

# Strategy for Supporting ODA for Morocco Development

2018. 6. 26.

*PARK, Chanyong*

*( Professor, Andong National University )*

*Morocco is an emerging economy undergoing rapid industrialisation, however, there are fundamental difficulties, such as high illiteracy rates, high unemployment rates, high energy costs and large regional disparities. Therefore, at this seminar we will discuss ways to mitigate these problems by using Korean ODA*

# Moroccan Development Environment

- Moroccan GDP per capita has remained at around US \$ 3,000 since 2015
  - Share of each industry in GDP is as follows; agriculture (13%), manufacturing (29%) and services (58%), and Morocco does not have an export-led industrial structure.
  - The agricultural sector is very important and accounted for 39% of the total employment by 2015, but 85% of the total agricultural land has no irrigation facilities.



<Table 1> Economic Indicators

Indicators(unit)	2012	2013	2014	2015	2016	2017
Growth Rate(%)	3.0	4.7	2.4	4.5	1.48	4.35(p)
GDP/capita(US \$ )	2,970	3,112	3,160	3,003	3,063	3,093(p)
Unemployment Rate(%)	9.0	9.2	9.9	9.7	9.4	9.3(p)
Export(million US \$ )	19,506	21,753	23,599	22,222	22,663	
Import(million US \$ )	42,896	44,741	45,612	37,908	41,354	
Trade Balance (million US \$ )	-23,385	-22,988	-22,012	-15,686	-18,691	
Total Debt(million US \$ )	48,860	56,479	59,747	64,139	66,824	69,300(p)
Foreign exchange reserves(million US \$ )	17,390	19,049	20,523	23,008	25,365	25,100(p)
Interest rate(%)	3.2	3.1	2.9	2.5	2.3	
Exchange Rate(Dh/US \$ )	8.6	8.4	8.4	9.7	9.8	

Note: 1) (p): provisory

Source: HCP(2017) <http://www.hcp.ma/>, World Bank(2017), KOTRA(2017)

■ Korea's exports to Morocco amounted to \$ 500 million, imports reached \$ 154 million in 2015

- Major exports of Korea: automobiles, steel structures, construction heavy equipment, and electronic products, and major imports: non-metallic minerals, clothing, and phosphate.

<Table 2> Korean Major Companies in Morocco (2016)

Companies	Location	Sectors	Year of Entry	Number of Employees
Samsung Electronics	Casablanca	Sales corporation	1995	7 (H) + 130 (L)
Electronics	Casablanca	Sales, Service	2000	5 (H) + 72 (L)
POSCO	Casablanca	Plant construction	2010	8 (H) + 30 (L)
Daewoo Construction	Rabat	Construction	2010	130 (H) + 4000 (L)
Samsung C & T	El Jadida	Construction	2013	56 (H) + 22 (L)

- The Moroccan ethnic group consists of Arabs (60%), Berbers (36%) and others (4%). Berber is actually a native of Morocco. The Arabs entered the Morocco region after the 8th-9th centuries.

- Moroccan language is Arabic. Berbers still use their native language with unique characters such as ⴰ ⵍ ⵓ ⴽ ⴽ ⴷ ⵢ ⵣ ⵣ. French is also used especially in higher education.

- Morocco has been a French protectorate for about 44 years since 1912. Therefore, despite it is a Muslim nation, it has a lot of liberal social atmosphere with French appearance.

# Development Environment

- The UNDP's Millennium Development Goals (MDGs) were used to analyze what is happening in Morocco and what sectors are vulnerable.
- The achievement of the Moroccan MDG from 1990 to 2015, on the whole, has been successful in absolute poverty and primary education, but unemployment, HIV / AIDS and air pollution are not really successful.

