Unlocking Urban Development in Morocco

Can urbanization pay for itself, and how to make it happen?

February 10, 2020

-

Final Report

-

PPIAF/ World Bank Technical Assistance to the Kingdom of Morocco on Financing Urbanization

Contents

Boxes

Figures

Tables

Abbreviations and Acronyms

AC	*Autorisation de Construire* [Building permit]
ALPIM	*Association des Lotisseurs et Promoteurs Immobiliers du Maroc* [Moroccan Association of Real Estate Subdividers and Developers]
AMO	*Assistance à Maitrise d'Ouvrage* [Project ownership assistance]
ANCFCC	*Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie* [National Land Conservation, Land Registry and Mapping Agency]
ASPU	*Association Syndicale de Propriétaires Urbains* [Association of Urban Property Owners]
AOG	Al Omrane Group
CAS-TVA	*Compte d'Affectation Spécial – Taxe sur la Valeur Ajoutée* [Value-Added Tax Special Purpose Account]
CDG	*Caisse des Dépôts et de Gestion* [Deposit and management fund]
CGEM	*Confédération Générale des Entreprises du Maroc* [Association of Moroccan enterprises]
CGI	*Compagnie Générale Immobilière* [General real estate company]
CLI	*Comité d'Investissement Local* [Local investment committee]
CR	*Conseil Régional* [Regional Council]
CRI	*Centre Régional d'Investissement* [Regional Investment Center]
CWS	Cities Without Slums
DAT	*Direction de l'Aménagement du Territoire* |Directorate of Land Use Planning]
DAR	*Direction des Affaires Rurales* [Directorate of Rural Affairs]
DD	*Direction des Domaines* [Directorate of State Land]
DEPF	*Direction des Etudes et des Prévisions Financières* [Directorate of Research and Financial Forecasts]
DFL	*Direction des Finances Locales* [Directorate of Local Finances]
DGCL	*Direction Générale des Collectivités Locales* [General Directorate of Local Governments]
DGI	*Direction Générale des Impôts* [General Directorate of Taxes]
DPAT	*Direction du Patrimoine* [Property Directorate]
DPE	*Domaine Privé de l'État* [Private State Land]
DU	*Direction de l'Urbanisme* [Directorate of Urban Planning]
DUP	*Déclaration d'Utilité Publique* [Declaration of public interest]
ECI	*Etablissement de coopération intercommunale* [Inter-Municipal Cooperation Entity]
EIG	Economic Interest Group
FIA	Facilities, Infrastructure and Amenities
EPIG	*Etablissement Privé d'Intérêt Général* [Private public-interest entity]
FART	*Fonds d'Accompagnement des Réformes du Transport routier urbain et interurbain* [Urban Transport Fund]
FDT	*Fonds de Travaux* [Construction Fund]
FEC	*Fond d'équipement communal* [Capital development fund]
FNPI	*Fédération Nationale des Promoteurs Immobiliers* [National Federation of Property Developers]
FRD	*Fonds de Réemploi Domanial* [State Reinvestment Fund]
FSHIU	*Fonds de Solidarité Habitat et Intégration Urbaine* [Solidarity Fund for Housing and Urban Integration]
GHG	Greenhouse Gas
GIS	Geographic Information System
HCP	*Haut-Commissariat au Plan* [Government Statistical Agency]
IR	*Impôt sur le revenu* [Income tax]
IRPF	*Impôt sur le revenu relatif aux profits fonciers* [Income tax on land profits]
IS	*Impôt sur les sociétés* [Corporate tax]
LOC	Land occupancy coefficient
LUC	Land use coefficient
MATNUHPV	*Ministère de l'Aménagement du Territoire National, de l'Urbanisme, de l'Habitat et de la Politique de la Ville* [Ministry of Planning of the National Territory, Urban Planning, Housing, and City Policy]
MI	Ministry of the Interior
MEFAR	Ministry of Economy, Finance and Administrative Reform
MMM	*Maison Marocaine Moderne* [affordable housing]
MOD	*Maitrise d'Ouvrage Déléguée* [Delegated project management]
ONEE	*Office National de l'Eau et de l'Électricité* [National Water and Electricity Company]
ONCF	*Office National des Chemins de Fer* [National Railway Company]

PAAS	*Programme d'Aménagement et d'Actions Sectorielles* [Land use and sector actions program]
PAC	Plan d'Action *Communal* Municipality action plan]
PGI	*Participation aux grandes infrastructures* [Contribution to large-scale infrastructure projects]
PH	*Permis d'Habiter* [Occupancy permit]
PNA	*Programme National d'Assainissement liquide et d'épuration des eaux usées* [National Liquid Sanitation and Wastewater Treatment Program]
PNDM	*Programme National des Déchets Ménagers* [National Waste Management Program]
PPE	*Participation de Premier Etablissement* [Infrastructure participation fee - new customers contribution to infrastructure development costs]
PPIAF	Public Private Initiative Advisory Fund
PPP	Public-Private Partnership
RGC	*Règlement Général de Construction* [General Regulations on Construction]
RGPH	*Recensement Général de la Population et de l'Habitat* [General Population and Housing Census]
RS	*Réserve Stratégique* [Strategic Reserve]
SAP	*Secteur d'Aménagement Partenarial* [Partnership Development Area]
SDAU	*Schéma Directeur d'Aménagement et d'Urbanisme* [Urban development master plan]
SDL	*Société de Développement Local* [Local joint ownership company]
SDR	*Société de Développement Régional* [Regional joint ownership company]
SGG	Secretariat General of the Government
SNGF	*Stratégie Nationale de Gestion Foncière* [National Land Management Strategy]
SRAT	*Stratégie Nationale de Gestion Foncière* [Regional development master plan]
TC	*Taxe sur les opérations de Construction* [Construction tax]
TH	*Taxe d'Habitation* [Residence tax]
TL	*Taxe sur les opérations de Lotissement* [Subdivision tax]
TP	*Taxe Professionnelle* [Business tax]
TSC	*Taxe sur les Services Communaux* [Municipality services tax]
TNB	*Taxe sur les Services Communaux* [Tax on undeveloped land]
UNPPI	*Union Nationale des Petits Promoteurs Immobiliers* [National Union of Small Property Developers]
WSE	Water, Sanitation and Electricity
ZAC	*Zones d'Aménagement Concerté* [Joint Development Zone]
ZUN	*Zones d'Urbanisation Nouvelle* [New Urbanization Zone]
ZUD	*Zones d'Urbanisation Différée* [Deferred Development Zone]

Executive Summary

1. The Kingdom of Morocco is today undergoing urbanization on a massive scale, which is expected to continue and expand in the coming years. Even if the annual growth rate of the Moroccan population is declining (1.25 percent in 2014 compared with 1.38 percent in 2004), it will continue to become urbanized (5.8 million additional inhabitants are expected to move to the cities in the next 15 years).[1] Housing constitutes the bulk of this urbanization in volume, accounting for more than 80 percent of the authorized m² in urban areas (and more than 90 percent in Casablanca).[2] Between 2006 and 2011, 111,000 formal housing units were built on average each year, increasing to 144,000 units between 2012 and 2017. This level of urbanization—whether it involves urban expansion or the existing urban fabric—has nonetheless failed to keep pace with overall demand. As a result, the stock of housing that is either substandard or has few amenities (informal subdivisions, slums, extremely dilapidated housing) is significant, increasing the need for decent housing. The share of new housing allocated to replace substandard housing and slums totaled some 20,000 housing units/year, or between 10 and 15 percent of production.[3] About 200,000 new housing units per year are expected to be needed through 2034, together with corresponding equipment needs (infrastructure, public and private equipment, etc.).[4]

Box 1: What is urbanization?

Today, over 4 billion people around the world—more than half the global population—live in cities. By 2050, with the urban population more than doubling its current size, nearly 7 out of 10 people in the world will live in cities. Urbanization refers to this phenomenon of the shift from rural to urban areas. With more than 80 percent of global GDP generated in cities, the urbanization process can contribute to sustainable economic growth if managed well by increasing productivity and allowing innovation and new ideas to emerge. However, the speed and scale of urbanization brings challenges, including meeting accelerated demand for affordable housing, well-connected transport systems and other infrastructure, and basic services, as well as jobs, particularly for the nearly 1 billion urban poor who live in informal settlements to be near employment opportunities. Once a city is built, its physical form and land use patterns can be locked in for generations, leading to unsustainable sprawl. Cities also play an important role in tackling climate change, as they consume close to two-thirds of the world's energy and account for more than 70 percent of global greenhouse gas emissions.

Building cities that "work"—inclusive, safe, resilient and sustainable—requires intensive policy coordination and investment choices. National and local governments have an important role to play in taking action now to shape the future of the development of cities if they are to create opportunities for all.

2. The traditional levers of public action in the area of urbanization (public land, exemptions, tax incentives and direct subsidies) are proving to be increasingly inadequate to meet the above-mentioned needs.

- ***The first lever is the mobilization of public land.*** The State owns substantial land reserves, including private State land and the *habous*, which are traditionally mobilized through sales to dedicated entities, such as the Al Omrane Group, one of the main public developers in

[1] HCP - Projections of Population and Households (2014–50), May 2017.
[2] View deliverable 3. Annex 1: Characteristics of real estate production in Morocco
[3] MATUHPV, National Housing Council. 2018. « Projet de feuille de route pour la redynamisation du secteur de l'habitat. »
[4] Including the needs for poor housing, that is nearly 25,000 homes. Sinet, A. Lahlou, N. Effina, D. Godin, L. World Bank Report, 2016. « L'offre de logement urbain 2004–2014 au Maroc, état des lieux et orientations »

Morocco, and to private builders/developers. However, strategic public land, which is land located close to cities and appropriate for urban development, is increasingly rare. Between 2004 and 2015, 15,591 ha of public land were mobilized for housing, or a rate of 1,299 ha per year, compared with just 518 ha per year between 2014 and 2018.[5]

- ***The second lever is the use of exemptions.*** These allow undeveloped or agricultural land to be urbanized, and/or changes the allocation and conditions of use for the land to facilitate investments and/or make it possible to overcome the lack of urban planning documents. Exemptions granted between 2003 and 2012 represented 27,046 ha nationally (a rate of 2,459 ha per year), including 6,649 ha in new urbanization zones (ZUN) (604 ha per year), 20,269 ha "open to urbanization" (1,843 ha per year), and 11,996 ha for housing projects (1,091 ha per year).[6] However, their use has had several harmful effects, such as urban sprawl, lack of infrastructure and facilities, overproduction, and competition between projects. The State is now endeavoring to limit the scope of exemptions.[7]
- ***The third lever is the use of tax incentives and direct financing.*** In the 2000s, the State introduced housing access policies that impacted urbanization in Morocco: incentives, particularly tax incentives, for the production of affordable housing, the "Cities Without Slums" program,[8] etc. Despite significant quantitative results, these policies have had mixed results and some negative impacts on urban development. They are now being re-examined by public authorities.

3. The dysfunctions and structural constraints of the Moroccan land system (knowledge, availability, security) are affecting urban development, the economic and social integration of populations, and private investment in general. These dysfunctions reside in the complexity and weight of the existing legal provisions, the multiplicity of land regimes and legal texts, the small proportion of registered real estate (around 10 percent in rural communities), and the absence of an updated land map. They are also due to land retention and to the low efficiency of State intervention in the regulation of the land and property market and property taxation, particularly in developed areas.

4. Financial resources allocated to finance urbanization are largely insufficient to meet current and future needs. Annual needs for the upgrading of existing infrastructure and the development of new infrastructure are estimated at DH 32 billion/year, including DH 22 billion/year under the authority of the municipalities. Available resources, particularly in the municipalities, are woefully inadequate to address these challenges. Investments by the 236 municipalities defined as "urban" prior to 2015,[9] which represented about DH 4.5 billion/year from the capital budget, would need to increase fivefold by 2027 (DH 22 billion/year) to meet demand, which would require a doubling of municipalities' revenues.[10]

---

[5] Ministry of Economy and Finance. 2015–2018. Rapports sur le foncier public mobilisé pour l'investissement dans le cadre des Projet de Loi de Finances de 2015 à 2018.
[6] Economic, Social, and Environmental Council. 2014. « Etude d'impact des dérogations dans le domaine de l'urbanisme. »
[7] Interministerial Circular No. 3020/27 of March 4, 2003, et and Interministerial Circular No. 10098/31 of July 6, 2010.
[8] MATNUHPV, National Housing Council. 2018. « Projet de feuille de route pour la redynamisation du secteur de l'habitat ».
[9] Designation discontinued after the adoption of 2015 organic law No. 113-14 on municipalities.
[10] J. Riedinger. Report for the Ministry of the Interior. 2009, 2017. « L'économie des collectivités locales au Maroc ».

5. Urban municipalities are unable to invest sufficiently to cover their needs, owing in particular to the lack of increase in their resources.[11] The tax system does not yield sufficient resources and is unsuited to the urban development model (lack of coordination between the government departments responsible for the taxes administered by the State, incomplete or unused databases, weak local tax departments that are under-resourced and undervalued, inherent problems with the various taxes, transfers from the State that are insufficient to meet the municipalities' needs, recourse to problematic borrowing, etc.). At the same time, the room for maneuver through general financial allocations from the State (CAS-TVA) is becoming increasingly narrow because of growing local needs. Financial transfers to cities are thus not expected to increase.[12]

6. Urbanization and its associated financing needs are focused mainly in large agglomerations, and particularly in their outlying areas, which suffer from extreme fragility. Today, the outlying municipalities of the big cities are not able to respond to demographic and land pressure, of which they bear a major part. In Casablanca and Marrakesh, for example, urbanization is disproportionately concentrated in some outlying municipalities, particularly Dar Bouazza, with 151,373 inhabitants in 2014, for Greater Casablanca, and Harbil, with 51,881 inhabitants in 2014, for Greater Marrakesh, which have neither the human nor the financial resources required, compared with the central municipalities.

7. A comparison of municipalities' budgets per capita shows that the budget of Casablanca is more than double that of Dar Bouazza (respectively, DH 1,091/per capita/per year in Casablanca vs. DH 531/per capita/per year in Dar Bouazza) and that the budget of Marrakesh is almost 2.5 times higher than Harbil's (respectively, DH 14,766/per capita/per year in Marrakesh vs. DH 658/per capita/per year in Harbil). These inequalities are also reflected in the structure of budget revenue: while the taxes related to "dwelling" and activity (municipal service tax, housing tax and professional tax) represent, respectively, 49 and 23 percent of the budget of Casablanca and Marrakech, they constitute only 23 and 6 percent of the budgets of Dar Bouazza and Harbil. This is partly explained by the problems of census and tax collection of these outlying municipalities with strong urban expansion. Conversely, the budgets of Dar Bouazza and Harbil rely on far less sustainable revenues than central municipalities, such as the taxes on undeveloped land or taxes on construction and subdivision. These three taxes represent, respectively, 49 and 61 percent of the budgets of Dar Bouazza and Harbil, whereas they constitute only 6 and 10 percent of the budgets of Casablanca and Marrakech.

8. Finally, State transfers reinforce these disparities when they should diminish them. The CAS-TVA operating allocations per capita are, respectively, more than 2.5 times higher between the municipalities of Marrakech and Casablanca than those of Harbil and Dar Bouazza.

9. These dysfunctions are evident in projects and their administrative authorization and operational implementation processes. A comparison between the theoretical urbanization process (urban planning, authorizations, urban development) and the reality observed on the ground highlights the important differences between previsions and achievements. The implementation of urban development appears to be facing dysfunctions that affect the entire "urban production chain". These dysfunctions are caused by (i) the limits and constraints of urban planning (rigidity, inequity with regard to public easement, oversizing of road standards, absence of phasing and planning of urbanization, etc.) despite the efforts undertaken to cover the territory; (ii) the absence of reliable land information (accessible and up-to-date cadasters)

---

[11] Trésorerie Générale du Royaume, data on resources in municipalities in 2017.

[12] Additional report on the development of the financial resources of municipalities. PPIAF/World Bank Technical Assistance to the Kingdom of Morocco. December 19, 2019.

and the associated legal uncertainty; (iii) the absence of operational and land development instruments outside of conventional tools and procedures (subdivision, expropriation); (iv) the weak capacities at the local level for urban project management, and operational and land development, in particular to carry out land acquisitions and road works, to pre-finance and carry out off-site infrastructure, and to supervise coherent urban development operations; and (v) the dysfunctions and cumbersome regulatory validation process and its associated taxation.

Box 2: What is going wrong with urbanization in Morocco? The main contributing factors:

Weak levers of public action:

- Strategic public land located close to urban centers and appropriate for urban development is increasingly rare.
- The overuse of exemptions to overcome a lack of urban planning documents is having an increasing number of harmful effects, including urban sprawl, a lack of infrastructure and facilities, overproduction, and competition between projects.
- The introduction of housing access policies to influence urbanization, such as tax incentives and direct financing for the production of affordable housing, the "Cities Without Slums" program, etc. have had only a mixed impact on urban development.

Available resources, particularly in the municipalities, are woefully inadequate to address the needs for the upgrading of existing infrastructure and the development of new infrastructure. Investments by the 236 municipalities defined as "urban" prior to 2015 would need to be increased fivefold by 2027 to meet demand.

The tax system fails to yield sufficient resources and is unsuited to the urban development model, with a lack of coordination between the government departments responsible for the taxes administered by the State, incomplete or unused databases, weak local tax departments that are under-resourced and undervalued, inherent problems with the various taxes, transfers from the State that are insufficient to meet the municipalities' needs, and recourse to problematic borrowing.

The numerous dysfunctions that affect the entire "urban production chain" hamper the urbanization process at project level, with problems related to urban planning tools, urban planning documents, regulation of the opening-up of expansion areas to urbanization, the capacity to mobilize land for public use, the lack of capacity for land action and urban development at the local level, and the absence of reliable land information.

10. Because of these numerous dysfunctions, the country is struggling to make the most of the economic opportunities and potential arising from cities.[13] This in turn leads to uncontrolled growth of cities, additional investment costs related to off-sites and urban sprawl, a lack of urbanization sequencing, infrastructure that is insufficient or incomplete, facility needs that are poorly covered by municipalities, environmental impacts,, uncontrolled competition between sites, uncertainty and marketing difficulties for developers, and frequently mediocre living conditions for inhabitants.[14]

11. Without changes in the modalities of public action, the above-mentioned issues may lead to an increasingly thinly spread, unstructured, incomplete and, for a significant part, informal urbanization. If the dysfunctions are not addressed, they may generate difficulties that will be increasingly difficult to address, such as an increasingly poor quality of life for urban dwellers, a significant loss of competitiveness for the regions, and an increasing delay in equipping and maintaining infrastructure.

12. To address these problems and better finance collective infrastructure, developers are sometimes organized into Economic Interest Groups (EIGs), which suffer from a number of limitations. These groups are legal entities that offer an intermediate legal framework between a company and an association, making it possible to pool resources and costs. The five EIGs

[13] "Leveraging urbanization to promote a new growth model while reducing territorial disparities", Urban and Regional Development Policy Note. May 2017. World Bank.
[14] See "Tamensourt: The Perfect Example?"

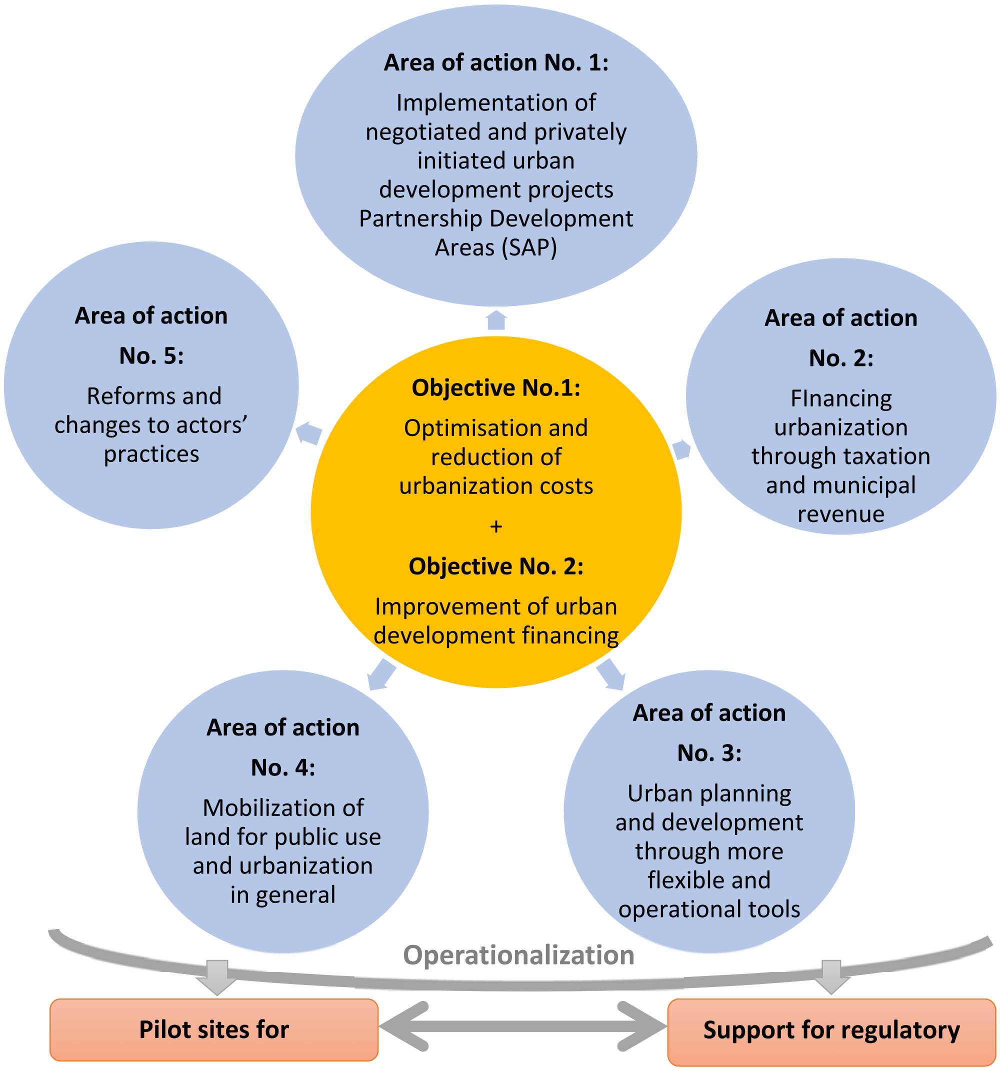
identified in the Greater Casablanca area face a number of dysfunctions: inadequate scope, pre-financing problems, excessive use of exemptions, the creation of monofunctional zones, and problems with public actors not honoring their commitments, etc.

13. A comprehensive pragmatic approach could optimize the cost of urbanization and improve its financing. In light of these obstacles and lose-lose urbanization, there is nonetheless considerable potential for improvement based on the two principles of optimization and reduction of urbanization costs, and improvements in urbanization financing (Figure 1)Given the public finance constraints, actions should be considered within the framework of existing resources. .As such, the following strategy is proposed that combines testing, discussion using a systemic approach, and changes in the regulatory framework in an iterative, incremental, and synergistic way. Testing can start immediately, using existing resources and legislation, at sites that offer both the potential for change because of key local and dynamic actors, and typical features. This facilitates work on changing the practices of actors and their collaborative methods, as well as the use of tools, and encourages discussion on changes in the regulatory framework, which in turn can enhance the effectiveness of new methods of creating cities as these methods are disseminated.

14. The strategy is broken down into five interrelated areas of action, as follows.

- ***Partnership Development Areas (SAPs)*** provide a space in which work can be concentrated and testing done of the use of existing and new tools, and changes in practices, as well as a flexible mechanism for overseeing a growing share of urbanization (expansion and urban regeneration). They offer a framework for implementing partnership-based urbanization in defined zones, using existing legislation, with regulatory changes if necessary. SAPs seek to optimize the costs associated with urbanization and better finance the process.
- ***Taxation and local revenue*** play a major role in financing urbanization, with significant room for improvement in the context of existing legislation, which can be used extensively and supplemented by the legislative and regulatory changes currently being drafted. This represents a key pillar in financing new urbanization, as well as in the upgrading and efficient functioning of existing locations.
- ***Urban planning and development*** provide the framework that guides and limits urbanization (both positively and negatively). Using available tools more effectively and changing them to become more flexible, pragmatic, and functional are powerful drivers in optimizing urbanization costs. This process entails changes in practices involving the urban planning regulatory and legislative framework, and the local taxation and regulatory framework of the State Land Directorate.
- ***Mobilization of land for public use*** is a key lever in improving urban planning in general, through the objectives of land equity and incentivizing development, strengthening of land action and urban planning capacities at local level.
- ***The capacity of local actors to carry out urbanization.*** Potential tools and mechanisms will only become a reality if they are used by urbanization actors, which implies commitment on their part. In the context of the favorable environment created by the recent granting of expanded powers to local actors, the capacity and actual commitment of these actors to assume their roles are of critical importance but a long way from being a reality. Effective and realistic change in the role of the major actors is therefore proposed in the fifth key area of action.

Figure 1: Proposed solutions to improve the implementation and financing of urbanization



15. These five areas of action are described below in the form of principles and proposals followed by an operational road map and sequencing with a view to their implementation. Although improvements to the legal and regulatory framework are desirable, many provisions that already exist could be immediately implemented or more effectively implemented.

16. A partnership for joint construction and co-financing with public and private actors could be set up as part of negotiated umbrella development projects inspired by EIGs (*Area of Action No. 1*). This mechanism could evolve toward Partnership Development Areas (SAPs). A SAP is an operational mechanism for focusing urban planning, land, tax and financial tools and resources in pre-determined zones, in a public-private partnership logic, to provide free land for public use and ensure financially balanced operations (**Error! Reference source not found.**).

Table 1 : Recommendations related to the implementation of negotiated and privately initiated umbrella urban development projects (Area of Action No. 1)

With Current Legislation	With Regulatory Changes
Public/private agreements (land subdividers/property developers, owners' associations, EIGs to carry out umbrella urban development projects on privately owned land Implementation of an overall project in a strategic reserve zone by decree of the Wali/Governor, with a 'parcel per parcel' validation mechanism by an ad hoc commission created by an order from the governor depending on the provisions of the Land Use Plan[15] Establishing urban property owners' associations in project zones (1917 Dahir on urban property owners' associations) Organizing land subdividers/property developers into EIGs (Law No. 13-97 on Economic Interest Groups), a legal framework between a company and an association to pool resources and activities.	Creation of the Partnership Development Area (SAP) mechanism for the purpose of: o facilitating and organizing implementation and financing of umbrella development projects (urban expansion, urban regeneration) and the necessary facilities under the terms of public-private negotiated contracts o combining urban planning, land, financial and tax provisions o providing free land for public use (roadways, public facilities) with equitable contributions from land owners An SAP may be established in a zone covered in the Land Use Plan (projects' zone, strategic reserve zone, deferred development zone, zones open under certain conditions) on the basis of an order from the Wali or Governor and a decision of the relevant municipality, in compliance with certain conditions urban, economic environmental, etc.) An SAP requires reluctant land owners to share the development costs and expenses An SAP may be backed up by an urban land consolidation procedure and a mandatory group land registration procedure

17. More efficient local taxation and more equitable sharing of urbanization costs can be achieved (*Area of Action No. 2*) by: (i) adapting local taxation; (ii) more comprehensive and equitable contributions; and (iii) improved prefinancing of investment and the associated financial guarantees (

18. Table 2).

Table 2 : Recommendations related to the financing of urbanization through more effective taxation and an increase in the financial resources of municipalities (Area of Action No. 2)

With Current Legislation	With Regulatory Changes
Local taxes	
Increasing local tax revenue (Municipality Services Tax, Residence Tax, Business Tax). More comprehensive and more up-to-date tax assessment process, better coordination between assessment, issuance, and collection.	Property Tax (to replace the Municipality Services Tax, the Residence Tax, and the property component of the Business Tax) and a Tax on Undeveloped Land based on periodically updated market values Higher Tax on Undeveloped Land that is incremental over time in specific zones
Contributions	
Water, sanitation, and electricity (WSE) infrastructure financed by regulatory contributions determined on a case-by-case basis or by a flat rate per square meter and paid to obtain the building permit.	Incorporation of the principle of contractual contributions from private builders and developers to finance urban development infrastructure. Regulatory contributions expanded to include roads, street lights, public facilities, paid to obtain a building

[15] For example, Provisions of the Land Use Plan of Tétouan for the sector of the Oued Martil riverbank development project in which public-private co-development projects are planned.

Registration by the urban planning of the principle of the contractual participation of private builders and developers in the financing of urban development infrastructures in the land use plan areas governed by a conventional framework.[16] Voluntary contractual contributions to finance WSE infrastructure, of public equipment land and of some roads via EIGs and/or in exchange for exemptions in the Land Use Plan. Possibility to pay for the cost of facilities work by surrendering land' (in kind) (1917 Dahir on urban owners' associations).	permit in lieu of the Taxes on Construction and Subdivision. Payment of taxes and contributions in kind (land) expanded and adapted. Authorization for public authorities to sell some of the land contributed by land subdividers/developers Clarification of the status of investment expenditure with regard to the VAT and the Corporate Income Tax (EIG and Construction Fund [FDT]).
Prefinancing and guarantees	
Repayable advance provided by the Solidarity Fund for Housing and Urban Integration (FSHIU) to municipalities for urban development, and land-related actions. Deduction from CAS TVA transfers if municipalities fail to repay their loans from the Capital Development Fund (FEC). Implementation of guarantee schemes for the full payment of voluntary contributions in an EIG (provisional seizure on the land title, bank guarantee, discharge prior to issuance of the provisional acceptance or residence permit). Option of loans through State-managed WSE operators or FDTs for concessionary services.	Extension of deduction of annual payments from the CAS TVA to include private bank loans to municipalities. Financial guarantees and/or system of interest subsidies supplemented by the DGCL (CAS TVA) and the MATNUHPV. Simplified borrowing procedure for the FDTs (delegated management), to prefinance WSE infrastructure Capital Development Fund (FEC) loans for delegated project management bodies to prefinance urban development, umbrella urban development projects, etc.

19. Urban planning could be optimized (*Area of Action No. 3*) through: (i) greater flexibility in the content of documents and urban regulations (sequencing, density, uses, layout, and location of easements, etc.); (ii) more effective coordination between urban planning documents, programming and implementation; and (iii) pre-operational and regulatory mechanisms for the opening-up of expansion areas to urbanization (

20. Table 3).

Table 3 : Recommendations related to urban planning through more flexible tools that are better suited to the challenges and changes (Area of Action No. 3)

With Current Legislation	With Regulatory Changes
Flexibility and adaptation of urban planning regulations	
Principle that "Specific amendments" can be made to the Land Use Plan (zoning, land use rules, construction rules, zones to be opened up for urbanization, change of the location of public facilities and/or road layouts within a single property). Urban planning exemption	Easing and adjustment of zoning and reserved spaces in the land use plans: General uses, "unassigned" reserves, mixed urban areas. Exemption procedure included in the legislation on urban planning.
Coordination between urban planning documents, programming, and implementation	
"Municipality councils take all necessary measures in coordination with the administration to implement and	The Land Use and Sector Action Plan (PAAS) attached to the land use plan Institutionalization of a multi-actor approach to implementation and

[16] For example, Art. 3 of the Land Use Plan of Sidi Hajjaj Oued Hassar (Province of Médiouna) with regards to the area of the EIG of Oudad Hadda.

comply with the provisions of the land use plan" Art. 31, 12-90.	monitoring/evaluation of land use plans once they are approved.
Pre-operational and regulatory approaches to opening up expansion areas to urbanization	
Sequencing of urbanization set out in the SDAU (Art. 4, Law 12-90). Principle of "strategic reserve."	Deferred Development Zones (ZUD) or zones to be urbanized under specific conditions mentioned in the land use plans.

21. The mobilization of land for public use and for general urbanization can be improved (*Area of Action No. 4*) through: (i) land contributions and incentives for land subdividers/builders to become involved in urban development; (ii) the introduction of tools and measures for land-related actions; and (iii) improvement in access to property data (

22. Table 4).

Table 4 : Recommendations related to the mobilization of land for public use and urbanization in general, in line with land equity objectives and development incentives (Area of Action No. 4)

With Current Legislation	With Regulatory Changes
Land contribution and incentives for land subdividers/builders to become involved in urban development	
Contribution of local residents to the construction of municipal roads (Free transfer of a 10m strip of roadway stipulated in the Land Use Plan, Art. 37/38 of Law 12-90). Voluntary land contributions[17] from land subdividers/builders, not including public facilities and spaces stipulated in the Land Use Plan. Mobilization of public access land by land subdividers/builders to build in-site roadways and roadways not included in the Land Use Plans for subdivisions (between 25 and 50 percent of the total surface area of the land[18] (Law 25-90). Land exchanged by subdividers/builders for public facilities, as stipulated under the exemptions.	Voluntary land contributions by land subdividers/builders for public facilities and public and general interest spaces of 10 to 15 percent of the total land area. Aggregation with transfers of public roads for an overall uniform voluntary contribution (for example, 30 to 35 percent of the land area excluding in-site roadways). Expanding construction rights (COS) in exchange for land.
Tools and measures for land-related actions	
Mandatory free group registration (Law 14-07 on land registration). ''Automatic registration'' (1917 Dahir on urban property owners' associations).	Preemption right (incorporated into the draft Code on private State land)
''Land consolidation and redistribution'' (1917 Dahir on urban property owners' associations).	Intervention zones or areas subject to monitoring where the preemption right and declarations of public interest apply.
	Modernized procedure for group registration of urban land coordinated with the urban planning documents and the proposed land intervention zones.
	Urban land consolidation procedure that is appropriate, attractive, and in line with urban planning documents and the proposed land use intervention zones.
Access to land information	

[17] Generally, land contributions (7 to 10 percent net variable) of subdivision/construction works for open areas and/or community facilities, as in the case of land development regulations in some land use plans.
[18] percentage depending on the area of the land subdivision and taking into account the reserve easements for additional space and roads

Easy and user-friendly access to reliable geolocalized cadastral information for all relevant partners.	Free access to the digital land register of the ANCFCC in urban zones, operational urban planning zones, and Partnership Development Areas.

23. The actors' capacity to implement urban development could be optimized by changing their roles and practices (*Area of Action No. 5*)**.** This Area of Action is related to recent strategic orientations, to the territorial reform, to the willingness to change some practices (particularly in terms of access to and sharing of information), as well as to the strengthening of financial and human resources, and of skills and know-how. With this in mind, a number of proposals have been defined in connection with the reforms specific to each institution (local taxation, urban planning, advanced decentralization/deconcentration, etc.), and with the objective of operationalizing urban development projects with SAP pilot sites (**Error! Reference source not found.**).

Table 5: Recommendations related to the reforms and changes to actors' practices (Area of Action No. 5)

Actors	Reforms and Changes to Practices
General Directorate of Local Governments (DGCL)	• Drafting, backing and implementation of regulatory changes dealing with urbanization taxes and parafiscal taxes as part of local tax reform. • Support for the implementation of the provisions of Article 85 of Law 113-14 on "the implementation of the provisions of the Urban Land Plan" and "the opening of new areas for urbanization." (DU/DGCL) • Joint financing option for project management assistance as part of the support for the implementation of pilot SAP.
Directorate of Urban Planning	• Drafting, backing and implementation of the urban planning reform. • Supporting the elaboration of a draft regulatory text on SAP and urban land consolidation. • Supporting the implementation of the provisions of Article 85 of Law 113-14 (DU/DGCL) • Possible co-financing of AMO as part of support to the implementation of pilot SAP. • Supporting the reorganization of the FSHIU in line with the 2018 roadmap for stimulating the housing sector.
Directorate of State Land	• Creating strategic land reserves through targeted purchases in line with the urban planning documents and in conjunction with the Urban Agencies /municipalities and with the Regional Councils/Regional Investment Centers (CRI) / Urban Agencies. • Support on the pre-emption right[19] and its articulation with the urban planning documents and the proposed land intervention perimeters. • Increased involvement in the process of developing and implementing urban planning documents. • Prefinancing of State public facilities, through the State Reinvestment Fund (FRD) in accordance with territorial strategies defined by local actors. • Development of the role of project management assistance/consulting/design for local authorities. o Undertaking undeveloped land carrying costs on behalf of municipalities and Regional Councils when necessary for defined projects and limited periods. o Undertaking undeveloped land carrying costs with regards to contributions through in-kind payments from operators. o Preparation and sale of land contributions by auction on behalf of the State or local authorities.
General Directorate of Taxes	• Assuming all functions related to local taxes (Municipality Services Tax, Residence Tax, and Business Tax) • Drafting and updating a precise and up-to-date listing of market values.

[19] Introduced in the draft of the Private State Domain Code.

	• Designing and establishing, in conjunction with the ANCFCC, on a phased basis, a geolocation database (GIS) for multiple purposes (tax, land management, urban planning) • Reviewing the tax status of entities acting as bridging investment funds (EIGs and FDT, in particular) with regard to VAT and options for exemptions or cost-neutral taxation to finance infrastructure construction.
ANCFCC	• Developing, managing/and updating the market values listing and multiple use GIS (tax, land management, urban planning) (see above General Directorate of Taxes) and making them available to relevant actors. • Analyzing the requirements for phasing in mandatory free group registration procedures in urban areas.
Wilayas	• Coordinating the development of regional investment policies on a three-year rolling basis,[20] with periodic updates and the corresponding multi-year budget appropriation from the relevant ministries.
Regional Councils	• Implementing a land use economic policy to optimize local performance. (rehabilitating existing zones, establishing activity zones that are appropriate to the context, etc.) • Financial support (budget support, pre-financing) and/or operational support (MOD) of SAPs aimed at economic development.
Urban Agencies	• Redefinition of their role and missions in order to support changes (multi-actor coordination, negotiated town planning, prospective, urban strategies, territorial observation, bringing together stakeholders in urban development). • Coordination and project management assistance for municipalities and Wilayas in drafting and jointly implementing urban planning documents, in particular for SAP.
Municipalities	• Development of partnerships with urban agencies, public and private operators for the implementation of urban development in the perspective of Article 85.[21] • Optimizing use of the municipalities' property (including use of public land), and dynamic land-related actions. • Elaboration of urban strategies (development and urban renewal, land action, etc.) for large cities. • Entering data and information from municipality-level units into the integrated geolocation database.
Inter-municipal Cooperation Entities	• Establishing a permanent operating framework and financial autonomy, with their own taxes and revenues to finance the delegated tasks.
Public developers	• Development of a delegated project management function or project management assistance for municipalities in managing, implementing, and coordinating SAPs and urban projects (studies, development, etc.). • Undeveloped land carrying support, financial support/prefinancing of operations

24. An operationalization strategy is proposed based on these areas of action, combing an iterative and progressive evolution of the regulatory framework with immediate testing. The strategy calls for: (i) testing the SAPs' mechanism on several pilot project sites; and (ii) supporting regulatory reforms and change in practices, as part of the reform of local taxation and of urban planning.

25. Testing of SAPs can begin in different situations (urban expansion, urban regeneration) using existing resources and legislation. SAPs should simultaneously test the tools proposed above, and the joint construction practices of public and private actors to build on and inform

[20] From the provisions of the Organic Law relating to the Organic Law No. 130-13 on the 2015 Finance Law (LOLF) and the modernization of the public financial management system and the implementation of public and sectoral policies.

