

Summary of the Report on Human Resources

- Draft Finance Bill 2013 -

Introduction

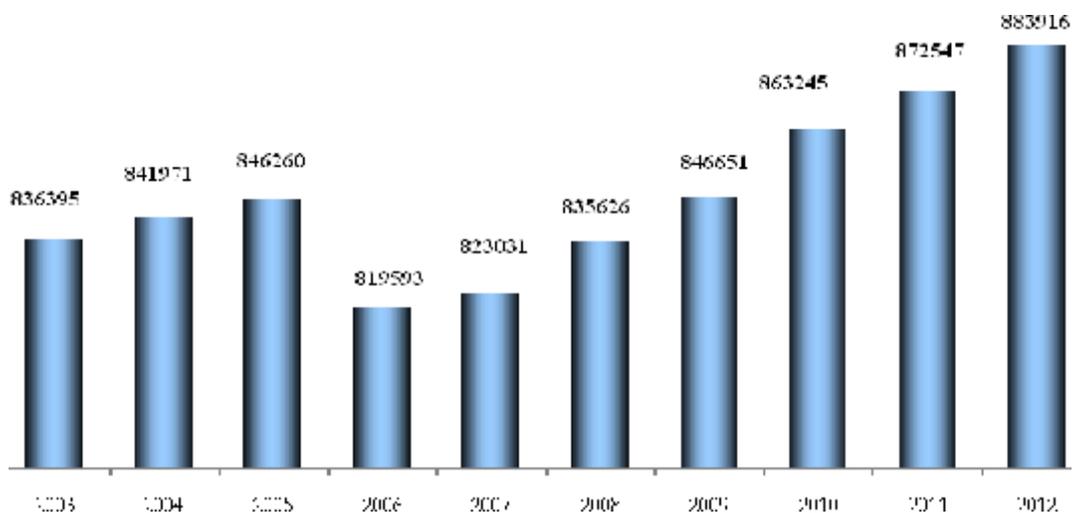
Report on Human Resources is the first report appended to Finance Bill 2013, which highlights the efforts made over the last ten years, to provide the Moroccan administration with the necessary skills so as to meet the requirements of the new missions assigned to it, on the one hand, and to improve the material situation of the entire set of its employees, on the other.

The report also examines the development and structure of State personnel during the period 2003-2012, and provides an analysis of the trend of State personnel costs for the same period.

I- Number of the State personnel in 2003 – 2012

The category of public service workforce adopted in the Report is limited to the public administration personnel and excludes employees of local public administration and those of Public Institutions.

1. Overall trend:



Since 2003, the budget staff of State personnel has witnessed a moderate increase, posting an average annual growth of 0.62% and a total increase of 5.68% for the entire period 2003-2012.

However, it should be noted that this development has been marked by a slight increase in the budget staff between 2003 and 2005, with a growth rate of 0.7% and 0.5% in 2004 and 2005 respectively, posting a sharp decline in 2006 with a rate of -

3.2%, due to the departure of nearly 40,000 employees within the framework of the voluntary departure operation of State civilian personnel. Starting from 2007, the budget staff witnessed a gradual increase in the annual rates ranging from 1.1% to 2.3% due to the net flows of the actions of creating and omitting budget job positions.

2. Trend of job positions created and retirement

In terms of the job positions created, four stages can be distinguished since 2003:

- ✓ 2003 - 2005, the number of job positions created was invariable, averaging 7,000 positions per year, a number close to that of retirement for the same period, an average of 5,904 cases of departure;
- ✓ In 2006, 12,000 job positions were created, up 71% compared to 2005. This can be explained, besides the normal flow of retirees amounting to 5,319 people, by the impact of the operation of voluntary departure on the need of public administration for human resources.
- ✓ Between 2007 and 2011, despite the will expressed in the year 2007 to limit the number of new positions to 7000, as in the years 2003 to 2005, the period 2008-2011 witnessed a substantial increase of new jobs, since they increased from 7000 to 16,000 in 2008 and 12,820 in 2009 to stand at 23,820 in 2010 and 18,800 in 2011. This trend can be explained partly by the effort made by the government to meet irreducible needs of human resources, mainly in the sectors of education, health and security, and partly by the need to provide more opportunities for unemployed graduates to have access to public-sector jobs.
- ✓ 26,204 job positions were created in 2012 as against an annual average of 15,680 jobs between 2007 and 2011, up 39% compared to 2011, while the expected number of retirees for this year amounts 11,026.

Despite the intention to keep new job positions to a sustainable level, the number of jobs created during the period 2003 - 2012 reached 137,646 jobs, 71% of which in the last five years (2008-2012).

