



Ulema. The 2011 Constitution strengthened the role of the prime minister, who is the head of government. Executive power is still shared between the government and the king. The king appoints the prime minister from the party that performs best in elections to the House of Representatives.

The Morocco Parliament includes two chambers: the House of Representatives (members elected by direct universal suffrage for a 5-year mandate) and the House of Councilors (members elected by indirect universal suffrage for a 6 year mandate). The two chambers have equal legislative power. The order in which texts are considered is the only area where the House of Representatives has more of a say.

Morocco has four sub-national divisions of local and regional authorities:

- 12 régions;
- 12 prefectures and 63 provinces;
- 1503 Communities or municipalities.

Besides the 2011 Constitution, various acts give set out the territorial organisation and division of powers. These three organic laws were adopted in June 2015:

- Loi organique n° 111-14 relative aux régions- organic law N° 111-14 regarding regions ;
- Loi organique n° 112-14 relative aux préfetures et provinces - organic law N° 112-14 concerning prefectures and provinces ;
- Loi organique n° 113-14 relative aux communes - organic law N° 113-14 on the communities or municipalities.

These three organic laws distinguish between three categories of awards: own responsibilities, shared responsibilities and powers transferred, which will be exercised based on the principles of subsidiarity and substitution. As well as the various levels of decentralisation mentioned above, Morocco also has several levels of deconcentration of central government: the 17 wilayas, which correspond to the different regions, with the exception of the Tangier-Tétouan region, which comprises two wilayas (Tangier-Tétouan region and Tétouan); the 75 prefectures and provinces; the pachaliks (urban administrative areas) and the caïdats (rural administrative areas). The governor of the prefecture or province – i.e., the representative of central government at prefecture and province level – implements the decisions of the prefectural/provincial councils. The 2011 Constitution, meanwhile, stipulates that this role will be fulfilled by the presidents of these councils, not by the governors. Thus the 2011 Constitution reduces the role of central government (the wali or governor) in the regions as well as in the prefectures and provinces.

The aim of this article is to explore the interplay between financial governance and the performance of local authorities, serving as the cornerstone of our research. Subsequently, we will endeavor to address the following question: **What is the influence of financial governance on the performance of local authorities?**

This issue subsequently leads to other secondary and more detailed questions:

- What challenges do local authorities face in implementing good governance principles?
- What is the performance of municipalities in terms of financial governance?

The adopted methodology is grounded in an iterative approach that combines theoretical elements, including documentation and data gathering, with practical aspects, such as case studies and interviews involving diverse stakeholders and collaborators, including division chiefs and service managers.

The foundational documentation will be comprised of official texts, specifically the three accounting decrees, the budget preparation circular, gender dysphoria, and GIR reporting. Data collected through interviews, meticulously recorded and transcribed, will be systematically cross-referenced with documentary syntheses to yield a comprehensive overview. The dissertation will conclude with a comprehensive summary, delineating the outcomes of our research, along with in-depth theoretical and practical reflections.

## **Research Objective**

The fundamental objective of the analysis concerning Financial Governance (GF) and the performance of Local Authorities (CTs) is to comprehend how CTs manage their financial resources and how this management impacts their performance. Specific objectives may encompass:

- Identifying municipalities requiring support for enhancing their Financial Resource Management;
- Assessing financial governance: Analyzing the financial governance of municipalities allows for deciphering how they manage their finances and whether they do so transparently and responsibly;
- Identifying the challenges that municipalities face in managing their financial resources and improving their performance;
- Analyzing disparities among municipalities;
- Proposing recommendations: By pinpointing shortcomings in GF and performance, the analysis can assist in suggesting solutions, including modifications to budgetary procedures and the implementation of capacity-building programs for local officials.

## **Data Compilation for Revenues and Expenditures**

### *1. Data Compilation:*

Our methodology is grounded in the compilation of budgetary data, involving:

- Gathering data concerning the revenues of Local Authorities (CTs), extracted from the GIR platform.

- Collecting data regarding expenditures, extracted from the GID-reporting platform.

## 2. Sampling Variables:

Before elucidating the chosen sampling methods and determining the sample, it is paramount to underscore two fundamental concepts: population and sample.

- A population is defined as a finite set of objects (individuals or statistical units), all sharing one or more common characteristics.
- The sample constitutes a subset of the population, selected scientifically to accurately represent the population.

