



Research Paper

Inequality & Territorial solidarity in Morocco: State of the art and experiences

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ABSTRACT: This paper attempts to draw a synoptic view on the major results and diagnosis of this study. This reminder of the elements constituting the diagnosis of the situation of inequalities in Morocco, through the different indicators, allows us to measure the extent of these inequalities at the territorial level. It is also an opportunity to remind the characteristics of the territorial solidarity model implemented. This model is built around several financing mechanisms (GBS, LA's resources, specialized funds) and the participation of different actors (State, local authorities, PEC). The aim is to list the multiple shortcomings that hinder the current model and prevent it from fulfilling its role in reducing territorial inequalities.

KEYWORDS: Inequalities, territorial solidarity, human development

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I. INTRODUCTION

Territorial inequality generally refers to a situation of economic and social imbalance between territories. It is also an imbalance in welfare between populations. Inequality can be quantified through indicators such as: the level of access to basic facilities, the poverty rate, the access to basic social services like health, education, etc.

The phenomenon of territorial inequality is a structural situation in most developed and undeveloped countries. All countries are in fact trying, through policies, tools, mechanisms, and approaches, to reduce these territorial inequalities to improve social welfare and create the conditions for territorial justice.

A widely held view presents decentralized political structures as important causes of smaller governments, a less developed welfare state and, consequently, higher levels of inequality. According to this common view, decentralized political institutions contribute to the perpetuation of inequality because "decentralized redistribution is bound to fail" [1].

This paper includes an overview of international experiences in the field of territorial solidarity. This benchmark is of great importance because it allows to identify good practices at the international level in the fight against territorial inequalities.

These practices will be of good use in building the new model of territorial solidarity and defining its strategic orientations and operationalization mechanisms. The reminder of the major findings from the diagnosis of the situation of territorial inequalities and the solidarity system implemented and the focus on good practices in this area will allow our research firm to provide answers to the Moroccan situation while being enlightened by what is happening internationally.

II. LITERATURE REVIEW

In recent years, the theoretical literature review and empirical evidence in favor of equality policies, in contrast to Okun's theory, have become more and more numerous. While some degree of inequality is deemed necessary for a market economy to function [2], [3], increasing levels of inequality could hinder growth prospects, especially at the regional level.

In their work [4], Alesina and Perotti (1996) demonstrate that inequality can have adverse effects on social cohesion and stability, which in turn inhibits investment and economic growth. The recognition that inequality is a key socio-economic problem that can be addressed through social policies is also present in Chang's (2002) study, which provides a historical review of development strategies [5]. He points out that reducing inequality was an implicit objective of the policy instruments used by East Asian countries for their productive take-off.

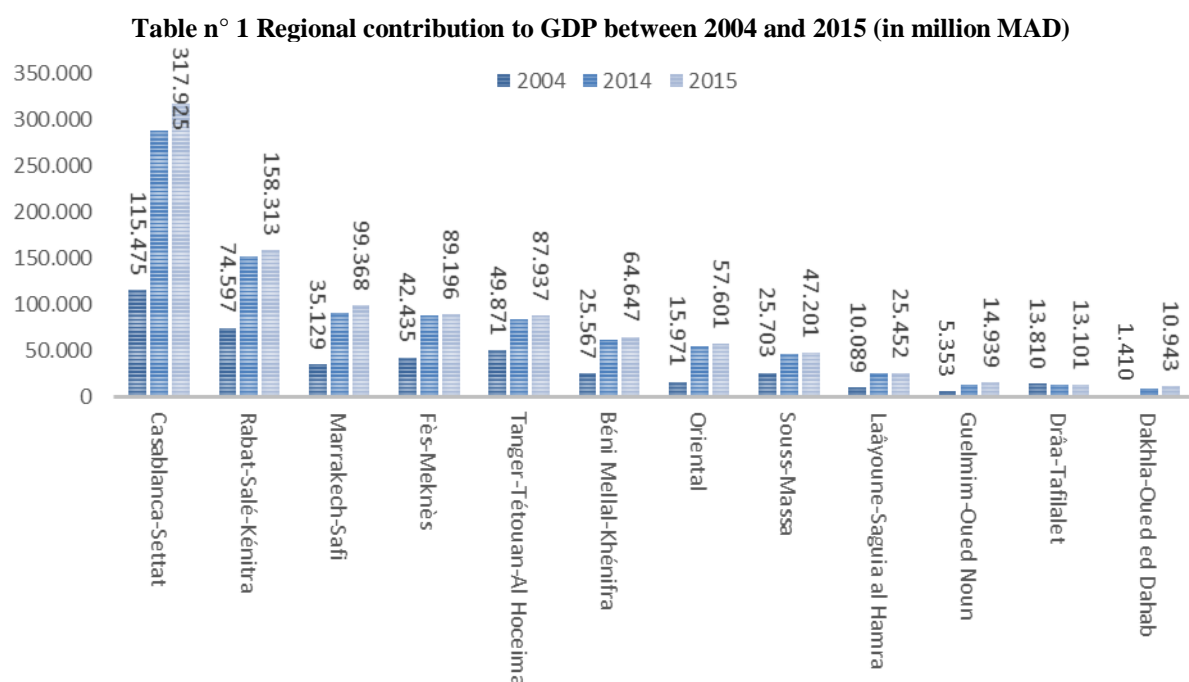
His research shows the importance of social policies in resolving the social conflicts that prevail in most East Asian countries. For example, Japan, South Korea, and Taiwan experienced faster economic growth between the 1950s and 1980s than countries at similar stages of development, which were comparatively less equal. In other words, Japan grew faster than the United States, and South Korea and Taiwan grew faster than Latin American countries. Taiwan grew faster than Latin American countries during the same period. This, modelled on the regional level, reveals that the Kingdom's major regions should act as an economic locomotive for other regions at a lower stage of development.

