

The Traditional public finance in north Africa; case of Morocco.

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Abstract:

In this article, we are trying to establish an important discuss about the current situation of public finance, by focusing on the structural problems and its dimensions at the level of financial mind. through two points; the first under the following title; "Inputs to the dilemmas of public finance in Morocco" which shows some problems that give us vision on the public finance and budget. based on the data of the national institutes of governance. At the second part, we propose our view to the approaches which will help us to minimize the struggle situation in our budget under the title of "With conscience or unconscious structural issues impede innovation of public finance" this part aims to introduce a vision on how the reform should move. At the end we resume our suggestions in two points as the key of reform and improve the situation; constitutional reforms and real reform of the national economy. These points will be detailed in other articles.

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ملخص:

نحاول في هذا المقال عرض نقاش مهم حول وضع المالية العامة، من خلال التركيز على المعضلات البنوية لها، وأبعادها على مستوى العقل المالي من خلال نقطتين؛ الأولى وهي "مدخلات لمعضلات المالية العامة في المغرب" والذي نظهر بمن خلاله بعض المشاكل التي تبرز وضعية المالية العامة بالمغرب. بناء على معطيات المؤسسات الوطنية للحكامة المالية. وفي الجزء الثاني، نقترح وجهة نظرنا حول المقاربات التي يمكن ان تساعد في تقليل من حدة الوضع في ميزانيتنا من خلال العنوان التالي "بوعي أو بدون وعي، القضايا الهيكلية التي أعادت الابتكار في المالية العامة"، ويهدف هذا الجزء إلى تقديم رؤية حول كيف يجب ان يقارب وضع الإصلاح في المالية العامة. وفي الأخير اقترح المقال نقطتين مهمتين للإصلاح وتحسين وضع المالية العامة. الأولى عبر إصلاحات دستورية في بنية المالية العمومية، وإصلاح حقيقي للاقتصاد الوطني. هذه النقاط تين التي سنفصلها بمقالات قادمة.

I. Introduction

Crisis times are an important opportunity to make changes and positive jumps. Because of, the failure and the deficit of traditional methods to skip problems Which made the societies face new challenges to innovate and create modern methods and solutions for the current crisis.

COVID-19 pandemic motivated many actors to make innovative approaches in public sector sectors. Especially, in public finance. the pandemic has pushed public sector managers to see significant unmet need for innovation guidance in Public Finance Management¹. In addition, we saw deficits in the crisis period on many levels not only in Morocco but many other countries of the world². The needs of financial resources during the difficult times made us in an infinity search of external financial tools. Moreover, the significant show of the need to change, innovate and create new mechanisms to finance public expenditures.

The concept of public finance management is expressing and containing on a big track of progress and improve public finance studies, it comes as a mandatory result of the high conscience of the paramount links

¹3 Major Public Finance Innovation Takeaways from the Pandemic. Public Finance Innovation is Thriving Globally, Driven by the Covid-19 Crisis!. April 15, 2021.

Link: <https://freebalance.com/en/blog/pfm/3-major-public-finance-innovation-takeaways-from-the-pandemic/>
01/06/2022. 12H:00MIN

²World Bank Group, Middle East and North Africa Region. Morocco Economic Monitor, Fall 2021: From Recovery to Acceleration.

<https://www.worldbank.org/en/country/morocco/publication/morocco-economic-monitor-fall-2021>. 09/06/2022. 13H:15

amid public finance and management³. many years ago, the concept which was more uses and widespread was the following concept; public finance expenditures management (PFE) with growth of public finances studies the specialists become use public finance management⁴ (PFM) as a concept to describe all the fields and Units issues inside public finance⁵.

During the crisis and as a finality of unstable situations in the history, financial fields illustrated extensive changes and played different roles. The global economic and financial crisis pushed the governments to developing strong systems for managing the public finance and establish what we called 'best practices or good practices' in the structures of systems. Thus, the public financial systems have changed significantly and became the priority of priorities⁶.

Managing Innovation in public finance is not a simple issue. Due to, the complexity of public sector and its philosophical structures. Thus, innovation in public sector and especially in public finance has many structural links with political sciences, public management, sociology, philosophy, law and economics.

The reasons behind the slowdown of economics and countries are many. in Morocco, the new development model diagnosed many reasons among these reasons which impede and limit the economy's structural transformation are the absence of the access of innovative and competitive new players⁷. In addition, more than one report of the high council of accounting mentioned the failures of public finance, fiscal system⁸.

To go deeply in these issues, we will search the following question; To which extent we can have an innovative public finance not only with the ability to diagnose problems. But, to put reasonable solutions? And what are the dimensions of the dilemmas of public finance in Morocco?

We introduce this article in the next following points, and we will continue the idea by more articles in the future.

