



## Summary of the memorandum on the regional distribution of public investments for the year 2016

Public investment is a key variable in the creation of more balanced economic and social development model, and this is in the light of the institutional reforms and promising prospects, particularly with the implementation of the advanced regionalization. The first edition of the memorandum on the regional distribution of public investments accompanying the Finance Act 2016 is part of the entry into force of the provisions of the new organic law related to the Finance Law, and aims to finalize the assessment of the regional distribution of public investment. To do this, this memorandum is structured according to five axes; namely:

**The first axis** describes public investment as a strategic and voluntary choice of the State. In fact, the Government has continued to pay particular attention to accelerating the pace of execution of public investment, while ensuring its regional distribution in such a way as to guarantee an integrated and balanced development of the different regions of the Kingdom. As an illustration, the rate of implementation of the investments of the general budget has clearly improved between **2011** and **2014** rising from **64.6%** to **68.59%**. The same applies to the public institutions and companies, which execute an important part of public investments, the execution rate increased from **60%** in **2011** to **64%** in **2013**. The improvement in the execution of public investment at the national level has been clearly reflected at the regional level. For example, the average rate of the execution of the general budget per region increased from **45%** in **2011** to **48.3%** in **2013**, that is, an increase of **3.3 points**.

**The second axis**, on the other hand, deals with the new approach introduced by the Government in order to ensure regional distribution of public investments promoting a balanced and harmonious development. It is based on **the acceleration of structural projects of infrastructure**, particularly in the areas of roads and highways, ports, airports and railways, **the emergence of regional economic hubs and integrated urban hubs**, which are attractive and competitive, such as the agricultural hubs of the Green Morocco Plan, the integrated Industrial Platforms of the Emergence Plan, and

the integrated urban development programs launched in the cities of Tangier, Rabat, Marrakech, Sale, Tetouan, Casablanca, Kenitra and Al-Hoceima, and **the reduction of the deficit in basic infrastructure** by supporting rural development, mountain areas and remote and isolated regions.

The rehabilitation of these areas actually aims to reduce the inequalities related to their remoteness of the most dynamic urban centres, particularly in terms of access to basic services and infrastructures such as roads, drinking water, electricity, education and health. In this context, and in accordance with the high orientations of His Majesty set forth in the speech on the Throne Day, the Government set about developing **a new action program for the fight against the territorial and social disparities in rural areas** (in addition to the already existing programs such as the territorial upgrade program), in which the action plan for the period **2016-2022** targets almost **20,800 projects** of infrastructures and basic social amenities, developed per sectors according to the needs of underprivileged and isolated populations. This is for a total amount of **MAD 50 billion** excluding the financing of support activities such as income-generating activities and socio-cultural and sports activities, for an amount of **MAD 5.8 billion**.

The **third axis** is devoted to the analysis of economic and social impact of public investment in the regions. Thus, the contribution of four regions in the creation of national wealth, among the 16 regions of the Kingdom (according to the old regional division), has increased from 47.4% of GDP for the **2001-2003** period, to **45.5%** for the period **2011-2013**. While the other regions recorded growth rates higher than the national average, which can be explained by the efforts made by the State to ensure a balanced distribution of public investment at the regional level.

**At the social level**, and as an illustration for the year **2013**, seven regions out of 16 have higher access to fundamental rights than the national average, thanks to improved access to basic services (education, health and housing) and social welfare services. In particular, **the southern provinces** have achieved the best performances in terms of social achievements, especially with regard to the **supervision and equipment in public primary education**.

**The fourth axis** concerns the perspectives of the structural and institutional reforms, in order to establish an effective and balanced management of public investment at the regional level. Thus, and in accordance with the provisions of the Constitution and the new organic laws of regions and local authorities, the Government's effort will be made for continuing the implementation of the advanced regionalization project, especially through the creation of the Regional Solidarity Fund and the Social Upgrading Fund under **the Finance Act 2016**. Similarly, an amount of **MAD 4 billion** will be allocated to the regions, including the general budget allocations (estimated at **MAD 2 billion**) and revenues (about **MAD 2 billion**) resulting from the increase in the share of regions in the **corporate tax** and **income tax** (**2%** instead of **1%**) and in the **tax on insurance contracts** (**20%** instead of **13%**).

**Finally, the fifth and final axis** enriches the analysis by the presentation of the regional distribution of public investments programmed by regions (12 in total according to the new regional division), under the Finance Act **2016** related to the general budget and the public institutions and companies, and whose total amount for this year adds up to **MAD 189 billion**.