Recently, various international organizations have reaffirmed the importance of equality for economic growth. The IMF has presented evidence that more equal countries are able to maintain higher growth and that redistribution, except in the case of low-income countries, does not affect growth [6], [7].

Moreover, in countries such as Finland, Norway, Sweden, Denmark, and Iceland, it is important to note how effective wealth redistribution can be. Denmark and Iceland appear to have redistribution policies that go hand in hand with accelerating economic growth. In these countries, which share characteristics related to the size of the economy, the welfare state, and the organization of the labour market, social policies have been essential in articulating the goal of a more egalitarian society.

III. TERRITORIAL INEQUALITIES IN MOROCCO: A STRUCTURAL SITUATION

The identification and analysis of the most relevant economic and social indicators clarifies the nature and scale of territorial and social inequalities around the different Moroccan regions, and consequently, to focus on the deprived territories. This analysis reveals major conclusions at all economic and social levels. On the economic level, the contribution to national wealth remains limited for several regions as shown in the following table.



Source: High Commission for Planning

In fact, almost half of the national wealth in 2015 is concentrated in two regions, namely Casablanca-Settat with a share of 32% and Rabat-Sale-Kenitra with 16%. The regions that contribute lowest to national wealth. These are particularly the regions of: Dakhla-Oued-Ed Dahab, Laayoune-Saguia al Hamra, Beni Mellal-Khenifra and Guelmim-Oued Noun. In the same sense, the analysis of GDP per capita during the period 2004-2015, shows growth of this indicator for all regions except the Draa-Tafilalet region.

The Southern regions are ranked among those with the highest level of development, followed by the regions of Casablanca-Settat and Rabat-Sale- Kenitra, the territorial performance measured through the GDP per capita and GDP per area reveals the strong inequalities between regions.

In terms of poverty analysis, and despite the efforts made to reduce this phenomenon in the rural area, the poverty rate is still high in the regions of Draa-Tafilalet, Beni Mellal-Khenifra, Marrakech-Safi, the Oriental, Fes-Meknes and Souss-Massa. These 6 regions accounted for 74% of Morocco's poor individuals back in 2014, they remain even more exposed to poverty. In addition, the unemployment rate remains higher all around the country exceeding the 10% mark in 2014. However, the most affected regions are those of Laayoune-Saguia El Hamra, Guelmim-Oued Noun, the Oriental, Rabat-Sale-Kenitra and Fes-Meknes.

To provide access to basic public services for all citizens, several efforts have been made through the PAGER and PERG programs. Nevertheless, regional inequalities in access to drinking water and electricity persist. In 2014, the regions with the least access to drinking water were Tangier-Tetouan-Al Hoceima, the Oriental, Fez-Meknes and Beni Mellal-Khenifra. Similarly, the regions with the most non-electrified population are Ed Dakhla-Oued Eddahab, Beni Mellal-Khenifra and the Oriental. For access to the sanitation network, several regions such as Draa-Tafilalet, Souss-Massa, Beni Mellal-Khenifra and Marrakech-Safi record high rates of non-connection to this network exceeding 50% of their population in 2014.

The issue of access to decent housing presents a great disparity between regions. Between 2004 and 2014, the 10 regions, except for Draa-Tafilalet and the Oriental, have been able to mitigate the phenomenon of slums. However, despite the efforts made under the housing solidarity fund and urban integration aimed at eradicating all slums identified in cities and urban cities, regions such as Casablanca-Settat and Rabat-Sale-Kenitra still host a significant share of the slum population.

