action plan. However, this development cannot be appreciated solely through disparate statistics but also through aggregates available from local economic accounts: the level of wealth creation (GDP) globally but also sectorally, offering the opportunity to bring out the specificities of the local government (sectoral added values).

In addition to this possibility of appreciation, the economic accounts help to bring out the specificities and the assets that should be identified in order to drive a sustainable and sustainable development policy.

The action plan established by the Chefchaouen local government is based on five strategic thrusts. The first three thrusts aim to ensure the attractiveness of the city by improving the basic infrastructures, safeguarding the environment, ensuring the sustainability of specific ecosystems. The fourth strategic thrust concerns the development and rehabilitation of economic sectors with a view to strengthening quality tourism and the fifth thrust aims to strengthen participatory governance.

Most of the actions included in the action plan are classified mainly in the thrusts 1 and 3. They cover specifically:

- road construction and maintenance;
- construction work on sports fields;
- supply of drinking water and electrification;
- sanitation works;
- public lighting;
- preservation of the architectural heritage;

However the actions selected in thrust 4 are ambitious but insufficient to ensure the economic development of the local government.
The analysis of the results from the economic accounts of this local government (GDP per sector of activity) helped to highlight the potentials and the shortcomings of the local government, economically. This helped to enlighten the choices of the decision-makers on the actions to be undertaken within the framework of the Municipal Action Plan (PAC) aiming at the adequate economic development of the local government. These planned actions should be integrated mainly at the level of the 4th strategic thrust and partly at the level of the other thrusts of the plan (example of the road and sustainability infrastructures).

The sector per sector review allows to highlight the activities that could possibly lead to the improvement of their added value (AV) when the economic policy actions are designed in this respect and implemented.

The agricultural sector, consisting of agricultural activities (crops, livestock and forestry) and the ones of fisheries, contributes poorly to wealth creation within the City of Chefchaouen. Its share in the GDP of the local government reached 1.7% at the city level against 14.3% for the entire Moroccan territory, 12.9% at the regional level and nearly 35% for the province.

Chefchaouen’s supply of agricultural produces depends on the rural local governments of the province in spite of the difficulties linked to transportation between the urban local government and the rural local governments.

The development of agriculture in the hinterland of the city, which employs nearly 90% of the total employment and generates nearly 35% of the GDP of the province, should be considered as a concern of the Chefchaouen urban local government within the framework of an integrated project with the other local governments of the province. This project would also aim to improve the road network between the different local governments of the province and should also create conducive environment for the development of agro-allied activities.
This is why, in the context of development of its action plan, it is essential to consider the local government as a major market for:

- the sale of agricultural and agro-industrial produces and to meet at lower costs the needs of the population of the local government;

- the creation of opportunities for the incomes which are generated in the hinterland.

It would be desirable in order to achieve these objectives, to develop and expand existing markets (souks); improve road networks to facilitate the access of agricultural products to these markets; create storage, packaging and processing facilities for the agricultural products; develop and improve establishments specializing in the processing of agricultural products, such as the processing of milk and the refining of olive oils; proceed subsequently with the promotion of the obtained agri-food products and look for new outlets.

The industrial activities contribute slightly better than the agricultural sector. The level of this contribution remains, however, relatively low compared to the one noted at the regional (Tangier-Tetouan region) and national levels. Actually, the activities in question contribute with 19.6% to the GDP formation at the national level and 12.8% at the level of the region of Tangier-Tetouan. This contribution reached only 1.7% of the total GDP of the province and 3.9% of the GDP of Chefchaouen urban local government.

This industry consists mainly of agri-food (olive oil and dairy products) and artisanal activities. Their contribution to the formation of local GDP could undoubtedly be improved upon significantly in the case of specific economic policy actions aimed at developing these industries, particularly in the area of improving the level of productivity and development of the commercial circuit, to find new markets.

The artisanal activities can also be strengthened in case of improved demand for handicrafts, especially tourism demand (domestic tourism and international tourism). Integrated economic policies should, therefore, be pursued at the multisectoral level, particularly with regard to the craft sector and the tourism sector.

