

Programmes do not address the roots of poverty



The development programmes are not coordinated and lack monitoring to evaluate and modify the impact, quantity and quality of the resources they mobilize. The new National Human Development Initiative has a limited budget and while it proposes citizen participation, the NGOs feel barely represented.

Espace Associatif ¹

In recent years various reforms were announced in the fields of education and of laws related to family, work and criminal justice, as well as Obligatory Health Insurance, among others. Nevertheless, the real results do not meet the expectations of the citizenry, especially the civil society organizations that work toward the development of democracy. An examination of diverse indicators related to socio-economic development, equality of opportunity and the fight against poverty is not encouraging.

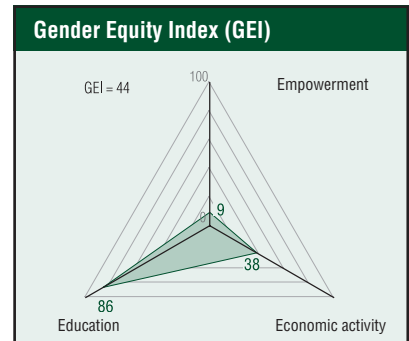
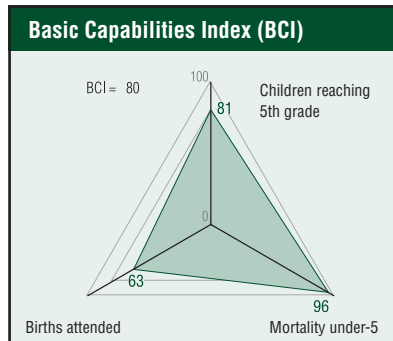
The Social Watch 2006 report, dedicated to the theme of financing for development, is a logical continuation of the 2005 report on poverty and gender five years after the United Nations Millennium Summit and 10 years after the Beijing Conference on Women. The latter made public the deficiencies that still exist and which are a true challenge to meet in order to achieve the Millennium Development Goals.

This contribution from Espace Associatif to the 2006 report has been preceded by the implementation of a consultation that established a platform made up of 32 NGOs from different regions of the country that operate in different sectors linked to development. The objective is to answer the question: "How can we mobilize diverse financial resources and put them to the service of social development, the fight against poverty and discrimination?"

The debates on this question about financing for development have shown how this question has raised many others, linked to democracy, good governance and respect for human economic, social and cultural rights, as well as participation and in particular women's rights.

Before making a general empirical assessment of the funds in Morocco that are already being used and those that can yet be utilized to ensure social development, we have defined social development as the satisfaction of economic, cultural and social needs; and as society's answer to certain risks that affect developing peoples: the abusive exercise of power, the marginalization of its members and the unequal distribution of the fruits of economic

¹ Representatives of 32 associations from different regions that operate in multiple sectors participated in the consultation meeting organized by Espace Associatif (www.espace.cjb.net).



growth. Social development is thus a social process characterized by active collective attitudes that promote integration of individuals by society, the establishment of social solidarity relations within society and the implementation of a good management system. Actions taken for social development will imply measures tending to suppress discrimination and eradicate poverty.

Poverty and emigration

The analysis of poverty from the perspective of income has reaffirmed the importance of transfers within families and above all those that spring from emigration as an attenuating factor. This remark highlights the decisive role emigration plays as a means of compensation. Migration policies and the behaviour of States in terms of management of labour flows are principal components of the actions to take against poverty. Flows of labour which are free from all obstacles are a decisive means of fighting against poverty because they alleviate the demographic pressure on regions that lack resources and capital, which for structural reasons cannot achieve a level of competitiveness that will ensure a decent life for their population.

Insufficient economic growth limits the balance of the labour market and determines an internal and

external migratory movement. Internal migrations translate into a demographic pressure on the cities and a structural labour surplus in the urban labour market. This situation requires development actions on three levels: investment in campaigns to fight poverty and create employment for rural young people, investment to fight against unhealthy housing and to correctly equip the urban peripheries and finally, investment in productive activities to generate a level of growth and employment sufficient to eradicate poverty and unemployment and create an accumulative process of growth and improvement in the quality of life of the people. As the productive apparatus does not succeed in absorbing the labour force offered in the internal market, there is a strong pressure for emigration.

Public spending without monitoring or evaluation

State spending reaches MAD 117.3 billion,² around 83% allocated to operational costs. In the general budget, investment continues to be limited, and 53% of the budget is used for paying the salaries of government employees. The remainder is assigned to the purchase of goods and services, to servicing the external debt and other matters.