In our study, we employed the 20/80 method, or Pareto's principle, for the selection of own revenues. Conversely, the selection of mandatory operational expenses adheres to the provisions of the organic law governing municipalities.

## 3. Own Revenues:

The method employed to select the own revenues involves identifying those that constitute 80% of the total. To achieve this, several steps were undertaken:

- Sorting own revenues in descending order;
- Calculating cumulative revenues (CCR): The CCR for a municipality is the sum of its revenues along with the previous CCR.
- Calculating the cumulative percentage. This involves the cumulative frequency of each tax divided by the total number of own revenues across the entire population.

| Own revenue      | Calculation of Cumulative Increasing Revenues | Cumulative percent                               |
|------------------|---|--|
| Own revenue 1    | Own revenue 1                                 | Own revenue 1/Total Own Revenue                  |
| Own revenue 2    | Own revenue 2 + Own revenue 3                 | (Own revenue 1+ Own revenue 2)/Total Own Revenue |
| ...              | ...   | ...  |
| Own revenue 1503 | Total Own revenue                             | Total Own revenue/ Total own revenue             |

We have been able to identify eight types of own revenues that represent more than 80% of the total. These include:

- Temporary occupation fee of the municipal public domain by movable and immovable property related to the exercise of trade, industry, or profession;
- Temporary occupation fee of the municipal public domain for commercial, industrial, or professional use;
- Property tax ;
- Professional tax ;
- Tax on land development operations;
- Municipal service tax ;
- Tax on unbuilt urban land;
- Fees on the revenues of agents in the wholesale fruit and vegetable market.

### Compulsory Expenditures:

Municipal expenditures are diverse and are delineated by the competencies vested in them by decentralization laws.

The operational segment comprises all outlays essential for the municipality's day-to-day functionality, representing recurring annual expenses. These encompass the following categories: personnel costs, maintenance and procurement expenses, various operational costs aligned with the municipality's competencies, and debt service charges. Among these expenditures, only those stipulated in Article 181 of Organic Law No. 113-14 pertaining to municipalities are deemed obligatory. These notably encompass:

- Personnel expenditures ;
- Public lighting levies, potable water provision;
- Municipal waste management ;
- Other levies ;
- Road maintenance ;
- Additional upkeep ;
- Public transportation administration.

#### *4. Ratio Selection:*

In our financial analysis methodology for municipalities, we adopt an approach centered on the statistical treatment of specific ratios related to their budgets. For our study, we have chosen to highlight three fundamental ratios that form part of the obligatory metrics in this analysis:

- Own Revenues per Capita ;
- Mandatory Expenditures per Capita ;
- Own Revenues / Mandatory Expenditures.

It should be noted that data input, recording, and processing operations are conducted using Microsoft EXCEL.

### **Assessment of Subsidy Budgeting Policy for Municipalities**

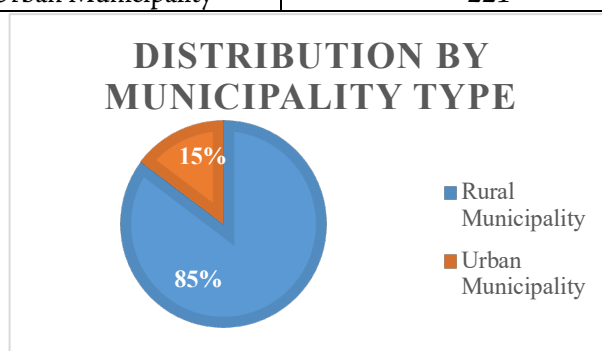
Evaluating the financial situation of municipalities through the analysis of per capita ratios of own revenues and mandatory expenditures enables informed decision-making to ensure the long-term viability of these municipalities while guaranteeing the provision of efficient public services to their residents. With the help of this tool, it becomes possible to gain a better understanding of municipal financial management, optimizing available resources and addressing the population's needs in a sustainable manner.