[21] Law 113.14. Article 85. Section III. Urban planning and spatial planning: "the municipalities are responsible for implementing the provisions of the Urban land Plan and the PDAR" and "the opening of new areas to urbanization in accordance with terms and conditions set by regulation".

the discussion on changes to the regulatory framework and new methods of creating cities. A flexible operational methodology for setting up SAP was developed as part of this study.

26. Support for regulatory reforms and changes in practice are being carried out as part of the reforms of local taxation and urban planning, and in regard with the improvement of the mobilization of land. The study was thus an opportunity to identify several themes for which technical support, based on field experimentation within SAP, appears relevant, in particular on town planning and operational planning systems, the implementation of the provisions of article 85 of Law 113-1422, group registration, urban consolidation, data sharing and integrated databases.

[22] See footnote No. 27.

BIBLIOGRAPHY

MATUHPV, National Housing Council. 2018. « Projet de feuille de route pour la redynamisation du secteur de l'habitat ».

Sinet, A. Lahlou, N. Effina, D. Godin, L. World Bank Report. 2016. « L'offre de logement urbain 2004-2014 au Maroc, état des lieux et orientations. »

Ministry of Economy and Finance. 2015–18. « Rapports sur le foncier public mobilisé pour l'investissement dans le cadre des Projet de Loi de Finances de 2015 à 2018 ».

Economic, Social, and Environmental Council. 2014. « Etude d'impact des dérogations dans le domaine de l'urbanisme. »

Interministerial Circular No. 3020/27 of March 4, 2003, and Interministerial Circular No. 10098/31 of July 6, 2010.

2015 Organic Law No. 113-14 on Municipalities.

2015 Organic Law No. 130-13 on Finance Law.

J. Riedinger. Report for the Ministry of the Interior. 2009, 2017 « L'économie des collectivités locales au Maroc ».

Trésorerie Générale du Royaume, data on municipality resources in 2017.

Government Statistical Agency (HCP) 2014. 2014 General Population and Housing Census.

MATUHPV. National Housing Council. 2018 « Feuille de route pour la redynamisation du secteur de l'habitat ».

Introduction

The mission sought to reflect in an integrated way on the urban, financial, land, and tax aspects of urbanization[23](in terms of both urban expansion and within the existing city). The resulting analysis looked at three different dimensions of the problem: needs and resources at the national level; the specific dynamics and challenges of each agglomeration; and the production process and the project-related shortcomings. Drawing on international best practices, and especially on the Moroccan experience, the mission sought to identify the appropriate tools and practices for optimizing urban development in Morocco, and the related financing.

The work was informed by a review of existing literature on different aspects of urbanization (land, financing, taxation, urban services, urban regulations, etc.), using an integrated approach;
Several interviews with all the key public and private actors involved in urban development (around 130 people questioned in some 60 interviews). These interviews proved useful for information gathering and for running the proposals by the various actors. They were designed to ensure that the proposals being put forward were realistic, while at the same time helping to build a consensus; Workshops with brainstorming sessions, which were organized on the basis of thematic focus groups (in Casablanca, on the partnership development areas; in Marrakesh, on the work of the municipalities; and in Beni Mellal, on the issue of medium-sized cities); a Technical Committee, which was organized with a broad-based mandate; and three Steering Committees were organized.[24] The workshops were used to validate the analysis, as well as to discuss some of the mission's proposals, and provide feedback on their relevance, acceptability, and feasibility.

In keeping with the pilots and owing to limited time and resources, the mission's study focused on the dynamics of agglomerations in Casablanca and Marrakesh (with a follow-up survey on other large agglomerations, such as Fez and Rabat). It then proceeded to hold a specific workshop on Beni Mellal to test the relevance and applicability of the diagnostic analysis to medium-sized cities.

---

[23]The scope of urban development financing considered in this report is confined to infrastructure (water, sanitation, storm water, electricity, roads, street lighting, public spaces) and to public facilities (health, education, worship, sports and leisure, administrative buildings, etc.). The development of infrastructure and services should go hand in hand with urban growth to ensure that such growth is harmonious and delivers the services expected by citizens and users, as well as by companies. A detailed analysis will not, therefore, be conducted on the financing challenges and issues related to the private building stock as a whole, especially residential buildings (obsolescence/unsanitary conditions, extremely dilapidated housing, informal dwellings, etc.), which are all separate issues. At the same time, while the report will address urban development needs as a whole (including the challenge of upgrading), the Mission will focus primarily on mechanisms to support the optimization of urbanization in areas recently opened up for this purpose and which are still in the process of producing their urban form, or will be doing so in the future. The issue of upgrading the existing fabric will be dealt with at a more macro level, using the available data, including the needs assessment and the study on the levers that the municipality (principal competent institution) can use to address the matter, with a quantification, where possible, of their capacity to do so.

[24]The list of interviewees and of participants in the focus groups, Technical Committee and Steering Committees are outlined in Part D.

This document outlines the main results of the mission. It consists of:

- A diagnostic analysis that examines the current urban development funding modalities at the macro-level (Morocco as a whole), meso-level (agglomerations), and micro-level (projects).
- Proposals designed to optimize and reduce urbanization costs and to improve urban development financing across five "areas of action":
  - The operational mechanism of the Partnership Development Areas;
  - Proposals on taxation and local revenue;
  - Proposals on urban planning and development;
  - Proposals on the mobilization of land for public use and urbanization in general; and
  - Recommendations for changes in practices and procedures to improve the capacity of local actors to implement urban development.
- A bibliography that lists all the documents identified within the framework of the mission.
- Three other deliverables are also important for the mission:
  - A set of thematic annexes to explore various aspects of this ongoing urbanization and put forward several Moroccan and international case studies on which this report is based (Deliverable 2).
  - A "users' guide" for the Partnership Development Areas (Deliverable 3).
  - An additional report regarding the development of municipal resources (Deliverable 4).

Methodology: An Integrated and Pragmatic Approach

Using a comparative and iterative analytical approach based on the current situation, it was possible to pinpoint a number of potential improvements and the conditions for their implementation. Drawing on international best practices, and especially on the Moroccan experience, the mission sought to identify the appropriate tools and practices for optimizing urban development in Morocco and the related financing, while maintaining the cross-cutting and systematic approach that informed the diagnostic analysis. In light of the constraints identified and lose-lose urbanization, this approach pointed to considerable scope for optimizing the cost of urbanization and improving its financing. Constraints on public finances mean that urban development must be pursued within the framework of existing resources, especially since it would be difficult to increase the tax burden over the short term. The needs are nonetheless great, and meeting them will have implications over the medium term for the competitiveness of the Moroccan economy (of which the city is an essential component),[25] as well as for the country's capacity to generate wealth (including for public finances) and to redistribute it, while at the same time producing a good quality of life for all its citizens.

A strategy based on two objectives/targets and divided into five areas of action, combining steps that can be implemented within the existing legislative framework and proposals for regulatory changes. With this in mind, it seems advisable to put forward a strategy that can promote a system-wide approach (that is, by taking into account, in an integrated manner, the different elements and tools of urbanization, such as urban regulations, taxes, financing, land issues, etc.), while also considering the iterative and incremental changes to the regulatory framework and immediate testing.

[25] See "Making Urbanization Work for Shared Prosperity in Morocco - Urban and Regional Development Policy Note." World Bank. May 2017.

A. Diagnostic Analysis

1. Macro Analysis: What Resources and What Needs?

1. Ever-increasing needs will continue to pose significant challenges in the years ahead

With more than 80 percent of the total square meters authorized for construction in urban areas (over 90 percent in Casablanca), housing is the main driver of urbanization by volume.[26] Between 2006 and 2011, 111,000 formal housing units were built on average each year, increasing to 144,000 between 2012 and 2017.[27]

While own construction remains a mainstay of formal housing production, collective housing accounts for the majority of the housing stock over the past few years (51.5 percent of housing units between 2012 and 2015, compared with 47.5 percent between 2006 and 2012,[28] and far fewer before that). This trend is due mainly to public policies that encourage social housing, which over the past 10 years has, depending on the year, accounted for over 90 percent of annual production of collective housing. The production of collective housing is concentrated primarily (60 percent of total production) in three urban areas, where it accounts for a clear majority of housing units: Greater Casablanca, Rabat-Salé, and Tanger-Tétouan.[29]

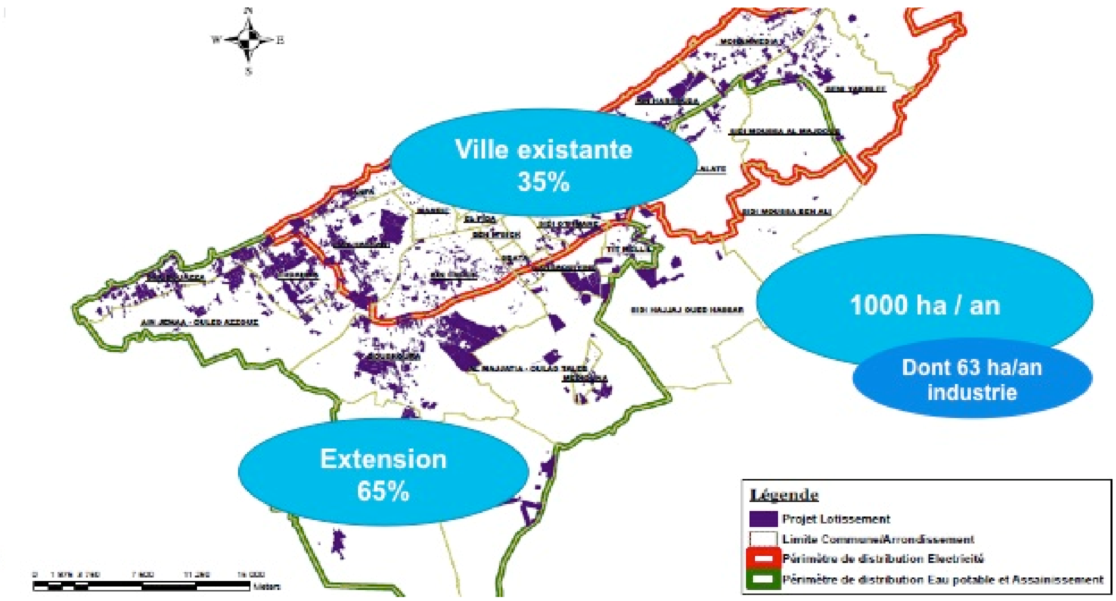
A probably significant, albeit poorly measured, part of this production is generated within the existing urban fabric. Mapping the geographical distribution of building permits issued by Lydec between 2011 and 2018 in the areas identified in Annex 2, comprising territories adjacent to urbanized zones, reveals an interesting picture of urbanization in Casablanca, and this despite the significant shifts in geographical distribution from one year to the next, depending on major construction projects approved. It appears to show, for example, that 35 percent of urbanization in Greater Casablanca (within the purview of Lydec) is taking place within the existing city, while 65 percent of such development is occurring as urban expansion (**Error! Reference source not found.** 2).

Production in the existing city could be carried out through three approaches: (i) densification of land parcels: construction in leapfrogged areas, substituting low-density use (villas, warehouses, etc.) for more high-density use (buildings), raised structures, etc.; (ii) urban projects in unused or underused zones covering several hectares, at least parts of which are, in most cases, public property (Anfa airport, ONCF land parcels, abattoirs, etc.); and (iii) the construction or subdivision on land parcels adjacent to urban zones or located within them.

---

[26] See Deliverable 3, Annex 1: *Caractéristiques de la production de l'immobilier au Maroc* (Description of property construction in Morocco).
[27] MATUHPV, National Housing Council. *2018. Projet de feuille de route pour la redynamisation du secteur de l'habitat*. p.25. Nevertheless, MATNUHPV's study entitled *L'habitat en chiffres* (Housing in numbers) lists an average of only 106,000 housing units authorized for construction each year between 2014 and 2016, reflecting a significant drop-off in production over the past few years. And the statistics on finished housing units (cf. WB housing study/MATNUHPV figures) between 2004 and 2014 also total 106,000 houses per year on average, with a peak of about 130,000 houses in 2013 and 2014.
[28] MATUHPV, National Housing Council. *2018. Projet de feuille de route pour la redynamisation du secteur de l'habitat* p. 25.
[29] See Deliverable 3, Annex 1.

Figure 2: Greater Casablanca: annual rate of urbanization 2011–18 (ha/year), and percentage by existing city/urban expansion



Source: Lydec.

This type of urbanization is the most cost effective in terms of land and infrastructure, but such land sites are generally scarcer and more expensive or difficult to mobilize (complex ownership structure, pollution, etc.), making them suitable only for dense and/or high value-added projects.

Although formal production has increased over the period, it has not kept pace with overall demand, which stood on average at 137,000 additional urban households per year between 2004 and 2014 (Source: HCP). Furthermore, it appears that almost 14,000 of the new formal housing units produced each year had no direct impact on meeting the estimated needs.[30] Other than the new housing units built to replace substandard housing and slums (around 20,000 units per year, representing 10 to 15 percent of production),[31] some cities are experiencing high rates of unoccupied housing, especially in the area of social housing, which is due to overproduction, unattractive location and/or lack of facilities, but also because of the practice of purchasing social housing as a secondary residence. The housing deficit is estimated at 47,000 units per year,[32] giving rise to the production of an unknown but not insignificant number of informal housing solutions (some estimates point to 30,000 units per year). These usually spring up as informal subdivisions that, over time, have to be addressed through recourse to costly urban upgrading programs.

The housing deficit is compounded by the existence of a large stock of substandard housing. According to the 2014 population and housing survey (RGPH), 5.2 percent of urban

---

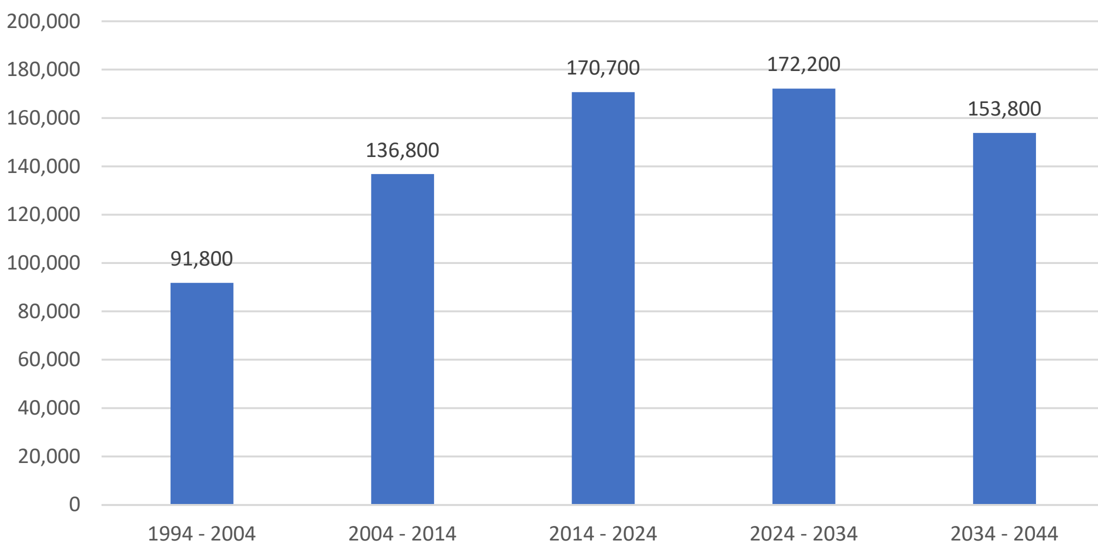
[30] MATUHPV, National Housing Council 2018. *Projet de feuille de route pour la redynamisation du secteur de l'habitat* ; p. 25.
[31] Ibid.
[32] Ibid.

households (around 240,000 households) live in makeshift or substandard housing, such as slums or extremely dilapidated housing.[33]

Demand for housing is expected to increase in the years ahead, peaking at 170,000 to 175,000 additional urban households per year through to 2034 (

). According to the latest forecasts, the population of Morocco—estimated at 33.85 million inhabitants in 2014[34]—is expected to reach 42.7 million by 2044.[35] Although the rate of increase is declining, population growth will remain primarily an urban phenomenon. The urban population growth rate was above 4 percent between 1960 and 1980, before falling to around 2 percent per year in the 2000s. It is expected to decline further to 1 percent between 2034 and 2044, according to HCP forecasts.

Figure 3: Average number of additional urban households/year (HCP)



Urban household growth is increasing at a more sustained rate than the urban population. This is due to the age pyramid effect (households in need of housing today were born 20 to 30 years ago at the height of population growth), as well as to the decline in the fertility rate and the nuclearization of households. This results in a significant drop in their average size: 4.8 members per urban household in 2004 and 4.23 in 2014, compared with only 3.15 forecast for 2044 (HCP). These two curves should gradually narrow through to 2044. The combination of strong population growth on the one hand and urban dedensification on the other will, at least in the short and medium terms, lead inexorably to the exacerbation of urban sprawl. The challenge of urban policies is precisely to limit this sprawl while addressing demand, which is expected to peak at around 170,000 to 175,000 additional urban households per year between 2014 and 2034, before falling thereafter (to around 150,000 households per year during the ensuing decade).[36]

[33] MATNUHPV, Housing in Numbers Study.
[34] HCP, General Population Census 2004 and 2014.
[35] MATUHPV 2017. *Etude relative à l'élaboration de la Stratégie Nationale de Gestion du Foncier*.
[36] Source: HCP.

When the replacement of substandard housing is added into the equation, a minimum of 200,000 housing units per year will have to be produced over the coming decade. Some 25,000 new housing solutions will be needed each year over a period of around 10 years to address the issue of poor housing and reduce the main sources of squalor. When added to the 175,000 new housing units required to accommodate new households each year, this raises the minimum required to 200,000 houses per year through to 2034.[37]

The extent of urbanized land space currently required is, therefore, potentially greater than in past years, even though the available volume is heavily dependent on the policies in place. The land space mobilized to meet housing needs has, on average, been around 3,000 ha/year (DAT) over the period 2004–14, comprising between 2,400 and 2,500 ha/year for formal urban development, and by deduction, 500 to 600 ha/year for informal urbanization. Building permits covered 2,384 ha/year and "*Mise en Chantier*" (Commencement of Construction Works) accounted for 2,486 ha/year[38] over the same period. Based on the National Land Management Strategy (SNGF), demand is expected to rise to over 4,600 ha/year between 2014 and 2034 for housing alone. Notwithstanding the loosening of housing conditions, these estimates are probably on the generous side, as they translate to an average density of 43 units/ha (for 200,000 housing units per year between 2014 and 2024) and 37 housing solutions/ha (for 172,000 houses per year between 2024 and 2034). Furthermore, the share of production carried out within the existing city is not specified, although it has been shown to be significant (at least in the case of Casablanca), and is likely to be encouraged in the decades ahead.

The demand for land for economic activity does not or no longer occurs within the context of an abundant supply of land stock, but must contend instead with a land supply that is qualitatively deficient and sometimes poorly located.[39] Since the end of the 2000s,[40] economic activity has been guided by zonal policies, often of considerable scope, using public land generally administered by semi-public bodies (MedZ, TangerMed, etc.). Between 2002 and 2003, more than 700 ha/year of public land were mobilized for this purpose. These land areas—the product of ambitious and often unrealistic investment projections—are not fully occupied or adequately outfitted, and are rarely linked with residential areas, giving rise to problems of access to jobs and transport. Between 2008 and 2015, 21 activity centers were actually created, covering a total gross area of around 1,900 ha, or around 240 ha/year, and an average area of around 100 ha per area of activity. Public action in relation to land earmarked for economic activity would be better served by responding to actual needs. It appears that such needs may actually be smaller in terms of volume, but higher in terms of quality, than those identified in the National Land Management Strategy (SNGF), which estimated that 550 ha/year would be required between 2014 and 2024, and 700 ha/year between 2024 and 2034. In the case of Casablanca, for example—the country's industrial hub—between 2012 and 2017, 63 ha were authorized per year by the Urban Agency for industrial activity (and only 37 ha/year between 2014 and 2017), with average surface areas of around 2,000 m². It would seem appropriate, therefore, to put the quantitative demand for land and non-residential property into perspective, and to weigh this level of demand against more qualitative aspects: do less, but respond more effectively to industrial and service operations, in terms of location, services and costs.

[37] 2016 World Bank Housing Study.
[38] DAT cited in the 2016 World Bank Housing Study.
[39] See also Deliverable 2, Annex 2: *Quelques caractéristiques de la production de l'immobilier d'activité* (Some features of non-residential property production).
[40] 2005: *Nouvelle stratégie industrielle*/2009: Pacte d'émergence industrielle.

2. Traditional public action mechanisms for addressing these needs are proving increasingly ineffective

To date, land-related requirements have been met using two main tools: the mobilization of public land and exemptions, to which the policy to promote social housing access may be added.

a. Public Land and Collective Land Ownership - Increasingly Rare Phenomena

Historically, Morocco has had extensive land reserves that could be mobilized by the public authorities, mainly "*Domaine Privé de l'Etat*" (Private State Land DPE), collective land, and *habous*.[41] The production of rehabilitated or developed land for self-construction is one of the most effective housing solutions for low- and middle-income groups, although the unequal quality of the units built is somewhat of a constraint. Indeed, with the exception of Casablanca and, to a lesser extent, other large agglomerations, such as Tanger and Rabat, self-construction (Modern Moroccan Housing MMM) continues to be the main form of social housing production in Moroccan cities. Policies that promote social housing (see below) may also be viewed as part of the available options.

In order to organize urbanization and address the demand for housing production, especially social housing, the State has been implementing a policy of transferring State and collective lands to public entities entrusted with a mandate in this area (primarily Al Omrane).[42] These entities then develop the land and make it available to private developers. In some cases, they transfer land directly to private operators (for example, les Portes de Marrakesh [350 ha] transferred to Addoha). Based on data from the Directorate of State Land and the Regional Affairs Department, 42,560 ha were made available between 2002 and 2013, pursuant to 2001 Royal Guidelines, for residential, industrial, tourism, and infrastructure purposes, equivalent to around 3,870 ha/year,[43] of which about half was earmarked for housing. The land transfer provisions were formalized through two agreements with the Al Omrane Group: the first in 2003 and a second, more far-reaching agreement, in 2009. In addition to promoting home ownership, the transfer of serviced lots from public land is designed to prevent the development of informal neighborhoods and slums, the subsequent urban upgrading/rehabilitation of which would be particularly costly. The use of equalization measures is also a major component of the Cities Without Slums (VSB) program. These measures give developers, especially Al Omrane, the green light to pursue more lucrative, conventional real estate developments as a means of compensating for the sale of land below cost price to households from the slums.

These land areas, which are sometimes far from urban core areas and often require costly infrastructure development, have not always been used as quickly or effectively as planned. As the land transfers were not carried out as part of an overall harmonized vision of land development needs, land identified in the 2009 agreement has still not been fully developed (and therefore repaid) or even evaluated. As a result, no other land mobilization agreements are currently planned, with land transfers being handled instead by the Regional Investment Center

[41] See Deliverable 2, Annex 3: *La cession de terrains publics* (Transfer of Public Land).
[42] See Deliverable 2, Annex 4: *Les opérateurs publics* (Public Operators).
[43] *Rapport sur la gestion foncière et la planification urbaine au Maroc*, A. Lezham, 2017.

(CRI). This unused land cannot then be mobilized for other users.[44] This is compounded by the fact that well-located public land is in extremely low supply.

Strategic public land for both housing and industrial purposes is becoming increasingly scarce. Between 2004 and 2015, 15,591 ha, or 1,299 ha/year,[45] of public land was mobilized for housing, compared with only 518 ha/year from 2014 to 2018.[46] By way of comparison, the National Land Management Strategy (SNGF) estimates the supply of land required for housing at 4,600 ha per year through to 2034. The impact of the scarcity of public land is also felt in the industrial sector, where 6,400 ha (or 582 ha/year) of Private State Land (DPE) was mobilized between 2002 and 2012, and 1,320 ha (or 147 ha/year) of collective land between 2005 and 2013. This equates to around 730 ha/year of public land over this period,[47] compared with only 241 ha/year from DPE between 2014 and 2018 (adjusted to 101 ha/year if the 631 ha of land transferred to Laayoune in 2017 is excluded).

b. Increasingly Restricted Use of Exemptions

The use of exemptions to facilitate investments and alleviate the problems associated with poor records on urban planning was extremely widespread in the 2000s.[48] Exemptions can be used to make agricultural land or natural landscapes suitable for urban development, change the applicable Land Occupancy Coefficient (LOC) or Land Use Coefficient (LUC) or use, etc. They were widely used to promote the development of property and land use operations by facilitating the increased value of land through changes of use or densification. The counterpart resources provided by the beneficiaries may take the form of land transfers to the community (especially for the development of facilities) or financing or construction of on- or off-site facilities. According to a study on the impact of exemptions on urban planning, the procedure has been applied to some 85 percent of private land.[49] However, the practice has been subject to a number of constraints: negative impact on property markets, oversupply and scattering of urbanization and, in some cases, obtaining exemptions for speculative purposes, particularly for the subsequent resale of land at higher prices, etc. As a result of these factors, the use of exemptions has been gradually reduced (2003 and 2010 circulars). For example, in the Casablanca-Settat Region, the practice has been restricted since 2010 to the production of social housing or commercial activities and authorized exclusively within the framework of the Urban Development Master Plan (SDAU). Exemptions require forms of compensation from the beneficiary that go beyond the construction of social housing. They have been successfully used to finance reasonably well for the most part numerous public infrastructure and facilities works. Private developers have also used exemptions to help finance the construction of public facilities (over 1,500 public facilities, such as schools, facilities for municipalities, etc.) in the Casablanca region. Between 2003 and 2013, 11,996 ha, or 1,090 ha/year, were authorized through exemptions for real estate projects.[50]

---

[44] Interview on May 7, 2018, with the Directorate for State Land.
[45] World Bank. 2018. *Les aides au logement, pratiques, efficacité et recommendation.*
[46] Ministry of Finance and the Economy. 2015–18. *Rapports sur le foncier public mobilisé pour l'investissement dans le cadre des Projet de Loi de Finances de 2015 à 2018*.
[47] Lehzam, A. 2017 « Rapport sur la gestion foncière et la planification urbaine au Maroc. »
[48] See Deliverable 2, Annex 5: *Les dérogations* (Exemptions).
[49] Economic, Social, and Environmental Council. 2014. « *Etude d'impact des dérogations dans le domaine de l'urbanisme.* »
[50] Economic, Social, and Environmental Council: 2014. « *Etude d'impact des dérogations dans le domaine de l'urbanisme*. » The exemptions granted between 2003 and 2013 covered 27,046 ha across the country, or 2,459

In view of the poor and, ultimately, inefficient management of the exemption system over the past decade, the State has decided to limit its scope of application of exemptions. The exemption procedure has been called into question primarily for the following reasons: (i) lack of objective criteria for granting exemptions and for requesting compensation; (ii) lack of monitoring of the extent to which beneficiaries have been following through on their commitments; and (iii) a failure to take into account the impact on the urban environment. For example, over the period 2003–13, over 900 ha, including 420 ha of green space, initially earmarked for the production of public facilities were converted via exemptions into transferable land areas.[51]

c. Social Housing Policy Called into Question

Since the early 2000s, a proactive policy of incentivizing the production of collective "social" housing has, to a great extent, been driving urbanization, with significant results in terms of numbers, albeit of dubious quality.[52] This policy was based primarily on tax exemptions, but also relied on expenditure on land and direct payments. It was designed to promote the production of affordable housing (DH 250,000 per unit) for beneficiaries, without imposing resource ceilings. Despite its success in terms of numbers (1.7 million housing units contracted and 380,000 delivered up to 2018),[53] the program is today being called into question. This is because of its focus on producing large monofunctional projects, often with too few amenities, on the outskirts of large cities and, at times, far removed from major activity centers. In addition to the factors outlined above, the policy has suffered from a lack of coordination, resulting at times in oversupply and the production of unattractive property developments. This has, in turn, resulted in a number of units remaining unsold, as well as a rather low occupancy rate, high costs in terms of public finances (over DH 10 billion/year),[54] and moving targets (several examples of beneficiaries coming from the middle class rather than from the household groups originally targeted).

The Cities Without Slums (CWS) program, started in 2004 with the objective of eradicating substandard housing, has also had a significant impact on the way urbanization has unfolded. It has, to a great extent, benefited from public land and by direct payments made, in particular, by the Solidarity Fund for Housing and Urban Integration (FSHIU) (DH 10 billion, out of an updated estimated total cost of DH 32 billion in 2018).[55] The CWS initiative is implemented mainly by the Al Omrane Group, which has been responsible for 88 percent of project implementation. In 2018, 420,000 households were targeted, of which 277,600 were resettled,[56] mainly on serviced land parcels (and, for a very small number, in social housing programs). The implementation of this program has been constrained by the increase in the number of targeted households (owing mainly to the expansion of urban zones and the

---

ha/year. Of this total, 6,649 ha were located in New Urban Development Zones (ZUN) (604 ha/year), 20,269 were located in areas "available for urban development" (1,843 ha/year) and 11,996 ha were used for various property development projects.

[51]Economic, Social, and Environmental Council: 2014. « *Etude d'impact des dérogations dans le domaine de l'urbanisme*. »"

[52]See Deliverable 2, Annex 6: *les politiques de logement social* (Social Housing Policies).

[53]MATNUHPV, National Housing Council, 2018. Projet de feuille de route pour la redynamisation du secteur de l'habitat.

[54]2018 World Bank Housing Study.

[55]MATNUHPV, National Housing Council 2018. *Projet de feuille de route pour la redynamisation du secteur de l'habitat.*

[56] Ibid.

absorption of new slums), as well as by its cost and the increasing remoteness of the sites proposed for resettlement (owing to the growing shortage of public land). These factors are largely responsible for the growing reluctance of the target population to relocate. At the same time, informal housing continues to mushroom, owing mainly to the lack of formal property solutions that are compatible with the income levels of the population groups in question.

Box 3: Sector Policies of the State

The State has also supported urban development by mobilizing substantial funding through the use of various sector policies. For example, to address the lack of infrastructure and the related social and environmental impacts, in 2006 the State rolled out the National Sewage and Wastewater Treatment Program (PNA) and the National Waste Management Program (PNDM), both with the support of the World Bank.

The objective of the PNA is to improve health conditions in certain municipalities and enhance the environment of drainage basins. It focuses mainly on rehabilitating and extending the network, connecting and strengthening the storm drainage system, building water treatment plants, upgrading facilities, and procuring operating equipment.[57] The budgetary allocations to this fund totaled DH 1,860.52 million during the period 2015–17.[58]

The PNDM falls within the framework of the policy of reform and development of the household waste sector. Its main objectives are: (i) to ensure that household waste is collected and cleaned up, to achieve a collection rate of 90 percent by 2020; (ii) to put in place controlled landfills for all urban centers; (iii) to rehabilitate all existing illegal dump sites; (iv) to put into effect the sorting-recycling-recovery sector, with a view to achieving a recycling rate of 20 percent by 2020; (v) to roll out the master plans across all provinces of the Kingdom; and (vi) to train and raise awareness among all relevant actors. The cost of the program is estimated at DH 40 billion.[59]

In addition, in order to meet the growing need for urban transport, in 2007 the State rolled out the "*Fonds d'Accompagnement des Réformes du Transport routier urbain et interurbain*" (Urban Transport Fund), with the support of the World Bank. The budgetary allocations to this fund totaled DH 3,594.17 million between 2015 and 2017,[60] and are designed to cover part of the need for school and university transport, and to meet expenses related to compensatory measures for mitigating the increase in fuel prices.

3. Financial resource levels are not tailored to meet the demands of urban expansion or of upgrading existing cities

Annual funding requirements for urbanization are estimated at around DH 32 billion/year, of which DH 22 billion is investment financing that falls within the remit of the municipalities. Almost 70 percent of the needs identified relate to the upgrading of the existing urban fabric (

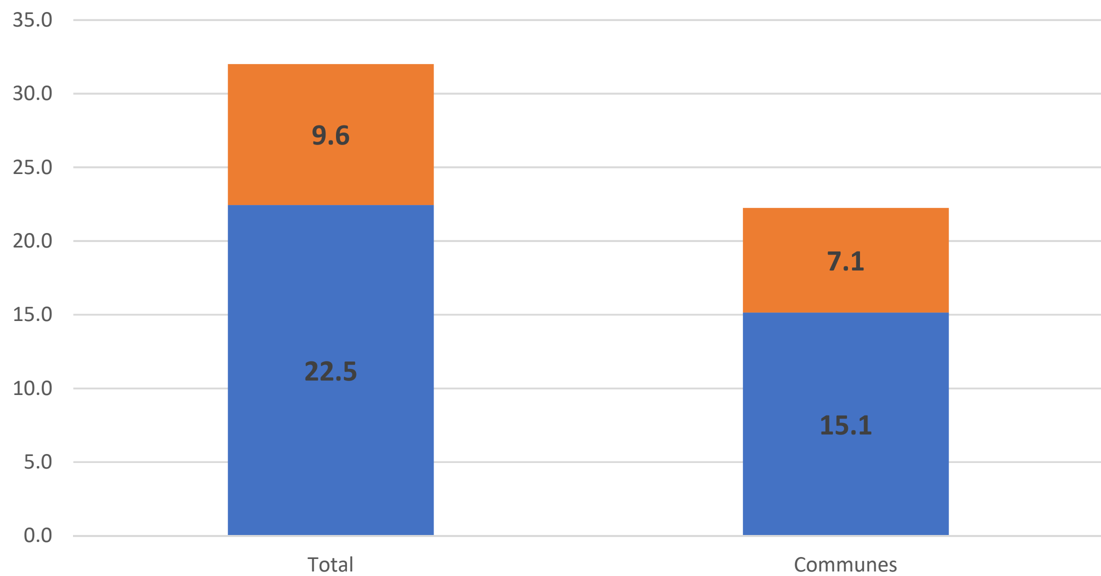
Figure 4: Annual financial requirements for urbanization-related investments through to 2027 (DH billion, DGCL, 2017)

). A 2017 study by the General Directorate for Local Governments (DGCL) estimates that cumulative investments of DH 320 billion are required to achieve a satisfactory level of urban infrastructure by 2027. According to HCP projections, around DH 225 billion in investment financing is required for upgrading existing infrastructure, and a further DH 96

[57]National Portal of Local Authorities, Ministry of the Interior.
[58]Ministry of Economy and Finance. *Rapport sur les comptes spéciaux du trésor, Projet de loi de Finance.*
[59]*Note de synthèse de la Stratégie et Plan de communication du PNDM*, Ministry of Energy, Mining and Sustainable Development.
[60]Ministry of Finance and the Economy. *Rapport sur les comptes spéciaux du trésor, Projet de loi de Finance 2019.*

billion to manage issues related to the expansion of the urban population.[61] Taken separately, investment financing for upgrading the urban fabric will require an outlay of DH 1,105 per capita per year over 10 years, of which DH 741 per capita per year (67 percent) is to be covered by the municipalities. At the same time, DH 471 per capita per year (2016 population) will be required for urban development financing, of which, in theory, almost DH 350 per capita per year is to be covered by the municipalities.

Figure 4: Annual financial requirements for urbanization-related investments through to 2027 (DH billion, DGCL, 2017)



Municipalities' resources are woefully inadequate to meet these needs, resulting in the worsening of the structural infrastructure deficit. Cumulative revenues from the 78 municipalities identified in the 2014 assessment with populations in excess of 50,000 inhabitants[62] totaled DH 15.6 billion/year on average between 2015 and 2017, while investment expenditure was just DH 2.65 billion/year (+DH 764 million for loan repayments), or DH 158 per capita per year. With total investment financing of around DH 22 billion/year required over 10 years, the investment generated by all 236 urban municipalities listed in 2015 totaled only DH 4.5 billion/year between 2009 and 2015.[63]

Resources derived from urbanization are woefully inadequate to meet needs. With investment of around DH 7 billion/year required just for urban development (excluding upgrading the existing urban fabric), the tax on undeveloped land (TNB) and the taxes on construction and subdivision total around DH 1.5 billion/year for the 78 municipalities with populations in excess of 50,000. Furthermore, even though such tax flows do not, by definition, constitute sustainable resources, they are often used, at least in part, to finance the operating budgets of municipalities.

[61]The study is based on "target" infrastructure levels per capita for each of the major categories of urban infrastructure (water, sanitation, transport, roads, green spaces, etc.). The share of upgrading financing is the investment needed to achieve these ratios for the 2016 population (year of reference for the study), and the share of "development" financing (linked to population growth) refers to the target ratios for the additional population.
[62]Representing over 80 percent of the total urban population.
[63] See Deliverable 5: *Rapport complémentaire le développement des ressources financières des municipalities* (Supplementary Report on financial resource mobilization in the municipalities).

The challenge is, therefore, considerable: the municipalities will have to increase their investments fivefold, equivalent to an increase of around 150 percent of their own revenue, in the knowledge that any investments made will entail additional operating expenses that will also have to be financed. Of course, one should not assume that savings cannot be achieved by optimizing investments and making more effective use of investment financing.

II. Meso Analysis (Agglomerations): Challenges and Resource Levels that Vary Considerably, Depending on the Type of City

1. Urbanization that is concentrated in the large agglomerations and unequally distributed within them

Urbanization and the associated financing needs are very unequally distributed across the country. Based on the results of the 2014 General Population and Housing Census, the Moroccan population is not evenly distributed across the country. In 2014, 78 percent of the population was concentrated in six of the 12 regions in the new regional configuration, namely "Casablanca-Settat," "Rabat-Salé-Kenitra," "Marrakesh-Safi," "Fez-Meknès," "Tanger-Tétouan-Al Hoceima," and "Souss-Massa." The coastal zone, defined as territory within 30 km of the coastline, was home to 47 percent of the total population in 2014, despite accounting for only 12 percent of the national territory. Based on projections through to 2044, these disparities are expected to remain in place. According to forecasts, it is expected that 79 percent of the total population will be concentrated in these same six regions in 2044, while the coastal zone is projected to house 55 percent of the total population, representing a large percentage of overall population growth.

This trend is concentrated, for the most part, in the outskirts of the large agglomerations. The study on demographic change between 2004 and 2014 of municipalities with populations in excess of 50,000 shows that,[64] of the 10 fastest growing municipalities, Nador is the only one that is not part of an agglomeration.[65] The data from this study also show that, of the 21 municipalities with populations in excess of 50,000 and annual population growth above 3.5 percent between 2004 and 2014,[66] only six were not part of agglomerations. In contrast, none of the central municipalities appears at the top of the rankings. Temara is the highest ranked central municipality (the smallest of the three central municipalities of the Rabat–Salé –Témara agglomeration) in 25th position (+3.35 percent/year), followed by Tanger in 29th place (+3.11 percent/year), and Oujda in 44th place out of 78. These figures confirm that while the large agglomerations are the main poles of urban population growth, such growth is concentrated in the periphery. The analysis of the Casablanca and Marrakesh agglomerations serves to illustrate this phenomenon.

In the Casablanca agglomeration, urbanization is disproportionately concentrated in certain outlying municipalities (**Error! Reference source not found.**). Urbanization in Greater Casablanca was on average 1,000 ha/year (Lydec figures) between 2011 and 2018. While core-city populations generated urban development of 223 ha/year, urbanization growth in the Dar

---

[64]See Deliverable 3, Annex 7: *Croissance démographique et appartenance à une agglomération* (Demographic growth for municipalities within agglomerations).

[65]Defined here as a radius of 35 km around a central municipality of more than 300,000 inhabitants in 2014 (refers to 11 municipalities: Casablanca, Fez, Tanger, Marrakesh, Salé, Rabat, Meknès, Oujda, Kénitra, Agadir, and Tétouan).