For the moment, public expenditure for the different departments are stipulated based on previous budgets without economic evaluation of the performance of public projects that would permit reorganizing the budget.

Public expenses are dominated by salaries of government employees and debt service. Social

TABLE 1

State income in 2003 (MAD billions)	
Customs duties	11.30
Internal consumption taxes	15.80
VAT	18.25
Various loans	40.50
Revenue from State assets	4.40

² USD 1 is equal to MAD 8.77 (June, 2006).

budgets for education and health consume a great part of public spending. The State pays for food and gas subsidies. In addition, it supports rural medicine and tries to fight poverty by means of a series of programmes in infrastructure, housing and promotion of activities that generate income, above all micro credit loans.

In 2003, the State spent MAD 18.9 billion on formal education and MAD 4.3 billion on health. For programmes in infrastructure, rural development, housing, food subsidies and others it invested MAD 18.9 billion.

Our analysis has revealed an extreme dispersion of the means mobilized by the State and also a lack of coherence and monitoring of the effects of the plans and resources mobilized.

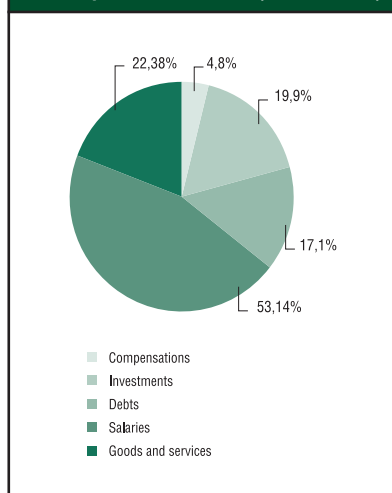
The balance between spending and investment in the last few years makes evident a surplus principally in the homes and in financial ventures. The State and non-financial ventures recur to the savings of other economic agents to finance their investments. In 2003, contributions from households represented a third of the total national investment (MAD 120 billion), while the non-financial entrepreneurial ventures contributed with more than half (MAD 65 billion), above all the public enterprises. Public companies only contributed 10% of the total investment, approximately MAD 13.7 billion.

National accounts do not provide information on the modalities of distribution of household savings (positive as well as negative) or on the rate of evolution of poverty.

Economic activities generate resources whose modalities of redistribution cause the restructuring of wealth. The sectors that generate savings have got richer and those who live on their earnings have got poorer. This phenomenon is significant because for a very long time the productive sector was predominantly household-based. Only in 2001 did the added value generated by non-financial enterprises exceed that generated by households.

The internal market is open to foreign direct investment. Reduction of customs barriers, within the framework of trade policy, harms the artisan sector. The activities that maintain themselves in this context are those protected by public regulations or investment. The initiatives of the sectors exposed to international competition need to be restructured.

State expenditures in 2003 (MAD billions)



Meanwhile, the remittances sent by emigrants are very important and contribute significantly to the reduction of poverty.

The State maintains a fiscal policy that takes social objectives (such as waivers of the value added tax, waivers to the agriculture sector, progressive income taxation and others) into account in determining tax rates, the tax structure and fiscal quotas. The effects of these objectives are a larger compartmentalization of the labour market, the underutilization of the qualified workforce in the sectors exposed to international competition and high unemployment in the sector of highly qualified workers. Urban employment is estimated at 20%.

Development assistance

Some actions taken by the State, the private sector and international financial institutions have attempted to address poverty and its effects. These actions imply direct or in-kind fund transfers, and interventions in the areas of prices, salaries and the social security framework. Nevertheless, these actions are not well focused and do not aim to solve the root of the problem of the lack of jobs, which contributes to increase poverty.

The State is trying to commit the private sector more and more to the offer of social loans, but the social policy is irrational, lacks homogeneity and does not address the causes of poverty.

Public development assistance is directed at infrastructure, education, water, electricity, the environment, health and agriculture. In general, it comes from European Union countries, Japan and the Arab countries. France, Japan and the Arab countries contribute more than 80% of bilateral aid to Morocco (and 70% of total aid).

New programme, little participation

The lack of relevance and focus of social policies, as well as their ineffectiveness, led to the creation of the National Human Development Initiative in 2005. This initiative, which is the starting point of a strategy of revision, proposes a change in the concept of social policy, in particular a more participatory implementation, mobilizing with equal responsibilities the Government and the public administration as well as civil society and the political classes. Nevertheless, the sum of MAD 10 billion directed at financing these actions during a five year period is highly insufficient for alleviating all of the weaknesses. Some civil society actors also criticize the management committees of the National Human Development Initiative for being composed primarily of representatives of the state and for incorporating little representation of NGOs. ■