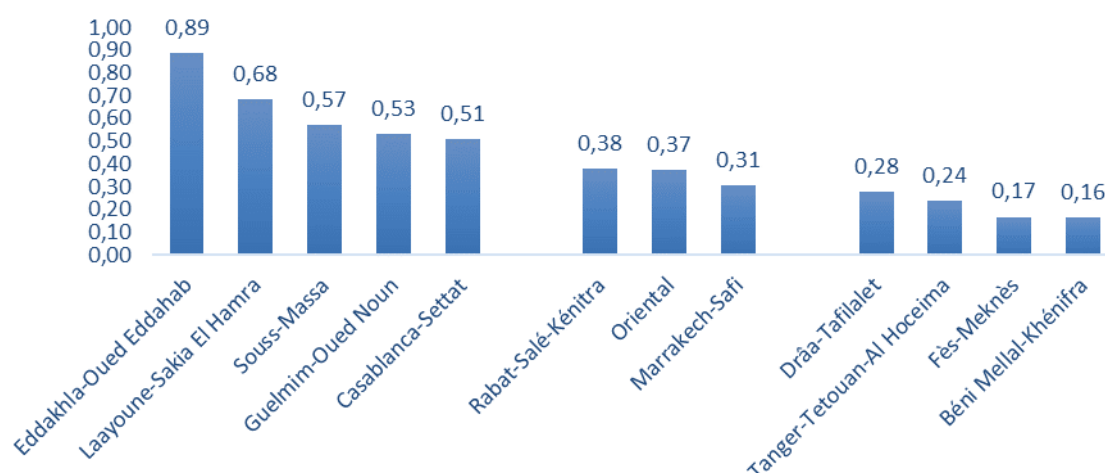
In terms of accessibility, the regions of Draa-Tafilalet, Souss-Massa, Beni Mellal-Khenifra and Marrakech-Safi have an average distance of 3.4 km for access to paved roads. On the other hand, the regions of Tangier-Tetouan-Al Hoceima and the Oriental show a significant delay in terms of accessibility, despite the efforts made in recent years. This gap in terms of accessibility could aggravate the inequalities between the different regions in terms of economic and social development.

An analysis of the situation of surface and underground water resources shows that some regions have sufficient water resources that can be mobilized, and others are either in deficit or are tending to become in deficit in relation to their water needs. Indeed, the region of Casablanca Settat had, in 2017, a share of 27.7% of surface water, followed by Tangier Tetouan Al Hoceima with nearly 22.6%. The region of Marrakech-Safi occupies the 3rd position with nearly 15% and the Oriental has a share of 9.3%. This situation of disparate distribution is aggravated by the downward trend in water production in the various regions of the Kingdom.

Socially, there are glaring inequalities in the Kingdom's territories as reflected in the main indicators. Access to education and life expectancy are their manifestations. The first indicator puts the regions of Casablanca-Settat, Ed Dakhla-Oued Eddahab and Laayoune-Saguia El Hamra at the head of the regions with the lowest illiteracy rate in 2014. For the other regions, this rate exceeds 30% and even reaches the threshold of 39% in the region of Beni Mellal-Khenifra. School enrolment rate remains higher than the national average (95.5%) in the regions of Rabat-Sale-Kenitra, Casablanca-Settat, Souss-Massa, as well as in the three regions of southern Morocco. The second indicator favours the inhabitants of the Oriental, Souss-Massa and the three southern regions with the highest potential longevity. The other regions have life expectancies below the national average.

The geographical distribution of the population shows a concentration of the population in five regions of the country, while four regions have an average population namely Souss-Massa (7.9%), Beni Mellal-Khenifra (7.4%), the Oriental (6.8%) and Draa-Tafilalet (4.8%) centralize less than 30% of the total population. In addition, less than 3% of the Moroccan population lives in the three southern regions. In relation to this indicator, the distribution of human resources of the State is unequal. Indeed, in 2015, the regions of the South, which have a small population, have a high rate of state personnel per 1000 inhabitants. The region of Rabat-Sale-Kenitra is positioned in 2nd place thanks to its vocation as administrative capital. The region of Draa-Tafilalet comes in 3rd place with a rate of more than 16%, which is the most important evolution (4.5%) compared to other regions between 2004 and 2015. The various economic and social inequalities are thus reflected in the human development index of the regions. The presentation of this index by region as shown in the graph below shows the interregional differences.