[66]Average for all 78 cities = 1.45 percent/year.

Bouazza and Bouskoura municipalities, which together represented 7.6 percent of the population of the urban municipality of Casablanca in 2014, totaled 219 ha/year on average over the same period (53 ha/year for Dar Bouazza and 166 ha/year for Bouskoura). This rate of expansion was almost the same as that recorded in the central municipality.

The same can be said of the Marrakesh agglomeration, even though the central municipality does account for a significant percentage of urban expansion (**Error! Reference source not found.**), especially in the outlying district of Ménara (where some growth can be attributed to the incorporation of high-development areas, such as the Portes de Marrakesh, from the neighboring municipality of Saada). Consequently, while the urban municipality of Marrakesh (population of 929,000 in 2014) recorded a growth rate of 12.8 percent between 2004 and 2014 (of which over 78 percent was in the Ménara district), the Harbil urban municipality (52,000 inhabitants in 2014) registered growth of +205 percent over the same period, and the Tassoultante urban municipality (population of 71,000 in 2014) recorded growth of +175.4 percent.

Figure 5: Average number of hectares subject to urban development per year between 2011 and 2018 in the Urban Community of Casablanca and two outlying municipalities, correlated with their population size in 2014

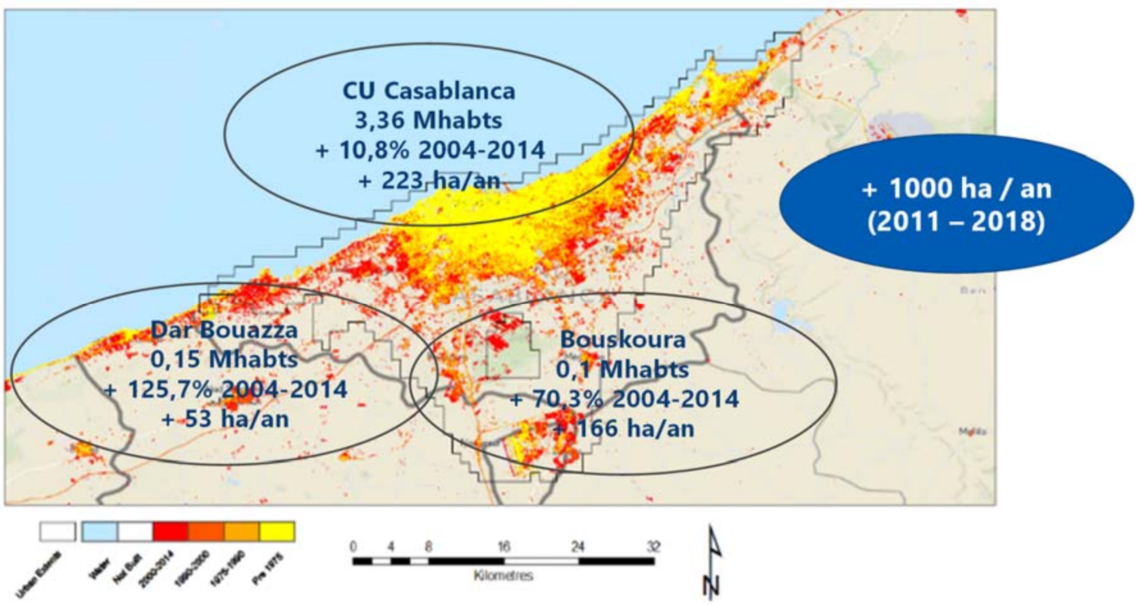
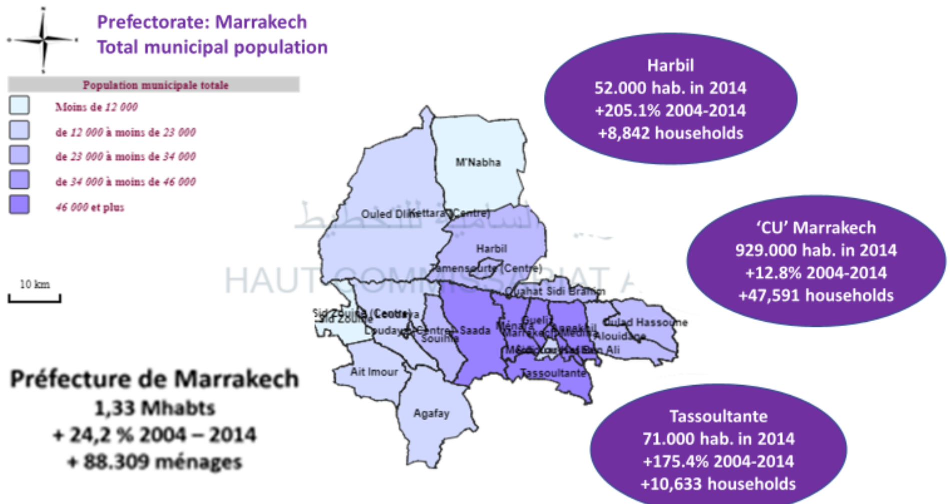


Figure 6: Population of the Marrakesh urban municipality and two outlying municipalities in 2014, and rate of growth between 2004 and 2014 in percentage terms and by number of households



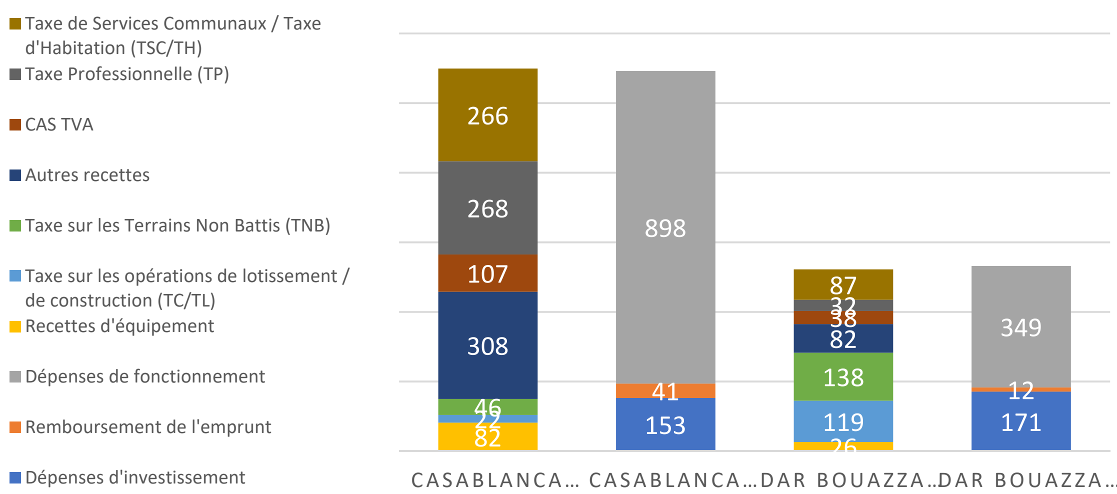
Source: RGPH 2014

2. The outlying municipalities of agglomerations are in conditions of extreme fragility

The human and financial capacity required to cope with this level of urban development is often significantly weaker in small outlying municipalities than in central municipalities.[67] It is instructive in this regard to compare the accounts of the Casablanca urban municipality with those of Dar Bouazza between 2015 and 2017, in terms of DH/per capita, as well as those of the Marrakesh urban municipality and the outlying areas of Harbil.

In the agglomeration of Casablanca, the comparison of the municipality budgets, in terms of DH/per capita, between the urban municipalities of Casablanca and Dar Bouazza shows that there are variations between the two in absolute terms, as well as in terms of structure, with the Dar Bouazza budget having a resource base that is far less sustainable (**Error! Reference source not found.**). The budget of the Casablanca municipality, which is not among the highest of the large municipalities (the Marrakesh budget is 35 percent higher in DH/per capita terms, for example), is more than double that of Dar Bouazza (DH 1,091 of expenditure per capita per year in Casablanca, compared with DH 531 in Dar Bouazza). The revenue structure is, however, quite different. In Dar Bouazza, over 49 percent of revenue flows come from taxes on urbanization (TNB [26.5 percent], and Construction Tax [TC] and Subdivision Tax [TL] [22.8 percent]), compared with only 6 percent for the Casablanca municipality. In contrast, three taxes (TSC, TH and TP) account for 49 percent of the budget of the Casablanca urban municipality, compared with only 23 percent for Dar Bouazza. "Residential" taxes (TH and TSC) are more than three times higher in Casablanca (DH 266/per capita) than in Dar Bouazza (DH 87/per capita), reflecting significant weaknesses in assessment and, perhaps, collection.

Figure 7: Urban Municipality of Casablanca/Dar Bouazza, 2015–17 accounts (DH/per capita/year)



The even greater disparity between collection levels for the business tax (TP) (DH 268/per capita in Casablanca, compared with DH 32/per capita in Dar Bouazza, or over

[67]For details of the breakdown of local and national taxes related to urbanization, see Annex 8, Deliverable 3, on taxation linked to urbanization.

eight times higher) is, in contrast, probably due largely to the relative density of economic activity in the municipalities. This shortfall is partially offset by the imposition of urbanization taxes to finance the municipality's operations (around one-third of its operating budget). The main source of revenue in this area is most likely derived from levies on property developers in the form of the TNB, with the accompanying risks of inequity and lack of sustainability of such revenue flows, which are, by definition, temporary. State transfers,[68] whether in the form of the Value-Added Tax Special Purpose Account (CAS TVA) for operations (DH 107/per capita for Casablanca, compared with DH 38/per capita for Dar Bouazza, or 2.8 times more) or revenue from facilities (also through transfers, for the most part, at DH 82/per capita in Casablanca and DH 26/per capita in Dar Bouazza, or over three times more), can actually exacerbate rather than mitigate these disparities.

In the agglomeration of Marrakesh, the comparison between the urban municipality of Marrakesh and Harbil throws up even more striking inequalities **(**While the central municipalities discharge certain metropolitan functions that trigger additional expenditure, the outlying municipalities also carry out some of these functions. For example, the landfill that serves the Marrakesh agglomeration is located on the territory of Harbil. Harbil is also considering the setting-up of a metropolitan abattoir. In addition, in many cases these municipalities have taken in populations from slums or those relocating from extremely dilapidated homes in old city centers or, more broadly, have accommodated the residential expansion of the agglomerations. This is the role played, for example, by the city of Errahma for Dar Bouazza, and the new city of Tamensourt for Harbil (Figure 8).

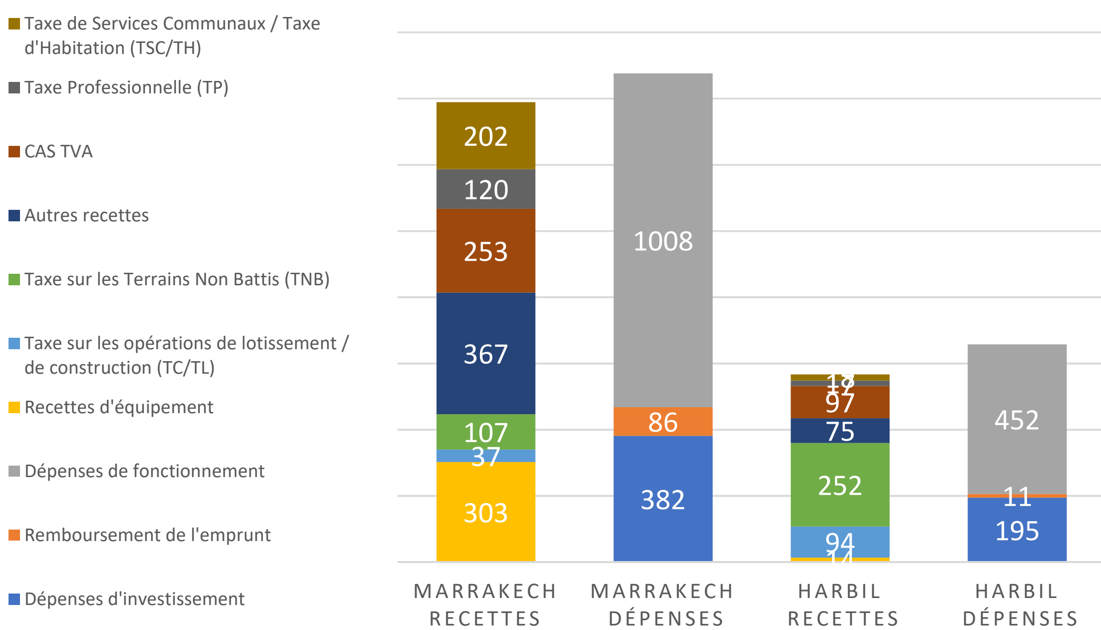
For example, the budget of Marrakesh is 2.5 times larger than that of Harbil in DH/per capita terms, and its expenditure financing, excluding loan repayments, is two times as large. Urbanization taxes account for almost 61 percent of Harbil's revenue (44.3 percent for the TNB and 16.5 percent for the TC/TL) and finance almost 46 percent of its operating budget. The TNB is levied primarily on developers (especially Al Omrane), and on other real estate companies and agents, in relation to land that they are in the process of developing. The tax becomes applicable in the event that, because of the scope of the project or the conditions of the local property market, the development continues beyond the agreed tax exemption period. In these circumstances, the question of equity becomes an issue. Conversely, in DH per capita terms, the TH/TSC are 11 times larger in Marrakesh than in Harbil (highlighting, as in the case of Dar Bouazza, the problems of effectively assessing and collecting taxes in small rapidly expanding outlying municipalities). At the same time, the business tax is more than seven times larger, even though, unlike Dar Bouazza, which is primarily residential, Harbil is home to one of the main industrial zones of the Marrakesh agglomeration, with 260 establishments employing 3,000 people on 600 ha, of which 100 are already in use. This discrepancy is due to the fact that companies pay the business tax to the municipality where they are headquartered (usually, as it turns out, the Marrakesh urban municipality), while the negative externalities are usually borne by the municipality in which the actual productive activity takes place. Moreover, as in the case of Casablanca, instead of mitigating these inequalities, state transfers actually reinforce them, with CAS TVA transfers for operating expenses being 2.5 times higher[69] for the Marrakesh urban municipality than for Harbil, and with the former's investment income (even if not derived in its totality from state transfers) being 20 times higher in DH per capita terms).

[68]See Deliverable 3, Annex 9: CAS TVA.

[69]CAS TVA transfers are not, however, systematically very low for the outlying municipalities. In Sidi Bouknadel, for example, a municipality of 25,255 inhabitants in 2014, located on the outskirts of Salé, CAS TVA transfers totaled DH 312.5 per capita between 2015 and 2018.

While the central municipalities discharge certain metropolitan functions that trigger additional expenditure, the outlying municipalities also carry out some of these functions. For example, the landfill that serves the Marrakesh agglomeration is located on the territory of Harbil. Harbil is also considering the setting-up of a metropolitan abattoir. In addition, in many cases these municipalities have taken in populations from slums or those relocating from extremely dilapidated homes in old city centers or, more broadly, have accommodated the residential expansion of the agglomerations. This is the role played, for example, by the city of Errahma for Dar Bouazza, and the new city of Tamensourt for Harbil.

Figure 8: Municipalities of Greater Marrakesh, 2015–17 accounts (DH/per capita/year)



3. Medium-sized cities: a separate challenge?

The rate of population growth of medium-sized cities[70] outside of agglomerations is higher than that of cities located within agglomerations.[71] It is true that the total population of medium-sized cities outside of agglomerations was only one-quarter that of all cities with more than 50,000 people in 2014. Moreover, very few medium-sized cities register high rates of population growth (only six such cities of the 21 recorded annual population growth in excess of 3.5 percent between 2004 and 2014). However, over the same period, the average rate of population growth for medium-sized cities outside agglomerations was higher than that of municipalities belonging to an agglomeration (2.17 vs. 1.8 percent) due, for the most part, to weak growth and the significant demographic weight of the central municipalities. Moreover, they are also relatively plentiful in number, representing over half (53 percent) of all cities with more than 50,000 inhabitants, and registering an average size of around 100,000 people.

[70] Defined here as having a population of between 50,000 and under 300,000 in the 2014 census.
[71] See Deliverable 2, Annex 7: *Croissance démographique et appartenance à une agglomeration* (Demographic growth and forming part of an agglomeration). Agglomeration is defined here as the clustering of municipalities within a radius of 35 km around a central municipality of more than 300,000 inhabitants in 2014.

While urban growth by volume (72 percent between 2004 and 2014) and urban development financing needs are, for the most part, concentrated in the large agglomerations, "isolated" medium-sized cities can also play a significant role as a bridge between rural areas and cities, provided that they improve their still poorly managed urbanization processes. Because medium-sized cities tend to be widely dispersed across the country and are often in close proximity to deprived rural areas, the task of integrating such cities into the social, economic, and political fabric of the nation is proving to be a major challenge. The study looked at the example of the city of Beni Mellal,[72] a fairly large city (population of 192,000 according to the 2014 census) that has recorded moderate but significant population growth (1.67 per cent/year between 2004 and 2014, that is, slightly below the average of 1.83 percent for the 78 municipalities with populations over 50,000), and is located outside the areas of influence of the large agglomerations.

The issues identified in the study on Beni Mellal were found to be largely similar in scope to the challenges facing the large agglomerations. As in the case of the large agglomerations, the poor management of urban development, fueled by the public policy of exemptions and land transfers, has given rise to urban sprawl, a larger urban footprint, and high infrastructure costs, with the attendant deficiencies in infrastructure. The major national developers are also present in medium-sized cities, and actors there operate in the same manner as in large cities. The example of Beni Mellal, a city on a smaller scale, has brought into sharper focus the phenomenon of substandard housing that, to varying degrees and in different forms, exists in the majority of large and small cities (informal subdivisions, slums, periurban *douars*).

The phenomena of land speculation and nonproductive investment in relation to serviced lots are particularly acute, but are more closely tied to the weak local property market and asset management strategies of buyers[73] than to the size of the city. Serviced lots are, in most instances, bought by private buyers for investment or speculative purposes and tend not to be built up. This results in a waste of resources (both land and financial) and leads to persistent demand for these products, despite the fact that supply clearly outstrips demand for actual "use" (related to a real need for housing). It also causes product distortion (especially in relation to price), which in turn produces the parallel development of informal housing that is less costly to those procuring them.

This phenomenon is accentuated by the lack of mechanisms that would make it costly to hold on to land for speculative purposes. Even at its highest level, the TNB applicable to a serviced lot is still quite modest (DH 2,000/year for a lot of 100 m^2, at DH 20/m^2) and, generally speaking, it tends not to be collected, as the owners are not assessed.

To some extent, even Beni Mellal is acquainted with the inequalities associated with the agglomeration phenomenon. The expansion of informal housing occurs mainly in the rural municipalities of Foum El Anceur (18,412 inhabitants in 2014) and Forum Oudi (12,233 inhabitants in 2014), located in the foothills of the Atlas Mountains to the south of the city. Their rate of population growth was significantly higher than that of Beni Mellal (2.93 percent and 4.6 percent per year, respectively) and they have considerably less capacity than the central city to address such issues.

[72]See Case Study No. 1: Example of the medium-sized city of Beni Mellal.
[73]Particularly through a major RME community from the area.

III. Micro Analysis (Project Level): Numerous Dysfunctions in the Production Process

In order to gain a sound understanding of the factors that drive and constrain urbanization and its financing, the macro analyses (at the country level) and the agglomeration analyses should be completed by an examination of the production process at the level of both the project and its territory ("micro" analysis). In the final analysis, it is only through the actual process of constructing the city that one is able to identify the bottlenecks and potential improvements, and to understand exactly who the main actors are. This analysis focuses on the disparities between the theoretical process of urbanization and how it is practiced in real life. It examines underlying causes and possible improvements from two points of view: the physical process of urbanization on the one hand, and the administrative procedures associated with this process on the other.

1. The Theoretical Process of Urbanization

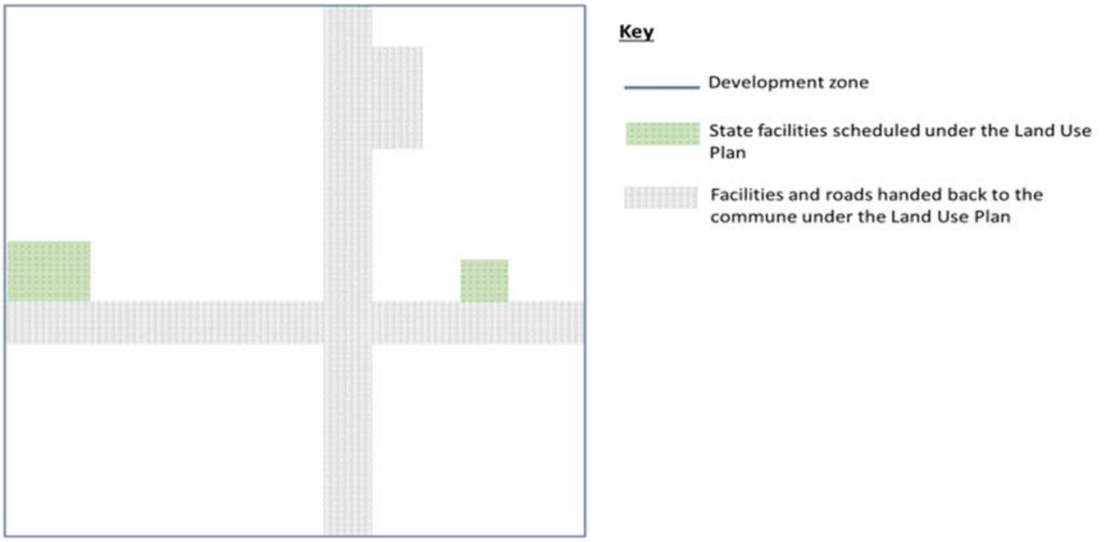
In analyzing the disparities in the theoretical process of urbanization, one must begin with a detailed description of this theoretical process. This may be summarized in six successive stages and illustrated by conceptualizing a territory to be urbanized that is located on the periphery of an existing city (the parameters of which could quite readily be extrapolated to apply to territories located within the fabric of a pre-existing city):

1. **The Urban Agency defines the land use and easements** (roads, facilities and public spaces) in consultation with the municipality, and compiles these urban regulatory provisions into a Land Use Plan that is then validated, in accordance with Law 12-90 on Urban Planning[74] (
2.
3.).[75]

[74]WSE: Water, Sanitation, and Electricity.

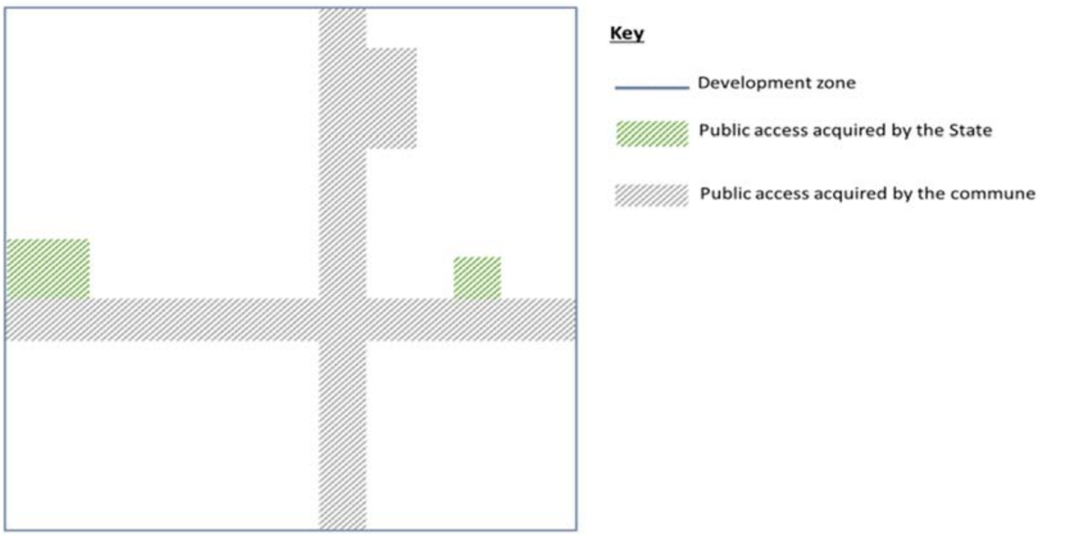
[75]Figures et seq. are theoretical representations of an area to be developed. The area is made up of several land parcels that have been earmarked as easements for roads (in gray) and public facilities (in green and gray).

Figure 9: Phase 1 - The Urban Agency defines the land use and easements (roads, facilities and public spaces) in a Land Use Plan, in consultation with the municipality



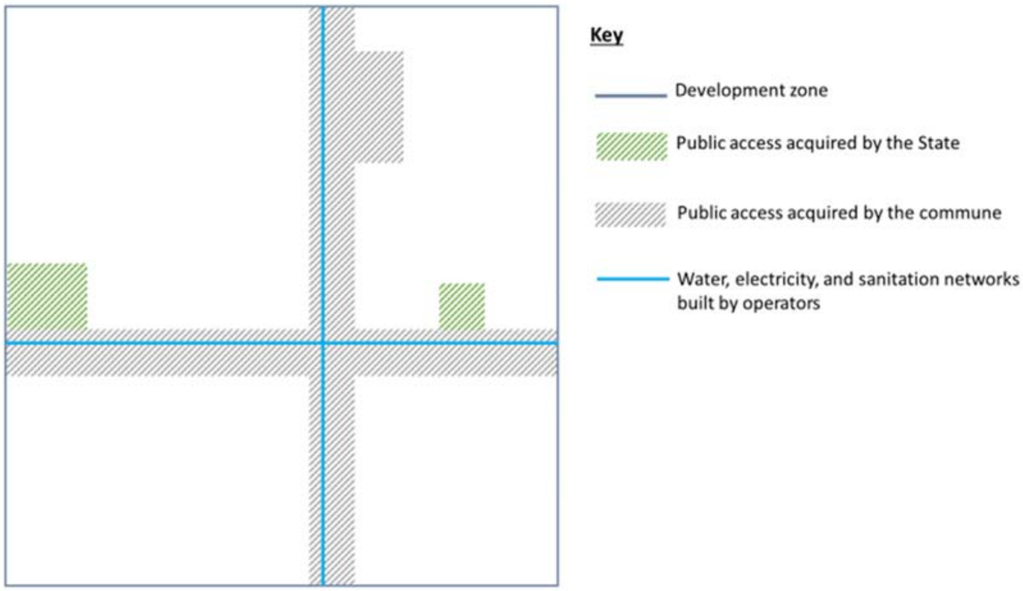
4. **The municipality and the State acquire their respective land access rights to construct infrastructure projects in their respective areas of responsibility** (
5.
6.): roads, public spaces, and facilities for the municipality, large-scale public facilities for the State (which mobilizes, via the State Land Directorate, the necessary land handed over to the relevant ministries).

Figure 10: Phase 2 - The municipality and the State acquire their respective land access rights



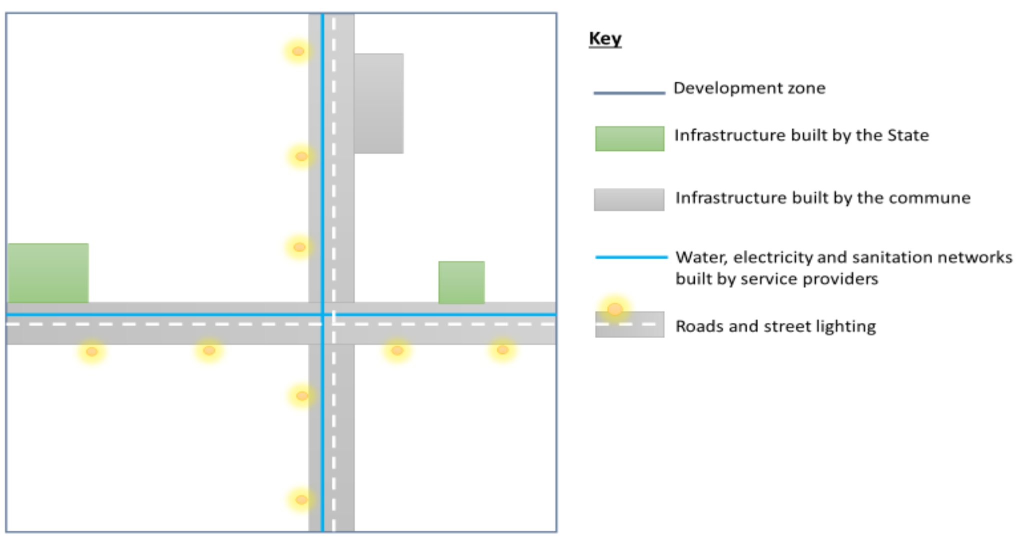
7. **Urban service operators build infrastructure**: water, electricity, wastewater treatment, and storm water systems (**Error! Reference source not found.**).

Figure 11: Phase 3 - Urban service operators build infrastructure (water, electricity, wastewater treatment, and storm water systems)



8. **The municipality carries out road/street lighting, and infrastructure works in the municipalities, and the ministries construct their facilities (**Error! Reference source not found.**).**

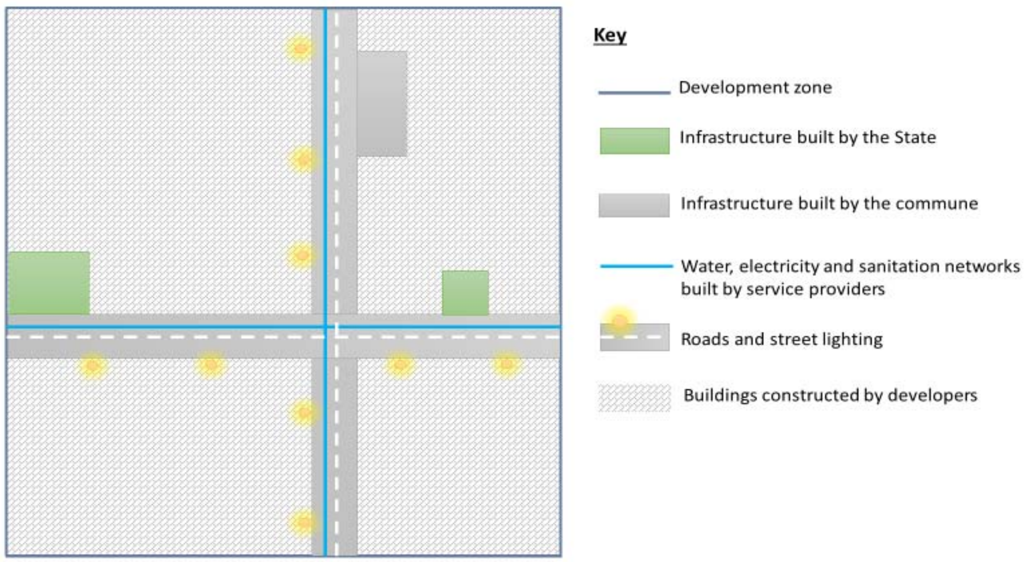
Figure 12: Phase 4 - The municipality carries out road, street lighting, and infrastructure works in the municipalities, and the ministries construct their facilities



9. **Land developers/property developers build on the property** (Error! Reference source not found.), and pay their share for the initial installations (particularly water, sanitation,

and electricity), the tax on subdivision and/or construction, as well as the other related taxes: stamp duties/registration tax, land conservation, VAT, etc.[76]

Figure 13: Phase 4 - The municipality carries out road, street lighting, and infrastructure works in the municipalities, and the ministries construct their facilities



6. **The municipality manages the roads/street lighting, waste collection and disposal, and municipality services, while the ministries assume responsibility for public services**, such as education, health (an area in which the municipality can also play a role), and public security, etc. Users finance the operating and maintenance costs through the payment of three taxes (municipality services tax or TSC, residence tax or TH, business tax, or TP, and other taxes, such as income tax, corporate tax, etc.).[77]

2. Actual Implementation of the Process and the Related Constraints

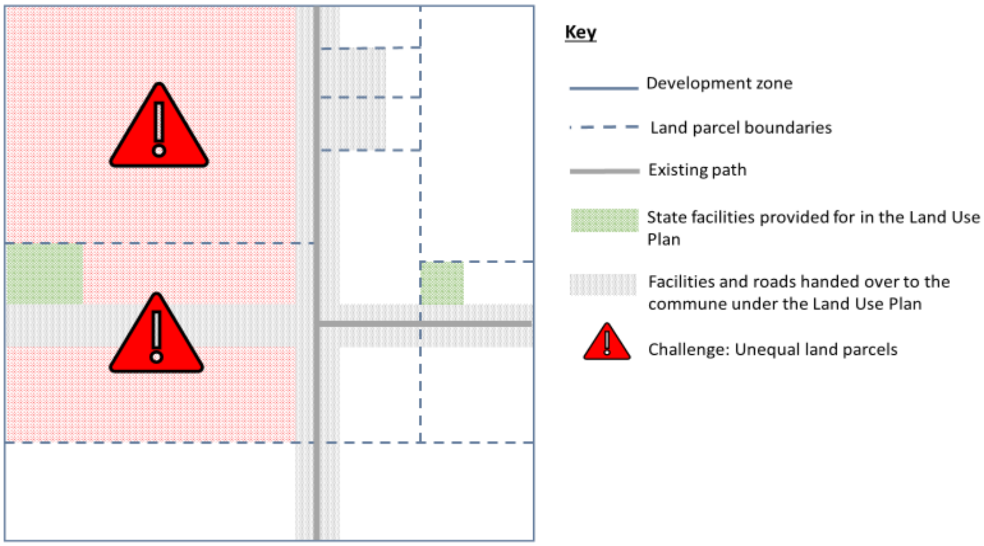
The actual urbanization process does, in fact, differ quite significantly from urbanization theory.

1. **The Urban Agency often establishes the Land Use Plan without taking into account the land parcel or the context.** In many cases, the municipality only becomes formally involved when the Land Use Plan is being prepared. At the same time, while owners are sometimes formally consulted, their views are generally not taken into account. It is rare for Land Use Plans to reflect the practical implications of land division. Note that Urban Agencies are not necessarily involved in this process, and the municipalities are always excluded.

The easements for roads and facilities/public spaces are therefore designed without taking into account the land parcel, generating major land inequities on properties encumbered by fairly significant easements. Furthermore, in certain cases, these accessways create land parcels that cannot be developed or built upon. In such cases, these parcels have to be purchased by the public authorities, generating additional costs in the process (**Error! Reference source not found.**).

[76]See Deliverable 2, Annex 8 on Urbanization Taxation.
[77]Ibid.

Figure 14: Lack of land equity in easements

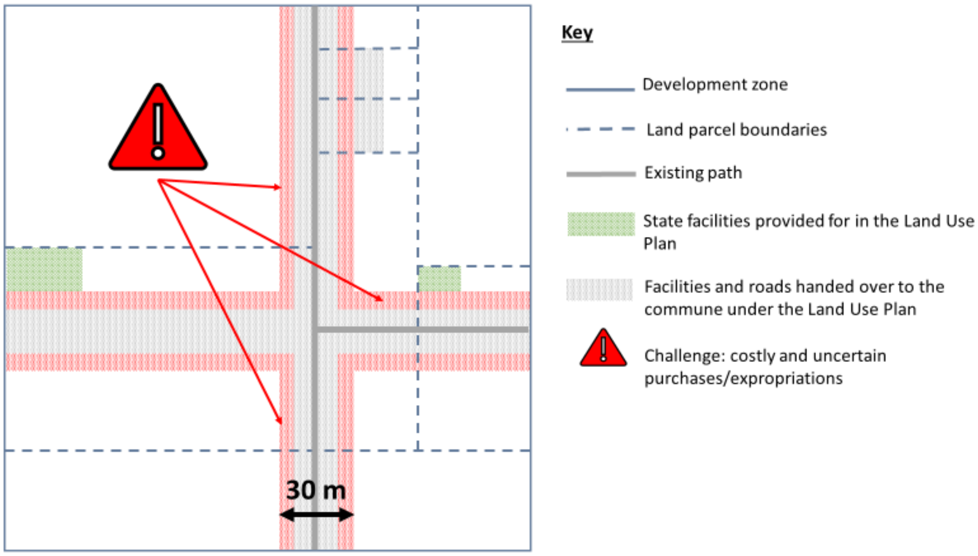


The land purchases/expropriations required to give effect to public access are made even more difficult and costly in the wake of these inequities, and are further constrained by the fact that the public bodies responsible for such purchases lack the necessary expertise and human resources (especially in the municipalities).

These problems are further exacerbated by the extremely widespread use of 30-meter wide roadways, even though urban planning regulations set 20 meters as the maximum that can be transferred without cost. As a result, the purchase of public access for such roads usually involves a very steep payment, with all the attendant difficulties, costs and uncertainties (

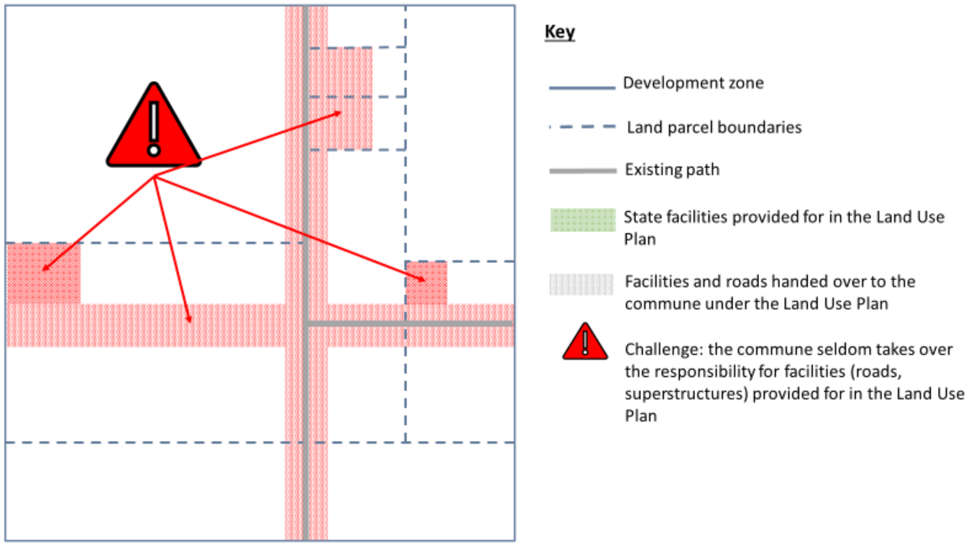
).