II - Situation in 2012:

1. Distribution by departments

The distribution of State employees by department in 2012 shows that out of 883,916 staff members in the entire set of departments, 92% are concentrated in seven departments only.

The Ministry of Education is ranked first with a share of 33%, followed by the Administration of National Defense with 29%, Ministry of Home Affairs with 18%, while the share of the ministries of Health, Higher Education, Justice, Economy and Finance amounts to 12%. The other departments all together account for only 8% of the budget staff.

2. Distribution by wage scales

- ✓ Operating personnel consisting of agents ranked in the 5th and 6th scales account for 18.82% of the total workforce;
- ✓ Intermediate or supervisory personnel corresponding on scales 7 to 9 accounts for 20.93% of manpower;
- ✓ The category of executives ranked at scale 10 or higher accounts for 60.25% of budget job positions.

3. Distribution by gender

- ✓ In 2012, 69% of State civil workforce is male and 31% female.
- ✓ The rate of female employment in public service remains relatively low. However, this rate has edged up from 29% to 31% between 2003 and 2012.
- ✓ The structure of women civil servants by department shows a strong female concentration in six government departments (90%). The Department of Education alone employs 60% of women clerks, followed by Health with nearly 14%.

4. Distribution by age:

- ✓ 13%
of employees are below 30 years of age, mainly representing new Administration recruits.
- ✓ The age bracket accounting for more than 60% of Public Service personnel ranges between 40 and 60 years.

5. Distribution by region:

- ✓ 17.34% of the clerks and servants of the public service are concentrated in the Region of Rabat–Salé–Zemmour-Zaer, with a supervising rate of 54%;
- ✓ 9.86% of staff members are assigned to the Region of Greater Casablanca, 60% of whom are executives. This raises the question about the capacity of this manpower to ensure the management of the

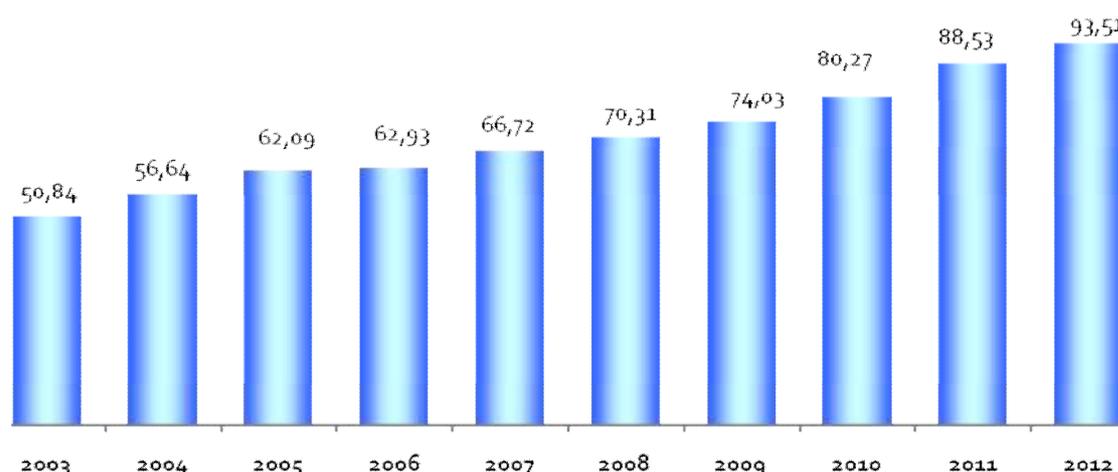
administrative services intended for an increasingly growing population in a region that undergoes major economic and social changes.

It emerges from the foregoing exposition that State civil servants are concentrated in the Casablanca – Rabat – Kénitra axis, accounting for 37% of the total civil workforce.

I - Trend of overall payroll since 2003:

The overall payroll of the Public service increased from 50.837 MDH in 2003 to 93.508 MDH in 2012 (up 84%), that is to say an average annual growth of 7.01% over the last ten years, a rate higher than that of the country's economic growth (4.5%) during this period.