#### *Distribution of Municipalities:*

Municipalities are distributed based on their urban or rural nature: Urban municipalities are primarily located in densely populated areas characterized by

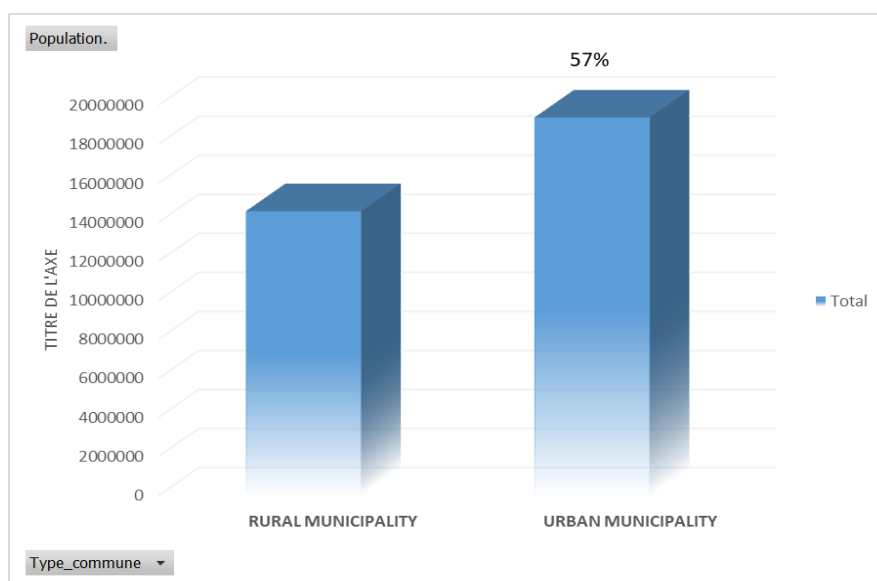
urban development, modern infrastructure, and advanced municipal services. These include major cities, urban centers, and peri-urban areas. Rural municipalities are found in sparsely populated areas, focused on agriculture, livestock, and craftsmanship. They comprise villages, small settlements, and remote areas distant from urban centers. These rural municipalities are spread across the country, especially in rural and agricultural regions.

| Type of municipality | Quantity of Municipality Types |
|----------------------|--------------------------------|
| Rural Municipality   | 1282                           |
| Urban Municipality   | 221                            |



According to the presented graph, rural municipalities significantly dominate in terms of quantity, accounting for over 85% of the total municipalities, totaling 1,282 rural municipalities out of 1,503. In contrast, urban municipalities constitute only 15% of the total, with only 221 urban municipalities out of 1,503. However, this should not diminish the role of urban municipalities, which act as major economic, administrative, and cultural centers throughout the country.

*Population:*



The distribution of this population by residential area highlights the predominance of the urban population, reaching 57%, despite the considerable









- The property tax rates imposed by the municipality of Saïdia exceed those of its counterparts.
- The composition of Saïdia's real estate portfolio, characterized by a substantial number of high-value properties, has contributed to elevated property tax amounts.

#### Ratio 6: Municipal Service Tax:

- The municipality of Gueznaia has experienced an elevation in the ratio of the municipal service tax for the years 2021 and 2022.
- Multiple factors can account for the higher ratio of this tax within the municipality of Gueznaia: Gueznaia serves as an industrial zone.

| Max                | Ratio 1 | Ratio 2 | Ratio 3 | Ratio 4  | Ratio 5 | Ratio 6  | Ratio 7  | Ratio 8 | Ratio 9   |
|--------------------|---------|---------|---------|----------|---------|----------|----------|---------|-----------|
| Urban Commune 2022 | 201,85  | 266,49  | 368,55  | 1 135,90 | 784,87  | 2 099,98 | 1 154,33 | 101,54  | 12 660,65 |
| Urban Commune 2021 | 86,11   | 527,76  | 464,59  | 1 097,53 | 843,54  | 2 170,01 | 1 427,21 | 88,79   | 11 033,04 |
| Min                | Ratio 1 | Ratio 2 | Ratio 3 | Ratio 4  | Ratio 5 | Ratio 6  | Ratio 7  | Ratio 8 | Ratio 9   |
| Urban Commune 2022 | -       | -       | -       | -        | -       | -        | -        | -       | 26,87     |
| Urban Commune 2021 | -       | -       | -       | -        | -       | -        | -        | -       | 33,71     |

- The municipality maintains a comparatively modest population size.