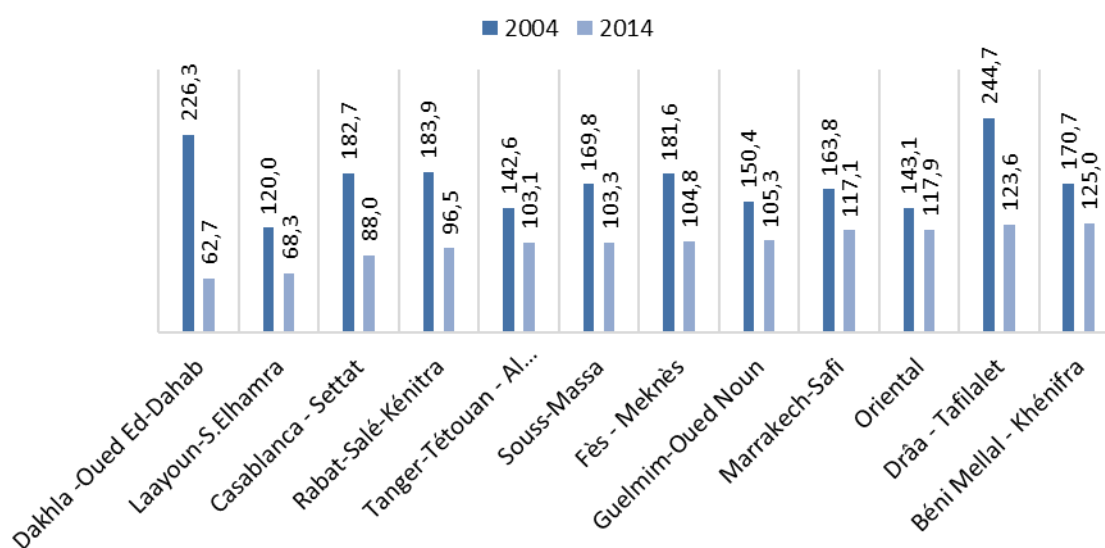
Table n° 2 Human Development Index by region (2014)



Source: Authors' calculations

Draa-Tafilalet, Tangier-Tetouan-Al Hoceima, Fes-Meknes and Beni Mellal-Khenifra are lagging far behind in the HDI. This is the result of the deficiencies recorded in education, health, and GDP per capita and the severity of multidimensional poverty recorded in these regions. Calculation of the Synthetic Index of Regional Deficiencies (SIRD) makes it possible to compare the 12 regions of the Kingdom at all levels. The results of this indicator, presented in the graph below, reveal some important findings.

Table n°3 Synthetic Index of regional deficits 2004-2014



Source: Authors' calculations

These data show that all regions have succeeded in reducing their deficits through the improvement of their socioeconomic indicators over the period 2004-2014. However, the regions that remain disadvantaged and in need of solidarity are those of Marrakech-Safi, the Oriental, Draa-Tafilalet and Beni Mellal-Khenifra, even though some of them have experienced significant dynamics such as Draa-Tafilalet during the 2004-2014 decade.

Table n°4 Evolution of the regional human development index, 2014-2018

Regions	HDI			
	2014	2018*	AR (%)	AAGR (%)
Dakhla-Oued Ed Dahab	0,784	0,897	14,4	3,4
Casablanca-Settat	0,791	0,844	6,7	1,6
Laayoune-Saguia El Hamra	0,784	0,817	4,2	1,0
Southern regions	0,773	0,815	5,4	1,3
Rabat-Sale-Kenitra	0,765	0,822	7,5	1,8
Tangier-Tetouan-Al Hoceima	0,758	0,829	9,4	2,3
Oriental	0,729	0,785	7,7	1,9
Souss-Massa	0,695	0,778	11,9	2,9
Guelmim-Oued Noun	0,729	0,769	5,5	1,3
Fes-Meknes	0,725	0,778	7,3	1,8
Marrakech-Safi	0,703	0,768	9,2	2,2
Draa-Tafilalet	0,679	0,727	7,1	1,7
Beni Mellal-Khenifra	0,677	0,722	6,6	1,6
Total	0,74	0,796	7,6	1,8

Source: 2004 & 2014 RCPH and 2014 poverty maps, HCP. *: projections based on the 2014 RCPH, AAGR: Average annual growth rate, RH: relative growth

IV. TERRITORIAL SOLIDARITY MODEL IN MOROCCO: MAIN DEFICIENCIES

The territorial solidarity model in Morocco is based on several financing mechanisms and actors. In terms of actors, the model relies on the following actors:

- i. The State: ministerial departments.
- ii. Public establishments and companies (PEC), and
- iii. Local authorities (LA).

In terms of financing mechanisms, the model relies on the following resources:

- i. The general budget of the State,
- ii. Dedicated funds (special accounts),
- iii. The funds of the PEC,
- iv. Financial transfers from the State,
- v. The LAs' own resources,
- vi. Other non-budgetary resources and other financing mechanisms.

The strategic objective of this model is to reduce territorial inequalities caused by geographic, economic, demographic and natural factors. In fact, the fundamental element of the current model is the financial transfer from the State to the local authorities. These transfers are generally made outside the development effort. They are made through several channels and based on several criteria. These include transfers through and out of local governments and direct state interventions in the territories.

An analysis of the components of the financial resources of the territorial authorities shows the dominance of State transfers in their various forms and the relatively limited role of own resources. Indeed, over the period 2002-2017, the overall revenues of the local authorities increased significantly from MAD 13.8 billion in 2002 to MAD 39 billion in 2017, representing an average annual growth rate of 7.2%. However, financial transfers from the State to local authorities, made up of value added tax (VAT) and the regions' share of corporate income tax, personal income tax and the VAT, as well as assistance funds, have undergone significant changes.