Trend of overall payroll in billion dirhams

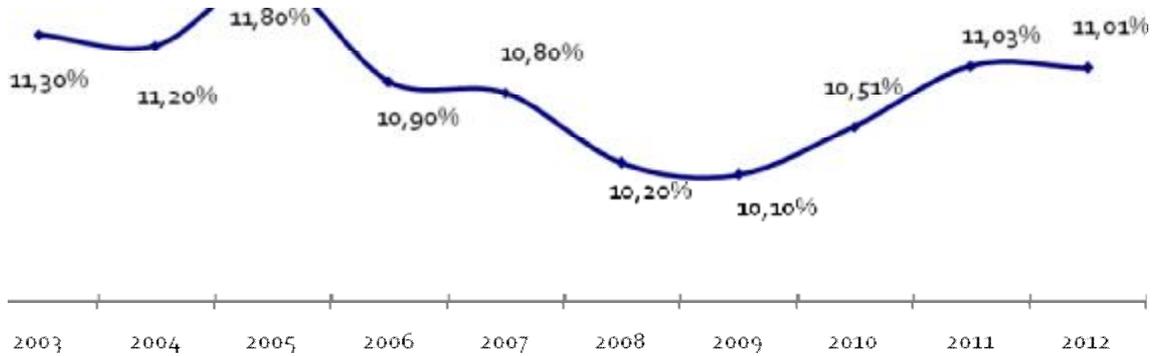


1. Share of overall payroll in GDP

The overall payroll to GDP posted an upward trend from 11.3% in 2003 to 11.8% in 2005. This trend was then reversed partly because of the measures and efforts adopted (voluntary departure operation, removal of vacant budget positions, limiting the creation of budget positions to cover only the irreducible needs of priority sectors, prohibiting the recruitment of the agents ranked at the 1st to 4th wage scales of casual staff), and partly because of the acceleration of the growth rate of the national economy.

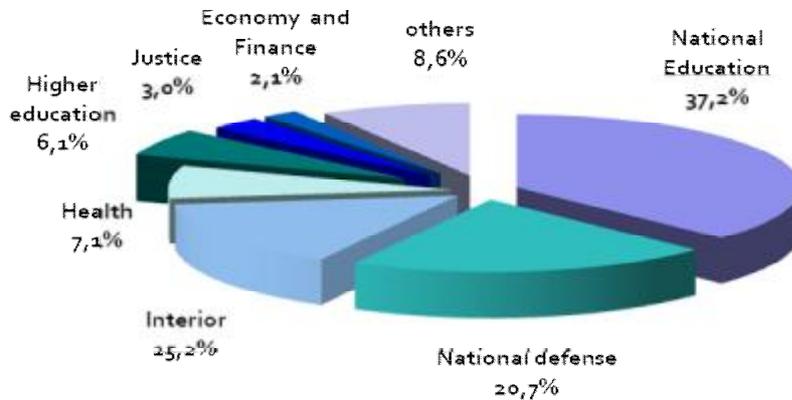
This ratio stood at 10.5% in 2010 to reach 11.01% at the end of 2012 due to the implementation of the wage increase agreed upon on 26 April 2011, relating to social dialogue and the measures taken for the benefit of some state agencies (sector-based social dialogue).

Trend of the overall payroll to GDP in %



II - Distribution of overall payroll in 2012

1. By department



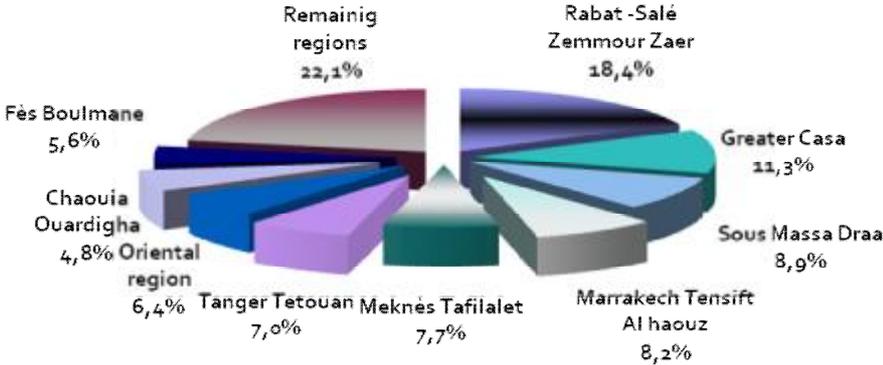
Hence, 91% of workforce credits are assigned to seven social and security-oriented departments (Education, Defense, Interior, Health, Higher Education, Justice and Economy and Finance).

2. By region

The Region of Rabat-Salé - Zemmour-Zaer, which employs nearly 99.110 staff members (17.34% of State civil manpower), holds the largest share of the total

payroll, accounting for 18.4%, followed by Greater Casablanca with 11.3% and nearly 17% for the two regions of Massa-Darâa and Marrakech-Tensift – Al Haouz.

The predominance of these regions is explained by the assignment of a significant number of civil servants to these regions and by the levels of remuneration earned by such civil servants.



III - Factors impacting the growth of overall payroll

1. Regulatory promotions

Regulatory rank and step promotions (career progression effect) and job creations (manpower effect), though permanent, contribute significantly to the overall payroll growth: 2.6 billion Dirhams in 2012, or 3% of the overall payroll. The expected annual average for the period 2012-2016 is about 3.6, or 3.7% of personnel-related costs.