| Average                | Ratio 1   | Ratio 2  | Ratio 3   | Ratio 4   | Ratio 5    | Ratio 6    | Ratio 7    | Ratio 8    | Ratio 9     |
|------------------------|-----------|----------|-----------|-----------|------------|------------|------------|------------|-------------|
| Tier0 0-15K_2022       | 7,0361074 | 19,88564 | 9,8490426 | 35,45493  | 11,537422  | 75,0159325 | 75,6993399 | 0          | 747,7385207 |
| Tier0 0-15K_2021       | 6,0450731 | 12,90577 | 11,194165 | 43,525834 | 16,1078681 | 82,3632816 | 51,003483  | 0          | 623,9170299 |
| Tier1 15K -50K_2022    | 8,3100083 | 17,06754 | 13,195013 | 74,155087 | 21,0341168 | 130,974397 | 116,837821 | 0,06291682 | 606,8533426 |
| Tier1 15K -50K_2021    | 6,7399439 | 16,92742 | 14,446802 | 79,808754 | 15,092618  | 137,073941 | 139,92996  | 0,0838891  | 592,5370137 |
| Tier2 50K -80K_2022    | 7,4884156 | 17,0939  | 19,235316 | 68,497502 | 9,29854951 | 126,301374 | 99,0330795 | 1,68813075 | 496,5642533 |
| Tier2 50K -80K_2021    | 7,4620428 | 11,296   | 19,667175 | 78,022124 | 7,95727347 | 132,232244 | 109,021647 | 1,39297774 | 513,4627323 |
| Tier3 80K -250K_2022   | 7,609208  | 20,28041 | 8,461511  | 71,577362 | 8,9684161  | 127,00563  | 69,5014802 | 6,57552893 | 469,3742099 |
| Tier3 80K -250K_2021   | 7,0134837 | 13,2367  | 8,3350086 | 75,935929 | 11,8575921 | 129,432103 | 69,8682649 | 6,12934751 | 452,2642826 |
| Tier4 250K -600K_2022  | 13,304217 | 29,57494 | 19,693707 | 143,54713 | 4,95162275 | 204,051939 | 64,4413128 | 25,3764231 | 637,0894961 |
| Tier4 250K -600K_2021  | 10,024517 | 27,05991 | 20,859125 | 149,79782 | 5,92263069 | 219,028999 | 66,6030929 | 22,8006401 | 628,0367927 |
| Tier5 600K -3400K_2022 | 10,823752 | 45,5531  | 19,321761 | 153,4659  | 7,89990151 | 186,245317 | 76,8266254 | 37,6074063 | 656,1638283 |
| Tier5 600K -3400K_2021 | 8,3080056 | 34,85984 | 20,407806 | 156,39179 | 6,99645946 | 196,233027 | 79,9363027 | 33,0875697 | 631,8791017 |

Note: The referenced municipalities, characterized by their elevated respective ratios, have implemented substantial fiscal endeavors, and have effectively generated the requisite revenue via these proprietary income streams.

Analysis of 2021 recurring mandatory expenditure ratios:

As previously outlined in the methodology, we have enumerated a set of seven DOs, as defined by the organic law. The analysis of personnel expenditures per capita may exhibit significant variations. Payroll expenses can diverge from one municipality to another, even in cases where they share a similar population size. Consequently, it is more judicious to direct our attention towards the aggregate sum of the DOs.

| Commune               | Type of territorial authorities | Population | Tranche population | Total mandatory expenses |
|-----------------------|---------------------------------|------------|--------------------|--------------------------|
| COMMUNE DE CASABLANCA | COMMUNE-URBAIN                  | 3357173    | Tier5 600K -3400K  | 2853481778               |
| COMMUNE MARRAKECH     | COMMUNE-URBAIN                  | 911990     | Tier5 600K -3400K  | 827312979,3              |
| COMMUNE DE RABAT      | COMMUNE-URBAIN                  | 573895     | Tier4 250K -600K   | 811476439,6              |
| COMMUNE TANGER        | COMMUNE-URBAIN                  | 947952     | Tier5 600K -3400K  | 511099707,5              |
| COMMUNE DE FES        | COMMUNE-URBAIN                  | 1091512    | Tier5 600K -3400K  | 492925595                |
| COMMUNE DE SALE       | COMMUNE-URBAIN                  | 890403     | Tier5 600K -3400K  | 489030121,3              |
| COMMUNE MEKNES        | COMMUNE-URBAIN                  | 520428     | Tier4 250K -600K   | 382723850,6              |
| COMMUNE OUJDA         | COMMUNE-URBAIN                  | 494252     | Tier4 250K -600K   | 347803744                |
| COMMUNE AGADIR        | COMMUNE-URBAIN                  | 421844     | Tier4 250K -600K   | 339972190,6              |
| COMMUNE DE KENITRA    | COMMUNE-URBAIN                  | 431282     | Tier4 250K -600K   | 327584614                |
| COMMUNE TETOUAN       | COMMUNE-URBAIN                  | 380787     | Tier4 250K -600K   | 304862194,5              |
| COMMUNE LAAYOUNE      | COMMUNE-URBAIN                  | 280000     | Tier4 250K -600K   | 284755802,2              |
| COMMUNE SAFI          | COMMUNE-URBAIN                  | 308508     | Tier4 250K -600K   | 203428662,5              |
| COMMUNE TEMARA        | COMMUNE-URBAIN                  | 313510     | Tier4 250K -600K   | 178946998,2              |

