



Round table 2: The different financing instruments in support of decentralisation

Lotfi MISSOUM
MOROCCO

Key figures of local financial management in Morocco

Local communities (LC)

1590

Districts

12

Prefectures et provinces

75

Townships

1503

3 major families of LC resources

Own resources

- Tax on drinking places
- Tourist tax
- Entertainment tax
- Tax on unbuilt land
-

Endownments of the State

- 30% of VAT
- 4% of the Inc. Rev.
- 4% of the Corp. tax
- 20% of taxes on insurance contracts

Taxation managed by the State

- Housing tax
- Municipal tax service
- Professional tax

Key figures of local financial management in Morocco

Execution of the LC budgets at the end of December 2016

Resources of the LC : **MMDH 37,2 (MM € 3,4)**

- State Transfers : **MMDH 20,43** (55% du total des recettes)
- Local taxation : **MMDH 10,84**
- Taxation managed by state : **MMDH 5,95**

Middle country low incomes	Morocco	Middle country average intermediaire incomes	Middle country high incomes
1.6% du PIB	3.6% du PIB	6% du PIB	13% du PIB

Expenses of the CL : **MMDH 33,6 (3.3% of the GDP)**

- Operation : **63.3%** of the amount
- Payroll: **52.6%** du Fonctionnement

Guinea	Burkina Faso	Senegal	Mali	Morcco	France
0.2% dof the GDP	1.2% of the GDP	1.7% of the GDP	2% of he GDP	3.3% of the GDP	11.9% of the GDP

Constitutional Reform of 2011

- Organic Law No. 111.14 concerning the regions
- Organic Law No. 112.14 on Prefectures and Provinces
- Organic Law No. 113.14 concerning municipalities

Fundamental principles for successful LCs

- Principle of free administration
- Principle of subsidiarity
- Executing Agencies (Directors General of Services, Directors of Services, ..)
- Multi-year results-based budget planning
- Modernisation of evaluation tools (budget execution audit and financial audit)
- Requirement for sound financial management rules

AGENDA

I- A dense network, close to the LC

II- A legal device adapted to the requirements of the LC

III- High performance Information systems that meet the needs of the financial management of LC

IV- A sustained mechanism

V- Legal and financial advice to LC

A dense network of accountants, close to the LCs

General Treasury of the Kingdom (GTK)

(4 680 executives and agents)

73% of the workforce

GTK network extended throughout the country

8

Regional treasuries

54

Prefectural and provincial treasuries

188

Perceptions

- Expenditure management of LC
- Recovery of the 3 main taxes of LC (TH, TSC et TP)
- Payroll processing of 1460 LC

AGENDA

I- A dense network, close to the LC

II- A legal device adapted to the requirements of the LC

III- High performance Information systems that meet the needs of the financial management of LC

IV- A sustained mechanism

V- Legal and financial advice

A legal device adapted to the requirements of the LC

Directorate general of local government

General Treasury of the Kingdom

Design and development of regulatory texts

- meeting the requirements of the LC
- based on a repository close to that of the State

Users :

- Corporates
- Architects
- Citizens
-

Harmonised
procedures

Single
repository

Saving transaction costs

A legal device adapted to the requirements of the LC

Application to LC of the 2013 Public Procurement Decree and CCAG of the State:

Guiding principles

- Free access to public order
- Equal treatment of competitors
- Competitor rights guarantee
- Transparency in the choice of the client
- Application of the rules of good governance

A legal device adapted to the requirements of the LC

➤ **Modulated control of LC expenditure:**

- ❑ Introduction, like state expenditure, of a modulated control of expenditures according to the risks and the stakes
- ❑ Maintaining the same thresholds adopted for the State to give the LC more room for maneuver in their management



Increased LC management capacity

A legal device adapted to the requirements of the LC

➤ Back on the decision to abolish the regularity check decided in 2010:

FAULTS

- Limit of the former decree of the public accounts of local authorities
- Undermining the principles of sound public procurement management
- Drift observed in personnel management
- Non-compliance with the rules and statutes of municipal staff

A legal device adapted to the requirements of the LC

2016 reform on payment deadlines and default interest

- ❑ Elaborated by the General Treasury of the Kingdom and the General Confederation of Companies of Morocco (CGEM)
- ❑ Broadened the scope of default interest on LCs
- ❑ Entry into force from 1 January 2017