The realization of the announced integrated project at the level of agriculture could also increase significantly the contribution of this sector to the GDP.

Improving the added value of industrial activities depends on the one of their productive profitability and the one of the demand for the goods they produce. Thus, the improvement of the aforesaid productivity could be achieved by improving the management of the productive system of the companies concerned thanks, notably, to their regrouping in associations or cooperatives, to their support and to the continuous training of their personnel as well as to the realization of the investments helping to acquire new more productive equipments.

Also, the improvement of the demand relates mainly to the one of the national and international tourism demand. This request concerns craft products. The actions to be
undertaken in this respect are therefore integrated into the ones designed for the direct and indirect development of tourism activities. The proposals for operational strategies will therefore be integrated into the ones corresponding to the development of the tourism sector. These actions will be formulated below (tourism sector).

The increase in the demand from outside the local government (especially from the hinterland and the Tangier-Tetouan-Al Hoceima region) could also be improved if a promotion of the concerned products is carried out.

As for Tourism, compared to the national and regional levels, its added value represents, at the Chefchaouen local government level, a relatively higher proportion of GDP (4.3% compared to 2.3% and 2.4%, respectively). In comparison with the Marrakech-Tensift-El Haouz region, this ratio is close to 10% of its GDP and it should normally be more important if the comparison is limited solely to the city of Marrakech, which is considered to be a highly competitive tourism city.

Thus, despite the noted result, the level of added value in this branch remains rather low and may be improved significantly if economic policy actions are taken in certain areas, especially with regard to the improvement of:

**basic infrastructures:**

- increase and improvement of tourist accommodation and catering;
- development of road networks connecting the city with the other cities of the Tangier-Tetouan region, as well as with its hinterland;
- the promotion of all tourism aspects of the local government and its environs, including the mountain tourism;
- supply of goods from the industry sectors (notably craft and agro-food products) and agriculture to meet tourism demand that could reach levels higher than the ones observed today;
- the services offered by the branch of hotels and restaurants;
- the supply of other services, notably recreational, cultural and sports services.

The **added value level of recreational activities** is expected to improve to meet a potential demand for this type of service:

- The personnel working in the sector of public administrations could constitute a potential demand to be met;
- The number of tourist entries constitutes also a potential demand to be met in the future.

The orientation thrusts consisting in targeting the population concerned by the consumption of recreational services: promotion of these services with the target population (civil servants and tourists); and a better supply of these services by encouraging development and investment in the field.

Because of the links that bind the various sectors and the resulting knock-on effects following the realization of economic actions on certain sectors, the economy of the local government is, as a whole, affected.
Thus, the earlier announced actions certainly lead to the improvement of the added values of the sectors of construction, trade, real estate, rental and business services; as well as the rest of the activities.

In conclusion, the approach provides a visibility for the local decision makers, and will contribute to making a better choice of the strategic actions, the updating of this approach must be periodic and regular, which will contribute consequently to the follow-up of these operations, the development of the local statistical information (administrative statistics and statistical surveys), the limited human and financial resources.

In terms of recommendations, the other local governments are exhorted to carry out the same approach in their territory, and create a unit at the municipal level dedicated to statistical production and elaboration of economic accounts.

5. Review of the budgeting and accounting classification of local and regional governments of Morocco

The performance challenges of public management and democratic transparency in the area of public finance are imposed on local and regional governments (LRGs) in a more sensitive way than the central government, on grounds of their closeness to the people and the powers conferred on them. However, the approach to improve public management cannot be limited to the sole budget area or to the sole approach to performance. A broader approach to the modernization of local public management requires necessarily a modernization of information systems and the reorganization of administration.

It is an issue of meeting the expectations and demands of the citizens depending on whether they are users of local public services, taxpayers, beneficiaries or voters more generally. To achieve this, it is also necessary to rationalize budget choices, indeed even reduce local public expenditures, to ensure optimal conditions for the funding of public expenditures.

It is adopting and presenting public budgets in a format that allows the setting of objectives and the development of indicators measuring the performance of public action to meet the needs expressed by the citizens.

