Summary of the note on the regional distribution of investment for the year 2019

The public investment effort is seen as an indispensable force in the realization of the country's economic and social development model. In recent years, this effort has resulted in a steady increase in budget margins for public investment, which increased from 135 billion dirhams in 2009 to 195 billion dirhams in 2018, an increase of more than 44.4 percent. This confirms its crucial role in the economic growth of our country, and in the development of different sectors generating wealth and employment, especially at the regional level. In its fourth edition, the note on the regional distribution of investment, accompanying the Finance Act of 2019, illustrates this effort. It is part of the implementation of the new public investment management approach. This note is structured around five main parts:

The first part is dedicated to the analysis of the structure and evolution of public investment, as a strategic and voluntary choice of the State. In this sense, the Government has made a major effort in terms of public investment, through the optimization of public revenues and the control of the state's living standards. In fact, the total amount of public investment (all budget support: State Budget, Public Entities and Enterprises (EEP) and Local and regional authorities (CT), recorded an increase of about 16.5 % between 2011 and 2019 reaching 195 billion dirhams.

In addition to this budgetary effort, the Government has constantly paid particular attention to accelerating the pace of implementation of public investment; while ensuring regional distribution so as to ensure integrated and balanced development of the different regions of the Kingdom. For instance, the implementation rate of investment appropriations allocated to the general budget increased gradually over the 2013-2017 period, from 62.43% to 78.99%, an improvement by almost 17 percentage points. In particular, this positive trend was mainly achieved following the entry into force of the provisions of the new Organic Law on the Finance Act in the promotion of public management; in particular, the performance approach and the capping of carryover at 30% of the available payment appropriations under the investment budget. Thus, the carry-over rate, compared to the appropriations available, has steadily improved; going from 84% in 2013 (taking into account the freeze of 15 billion dirhams of payment appropriations), to 36% in 2017, an average annual decrease of 19%.

In the case of public investments carried by the Public Entities and Enterprises (EEP), they reached 61.286 billion dirhams in 2017, with an implementation rate of 60%. As for the projects carried by the Local and regional authorities (CT), they recorded an implementation rate of 97% in 2017 with a budget of 15.55 billion dirhams, against 91% in 2013 with a budget of 10.97 billion dirhams, an increase of 6 percentage points.

The second part highlights the role of public investment when it comes to territorial and social balance. In fact, the Government has made considerable efforts to reduce spatial and social disparities, through an approach combining convergence and conciliation between different public policies.

At the social level, these are mainly projects aimed at continuously improving people's access to basic services (roads, health, education, water, electricity, etc.); particularly in the context of the implementation of the Program for the Reduction of Territorial and Social Disparities (PRDTS) and the National Initiative for Human Development (INDH). By way of illustration, the appropriations mobilized for the PRDTS for the year 2018 amounted to 3,121 million dirhams, of which 76% is for opening up projects (58% for road and rural road construction and for maintenance and rehabilitation of rural roads), 19% for the education sector and 6% for the health sector.

On the economic front, these efforts have resulted in the strengthening of regional interconnection infrastructure, including the continuation of road and highway programs, the extension of the rail network; further work on enlargement and upgrading of port infrastructure, improvement of airport infrastructure and construction of dams; as well as the completion of major structural projects included in the framework of major sectoral strategies (Plan Maroc Vert, Renewable Energies, etc.). In this respect, the following achievements can be cited:

- Connecting 60% of the population by the national highway network which over a line of 1,773 Km;
- Commissioning of Tangier-Casablanca High Speed Train at an estimated cost of 20 billion dirhams;
- Continued construction of the Nador West Med port at an estimated cost of 10 billion dirhams;
- Inauguration by HM the King of the new Fez airport with a capacity of 2.5 million passengers and an investment of 471 million dirhams;
- Continuation of the implementation of the Plan Maroc Vert programs (Pilier II Projects, Water Saving, Extension of Irrigation, Promotion of Public Private Partnership in Irrigation, Small and Medium Hydraulic Program and Program for development and improvement of routes);
- Continuation of the second and third phases of the NOOR Ouarzazate Solar Complex (350 MW) which provides for the creation of 200 jobs with an investment of 16,398 million dirhams.

The third part deals with the emergence of the region as a major player in the development of territories. The aim is to improve the socio-economic attractiveness of all regions, through the implementation of their regional development programs (PDR) and the implementation of integrated plans for urban development of cities; namely: Casablanca, Rabat, Tangier, Tetouan, Salé, Marrakech, Kenitra and Al Hoceima. Also, the New Development Model of the Southern Provinces, which was the subject of framework agreements signed before His Majesty the King in Laayoune in November 2015, then in Dakhla in February 2016, for a total budget of about 80 billion dirhams, is a concrete example of advanced regionalization.

Furthermore, and in terms of impact, the continuation of Morocco's structural reforms has allowed for a sustained pace of economic growth over two decades, thanks in particular to the various sectorial and transversal strategies that have favored the gradual modernization of the national production system, and its increasingly confirmed positioning in global value chains. However, this growth momentum has been driven by differentiated growth rates at the regional level; with a spatial extent of intensity extending from central to outlying regions.

The fourth and last part of the note on the regional distribution of investment focuses on the prospects for improving the management of public investment, in order to increase its efficiency and its impact at the regional level in a balanced way. In this respect, a new management reform of investment projects is being implemented. It aims to adopt a unified procedural framework for the management of public investments throughout the project lifecycle (identification, ex-ante evaluation, prioritization, program, implementation monitoring and ex-post evaluation), and provides for the implementation of management tools (information system, guides, legal texts, etc.) for the good governance of investments. The aim is to meet the imperatives of efficient and effective management of projects proposed for public financing, which will ultimately promote the selection of projects with the best social and economic returns. This, through a prior assessment that will both measure the socio-economic impact of proposed projects, and prioritize them based on their financial sustainability and socio-economic profitability at the regional level.