Figure 15: Difficulties and cost of purchases/expropriations, including for roads with a width of 30 meters



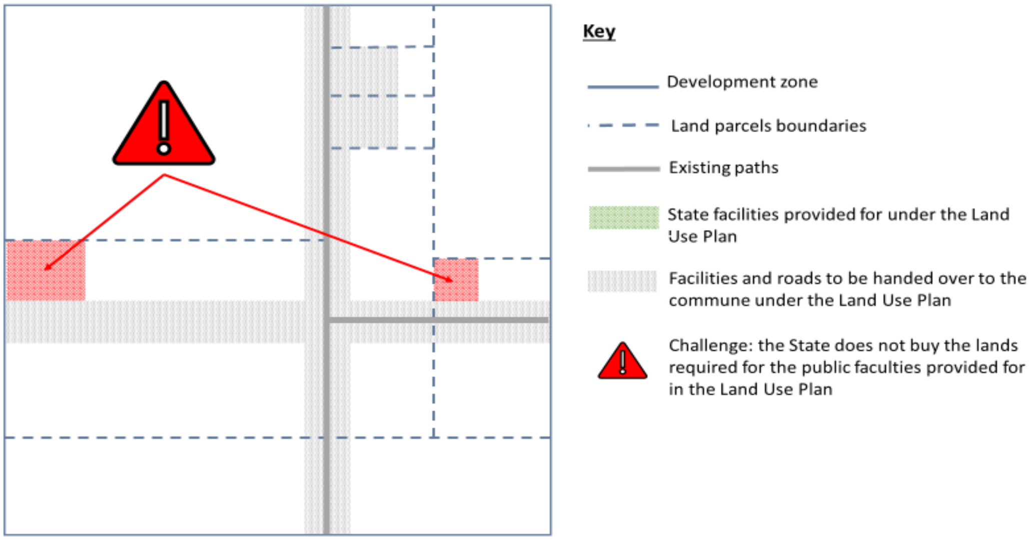
2. **Generally speaking, the municipality does not purchase land or execute road works that are not associated with building projects (**
3.), as it is easier to negotiate land transfers and the execution of works (especially roads) with developers who are keen to successfully complete their projects. In addition to lacking the necessary resources (both human and financial) for the purpose, the purchase/expropriation of land by municipalities is an extremely risky undertaking, as expropriated owners often take legal action. While transfers are generally settled relatively quickly, including through the courts, the price to be paid is not established until much later and may end up being far higher than anticipated by the municipality. This is usually due to a number of factors, including weaknesses in the case presented by the municipality, the use of "experts" by owners whose valuations tend to be very biased, as well as the propensity of judges, who lack detailed knowledge of the real issues involved, to accept the advice of such experts. In these circumstances, expropriation poses a significant financial risk. Furthermore, the municipalities have very limited investment resources and will, understandably, focus their limited financing on upgrading the existing city. As has been seen, this upgrading exercise is a major financial challenge and, unlike future urbanization projects, is targeted at residents already living on site. Municipalities tend to focus, therefore, on their own projects, and hardly ever perform the facilities works provided for in the Land Use Plan.

Figure 16: The municipality does not usually purchase land or execute road works that are not associated with building projects



4. **The State does not buy all the land earmarked for public facilities** (
5.
6.), as urban planning forecasts are not sufficiently aligned with real demand. Decisions on the size of public access areas are often overly generous or lacking in context, leading at times to such areas being overly expansive. The situation has, however, considerably improved, following the decision in 2016 to replace the previously applied prescriptive norms with a more flexible decision-making framework. When land is purchased (generally by the Directorate of State Land), ministries often fail to prioritize the (meager) resources available to them for investment purposes and operations. This applies, in particular, to the Ministry of National Education and, to a lesser degree, the Ministry of Health, but also to the Ministry of the Interior (police stations), and *habous* (mosques), etc. In many cases, public facilities are built without sufficient resources to pay for the deployment of staff or to cover operating expenses.

Figure 17: The State does not buy all the land required for public facilities



7. **Development is dispersed,** owing to a combination of factors (**Error! Reference source not found.**):

- Areas are indiscriminately opened up for urbanization. The Land Use Plan does not make provision for prioritizing or sequencing urbanization of opened-up areas.

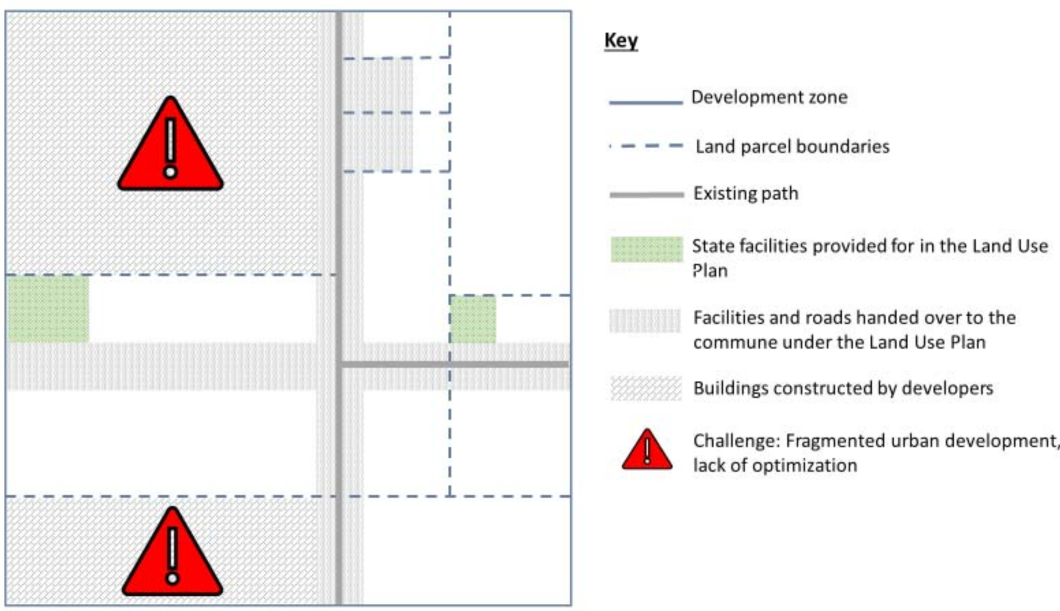
- An integrated infrastructure network (water, electricity, sanitation, roads) is not generally available in these areas, and the possibility and cost of connecting such infrastructure is usually negotiated on a case-by-case basis between the owner/developer and the operator (or, in the case of roads, the municipality). This process is usually initiated by the developer and, as a result, rather than promoting the optimization of the infrastructure network it tends to occur instead where there are opportunities for acquiring land in areas opened up for urbanization.

- "Dormant" owners are not encouraged to build. In areas where there is no connected infrastructure (i.e., the majority of areas planned for urbanization), either the TNB is not assessed by the municipality (for those who hold the view that the TNB is not due until the land becomes effectively opened up for urbanization, as opposed to the tax being viewed as a regulatory provision that becomes applicable when the area is connected to the network); or it is often not collected (because the land is presumed to be or is actually being used for agricultural purposes or, in most cases, quite simply because the land has not been assessed). The cost of holding land is, therefore, negligible or nonexistent. In these circumstances, owners have little incentive to improve the value of their land, either by developing it themselves or selling it. These conditions tend to promote speculative landholding and inertia, especially as surrounding developments will eventually creep closer to their own land networks (with the result that the infrastructure is disproportionately financed by the first developers to invest in the area) or even be extended up to their own boundaries, thereby generating tremendous profits without any effort on their part.

- With such disincentives to build, owners whose land is heavily encumbered by easements have every interest in waiting for such encumbrances to legally expire (after 10 years), as this will allow them to recover their assets in their totality, in the knowledge that such assets cannot, in the future, be further encumbered by easements (with the exception of roads, for which easements are permanent). For the reasons cited above, the public authorities rarely purchase land access (and, if they do, they place owners in the position of earning significant profits), thus providing owners with no incentive to develop their land.

- The legal status of land and the related issue of land tenure security are also issues that curtail the supply of land.[78] While most urban land is currently not registered, this is not the case for rural land or, by extension, for previously rural, peri-urban land. Developers prefer to purchase land that is registered or in the process of being registered, even in cases where they can purchase unregistered land (at a lower cost) and have it registered themselves (with the related risks). Registration (obligatory in the case of subdivisions and a prerequisite for the splintering of titles) is a major component of the sale price as, without registration, it is not possible to use the land for mortgage purposes, thereby reducing legal security of land ownership. These constraints are further compounded by the many cases of joint possession among several beneficiaries. This can make it difficult to mobilize land, as all co-owners have to agree before land held in joint possession can be sold.

Figure 18: Development is dispersed

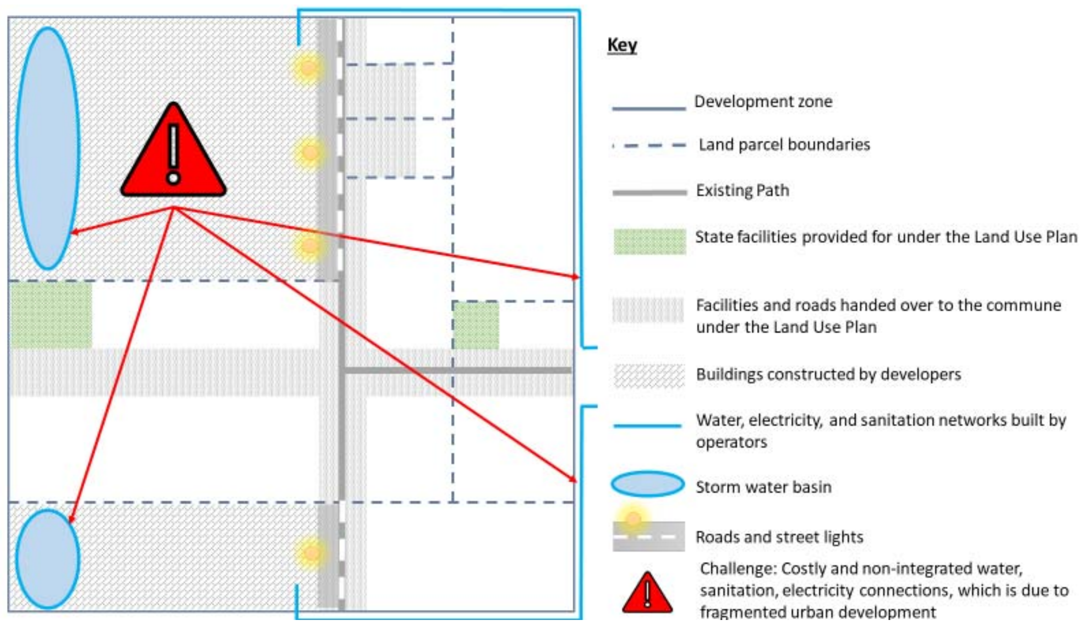


8. **Water, sanitation and electricity (WSE) operators can only connect their projects to the network by incurring additional costs or by applying temporary solutions** (Error! Reference source not found.) including, at times, by expropriating land on behalf of the municipalities. The absence of an integrated solution can, for example, lead to the construction of numerous storm water basins (as in the case of Greater Casablanca). This further reduces the land surface available to developers; increases the number of parallel connections that have to be installed as urbanization expands, as has occurred in Marrakesh; and requires network connections to be extended to circumvent obstacles or for land to be expropriated on behalf of the municipalities. Such expropriations are sometimes effected at exceptionally high prices, especially when the municipality is not focused on the overall economic impact (as may apply

[78] See Deliverable 2, Annex 10: *Le système foncier marocain* (The Moroccan Land System).

to Lydec in relation to the Casablanca agglomeration, because if the municipality is not a member of the delegating authority, then the local Allocations Committee, which is charged with determining the cost of expropriation, will tend to favor the land owner). A Lydec study on the Errahma area (2,500 ha) in Dar Bouazza shows that the cost overruns (not including land purchases) that are incurred because of dispersed urbanization total 34 percent of the overall cost of interconnecting the area, or an increase of DH 661 million over the initial cost of DH 1.9 billion. This is due primarily to the additional cost for storm water treatment (DH 1.6 billion instead of DH 1.15 billion, a cost increase of 40 percent) and wastewater treatment (DH 462 million instead of DH 267 million, or a cost increase of 73 percent).[79]

Figure 19: Water, sanitation and electricity connections at exceptionally high prices and expropriation of land on behalf of the municipalities



6. **Finally, the municipality often lacks the resources needed to manage the site** (with problems relating to assessment/collection/low levels of TSC/TH/TP and other resources).[80]

3. Rigidities, uncertainties and delays in the process of granting urban planning permits

a. The chain of preparation and execution of documents for regulating urban planning

In parallel with the operational process described above, urbanization also involves a process of validation that is based on a regulatory framework and its related system of taxation (Table 6):

[79]Miguez, G. et al. 2014. « *Évaluation du cout complet de mise en œuvre des schémas directeurs*. »
[80]See Deliverable 4: *Rapport complémentaire le développement des ressources financières des municipalities* (Supplementary Report on the mobilization of financial resources by the municipalities).

The most strategic policy document is the Urban Development Master Plan (SDAU), prepared by the Urban Planning Directorate and, at times, by the Urban Agencies, and validated at the central government level. It provides the broad programmatic guidelines applicable to the supra-communal territory of the urban area. SDAUs have not yet been approved for all Moroccan agglomerations. Since the adoption of Organic Law 111-14 on the Regions, the requirement for Regional Councils to prepare a Regional Development Master Plan (SRAT) means that efforts have to be made to ensure that both documents, which are produced by different bodies, are properly harmonized. The SRATs should, of course, take precedence over the SDAUs, but the latter were prepared first.

The SDAU is then distilled for each municipality into Land Use Plans that are prepared by the Urban Agencies, in formal consultation with the municipalities, and approved on the recommendation of the Urban Planning Authority. These Land Use Plans set out the designated uses (including the areas earmarked for urbanization), establish the easements for roads, infrastructure, and facilities, etc., and form the conceptual basis for regulated urban planning.

As has been seen, the use of exemptions has become widespread. They were introduced at first to make up for the lack of Land Use Plans, most of which were around a decade old and then, subsequently, as a tool to overcome the inflexibilities inherent in these plans. Since the recent entry into force of Law 47.18 on the reform of the Regional Investment Centers (CRI), exemptions can only be granted by a Local Investment Committee (CLI), chaired by a *Wali*, and for which the CRI serves as the secretariat. This new provision, together with the fact that a simple majority of CLI members can choose to approve authorizations and/or exemptions, will call into question the role of the Urban Agencies, which hitherto were obliged to issue an opinion on such matters.

Construction and subdivision projects are then submitted to a Review Committee comprised of all the relevant regulatory entities (urban service operators, urban agency, municipalities, the fire department, etc.), which must give its assent, prior to the issuance by the President of the municipality of a Building Permit (AC) or a Subdivision Permit.

The project, already quite far advanced (lots have been serviced and the building site is enclosed and covered), is then “provisionally accepted” by the municipality and the urban service operators. Finally, the transfer and enjoyment of the project will be authorized through the issue of an Occupancy Permit (PH) for housing and a “Compliance Certificate” for all other types of buildings. In the past, these procedures were executed by the municipality and the relevant service agencies but, following the adoption of the General Regulations on Construction (RGC), it is now the project architect who is responsible for these formalities. The final acceptance of the project is, in theory, required to be effected two years after its provisional acceptance.

Two types of local taxation[81] are collected during the entire process: (i) the tax on undeveloped land (TNB), payable on all land earmarked for urbanization (under the Land Use Plan) that is not built upon or used for an agricultural activity; and (ii) the subdivision tax and the construction tax, collected once the building permit has been issued.

[81] For further details, see Deliverable 3, Annex 8: *Fiscalité liée à l’urbanisation.*

It should also be noted that the municipality services tax, the residence tax, and the business tax become payable, in theory, once the occupancy permit and compliance certificate have been issued, even though in practice it is extremely rare for properties to be actually assessed for tax purposes at this point.

b. Dysfunctions in the authorization processes have a direct impact on urbanization costs

In actual practice, the authorization process is plagued by a number of dysfunctions that have a direct impact on the cost of urbanization (**Error! Reference source not found.**). The main dysfunctions identified relate to the following:

As seen previously, the often-low level of involvement of the municipalities (especially the smallest ones) in the preparation of the Land Use Plan which, as a result, does not always enjoy the benefit of their local knowledge and often fails to reflect their priorities.

The weaknesses of the exemption process, which have resulted in the significant curtailment of its scope of application: lack of clear rules for granting exemptions and for establishing the required levels of compensation; lack of monitoring of compliance with commitments; and failure to take account of the impact on projects.

The slow pace and cumbersome nature of the procedures for granting authorization to subdivide or construct, notwithstanding the progress made over the past few years in certain cities that have introduced a single-window system and paperless procedures (see, for example, the "CasaUrba" platform, despite its limitations).

Box 4: The paperless processing of procedures for granting permits to subdivide or build, using the "CasaUrba" platform[82]

Since 2015, all prefectures, municipalities, and districts of the Greater Casablanca region have been using paperless procedures for approving building and subdivision permits, using the CasaUrba platform. These arrangements were put in place to simplify procedures, make it easier to track the permit-granting process, shorten processing timelines, and "increase the objectivity and effectiveness of more than 10 administrative bodies contributing to the study and the issuance of all permits." [83]

The filing of e-dossiers is done online by the architects. The next step is for the Review Committee to issue its opinion, in theory, within 15 working days. Based on data obtained from the "CasaUrba" platform, the average timeline for the issuance of building permits was 42 days in 2018, compared with 51 days in 2017. For large-scale projects, the processing period for building permits was 87 days in 2018 as against 113 days in 2017. It appears, however, that, in actual practice, the use of paperless procedures and the single window system has created a number of dysfunctions that are not captured in the statistics generated by the "CasaUrba" platform.[84] In practice, the first sitting of the committee is a formal procedural step that rarely results in immediate approval. In these circumstances, and since a dossier cannot be presented more than two times to the committee, the 15-day deadline in place for each committee member to comment on the submission following the first formal review means that the architects are often obliged to personally go around to each member who commented in order to ensure that final approval will be granted during the second sitting of the committee.

[82]The CasaUrba software has recently been merged with the Rokhas platform, which focuses on the granting of permits, under the "rokhas.ma" domain, as part of the policy to standardize and unify the procedures for granting various economic permits at the national level.
[83] CasaUrba platform. https://casaurba.ma/karazortal/
[84]https://leconomiste.com/article/1022231-une-enquete-de-l-interieur-cible-casa-urba

It may be too early to evaluate the new platform, which remains a work in progress. Despite the criticisms from some quarters, however, many users have acknowledged that it is a step forward that will prove its effectiveness once the current dysfunctions are addressed.

The perception exists that the criteria for obtaining building permits are opaque (no single repository of documents that sets out all project criteria and requirements), with a plethora of often contradictory comments on the project that cannot be clarified during the meetings of the committee, as those responsible for the project (project manager and architect) are not represented.

At the same time, some municipalities, especially those for which taxes on subdivision and construction are an important source of revenue, have been quick to grant building permits in the hope of collecting the related taxes. This has at times complicated the process of project acceptance and the issuance of occupancy permits. Unintended consequences of this kind are particularly common when, for example, the municipality fails to follow through on the commitments it may have given to provide service lots, thereby jeopardizing the viability of the operations in question and, as mentioned above, eventually hampering project acceptance.

Box 5: An illustration of unfulfilled commitments in the case of Berrechid

The case of the developers in Berrechid is striking. Many of them bought land with no access to the wastewater and storm water systems. They had received approval to subdivide the land and had been assured by the municipality that the necessary connections would be completed within six months. However, after the work on the subdivision had been completed, the municipality refused to provisionally accept the works. The municipality ended up collecting the taxes on subdivision, but failed to follow through on its own agreed commitment. To compensate for this breach, the land developers had to make arrangements among themselves to finance the necessary infrastructure connections.

Some cooperatives managed to organize themselves to make representation, after certain members had expressed concerns that the construction of different water basins for each project in the area might have adverse health outcomes (mosquito proliferation, etc.). This prompted the EIG (Economic Interest Group/ Groupement d'Intérêt Economique) to assume responsibility for the works that, following their validation by the "Office National de l'Eau Potable" (National Water Company ONEP), ended up costing DH 15 million. The works included:

- The construction of 9 km of pipelines (with separate mains for sanitation/storm water) to connect with the wastewater treatment plant; and
- The construction of a single storm water basin to collect and discharge rainwater.

All works have been completed but the association is some DH 200,000 behind in payments. This may be due to the fact that, following the completion of the works, the municipality granted certain authorizations without ensuring that the developers would pay their financial contributions to the association (calculated, in theory, on the basis of the approved construction area for each project). The outstanding amounts owed by the association also result from what are deemed to be excessive amounts of taxes paid for off-site works (including the TPE), even though such works were carried out by the association (at least DH 1 million in taxes).

In addition to the internal roads built within their subdivisions, some property developers/public developers had to pay out of their own pockets to construct up to one hundred meters of roadway that should have been provided under the Land Use Plan (according to one account, a budget of DH 800,000 to build 80m of roadway measuring 20m in width).

The fact that exemption authorizations are often linked to the construction of public infrastructure and facilities (such as schools) that are, at times, not accepted by the relevant administrative bodies. This can then become problematic at the occupancy permit application stage (the issuance of this permit is often conditional on acceptance of the project). Developers can then become hostage to a process over which they have no control, and which can shut down their entire operation, sometimes for long periods.[85] This occurred, for example, in Bouskoura, when the Ministry of Infrastructure refused to take delivery of the highway ramp financed by the EIG. In the case in question, the developers had to use considerable pressure to prevent acceptance of the project from being tied to the rest of the operation—a luxury not enjoyed in less large-scale operations.

It many cases, urbanization costs (such as the amount of contributions) are not known in advance, and there is very little transparency in how such costs are calculated. Furthermore, as costs tend to differ greatly from one operator to the next, developers find it difficult to prepare an effective business plan.
Finally, in relation to taxes, the following issues are encountered:

- The practice of some municipalities to collect the TNB in areas officially earmarked for urbanization, but which still have a long way to go to get connected to infrastructure networks, is considered abusive.
- TNB exemptions remain in force for three to seven years, depending on the size of the project. Developers believe that this timeline is too short, as they need far more time to complete major, large-scale projects. The result is that, paradoxically, they end up paying the TNB on land that they are in the process of developing. These timeframes can be further delayed by the pace of the authorization process, the duration of which is included in the validity period for the exemptions.
- Conversely, the prescription period for the payment of the TNB, which is four years in cases where the municipality has not collected this tax, is considered too short by some municipalities. Indeed, the TNB is not being collected for many land areas that are liable for this tax, because it has not been assessed (owing to a lack of resources or resolve). The TNB is assessed only when the land is transferred (with the proceeds of the sale ensuring that the seller has the resources to pay). However, this assessment only applies to the four preceding fiscal years, even though the TNB might have actually been payable for a much longer time.
- The requirement to pay all taxes (and contributions) in full once the building permit is granted can make life difficult for some less financially secure public developers, as they would not yet have begun to market their products or generate any revenue.

Table 6: Authorization process related to urbanization, associated taxes, and main dysfunctions identified

Regulatory Validation	Description and Associated Taxes	Main Dysfunctions
Urban Development Master Plan (SDAU)	• Prepared by the Urban Planning Directorate or Urban Agencies • Validated at the central level	• SDAU often not respected • sometimes prepared after the Land Use Plan, resulting in consistency difficulties for the latter
Land Use Plans	• Developed by Urban Agencies in coordination with the municipalities • Possible exemption granted by the Local Investment Committee	• Insufficient involvement of municipalities in the preparation of the Land Use Plans • Slow development and approval times • Abusive collection of TNB in zones without infrastructure

[85]It should be noted also that when the counterpart contribution for the exemption involves the construction of facilities that are far away from the project site (on the other side of the municipality, for example), the developer cannot include the cost of this investment as part of the operation, and, consequently, cannot deduct it from profits, leading to the payment of unreasonable profit taxes.

	• Collection of the Tax on Undeveloped Land (TNB) for urbanizable lands	• Collection of the TNB sometimes politically difficult, with a four-year timeframe • TNB exemption periods too short for some projects • Rather murky exemption process (scope, compensation)
Building Permit	• Issued by the mayor of the municipality based on a review of each project by a multi-actor committee • Approval issued by Urban Agencies • Collection of the taxes on subdivision or construction	• Excessive delays, burdensome procedures • Series of comments or sometimes contradictory comments on projects submitted • Architect not present at the committee meeting to explain the project • Full payment of the taxes for the building permit can create difficulties for some property developers
Provisional Acceptance of Works	• Issued by the municipality and by the urban service operators	• Validation delays • Infrastructure works/opening up of roads by the municipality that have not always been completed: immobilization of the operation, acceptance not possible • Sometimes conditional on the acceptance by the relevant government departments of public facilities constructed by the property developers, frequently resulting in additional delays.
Final Acceptance of Works	• Issued by the municipality	

In summary, the authorization processes, together with the system of taxation and the related para-fiscal levies, contributes to delays, uncertainties, and potential cost overruns and risks, all of which lead to major cost escalations for developers.

4. Use of Public Land and Exemptions: An Alternative and Its Limitations

Given the difficulties mentioned above, two tools have mainly been used to implement urbanization: the transfer of public land at low prices and the use of exemptions. As noted, the most widespread and integrated use of these two tools in combination has been in the New Towns policies implemented since 2000.

They have, to a very great extent, made it possible to: (i) resolve, in broad terms, on-site land issues (as the transfer of the land needed for public access is generally included in land transfer and/or exemption negotiations); and (ii) finance infrastructure (at least on-site), in particular roads, street lights, and water and sanitation in exchange for transfers/exemptions and, in some cases, finance a portion of public facilities in this same context.

This form of urbanization is generally applied to large projects (involving tens, if not hundreds, of hectares and up to more than 1,000 ha in the case of some new towns) that are often located in an outlying or rural municipality. In general, industrial zones are also created using this urban expansion method. This type of urbanization is driven by land that is low cost because of its remoteness, initial rules prohibiting construction and, in some cases, access to public land (owned by the local or state authorities) which, increasingly, is in distant locations. While the level of land rent generates profit that is better able to fund lower cost products (social housing or industrial zones) and partially finance infrastructure, it creates a series of dysfunctions (despite the agreements usually signed in this context, which are supposed to be binding on all stakeholders):

- Real estate developments, which are often far removed from the existing city, generate additional off-site investment costs (roads, water, sanitation, electricity) and sometimes related land issues. As the purchase of public land is generally based on land opportunities with no real development strategy, connectivity to existing facilities (financing of off-site facilities and the purchase of the corresponding land) can be extremely expensive and is often underfunded.
- These developments create a significant need for public and private facilities that is not well met (as they cannot use the existing city's facilities). The lack of funding impacts not only the investment in infrastructure and buildings, but even more so their operation, for which the relevant institutions (municipality, national education authorities, Ministry of Health, etc.) are rarely able to assume responsibility, regardless of the commitments made by them in this regard. Consequently, the facilities for which State or municipality-level funding was planned are often not constructed, despite the written commitments of the responsible public authorities (which often do not have the investment resources pledged and/or the desire to give priority to these facilities in the use of their resources). These commitments, often made in a context of strong political pressure, do not reflect a genuine willingness or capacity on the part of the actors involved to honor them. For these same reasons and even in instances where the public facilities are actually built (in particular by developers, for valuable consideration), they can remain empty for years (with no assigned staff) and deteriorate owing to a lack of maintenance and use.
- They give rise to very significant costs and management problems for the municipality, as they are remote and dispersed, create a significant amount of infrastructure, and are often established in what initially were rural municipalities with few human and financial resources. This leads to one of two situations: additional private management if the developers (and ultimately the residents to whom these costs are passed on) have the resources (as is the case in Bouskoura Green Town where the developers have assumed responsibility for maintaining street lights, roads, security, etc.); or a lack of management (lights, cleaning/waste, transport) in addition to poor maintenance of roads and public spaces.
- They are monofunctional (residential or commercial) and their impact is compounded by a deficient mass transit network and widespread road congestion in the large agglomerations.
- The indiscriminate use of public land and exemptions in pursuit of quantitative objectives to provide homes or social housing without a national strategy leads to unchecked competition among the sites and with the areas opened up to urbanization in the context of a Land Use Plan. Ultimately, this leads to excess supply in many territories, resulting in unsold stock and a waste of public and private funds.

This situation is reflected in additional costs and marketing problems for property developers and a mediocre standard of living for residents, as well as the use of natural resources (agricultural land) and soil sealing, which exacerbate environmental degradation (erosion, flooding, etc.). In the not-too-distant future, it will also impose additional costs in terms of facilities and infrastructure on local authorities to compensate for the initial investment shortfall.

Box 6: Tamensourt: The Perfect Example?

The Tamensourt New Town project grew out of a commitment made by all parties in 2004 under the auspices of His Majesty the King, with high priority being accorded to this project by the Moroccan State. Located 10 km from Marrakesh, it is supposed to cover 2,000 ha and, over time, accommodate 200,000 residents.

The sale of the first houses built was a great success as the supply of social housing (DH 250,000) was virtually non-existent in Marrakesh during that period.

In the years following the establishment of the New Town, areas covering several hundred hectares were opened up to urbanization in the agglomeration of Marrakesh (El Azzouzia, followed by Portes de Marrakech and Mhamid), all with exemptions, sometimes through the sale of public land to private developers (350 ha in Addoha for the Portes de Marrakech). These areas are much closer to the city than Tamensourt and, owing to their linkage with the Marrakesh Urban Municipality (whose resources cannot be compared with those of Harbil), have much more efficient public services that directly compete with the city of Tamensourt where none of the facilities that are supposed to provide operational autonomy have been built, despite the commitments made.

In fact, the municipality's resources (both financial and human) have initially fallen well short of needs. In addition, Harbil municipality's budget stood at DH 42 million in 2018, with more than 50 percent of its revenue being derived from the tax on undeveloped land (TNB), a situation that clearly raises the issue of the sustainability of its resources.

There have been numerous delays with the construction and assumption of responsibility for public facilities, leading Al Omrane, rather than the various sectoral departments, to take charge of the construction of several of these facilities. Although schools will finally be built, there will be delays in opening them owing to the lack of staff assigned by the national education authorities. Even now, classes are extremely overcrowded. Only a small police precinct covers the security needs of a city of 50,000 residents, a situation that has forced the developer, Al Omrane, to introduce (and finance) a private security system. To date, the site has no water treatment plant and its wastewater empties directly into the wadis. Mass transit is grossly inadequate thus limiting connectivity to Marrakesh. Although a single highway (RN7) links the two cities, it can be congested and dangerous.

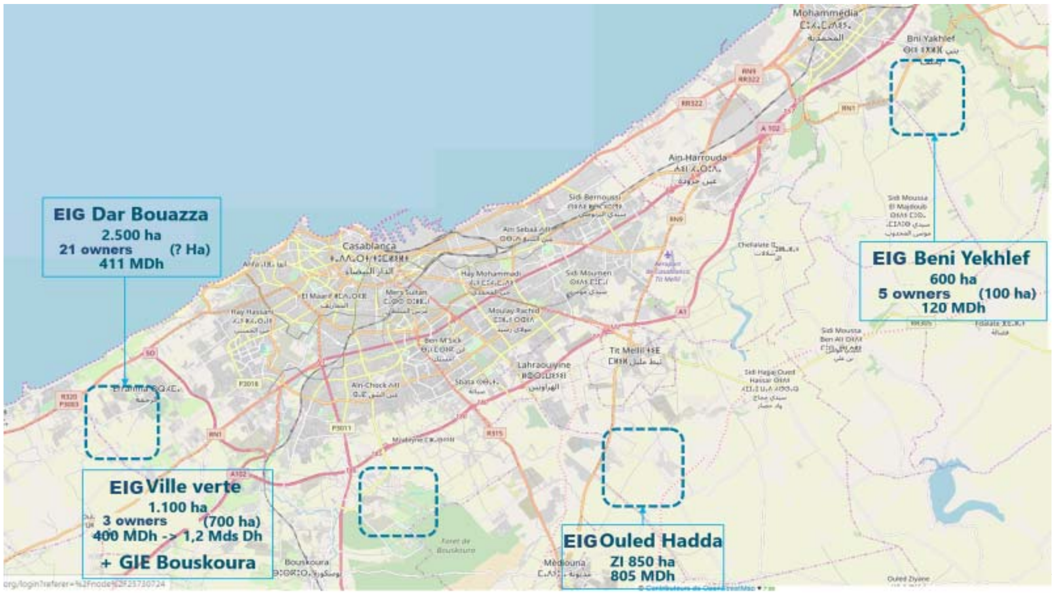
Despite the planned commercial areas, its monofunctional (residential) nature remains unchanged, as the industrial land that supports much of the urbanization costs that cannot be borne by social housing is unable to compete with the industrial zone located between Marrakesh and Tamensourt at a much more reasonable cost and given the unmet infrastructure requirements.

Efforts are currently being made to upgrade the project through a stimulus plan, based in particular on the establishment of departments of the University of Marrakesh.

5. EIGs and Other Groups of Developers—an Avenue to Be Explored

Given the problems outlined above, developers have sought solutions by engaging in joint activity and pooling costs in the context of EIGs (mainly in Greater Casablanca) or owners' associations. EIGs, as defined by Dahir No. 1-99-12 of 18 Chaoual 1419 (02/05/1999), promulgating Law 13-97, provide an intermediate legal framework between a company and an association for the pooling of a number of enterprise activities. The objective sought is the pooling of resources to facilitate or conduct the economic activity of their members (corporations). EIGs therefore serve as the best reference points in Morocco in terms of joint urban development.

Five "production" EIGs have been identified, all in the Greater Casablanca area (Figure 20Figure 20: The EIG experience

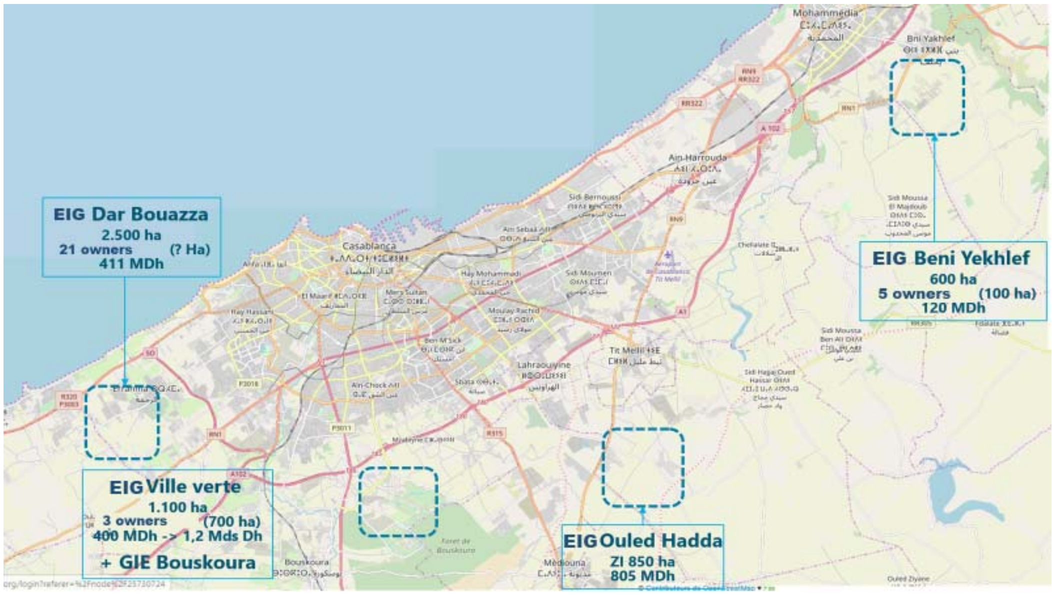


):[86]

- The "Green Town" EIG, composed of CGI, Addoha, and Palmeraie, intended for the urbanization of 1,100 ha in Bouskoura, with 700 ha being distributed among the three aforementioned developers. This land, to be used for luxury homes and related services (three golf courses, etc.), was state-owned and subject to exemptions. The initial budget of DH 400 million (plus DH 100 million for the municipality) gradually rose to DH 1.2 billion.
- The Dar Bouazza EIG, a grouping of 21 property developers spread over a zone of 2,500 ha involved mainly with residential projects. Its budget is DH 411 million (primary road and street lights). Exemptions were received for the projects and delegated project management has been assigned to Idmaj Sakane.
- The Beni Yakhlef EIG, currently a grouping of five developers (100 ha of a total of 600 ha located in a strategic reserve [SR] zone, essentially developed as social housing), with a budget of DH 120 million (roads, lights, and an overpass).
- The Ouled Hadda EIG, covering an 850-ha industrial zone with a budget of DH 805 million.
- The recently established Bouskoura EIG.

[86] The first EIG is in Tamesna New Town, but it is more of a management EIG.

Figure 20: The EIG experience



By way of example, mention can also be made of developer groups that did not take the form of an EIG: (i) the Berrechid association, whose mission was to conduct sanitation work (case study No. 3); and (ii) the ownership groups established in the Fez area, for example.

These different types of groups facilitate joint financing of infrastructure by operators (single delegated project manager), using a contracting tool (agreement) between public and private actors covering an overall zone. They constitute a mechanism that allows developers to finance, in a negotiated, equitable, and coordinated manner, the urbanization of urban expansion zones (and could be easily adapted to urban regeneration projects).

However, based on the analysis of current experiences, several limitations of this tool can be identified. Thus far, it has covered only the financing of primary roads and related street lights (as well as the water, sanitation, and electricity networks in some instances), although nothing prevents its extension to other areas of urbanization.
It works only with the use of exemptions or in SR zones,[87] which allow developers to negotiate "special" urban planning authorizations in exchange for this financing. It is not suited to zones already opened up to urbanization, where the use of flexible tools negotiated for valuable consideration either do not exist or are not used in this context. It is currently contributing to the establishment of monofunctional zones (luxury housing, social housing, or industrial zones), depending on the developers at the site, their strategic orientations and specializations, and profitability relative to other possible real estate products.

Works execution is not synchronized with cash flow and prefinancing: contributions are paid gradually between the building permit and occupancy permit phases in order to adjust to developers' cash flow, while the infrastructure work must precede construction or at least its delivery. Furthermore, the delegated project manager or developers generally do not have the resources to advance funds except when operators are powerful, as was the case with Bouskoura Green Town.

---

[87] Strategic Reserve: areas identified in the land use plan for future urbanization, but for which urban planning regulations have not yet been established.

Managing the project over time and the fulfillment of each party's commitments calls for strong leadership, especially when many actors are involved. This is not always the case. Public actors often have trouble honoring their commitments in the areas of expropriation (municipality) and acceptance of works by line ministries, which delays projects, leads to cost escalation, or even jeopardizes projects.

EIGs have trouble recouping a value-added tax (VAT) that they should not have to pay, a factor that increases investment expenditure accordingly. When investments are not made in the fiscal year in which contributions were collected, it is difficult or even impossible to recoup the VAT paid for these expenditures. However, it is very difficult to coordinate these schedules, as contributions are linked to administrative authorizations, and investments to their implementation schedule. Only the Bouskoura EIG managed to overcome this obstacle, as members paid their contributions after the investment was made (hence the reason for an account with a structural deficit). However, this was possible only because its members are few and highly solvent (CGI, Palmeraie, and Addoha) and could quickly replenish the account when necessary.

The EIG is therefore a useful and promising tool with considerable room for improvement in terms of efficiency, both in the context of current legislation and with regulatory changes, despite the limitations faced.

Box 7: Bouskoura Green Town

The aim of the Bouskoura EIG is to construct luxury residential buildings, a commercial area, schools, and sporting facilities, including three golf courses.

To carry out the project, an agreement was signed in 2009 between the EIG and the State, the Urban Agency, Casablanca and Bouskoura Municipalities, and the operators (Lydec and ONEE)"outlining the sharing of responsibilities and services related to the zone's facilities," namely roads, electricity, water and sanitation, wastewater, and rain water.

Although the projected timeframe for execution was 24 months, 10 years later the work has not been completed. The project was included in Bouskoura Municipality's land use plan by the Casablanca Urban Agency in 2010 as a sectoral land use plan. Management of the infrastructure and facilities is supposed to be turned over later on to the stakeholders, in accordance with their areas of expertise.

The EIG encountered several major problems, in particular project cost overruns, attributable to:

- The assumption of responsibility by the project for a partial interchange, which was supposed to be built by the UC but was not considered by it to be a priority and essential for servicing the project.
- The price of expropriated land, which rose sharply owing to the increase in surface area involved.
- The lack of coordination among public actors (for example, a National Electricity Company (Office national d'électricité ONE) transformer substation that was supposed to be installed along the highway ramp.
- Inadequate and hastily conducted preliminary studies.