This classification is consistent with the SNA, the transition from the budgeting and accounting classification of local governments to the one of national accounts is done in a direct manner compared to the old classification.

The Moroccan Local and Regional Governments have been voting their budgets since 2002, the date of the implementation of the current budget classification, per chapter in accordance with a functional and economic classification. This presentation is close to the new budget presentation from the organic laws.

In terms of flexibility in the use of credits, the vote per chapter confers on the local executive a certain freedom of action. It would be more appropriate to allow the authorizing officers to make transfers of credits within the same chapter without recourse to a further deliberation by the Council. On the other hand, to modify the amount of the credits of the chapter, it is necessary to adopt a new deliberation.

There is also the possibility of individualizing the expenses of a large investment operation and of composite constituents by...
creating a specific project specific for the equipment operation.

The provisions of the organic laws also allow the LRGs to take into account the multi-annual nature of the budget for the investment credits. This classification also appears to be closer to the political concerns of the elected officials, who can thus anticipate and follow the implementation of the major orientations that they defined per sector of competences exercised by the local or regional government.

This entails a certain interest for the local stakeholders who have the opportunity through this classification to develop and monitor the local policy, taking into account the sectors of activity and the economic functions that it affects, and to provide to the elected officials a relevant and useful information for their decision-making.

Like the new organic law on public finance, the organic laws of LRGs have introduced a new approach to budget management based on results and performance. To introduce this new way of managing local public affairs, it has been decided to revise the current budget classification so as to move from a classification per nature of operation to a classification per destination of expenditure.

In addition to a certain classification: chapter; article; program; project/ actions and budget lines (economic nature of operations), the new classification of expenditures should take into account the provisions of organic laws which stipulate that:

- the program is a consistent set of projects or actions, consisting of activities and projects carried out in order to meet defined needs and to which are associated objectives defined based on the general interest end-purposes; the quantified indicators to measure expected results.

- The objectives of a given program and the associated indicators are determined in the performance project drawn up by the authorizing officer. Two conditions
are laid down; the project must take into account the gender aspect in the setting of objectives and the choice of indicators; It must be presented to the Committee in charge of Budget, Financial Affairs and Programming.

- The budget credits will be presented based on the guidelines of the elected councils and the authorizations granted on this basis;

- The achievements obtained will be evaluated in order to judge the efficiency, the effectiveness and the quality of the service delivered to the citizen in view of the objectives defined based on the general interest end purpose;

- The assessment will be done through the indicators developed by the elected councils;

- The regional and local managers will then have obligation of result and no longer an obligation of the means used.

It is appreciating the achievements in terms of attainment of the objectives of efficiency, effectiveness, savings, ...

In conclusion, it is important to recall that the decrees on budget classification adopted by the government referred to a joint ministerial order of the Ministers of Home Affairs and Finance to lay down the new classification of the budget operations of LRGs.

This decree provides, in accordance with the provisions of the organic laws on LRGs, a classification of these operations as per program, project and / or action. The draft decree, currently being finalized by the services concerned, is largely inspired by the new budgetary classification of the central government adopted by the circular of the Minister of Economic Planning and Finance on 19 July 2017.

Considering the importance of this classification as well as the changes that it must usher in the budget management of LRGs in terms of financial programming and achievement of the performances of LRG action.

The new classification must introduce major changes to the budget management of LRGs in terms of financial programming and achievement of the objectives and performance. The realization of these changes can only be effective under certain conditions:

- The unconditional observance of the deliberations of elected councils validated by the authorities responsible for administrative control;

- A sufficient margin must be granted to
the authorizing officers to implement these deliberations. The powers of the president of the council (authorizing officer) are purely executive;

- The opening of the wording of the classification to guarantee this margin, notably in terms of investment.
- As budget classification is a working tool and a framework which is necessary for the consolidating of financial data, the deliberations have an essentially legal and political value.
- The separation of the programming classification and the implementation classification and the reorganization of the provisions relating to transfers of operating credits and reallocations of investment credits.
- Associate the budget lines, accounting framework of operations, with the economic codification which informs on the nature of the expenditure, to allow the passage to the classes of the chart of accounts of LRGs (finalization underway by the services concerned).