- 1. Inputs to the dilemmas of public finance in Morocco**
- 2. With conscience or unconscious, structural issues impede innovation in public finance.**

1. Inputs to the dilemmas of public finance in Morocco

Moroccan public finances as many other finances in the world has structural impediments, but many finances have reformed and exceed obstacles. Surely, experiences are not the same. That's why this part shows some of the inputs to the public finance problems in Morocco.

a. Structural democracy issues

The report of the high committee of the new model of development has prepared and shared about the global situation in Morocco with a clearly way. as a result of the royal order of the president of the state. This report has brought many truths about the real dilemmas which the country lives. For instance, the absence of the trust and confidence between peoples and government. And this surely bring its impacts on other things. Especially, the relation between taxpayers and administrations, transparency, responsibility, accounting and sovereignty of law.

Moreover, the role of parliament is not efficient to control and account government. It is just play to move the procedures and pretend that everything is good and under control either by conscious or unconscious and this is another structural problem in the system based on the corruption of politicians and favor of the personal benefits⁹.

In our beliefs as researchers in public finance, we think that the weakness of the structural philosophy of public finance is a result of the absence of deep and real democratic practice in parliament and government.

³ Richard Alle, Richard Hemming and Barry H. Potter, The meaning content and objectives of public finance management. The international handbook of public finance management Edition 2013, PALGRAVE HANDBOOKS. P 1

⁴ Ibid, p

⁵ Units of PFM

⁶ Ibid (n3) p

⁷ CSMD, New Development Model, rapport Avril 2021, P6.

Web Sites: <https://www.csmd.ma/rapport> 10/06/2022 11H:49MIN

⁸ Financial court, Annual report of the audit court -2018- P13.

Website: http://www.courdescomptes.ma/upload/MoDUle_20/File_20_694.pdf 07/06/2022 12H:40MIN

⁹ Report of democracy indicator, the National Commission for Integrity, Prevention, and Fight Against Corruption (INPPLC). link of report; <https://inpplc.ma/ar/node/504>

Automatically, this makes financial information insincere, and distrust the transparency of the public finance system.

b. High council of accounting; bed visions on the general situation of public finance.

Based on Moroccan constitution of 2011 the article 147 mentioned that the court of accounts (the high council of accounting) is the high and the superior institution of control of the public finance in the kingdom. The constitution is guaranteeing its independency¹⁰. The court of accounts play other roles to support the transparency of public finance by submit and publish its works, its jurisdictional decisions and annual reports on all of its activities¹¹. which give individuals and researchers strong information to have the ability to evaluate the public finance situation. the illimited access of the judges of court to the resources of informations¹² make reports contents rich with sincerely informations about the public finance, the results of reform policies, the efficiency and evaluation of financial strategies.

in this point, we focus on the general budget as the big photo of the public situation of the other authorities and bodies. The budget has structural deficit for long time except the year 2001 when Morocco decided to privatize an important part of one of the big public companies which is call 'Maroc Telecom', At this year Morocco has gain many returns from this deal which helped to resuscitation of the public budget. This shows that except this big operation of the privatization, the Moroccan authorities were not able to find other solutions or innovative keys for the public finance. Especially, with a young economic try to find its capabilities and based on agriculture resources.

The court of accounts in the reports of 2019 about the budget and its execution confirmed that the public managing of budgets and its mechanism still not efficient by the government and its units. Moreover, the Weakness on the level of performance of resources especially taxes¹³. Inefficiency of the selectees of taxpayers, approaching the half of the holders of taxes which should pay, they are not pay to the authorities. In addition, a low efficiency on the level of equality of collection taxes¹⁴.

The reports of the high council of accounting are not new but for much years the council diagnosed the structural impediments in the public finance¹⁵. These reports stayed for a long time without any reaction from the financial authorities which have no strategies for the public finance neither theory or practice. In public finance now the achievements became just hold the situation stable on the current financial numbers and data which don't receive the real statute.

c. High levels of public debts

Public debt is a structural and principal phenomenon in finances when economics cannot make dynamics and bring high financial returns to all units of systems. Financial actors manage the hard situations by what we called easy solutions; get loans for instance, and book destiny of the state for next decades.

The history of debts in Morocco illustrated by growth of the debt on the external and internal levels. Due to, the increasing of demand at the public development projects in two last decades in the context of the new age¹⁶. Based on, the international debt statics 2022 report of the world bank, the total external debt stock was 27,296 million (USD) at the year 2010 and moved to 65,683 million (USD) at 2020. The public sector has the part of the lion in these amounts¹⁷.

¹⁰ Moroccan constitution of 2011, article 147.

¹¹ Ibid, article 148.

¹² قانون رقم 39.19 بتنفيذه الظهير رقم 1.20.20 الصادر في 6 مارس 2020 المغربي والمتمم للقانون رقم 62.99 المتعلق بمدونة المحاكم المالية، الجريدة الرسمية عدد 6766 بتاريخ 19 مارس 2020 ص 1642. المادة 77.