It is observed that major cities in Morocco exhibit higher DOs, a phenomenon that can be explained by several factors:

-As significant economic and administrative centers, these cities often face an increased demand for public services such as infrastructure, healthcare, and transportation. Consequently, the costs associated with providing these services to a dense and diverse population may be higher.

-They frequently serve as hubs for both public and private investments, leading to an upsurge in infrastructure and development projects. These investments aim to promote economic growth, facilitate employment, and enhance the quality of life for residents. However, they can also result in higher expenditures for the implementation and maintenance of these projects.

|               | Total mandatory expenses / population |               | Total mandatory expenses / population        |
|---------------|---------------------------------------|---------------|--|
| <b>Max</b>    |                                       | <b>Min</b>    |  |
| Urban commune | 7 172,50                              | Urban commune | 90,73  |
|               | <b>Average</b>                        |               | <b>Total mandatory expenses / population</b> |
|               | Tier0 0-15K                           |               | 146,10                                       |
|               | Tier1 15K -50K                        |               | 48,91  |
|               | Tier2 50K -80K                        |               | 13,52  |
|               | Tier3 80K -250K                       |               | 17,00  |
|               | Tier4 250K -600K                      |               | 5,00   |
|               | Tier5 600K -3400K                     |               | 3,00   |

We observe that the ratio decreases between Tier 1 and Tier 2 because there are incomprehensible DOs with ratios decreasing as the population increases.

### Impact Assessment of Enhanced Financial Governance

This part is dedicated to a comprehensive analysis of municipalities, grouped by tiers, while examining the ranking of recurring DOs for 2021 and the RP (Revenue Potential) for the 2021-2022 period.

#### - Comparative Analysis of Municipalities by Population Segment:

This study examines urban municipalities, grouping them into five strata based on their population:

Tier 0: Population from 0 to 15,000 inhabitants

Tier 1: Population from 15,000 to 50,000 inhabitants

Tier 2: Population from 50,000 to 80,000 inhabitants

Tier 3: Population from 80,000 to 250,000 inhabitants

Tier 4: Population from 250,000 to 600,000 inhabitants

Tier 5: Population from 600,000 to 3,400,000 inhabitants

The ranks of DOs are determined based on these tiers, considering the total of DOs.

A similar methodology is applied for RPs.