6. Elaboration of sub-national economic accounts: the African experience

Two major presentations provided an opportunity to discuss the African experience in developing sub-national economic accounts; the one of the Economic and Statistical Observatory of Sub-Saharan Africa (AFRISTAT) and the one of Cape Verde on the accounts of Islands.

Before presenting the usefulness and the current state of regional accounts in Africa, the presentation of the Economic and Statistical Observatory for Sub-Saharan Africa (AFRISTAT) concerned the specific objectives of its interventions which are to (1) provide common methodological documents to make statistics comparable; (2) Improve the dissemination and the use of statistical information in all Member States; (3) Carry out analysis and synthesis works; (4) Contribute to ongoing training and technical assistance in statistics and economic studies in the Member States.

These statistics include the national accounts which constitute a central framework covering all activities, with as spatial framework of all resident units, and as time frame the year. Also its extension which covers three aspects; satellite accounts: zooming on one aspect of the economy; the quarterly accounts: cyclical use of national accounts; regional accounts: measurement and forecasting of regional phenomena.

Regional accounts are an important source of information on the economic dynamics of sub-national territories. They help to characterize in a precise way local economic potentials thus helping to implement judiciously public policies.

In view of the fact it is virtually impossible to carry out the equivalent for the compilation of national accounts, these accounts are based on lighter methods Bottom Up, ‘Top Down’ and mixed). The work classifications (especially of activities and products) are lighter.
The sources of information used are less developed, especially at the level of statistical surveys whose representativeness is most often national. The compilation of these accounts is based mainly on census data and administrative statistics.

Next, Afristat’s field of action in the area of national and regional accounts was presented, it encompasses:

- support for the preparation of annual national accounts (in accordance with SNA 93 and SNA 2008);
- provision of methodological documents (annual and quarterly accounts);
- support in decomposing GDP into basic expenditure positions;
- the empowerment to train and assist in the preparation of regional accounts according to the ECOLOC approach developed by the Municipal Development Partnership (MDP);
- the capacity to train in the methodological approach of compilation of regional accounts;
- training in carrying out type 1-2-3 surveys (employment, informal sector and household consumption expenditure);
- Training in the development of social accounting matrices.

Regarding the current state of economic accounts at the African level, the countries that established the accounts according to the ECOLOC approach are Burkina Faso, Côte d’Ivoire and Mali. On the other hand, the countries that established the regional accounts are Cameroon, Cape Verde, Madagascar, Mali and Senegal.

As far as perspectives are concerned, Afristat’s actions concern the strengthening of current activities and the development of new initiatives (PSTA 2017-2021 and AU Agenda 2063) which are the Finalization of the improvement of the methodological guide for the preparation of quarterly national accounts; the promotion of the elaboration of regional national accounts; the formalization of a methodological guide; the organization of technical
support missions; the organization of training sessions; the promotion of South-South exchanges and finally the follow-up of the experiences of the member states on regional accounts, notably the project with Senegal initiated in 2017 (2 pilot regions, generalization projected for 2018). The experience of Cape Verde concerns the development of economic accounts of Islands which are territorial divisions. The work carried out by Cape Verde consists of distributing GDP in details to the nine inhabited islands of Cape Verde. The specific objectives are as follows:

- determine the GDP at an island level;
- identify for each island the most important activities and their weight in the structure of their GDP;
- obtain the per capita GDP per island;
- highlight the weight of the municipality of Praia, especially in view of the large number of active businesses, in comparison with the other municipalities in Santiago.

The realization of this work required the mobilization of statistical sources of various origins.

**The internal sources are:**

- business statistics data ;
- 2012 census containing the base of the establishments of companies referring to this year and the 2015 annual business survey;
- informal sector survey (2009 and 2015);
- 2015 employment data per island;
- 2015 population data per island;
- tourist entry data (nights) per island

The external sources concern the agricultural census and the administrative statistics.