In addition, the EIG was responsible for fully preparing the files relating to the decrees on boundary markings (alignment). The authorities are refusing to accept the works built by the EIG (roads for the Ministry of Infrastructure), which is creating a problem in terms of the handover of management. The EIG is managing the site's facilities and infrastructure (roads, street lights, waste collection) rather than the municipality, which does not have the resources to do so. Costs are being passed on to residents.

Several conclusions can be drawn from the Bouskoura Green Town EIG. The EIG concept seems useful in terms of pooling efforts and avoiding situations in which each operator adopts an imperfect solution for its land, leading to cost overruns and inefficiencies. It was successful only because of the involvement of a small number of large property developers operating under the leadership of the Compagnie Génerale Immobilière (CGI) and the fact that the projects offer high added value and are well marketed. Keeping the price of land for public infrastructure and facilities in check is a major challenge in terms of the success of the project, as it is the only variable that cannot be controlled from a financial standpoint.

Box 8: Uncertainty Surrounding the Dar Bouazza EIG

The Dar Bouazza EIG is located to the west of the city of Casablanca in the urban municipality bearing the same name. This roughly 2,000-ha area has seen tremendous urban expansion and urban sprawl.

Following applications for exemptions, the EIG, composed of 21 property developers/investors tasked with conducting real estate marketing activities (social housing, middle-income housing, and villas), was formed in a context of pressure from the local authorities to make financial contributions to development of the area's infrastructure.

The project, launched by His Majesty the King in 2014, is currently at a standstill owing to problems with:

- The technical and financial arrangements of the operation. There is a shortfall in the contributions of property developers to fund the DH 411 million in works outlined in the agreement, a shortfall in the initial contribution and a lack of prefinancing, and problems recouping the VAT as a result of execution of the works; and
- The management of the project, which has prevented execution of the operation in the context of a coherent intervention framework among the stakeholders and the removal of bottlenecks when problems arise.

In the view of the property developers, the main project limitations stem from the lack of support from the public authorities and the amount of compensation required when exemptions are granted. They are questioning the ability of the current delegated project manager[88] to conduct an operation of this nature and consider themselves to be in a better position to perform this task, monitor contracts of work, negotiate prices, etc. In addition, they think that the absence of a management monitoring tool is hindering the smooth progress of the project, as confirmed by the delegated project manager. He points to the contractual framework for EIGs, which covers only roads and street lights and thus limits its scope of activity. Furthermore, he believes that an EIG needs strong support from the *Wali* if it is to succeed.

IV. Conclusion—What Results?

The current approach to urbanization is yielding very unsatisfactory results in terms of urban development, namely:

- Significant urban sprawl
- Delays in facilities/infrastructure
- Unfinished infrastructure
- Additional investment costs for all actors
- Developments without facilities or public services
- Poorly managed neighborhoods—cleaning/waste, streetlights, transportation, maintenance of public spaces, or neighborhoods where these services are paid for twice
- Over time, significant needs in terms of infrastructure maintenance/upgrading for which no financing is available
- The need for catch-up investments that cost more as they will have to be made in areas that are already urbanized

This situation is detrimental and has a financial impact on all the stakeholders involved in the operational process:

For municipalities:

- Inadequate revenue (assessment/collection) from the municipality services tax (TSC), the residence tax (TH), and the business tax (TP), as well as other revenue managed by the municipalities and insufficient transfers to the municipalities most in need of these transfers;

---

[88] Idmaj Sakan.

- Failure to collect or dispute payment of the tax on undeveloped land (TNB);
- Emergence of new operating expenses without the corresponding revenue; and
- The use of the three taxes (the construction tax [TC], the subdivision tax [TL], and the tax on undeveloped land [TNB]) to cover the ordinary operating expenses of municipalities—a situation that also applies to municipalities that are rapidly expanding.

For WSE operators (four concession holders, 12 state-managed entities, and the National Water and Electricity Company (ONEE):
- Cost overruns stemming from temporary and alternative solutions;
- Lack of prefinancing (contributions paid to the building permit authorities), leading to problems with the financing of investments;
- Operating surpluses (which could go toward financing a portion of investments) are eroded by the lack of harmonization of the water/electricity zones. Electricity usually pays for water and, in particular, sanitation. However, the operators generally manage a "sanitation" zone that is much bigger than the electricity zone, while their work is not limited to water and sanitation exclusively (seven of 12 state-managed entities manage the three services). Regulatory contributions are sometimes partly used to compensate operators for operating deficits.
- The *Fonds de Travaux* (Construction Fund FDT),[89] an account managed by the concession holder on behalf of the delegating authority and into which the contributions of developers are paid, is subject to a non-reimbursable 20 percent VAT, thus further hampering their investment capacity.

For land developers and property developers:
- Delays and uncertainty associated with the authorization process;
- Uncertainty related to deadlines, and the quality of the infrastructure and facilities provided;
- Additional connection costs;
- Commercial risks, such as missed deadlines and unattractive products resulting in unsold stock; and
- The VAT issue for EIGs.

The diagnostic analysis therefore reveals numerous dysfunctions that, at the same time, offer opportunities for improvement, optimization, and reduced or better sharing of costs and risks, a number of which can be tested in the current legislative context while others require regulatory changes. These opportunities are organized in a coherent and detailed strategy in the next section.

[89] For the four agglomerations whose water, sanitation and electricity management was granted as a concession: Casablanca, Rabat, Tangier and Tetouan.

B. Proposals

I. An Integrated and Pragmatic Approach

The linkage between the urban, land, financial, and tax aspects of urbanization offers considerable potential to optimize its financing. These aspects are generally handled separately, using a disconnected or "silo" approach involving specific actors, none of which has a comprehensive vision of the urbanization process or an understanding of the approaches of the other actors. However, in reality, they are closely connected and greatly influence each other. Through joint identification and analysis of these interactions, dysfunctions can be limited and, taking a more ambitious view, the sharing of this analysis with all actors can facilitate the use of various urban planning, financial, and tax tools that are mutually reinforcing and thus greatly facilitate balanced and well-financed urbanization, from both an investment and operating standpoint. The improvement and optimization of these positive interactions will guide our proposals, based on a collaborative approach conducive to the development and strengthening of a common vision among actors, whether public or private, national or local, and regardless of whether they are involved in the urban planning, land, financial, or tax areas.

Box 9: The City Statute Law in Brazil

The federal City Statute (Estatuto da Cidade) framework law, adopted in 2001, combines urban planning, financial, and tax provisions. It articulates a vision of what a city should be and provides a toolkit that municipalities can draw on to adapt the tools proposed to their local contexts.

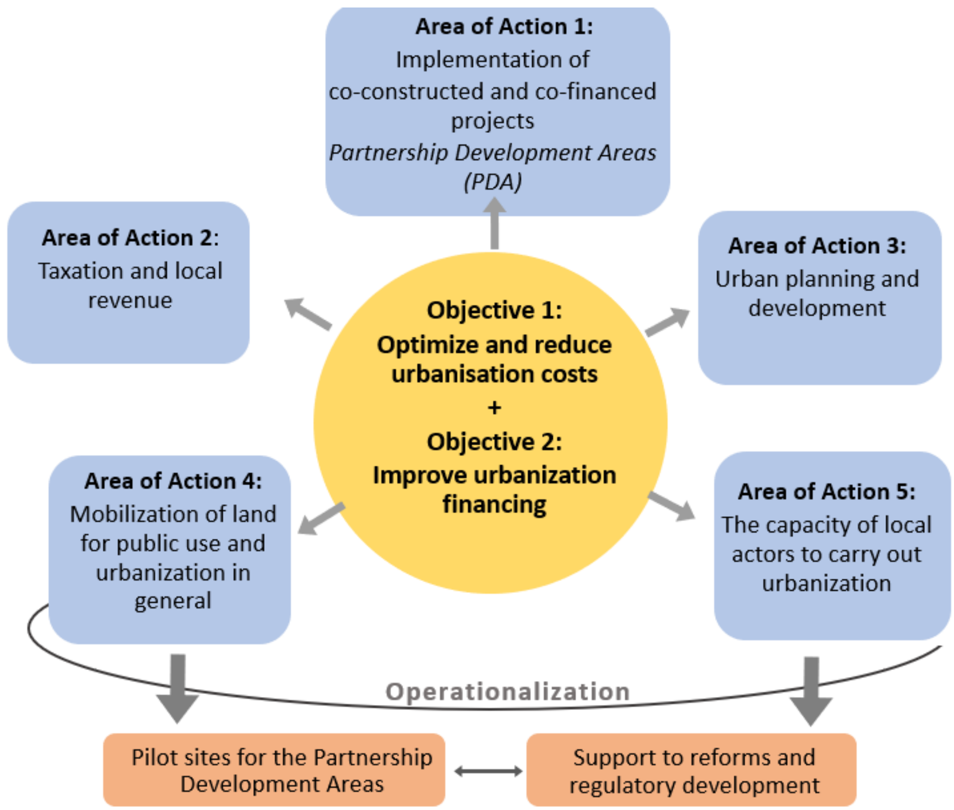
Our proposals revolve around two objectives: optimizing the cost of urbanization and improving its financing. Owing to public finance constraints, actions must be considered within the framework of existing resources, especially since it is difficult to envision an increase in taxes, at least in the short term. However, the needs are considerable and meeting them will have implications over the medium term for the competitiveness of the Moroccan economy (of which the city is an essential component), as well as its capacity to generate wealth (including for public finances) and redistribute wealth, and to provide all citizens with good living conditions. The diagnostic analysis reveals a great deal of over-expenditure and dysfunctions that also offer the potential for savings and optimization, as well as lower risks for operators and thus greater financing capacity. Behind the picture of lose-lose urbanization, the potential for a win-win process emerges. Despite this, there is a tremendous amount of inertia associated with bureaucratic practices and habits, and problems related to a lack of training and mistrust among actors, as well as resistance, especially from those who benefit from the system, in particular unproductive land owners, and those who profit from their strategic position and ability to influence the production process to their own advantage.

For this reason, we think it advisable to propose a strategy that can combine testing, discussion using a systemic approach, and changes in the regulatory framework in an iterative, incremental, and synergistic manner. Testing can start immediately, using existing resources and legislation, at sites that offer both the potential for change because of key local and dynamic actors and typical features. This facilitates work on changing the practices of actors and their collaborative methods, as well as the use of tools, and encourages discussion on changes in the regulatory framework, which in turn enhances the effectiveness of new methods of creating cities as these methods are disseminated.

To this end, we propose building the strategy around five interrelated areas of action **(**Error! Reference source not found.**):**

- **Partnership Development Areas (SAP)**, which provide a space in which work, can be concentrated and testing done of the use of existing and new tools and changes in practices, as well as a flexible mechanism for overseeing a growing share of urbanization (expansion and urban regeneration). They offer a framework for preparing and implementing partnership-based urbanization in defined zones, using existing legislation and with regulatory changes, if necessary. The SAP seek to optimize the costs associated with urbanization and to better finance this process.
- **Taxation and local revenue** which, as noted earlier, play a major role in financing urbanization, with significant room for improvement in the context of existing legislation, which can be used extensively and supplemented by the legislative and regulatory changes currently being drafted. This represents a key pillar in the financing of new urbanization, as well as in the upgrading and efficient functioning of existing locations.
- **Urban planning and development**, which provide the framework that guides and limits urbanization (both positively and negatively). Using the available tools more effectively and changing them in such a way as to make them more flexible, pragmatic, and functional are powerful drivers in optimizing the cost of urbanization. This process entails changes in practices involving the urban planning regulatory and legislative framework, but also in line with local taxation and the regulatory framework of the State Land Directorate, for example.
- **Insufficient mobilization of land** limits the current pace of urbanization and, if uncontrolled, leads to competition between sites. Implementing policy tools and improving access to land information are two complementary components to accelerate land mobilization. The sale of free land for public facilities and amenities is also an important condition for securing real estate production. The lack of visibility and guarantees is an obstacle to investment. This can be addressed by a land contribution and incentives from developer-builders for urban development.
- **The capacity of local actors to carry out urbanization**. Potential tools and mechanisms, whether existing or planned, will become a reality only when they are used by urbanization actors, which implies a commitment on their part. In the context of the favorable environment created by the recent granting of expanded powers to local actors (deconcentration charter, advanced level of regionalization, changes in the role of Regional Investment Centers [CRI] and municipalities—Article 85 of Law 113-14), the capacity and actual commitment of these actors to assume their roles are of critical importance but a long way from being a reality. For this reason, we are proposing effective and realistic change in the role of the major actors and outlining the ways in which this can be implemented as the fifth key area of action of the proposed strategy.

Figure 21: Proposed solutions, objectives, and areas of action



These five areas of action are described below in the form of principles and proposals. An operationalization approach, based in particular on the experimentation of proposals on pilot Partnership Development Areas, as well as support for reforms and regulatory changes, is also included.

II. Area of Action 1: Partnership Development Areas

We sought to answer the following main questions with a view to exploring in greater depth SAP conditions and feasibility:

- What basic principles should govern the SAP?
- The land issue—how should progress be made toward the goal of land that is completely free for public use or in the public interest?
- What are the sources of financing for balanced urbanization for which own-source funds are used in terms of investment in works (infrastructure and facilities)?
- Who can build infrastructure and facilities? Who (pre)finances them? What guarantees are possible to secure financing?
- Which actors, what methods, and what kind of management?
- Procedure and feasibility study. From a financial and operational standpoint, the feasibility study is the central element in the joint preparation of an urbanization project.
- What are the key factors for success?

1. Principles

The SAP is based on the following principles:

- **A concentration of urban planning, land, fiscal, and financing tools and resources** in urban zones being expanded or regenerated on a scale commensurate with orderly urbanization. If these tools are not all used exclusively in these zones, then their use must be targeted, as this mechanism requires first and foremost dedicated focus in terms of actors and design that cannot be obtained in all the territory and also because it is intended to guide the development (or regeneration) of priority or strategic territories.
- **A partnership-based (public/private) project approach involving multiple actors**. This is the core element of the mechanism and entails a major cultural shift—the joint construction and coordinated implementation of a shared project negotiated between public and private actors.
- **The goal of land provided free of cost for public access or in the public interest with equal contributions from owners**. This is a major challenge of the mechanism, as it is a significant impediment to balanced urban development. The speedy mobilization, at minimal or no cost, of land for public use that will enhance the value of the entire territory involved, to which all owners must contribute equitably and proportionally.
- **An operation that is financially balanced (including with respect to facilities)**. Achieving or moving toward control of the financing sources for all investments within the same territory in the context of its development offers the best guarantee that this financing will be available and mobilized in a timely manner and will not be dependent on external commitments that may not be met.
- **Testing in the context of current legislation and proposals for change to enhance the effectiveness of the mechanism**. The SAP are more of a dynamic mechanism composed of a toolkit than a procedure. The current regulatory framework already provides room for testing, and for more effective and coordinated application of a number of current provisions that are either being infrequently or improperly applied or not applied at all. However, changes in this context can greatly enhance their efficiency and ease of use.

The proposals related to the Partnership are described in a "Users guide" in Deliverable 3.

Box 10: Planes Parciales in Colombia: A Partnership with the Private Sector

Planes Parciales are instruments used in Columbia to implement and self-finance the development objectives outlined in land use plans. They facilitate the determination, with regard to specific zones, of the procedures for financing their development or regeneration, based on the projected appreciation in the land value from the project. To this end, they use a comprehensive approach aimed at getting public and/or private developers involved in the project. They outline a preliminary plan that includes urban regulations, project-related costs, and the interactions among the main stakeholders. This plan is used to determine the mechanisms for balancing financing costs between very high-end usage (upscale housing, offices, and businesses) and lower cost usage (affordable housing) in the Colombian context, so as to guarantee equity among owners.

Planes Parciales may be initiated by the public authorities (in particular Metrovivienda, the public developer/operator responsible in particular for affordable housing, or the big municipalities) and by proprietors in the zone who own a minimum of 51 percent of the land (in Medellin, more than 80 percent of Planes Parciales representing 60 percent of the land was the result of private developers' initiatives).

A legal definition of these mechanisms was provided in 1997, with amendments being introduced in 2007 (in particular, a coordination requirement among public actors). The first Plan Parcial was developed in Bogota in 2002 and several dozen projects have been launched since then. Municipalities such as Bogota or Medellin then proceeded to outline their own procedures with respect to Planes Parciales, determining, for example, the territories where these plans may be implemented (Bogota) or imposing additional requirements in terms of the share of social housing (Medellin).

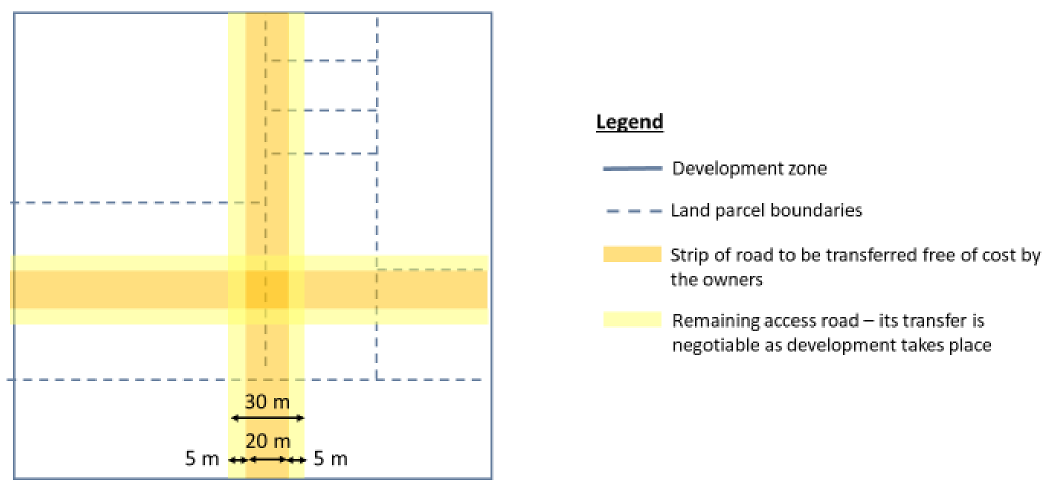
2. The Land Issue

Current Legislation

The goal is to come as close as possible to the free transfer of land to be used for public spaces and facilities, or in the public interest (EPIGs,[90] etc.). To this end, several tools can be used in the context of current legislation:

A 20-meter strip of land must be transferred free of charge for the road, the limit being 25 percent of the surface area of the land parcel (article 37/38 of Law 12-90) (**Error! Reference source not found.**). Many roads included in the land use plan are 30 meters wide. However, if this very generous width is considered excessive, it could be reduced to 20 meters in some cases. In others, the additional 10 meters can initially be reserved in the form of two 5-meter strips on either side of the road with construction on these strips being prohibited and with their transfer being negotiated when building permits are issued as developments are established (owners will then be much more inclined to agree to the conditions stipulated by the public authorities).

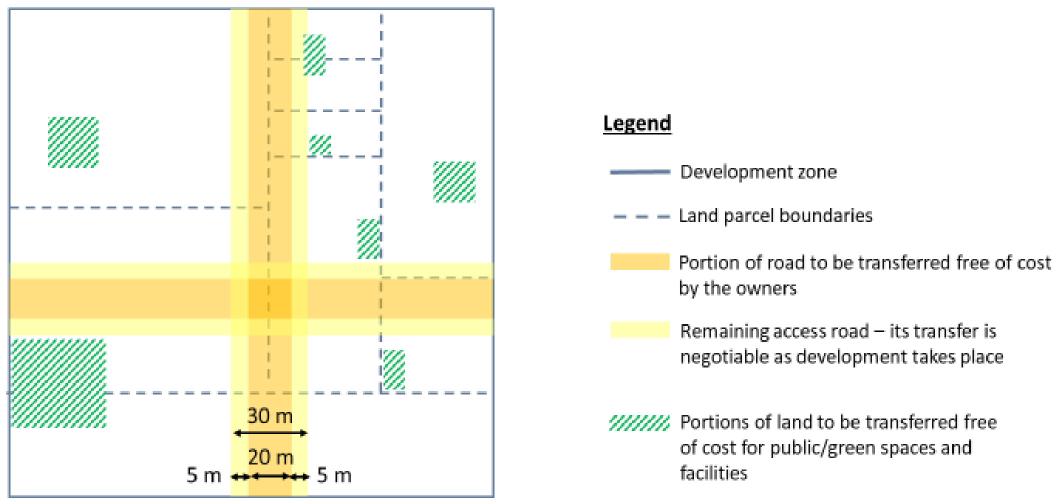
Figure 22: Free transfer requirement of a development road providing a 30-meter accessway



The regulations authorize the inclusion in the land use plan of the requirement (seen in some land use plans) to transfer, free of charge, between 10 and 15 percent of land for public/green spaces and facilities (article 30 of Law 25-90). Incidentally, this provision guarantees complete equity among owners. The use of this land could be extended to resale for EPIGs or others (**Error! Reference source not found.**).

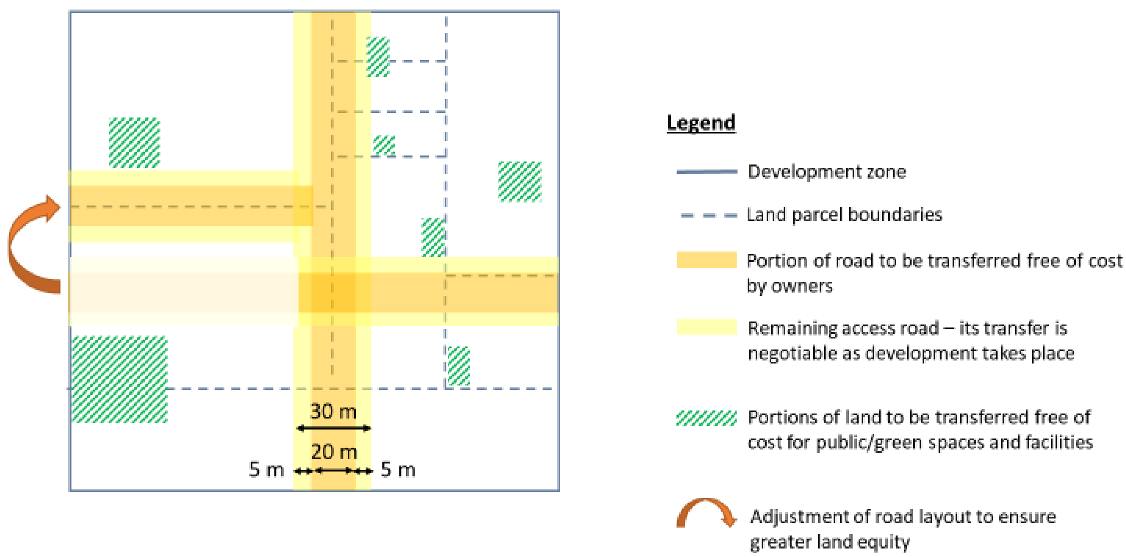
[90] EPIGs (*Etablissements Privés d'Intérêt Général*) are privately owned and managed institutions that perform services considered to be in the public interest, such as education or health services.

Figure 23: Free transfer requirement of between 10 and 15 percent of land for public/green spaces and facilities



Lastly, the road layout can be adjusted to optimize the use of land and ensure greater land equity among owners in terms of the contribution made to this road (article 19, Law 12-90) (**Error! Reference source not found.**).

Figure 24: Adjustment of road layout to optimize use of land and ensure greater land equity among owners



Mandatory registration: In zones where a great deal of the land is not registered and it is therefore difficult to mobilize for urbanization purposes, a factor that reduces the supply of land, compulsory group land registration (Dahir 2011, Law No. 14-07, section VI) can be used.

Several regulatory changes could make the provision of free land for public use or in the public interest more efficient and equitable. They could even facilitate financing of a portion of urbanization investment costs.

Regulatory Change 1:

- Free transfer of up to 25 percent of the surface of land area for development roads without being limited to the 10-meter width currently provided for in Law 12-90.
- Make it mandatory for all owners to transfer, free of charge, between 25 and 35 percent of their land (excluding in-site, which is not included in this figure) for any public use (roads, public spaces and facilities) or in the public interest (for example, an EPIG or commercial area). Across-the-board application of the free transfer of a percentage of land ensures complete equity among owners and a great deal of flexibility in the spatial organization of these transfers. The potential for the public authorities to resell a portion of this land for activities that are underrepresented because they are less profitable (EPIGs, activity zones, etc.) makes it possible to encourage mixed use, as well as generate revenue to finance a portion of the cost of these activities.
- Introduce an urban preemption right or right to priority (making it possible for the public authorities to purchase land or real estate instead of the original buyer in the event of a transfer) in specified land intervention zones. This will make it possible to officially approve, expedite, and reduce the risks and costs of strategic local land-related actions aimed at orienting urban development, facilitating urbanization, and recovering the associated costs.

Regulatory Change 2:

- Going further, a legislative framework for land consolidation could be established.
- Consideration could also be given to a comprehensive financing of urbanization through land. Owners would be involved only in the transfer of a portion of their land, which would be used for public access and in the public interest, a portion of which would, however, also be resold by auction by the public authorities for profit-making purposes to finance all infrastructure and facilities work. This mechanism is used in Germany, for example.

3. How Can Works Be Financed?

Several sources can immediately be mobilized to self-finance infrastructure and facilities expenditure in the area. This self-financing effort can be greatly facilitated by a number of tax and urban planning reforms.

With current legislation

Several sources of financing can immediately be mobilized:

- **Existing regulatory contributions**[91] for water, sanitation, and electricity (already collected by urban services operators), and for roads (10 meters for primary roads plus 4 meters for sidewalks which, at the moment, are often negotiated on a case-by-case basis depending on the developments being established).
- **The sale or transfer of construction authorization**, which currently takes place in the context of exemptions, payment for which can be in the form of land, works, or money.

[91] Regulatory contributions: contributions from developers which are made mandatory by law or regulations. For example: Contributions to the first equipment (*Participations au Premier Equipement* or "PPE"), Contributions in Major Infrastructures (*Participation aux Grandes infrastructures* or "PGI"), etc.

- **The proceeds of the TNB and the tax on construction and subdivision for the area** which, from a legal standpoint, cannot be allocated to specific investments but which can nonetheless be recorded and converted into targeted municipal financing for the area, in municipalities with the interest and capacity in terms of their accounting systems.
- **The contractual contributions[92] of EIGs** (article 20 of Law 12-90) and developers.
- **The sale of land purchased by the public authorities or transferred free of charge by owners** (see above) for the creation of EPIGs, activity zones, and other public market-related services.
- **Municipality-level and/or state allocations** (DGCL, FSHIU, etc.) if necessary, the actual mobilization of which would have to be guaranteed.

<u>With regulatory and/or legislative changes</u>

Several changes in the regulatory or legislative framework proposed by the study (see areas of action 2 and 3) and not necessarily restricted to SAP would make it possible to guarantee more extensive and equitable financing of urbanization:

- **Extensive, incremental regulatory contributions,** collected when the building permit is issued or the land transferred, which could replace the taxes on construction and subdivision:
  - Regulatory contributions can be extended by law to include all primary roads, street lights, facilities, and even such services as waste and transportation in order to cover actual costs (which should be reduced by the comprehensive and coordinated performance of work), distributed equitably among all owners, in proportion to the increased value of their property (number of square meters of construction land by usage). This would also ease the burden on developers who entered in the earliest phase of operations and generally bear a disproportionate share of facilities costs. They could also replace the taxes on construction and subdivision, paving the way for direct allocation in the territory.
  - Because some infrastructure work will at least precede the collection of contributions, the latter could be increased over time to factor in financial carrying costs (which, furthermore, would incentivize the mobilization of land more quickly).
  - Regulatory contributions could be paid to the building permit authorities as is currently the case (with the possibility of spreading their payment over time [including related financial costs]), so that this can be recorded with the cash management of developers, as is currently permitted (under the law, payment can be spread over a five-year period), but which would also be due from the owner/seller at the time of the first transfer of land, once the actual facilities works have been performed. This would allow regulatory contributions to be recouped more rapidly and curb speculation by incorporating the cost of improvements into the sales price (so that they do not have to be paid by the buyer later on).
  - This provision is included in our proposals related to the reform of local (para)fiscal levies.
- **A higher TNB to encourage construction in flexible tax zones**. The TNB could be increased in sub-municipality zones identified by the municipalities, based on a rate also determined by them, within a range established by law. This would make it possible to encourage owners of undeveloped land in a number of strategic areas (expansion,

[92] Contractual contributions: Contributions which are negotiated voluntary in addition to the regulatory obligations between the public authorities and urban service operators on the one hand, and the developers and / or their groupings (IEG, associations) on the other hand, in order to make viable the urbanization of certain sectors.

regeneration, and even the central city) to develop their land more quickly, as holding on to it would become more expensive. This provision is covered in our proposals related to local tax reform.

- **The possibility of in-kind (land) payment for taxes and/or contributions (contractual and regulatory complementary to existing)**. Offering this flexibility to owners would allow them to assume their financial obligations even if they cannot or do not want to deposit money into the corresponding funds and would allow the local authorities that receive this land to use it for public interest purposes and/or to enhance the value of the site by financing its infrastructure. This provision is covered in our proposals related to local tax reform and in the 1917 Dahir on property owners' associations, which provides for "the possibility for the members of a property owners' association to relieve themselves of responsibility for the facilities work for which they are responsible by surrendering land" (article 4).
- **Flexibility encompassed in the provisions of the Land Use Plan**, which will facilitate optimization of the upgrading of developers' land and thus increase their capacity to contribute to the investments needed to develop the site and encourage them to enter into negotiations. This flexibility would also make it possible to maintain control of overall urban trends and balance within the area. This provision is covered in our proposals on the reform of urban planning regulations.
- **The possibility of selling the construction authorization covered in the Land Use Plan** with a view to activation of this mechanism in the areas opened up to urbanization without using exemptions, which are arbitrary and do not take into account the urban context. This provision is covered in our proposals on the reform of local taxes and urban planning regulations.
- **The sale of public land transferred free of charge by owners to cover their land contribution**. Although this is not explicitly prohibited, specifically authorizing and regulating this would facilitate the development of this mechanism as an infrastructure financing tool, especially if it is coupled with provisions that facilitate in-kind payment and land contributions by owners.
- **A land tax that better covers operating costs** and thus guarantees the sustainability of investments through an assessment that is based on market value and thus evolves with it, and the streamlining and optimization of assessment and collection. See the proposals on local tax reform.

In order to review investment needs and the potential for revenue to meet these needs, a comprehensive preliminary financial assessment needs to be done for each SAP. This is a key element of the feasibility study that must be done for its implementation, which will be discussed in detail later on.

By way of illustration, a hypothetical assessment of an area of roughly 180 ha with 12,500 houses (70 houses per ha) and 50,000 residents (1.26 million m^2 constructed excluding public facilities) and a land occupancy coefficient (LOC) of 0.7, would produce the following results:

Table 7: Example of the potential cost of urbanization covering 180 ha/12,500 houses

	Calculation	Amount in DH (million)
Roads	20% of the total surface area = 360,000m^2 x DH 200/m^2	72
Public spaces	5% of the total surface area = 90,000m^2 x DH 200/m^2	18
Street lights	Cost of roads x 20%	14
Water/sanitation	180 ha*DH 100/m^2	180
Electricity	180 ha*DH 10/m^2	18
Public facilities	5% of the total surface area x LOC of 0.7 x DH 3,000/m^2 constructed	189
Total		**491**

Table 8: Possible sources of financing

	Calculation	Amount in DH millions
Water/sanitation/electricity	PPE and PGI = 100% of costs	180
Roads	Contributions = 100% of costs	72
Facilities	35% - EPIGs	66
Sale - LOC	10% of additional LOC x DH 500	63
Construction tax	DH 20/m^2 constructed	25
TNB	Two-year average x DH 20/ m^2 of land	72
EIG contributions / EPIG land sales		13
Total		**491**

Although this example is based on price references and surface areas drawn from real cases, it is, of course, hypothetical and intended to illustrate the procedure for providing an overall preliminary assessment rather than to demonstrate balance, which must be defined for each site based on the context. It does not factor in the costs associated with purchase of the land needed for infrastructure and facilities, as these are discussed in a previous section (Section 2. The Land Issue).

4. Who Can Provide Financing? Who Can Build? How Should Prefinancing Take Place?

Infrastructure can be built by different project managers, depending on the nature of the facilities and the capacities of local actors, as indicated below:

- Land developers and property developers operating in the area or their delegated project manager, subject to the timely availability of funds (with possible prefinancing from the developer), overall coordination, and possible economies of scale. This approach was applied in the case of the Bouskoura EIG and is being proposed for the Beni Yakhlef EIG with respect to the primary road, street lights, and a portion of the sanitation network and, in the case of the latter, also for some school and public and private neighborhood facilities. This approach is also being adopted with respect to the development activities led by Al Omrane or *CDG Développement* and its subsidiaries.
- The urban services operator (water, sanitation, electricity)—a state-managed entity, concession holder/FDT, ONEE. This is generally the case with respect to the infrastructure for which it is responsible.

- The municipality, either directly or through a delegated project manager (for example, an SDL such as *Casa Aménagement* in Casablanca).
- The State, with prefinancing via the *Fonds de Réemploi Domanial* (FRD) (State Reinvestment Fund) managed by the Directorate of State Land (available for state-owned public facilities only).

Works of this nature generally require prefinancing. This is a major challenge and a potentially significant impediment. Potential project managers are also the ones who can ensure financing of these works, either using own-source funds (including the FRD in the case of the State and the FDT in the case of urban services concessions) or via a loan.

The municipalities (and, over time, ECIs), the public or private land developer/property developer, the delegated project manager, or the urban services operator can therefore obtain loans and can finance their operations through the Capital Development Fund (*Fonds d'Équipement Communal,* FEC) (local authorities), private banks (as is being done by the Al Omrane Group or state-managed entities such as RADEEMA and possibly the municipalities), or through bond issues (as Lydec did through the Casablanca FDT).

The main challenge for the project manager who provides (pre)financing and is potentially a borrower (and for the lending institution in the case of the latter) is to ensure that the funds advanced will be recouped on time. In addition to incentives for payment of the contributions mentioned earlier, several mechanisms may be deployed depending on the type of project manager and the actors who have to repay him. They include:

- The payment of contributions (in particular voluntary and standard, which may or may not be through an EIG) by developers may be secured by a payment obligation linked to the granting of urban planning authorizations (building permit, receipt, occupancy permit), or the transfer of land through provisional seizure in the case of default (as was proposed for the Ouled Hadda EIG).
- Loan repayment by municipalities is a mandatory expense (article 181 of Organic Law 113-14) and may be guaranteed by direct deduction from state transfers (Value-Added Tax Special Purpose Account *CAS TVA*) to cover annual repayments in the event of default, as happens in Brazil in the case of municipal loans or federal loans guaranteed by the federal government (deduction from the Municipality or State Contribution Fund [*Fonds de Participation des Municipalités ou des Etats*]).
- Other guarantee mechanisms could be established, possibly with assistance from the World Bank or other international donors.
- Financial guarantees and/or a system of interest subsidies to minimize carrying costs could be tested and supplemented by the DGCL (CAS TVA etc.), MATNUHPV (FSHIU, etc.), or an urbanization fund to be determined.

The different types of mechanisms that could be instituted depending on the project manager are presented below.

Option 1: Prefinancing by the municipality

Investments may be prefinanced by the municipality (or, over time, by the ECI), using own-source funds and/or a loan from the FEC or banks. In such cases, the municipality may ask a delegated project manager to perform the work (

) or may perform it itself (

). In situations where the work is performed by the delegated project manager, the municipality transfers the funds to the delegated project manager's dedicated bank account and the property developers pay their contributions either directly to the municipality or to the delegated project manager for repayment to the municipality. In cases where the work is performed by the municipality, property developers pay their contributions directly to the municipality. Lastly, the municipality repays the FEC/banks.

Figure 25: SAP – The challenge of prefinancing; prefinancing by the municipality (work done by the delegated project manager)

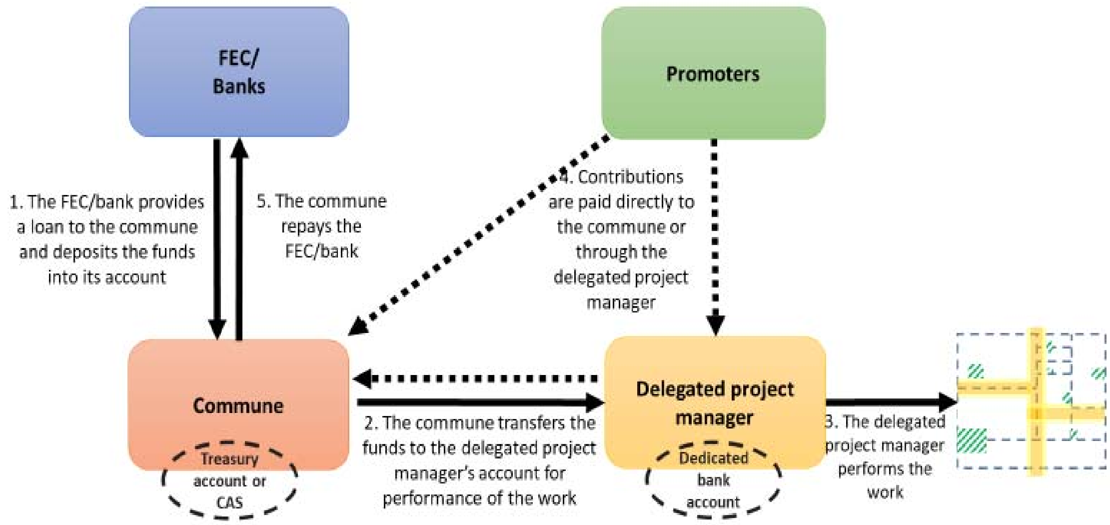
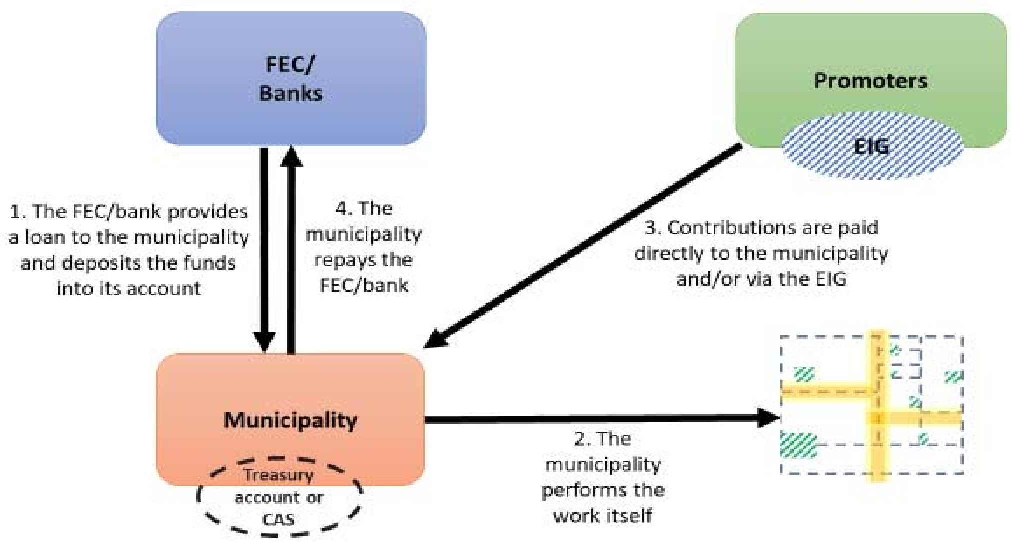


Figure 26: SAP – The challenge of prefinancing; prefinancing by the municipality (work done by the municipality)

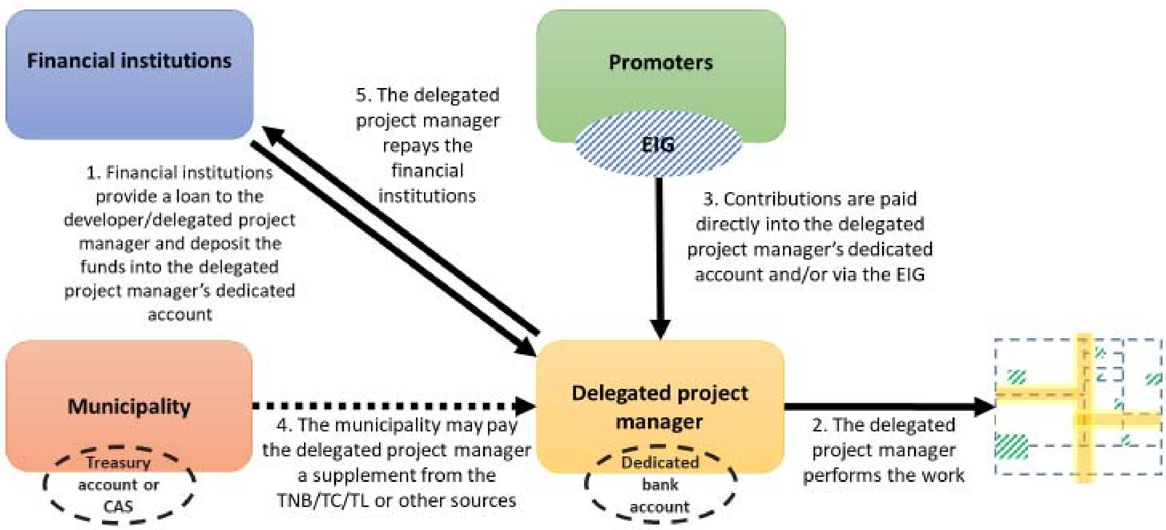


This type of arrangement was already partially tested by Marrakesh Municipality, for example, which borrows from the FEC, will finance investments via an SDL (for electricity), and regularly receives monetary contributions from developers in exchange for exemptions.