- Improved performances of execution of LC's expenditures
- Average deadlines for the payment of LC public contracts: 146 days in 2016 and 58 days in 2017

AGENDA

I- A dense network, close to the LC

II- A legal device adapted to the requirements of the LC

III- High performance Information systems that meet the needs of the financial management of LC

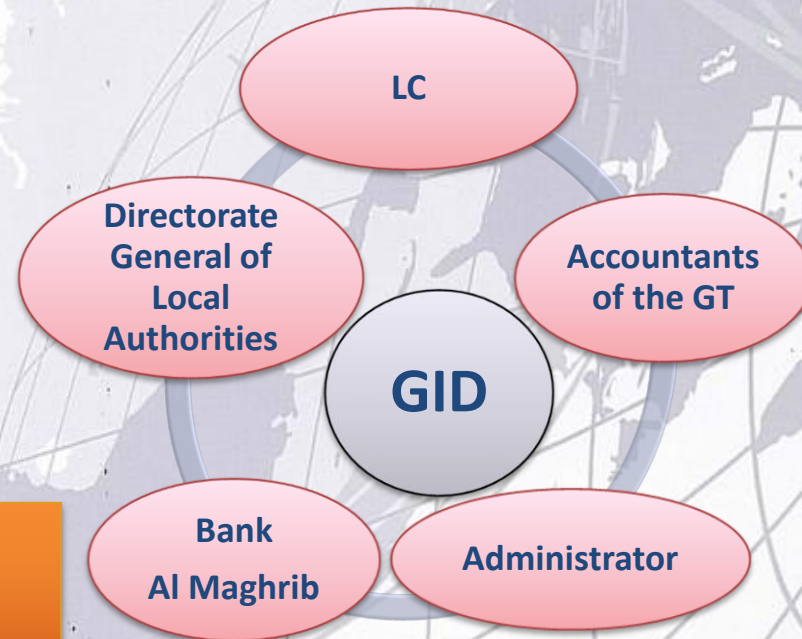
IV- A sustained mechanism

V- Legal and financial advice to LC

High-performance information systems that meet the needs of the financial management of CTs

Integrated expenditure management: GID

- System used by the State since 2010
- Extended in 2014 to local authorities
- The system covers all procedures for the execution of the expenditure
- Setting up credits
 - Engagement phase
 - Liquidation phase
 - Scheduling phase
 - Settlement
 - End of financial year



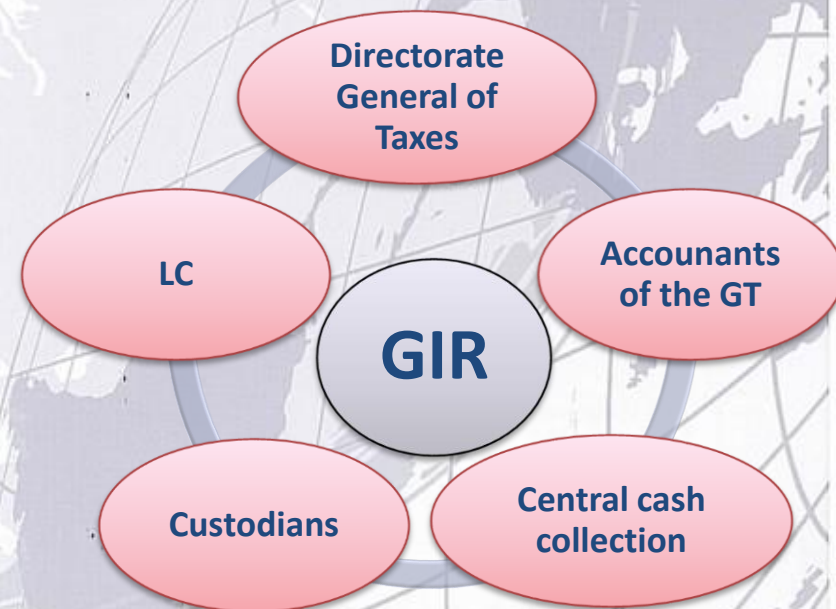
❖ Follow up on the payment deadlines of the public order:

- Alerts to Presidents
- Liquidation of default interest

High-performance information systems that meet the needs of the financial management of CTs

Integrated management of the recipe: GIR

- System used by GT accountants to recover all types of CT revenue
- Cashing in at ATMs, payment via internet, e-banking applications and mobile-banking,..
- A new version of this system integrating the functionality of the LC is being rolled out:
 - ❑ Collection of taxes by the commissioners
 - ❑ Support of the plate
 - ❑ Liquidation
 - ❑ Issuing recipe orders



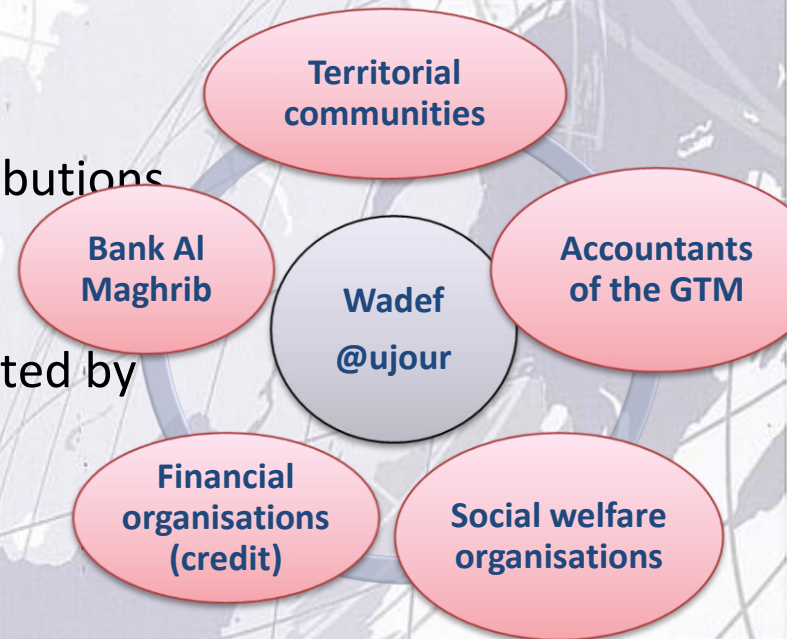
- Integration of the 19 régions under the commune of Casablanca
- Generalisation in 2019 to all CTs

High-performance computer systems that meet the needs of the financial management of CTs

Staff Expenditure Management System:Wadef@ujour

This system ensures the payroll management of all local authority staff:

- Liquidation of pay in all its complexity
- Salary transfers to territorial staff
- Collection and payment of social security contributions
- social welfare organisations
- Management of the maturities of loans contracted by staff for the benefit of finance companies
- Issuing recipe orders



AGENDA

I- A dense network, close to the LC

II- A legal device adapted to the requirements of the LC

III- High performance Information systems that meet the needs of the financial management of LC

IV- A sustained mechanism

V- Legal and financial advice to LC

A sustained mechanism for mobilising the resources of local authorities

- Signature of partnership agreements between respectively the Wilayas of Rabat and Casablanca and the regional treasuries of the said cities
- Impulse of a management by objectives for the regional treasuries within the framework of a contract objectives / means (RAR of the CT represents 65% of the total)
- Rul of the LC represents 65% of the total
- Industrialisation of the recovering acts for the benefit of the public accountants (DASF, ATD, ..)
- Extension of the GIR system to the LC for the management of the tax on unbuilt land, the tax on drinking establishments, the tourist tax...
- Conclusion by the GT of the Kingdom of a partnership agreement with the administrators for the notification acts corresponding to high-stakes ratings

AGENDA

I- A dense network, close to the LC

II- A legal device adapted to the requirements of the LC

III- High performance Information systems that meet the needs of the financial management of LC

IV- A sustained mechanism

V- Legal and financial advice to LC

Legal and Financial Advice

- Dashboards relating to the implementation of local government budgets are regularly communicated to the responsible
- A new version of the GID-reporting system, deployed in a first step at the level of the Casablanca municipality (Real-time consultation of the monitoring of the execution of expenses)
- The GT of the Kingdom publishes all the ends of the month on its website the bulletin on the finances of the LC.