The method used for the distribution of GDP per island is the top-down method. This method assumes the distribution of the national added value, using an indicator which will be closest to the measured phenomenon. The national accounts
aggregates are shared per island based on the selected indicators. It does not require adjustment after the national values.

7. Presentation of the initiative of the Economic Commission for Africa on the calculation of the GDP of cities

The Economic Commission for Africa (ECA) is a regional organization of the United Nations (UN). Its mandate is to support the economic and social development of its member states, to foster regional integration and to promote international cooperation for Africa’s development.

ECA advocates for inclusive growth and structural transformation, notably by emphasizing the link between structural transformation and urbanization, in other words the economic dimension of cities and structural transformation.

The issue of the urban appears in a marginal way in the policies of growth or emergence and still less when it comes to the economic issues and industrialization or agricultural development. Countries have begun to develop national and local long-term and medium-term development plans, but without taking into account the urban dimension

However, macroeconomic and sectoral policies have stronger effects on cities and the urbanization process than the urban policies or spatial policies per se. Conversely, the urbanization process has effects on sectoral and macroeconomic policies.

International experiences show a strong association between urbanization and economic growth:

- from 1970 to 2006, each 1% increase in the urban population corresponded to an average increase of 6% of per capita GDP for India and China, 8% for Vietnam and 10% for Thailand.
- However, in some Asian countries, including the Philippines and Indonesia, similar rates of increased urbanization translate into an increase of less than 2% of the per capita GDP.

The issues at stake for Africa are important. If at the global level, cities occupy 2% of the earth, but produce 70% of world GDP, at the level of Africa 41% of the population live in the cities but produce over 50% of the continental GDP.
It is widely accepted in the circles of international investors that the emergence of African cities generates considerable opportunities for international businesses. These include consumables, financial services, information and communication technologies (ICTs), health and education services, among others.

This is why ECA launched works for an urbanization at the service of structural transformation through the estimate of GDPs of cities in Africa. Convinced of the importance to be given to the economic role of cities to contribute better to the structural transformation, the objectives set by ECA through this study are to:

- measure the contribution of cities to the national economy;
- provide new evidence on the need for member states to harness better the potential of cities so as to draw benefit for the transformation of economies and job creation;
- vest cities with a new role in the economic transformation of countries and anchor them to the value chains (sub-national, national, regional or international;
- open a productive dialogue between local and central authorities on the economic aspects of cities, their contribution to growth, productivity and competitiveness of national economies and job creation.

For the estimation of the GDP of cities in Africa, several phases are scheduled:

**Phase I:** Study, the base to estimate the GDP of cities in Africa. During this phase, it is a question of reviewing the different methods used for the estimation of GDP (Baseline) to develop a method proposal.

**Phase II:** Development of the methodology. This involves preparing the methodological note and performing tests to validate the method.

**Phase III:** Training of Trainers in Africa with the partners. Currently, the work carried out by ECA concerns phase I, to assess the different experiences and propose methods based on the analysis of international experiences such as the ones of UN-Habitat City Productivity Index, EU / EUROSTAT Regional Accounting, the EU and Canada: GDP of Metropolitan Cities, Great Britain, OECD (which developed a guidebook for an economic definition of cities), the World Bank (which developed a methodology to estimate the weight of cities in the GDP of Central America), and the private sector (Price Waterhouse Coppers (PwC), McKenzie, Oxford Economics: for OECD countries, and South Africa.), Vietnam, Indonesia, and New Zealand.
With regard to African experiences, they relate to Ethiopia (regions and Addis Ababa), Morocco (regions), South Africa (cities and regions), Zambia (provinces), Nigeria (State governments) and Ghana.

In terms of GDP of cities, the works are recent, growing, concentrated mainly in developed countries and Asia, and very few studies in Africa. There is no reference method like the 2008 SNA, so a problem of comparability arises as different methods are used (even in one country). Finally, statistical data to compile GDP are not available or used scantily. Statistical capacities are poor, especially at the sub-national level.

In view of the challenges noted, the needs and opportunities, it is proposed to build on the existing, and use consequently international standards of national accounts to facilitate comparisons.