Option 2: Prefinancing by the developer (public or private) or delegated project manager

The developer/delegated project manager—whether public or private—may also obtain a loan in its name or use own-source funds to provide financing (**Error! Reference source not found.**). In such situations, the delegated project manager performs the work, the property developers deposit their contributions into the delegated project manager's dedicated account (directly or through an EIG) and, in the case of a loan, the delegated project manager repays the financial institution.

Figure 27: SAP – The challenge of prefinancing; prefinancing by the developer/delegated project manager



Al Omrane and *CDG Développement* and its subsidiaries use this direct approach. Private land developers/property developers can also adopt this approach in some cases, depending on the amount of investment involved, when this is justified by their size and the scope of their project.

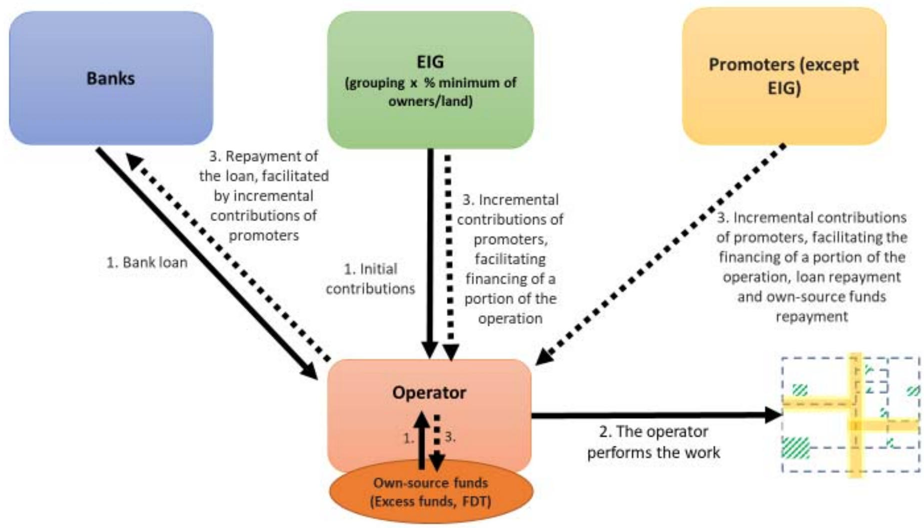
The feasibility of this type of arrangement varies depending on the type of delegated project management:

- SDL: depends on the capacity to repay the SDL but can be complicated.
- CDG subsidiary: does not pose a problem; guaranteed by the CDG.
- Al Omrane: this is a traditional approach to the financing of its development operations, via a group loan and provision of funds to its subsidiaries.
- Private entity/property developer: depends on the credit standing of the property developer with banks.
- As of today, the FEC can only lend to the municipalities, but it could be envisaged that its activities be extended to certain public delegated project management.

Option 3: Prefinancing by the urban services operator

Lastly, the urban services operator, in the case of its related investments (water, sanitation, electricity) can also prefinance the investment (**Error! Reference source not found.**). The incremental contribution made by property developers will facilitate financing of a portion of the operation (for instance, between 10 and 20 percent) followed by repayment of the loan (for instance, between 50 and 70 percent of the cost of the operation) and, finally, repayment of the operator's own-source funds (for instance, between 20 and 30 percent of the cost of the operation).

Figure 28: The challenge of prefinancing: prefinancing by the urban services operator



RADEEMA, for example, has already obtained a loan from a banking consortium to finance a water treatment plant, and Lydec and the Casablanca delegating authority are exploring the possibility of adopting a similar approach via the FDT for infrastructure financing (this has already been done in the case of pensions).

9. Which Actors, What Methods, and What Kind of Management?

The procedure for developing, implementing, and managing an SAP is summarized in **Error! Reference source not found.**.

The Partnership Development Area (SAP) is launched by a "project initiator" who will lead the process. This project initiator may be a public (municipality or Wilaya/Prefecture) or private (owners' group) entity, based on arrangements to be determined.

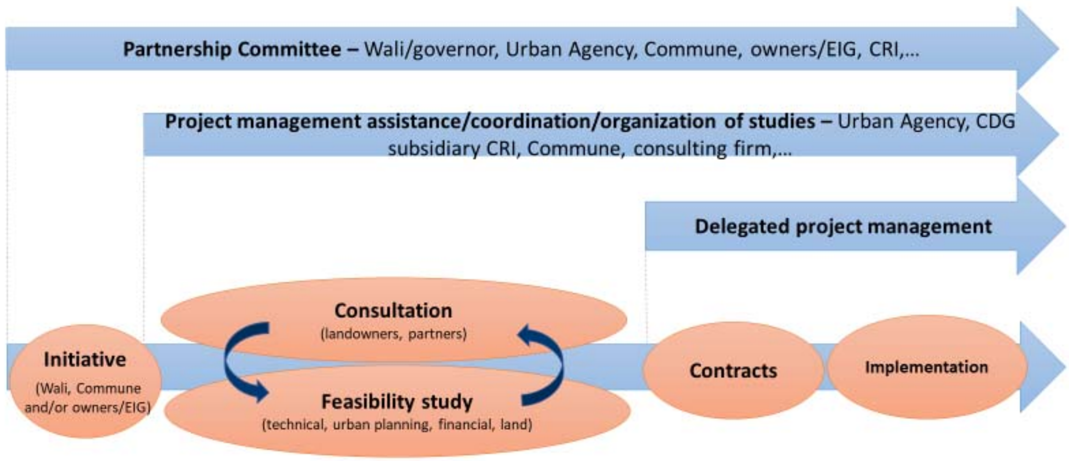
A "Partnership Committee" is established at the beginning of the process. It is chaired by the *Wali* (or the Governor representing him) and is composed of the key SAP partners: the Urban Agency, the municipality, owners, the CRI (regional property owners), etc. It will serve as the main body for discussion of proposals and resolution of problems.

Supported by an external provider that provides project management assistance, the project initiator coordinates the negotiation process, the supporting study (see "feasibility study" below), and implementation of the project.

During the preparation phase, an iterative process driven by the project initiator is introduced between the study and negotiation stages of the project. This process requires free access to the necessary data (in particular the cadastral and property plan) and flexibility in the use of available tools, especially urban planning (article 19, exemption, etc.) and land (mandatory group registration) tools.

The work is performed in an integrated manner by the relevant project managers or, where applicable, by a delegated project manager that handles the technical or, occasionally, even financial, aspects.

Figure 29: The SAP – procedure, methods, and potential actors



Ensuring that the various stakeholders honor their commitments is one of the main challenges to the success of the SAP. Several tools can be used to achieve this, including:

- In the case of owners: provisional seizure of land title, bank guarantee, discharge before delivery of provisional acceptance or residence permit in the case of default, obligation to pay contributions to secure authorizations (and ultimately for land transfers), as was proposed for the Oulad Hadda EIG;
- In the case of municipalities: loan guaranteed by the CAS TVA (direct deduction from CAS TVA transfers to cover annual repayments in case of default), appeal to the *Wali*;
- Appeal body = Partnership Committee/*Wali*/Governor (even at the national level for the initial pilots);
- Project management assistance provides technical assistance that must limit bottlenecks.

6. The Feasibility Study

The feasibility study is a tool that supports dialogue among partners. It is prepared iteratively with the consultation process and must, at a minimum, include the following:

1. Proposed urban structure/regulations (roads, facilities, zoning).
2. A land strategy for access for public use/in the public interest.
3. Identification and costing of infrastructure and facilities works (including relocation of works [electricity, water, sanitation] for projects to be executed in the existing city).
4. Calculation of projected investment revenue.
5. Projected operating costs and revenue.
6. Implementation scenario(s):

- General institutional, operational, and financial arrangements and for each type of investment.
- Identification of the project manager (and the delegated project manager if applicable).
- Financial assessment.
- Sequencing of works/projected revenue.
- Financing plan with financial arrangements (loan, etc.).

7. Key Success Factors

The success of the partnership development areas hinges on several factors, including:

- The importance of a comprehensive urban vision for the site and its integration: This comprehensive vision will ensure the overall coherence and sustainability of the urbanization process in the area involved.
- The implementation/adaptation of urban planning/land tools: Innovative, creative use that is geared toward implementation of existing tools (and future tools as well that could be developed from ongoing reforms) is critical to the success of the SAP. This requires the ability to change practices, as well as a degree of courage/risk-taking on the part of actors.
- The challenges associated with institutional (project) ownership and project management assistance (leading the process): Expected changes must be supported and encouraged at both the political and technical level, which requires:
    - Effective ownership/monitoring by the *Wali*, the sole authority with detailed knowledge of the challenges and local actors, and a supervising entity for these actors (municipalities, urban agencies, deconcentrated state departments, owners/real estate operators, and urban service operators).
    - Strengthened technical assistance/project design, in order to drive the process, coordinate studies, and link the two activities.
- Inventive financing/prefinancing design to help overcome this obstacle that could halt the entire process.
- Interest among developers is essential to their involvement, which is crucial as negotiations and partnership are the rationale and cornerstone of SAP efficiency. There must be benefits for these developers, and they must have confidence in the process and the advantages that they can derive from it, particularly in terms of transparency, timeframes relating to the authorization process and implementation, cost control, clarity, and compliance with rules.
- Free and open access (or through special financing under the operation) to data (cadastral and land data in particular) by all actors (e.g., land subdivision, owners' coordinates, land values, etc.), which is crucial to the analysis, discussion and negotiation of the overall project.
- Three or four pilot sites with a very high level of monitoring/ownership (*Wali* + at the national level) to test implementation using strengthened technical assistance: The SAP is a cultural revolution that, even if it could be immediately implemented using existing tools, entails a major change in practices. This type of change is never easy and the mechanism will likely be refined and adapted during its implementation. These adaptations could also inform discussions on regulatory changes. This process cannot be launched simultaneously on several sites as the various steps—design, coordination, monitoring, and crucial political support—would be too fragmented and would in all likelihood lead to a general standstill. Focusing initially on three or four pilot sites that are representative of the wide range of scenarios and are managed by volunteer local actors makes it possible to test the SAP and

draw lessons from these pilots in order to adapt the mechanism prior to its phased roll-out on a wider scale and potential widespread use as a major tool for collaborative urbanization.

7. Synthesis

Table 9: Implementing negotiated and privately initiated umbrella urban development projects

With Current Legislation	With Regulatory Changes
Public/private agreements (land subdividers/property developers, owners' associations, EIGs to carry out umbrella urban development projects on privately owned land Implementation of an overall project in a strategic reserve zone by decree of the Wali/Governor, with a 'parcel per parcel' validation mechanism if the provision is registered in the Land Use Plan (Tetouan) Establishing urban property owners' associations on a voluntary basis or at the instigation of the State or municipalities in project zones governed by the 1917 Dahir (Article 1, Dahir on urban property owners' associations) Organizing land subdividers/property developers into EIGs (Law No. 13-97 on Economic Interest Groups), a legal framework between a company and an association to pool resources and activities.	Creation of the Partnership Development Area (SAP) mechanism, which is based on joint construction and co-financing of urban development by public and private actors for the purpose of: • facilitating and organizing implementation and financing of umbrella development projects (urban expansion, urban regeneration) and the necessary facilities under the terms of contracts • combining urban planning, land, financial and tax provisions (both incentives and requirements) • providing free land for public use (roadways, public facilities) with equitable contributions from land owners, starting with the free contribution of 30 to 35 percent of the land area of the proposed site An SAP may be established in a zone covered in the Land Use Plan (projects' zone, strategic reserve zone, deferred development zone, zones open under certain conditions) on the basis of an order from the Wali or Governor and a decision of the relevant municipality, subject to validation of its opportunity and compliance with certain conditions (project specifications, coherent umbrella project, feasibility study, environmental study, validation by a local commission, etc.) An SAP requires reluctant land owners to share the development costs and expenses An SAP may be backed up by an urban land consolidation procedure and a mandatory group land registration procedure

III. Area of Action 2: Taxation and Local Resources

In this section, the guidelines and proposals relating to taxation and resources in the municipalities have been grouped together and developed in a broad framework to enable these municipalities to strengthen their urbanization support resources. This section is organized on the basis of principles and general guidelines that provide specific proposals in a table. This table spells out the current situation, expected changes, and implementation conditions and options, as well as the prerequisites for each proposal. The recent tax conference (State and local taxation systems) launched the reform of the tax structure of local governments that is broadly consistent with the proposals appearing below.[93] The proposals are outlined in detail in Deliverable 4 (supplementary report on resource mobilization in municipalities).

1. Principles and General Guidelines

[93]The report's recommendations were included in an initial note on February 2, 2019, a presentation to the technical committee on February 7 and the steering committee on February 28, a detailed note on March 5, a presentation to and discussion with the working group on local taxation established by the DGCL for the tax forum on March 20, and on April 10 in the supplementary report on resource mobilization.

Key findings:

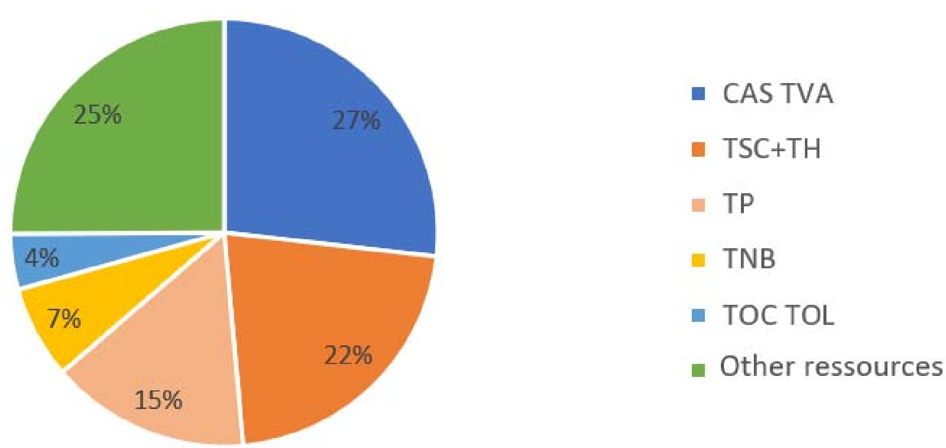
Urban municipalities are unable to invest sufficiently to cover their needs. In the 78 most densely populated municipalities in Morocco (those with over 50,000 residents), which include half of the population, annual investment in 2017 stood at DH 2.7 billion, essentially five times lower than the amount needed to boost growth in cities and provide adequate facilities. Although these municipalities have effectively kept their current expenditures in check, the lack of increase in own-source funds only allows for limited self-financing (net savings from debt repayment). Inadequate investment is attributable to this low level of self-financing (12.7 percent of all current revenue, or DH 1.8 billion in 2017) that has been observed in recent years.

Despite efforts, the tax system that had already been overhauled and streamlined under Law 47-06 is failing to yield sufficient revenue (**Error! Reference source not found.**).

- Revenue from transfers issued from the CAS TVA accounts for 27 percent of current revenue.
- Taxes administered by the State on behalf of municipalities (municipality services tax, residence tax, business tax) all account for 37 percent of the current revenue of municipalities with more than 50,000 residents. They reveal a glaring lack of coordination among the responsible government departments, as well as incomplete or unused databases.
- Revenue directly managed by the municipalities (the tax on undeveloped land, the construction tax, the subdivision tax, fees for the use of public facilities, revenue from properties, etc.) accounts for 36 percent of their current revenue. Local tax authorities typically have weak capacity, are under-resourced and undervalued, and are staffed by insufficiently motivated personnel.

  Owing to implementation shortcomings affecting the own-source resources of municipalities, taxes are for the most part not assessed, understood, or collected.

Figure 30: Current revenue of municipalities with more than 50,000 residents (TGR, 2017 data)



- The revenue collection system in place in municipalities has thus reached a breaking point, and is ill-suited to the urban development model. For example:

- The land tax and residence tax are based on purely theoretical rental values; changes do not take into account actual variations in property values.
- The business tax is levied on the fixed investments of firms and bears no relation to actual business activity.
- The amounts and procedures related to the tax on undeveloped land do not allow for its effective use in an accelerated urbanization environment and its application gives rise to interpretation problems.
- The construction tax and the subdivision tax (4 percent of the revenue) make only a marginal contribution to public facilities and the infrastructure costs associated with new urbanization.
- In practice, transfers from the State do not make an objective assessment (and thus measurable by elected officials) of the needs and special circumstances in the municipalities, particularly in fast-growing ones.
- The use of loans is constrained by the lack of visibility and assurance from the municipalities' authorities regarding the changing financial situation in their municipalities, as well as by the modalities for using the FEC, the largest lender in territorial communities.

The proposals outlined in this report stem from a realistic and proactive vision.

Cities are increasingly expensive and have more demanding citizens, more numerous sophisticated services, and increasingly stringent standards (environmental and social), etc. These services and facilities come at a cost that must be paid. Otherwise, cities will be beset by problems, creating significantly higher costs for the authorities.

Financial transfers from the State, which already account for 27 percent of the operating budgets of the 78 cities (general allocations from the CAS TVA), cannot be increased to the required level. Any reform of the resource collection system in urban municipalities must incorporate the fact that the CAS TVA should in all likelihood support the most disadvantaged communities which, unlike cities, lack the potential to generate their own resources.

The goal is the self-financing of urban development, in other words, with as few state subsidies as possible. This should be an attainable goal for many Moroccan cities. The reforms to be undertaken must allow as many of them as possible to achieve this goal.

Far-reaching reform is the sole meaningful approach for tackling existing urban development challenges and requirements. This reform must use innovative methods and approaches to mobilize the tax resource potential of cities. Article 146 of the Constitution sought to initiate tax reform by stipulating that "the origin of the financial resources of the territorial communities" must be covered in an organic law. This legal rationale therefore provides an opportunity for a major overhaul. These reforms should pave the way for a significant increase in resources and allow cities to make the investments needed to meet their needs, without additional support from the State.

Local tax reform must be guided by a number of simple principles that will contribute to a successful outcome: equity, simplicity, and efficiency.

The most efficient resource collection system must, in view of the resulting broader tax base, ensure that the tax burden does not increase for those that are currently paying the correct taxes.

Box 11: A Tax on Undeveloped Land Based on Market Values in Tunisia

In Tunisia, the tax on undeveloped land (**TNB**) is assessed, with an option for municipalities, on the actual market value of land (updated continuously based on deeds of sale, information gathered by municipalities [registration unit] from real estate agencies, etc.) or, alternatively, on the amount from the application to the land surface area (square meters) of an incremental per square meter rate, based on the density of the urban areas demarcated by the land use and urban development plan. The rate is established by decree for each area every three years. The tax rate is 0.3 percent, which is also established by decree.

Box 12: Higher Development Tax in France (sub-municipality zones)

In France, the project manager must pay a development tax for all construction works. This tax is calculated per square meter of buildable land, based on a rate set each year by the central government. A rate is applied to this value to calculate the amount due, which does not exceed 5 percent for municipalities (or inter-municipal cooperation entities with urban planning responsibilities), 2.5 percent for departments, and 1 percent for regions.

The municipalities agree on this rate in the Municipal Council meetings but may also establish sub-municipality zones in which a higher development tax (between 5 and 20 percent) is applied, based on estimated additional facilities requirements in these urban areas to be densified or urbanized. Discussions must, in this case, justify the rate calculation. The proceeds of the tax are included in the municipality's general budget.

This example shows how a tax can be adjusted in sub-municipality zones, based on their specific targets/objectives.

Box 13: Tax Increment Financing in the United States: allocation of tax revenue to specific territories/projects

Tax Increment Financing is a widely used tool in the United States. It is designed to prefinance urban regeneration in a city's degraded areas using future tax revenue derived from this renewal process. In a given zone, the proceeds of tax revenue allocated to the municipality's general budget are capped, and any additional amounts are allocated for repayment of loans contracted for investments (infrastructure, facilities, public spaces, etc.) made to redevelop the site.

Even if this is a highly sophisticated tool for Moroccan municipalities, based on a high property tax and property market values and is financially risky (in many cases, the redevelopment outlook is inaccurate and additional tax revenue falls short of expectations), this example demonstrates the option and value of allocating tax proceeds (or a portion thereof) from a given zone to this same territory for specific investments.

Box 14: Sale/transfer of construction rights in Brazil

Under a 2001 federal law (City Statute Law), Brazil introduced the principle of including in land use plans (*planos diretores*) the regulated sale of additional construction rights with limitations. This mechanism, which has been tested by several municipalities, authorizes the purchase from municipalities of construction rights beyond the basic construction authorization up to a maximum amount in established zones within the municipality, with each zone having the ability to set its own rules. The municipal authorities determine the cost of these rights and their proceeds are allocated for a specific purpose (typically a fund for the urbanization of neighborhoods with inadequate facilities such as São Paulo or for social housing such as in Curitiba).

One variant of this mechanism is the certificate of potential additional construction (CEPAC), which is also regulated in the City Statute Law and will be addressed in a municipal law. These rights are sold to the highest bidder on the financial markets (in Brazil, the São Paulo stock market) and may be resold until they are associated with a construction project. They cover an established zone and the revenue earned must be used for a predetermined works project in this zone.

1. Nine Proposals for Improving the Tax and Financial Resource System in Municipalities

The proposals presented below in summary form relate to tax revenue, as well as State transfers and loan revenue. A more detailed presentation is provided in Deliverable 4 (supplementary report on resource mobilization in municipalities).

Table 7: Nine Proposals for Improving the Tax and Financial Resource System in Municipalities

Current Situation	Recommended Change		Legal Feasibility	Prerequisites
1. The current land (TSC) and property (TH) taxes are inequitable and unmanageable.	A new land tax (TF) has replaced the TSC and the TH, as well as the real estate component of the TP. It is based on property market values.	The new land tax proposal includes the following characteristics: • The owner of the property is responsible for paying the tax • The tax base is the updated market value of the property • The tax rate is set by the municipality based on a range established by decree • The rate may be adjusted based on the sub-municipality territory and adaptable over time • It also to allow for deductions to encourage the introduction of certain types of uses in certain areas in the municipality (economic activities,) The preparation of a regularly updated listing of land and property market values is the cornerstone of this reform. The efforts undertaken by the DGI and ANCFCC in this regard must be stepped up and expanded.	Legislative changes required (law on local taxation)	
	The tax on undeveloped land (TNB) can be likened to the new TF.	The tax on undeveloped land could easily be administered at the same time as the TF, but by maintaining specific margins to maneuver. It should be adjustable in order to promote construction on/development of urbanizable land in certain areas based on a higher rate in a sub-municipality zone and/or incremental increase of the tax rate over time. Exemptions could be extended for land developers and property developers (5 to 15 years instead of the current 3 to 7 years), with the retroactive application of the tax if the undeveloped land is sold. The tax on undeveloped land could eventually be replaced by a simple low-density surcharge.	Legislative changes required (law on local taxation)	

Current Situation	Recommended Change		Legal Feasibility	Prerequisites
2. Economic taxes	An economic tax replaces the current business tax, which is now levied on the buildings and facilities of a business.	The tax should preferably be based on the added value, which is the best indicator of a firm's taxable capacity and level of business activity, and is least susceptible to large fluctuations. This tax must not increase business taxation, without prejudice to varying tax bases. A simplified tax system (as is currently the case for the TP) would be applicable to businesses and professions not required to submit financial accounts.	Legislative changes required (law on local taxation)	
	Small taxes on certain specialized business activities can be subsumed into the new economic tax.	The economic tax should include a grossing-up ratio for certain types of activities, if legislators intend to continue to distinguish them from other activities. This would therefore apply to the visitor's tax, taxes on licensed drinking establishments, mineral water, and quarries.	Legislative changes required (law on local taxation)	

3. Contributions for new facilities. In view of the actual cost of facilities and infrastructure associated with urban development, the contributions paid by recipients of construction authorizations are extremely small.	Contributions for new facilities and infrastructure are being encompassed in regulations. Only water, sanitation, and electricity service providers are currently collecting regulatory contributions, which are effectively covering the needs associated with these services. The mechanism is expected to be extended to all types of facilities that are needed to support urban development.
	These contributions would replace the current construction and subdivision taxes, as well as contributions or taxes for road works, whose regulatory structure is ineffective.
		The system's mechanism would entail:
		• The identification of several types of facilities created by urbanization development: road works and parking facilities, public spaces, water, sanitation, electricity, street lights, but also potentially urban transportation, waste management, social and cultural facilities, etc.
		• For each type of facility: the preparation of a scale with a per square meter construction cost, based on an estimate of the overall cost for each type of facility, adjusted by:
		  • type of usage (residential, industrial, facilities, etc.), and/or possible desire for equalization (lower contribution for social housing, for example)
		  • area in the municipality based on facilities requirements (for example, an "existing city" zone and an "urban expansion" zone.
		Contributions would go to the entity (municipality, ECI, delegated body, State-managed entity, etc.) with responsibility for constructing the planned facilities and infrastructure.
		
		Contributions for the building permit or for the transfer of undeveloped land following urbanization could also be made:
		  • as an in-kind land payment
		  • by constructing certain facilities
		
		For certain projects, particularly industrial projects, the contribution could be based on the project's physical
			Legislative changes required (law on local taxation, regulations on urban planning)	MATNUHPV/ DGCL collaboration required

Current Situation	Recommended Change		Legal Feasibility	Prerequisites
		characteristics (flow and/or power requirements) instead of the surface area.		
4. The establishment of a shared geographic information system (GIS) for all administrations	To ensure the efficient implementation of several tax reforms, a wealth of data, in particular market values, must be geolocalized using a GIS.	The General Directorate of Taxes would be responsible for managing the GIS, adopting compatible standards and overseeing the possible inclusion of land and urban planning data. Another option would be to align it with the GIS that the ANCFCC is preparing to develop. In any event, technical coordination among the relevant major administrations is critical.		DGI/ MATNUHPV / DGCL / ANCFCC collaboration
5. State transfers from the CAS TVA are unable to help meet the needs of urban municipalities, and allocation rules are unclear.	Management of the CAS TVA budget should adhere to several principles: • Clear rules, transparent allocations, • Principle of solidarity with the least wealthy municipalities, • Special assistance to fast-growing municipalities, • Assistance for municipalities that have adopted good management practices, • Direct appropriations in the budgets of municipalities, preferably the investment budgets.	With regard to urban areas, financial allocations from the CAS TVA should gradually and increasingly: • Be applied on a wider scale and, unless otherwise stipulated, not be earmarked for specific expenditures • Be deposited under facilities; only municipalities where State assistance is needed to balance the operating budget may receive an equilibrium allocation • Be contingent upon an evaluation of management performance	Regulatory changes required. A law seems unnecessary.	
6. Dedicated revenue for certain public services. The increase in the municipalities' general own-source revenue may be inadequate to finance certain public services.	Certain services such as public transport, sanitation, and solid waste treatment would justify an increase in current revenue or the provision of dedicated revenue.	In the case of urban mass transit services requiring increased investments and high operating costs, consideration should be given to parafiscal revenue (based on automobiles or businesses responsible for mass transit). A significant increase in sanitation fees and improved collection/enforcement regarding discharge fees are critical.	Legislative (law on local taxation) or regulatory (sanitation fee amount) changes required	
7. Increased accountability of elected officials is critical to adherence to the management principles enshrined in the Constitution and for optimized public service costs.	Financing urbanization is largely contingent upon the quality of management and its effective compliance with the rules governing accountability, transparency, and contributions. The most successful municipalities should be rewarded.	Sound management by the authorities, which is impartially evaluated using objective criteria, should be acknowledged in the following manner: • Increased allocations from the CAS TVA • Greater tax policy autonomy with a wider range for setting tax rates.	Mainly regulatory changes	

Current Situation		Recommended Change		Legal Feasibility	Prerequisites
			• Other nonfinancial flexible management practices (HR management, shared responsibilities, etc.)		
8. Pooling responsibilities in agglomerations is still at an early stage and must be encouraged.		Only a few inter-municipal cooperation entities have been established to assume difficult and basic responsibilities. Optimal management and development of essential facilities must be carried out at the agglomeration level.	Various steps can be taken to expand inter-municipal cooperation: • Definition of a robust, sustainable financing mechanism that is based on either a portion of the municipalities' general revenue or on an additional rate • Definition of relevant areas (geographic and boundaries and responsibilities) for agglomerated zones; potential merging of municipalities, similar to the 2002 reform on the Unity of the City initiative. • Financial assistance conditional on observance of the defined areas	Legislative changes	
9. Use of loans. Moroccan municipalities have little debt and still make too little use of loans as a means of boosting local public investment.		The FEC enjoys a de facto monopoly on loans to local governments. Its commitment level has increased without a concomitant benefit to Moroccan cities. In addition, their weak financial position and the lack of transparency regarding developments are not conducive to borrowing. Moreover, although borrowing conditions have improved, they remain unattractive.	The increased use of loans is contingent upon: • Greater solvency of municipalities that can only be ensured by a significant increase in their own resources. • Greater financial predictability (regarding revenue, investment programming) • The development of the role and methods of intervention of the FEC (including through the option of lending to organizations and operators responsible for delegated project management, as the existing legal framework governing the FEC only makes provision for lending to territorial governments and their groups)[94] and the opening up of the loan market to these governments are desirable\ The main municipalities should receive a credit rating on a regular basis.		

[94] Proposal conditional on the completion of the reform of the law governing the FEC, which is currently under discussion.

3. Well-Defined Guidelines by the Tax Conference and Some Key Points

Taxes and fees from local governments were the main topic of discussion at the tax conference held in May in Skhirat. The main recommendations of this report are in line with the conclusions of the conference, at which the following decisions were made:

- "Replace land taxes based on rental values and the tax on undeveloped land (TNB) with a land tax based on market values" (point 3.3 of the conclusions of the tax conference).
  - *This point relates to proposal 1 in the table above.*
- "Establish a juridical framework (legal and regulatory) for a State listing of real estate prices that is efficient and updated on a regular basis" (1.8).
  - *This point relates to proposals 1 and 4 in the table above.*
- "Reform property taxation to achieve greater social justice and economic rationality" (3.1).
  - *This is expected to specifically result from market value-based property taxation.*
- "Impose a surtax on property values that have increased as a result of a change in land status (3.1).
  - *This increase in value will be taxed over time by means of the future land tax, because the related tax bases will be regularly updated. It could be argued as well that the IRPF should be shared between the State and the relevant municipality. This proposal was, however, not advanced in this report.*
- "Replace the business tax currently being levied on investment with a tax that takes account of commercial activity" (2.2).
- "Replace the flat-rate system for low-income local activities with a single local business tax (CPU) incorporating the income tax, business tax, and social security contributions" (3.3).
  - *These points relate to proposal 2 in the table above.*
- "Introduce a special tax on unproductive land and speculative activities" (3.1).
  - *This point relates to proposal 1 in the table above (concerning undeveloped land).*
- "Assess and streamline the local tax system and parafiscal taxes...to ascertain their continued relevance" (2.4).
  - *Several taxes can be eliminated or subsumed into others (e.g., the tax on drinking establishments or the tax on mineral water that could be incorporated into the new economic tax; cf. proposal 2 in the table above. However, fees relating to payment for services or to public property appear largely to be justified).*
- "Interoperability of the information systems of the administrations" (4.3).
  - *This point relates to proposals 1 and 4 of the table above and is developed below.*

In addition to the guidelines adopted by the conference and in line with the recommendations of this report, three topics require particular attention and should also be accorded priority status to ensure the smooth functioning of the future resource system for municipalities.

1. Contributions to new facilities (Proposal outlined in No. 3 in the table above and described in detail in Deliverable 5 [supplementary report on financial resource mobilization in municipalities, Section B IV]). While the conference clearly established that local taxation must be based on two key components (revised land and economic taxes), revenue collected for construction on new land should be the third component. This is the proposal being put forward of a regulatory contribution system for new equipment, which establishes for each type of facility a square meter scale (single scale for the entire municipality or a specific one for the different areas in its territory). It would replace the current construction and subdivision taxes, and is expected to be close to the actual cost of facilities and infrastructure that new urbanization involves or incurs. In fact, this system would only serve to include in the other types of facilities the system established by Law 30-89 (article 79) for sanitation or many other contributions or connection fees collected by service providers.

2. The creation of a listing of market values must be supported by the establishment of a Geographic Information System (Proposal No. 4 in the table above, mentioned in Deliverable 5, Supplementary report on financial resource mobilization in municipalities, Section B III/3). It may entail: (i) a single, multi-layer GIS, with each relevant administration or institution managing the one of direct relevance to it; or (ii) several GISs that meet the same standards to ensure system interoperability. In addition to the tool itself, the organization, definition of information flows, and procedures for cross-use of data, etc. must be specified.
In addition to the land, cadastral, and tax "layers," the GIS (single GIS or interoperable GISs) should include urban planning data on construction rights and constraints, division into areas (SAP, contribution scales, etc.), contain street address information, and data providing the locations of water and electricity service providers, etc.
The availability of this kind of tool is key to the smooth implementation of the future land tax, and to urban planning and development. The relevant major public administrations (DGI, ANCFCC, MATNUHPV, municipalities) and the other relevant actors (e.g., service providers) must work together to make this a reality. This is therefore a critical agenda requiring a robust, structured approach.

3. The incorporation of inter-municipal cooperation in local taxation reform (Proposals 6 and 8 in the table above, and described in detail in Deliverable 5, Supplementary report on financial resource mobilization in municipalities, Section B VII/3). The ECIs currently have no own-source revenue, despite a responsibility to build their capacity and assume responsibility for some of the costliest public services (e.g., public transport, waste collection and treatment) in their respective agglomerations.
The tax dimension of inter-municipal cooperation must be addressed at the same time as municipalities' resources are being redefined. There is a significant risk—except in the case of the ECI's budget, which is funded solely on a voluntary basis by member municipalities—of a lack of cooperation among these municipalities, impeding the ECI's ability to discharge its responsibilities. Urban development, which depends primarily on the roll-out of these major public services, would be severely constrained.

4. Synthesis

Table 8: Financing urbanization through more effective taxation and an increase in the financial resources of municipalities

With Current Legislation	With Regulatory Changes
Local taxes	
Increasing local tax revenue (Municipality Services Tax, Residence Tax, Business Tax) by introducing a more comprehensive and more up-to-date tax assessment process (see Area of Action No. 2) and better coordination between assessment, issuance, and collection.	Property Tax (to replace the Municipality Services Tax, the Residence Tax, and the property component of the Business Tax) and a Tax on Undeveloped Land based on periodically updated market values and unified management (assessment, issuance, and collection) Higher Tax on Undeveloped Land that is incremental over time in specific zones (boundaries and rates to be determined by the municipality) to promote land development and limit speculation
Contributions	
Water, sanitation, and electricity (WSE) infrastructure financed by regulatory contributions determined on a case-by-case basis or by a flat rate per square meter and paid to obtain the building permit. Voluntary contractual contributions to finance WSE infrastructure, of public equipment land and of some roads via EIGs (paid in installments between the building permit and the occupancy permit) (Art. 20 of Law 25-90), developers' associations and/or in exchange for exemptions in the Land Use Plan. Mandatory contribution to development expenses within a zone managed by urban property owners' associations (Art. 9 of the 1917 Dahir) *"Possibility for the members of a property owners' association to relieve themselves of responsibility for the facilities work for which they are responsible by surrendering land*'' (in kind) (Art. 4 of the 1917 Dahir on urban owners' associations) Financing from the budgets of the municipalities and relevant ministries (prefinanced in some cases by the Directorate of State Land via the State Reinvestment Fund [FRD])	Incorporation into urban planning and/or local taxation of the principle of contractual contributions from private builders and developers to finance urban development infrastructure Principle of regulatory contributions expanded to include roads, street lights, public facilities, and even services such as transportation, waste management, etc., calculated as a function of actual costs and paid to obtain a building permit or to transfer undeveloped land, in lieu of the Taxes on Construction and Subdivision Payment of taxes and contributions in kind (land) expanded and adapted to finance some or all of the infrastructure investments Authorization for public authorities to sell some of the land contributed by land subdividers/developers (cf. Area of Action Area No. 2) on the open market (housing, businesses, offices, etc.) to finance some or all of the infrastructure investments Clarification of the status of investment expenditure with regard to the VAT and the Corporate Income Tax (EIG and Construction Fund [FDT]).
Prefinancing and guarantees	
The Solidarity Fund for Housing and Urban Integration (FSHIU) provides repayable. advances to municipalities[95] for urban development, prevention, land-related actions, etc. Deduction from CAS TVA transfers if municipalities fail to repay their loans from the Capital Development Fund (FEC)	Extension of deduction of annual payments from the CAS TVA to include private bank loans to municipalities Financial guarantees and/or system of interest subsidies supplemented by the DGCL (CAS TVA) the MATNUHPV Simplified borrowing procedure to prefinance WSE infrastructure for the FDTs (4 agglomerations under delegated management), e.g. through a specific legal entity

[95] Reorganization of the FSHIU in line with the 2018 roadmap for stimulating the housing sector.