<Table 3> Morocco MDG Evaluation

Targets	Indicators	1990	2008/ 2009			
MDG1: Trends in absolute poverty and hunger elimination indicators						
1-a: The percentage of people earning less than \$ 1 a day is reduced to half between 1990 and 2015	Percentage of people living below \$ 1 per day (PPP)	3.5	0.56 (2008)	O		
1-b: Everyone, including women and young people, has a job that can lead a normal life	Participation rate of economic activity of population aged 15 years and over	51.3(2001)	49.9 (2009)	X		
1-c: Between 1990 and 2015, the proportion of people suffering from hunger is halved	Percentage of people with nutritional intake below minimum level (%)	4.6(1985)	0.9	O		
	Absolute Poverty Ratio (%)	12.5(1985)	3.6	O		
MDG2: Trend of Universal Primary Education Realization Index						
Ensure that all children complete all elementary education by 2015	Elementary education net school attendance rate (6-11 yrs old)	Nationwide	52.4	90.5	O	
		Urban	Male	77.5	90.8	
			Female	71.7	90.2	
		Rural	Male	48.8	93.2	
			Female	22.5	87.9	
	Percentage of students attending	Total	46.6	87.5	△	
		Male	55.0	86.5		



### MDG3: Trends in gender equality and the enhancement of women's abilities

By eliminating gender disparities in primary and secondary education by 2005 and reaching gender balance in all levels of education by 2015	Percentage of girls compared to boys in elementary education	66	89**	△
	Percentage of girls compared to boys in secondary education	70	80	△
	Percentage of female parliamentarians	0.7	10.5	

### MDG4: Trends in infant mortality reduction indicators

Reduce the mortality rate of children under 5 years old in 1990 to 2/3 by 2015	Child mortality rate under 5 years old	76	37.9	O
--	--	----	------	---

### MDG 5: Trends in Maternal Health Promotion Indicators

5-a: Reduction of maternal mortality by 25% between 1990 and 2015	Maternal mortality per 100,000 births	332	132	O
5-b: Expansion of universal access to maternity health by 2015	Women's Prenatal Care Ratio(Minimum 1 visit) (%)	33	80	△

## MDG 6: Trends in HIV / AIDS, malaria and other disease-fighting indicators

6-a: Stop HIV / AIDS proliferation by 2015 and return it to decline	HIV infection rate of pregnant women (%)	0.07(1999)	0.17	X
	Prevalence of sex workers	2.30(2001)	2.38	X
	Percentage of people infected with HIV among 15-24 year olds (%)	0.02(2007)	0.06	X
6-b: Stop and reduce the spread of malaria and other major diseases by 2015	Incidence of indigenous malaria (per 100,000 people)	6.2	0	O
	Incidence of imported malaria	54 (1992)	142	X
	Tuberculosis incidence (per 100,000 people)	113	81	O

## MDG 7: Trends in sustainability indicators

7-a: Reduce harmful gas emissions to health and the environment	Carbon dioxide emission per person (ton)		23,524	37,968 (2003)	X
	Emissions of ozone-depleting substances (tonnes)		625.4	1060 (2004)	X
7-b: Reduce the proportion of people with insufficient access to safe drinking water and basic sanitation by half by 2015	Percentage of population using improved drinking water sources	Urban	81 (1994)	100	O
		Rural	14	90	△
	Urban area hygiene facility accessible household ratio		74.2 (1994)	88.4	O

Source: UNDP (2009) Morocco MDG Report 2009

Note O: Achievement of the goal, △: Possible to achieve the goal, X: Failed to achieve the goal

# ODA of Major Donors and Multilateral Organizations

- For 3 years from 2011 to 2013, France provided the most ODA (Grant + Concessional Loan) to Morocco.
  - In Morocco's total ODA from foreign countries, France's ODA accounted for 33.33% and Korea is in the 15th place.
- The European Union's contribution to Morocco accounted for 23.64% of all ODA supported by all multilateral institutions.

- The main areas of support for the international community are education, drinking water hygiene, traffic and energy, and agriculture and forestry.
- France, EU, Japan, and Arab Fund, which have a high share of concessional loans, focused mainly on transportation and energy. And countries such as the United States, which have a high share of the Grant, have concentrated support for education, agriculture, and governance.