In perspective, it is planned to strengthen the consultation with Morocco and UCLGA to refine this approach and come up with a methodology and a regional program of support to the countries of the continent, notably to test, validate and train.

8. Roundtable on the development of indicators and realization of foresight at the territorial level: national program and South/South cooperation

This round table was chaired by the Secretary General of UCLG Africa. It was moderated by Afristat’s Deputy Director General, the President of the Moroccan Association of National Accounts, the Director of National Accounts (HCP), the Director General of the Agency for the Promotion and Development of Oriental, and an expert from the Economic Commission for Africa.

In his introduction of the round table, Mr. Mbassi noted that all African countries have embarked on the fight to achieve economic development. The African Union recommends not to miss the demographic dividends and the fact that half of the world youth population now live in Africa means the economic take-off and the reduction of poverty which will be achieved through the territories.

Up till now the construction of the African continent has been done in a centralized way and the instrumentation was done at the central level. The question that arises now is how to build this instrumentation at the local level with the territorialization of development policies.

The practice of regional and local accounts has so far consisted in starting from the top, i.e. from the national accounts, and spread to the bottom. It is a question of regionalizing and localizing the accounts through the use of the indicators and sometimes, when the statistical information allows it, to correct through the mixed methods.
Now that local elected officials wish to be equipped with tools, especially the economic accounts to steer the economy of their territory, the development of these accounts directly at the local level is not possible in view of the inadequacy of the statistical system at the local level.

To achieve the objective of making economic accounts available to local and regional governments, it is important to answer the following three questions:

**First question:** Is it possible for the statistical and national accounts institutes to organize the statistical apparatus based on the governance of territories?

**Second question:** How can we organize a South/South collaboration in this field and on the basis of which experiences? Can Chefchaouen serve as a framework for experimentation or do we take into account other experiences such as the one of Afristat with Burkina Faso or the one of ECA with its continental study on the urban with points of support in different countries?

**Third question:** to consider how to organize concretely all this process.

Paul-Henri NGUEMA MEYE, DGA AFIRISTAT. It is highly desirable to have local accounts and indicators which are used for the realization of foresights at the level of the territories. The organization of the process can be carried out by a national dimension or an international dimension (partnership and others).

The answer given for the national dimension is based on 4 thrusts:

1) A better strategy for achieving political adherence The political authorities that adhere to the decentralization program must therefore find the tools to achieve this decentralization.

2) A framework for guidance, coordination and harmonization around this issue

This framework should bring together five stakeholders namely Statistics, Planning, Finance, Interior and LRGs. This framework has the mission to monitor:

- Consistency between the national policies and the local concerns;
- The political handling of the institutional difficulties that may arise as and when discussion takes place.

1) Prioritization of medium-term actions;

2) Alignment of partnership actions with national priorities

**Tounzi Abdeljalil: President of Moroccan Association of National Accounts.** It is obvious that the experiment carried out at Chefchaouen local government deserves to be finalized by carrying out the statistical operations necessary for the compilation of local accounts and the development of indicators. All these indicators will help to understand better the local economy and pave the way for the local stakeholders to come together around a future project, presenting the arguments in favor of the action plans of the local government. It would be important subsequently to generalize this experience to the other local governments of the Kingdom.

Within the framework of the regionalization initiated by Morocco, the development of statistical production at the regional
and local levels is a necessity to meet better the needs of an increasingly local decision-making. The actions undertaken by the High Commissioner for Planning for an upgrading and an adaptation of its information production system at the regional and local level remain insufficient.

To achieve this, the regional departments of the HCP can play a major role in implementing these studies. They are the best placed for the mobilization of statistical sources: representativeness of surveys at the municipal level (increase survey budgets), accord more importance to administrative statistics and allow statistics to study tax files. All this must be supported with a reinforcement of the human resources of these departments.

This experience acquired by Morocco in the field of compilation of local accounts deserves to be shared with the African countries that wish to do so within the framework of South-South cooperation.

Zafri Mostafa : Director of National Accounts. The study conducted at the level of Chefchaouen deserves to be finalized by conducting specific surveys. HCP is willing to support UCLG Africa for the finalization of this study.