Implementation of guarantee schemes for the full payment of voluntary contributions in an EIG (provisional seizure on the land title, bank guarantee, discharge prior to issuance of the provisional acceptance or residence permit) Option of loans through State-managed WSE operators or FDTs for concessionary services (but the arrangements are complex in the latter case)	Capital Development Fund (FEC) loans for delegated project management bodies to prefinance urban development, umbrella urban development projects, etc. (in line with ongoing reforms)

IV. Area of Action 3: Urban Planning and Development

This section develops the guidelines and proposals in line with urban planning, and the goal of optimizing urbanization costs and assuming greater responsibility for its financing. These proposals focus on operational aspects, and the resources and tools that must be mobilized to implement urban development in a more effective and proactive manner.[96] The partnership development areas (SAP) provide the ideal context for the application of most of these proposals.

This section is organized around principles and general guidelines that provide specific proposals in a table. This table spells out the current situation, expected changes, and implementation conditions and options, as well as the prerequisites for each proposal.

1. Principles and General Guidelines

The principles and guidelines that inform the proposals for improvements are as follows:

1. **More flexible, implementation-oriented urban planning.** A shift toward a more flexible and evolutionary approach to urban planning is needed to adapt to new urban development methods and economic dynamics. This principle aims to avoid rigid urban planning by making the provisions and content of the documents more flexible, and by leveraging relevant current options under the law. It also proposes provisions and rules to introduce the necessary flexibility in operational project documents in the early stages, but also requires more detailed planning and specifications that are much more voluntary and binding. Coordination between urban planning documents, programming, and implementation is critical. Urban planning must therefore not be seen as an end result, but as an urban development tool that will foster ongoing flexibility and adaptability in documents, their programming, management, implementation, and monitoring, using multi-actor management and coordination tools to support processes, make and implement decisions, make adjustments and trade-offs, etc. This entails changes to the Land Use Plans beyond their regulatory function by seeking to promote more ‘‘programmatic’’ and operational content in view of the various urban challenges and issues. A Land Use Plan should be the key instrument for guiding the development of urban municipalities and the preparation of coherent projects for urban regeneration, expansion, upgrading programs, etc. It must, to the extent possible, be coordinated with the other sector planning documents or investments (municipality action plan, sector plans such as the relocation plan or master plans for water, sanitation, etc.).

[96] Broader proposals for changes to the urban planning system have been developed in the 2019 study “*Système de Planification Urbaine au Maroc – Propositions et Recommendations*.

2. **The use of negotiations and partnerships between public and private actors as the main operation method.** Processes based on negotiation, incentives, and public-private partnerships must be encouraged. This entails the use of exemptions, which pave the way for negotiations and contributions. However, exemptions must be incorporated in a framework that is better regulated than the current one, to build the capacity to organize urban development that is consistent with the existing urbanization process and/or in the context of urban planning projections. The challenge in achieving this goal entails shifting from full-scale exemptions under uncertain and ultimately costly conditions, toward optimized urban programming and development that is agreed upon between public (urban agencies, urban service operators, municipalities) and private actors. This entails facilitating the implementation of negotiated umbrella operations in zones identified for this purpose by using incentive, coercive, and binding measures to boost private land production. One of the tools for achieving this goal will be to build on existing traditional practices (agreements involving exemptions, EIGs, owners' associations, etc.), provided they are supported by new urban development action methods and procedures between the stakeholders (municipalities, the State, urban service operators, landowners, public and private land and property developers). These new processes involve the inclusion through urban planning and regulations (such as with local taxation) of the principle of contractual contributions of private builders and developers to the financing of infrastructure for these operations.

3. **Coordination between urban planning and land-related actions.** These two aspects are currently completely disconnected from each other. Greater importance must therefore be accorded to land issues in planning documents, which must also include pre-operational tools with a view to coherent planning and development of the areas to be urbanized in line with the Land Use Plans (which is what the municipalities are expected to undertake in accordance with Law 113-14, article 85).[97]

4. **More equitable sharing of urbanization costs with and among landowners.** To achieve this objective, the rules and procedures governing the contribution of land subdividers, developer/builders, and landowners to urban development, as well as the profits generated, must be modified, as follows:

- The roll-out and extension of the principle of contributions to urban development financing through free land transfers. This provision, which already exists in the law (articles 30, 31, 37, 38 of Law 12-90), should be extended to cover uses other than roadways, mirroring those uses adopted for exemptions, and transfers of State land to public developers,[98] in the land use regulations of certain urban agencies and urban legislation in many countries (e.g., Spain, Germany and India).
- The inclusion through urban planning and regulations (such as with local taxation) of the principle of contractual contributions of private builders and developers in the financing of infrastructure. This provision must allow municipalities to require that landowners or real estate operators contribute to urban project financing (major general expansion or urban regeneration operations), so that the profits realized from the construction of these facilities can be reinjected in the financing of these projects.

[97] Article 85. Section III Urban planning and territorial development; application of the provisions set forth in the land use plan and PDAR and "opening up of new zones to urbanization in accordance with the procedures and conditions laid down by law." (Cf. Section III.)
[98] With respect to the State land tax base, there is a requirement nonetheless for public developers (Al Omrane, etc.) to transfer free of cost, or even sell at the actual price, land needed for the construction of public facilities.

Box 15: Contributions to urban development financing via free land transfers: the case of Spain

Contributing to the financing of urban development by means of free land transfers is a recognized mechanism used in many countries.

In Spain, the Constitution has, for example, made provision for the principle of contribution by owners to the profits derived from urban planning.[99] The law therefore provides for the free and forced transfer to municipalities of land earmarked for public projects such as public streets, green spaces, and community facilities, as well as for between 5 and 15 percent (maximum of 20 percent) of building rights for any purpose chosen by these municipalities.

In exchange, the administration guarantees the owners of a given zone an equitable share of the use value generated by urbanization. A land consolidation mechanism known as a "*junta de compensación*" (owners' association) is used to facilitate this distribution and handover of land earmarked for public projects.

The compensation system allows members of the "*junta de compensación*" to pool their land and consolidate it to execute a development project. Under this mechanism, the initiative is the responsibility of the majority of landowners, once they hold more than 80 percent of the land surface area designated a zone for development (*zona de actuación*), or automatically of the municipality. The majority of the landowners who want to undertake and finance a development project can then compel a reluctant minority, by means of expropriation if necessary, "thereby blending a private actor approach with the exercise of public authority prerogative." The operation is, however, generally based on the initiative and voluntary service of landowners. Landowners who cannot or do not wish to participate in the operation can provide notification to the "*junta de compensación*" to purchase their land. They are paid the market value, which is an important tool in the system.

The "*junta de compensación*," which defines its own statutes, is a public entity to which the local government belongs. Unlike the French AFU, which has experienced limited success, "this is the most widely used land development procedure in Spain, reportedly accounting for between 30 and 40 percent of urbanization."[100]

Box 16: Consolidation and sharing of the land profits as a means of financing Town Planning Schemes (TPS) in India

In Ahmedabad in the Indian state of Gujarat, the TPS procedure has made it possible to overcome the constraints of ineffective schemes for town planning and the production of community facilities, by adopting an approach that involves private landowners in the financing of land development. This mechanism allows a development authority to pool private land under a partnership with the landowners, provide infrastructure, and construct the necessary public facilities in accordance with a town planning scheme.

The TPS financing principle is based on the collection by the operator of a portion of the appreciation in value of a parcel of land (amount between its initial value and its estimated value at the end of the operation). Under this system, the development authority calculates the difference between the land compensation cost of each property (which may be as high as 50 percent) and the amount corresponding to 50 percent of the recorded increased value to be paid by the landowner-property developer (in the form of improvement fees). Where these fees exceed the land compensation cost, which is usually the case, the landowner must then pay the surplus to the government in instalments over 10 years.

This allows the development authority to recover the cost of building facilities on the land through improvement fees and the sale by auction of land made available to it (typically 15 percent of the total land area), a key aspect of the financial viability of the TPS.

The success of the TPS is largely attributable to the equitable sharing of the financial benefits generated by the TPS between the public authorities and landowners, and to respect for property rights. Moreover, the process is

[99] Art. 47: "The community shall participate in the profits generated by the urban planning activities of public entities."

[100] Vilmin, T., Renard, V. 2002. « *Analyse comparative de structures d'aménagement en Europe* (Germany, England, Spain, Italy). CNRS Report.

democratic, participatory, and transparent: proposals are reviewed at several stages with various types of participation and consultation throughout the operation. The TPS is also supported by a legal framework that very clearly defines the process, implementation stages, and the role of the public and private actors. The TPS is implemented without subsidies, a contributing factor to its success.

However, preparation and approval timeframes are too long, leading to management and corruption problems. In the absence of a record and reliable benchmark prices, which often leads to abuses and objections by the landowners, the administration also finds it difficult to correctly assess land values. One final major limitation of the TPS is the frequent disparities in financial arrangements, owing to the increase in real development costs caused by delays. This ultimately compels the government to subsidize the operations and benefits households that often have adequate incomes.

This tool,[101] which has been in use since the 1970s and has made it possible to develop and build facilities in major areas in the city of Ahmedabad (several hundred TPSs), is now being implemented in other states such as Maharashtra.

[101] Inherited from English urban legislation.

2. Ten Proposals for Urban Planning Development

Table 9: Ten Proposals for Urban Planning Development

Current situation		Recommended Change		Feasibility	Prerequisites
1. The land use plan is currently essentially a regulatory document	→	The land use plan retains its regulatory function, but at the same time, is evolving into a document to guide the development and land use in municipalities.	The land use plan must include a PAAS aimed at facilitating its implementation, which includes the following: proposals for land use planning and land-related actions, urban regeneration projects, projects or interventions associated with the relocation of slum dwellers, dangerously rundown housing, housing with few amenities, proposals for major public interest facilities, etc. It should, therefore, be coordinated with investment planning tools (including Municipality Action Plans) as well as sector-based tools (transport, water, sanitation).	Legislative changes required	
2. Urban planning rigidly establishes the approach of major expansion areas independently of changes and uncertainties in the market	→	Urban planning strengthens regulatory mechanisms as well as conditions for the opening up of zones to be urbanized (sequencing, pre-operational zones, coordination of urban planning /network and land use planning, etc.)	Urban planning documents (SDAU, land use plan) should justify the choice of urban expansions and outline the planned sequencing by indicating the conditions for opening up to urbanization (cf. point 4), particularly in relation to the expansion of infrastructure networks (roads, sanitation, transport).	With current legislation	
3.1. Urban planning has not defined the relationship between the documents (SDAU, land use plan) and their implementation.	→	Once the urban planning documents are approved, they will be used to develop a multi-actor implementation and monitoring-evaluation mechanism	This mechanism takes the form of a local mixed entity (Urban Agency, *Wali*/governor, municipalities) for management and coordination of implementation of the SDAU and land use plan that is responsible for the following: • Program priority actions (studies, projects, operations) and area activities (urban planning, infrastructure, housing, transportation and relocation, activity) in the SDAU. Establish a road map for municipality-level actions to implement the PAAS addressing the following: o actions to be undertaken and resources to be mobilized (with identified financing sources) in light of the implementation of article 85[102] of Law 113-14, the land release program (decrees on boundary markings (*alignment*), deeds of transfer for access roadways designated in the land use plan), definition of the zones for land-related actions, land development program in line with projected expansion of the plan	Legislative changes required	MATNUHPV / DGCL coordination necessary

[102] Opening up of new zones to urbanization as defined in Law 113-14.

Current situation	Recommended Change		Feasibility	Prerequisites
		o The identification of projects or actions aligned with the program on housing, infrastructure and networks, facilities, public transportation, etc. • Monitoring of implementation of this road map and coordination of the various main actors		
4. The principle of a "strategic reserve" was introduced in the urban planning regulations, but without any real oversight.	The strategic reserve zones are replacing deferred development zones (ZUD) or zones to be urbanized under specific conditions and in a prescribed manner, with the possibility to make changes thereto and to assign them to coordinated land use projects based on rolling programming	he opening up of a ZUD to urbanization is dependent on the following: equired justification (assessment of the existing situation in the areas that ave already been opened up, development and investment opportunities, tc.) in line with the guidelines of the SDAU or the land use plan if there is o SDAU; xecution of a coherent umbrella project; ompletion by an operator/developer, the Urban Agency, or a municipality f a feasibility study detailing the proposed program (umbrella EIG-type peration, land consolidation operation), conditions governing network onnections, storm water management, mass transit services; n environmental analysis or environmental impact study, as needed; alidation by a local committee and after the possible preparation of a aseline plan and a plan containing guidelines for development.	Existing legislation, with the possibility of recourse to article 19 of Law no. 12-90 and Circular S/N 08802 Legislative changes eventually required	
5. The exemption has given rise to negotiation between public and private actors (EIG-type investor groups, landowner cooperatives) and to financing agreements and agreements to perform facilities works on and off site urban projects	A partnership development area (SAP) regulatory mechanism is negotiated and adopted based on integrated urban planning, land, financial, and tax provisions	An SAP allows the local government to authorize a comprehensive development project in exchange for the contribution of developer/builder owners to the cost of performing the works off site and to land for public road and facilities works. In return, concessions and accommodations are granted to developers (flexibility in urban planning arrangements, programming, construction rights, public/private sharing of responsibility for the costs of off-site facilities, ease of payment of contributions). An SAP gives rise to a multi-actor collaboration mechanism and a pre-urban planning review in which the relevant develop/builder landowners are involved. An SAP is underpinned by provisions (regulatory, tax, etc.) that need to be strengthened or created, encouraging and/or compelling reluctant landowners[103] within a defined zone to transfer their land and/or contribute to development expenses. An SAP provides an ad hoc mechanism for project ownership, coordination, consultation, and support.	Existing legislation for a number of provisions via the current options in Law 12-90 (article 20, article 19), of circular 08802 Legislative changes to be eventually planned	MATNUHPV / DGCL coordination necessary, particularly on the tax issue
6. Opening up of an SR zone requires the adoption of a land use plan for the area or amendment of the land use plan as prescribed by law.	An SAP can be created in an opened-up zone in a land use plan or an SR/ZUD zone by order of the *Wali*/governor based on an initiative		Legislative changes required	

[103] As provided for in the 1917 dahir on urban owners' associations103 and implemented for the Oulad Hadda EIG (inclusion in the regulations for the land use plan for the area of a requirement for the owners filing an application for a subdivision permit to pay their share to the EIG).

Current situation	Recommended Change		Feasibility	Prerequisites
	led by the relevant owners/property developers or the Municipality, and on specific regulatory conditions (cf. point 4) and specifications to be met.			
7. Land contribution from land subdividers/builders generally remains[104] limited to public road works	A contribution, free of charge, of between 10% and 15% of land is applicable to subdivision/construction works for community and public interest facilities, or even aggregated with the transfers of public roads for a free overall contribution of 35%.	This contribution is calculated based on the gross property tax of a parcel of land and assigned to (i) socio-collective facilities (education, health, social, etc.) or to the relevant sector departments based on projections in the land use plan or sector needs, or (ii) the municipality, which can construct facilities on its own, open/green spaces, or (iii) transfer a portion of the land to build private facilities of public interest (four hammam, nursery, private school, etc.), community activity zones, or even potentially more broadly for commercial or residential use transferred by auction to finance facilities in the area. Assignment of this contribution when no space is provided for in the land use plan on the land in question is applicable based on urban zone regulations and the established rules and procedures. A transparent mechanism for transferring land reserved for the EPIG is established (sale by auction, etc.) by the municipality or via the State Land Directorate. Only the upper limit of 25% of the land area is taken into account in calculating the contribution for public roads (which would open up the possibility of the free transfer of accessways exceeding 20 meters (2x10 meters) up to the maximum 25%).	Existing legislation for a number of provisions via the current options in Law 12-90 (article 30, 37, 38) Legislative changes to be eventually planned	
8. The provisions of a land use plan (reserved for public facilities, public roads) are established in spite of the options offered by Law 12-90 (article 19, authorizing specific amendments)	Circular 08802/2013,[105] specifying the framework and the implementation conditions for possible changes to the land use plan via article 19, is widely implemented by urban agencies and review committees. An amendment to article 19 of Law 12-90 is introduced in order to specify the scope (explicitly including roads and facilities) and the conditions for possible changes to the land use plan. Flexibility in the location of public facilities and/or road layouts within the SAP is included in the regulations governing them.	The ad hoc project monitoring and support committee, on the recommendation of the urban agency or municipality, gives consideration to inclusion of potential changes and complaints from property developers in the overall plan.	Legislative changes to be eventually planned	

[104] With the exception of initiatives by a number of urban agencies imposing a percentage of free space or sometimes even for facilities in the planning regulations, requiring public operators to transfer, free of charge, the land needed for public facilities in the case of State land tax base.

[105] Circular relating to the simplification of provisions for land use plans S/No. 08802 of May 29, 2013.

Current situation	Recommended Change		Feasibility	Prerequisites
9. The LOC and the construction rights are established in the land use regulations except in the case of exemptions	Expanded construction rights in the form of incentives or contributions (to land for public roads or community facilities beyond the planned quota, to the construction of these facilities, etc.) are encompassed in the urban planning regulations.[106]	This possibility in particular is available to the SAP in the context of the definition of the project, its financing arrangements, and the calculation of owner/private investor contributions to the construction of the off-site public infrastructure or public facilities beyond the regulatory 10%	Legislative changes required	
10. Urban planning is not linked to land-related action	Access to the land register is facilitated when the urban planning and operational urban planning documents are prepared.	Access to the land register for Urban Agencies, as well as Municipalities	Existing legislation for the urban agencies, regulatory changes for the Municipalities	MATNUHPV / ANCFCC coordination necessary
	Urban planning offers the possibility of creating zones for land interventions with recourse to the right of preemption and/or to the DUP with a view to executing works in the public interest and/or facilitating land purchases by the public authorities.		Legislative changes required	Revival of the draft right of preemption provision introduced in the Code on Private State Land
	Mandatory group registration in urban areas is facilitated in the SR/ZUD zones, the land intervention zones, the SAP		Existing legislation	ANCFCC involvement required
	The urban planning law draws on an urban consolidation procedure inspired by the draft Urban Planning Code[107] (and the dahir of 1917 on urban owners' associations). [108][109]		Legislative changes required	

[106] See box and study on the Brazil case.
[107] Draft Urban Planning Code. Title V - Urban developments, chapter 1 - mandatory and standard urban consolidation. 2005.
[108] Text authorizing owners' associations "to implement the necessary changes to the boundaries of built or unbuilt property, for execution of the *alignment* or subdivision plan and, where applicable, to pool all developed and undeveloped land included in the zone to effect on its own initiative between the owners, in accordance with the plan, the distribution of developed land located outside of the planned roads and spaces, taking into account the surface area of each property, the breadth of its facade..." (article 9, relating to property adjustments).
[109] See boxes and studies on the India and Spain cases.

3. Synthesis

Table 10: Urban planning through more flexible tools that are better suited to the challenges and changes

<table>
<tr><th>With Current Legislation</th><th>With Regulatory Changes</th></tr>
<tr><td colspan="2">Flexibility and adaptation of urban planning regulations</td></tr>
<tr><td>Principle that “Specific amendments” can be made to the Land Use Plan (Art. 19, Law 12-90) specified in the circular on the simplification of the provisions of land use plans (S/N 08802 2013):

• Possibility to make specific changes to “zoning, land use rules, construction rules, zones to be opened up for urbanization, provided this does not contradict the objectives of the land use plan and the general interest.”
• Possibility to “change the location of public facilities and/or road layouts within a single property, without reducing the size of the land parcel for the facilities or the public access to the roads.”

Urban planning exemption (Circulars 3020/27 2003, 254 1999, 31-10098 2010).</td><td>Easing and adjustment of zoning and reserved spaces in the land use plans:

• “General uses (education, social cultural, general interest, etc.), “unassigned” reserves
• “mixed urban areas,” “areas predominantly for (housing, services, artisans, businesses, offices, facilities, etc.)

Exemption procedure included in the legislation on urban planning for changes with an urban, economic, social and/or proven environmental impact</td></tr>
<tr><td colspan="2">Coordination between urban planning documents, programming, and implementation</td></tr>
<tr><td>“Municipality councils and, if appropriate, the urban community council, take all necessary measures in coordination with the administration to implement and comply with the provisions of the land use plan” (Art. 31, 12-90)</td><td>The Land Use and Sector Action Plan (PAAS) attached to the land use plan is intended to facilitate its implementation (proposals for land use and land-related actions, urban regeneration projects, rehousing projects for slums, extremely dilapidated housing, housing with few amenities, etc.)

Institutionalization of a multi-actor approach to implementation and monitoring/evaluation of land use plans once they are approved</td></tr>
<tr><td colspan="2">Pre-operational and regulatory approaches to opening up expansion areas to urbanization</td></tr>
<tr><td>Sequencing of urbanization set out in the SDAU (Art. 4, Law 12-90)

Principle of “strategic reserve” intended for the expansion of urbanization in the form of coherent, umbrella operations included in some land use plan regulations</td><td>Deferred Development Zones (ZUD) or zones to be urbanized under specific conditions and in a prescribed manner, with the possibility to make changes thereto and to assign them to coordinated land use projects based on rolling programming</td></tr>
</table>

V. Area of Action 4: Mobilization of Land for Public Use and Urbanization in General

This section contains guidelines and proposals concerning the mobilization of land, for public use in particular, necessary for the construction of roads, networks and equipment. The experimentation methods to make land available free of charge for public use are detailed in the scope dedicated to the Partnership Development Sectors.

1. Principles and general guidelines

A greater contribution of public-use land by landowners, developers and promoters could be enhanced based on the following principles:

Land equity: Inequities noted during the diagnosis are generating significant blockages (land retention by owners, expropriation procedures becoming more complex) and additional costs (for example, by rendering un-constructible some plots bought by public authorities). A land equity principle between owners, backed by a transparent negotiation procedure, should help in the greater mobilization of land.

Incentives for valorization: Encourage inactive owners to build, especially on land that is integrated into an optimized urban development (deployment of energy-saving networks, public facilities already in place, good use of land resources, preservation of environmental resources).

Strengthening capacities for land action and urban planning at the local level: This requires, first, a better knowledge of land and its characteristics, particularly its potential for new urbanization (and its constraints and advantages in the case of urban renewal). This should enable municipalities to better guide urban development and facilitate urbanization. It should also allow for a more efficient recovery of the costs associated with the urbanization of new land.

2. Proposals Development

Land contribution and incentives for land subdividers/builders to become involved in urban development : Several regulatory developments would help to make more efficient and fairer the free provision of land for public use or for public interest. Such developments could even make it possible to finance a part of an investment's costs associated with urbanization.

Beyond the contributions and land compensation already possible for equipment or roads, global participation could be implemented that could include both participation in the land needed for roads and the equipment. In return, a mechanism for a surcharge cost for the right to build could be designed, to facilitate an operation's balance and encourage landowners to mobilize their land in areas that are already under heavy land pressure.

Implementing tools and measures for land-related actions: In areas where many plots of land are unregistered and, consequently, more difficult to mobilize for urban development, thereby reducing land offer, a compulsory grouped registration procedure could be utilized. A legislative framework could also be implemented for land consolidation.

Better access to land information: Free access to the digital land register in sectors where a good knowledge of land is required would facilitate urbanization, particularly in extension sectors and Partnership Development Areas (SAP).

3. Synthesis

Table 11: Mobilization of land for public use and urbanization in general, in line with land equity objectives and development incentives

With Current Legislation	With Regulatory Changes
Land contribution and incentives for land subdividers/builders to become involved in urban development	
Free transfer of a 10m strip of roadway stipulated in the Land Use Plan up to 25% of the surface area of the land by way of contribution of neighboring properties to construct the municipality road network (article 37/38 of Law 12-90) Mobilization of public access land by land subdividers/builders to build in-site roadways and roadways not included in the Land Use Plans for subdivisions (Law 25-90) Voluntary land contributions[110] from land subdividers/builders, not including public facilities and spaces stipulated in the Land Use Plan under the terms of Art. 30 of Act 25-90[111] Land exchanged by subdividers/builders for public facilities, as stipulated under the exemptions	Free transfer of up to 25% of the surface area of the land for the development of roadways without being limited to a width of 10m Voluntary land contributions by land subdividers/builders for public facilities and public and general interest spaces of 10 to 15 percent of the total land area covered by the Land Use Plan Aggregation with transfers of public roads for an overall uniform contribution for each land parcel, for example, 30 to 35 percent of the land area (excluding in-site roadways (land equity and flexibility through the option of amending the urban planning documents) Possibility for public authorities to sell a portion of this land on the open market (housing, businesses, offices, etc.) to finance a portion or all of the investment in infrastructure, thereby ensuring fairer sharing of profits Expanding construction rights in exchange for the assumption of responsibility for some or all of the land set aside for a public road or public facilities (above the regulatory percentage), financing of infrastructure and facilities by private entities, etc.
Tools and measures for land-related actions	
Mandatory free group registration of urban land (Law 14-07 on Land Registration) ''Automatic registration'' for land parcels in umbrella projects governed by the 1917 Dahir on urban property owners' associations (article 4, 1917 Dahir) ''Land consolidation and redistribution'' for umbrella projects governed by the terms of articles 9 to 11 of the 1917 Dahir on urban property owners' associations	Preemption right[112] (incorporated into the draft Code on private State land) coordinated with the urban planning documents and proposed land intervention zones Intervention zones or areas subject to monitoring where the preemption right and declarations of public interest apply for the purpose of urban development that is consistent with the urban planning documents Modernized procedure for group registration of urban land coordinated with the urban planning documents and the proposed land intervention zones Urban land consolidation procedure that is appropriate, attractive, and in line with urban planning documents and the proposed land use intervention zones (mandatory urban land consolidation with

[110] Generally, land contributions (7 to 10 percent net variable) of subdivision/construction works for open areas and/or community facilities, as in the case of land development regulations in some land use plans.
[111] Option of tying the issuance of a subdivision permit to "additional reserve spaces for community facilities and infrastructure in the public interest, which are deemed necessary following the subdivision."
[112] Making it possible for the public authorities to purchase land or real estate instead of the original buyer in the event of a transfer.

	imposed consolidation versus standard consolidation by landowners)
Access to land information	
Easy and user-friendly access to reliable geolocalized cadastral information (land parcels, owners, uses, values) for all relevant partners, for the preparation and adjustment of urban planning documents, negotiated projects, assessment of the tax base, etc.	Free access to the digital land register of the ANCFCC (National Land Conservation, Land Register and Mapping Agency) in urban zones, operational urban planning zones, and Partnership Development Areas

VI. Area of Action 5: The Capacity of Local Actors to Carry Out Urbanization

1. The issue of local actors' effective capacity to fulfill their role

The implementation of urbanization depends first on the capacity of its actors to fulfill their roles, and to see them evolve to maximize the outcomes of the urbanization process. This capacity depends primarily on three factors:

- Legal capacity: Actors must be legally sanctioned/competent and authorized to fulfill the new role(s) that fall to them and to utilize the relevant tools;
- Commitment: Actors must be prepared to see their roles evolve, which often means a change in practices, sometimes a significant cultural evolution, the loss of a number of discretionary powers (particularly obstacles), the sharing of information/data and exclusive control; and
- Resources: Not only financial resources, but also human resources, whether in terms of numbers, or skills and expertise.

Given that such changes remain a complex ongoing process, this study was based on the dynamics and actions already initiated by the various actors, while relying as much as possible on their legal capacity. Proposals for regulatory changes would serve to strengthen them, if necessary through additional responsibilities or tools, taking into account existing resources and realistic prospects for quantitative and qualitative changes.

Changes in the role of each of the key public urbanization actors are suggested below, focusing primarily on information management, which is, in our view, the cornerstone of the system.

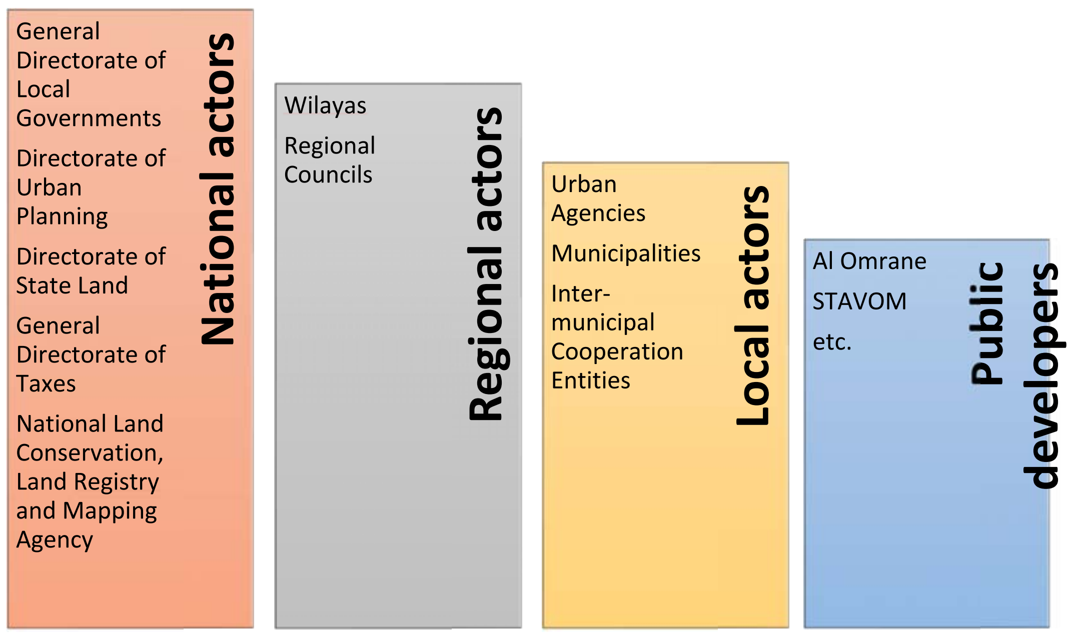
2. Proposals of reforms and changes to actors' practices

The main public actors of urbanization form an ecosystem in which each has a defined role, allowing the implementation of the urbanization process at each level: national, regional and local (**Error! Reference source not found.**).

- The major national players are the General Directorate of Local Governments (*Direction Générale des Collectivités Locales* or DGCL), the Directorate of Urban Planning (*Direction de l'Urbanisme* or DU), the Directorate of State Land (*Direction des Domaines* or DD), the General Directorate of Taxes (*Direction Générale des Impôts* or DGI) and the National Land Conservation, Land Registry and Mapping Agency (*Agence Nationale de la Conservation Foncières, du Cadastre et de la Cartographie* or ANCFCC), under ministerial supervision (Ministry of the Interior, Ministry of Housing and National Planning, Ministry of Economy, Finance and Administrative Reform, etc.).

- At the regional level, on the one hand, the Wilayas under the authority of the *Wali* which, more than ever, play a crucial role for deconcentrated State departments in the context of the deconcentration charter and, on the other hand, the regions, owing to their land use planning and development responsibilities.
- At the local level, the Urban Agencies, which are the main architects of urban planning regulations, the municipalities (and eventually the inter-municipal cooperation entities), which are, at least in theory, at the core of the urbanization process for their territory.
- The national public developers, such as Al Omrane Group, STAVOM, etc., which are important actors of public action relating to operational urban planning.

Figure 31: Ecosystem of local public urbanization actors



\

The implementation of urbanization depends primarily on the capacity of the actors to play their respective roles. From this perspective, a number of proposals for reforms and changes in the practices of the various public actors of urbanization have been defined. The proposed changes, which are essential for optimizing the urbanization process, take into account the strategic orientations of each institution, and current or recent sectoral institutional reforms, as well as their human and financial resources. Proposals for reforms and changes in practices for each public actor are as follows:

General Directorate of Local Governments/Ministry of the Interior (DGCL/MI)

The first recommendation regarding the DGCL is that it incorporates, as part of local taxation reform (the finalization and early implementation of which is of prime importance), the regulatory changes relating to taxation and parafiscal taxation of urbanization proposed in this report (a new property tax and TNB based on market values, TNB differentiated according to infra-communal and progressive perimeters, regulatory contribution mechanism, etc.).[113]

[113] See Chapter B. III. "Scope 2: Taxation and Local Resources".

It is also essential that, in close co-operation with the Directorate of Urbanism, the DGCL supports the implementation of the provisions of article 85 of Law 113-14 on “the execution of the provisions of the Land Use Plan” and to “opening new zones to urbanization”.

Finally, it could be envisaged that the DGCL facilitates the implementation of SAP through the co-financing of project management assistance, as part of the support for the implementation of pilot SAP (animation of the process, piloting of the studies, articulation between the two).

Directorate of Urban Planning/ Ministry of Housing and Urban Planning (DU/MATNUHPV)

The DU should prioritize the development, support and implementation of urban planning reform by incorporating the recommendations of this study (the implementation of more flexible and adaptative zonings, and reserved areas in the Urban Land Plan, derogatory procedures integrated into the legislation on city planning, PAAD, a multi-stakeholder system for implementation, monitoring and evaluation of the Urban Land Plan, and ZUD or areas to be urbanized under certain conditions, etc.).[114] This process includes the elaboration of a draft regulatory text on the implementation of urbanization (article 85 of Law No. 113-14) and a draft regulatory text on urban land consolidation.

The DU could also, through the relevant Urban Agencies, co-finance project management assistance missions as part of the support to the implementation of pilot SAP (animation of the process, piloting of the studies, articulation between the two).

Finally, the DU could contribute to the reorganization of the FSHIU in line with the guidelines of the roadmap for the 2018 revitalization of the housing sector (redeployment of a portion of the FSHIU resources for prevention, the priority new urbanization zones [ZUN] programs or SAP, the provision of repayable advances from the FSHIU for the municipalities, and land-related actions).

Directorate of State Land/Ministry of Economy, Finance and Administrative Reform (DD/MEFAR)

The DD is a key player in local land policies and, as such, should be more involved in the preparation and implementation of urban planning documents (taking into consideration DPE land for the preparation of the documents). This will enable the DD to build strategic reserves, through targeted land purchases based on the urban planning documents, in connection with the Urban Agency/municipalities (facilities, infrastructure, urbanization) and with the Regional Councils/CRI/Urban Agency (land-related economic activity). This strategy should be facilitated by the use of the preemption right enshrined in the State Land Code (draft law submitted to the SGG on October 11, 2015). It could be supplemented by the pre-financing of public government facilities, via the FRD, in the context of territorial strategies defined by the local actors (SAP, urban expansion or urban regeneration areas).

The DD should also strengthen its project management assistance/expertise/design for local governments: For instance, municipalities could be supported in transfers, purchases, and

[114] See Chapter B. IV. "Scope 3: Urban Planning and Development".

expropriations in accordance with the decrees on boundary markings (*alignment*) for public facilities or public use, and more generally in the context of the municipalities' land-related action strategies. Regional Councils could continue to support the regions, tied to economic activities (real estate purchases, mobilization of State land, undeveloped land carrying costs) in the context of regional development plans.

The DD's action could be extended to land cost support on behalf of municipalities and Regional Councils when necessary, within the framework of a defined project and for a limited duration (for example, up to five years), including in the context of SAP and free transfers for public facilities/general interest.

As part of the regulatory changes proposed in this report, the DD could also provide undeveloped land carrying costs in the context of in-kind payments by operators (payment of taxes and contributions in land), prior to handover to the municipality or to other beneficiaries, handover to the other ministries (before or after construction of facilities), or sale by auction. The DD could also undertake the preparation and implementation of land sales by auction on behalf of the State or local authorities, with specifications defined based on the local strategy (for example EPIG, activity zone, social housing, etc.).

For the implementation of these missions, deconcentration within the Regional Directorates, with technical and logistical support from the central Directorate, would probably allow for more territorialized action.

General Directorate of Taxes /Ministry of Economy, Finance and Administrative Reform (DGI/MEFAR)

In the short term, the DGI should endorse the responsibility for the entire process linked to the three local taxes (TSC/TH/TP) in the context of a better articulation between assessment, issuance and collection, a more exhaustive and up-to-date identification of the tax matter and, ultimately, an improvement in the yield of these taxes.

As part of the reform of local taxation, the availability of a reliable, accurate and up-to-date common market value listing is fundamental, and the development and updating of this listing should be the responsibility of the DGI, in connection with the ANCFCC.

More broadly, the gradual establishment of a geolocalized database (GIS) for multiple use (fiscal, land, urban) is essential for several reasons. The DGI, in connection with the ANCFCC, should continue the committed work of integrating and designing a common or interfaceable tool, which considers from the start the various potential uses, and the various associated sources of information (parceling and land GIS of the ANCFCC, domanial GIS, GIS of electricity, water and sanitation operators, urban planning GIS, municipal data, etc.), with the prospect of sharing these data in open access to UA and local governments (municipalities and/or Regional Councils) for free or for a cost that does not constitute a barrier to access.[115]

[115] With respect to access rights to the Agency's land databases, it should be noted that the municipalities (solely in quality of owners) are subject to payment of rights relating to the communication of information, the issuance of certificates and copies and that only the administrations are exempt from them (in accordance with art. 29 of the Decree of 13/2/18 of the 16 ramadan1435 (July 14, 2014) regarding land-related property registration.

The DGI should also study the fiscal status of entities that are used as bridging funds (FDT and EIG, etc.) with regards to VAT and possibilities for exemption/cost-neutral taxation on infrastructure works.

National Agency for Land Conservation, Land Registry, and Mapping/Ministry of Agriculture, Fishing, Rural Development, Water and Forests (ANCFCC/MAPMDREF)

The ANCFCC has a joint lead role with the DGI in the preparation, management and provision of the common market value listing, and of the common GIS (see paragraph on DGI).

The ANCFCC should also focus on the study and implementation of phased free mandatory urban group registration procedures. This could be done through a study of the legal, technical and financial feasibility in those municipalities implementing SAP, with the implementation of the approach on a few sites and a progressive enlargement on the national territory.

Wilayas and Deconcentrated State Departments

In the context of the decentralization reforms of the State and the coordination of the action of the deconcentrated State services in terms of urbanization, the Wilayas could coordinate the preparation of sectorial investment policies at the regional level on a three-year rolling basis,[116] updated periodically, with a corresponding pluri-annual budget allocation from the relevant ministries. This investment planning backed by budgetary programming would make it possible to give more readability to the State policy on the territories, and to better organize (and finance) urbanization.

Regional Councils

Regional Councils should focus their land-related actions on the "economic activities" component, coordinating it with the territorial and urban planning documents, through two means. First, implementation (directly or via a regional joint ownership company, or SDR)117 of an economic land action policy with support from the deconcentrated departments of the State Land Directorate, including as objectives, optimization of operations in territories (including the connection between employment and housing zones) and, therefore, as a means of rehabilitating the existing zones when appropriate (cost savings), the production (new or rehabilitated) of activity zones adapted to the context, including for VSEs/SMEs and/or issues integrated into the existing urban fabric (functional mixing). Second, the financial costs support (budget support, pre-financing) and/or operational support (MOD) of SAP could be oriented toward economic development, for example, on the industrial zone of Oulad Hadda in the Casablanca-Settat Region.

Urban Agencies/Ministry of Housing and Urban Planning (AU/MATNUHPV)

Urban Agencies should have increased responsibilities as strategic actors of urban development, through a positioning on two levels. First, strategic oversight to provide decision-makers with information on the planning instruments. Second, coordination and project management assistance for the municipalities and Wilayas (and eventually for Regional

[116] As a result of the provisions of the Organic Law on the Finance Act (LOLF) and the modernization of the public financial management system and the implementation of public and sectoral policies.
[117] Regional Joint Ownership Company - regional equivalent of the SDL.

Councils) for the preparation and joint implementation of urban planning and land development documents (SDAU and Land Use Plan, but also SRAT upstream and SAP/territorial projects downstream). In this context, Urban Agencies should withdraw from the assent requirement for “small” projects (scope to be defined, but possibly representing 80 percent of approvals), delegated to the municipalities or even to the architects.