Transfers from VAT revenues rose from MAD 7 billion in 2002 to MAD 26.7 billion in 2017, representing an average annual growth rate of 9.3%. As for transfers from the proceeds of corporate tax, income tax and insurance contracts tax, they rose from MAD 0.36 billion in 2002 to MAD 1.16 billion in 2017, an average annual growth rate of 8.1%. Almost two-thirds of transfers to the regions are shared between five regions, namely Marrakech-Safi (12.8%), Casablanca-Settat (12.7%), Rabat-Sale-Kenitra (12.4%), Fes-Meknes (12%) and Tangier-Tetouan-Al Hoceima (10.8%). This concentration is justified by the size of the population in these territories, a decisive criterion in the repair of transfers.

However, an analysis of the distribution of all transferred resources (VAT, income tax and corporate tax) per capita changes the situation for the 12 regions. The southern regions are at the top of the ranking with 2864 MAD per capita for the region Laayoune-Saguia El Hamra, 2108 MAD for Dakhla-Oued Eddahab and 1526 MAD for Guelmim-Oued Noun. While the regions of Casablanca-Settat, Rabat-Sale-Kenitra, Fes-Meknes

and Marrakech-Safi, which have the highest share of these transfers, show averages ranging from 374 to 571 MAD.

These indicators are in fact only the result of criteria adopted to provide the territories with state transfers. These criteria are multiple and relates to both VAT and income tax, corporate tax and insurance contracts tax transfers. In the case of the VAT local authorities' allocation, the main criteria for the distribution of local authorities' shares are as follows:

- i. The criterion of "lump-sum allocations" aimed at ensuring a minimum level of resources for the community in question.
- ii. The criterion of "fiscal capacity", aimed at correcting local inequalities in resources, between local authorities, coming from the taxes allocated to them, namely the urban tax, the municipal tax and the patent.
- iii. The "promotion of own resources" criterion, which rewards management and collection efforts by means of a bonus proportional to these efforts, duly evaluated.

These criteria are differentiated according to the category of local authorities. The allocation to the prefectures and provinces is distributed according to the following criteria:

- i. An allocation to cover staff salaries and wages.
- ii. A minimum lump-sum allocation served in an equal manner.
- iii. An allocation calculated based on the legal population of each prefecture or province, with a minimum population of 200,000 inhabitants.
- iv. An allocation calculated according to the size of the territory of the prefecture or province, with a minimum area of 2,500 km² and a maximum area equal to twice the average area of the prefectures and provinces.

For the cities, this distribution follows criteria specific to this category of local authorities. Their allocations are distributed because of a flat-rate allocation of 15% for urban cities and 30% for rural cities. A second part of the overall allocation is attributed according to the tax potential of the cities. This allocation is calculated since the revenue receipts issued during the previous years concerning:

- i. Housing, communal services and professional taxes for urban cities.
- ii. The housing tax, the tax on communal services and the professional tax, half of the proceeds of forestry revenues and the proceeds of market fees and weekly souks for rural cities.

The coefficients relating to this allocation are 70% for urban cities and 60% for rural cities. The last part of the allocation is related to the promotion of own resources determined based on the collections related to the population, allocated to the cities having granted an effort of collection of own resources higher than 65% of the average per capita of each category of communities concerned. This allocation is divided into two equal parts:

- i. An allocation distributed in proportion to the volume of collections.
- ii. A tranche distributed in proportion to the ratio of collections per capita.

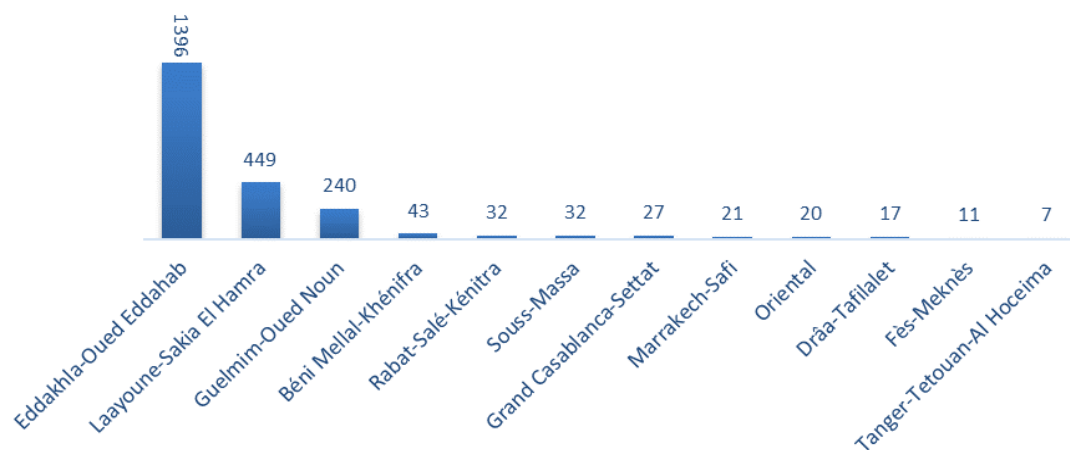
Half of the resources of the FSPPIR are divided equally among the regions to ensure a minimum of resources for them. The remaining 50% is distributed in proportion to the surface area of each region and its legal population as determined by the last general population and housing census. The resources of the FDCLG derived from the payment of the 20% share of the proceeds of the insurance contracts tax are distributed among the regions in proportion to their population.