#### - Classification of municipalities by population tiers (Tiers 0 to 3)

| Commune Urbain              | Type of territorial authorities | population    | Expenditure rank | Revenue rank 2021 | Revenue rank 2022 |
|-----------------------------|---------------------------------|---------------|------------------|-------------------|-------------------|
| COMMUNE SAIDIA              | COMMUNE-URBAINE                 | Tier0 0-15K   | 20               | 2                 | 2                 |
| COMMUNE TAFRAOUT            | COMMUNE-URBAINE                 | Tier0 0-15K   | 17               | 23                | 26                |
| COMMUNE IFRANE              | COMMUNE-URBAINE                 | Tier0 0-15K   | 32               | 6                 | 8                 |
| COMMUNE EL OJATIA           | COMMUNE-URBAINE                 | Tier0 0-15K   | 33               | 3                 | 3                 |
| COMMUNE ZMAMRA              | COMMUNE-URBAINE                 | Tier0 0-15K   | 52               | 5                 | 5                 |
| COMMUNE TOUARGA             | COMMUNE-URBAINE                 | Tier0 0-15K   | 19               | 64                | 62                |
| COMMUNE JAMAAT SHAIM        | COMMUNE-URBAINE                 | Tier0 0-15K   | 47               | 44                | 12                |
| COMMUNE ROMMANI             | COMMUNE-URBAINE                 | Tier0 0-15K   | 61               | 38                | 47                |
| COMMUNE OUAD AMLIL          | COMMUNE-URBAINE                 | Tier0 0-15K   | 49               | 9                 | 22                |
| COMMUNE TARGUIST            | COMMUNE-URBAINE                 | Tier0 0-15K   | 84               | 42                | 39                |
| COMMUNE TISSA               | COMMUNE-URBAINE                 | Tier0 0-15K   | 59               | 30                | 16                |
| COMMUNE BNI DRAR            | COMMUNE-URBAINE                 | Tier0 0-15K   | 57               | 43                | 46                |
| Commune Urbain              | Type of territorial authorities | population    | Expenditure rank | Revenue rank 2021 | Revenue rank 2022 |
| COMMUNE BOUZNIKA            | COMMUNE-URBAINE                 | Tier1 15K-50K | 5                | 6                 | 7                 |
| COMMUNE MECHOUAR-KASBA      | COMMUNE-URBAINE                 | Tier1 15K-50K | 1                | 4                 | 4                 |
| COMMUNE GUEZNAIA            | COMMUNE-URBAINE                 | Tier1 15K-50K | 4                | 1                 | 1                 |
| COMMUNE CHEFCHAOUEN         | COMMUNE-URBAINE                 | Tier1 15K-50K | 24               | 32                | 37                |
| COMMUNE BEJAAD              | COMMUNE-URBAINE                 | Tier1 15K-50K | 40               | 42                | 52                |
| COMMUNE AZEMMOUR            | COMMUNE-URBAINE                 | Tier1 15K-50K | 31               | 49                | 55                |
| COMMUNE ZEGHANGHANE         | COMMUNE-URBAINE                 | Tier1 15K-50K | 17               | 68                | 65                |
| COMMUNE HARHOURA            | COMMUNE-URBAINE                 | Tier1 15K-50K | 2                | 5                 | 5                 |
| COMMUNE KASBA TADLA         | COMMUNE-URBAINE                 | Tier1 15K-50K | 49               | 33                | 33                |
| COMMUNE ASSILAH             | COMMUNE-URBAINE                 | Tier1 15K-50K | 16               | 27                | 24                |
| COMMUNE SIDI YAHIA EL GHARB | COMMUNE-URBAINE                 | Tier1 15K-50K | 37               | 74                | 76                |

| Commune Urbain        | Type of territorial authorities | population      | Expenditure rank | Revenue rank 2021 | Revenue rank 2022 |
|-----------------------|---------------------------------|-----------------|------------------|-------------------|-------------------|
| COMMUNE OUEZZANE      | COMMUNE-URBAIN                  | Tier2 50K -80K  | 1                | 16                | 17                |
| COMMUNE MARTIL        | COMMUNE-URBAIN                  | Tier2 50K -80K  | 2                | 3                 | 2                 |
| COMMUNE TIZNIT        | COMMUNE-URBAIN                  | Tier2 50K -80K  | 4                | 5                 | 9                 |
| COMMUNE M'DIQ         | COMMUNE-URBAIN                  | Tier2 50K -80K  | 3                | 4                 | 3                 |
| COMMUNE FNIDEQ        | COMMUNE-URBAIN                  | Tier2 50K -80K  | 9                | 14                | 13                |
| COMMUNE SIDI BENNOUR  | COMMUNE-URBAIN                  | Tier2 50K -80K  | 5                | 2                 | 4                 |
| COMMUNE SIDI KACEM    | COMMUNE-URBAIN                  | Tier2 50K -80K  | 12               | 13                | 11                |
| COMMUNE ESSAOUIRA     | COMMUNE-URBAIN                  | Tier2 50K -80K  | 14               | 8                 | 7                 |
| COMMUNE AL HOCEIMA    | COMMUNE-URBAIN                  | Tier2 50K -80K  | 7                | 9                 | 5                 |
| COMMUNE SEFROU        | COMMUNE-URBAIN                  | Tier2 50K -80K  | 17               | 18                | 18                |
| Commune Urbain        | Type of territorial authorities | population      | Expenditure rank | Revenue rank 2021 | Revenue rank 2022 |
| COMMUNE EL JADIDA     | COMMUNE-URBAIN                  | Tier3 80K -250K | 5                | 3                 | 3                 |
| COMMUNE BENI MELLAL   | COMMUNE-URBAIN                  | Tier3 80K -250K | 6                | 9                 | 8                 |
| COMMUNE MOHAMMADIA    | COMMUNE-URBAIN                  | Tier3 80K -250K | 12               | 2                 | 2                 |
| COMMUNE NADOR         | COMMUNE-URBAIN                  | Tier3 80K -250K | 2                | 8                 | 4                 |
| COMMUNE KHOURIBGA     | COMMUNE-URBAIN                  | Tier3 80K -250K | 13               | 10                | 18                |
| COMMUNE TAZA          | COMMUNE-URBAIN                  | Tier3 80K -250K | 7                | 20                | 22                |
| COMMUNE LARACHE       | COMMUNE-URBAIN                  | Tier3 80K -250K | 3                | 11                | 17                |
| COMMUNE BERKANE       | COMMUNE-URBAIN                  | Tier3 80K -250K | 1                | 14                | 15                |
| COMMUNE KSAR EL KEBIR | COMMUNE-URBAIN                  | Tier3 80K -250K | 10               | 30                | 28                |
| COMMUNE SETTAT        | COMMUNE-URBAIN                  | Tier3 80K -250K | 17               | 6                 | 9                 |