<Table 4> ODA of Major Donors and Multilateral Organizations (I) (Average for 2011–2013, Million US \$)

		Total ODA	Social Infrastructure and Services						
			Total	Educa- tion	Public Health	Population Reproduc- tion	Drinking Water Hygiene	Government, Civil Society	Etc.
1	FRANCE	724.25	265.56	184.19	10.25	0.65	35.36	3.38	31.73
2	USA	203.59	29.40	16.53	1.43	0.08	0.32	8.87	2.16
3	JAPAN	127.70	43.75	21.99	0.75	0.29	19.63	0.26	0.82
4	GERMANY	108.84	66.00	33.71	0.03	0.10	29.34	2.08	0.75
5	SPAIN	47.47	30.32	12.21	3.65	2.06	0.38	5.57	6.44
8	ITALY	11.54	0.63	0.11	0.20	0.12	0.09	0.03	0.07
9	CANADA	7.59	5.91	3.70	0.01	-	0.10	1.69	0.42
15	KOREA	6.36	4.50	3.02	0.29	-	0.10	1.09	-
DAC Members		1295.36	468.23	279.85	16.84	3.46	94.20	29.88	44.00
1	EU	513.83	163.62	80.42	15.50	1.03	36.51	11.80	18.37
2	ArabFund	203.08	37.52	0.06	-	-	37.46	-	-
3	CIF*	26.49	-	-	-	-	-	-	-
5	GlobalFund	7.15	7.15	-	1.58	5.57	-	-	-
Multilateral		771.95	223.02	83.59	18.00	8.57	81.22	13.03	18.61
TOTAL		2173.16	716.58	363.44	55.79	12.03	179.49	42.95	62.89

\* CIF: Climate Investment Funds, Source: <https://stats.oecd.org/Index.aspx?DataSetCode=CRS1>

&lt;Table 5&gt; ODA of Major Donors and Multilateral Organizations (II)

(Average for 2011–2013, Million US \$)

		Economic infrastructure and services					
		Total	Traffic Transport	Communication	Energy	Bank Finance	Business Etc
1	FRANCE	217.78	194.07	0.11	23.20	0.07	0.33
2	USA	14.59	1.99	-	0.49	7.85	4.27
3	JAPAN	73.35	72.92	0.12	0.29	0.01	0.01
4	GERMANY	33.62	-	-	28.19	2.54	2.88
5	SPAIN	6.25	1.01	0.09	5.01	0.04	0.11
8	ITALY	1.14	0.52	-	-	0.38	0.24
9	CANADA	0.79	-	0.04	-	0.01	0.74
10	SWITZERLAND	0.11	-	-	-	-	0.11
15	KOREA	1.27	0.02	0.60	0.65	0.00	-
DAC Members		351.07	270.53	1.03	57.83	12.98	8.70
1	EU	249.43	178.24	0.00	70.70	0.45	0.04
2	ArabFund	152.98	150.94	-	2.04	-	-
3	CIF*	13.16	-	-	13.16	-	-
5	GlobalFund	-	-	-	-	-	-
Multilateral		417.66	330.64	0.02	86.07	0.88	0.05
TOTAL		803.02	633.44	1.06	145.91	13.87	8.74

\* CIF: Climate Investment Funds

Source: <https://stats.oecd.org/Index.aspx?DataSetCode=CFS1>

<Table 6> ODA of Major Donors and Multilateral Organizations (III) (Average for 2011-2013, Million US \$)

		Production					Multi-sector • Cross cutting
		Total	Agricultural and Marine Products, Forestry	Industry, Mine, Construction	Trade	Tourism	
1	FRANCE	13222	2579	10638	0.00	0.05	10293
2	USA	13866	131.11	4.63	2.91	-	1982
3	JAPAN	3.38	3.05	0.24	0.06	0.03	3.73
4	GERMANY	1.73	1.50	0.22	-	-	7.49
5	SPAIN	2.93	1.78	1.05	0.04	0.06	2.15
8	ITALY	1.45	0.35	1.09	-	-	0.23
9	CANADA	0.84	0.16	0.43	0.25	-	0.05
10	SWITZERLAND	0.39	0.01	0.28	0.10	-	0.70
15	KOREA	0.52	0.19	0.07	0.25	-	0.05
DAC Members		28586	16724	11486	3.62	0.14	13940
1	EU	7704	1437	6266	0.00	0.02	8.81
2	ArabFund	1259	1259	-	-	-	-
3	CIF*	-	-	-	-	-	1333
5	GlobalFund	-	-	-	-	-	-
Multilateral		9088	2820	6266	-	0.02	2405
TOTAL		38332	20203	17752	3.62	0.15	202