In addition to the direct transfers allocated by the State to the local authorities, several other solidarity mechanisms have been provided to ensure territorial development and reduce territorial inequalities. These include development programs (INDH), special funds for financing and regional public investment. The flagship program for human development (INDH) launched in May 2005, constitutes an essential mechanism in the fight against territorial inequalities.

This initiative aims to fight against poverty, precariousness and social exclusion through the realization of projects supporting basic infrastructures, training and capacity building projects, social, cultural and sports activities as well as the promotion of income generating activities and employment. The INDH thus targets the poorest rural areas and several the most disadvantaged urban neighborhoods in the major cities.

Under the second type of solidarity mechanism, several special funds have been created to contribute to the upgrading of territories. The third solidarity mechanism is public investment, which is an excellent lever for regional development and therefore a catalyst for reducing territorial inequalities. An analysis of public investment, accumulated over the period 2004-2015, reveals an unbalanced regional distribution. The figure below shows this disparity:

Table n°5 Distribution of cumulative public investment per capita and per region between 2004 and 2015 (in thousands of MAD)



Source: Ministry of Finance

In fact, the regions of the Oriental, Fez-Meknes, Draa-Tafilalet and Tangier-Tetouan-Al Hoceima have together benefited from only 11.7% of this investment. Nevertheless, in terms of investment dynamics between 2004 and 2015, all regions have experienced a positive evolution of their share of public investment except for the region of Souss-Massa and the three southern regions.

In terms of investment per capita, the regions of Tangier-Tetouan-Al Hoceima, Beni Mellal-Khenifra, Draa-Tafilalet, Marrakech-Safi, the Oriental, Fez-Meknes and Souss-Massa recorded the lowest investment per capita between 2004 and 2015. Such a trend occurs even though these regions are among the most disadvantaged, considering all economic and social indicators, and particularly in terms of multidimensional poverty over the period.

The diagnosis of the situation of the territorial solidarity system implemented, allows us to identify some salient findings. Indeed, the main findings are as follows:

- i. A multitude of intervention funds and institutions that operate in the field of social development, but without coordination or complementarity, which weakens the effectiveness of this model,
- ii. Absence of global objectives to fight against disparities, which gives the impression that the process is never-ending,
- iii. Absence of strategic arbitration and long-term vision in the fight against social deficits (number of cities, rural areas, douars, etc.),
- iv. The central administration exercises great power over the distribution of financial resources without considering the priority needs of the local area,
- v. Absence of a body in charge of coordinating on a rational basis the actions of the State in the fight against territorial disparities,
- vi. Lack of an updated management chart that allows for the orientation and adjustment of public efforts and actions in the fight against territorial disparities (a gap of 2 to 6 years between the figures and the reality on the ground),
- vii. The financial resources transferred to and owned by the local authorities are limited, which reduces the capacity of the local authorities to combat social deficits,
- viii. The current criteria for the distribution of financial resources to the local authorities do not consider their level of social deficits.

V. INTERNATIONAL BENCHMARK: LESSONS TO BE LEARNED

Territorial inequalities arise from the combination of economic and social divides and discrepancies between efficient or attractive territories. As a result, inequalities between territories are not a Moroccan peculiarity but an international reality. Several countries, even developed ones, have significant inequalities

between the different regions at all levels (economic, social, connectivity...). However, some countries have put in place mechanisms to fight against territorial inequalities and instruments to correct distortions in the distribution and redistribution of wealth between territories. In this sense, the experiences of France, Brazil, Tunisia, and Canada deserve to be studied. The choice of these four countries is dictated by their diversity as experiences and models of territorial solidarity in force.

a. French experience

French case in the fight against territorial inequalities is instructive. In France, local authorities enjoy a high degree of autonomy in terms of management. They have strong financial autonomy and full freedom to decide whether to borrow or not. Investments made by local public administrations represent about 70% of public investments. France's social protection system plays an important role in reducing inequalities between different regions, since it makes transfers between individuals regardless of where they are located. Similarly, public employment is also an important lever for redistributing resources.

To reduce and correct territorial inequalities, the French State uses the equalization mechanism. The purpose of this system is to reduce inequalities in resources and costs between local authorities by redistributing resources according to physical and financial indicators. In this sense, the State pays allocations to local authorities in difficulty, the global operating allocation, which is the main financial contribution of the State to local authorities.