The rankings of municipalities in terms of DOs and RPs across these four tiers exhibit a substantial degree of heterogeneity. This observation underscores significant disparities among the various municipalities.

Indeed, certain municipalities claim the top position in terms of RPs yet find themselves in less favorable positions regarding expenditures. Conversely, there are municipalities capable of generating considerable RPs while managing restrained expenditure. In contrast, certain municipalities display modest RPs but engage in higher spending.

This multifaceted landscape of municipal performance introduces complexity into our analysis and may preclude us from arriving at definitive conclusions now.

- Classification of Municipalities by Population Strata (Tiers 4 and 5):

| Commune Urbain        | Type of territorial authorities | population        | Expenditure rank | Revenue rank 2021 | Revenue rank 2022 |
|-----------------------|---------------------------------|-------------------|------------------|-------------------|-------------------|
| COMMUNE DE RABAT      | COMMUNE-URBAIN                  | Tier4 250K -600K  | 1                | 1                 | 1                 |
| COMMUNE MEKNES        | COMMUNE-URBAIN                  | Tier4 250K -600K  | 6                | 8                 | 8                 |
| COMMUNE OUJDA         | COMMUNE-URBAIN                  | Tier4 250K -600K  | 7                | 6                 | 7                 |
| COMMUNE AGADIR        | COMMUNE-URBAIN                  | Tier4 250K -600K  | 3                | 2                 | 2                 |
| COMMUNE DE KENITRA    | COMMUNE-URBAIN                  | Tier4 250K -600K  | 5                | 3                 | 3                 |
| COMMUNE TETOUAN       | COMMUNE-URBAIN                  | Tier4 250K -600K  | 4                | 5                 | 4                 |
| COMMUNE LAAYOUNE      | COMMUNE-URBAIN                  | Tier4 250K -600K  | 2                | 9                 | 9                 |
| COMMUNE SAFI          | COMMUNE-URBAIN                  | Tier4 250K -600K  | 8                | 4                 | 5                 |
| COMMUNE TEMARA        | COMMUNE-URBAIN                  | Tier4 250K -600K  | 9                | 7                 | 6                 |
| Commune Urbain        | Type of territorial authorities | population        | Expenditure rank | Revenue rank 2021 | Revenue rank 2022 |
| COMMUNE DE CASABLANCA | COMMUNE-URBAIN                  | Tier5 600K -3400K | 2                | 1                 | 1                 |
| COMMUNE MARRAKECH     | COMMUNE-URBAIN                  | Tier5 600K -3400K | 1                | 2                 | 2                 |
| COMMUNE TANGER        | COMMUNE-URBAIN                  | Tier5 600K -3400K | 4                | 3                 | 3                 |
| COMMUNE DE FES        | COMMUNE-URBAIN                  | Tier5 600K -3400K | 5                | 4                 | 4                 |
| COMMUNE DE SALE       | COMMUNE-URBAIN                  | Tier5 600K -3400K | 3                | 5                 | 5                 |

We can observe a correlation between RPs and DOs for municipalities: For Tier 4: it is evident that the municipality of Agadir distinguishes itself as the top performer within its tier. It ranks second in terms of RPs and third in terms of expenditures. It is good that the municipality of Agadir is maintaining a positive financial balance with generated revenues exceeding incurred expenses, leading to a budget surplus. A budget surplus can have several positive implications for a municipality.