# Korea's ODA for Morocco

- Korea does not support concessional loans, but only Grant for Morocco.
- During the period 2009 and 2012, Korea provided grant for
  - Education(\$ 131 million),    Public administration (\$ 5 million)
  - Industrial energy (\$ 1.7 million), Health(\$ 1 million) & Others
- Major projects recently supported include,
  - Casablanca Car Vocational Training Support Project (\$ 6 million)
  - Morocco Cyber Safety Center Construction Project (\$ 3.4 million)
  - Trade Capacity Enhancement Projects (\$ 2.95 million)
  - Business Statistics Measurement and Utilization Capacity Enhancement Project (\$ 6.1 million)'



# International Community ODA

- **France** makes the concessional loan more and more larger than Grant focussing on **Education** and **Transportation Infrastructure**.
- **Japan** also has recently been more supportive of Concessional Loans than Grant focussing on **Transportation Infrastructure** and **Energy Sector**.
- The **USA** does not support concessional loans, but only Grant, which focuses mainly on **Agriculture, Forestry and Fisheries**.
- Many multilateral organizations, including the EU, also support Education and Transport Infrastructure.
- Overall, the ODA of the international community for Morocco shows that it is focussing on Education, Transportation, Energy, Agriculture, Forestry and Fisheries.

# Obstacles to Development

- The core of Moroccan problems is high illiteracy, high unemployment, high agricultural share, and high energy costs.
- It is necessary to focus on lowering illiteracy starting in rural areas where Morocco's illiteracy rate is relatively high. The female illiteracy rate is around 57% but it is 87% in the rural area.
- The illiteracy rate in Morocco(33%) is still higher than in neighboring Tunisia (21%) and Algeria (27%). So, educational support is needed to lower illiteracy rates.

- In order to lower the high unemployment rate, it is necessary to increase the growth rate. To do this, it is necessary to improve the market related system and the administrative service of the government.
- Therefore, it is necessary to cultivate industrial manpower and strengthen the capacity of civil servants.
- Morocco imports all of its energy. As a result, Morocco's dependence on foreign energy accounts for 97%, but demand for power is increasing rapidly every year. New and renewable energy needs to be developed in order to solve the problem of unstable supply and demand.

- Second, support such as the establishment of vocational training institutions in Morocco or the provision of vocational training programs appears to be an appropriate project considering Korea's Grant support capability.
- Korea has been awarded the "Casablanca Car Vocational Training Support Project" which provided \$ 6 million to Morocco from 2010 to 2013.
- However, it would be more effective that the vocational training institute does not only carry out vocational training, but also help to arrange the employment for the applicant and to start the business at the same time.



# Effective ODA Programs

- In order to lower the illiteracy rate in Morocco, it is necessary to support establishment of specialized institutions for literacy education.
  - The problem is that most of illiterates are already adults. Therefore, it is necessary to establish a literacy education institute for adults, whose position is to focus on areas with high literacy rates.
- ☞ The areas of high illiteracy in Morocco: Marrakech, Tensift and Al Haouz, Taza, Al Hoceima and Taounate, Doukkala and Abda, Tangier and Tétouan, and Souss, Massa and Draà.

- The programs that provide education to those who have graduated from illiteracy by completing the education of literacy, and helping them to become independent by supporting jobs or start-up, have the effect of lowering the illiteracy rate and the unemployment rate at the same time.
- Second, support such as the establishment of vocational training institutions or the provision of vocational training programs appears to be an appropriate project considering Korea's Grant support capability.

- Korea has been awarded the "Casablanca Car Vocational Training Support Project" which provided \$ 6 million to Morocco from 2010 to 2013.
- However, it is necessary that the vocational training institute does not only carry out vocational training, but also help to arrange the employment for the applicant and to start the business at the same time.
- Areas in job training and business start-ups could be computer repair / automotive repair / electronics repair.

- Third, in order to improve the function of the Moroccan government, the e-government support project is valid. Support for e-government building is to be established for procurement, taxation, customs clearance and pension fund management using ICT.
- Fourth, it is effective to strengthen the capacity of civil servants in the form of young elites among the Moroccan civil servants. For this, it is necessary to open and support a master degree program for them.
- In addition, Morocco is an urgent task to improve irrigation facilities and energy for agricultural development. However, these fields are excluded from this report because they mainly support countries with relatively large ODA such as France and Japan.



*Thank you*