2. Creation of new jobs

The total number of jobs created under finance acts between 2003 and 2012 amounted to 137.646 positions for a budget of 11.5 billion dirhams, or an annual average of 1.2% of the overall payroll.

3. Social dialogue

The wage policy was characterized by substantial and successive upgrading of the wages of the entire set of State civil servants, generally pursuant to the agreements concluded between the Government and social partners and within the framework of central and sector-based social dialogue.

Therefore, several measures were taken in the last decade, allowing the improvement of the material conditions and career development of State personnel.

These decisions, which directly impacted the overall payroll during this period, incurred a budget of about 40 billion dirhams (51 billion, taking account of the voluntary departure operation) and concerned the following measures:

4. Levels of wages:

4.1. Net minimum wage in public service:

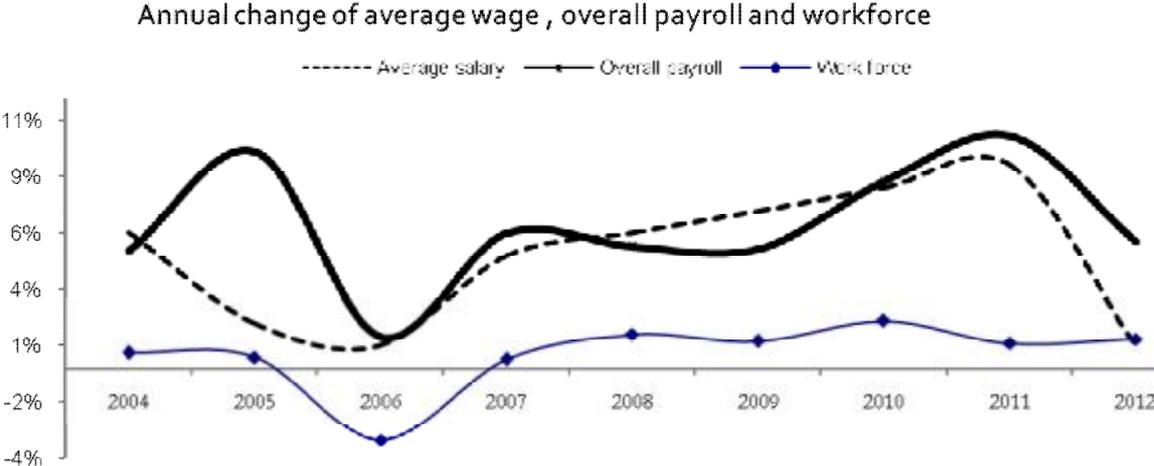
The lowest net salary in the public service has doubled during the period between 2003 to 2012, increasing from 1384 DH/per month in 2003 to 2800 DH/ per month in 2012; that is an average annual increase of 8.14%.

The salary range in force in the public service reveals that the significant variation noted before 2012 between the highest and lowest wages has substantially decreased. It fell from 9 to 4.5 times for off-scale salary, and from 37 to 17 for a Rank C professor in medicine (the highest statutory wage in public service).

4.2 Average wages in the public service

o **Average wage and workforce**

During the period 2003-2012, the average monthly salary in the public service increased by 54% from 4670 DH in 2003 to 7200 DH in 2012, or an annual average of 5%.



o **Average wage and consumer price index**

During the period 2003-2012, civil servants' mean wage increased on average by 5%, whereas CPI (consumer price index) posted only 1.74% in the same period.

- **Net average wage and per capita GDP**

The current average monthly net salary in the public service amounts to 7.200 DH. It represents 3.5 times the national per capita GDP (2100 DH/ month) as against 3 in Tunisia, 2 in Turkey and 0.9 for a developed country such as France. This situation is primarily related to the level of GDP and the strong concentration of the active population in a primary sector with low productivity.

- **Net average wage by category of civil servant**

Category	Net average wage		
	2003	2012	%
Personnel ranked at a scale lower than or equal to 9	2.486	3.900	57%
Education personnel	5.190	8.140	57%
Administrators and similar professions	7.200	9.816	36%
Engineers and Architects	9.571	13.322	39%
Veterinary doctors and medical doctors	10.249	15.263	49%
University teachers	13.000	18.800	45%
Magistrates and legal advisers	13.192	20.438	55%
General Inspectorate of Finance (GIF) and General Inspectorate of Regional Administration (GIRA)	14.980	19.564	31%
Court Registry	3.827	6.908	81%
Average			50%

The monthly net average wage by category of civil personnel, in the period between 2003 and 2012, posted an increase ranging between 31% for the inspectors of GIF as well as GIRA and 81% for Court Registry personnel, for an average variation of 50% for the entire set of civil servants.