Municipalities

An improvement in the implementation and financing of urbanization is linked to a strengthening of the role and means of municipalities in this area. This implies greater involvement upstream in the preparation of urban planning documents, and also downstream in the possibility of being involved in the implementation of urban development through partnerships with Urban Agencies, public developers and local authorities, from the perspective of Article 85.[118]

Large cities should also be encouraged to establish urban renewal strategies, based on the identification of under-utilized/densified land and territories by mobilizing regulatory, fiscal, financial, land-related actions, and operational and partnership tools.

With better legislation, municipalities would also benefit from being more involved in the optimization of the use of their assets (including the use of the public domain) and in land use with the support of the deconcentrated State services (DD and ANCFCC), to identify their assets, locations, and characteristics, and also establish a structured and consistent rental/user fee policy. Furthermore, municipalities could be supported to divest non-strategic assets at the best price (by auction)/use assets as leverage for an urban policy (transfer specifications), and also make strategic acquisitions according to the orientations of the Urban Plan (in the existing city or in urban extension), with support from the DD and of the common market value listing of the DGI/ANCFCC, by resorting to a pre-emption right in the perimeters defined in the Land Use Plans under the reform of the State Code (which requires regulatory changes).

In the long term, an interface of municipal information and data could also be operated with the integrated geolocalized database and the common GIS of the DGI/ANCFCC allowing, for example, the automatic census of real estate taxes when issuing the Living Permit or the Housing Certificate of Conformity.[119]

Finally, a merger of the center-municipality with the peripheral municipalities that are the most integrated in the dynamics of agglomeration could be envisaged, to better “internalize” the issues of inter-municipality on topics, such as waste management (in particular waste treatment), public transport, urban development/extension, housing, etc.

Inter-municipal Cooperation Entities (ECI)

As the inter-municipal scale is the most relevant for addressing many issues related to urbanization and city management, it is strongly recommended to set up a sustainable operating

---

[118] Law 113.14. Article 85. Section III, Urban planning and spatial planning: the municipalities are responsible for "The implementation of the provisions of the Land Use Plan and the PDAR" and "the opening of new zones to the urbanization in accordance with terms and conditions fixed by regulation."

[119] See Chapter B. IV. 3. "The Information Challenge".

framework and financial autonomy for ECIs with, in the long term, specific taxes and own-source funds to finance transferred skills.[120]

Public Developers (Al Omrane Group, STAVOM, etc.)

Public developers should position themselves as the delegated contracting authority or delegated project manager for municipalities for the conduct, implementation and animation of the SAP and project sectors (studies, development, etc.) through implementation agreements on urban development strategies. In this context, they could implement mechanisms of financial cost support, pre-finance operations and support undeveloped land carrying costs.

3. The Information Challenge

Many improvements in the urbanization process and its financing are dependent on better access to information for the pilots and actors associated with urbanization. Information relating to the parceling, ownership, characteristics, and the value of urban property or property earmarked for development, as well as to the possibility of quick, easy, user-friendly access that facilitates cross-referencing and the use of the data for contextualized analyses, is the most fundamental pillar of optimal urbanization. This challenge concerns tax issues, as well as urban planning, land-related action, operationalization, and the financing of urbanization, etc.

Consequently, access to the data is a key component of any integrated policy for maximizing urbanization financing, requiring specific actions in this context.

For several months, the DGI, in collaboration with the ANCFCC, has committed to a two-pronged approach on which these actions could be based. The first prong is the definition of a single market value listing (based on DGI and ANCFCC baselines), which should be public (accessible on the Internet), disseminated to the entire urban area (in 2020) and regularly updated. The second prong is the preparation of a tax Geographic Information System (GIS), cross-referencing the DGI and ANCFCC databases, and eventually the databases for water and electricity services, or even other sources, to explore the taxable component exhaustively. An initial "proof of concept" carried out in the Agdal neighborhood in Rabat helped identify a quarter of the unassessed taxpayers (7,000 from a total of 32,000). Specifications for the preparation of the national GIS (beginning with the Casablanca and Rabat agglomerations, which represent 85 percent of tax revenue) is in the process of being defined by the DGI. The ANCFCC is developing its own GIS with support from English experts.[121]

These processes must include a convergence approach from the outset (beginning with the coordination of the DGI and ANCFCC GIS project), with automatic interfacing with other databases (tax, urban, land) such as those of the Urban Agencies, municipalities, and the State Land Directorate that launched a "public land GIS" project with the goal of modernizing the tools for managing private State land.

It is also important to allow open, permanent and free digital access (or at a cost that will not impede its use) by every citizen to some of the data (the market values, for example, as is already the case for the current DGI listing, which can be consulted by smartphone), and by

[120] See Deliverable 5 (Complementary report on the development of municipal resources, Part B.VII).
[121] Piney Bowes Group, which designed and developed the GIS used by the UK Cadaster (British Land Registry).

all public actors (including Urban Agencies, municipalities and Regional Councils) to most of the data.

These digitized, geolocalized and interconnected data could include the following:

- Cadastral plan
- Contact information/addressing information
- Characteristics of the property (surface area of the parcel/developed land, usage, etc.)
- Status (registered, in progress, etc.)
- Owner (including State and municipality land)
- Authorization of construction/regulation
- Market value

Periodic updates, ideally in real time, would be a key factor in their effectiveness, which will be partially resolved by automating the linkages with source databases (which would be updated in real time).

A special partnership arrangement comprising the key actors (DGI, ANCFCC, but also perhaps DGCL, DU/Urban Agencies, Directorate for State Land, etc.) should be put in place for this task, which could be led by the DGI. Regular reporting to the Steering Committee should be continued (see road map).

4. Synthesis

Table : Reforms and changes to actors' practices

Actors	Reforms and Changes to Practices
General Directorate of Local Governments (DGCL)	• Drafting, backing, and implementation of regulatory changes dealing with urbanization taxes and parafiscal taxes as part of local tax reform (new property tax and tax on undeveloped land based on market values, incremental tax on undeveloped land that is determined according to the sub-municipality zone, system of regulatory contributions, etc.). • Support for the implementation of the provisions of Article 85 of Law 113-14 on "the implementation of the provisions of the Urban Land Plan" and "the opening of new areas for urbanization" (DU / DGCL). • Joint financing option for project management assistance as part of the support for the implementation of pilots SAP.
Directorate of Urban Planning	• Drafting, backing, and implementation of the urban planning reform. • Supporting the elaboration of a draft regulatory text on SAP and urban land consolidation. • Supporting the implementation of the provisions of Article 85 of Law 113-14 on "the implementation of the provisions of the Urban Land Plan" and "the opening of new zones to urbanization" (DU / DGCL). • Possible co-financing of AMO as part of the support to the implementation of pilot SAP. • Supporting the reorganization of the FSHIU in line with the 2018 roadmap for stimulating the housing sector.
Directorate of State Land	• Creating strategic land reserves through targeted purchases in line with the urban planning documents and in conjunction with the Urban Agencies /municipalities and with the Regional Councils/Regional Investment Centers (CRI)/Urban Agencies. • Support on the pre-emption right[122] and its articulation with the urban planning documents and the proposed land intervention perimeters. • Increased involvement in the process of developing and implementing urban planning documents. • Prefinancing of State public facilities, through the State Reinvestment Fund (FRD) in accordance with territorial strategies defined by local actors. • Development of the role of project management assistance/ consulting/ design for local authorities: • Undertaking undeveloped land carrying costs on behalf of municipalities and Regional Councils when necessary for defined projects and limited periods. • Undertaking undeveloped land carrying costs with regards to contributions through in-kind payments from operators. • Preparation and sale of land contributions by auction on behalf of the State or local authorities.
General Directorate of Taxes	• Assuming all functions related to local taxes (Municipality Services Tax, Residence Tax, and Business Tax).

[122] Introduced in the draft of the Private State Domain Code.

	• Drafting and updating a reliable, precise, and up-to-date listing of market values. • Designing and establishing, in conjunction with the ANCFCC, on a phased basis, a geolocation database (GIS) for multiple purposes (tax, land management, urban planning) in a joint approach between the main actors of urbanization, in free access and updated regularly. • Reviewing the tax status of entities acting as bridging investment funds (EIGs and FDT, in particular) with regard to the VAT and options for exemptions or cost-neutral taxation to finance infrastructure construction.
ANCFCC	• Developing and managing (including updating) the market values listing and multiple use GIS (tax, land management, urban planning) (see above General Directorate of Taxes) and making them available to relevant actors. • Analyze the requirements for phasing in mandatory free group registration procedures in urban areas.
Wilayas	• Coordinating the development of regional investment policies on a three-year rolling basis,[123] with periodic updates and the corresponding multi-year budget appropriation from the relevant ministries
Regional Councils	• Implementing a land use economic policy to optimize local performance (rehabilitating existing zones, establishing activity zones that are appropriate to the context, etc.). • Financial support (budget support, pre-financing) and/or operational support (MOD) of SAPs aimed toward economic development.
Urban Agencies	• Strategic oversight to provide decision makers with information about planning instruments. • Coordination and project management assistance for municipalities and Wilayas in drafting and jointly implementing urban planning documents, in particular for SAP. • Withdrawal of the assent requirement for “small” projects (scope to be determined, but possibly 80 percent of the assent decisions) delegated to the municipalities or even to architects.
Municipalities	• Strengthening the involvement of municipalities in the preparation of urban planning documents. • Development of partnerships with urban agencies, public and private operators for the implementation of urban development in the perspective of Article 85.[124] • Optimizing use of the municipalities’ property (including use of public land), and dynamic land-related actions. • Elaboration of urban strategies (development and urban renewal, land action) for large cities. • Entering data and information from municipality-level units into the integrated geolocation database. • In some cases, merging the central municipality with the outlying municipalities that are the most integrated into the agglomeration process.

[123] From the provisions of the Organic Law relating to the Organic Law n° 130-13 on the 2015 Finance Law (LOLF) and the modernization of the public financial management system and the implementation of public and sectoral policies.

[124] Law 113.14. Article 85. Section III. Urban planning and spatial planning: "the municipalities are responsible for implementing the provisions of the Urban land Plan and the PDAR" and "the opening of new areas to urbanization in accordance with terms and conditions set by regulation".

Inter-municipal Cooperation Entities	• Establishing a permanent operating framework and financial autonomy, eventually with their own taxes and revenues to finance the delegated tasks.
Public developers	• Development of a delegated project management function or project management assistance for municipalities in managing, implementing, and coordinating Partnership Development Areas and urban projects (studies, development, etc.). • Undeveloped land carrying support, financial support/prefinancing of operations.

Persons Interviewed and Focus Groups Conducted

Interviews

Institution	Name	Function/Unit	Date
MI/DGCL	Belkebir Hamza	DFL Governor	07/05/2018
MI/DGCL	Safir Khalid	*Wali* DGCL	07/17/2018
MI/DGCL	Fatih Hassan	DPAT Governor	7/18/2018
Al Omrane Casablanca	Boukhal Mohamed	Al Omrane Casablanca Agency	07/24/2018
Al Omrane Casablanca	M. Dzairi	PPP Manager	07/24/2018
Diyar Amine	Jabli Mohamed	Manager	7/24/2018
UNPPI	Dahbi Mohamed	Vice President	7/24/2018
UNPPI	Bouhmid Ahmed	President	07/24/2018
Richbond	Kettani Iqbal	Managing Director, Real Estate Division	09/19/2018
MI/DGCL	El Gay Younes	Head, Urban Planning Division / DPAT	10/15/2018
MATUHPV	Ennahli Abdellatif	Secretary-General, MATUHPV	10/15/2018
MATUHPV	Benjelloun Badria	Director, Urban Planning Directorate	10/15/2018
Casablanca Urban Agency	Benali Toufiq	Director	10/16/2018
Casablanca Urban Agency	Hafif Azzeddine	Director, Urban Planning	10/16/2018
Casablanca Urban Agency	Siraj Hassan	Director, Urban Planning and Management	10/16/2018
MEFAR/DGI	Faraj Omar	Director General of Taxation	10/18/2018
MEFAR/DGI	Manchoud Mohamed	Director of Network Coordination	11/12/2018
MEFAR/DGI	Karuier Oulahiane	Unit responsible for monitoring the tax management of other legal entities	11/12/2018
MEFAR/DGI	Asqebi Fatima Zohra	Unit responsible for monitoring the tax management of other legal entities	11/12/2018
MEFAR/DGI	Charif Saibari Soumaya	Office of Administrative Disputes	11/12/2018
MI/DGCL	Fathi Abderrahim	Head, Tax Division - DPAT	11/12/2018
Casablanca Urban Agency	Siraj Hassan	Director, Urban Planning and Management	11/13/2018
Casablanca Urban Agency	Mourafik Mohamed		11/13/2018
CGI / Bouskoura EIG	M. Azzami	Director, Bouskoura EIG (CGI)	11/13/2018
Lydec	Azzaoui Mohamed Saad	Director, Project Management - Lydec	11/13/2018
Lydec	Fassihi Adil	Director, Client services	11/13/2018

Lydec	Lacarelle Pierre - Alexandre	Director, Contract Management	11/13/2018
Real Estate Developer	Zahir Mouhsine		11/29/2018
ANCFCC	Chahi Bouchaib	Director, Land Conservation	12/10/2018
ANCFCC	Otry Ali	Head, Department of Management and Use of Land Databases	12/10/2018
FNPI	Amor Karim	Vice President	12/11/2018
FNPI	Wali Allah Abderrazzaq	First Vice President	12/11/2018
FNPI	Amahrir Safae	Technical Director	12/11/2018
Lydec	Azzaoui Mohamed Saad	Director of National Property	12/12/2018
Lydec	ibn Abdeljalil Mya	Assistant Director responsible for national property, supervision project management	12/12/2018
Lydec	Ouali Alami Asmaa		12/12/2018
Beni Yakhlef EIG	Sadiki Jamal	Chairwoman	12/12/2018
Beni Yakhlef EIG	El Moussafir Mohamed Jamil	Head of the topographic and land department, Alliances Darna-GIE BY	12/12/2018
Idmaj Sakan	Nada Kasmi	Director	12/12/2018
Idmaj Sakan	M. Zouaoui	Responsible for Dar Bouazza EIG file	12/12/2018
Sidi Bouknadel Municipality	Zamzami Adessamad	Chairwoman	12/13/2018
Sidi Bouknadel Municipality	Khaltl Touria	Municipality Architect	12/13/2018
Sidi Bouknadel Municipality	?	Municipal Manager	12/13/2018
	M. Belkeziz	Former inspector of the Ministry of Housing/President of Al Omrane Tamensourt	12/17/2018
Land subdivider – property developer	M. Zouhair		12/18/2018
FNPI	Benjelloun Anice	Secretary General	12/19/2018
Dar Bouazza Municipality	Abdenbi Hamami	Municipality Architect	1/14/2019
Casablanca - Settat Regional Council	Bakkouri Mustapha	Chairwoman	1/14/2019
Casablanca - Settat Regional Council	El Mostafa Oualim	Adviser to the President	1/14/2019
Casablanca - Settat Regional Council	XX Ahmed	Director General of Services	1/14/2019
Casablanca - Settat Regional Council	El Mostafa Almouzani	AREP Director	1/14/2019
Casablanca Wilaya	XX	Secretary General	1/14/2019

Casablanca Wilaya	Leila Harrak	Architect responsible for Management of Infrastructure Programming and Planning	1/14/2019
DGCL/DRSC	El Abti	Director of Public Corporations and Concessionary Services	1/14/2019
DGCL/DRSC	Saidi Abdelkader	General Engineer - Director of Public Corporations and Concessionary Services	1/14/2019
Rabat Urban Agency	Guenou Khaddouj	Director, Rabat Urban Agency	1/15/2019
Agadir Urban Agency	Idrissi Belkasmi Amine	Director, Agadir Urban Agency	1/15/2019
	Jaidi Larabi	Consultant	1/15/2019
MedZ	Semmar Mohsine	Member of the Executive Board	1/16/2019
MedZ	Abir Mustapha	Director of Marketing	1/16/2019
MEFAR/Directorate of State Land	Amrani Abdellatif	Director of State Land	1/17/2019
MEF/Directorate of State Land	Chbani Hicham	Head, Land Development Division	1/17/2019
CRI Casablanca	Chater Abdallah	Director	1/17/2019
CDG Development	Mohamed Hafnaoui	Deputy General Manager	1/17/2019
HCP - Directorate of Statistics	Oussama Marseli	Head of the population and civil registry survey division	1/21/2012
HCP - Directorate of Statistics	Moulay Abdellah Sougrati	Assistant to the Director	1/21/2013
HCP - Directorate of Statistics	Mohammed Salimi	Head of the Statistics Division (Morocco in figures)	1/21/2014
HCP - Directorate of Statistics	Mustapha Ait Taleb Ali	Head of Cartography	1/21/2015
FEC	Mohamed Ben Larbi	Director of the Office of the Governor, Director General of the FEC	1/21/2016
FEC	Sanaa Balafrej	Assistant Director responsible for the directorate of research and communication	1/21/2017
FEC	Mohammed Benahmed	Director of Major Projects	1/21/2018
LYDEC	Pierre Alexandre Lacarelle	Director of Contract Management	1/21/2019
DAR	Nadia Qbadou	Head, [Land] Development Division	1/22/2019
DAR	M. Belarbi	Head of the Real Estate Transactions Unit	1/22/2019
Marrakesh Urban Agency	Azzeddine Amine	Head of the Research Department	1/29/2019
Marrakesh Urban Agency	Ahmed Farhi	Head of the Documentation Unit	1/29/2019
Marrakesh Urban Agency	Said Belgada	Head of the Legal and Land Affairs Department	1/29/2019
Marrakesh Urban Agency	Khalid Ouaya	Director General	1/29/2019
Marrakesh Urban Municipality	Albdelkrim Khatib	DGS	1/29/2019
Marrakesh Urban Municipality	Samir Laaribya	Head of the Strategic Research, Planning, and Management Oversight Division	1/29/2019
Marrakesh Urban Municipality	Adil Cherrate	Head of the urban and territorial development division	1/29/2019
Marrakesh Urban Municipality	Ouafa Cherrate	Head of the Budget and Accounting Division	1/29/2019

Marrakesh Urban Municipality	Mourad Diaeddine	Head of Property Division	1/29/2019
CRI Marrakesh	Brahim Kheireddine	Director	1/29/2019
CRI Marraksch	Sara Akrim	Head of Missions	1/29/2019
Radeema	Rachid Benchikhi	President	1/29/2019
Radeema	Asma Ben Malek	Director of Client services	1/29/2019
Radeema	Loubna Wahi	Investment Department	1/29/2019
Radeema	Fatiha Amini	Department of Management Oversight	1/29/2019
Radeema	Khalid Fathi	Head of the Planning Unit	1/29/2019
Radeema	Zakaria Lahbabi	Head of Client Research Department	1/29/2019
Al Omrane Marrakech	Mostapha Qasmi	Head of mission	1/30/2019
Al Omrane Marrakech	Khalid Najm	Tamensourt Technical Director	1/30/2019
Al Omrane Marrakech	Badreddine Berrada	Director of Design and Development	1/30/2019
Harbil Municipality	Mokhtar Labbali	President	1/30/2019
Harbil Municipality	Ismail Elbarhouni	President	1/30/2019
Harbil Municipality	Jamal Erraoui	Vice President	1/30/2019
Harbil Municipality	Abdessadq Mtahhaf	Vice President	1/30/2019
Harbil Municipality	Saber Abdelhak	Vice President	1/30/2019
Harbil Municipality	Abderrahman Lakrati	Member of the municipality council	1/30/2019
Harbil Municipality	Rachid Ahl El Hafed	Technical Unit	1/30/2019
Harbil Municipality	Sana Khallady	Technician, Technical Unit	1/30/2019
Harbil Municipality	Abdellatif Madaji	Technician, Urban Planning Technical Unit	1/30/2019
Harbil Municipality	Mohcine Ouadrehni	Administrator	1/30/2019
Municipality of Harbil	Samir Benhassi	Administrator	1/30/2019
Municipality of Harbil	Abderrazzak Moudlib	Technical Unit	1/30/2019
FNPI	Adil Bouhaja	Marrakech Regional President	1/30/2019
Marrakech Urban Municipality	Ouafa Moniati	Director of Budget and Accounting - Marrakech Municipality	1/31/2019
Fès Urban Municipality	Mohamed El Harti	Vice President	5/2/2019
Fès Urban Municipality	Karima Lrhomari	Head of Procurement Unit	5/2/2019
Fès Urban Municipality	Abdelaziz Guennoun	Architect, Urban Planning Division	5/2/2019
Fès Urban Municipality	Abdelbasset El Foullous	Architect, Head of Research Unit responsible for the medina	5/2/2019
Fès - Meknès Regional Council	?	Vice President	5/2/2019
Fès - Meknès Regional Council	Nadri Abdelkader	Adviser to the President	5/2/2019
Fès - Meknès Regional Council	Zahara Youssfi Fatima	Head of Mission	5/2/2019
Fès Wilaya	Znibert Said	*Wali*	5/2/2019

Fès Wilaya	?	Secretary General	5/2/2019
MATUHPV	Alami Gouraftei Soumaya	Regional Director of Housing and POS	5/2/2019
Fès Urban Agency	El Hassan Hedda	Director	5/2/2019
Meknès Urban Agency	Aicha el Haouzali	Director	5/2/2019
Taza Taounate Urban Agency	Said Kabra	Director	5/2/2019
Al Omrane	Tazi Mohamed	Fès Al Omrane Assistant Director	5/2/2019
MATUHPV - IRAT	Jamal Mohamed	Regional Inspector	5/2/2019
Fès Wilaya	Lakhlifi Btissam	Responsible for the Urban Planning and Environment Division	5/2/2019
Order of Architects	Nekmouch Azzedine	President of the National Council of the Association of Architects (CNOA)	2/13/2019
MEFAR/Directorate of State Property	Chbani Hicham	Head of the Land Development Division	2/21/2018
MEFAR/Directorate of State Property	El Asri Tariq	Assistant to the Director	2/21/2019
MEFAR/Directorate of State Property	M. Hammou	Assistant to the Director	2/21/2019
ANCFCC	Tajmouati Karim	President	4/2/2019

Focus Groups

Focus Group No. 1 - January 30, 2019 - Marrakech		
Institution	**Name**	**Position**
Municipality of Marrakech	Amal Misra	Vice President of Finance
Municipality of Marrakech	Khatib Abdelkrim	DGS
Municipality of Marrakech	El Haoufi Khadija	Procurement Division
Municipality of Marrakech	Moniati Ouafa	Director of Budget and Accounting
Municipality of Marrakech	Midda Abdelhak	DDF fin
Municipality of Marrakech	Belhouti Hicham	Head, Property Division
Municipality of Marrakech	Cherrat Adil	Urban Planning Division
Municipality of Marrakech	Diaddine Mourad	Property Division
Municipality of Marrakech	Laaribya Samir	Planning and Strategic Research Division
Municipality of Marrakech	Koujah Abdelaziz	Member, DGS city of Marrakesh

Municipality of Marrakech	My Tayeb Snineh	Technical Division
Municipality of Harbil	Elbarhoumi Ismail	President of the Municipality of Harbil
Municipality of Harbil	Labbali Mokhtar	President
Municipality of Harbil	Erraoui Jamal	Vice President
Municipality of Harbil	Mtahhaf Abessadaq	Vice President
Municipality of Harbil	Chahid Mustapha	
Marrakech Urban Agency	Farhi Ahmed	Head of the Documentation Unit
Marrakech Urban Agency	Amine Azzedine	Head of the Research Department

Technical Committee (focus group no. 2) - February 7, 2019 - MATNUHPV, Rabat		
Institution	**Name**	**Position**
DGCL	Safir Khalid	*Wali*, Director General of Local Governments
MATUHPV	Ennahli Abdellatif	Secretary General of MATNUHPV
DGCL	Belkebir Hamza	Governor, Director of Local Finances
MATUHPV	Benjelloun Badria	Director of Urban Planning
Casablanca Urban Agency	Benali Toufiq	Governor, Director-General
DGCL	Gay Younes	Head, Urban Planning Division
DGCL	Fathi Abderrahim	Head, Tax Division, DFL
Association of the Communal Councils	Daoudi Yassine Mohamed	Vice President
MG/MATUHPV	Hosni Youssef	DRH
	El Bachiri Mohamed	
Directorate of State Property	Rihani Noureddine	Head, Department of land development and forecasting
Directorate of State Property	Houari Hicham	
DGI	Oulahiane Karima	
DGI	Tadry Amina	
DGI	El Boualac Abdelzak	
Al Omrane	Bouktab Amina	Directorate of Strategic Projects

Focus Group No. 3 - February 27, 2019 - Casablanca Urban Agency		
Institution	**Name**	**Position**
AUC	Benali Toufiq	Governor, Director-General
AUC	Hassan Siraj	DPGU Director
AUC	Hafif Azzeddine	Operational Director
Idmaj Sakan	El Kasmi Nada	General Manager
CGI	Nekmouche Aboukacim	
CGI	Ghaleb Ezzoubair	
Al Omrane	Bouktab Amina	
FNPI/Alliance	Walia Auda A.	
FNPI	Fensab Sara	
	Azami Hassani Mohammed	Consultant
Garan	Kadiri Mohammed	
Idmaj Sakan	Bachmi Imane	
Lydec	Ouali Alami Asmaa	
GIE Ben Yekhlef	Sadiki Jamal	
CRI Casa Settat	Assakhen Redouane	
GIE Oulad Hadda	Hjiej Ahmed	
Order of Architects	Aourarhi Houda	
GIE Bouskoura	Loudy Hamid	
GIE Bouskoura	Aouad Abdesselam Idrissi	
Bouskoura Municipality	Taha Bouchaib	President
Province of Nouaceur	Ecamiri Ahmed	
GIE IRDO	Khayatey Rachid	President
DUE	Rizki Said	
CRI	Fouhad Mohamed	
CP Sidi Hajjaj	Arrad Fatiha	

Focus Group No. 4 - April 4, 2019 - Beni Mellal		
Institution	**Name**	**Position**
Willayas		Secretary General
Urban Agency	Aubaha Mohamed	Director
CRI	Nohddine Armed	Director
ONEE	Karfal Younes	
DRHPV	Loughmam A.	
Al Omrane	Hamani Khalid	
	Chad Ahmed	President
ABMOER	Aghazzaf Brahim	
CBM	Essamalaly El Bachi	
SAPINO	Zizi Mehdi	
Al Omrane	Kanout Abderrahim	
Alliance	Jarmounia	
	Ben Krama	
Palmeraie	Elhallaoui Chaouki	
	Elyourssi Abderrahim	
DUE Wilaya	Bouichichan Moustapha	
IRAT	Alaoui Hackim	

Steering Committee

Steering Committee No. 1 - December 11, 2018 - DGCL Rabat		
Institution	**Name**	**Position**
MI/DGCL	Safir Khalid	*Wali*, Director General of Local Governments
Ministry of the Interior	Faouzi Mohamed	*Wali*, Secretary General
MATNUHPV	Ennahli Abdellatif	Secretary General of MATNUHPV
DGI	Faraj Omar	Director General of Taxation
Casa - Settat Region	Bakkouri Mustapha	President
MATNUHPV	Benjelloun Badria	Director of Urban Planning

MI/DGCL	Fathi Abderrahim	Head, Tax Division, DFL
MI/DGCL	Gay Younes	Head, Urban Planning Division
MI/DGCL	Loudini Moustapha	Head of Division, DFL
MI/DGCL	M. Bennis	
MI/DGCL	Saidi Abdelkader	General Engineer - Director of Public Corporations and Concessionary Services
DGI	Manchoud Mohamed	Director of Network Coordination

Steering Committee No. 2 - February 28, 2019 - DGCL, Rabat		
Institution	**Name**	**Position**
MI/DGCL	Safir Khalid	*Wali,* Director General
Ministry of the Interior	Faouzi Mohamed	*Wali,* Secretary General
MATNUHPV	Ennahli Abdellatif	Secretary-General, MATUHPV
DGI	Manchoud Mohamed	Governor, Director of Network Coordination
MATNUHPV	Benjelloun Badria	Director of Urban Planning
MI/DGCL	Hammouchi Laila	Governor, Director of Planning and Facilities
MI/DGCL	Belkebir Hamza	Managing Director of Local Finances
MI/DGCL	Gay Younes	Head, Urban Planning Division
MI/DGCL	Fathi Abderrahim	Head, Tax Division, DFL

C. Bibliography

Land

Conference on the State's Land Policy of 2015

Head of Government. 2015. "Rapport de synthèse des Assises nationales sur la politique foncière de l'Etat."

Lehzam, A. 2017. "Rapport sur la gestion foncière et la planification urbaine au Maroc"

Office of Demographic, Economic, Applied Statistics and Telecommunications Studies (EDESAT). 2014. "Etude relative à l'élaboration de la stratégie nationale de gestion du foncier." Report for MATUHPV, Directorate of Territorial Development.

Ministry of Economy and Finance. 2015-2018. Rapports sur le foncier public mobilisé pour l'investissement dans le cadre des Projet de Loi de Finances de 2015 à 2018.

Economic Social and Environmental Council. 2018. "Foncier, facteur stratégique pour un développement durable et inclusif, garantissant équité et cohésion sociale." Report for the Head of Government.

World Bank. 2008. "Marchés fonciers pour la croissance économique au Maroc."

Regulatory Urban Planning

Abouhani, A. 2007. Projet de code de l'urbanisme. Evaluation des propositions formulées par les ateliers régionaux. »

Workshop for the Research and Study of Architecture. 2016. "Etude relative à la réadaptation de la grille des normes urbaines des équipements publics et d'intérêt général de 2005." Report for MATUHPV, Directorate of Urban Planning.

Centre de Recherches et d'Etudes Appliquées en Développement Humain. 2014. "Etude sur le Système de planification urbain au Maroc." Report for MATUHPV, Directorate of Urban Planning.

Circular on the simplification of provisions for the development plans S/No. 08802 of May 29, 2013.

Circular No. 10098/31 of July 6, 2010.

Urban Planning Code. 2007.1. Statement of Reasons.

Decree No. 2-13-424 of the 13 rejeb 1434 (May 24, 2013) approving the RGC

Générale de l'Ingénierie et du Conseil. 2016. "Etude relative à l'opérationnalisation des Zones Ouvertes à l'Urbanisation." Report for MATUHPV, Directorate of Urban Planning.

State Law of the land No. 2/2008 of June 20, 2008.

MATUHPV, Directorate of Urban Planning. 2016. Manual of public facilities standards.

Ministry delegate responsible for Housing and Urban Planning. 2007. Draft Urban Planning Code.

Draft Urban Planning Code. 2007. MATUHPV, Directorate of Urban Planning.

Soldaini. P.L. 2006. « Refonte du code de l'urbanisme au Maroc. Mission relative à l'équité foncière et à la répartition des charges de l'urbanisation. »

Exemption

Bencharfai, A. 2012. "Etude d'impact des projets de dérogation dans le ressort territorial de l'agence urbaine de Marrakech." Report for MATUHPV, Marrakech Urban Agency.

Economic, Social and Environmental Council: 2014. « Etude d'impact des dérogations dans le domaine de l'urbanisme. »

DU 2017. « Evaluation de l'impact de la dérogation. »

IPROConsult Morocco. 2009. « Etude d'évolution institutionnelle des fonds de travaux des contrats de gestion déléguée des services publics locaux. » Report for MATUHPV, Directorate of Urban Planning.

Local Taxation

Economic Social and Environmental Council. 2012. Rapport sur le système fiscal marocain : développement économique et cohésion sociale.

Audit Office. 2015. « La Fiscalité locale, Synthèse. »

Audit Office. 2016. Rapport sur la fiscalité locale.

Ministry of Economy and Finance. 2017. Rapport sur les comptes spéciaux du Trésor.

Nodalis/AFD. 2015. « Etude d'évolution institutionnelle des fonds de travaux des contrats de gestion déléguée des services publics locaux. » Report for the Ministry of the Interior.

TGR. 2016. « Rapport d'activité 2016. »

Financing

Audit Office. 2016. Rapport sur le Fonds d'Equipement Communal (FEC).

FEC. 2018. "Fonds d'équipement communal note d'information. Emission d'obligations ordinaires et subordonnées."

Law No. 86-12 of 2015 on public-private partnership contracts.

MATUHPV, DAT and DU. "Note de réflexion sur l'institution d'une taxe sur les plus-values urbanistiques."

MATUHPV, DAT and DU. "Note de réflexion sur l'opérationnalisation d'un fond national pour l'opérationnalisation des ZUN."

Workshop for the Research and Study of Architecture. "Etude relative au financement et à la maitrise du coût de l'urbanisation." Report for MATUHPV, Directorate of Urban Planning.

Miguez, G. et al. 2014. « Evaluation du cout complet de mise en œuvre des schémas directeurs. »

Nodalis/Transitec. 2018. "Renforcement de la gestion et du financement du secteur des déplacements urbains au Maroc." World Bank Report.

PwC Advisory / WB consulting. 2017. « Elaboration du plan de développement stratégique du FEC. »

Housing

World Bank. 2018. « Les aides au logement, pratiques, efficacité et recommandation. »

Lehzam, A. 2015. "L'enjeu foncier pour le développement d'une offre de logement abordable." World Bank Report.

Marketing, B. 2016. "Etude relative à l'enquête nationale sur la demande en habitat." Report for MATUHPV, Directorate of Real Estate Promotion.

MATUHPV, National Housing Council. 2018. Projet de feuille de route pour la redynamisation du secteur de l'habitat.

MATUHPV, Directorate of Property Development. 2016. « L'habitat en chiffres 2014-2015-2016 n°20. »

MATUHPV. 2012. « Enquête Logement 2012, Synthèse »

Maxwell Stamp KSA. 2018. "L'impact financier des aides publiques au logement au Maroc." World Bank Report.

Observatoire de l'Habitat. 2013. "Tableau de bord du secteur de l'immobilier 2011." Report for MATUHPV, Direction de la Promotion Immobilière.

Sinet, A. Lahlou, N. Effina, D. Godin, L. 2016. "L'offre de logement urbain 2004-2014 au Maroc, état des lieux et orientations." World Bank Report.

Toutain, O. 2017. "La feuille de route ministérielle 2017-2021 pour le logement face à ses défis et incertitudes."

Costs of Urbanization

Lyonnaise des Eaux de Casablanca. 2014. "Evaluation du coût complet de mise en œuvre des schémas directeurs. Mise au jour des surcoûts liés à l'équipement en eau potable et assainissement des zones d'extension du Grand Casablanca. Projet Ville de Demain."

Riedinger, J. 2009-2017. "L'économie des collectivités locales au Maroc." Report for the Ministry of the Interior.

World Bank 2017. "Etude d'évaluation des besoins en investissements des municipalities urbaines au Maroc." Report for the Ministry of the Interior.

Miscellaneous

Ministry of Economy and Finance. Rapport sur les comptes spéciaux du trésor, Projet de loi de Finance 2019

CDG Développement. 2011 et 2013. Annual activity report 2011-2013.

DGCL. 2015. Monograph on the Casablanca-Settat region.

Document on the urban owners' associations (2006).

https://leconomiste.com/article/1022231-une-enquete-de-l-interieur-cible-casa-urba

https://leconomiste.com/article/1014224-la-cdg-restructure-ses-immobilieres

http://www.bouregreg.com/

https://fr.villedesale.ma/programme-et-projets/amenagement-de-la-vallee-de-bouregreg/

https://www.econostrum.info/Amenagement-de-la-vallee-du-Bouregreg-Une-economie-fragile_a20739.html

http://www.fiscamaroc.com/fiscalite-locale-356/exonerations-reductions-472.htm

https://portail.tax.gov.ma/wps/portal/DGI/Vos-impots-procedures/Droits-d_enregistrement

https://casaurba.ma/karazortal/

Operational Documents

Urban Agency of Casablanca. Activity Reports FY 2011-2017.

Bouskoura

Agreement for the development of the new urbanization zone, “Ville verte de Bouskoura”

ZI Ouled Hadda

ARSEN Consulting 2017. “Etude pour la définition du cadre juridique, le montage financier ainsi que les modalités d’aménagement in site et hors site de la zone industrielle Ouled Hadda – Commue Sidi Hajjaj Oued Hassar – Province Mediouna.” Report for the CRI of Casablanca-Settat.

ARSEN Consulting. 2017.1. “Etude pour la définition du cadre juridique, le montage financier ainsi que les modalités d’aménagement in site et hors site de la zone industrielle Ouled Hadda – Commue Sidi Hajjaj Oued Hassar – Province Mediouna.” Report for the CRI of Casablanca-Settat. Synthesis report of the study.

Agreement for delegated project management of ZI Ouled Hadda.

Partnership agreement for the execution of the ZI Ouled Hadda project.

Specific agreement on the execution of the ZI Ouled Hadda project between the GIE Dezash and the owners - the land tax base of 2017.

CRI of Casablanca-Settat. Information document for the financial partners of the project. 2017.

Beni Yekhlef SR Zone

Urban Agency of Casablanca. Data for the Beni Yekhlef SR zone.

ZUN Annasr

Cabinet Consulting Khalid Nabil. 2012.1. “Optimisation du montage et de la programmation de la mise en œuvre de la ZUN Anasr.” Report for the Urban Agency of Casablanca.

Agreement on the development of the Convention Annasr project between the Urban Agency of Casablanca and Garan SARL of 2013.

International scope, Benchmark

Albrecht, D. Da Costa Moreira, C. Bolter. M. 2012. “Les opérations urbaines, quel modèle pour la nouvelle métropole brésilienne?”

Albrecht, D. Renard, V. de Miras, C. 2016. “Financement local et capital foncier-immobilier : quelles options et quelles conditions de mise en œuvre?” Report for Cités et Gouvernements Locaux Unis, Commission Finances Locales et Développement.

Cités et Gouvernements Locaux Unis, Commission Finances Locales et Développement. 2012. “La valorisation du foncier : une voie pour financer les investissements urbains en Afrique?”

Conférence régionale sur les finances locales et la coopération intermunicipale du Conseil de l’Europe de 2016.

Comby, J. 2009. “Qui doit payer l’urbanisation?”

Comby, J. 2012. “Les outils de financement de l’aménagement-approches internationales.” Forum économique et financier de Hanoï du 19 et 20 mars 2012.

Delmon, J. 2010. “Partenariats public-privé dans le secteur des infrastructures.” Rapport Banque mondiale/PPIAF.

FMDV/AFD. 2015. “Les mécanismes de Financement Groupés Infranationaux comme catalyseurs potentiels.”

United Nations Organiz. 2015. Document final de la Conférence internationale sur le financement du développement : Programme d’action d’Addis-Abeba.

Paulais, T. 2006. “Le financement du développement urbain dans les pays émergents : des besoins et des paradoxes ?”

Paulais, T. 2012. “Financer les villes d’Afrique, L’enjeu de l’investissement local.” Rapport Banque Mondiale/AFD.

Peterson, G. 2009. “Exploiter la valeur du foncier pour financer les infrastructures urbaines.” Rapport Banque Mondiale/PPIAF.

Vilmin, T., Renard, V. 2002. “Analyse comparative de structures d’aménagement en Europe (Allemagne, Angleterre, Espagne, Italie).” Rapport CNRS.

Zaki, L. 2011. “Enjeux professionnels et politiques de l’action urbaine au Maghreb.” Institut de Recherche sur le Maghreb Contemporain.