The main criteria used to redistribute the budget envelopes intended to help the poorest communities are per capita tax potential, financial potential, and tax effort. The population and density of the department are also considered in the criteria for the distribution of certain grants, such as the grant for equipment in rural areas. Similarly, the rural solidarity grant is allocated according to the criteria of financial potential per capita, length of road, number of children aged 3 to 16 and surface financial potential.

Another important tool adopted by France is the contracting of relations between the State and the regions. This contracting system makes it possible to correct inequalities between territories.

b. Brazilian experience

Brazil is today an economically emerging market. This economic emergence is accompanied by a considerable effort to reduce inequalities of all kinds between the different territories of this country of the American continent.

The Brazilian solidarity system is based on equalization. This mechanism aims to achieve a vertical balance between public administrations through free and legally defined transfers, to introduce horizontal equalization and to implement national programs for the provision of public services.

Transfers to local governments are made according to criteria indexed to the size of the territory and defined based on a calculation coefficient that combines population and per capita income. This category of transfer is freely used by the recipients. In addition, other transfers are instituted to eradicate territorial inequalities, such as subsidies to finance national programs for the provision of public services (education, health, social assistance). In addition to equalization, contracting is an effective tool for reducing territorial inequalities.

c. Tunisian experience

In this country characterized by its small size, local authorities have wide prerogatives. Nevertheless, local fiscal capacity remains limited. Indeed, local governments' own revenues represent only 3.1% on average of municipal budgets. In 2014, the state reformed the criteria for financial transfers to local governments, giving preference to disadvantaged communities. Transfers are intended to correct horizontal imbalances between local governments. They therefore have a role to play in equalizing both resources and needs. This equalization is ensured by the Cooperation Fund between local authorities.

The distribution criteria of this fund are correlated to population. The distribution of the resources of the Common Fund for Local Authorities among the various beneficiaries is based on the criteria of the population of the regions and municipalities in proportion to the population, and a share is aimed directly at the disadvantaged municipalities. The investment allocations granted within the framework of these funds aim on the one hand to globalize the investment allocation granted to each local authority, and on the other hand to require its granting to the achievement of "conditions" of good local governance.

The new local government code states that special regulatory and cooperation credits are distributed to limit regional inequalities and fight poverty. The criteria for distribution, took into consideration population, unemployment rate, the costs of services rendered outside urban areas, infrastructure, and equipment proportional to the number of inhabitants in the areas of culture, sports, recreation ...

d. Canadian experience

In the case of Canada, the reduction of territorial inequalities is of great importance. In this country, the solidarity mechanisms between the federal government and the 10 provinces and 3 territories are constitutionalized, transparent and simple. It is a system of transferring federal funds to the poorest provinces, which functions as a kind of unemployment insurance. This system is made up of mechanisms in the form of four major transfer programs: the Equalization system, Territorial Formula Financing (TFF), the Canada Health Transfer (CHT) and the Canada Social Transfer (CST).

Equalization and TFF provide unconditional transfers to provinces and territories. The CHT and CST are federal transfers that support specific policy areas such as health care, post-secondary education, social assistance and social services, and early childhood development. As well, a contracting (trust) mechanism between the federal government and the provinces is provided to address their priorities in the various areas. In addition, a territorial government has the power to incur debt up to a limit set by order-in-council. The federal government may modify the territory's maximum borrowing limit based on an assessment of the territorial government's ability to repay.

From the analysis of foreign experiences in the fight against territorial inequalities, several lessons can be drawn to enrich the Moroccan know-how. First, the indicators used to evaluate territorial inequalities in the benchmark countries are generally economic and social (poverty, unemployment, education, training and illiteracy, health, and human development), but in the French case the environmental dimension is also considered. Currently, this indicator is of great importance at the international level, which is why Morocco is called upon to take it seriously into consideration when assessing territorial inequalities. Similarly, the regional development index is also considered in the case of Tunisia and deserves to be introduced in Morocco.

Moreover, the criteria for financial transfers from the state to local authorities to combat inequalities are generally indexed to the surface area of the territory and defined based on a calculation coefficient that combines population and per capita income (case of Brazil). In the case of France, the criteria adopted for financial transfers are fiscal capacity, financial potential per capita and tax effort (equalization), as well as the density of the department and the population (equipment grant for rural areas). In addition, other criteria are considered: the financial potential per capita, the length of roads, the number of children in school and the financial potential of the surface (rural solidarity grants). In the same sense, Tunisia devotes great importance to the "population pro rata" criterion to target the most disadvantaged local authorities (2014 reform). Other criteria are offered for in the draft code of local authorities of 2016 such as population, unemployment rate, charges for services rendered outside urban areas, infrastructure, and equipment proportional to the number of inhabitants in the areas of culture, sports, and recreation...

Canada conditions transfers to the territories on the difference between the territory's approximate expenditure needs and its capacity to generate revenues on the one hand, and on its demographic weight on the other. These criteria reflect the government's commitment to ensure that conditional transfers provide equal support to all Canadians.