The statistical system at the regional and local levels is deficient and renders difficult the development of regional and local accounts at the level of Morocco. To develop it, there is a need to start with the administrative statistics at all levels: national, regional and local. All administrations must cooperate with HCP to achieve this objective.

The published current regional accounts are limited to GDP and to the household final consumption expenditures. Their developments with other aggregates such as investment, income, require the development of administrative statistics and the conduct of surveys with a territorial representativeness.

With regard to South-South cooperation, HCP cooperates with a number of African countries, particularly in the area of regional accounts, with Cape Verde. Other actions were carried out with INSEE to build up the capacities of statistical production in African countries.

Mohamed Mbarki: Director General of the Agency for the Promotion and Development of Oriental. All African countries have national public policies based on strategies and they question the territorialisation of this policy. This requires tools based on statistical data such as local accounts. The establishment of indicators to measure the performance of local economy facilitates the diagnosis and selection of development policy actions.

Local stakeholders wish to generalize the benefits of national development strategies and policies. However, the other alternative is to start from the bottom, that is, the region’s wealth, its potential and its specificities to establish development strategies.
With regard to South / South cooperation, it is recommended to make distinction between:

- cooperation between states: It already exists and should be strengthened. Afristat and other organizations can play an important role in this respect
- decentralized cooperation between local and regional governments: This kind of cooperation will enrich the first.

Ms. Semia Tapia CEA. The Economic Commission for Africa has a statistics center which conducts studies on topics concerning this continent, notably the establishment of indicators for cities such as GDP. Its Northern Africa office in Rabat is working currently on the territorialization of industrial policies.

With regard to South-South cooperation, ECA supports all efforts and is prepared to get involved in this type of initiative. In the same vein, the experience of Morocco with the establishment of the accounts of Chefchaouen may be very interesting for the rest of the continent.

9. Summary and recommendations

The issue of territorialization of public policies has become unavoidable. It was recommended during the adoption of the Sustainable Development Goals, to territorialize these goals so as to ascertain their impact on the people. The latter implies that the statistical apparatus must have a territorial dimension.

Some African countries, which initiated regional accounts such as Morocco and Cape Verde, recorded a growth in their statistical data at the regional level. However, at the municipal level, the statistical information remains very insufficient.

As a reminder, the national accounts are established based on a global standard that allows to have elements of comparability between African states. In the same vein, these states embarked on decentralization policies that consist in saying that the public power has several faces:

- **National**: All the statistical apparatus was set up
- **Regional**: with the regional councils, the statistical system at this level has shortcomings
- **Local**: with the local governments, inexistence of statistical apparatus and instrument meeting their needs of steering economic policies.

It is imagining another statistical apparatus that covers the three levels of governance. It is enriching the approach adopted at the level of Chefchaouen local government and which can guide on how to organize this apparatus in:

- Developing and harmonizing administrative statistics;
- Conducting statistical surveys with a municipal representativity, especially the type 123 surveys.
All in all, why not consider building a new apparatus that will meet the conditions of the existing statistical apparatus. The organization of statistical work must take into account decentralization, and the collaboration between the various stakeholders must be structured so as to produce synergies. This is how the HCP and other stakeholders such as researchers and academics are challenged to think on how to structure (articulate, organize, harmonize etc.) this statistical apparatus.

In the end, it is a question of how, based on the proposals of structuring, to:

- Meet the needs of national statistics and generate another way of doing things based on local statistics;
- Establish at the level of local and regional governments a competence in the area of statistics and promotion of local economy;
- Reflect on how, in the medium term, to equip these communities with this capacity, with the support of the Ministry of Home Affairs and international organizations.

As a recommendation, it was decided to create a task force that will develop a roadmap which proposes the best way to articulate all the proposals that were expressed during this workshop. These proposals are in line with the establishment of a local statistical system and the compilation of local accounts.

The Secretary General of UCLG Africa is in charge of appointing the members of this task force and organizing the first meeting before the end of March 2018.

The Secretary General of UCLG Africa wishes to present this roadmap to the Afrocities Summit which will take place in November 2018.