Similarly, for Tier 5: the municipality of Casablanca stands out as the top performer within its tier. It holds the first position in terms of RPs and the second position in terms of DOs. This situation confirms solid financial management and the potential for a budget surplus. These observations highlight the exceptional performances of Rabat and Casablanca, respectively in Tiers 4 and 5. These results reflect the ability of these municipalities to maintain a positive financial balance while maximizing revenues and effectively managing expenses.

## **Recommendations**

Effective financial governance is essential to ensure the sustainability of municipalities and the delivery of quality public services. To optimize available resources and enhance financial performance, it is imperative to identify improvement opportunities and implement concrete measures.

- In general, all municipalities could benefit from streamlining their DOs and improving their RPs. It would be prudent to promote these initiatives by implementing suitable evaluation and support mechanisms to optimize municipalities' financial governance and promote their economic and social development;
- The implementation of urban planning schemes should be accelerated to enable municipalities to enhance their own-source revenues;
- Municipalities with limited own-source revenues but higher expenditures could be encouraged to improve their own-source revenues. In this regard, providing support from regulatory bodies could be suggested to identify solutions for increasing revenue;
- For municipalities generating substantial own-source revenues while having lower expenses, it would be opportune to incentivize them through performance grants.

## **Conclusion**

The objective of this study was to identify municipalities that require support to improve their own revenues. The paper began with a recapitulation of the main theoretical foundations of local authorities and the relationships between them, as well as the relationship between local government finance and the performance of local authorities. Our in-depth analysis allowed us to gain a better understanding of

how municipalities generate their own revenues. Diversifying sources of revenue, including local taxes, fees, various rights, and economic activities, is necessary to ensure strong financial governance and support the performance of municipalities. By identifying larger municipalities (tiers 4-5) with a higher ratio, we observe that they have succeeded in generating significant own revenues through effective resource management. These municipalities have optimized the collection of local taxes, implemented appropriate fee pricing policies, and developed profitable economic activities. Their ability to generate additional revenue contributes to their overall financial performance.

Identifying municipalities with a higher ratio has allowed us to highlight best practices and effective strategies for generating own revenues implemented by these municipalities. These success stories can serve as inspiration for other municipalities seeking to improve their financial governance and performance. The analysis also allowed us to determine which municipalities spend the most. To make the comparison between mandatory expenditures and own revenues homogeneous, we chose to classify them into strata (0-5). By classifying municipalities into strata, we grouped municipalities with similar expenditure levels. This allowed us to compare financial performance more fairly and highlight differences between groups of urban municipalities.

Through this tiered ranking, we were able to identify municipalities that may have opportunities for improvement in expenditure management and the generation of own revenues. Municipalities in the higher tiers (tiers 4-5) can benefit from a thorough evaluation of their financial management practices, with a focus on optimizing mandatory expenditures, seeking additional sources of revenue, and implementing strategies to strengthen their financial autonomy.

## References

- Abibi, Jawad. 2015. "Les collectivités territoriales au Maroc a la lumière de la constitution de 2011." 1-190.
- Bakkouri, Darine. 2013. Un essai de définition du concept de gouvernance, pp. 2-3.
- Décret n° 2-17-667 en date du 20 Novembre 2017 fixant les critères de répartition des recettes du Fonds de Solidarité Interrégionale (en arabe).
- El Moujahid, Lamia. 2029. "Gouvernance et performance des collectivités territoriales au Maroc: cas des communes ciblées par l'INDH au niveau de la province d'ElKelaa des Sraghna." Cadi Ayaad Univ. FLSHSF. 2014. Régionalisation avancée au Maroc : Gouvernance territoriale et enjeux du développement local. Publication FLSHSF 34: 41-49, 121-134 and 241- 260.
- Habri, Siham and Said Tritah. 2022. "Financial Governance of Local Authorities in the Era of Advanced Regionalization."
- Habri, Siham, and Said Tritah. 2022. "La Gouvernance Financière des Collectivités Territoriales à l'ère de la régionalisation avancée." *International Journal of Accounting* 3(1-1): 168-185.
- Joumard, Robert. 2010. Le concept de gouvernance, pp: 9-10.
- Ouazzani Chahdi, H. 2018. "Le modèle Marocain de la régionalisation avancée." REMALD 140: 12.
- PNUD. 2007. Le concept de la gouvernance : regards croisés de la banque mondiale, de la commission européenne, et du PNUD.
- Streatfield, David, and Sharon Markless. 2009. "What is impact assessment and why is it important?" *Revue Performance Measurement and Metrics* 10(2): 134-141.