In addition to the transfers widely adopted by these countries, other mechanisms to address regional inequalities are used by the benchmark countries. These include regional solidarity funds, targeting of deprived urban and rural municipalities, and targeted social transfers and assistance to the poorest and most needy.

In comparison with the Benchmark countries, criteria used for equalization in Morocco are effort and fiscal capacity for the cities and population and surface area for the regions and prefectures and provinces. For solidarity and social cohesion funds and programs, the targeting criteria, when defined, remain heterogeneous.

Considering international experiences, and to improve the Moroccan equalization system, it is important to align with the international good practices that can guide public action in this direction. These practices can be summarized as follows:

- i. The amplification of new forms of solidarity because they constitute a tool that aims to correct the lack of adequacy between the resources and expenses of local authorities.
- ii. The targeting of precarious urban and rural areas within the same territory.
- iii. The targeting of a portion of the State's financial assistance to local authority investments. However, the evaluation of the appropriateness of the impact of these investments and the requirement of good local governance are mandatory to ensure a positive impact on the development of the local authority concerned.
- iv. Strengthening the system of social cohesion by targeting disadvantaged populations.
- v. The simplification of territorial and social solidarity mechanisms for greater transparency and efficiency.
- vi. The introduction of contracting of relations between the State and the regions. This contracting takes the form of a commitment document on the programming and multi-year financing of major projects. Territorial contracting appears to be an opportunity to overcome the difficulties of unfinished

decentralization. It is useful and effective, particularly in the case of competences shared or transferred by the State to local authorities.

- i. The gradual encouragement of fiscal autonomy for local authorities to improve their capacity to intervene.
- ii. The granting of more possibilities to local authorities in terms of borrowing for purposes strictly linked to investment projects with prior studies of the appropriateness of the projects to be financed and with permanent monitoring and regular evaluation.
- iii. Accompanying any transfer of competences between the State and the local authorities by the allocation of equivalent resources (financial & human).

Based on the results of the territorial diagnosis and the international benchmark, this report sets out the strategic orientations and mechanisms for operationalizing a system of territorial solidarity capable of guaranteeing the reduction of inequalities between the different regions of the Kingdom.

VI. CONCLUSION

The diagnosis of the situation of territorial inequalities in Morocco shows the persistence of inequalities despite the efforts made by the public authorities in the various fields of economic, social and human development.

On the economic front, the contribution to national wealth remains limited for several regions. However, the GDP per capita during the period 2004-2015, has grown for all regions, except for the Draa-Tafilalet region. Socially, the poverty rate remains high in the regions of Draa-Tafilalet, Beni Mellal-Khenifra, Marrakech-Safi, the Oriental, Fez-Meknes and Souss-Massa, while the unemployment rate persists at high levels in all regions, exceeding the 10% mark in 2014. Access to education is not yet widespread for all regions. The literacy rate exceeds 30% for some regions and even reaches the threshold of 39% in the region of Beni Mellal-Khenifra.

Regional inequalities in access to drinking water and electricity persist. Similarly, access to sanitation is still low in several regions such as Draa-Tafilalet, Souss-Massa, Beni Mellal-Khenifra and Marrakech-Safi. In addition, accessibility still poses problems for some regions, particularly the Oriental and Tangier-Tetouan-Al Hoceima. Access to decent housing is still a problem, particularly in the regions of Casablanca-Settat and Rabat-Sale-Kenitra, where a large proportion of the population lives in slums. The availability of water resources is a problem in some regions, which are tending towards a deficit situation, while other regions have surplus resources. Thus, a large proportion of the financial resources for combating territorial inequalities are channeled through the State and not through local authorities. This is highlighted by the lack of targeting and of more transparent and rational criteria for transferring resources to the territories.

The limited resources of the State impact on the budgets allocated to territorial solidarity, which will require many more years to mitigate territorial inequalities. In addition to direct transfers, several other solidarity mechanisms have been planned to ensure territorial development and reduce territorial inequalities. These are mainly INDH programs, funding funds (FSHIU, FMR, FSI, etc.) and public investment, whose spatial distribution is inequitable. Given that the territorial solidarity system in Morocco is relatively young, it has undergone several reforms aimed at making it more efficient in terms of fighting territorial inequalities. These reforms cannot be isolated from the national context, but also from the progress made at the international level.

Indeed, an examination of world experiences (France, Brazil, Tunisia & Canada) shows that there are many avenues for reforming the Moroccan solidarity system. The main issue is to increase vertical and horizontal equalization and to target disadvantaged populations and areas. Thus, the local authorities must have fiscal autonomy and the possibility of borrowing. The State must also accompany the transfer of competencies by a transfer of financial resources, part of which must be directed towards investment by the local authorities. It is necessary to simplify the mechanisms of territorial and social solidarity for greater transparency and efficiency, and to establish contracting between the State and the regions as a mechanism for concretizing solidarity between territories.

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