¹³ For more read the Report on the execution of the finance law for the year 2019, edition 2020. Link: <http://www.courdescomptes.ma/en/Page-27/publications/publications/report-on-the-execution-of-the-finance-law-for-the-year-2019/84-270/>

¹⁴ تقرير المجلس الأعلى للحسابات المتعلق بتنفيذ قانون المالية لسنة 2020، الصفحة 57.

¹⁵ For more details visit the following websites of the high accounting: <http://www.courdescomptes.ma/en/Page-27/publications>

¹⁶ The budget of the public investments in Morocco is more than 230 billion dirhams for the year 2021. Look the word of the high minister of finance, economic and reform of administration at the present of project of financial law 2021, P 12. Link:

https://www.finances.gov.ma/Publication/db/2021/02-%20Note%20de%20pr%C3%A9sentation_Ar.pdf

¹⁷ The international debt statistic report 2022, world bank group, page 127.

in the last seven years. Exactly, 2010 to 2017 The global public debt growth from 534.1 billion dirham at 2010 to 970 billion dirham at the end of 2017. Thus, the global public debt arrived to 91.2% out of the global public domestic¹⁸.

This inflation of indebtedness brake and impede the national economic growth on many levels, on the public investments for the central state, public establishments and public corporates. This demand from the public sector on the loans make a big pressure for the creditors and put the private sector in a hard situation to have loans. Because of, the competition between these two sectors for loans. This imbalance and inequality positions limit the regular improve of economic and investments¹⁹.

Without doubt, all of these data show us the current hard position of public finance in Morocco. Not only financially but surely this thesis is just a short image of the situation. there are many dimensions and causes behind these problems. Thus, we will try to segregate the components of the status and explain it.

2. With conscience or unconscious, structural issues impede innovation in public sector.

Basically, human life is nearer to stability and continuity of its position, ruck is aiming to let things on how it is going. Always the changes have uncertain future probabilities and externalities. People by nature wants the certain future expects which probably coming with stability and by the same causes which they understand, they are watching their results always. It is like the operation of do something X today and will get XX tomorrow²⁰.

Innovation is so far from this, stability and normalize with the lifeday. it is near than anything to make changes, give new or renewal, and updates things. The most of the problems in the world are staying with us, and they are growing day by day. due to, the absence of creativity and innovation.

To innovate is not something easy, the history tells us that creativity and innovation could be dangerous and have effects on its mind bringer. Nicolaus Copernicus died by an idea; he had died by what he said, he had given new idea, fully new, against all of their people believes. The year 1543, Copernicus was the first European scientist discovered and announced in his book "De Revolutionibus Orbium Caelestium" that Earth and other planets revolve around the sun. his epoque was the end of a world and the beginning of a new one, modern one²¹, as a result of innovation.

In the same context, but in other field Public Sector and Science of Management, when Beveridge Williams-economist and social scientist- said after the difficult times of war in his report "it is the time of revolution, not for patching"²², in how the authorities should interacted with its citizens, he was talking on what we called now the welfare state, this concept which is playing a transformative role in public life²³. Beveridge rests his case on his faith in the British people basing on 'initiative, adventures, and personal'²⁴ and these are the core piles of innovation and creativity. it seems more near from productivity-which bring creativity sense.

IRFANULLAH AND NARWAR said in their article²⁵, 'The word innovation means to introduce new thing without innovation capability there would be no computers, aero-plans, high tech television, internet and wireless technology. Innovation has been practiced through human history and has become a way of improving human life'. and we are saying here, if all of these accomplishments the majority of it, achieved by private persons- private sector- Why Public sector, collective minds and public laboratory cannot do it or better?

Today, Public Management suffers many structural problems and obstacles for achieving it goals and responsibilities. The challenges of public demands are facing the managers to find solutions and answers. The classical theories and mechanism are not fully efficient. the members of poverty in the world, and the deficit of

¹⁸ عمر العسري، ضغط الدين العام وميته وتحديات النموذج التنموي الجديد، مجلة مستجدات حكمة المالية العامة سلسلة منشور اتمختر السياسات العمومية، كلية العلوم والقانونية والاقتصادية والاجتماعية المحمدية الطبعة الأولى 2021 ، الصفحة 100.
¹⁹ عمر العسري، المرجع السابق، ن ص.

²⁰ Jackson, Don D. The Fear of Change 1967. Journal of Systemic Therapies vol. 29 iss. 2.

²¹ Alexandre Koyre. NICOULAS COPERNICUS, Bulletin of the Polish institute of arts and Sciences in America, July 1943. Vol 1, No. 4, pp 705-730.
www.jstor.org/stable/24724351

²² William Beveridge, social insurance and allied Services. Presented to Parliament by Command of His Majesty. November 1942. Report p 6.

²³ ACCA, Innovation in public finance 2019. Helen Brand pp 6.

²⁴ Leo Wolman. The Beveridge Report, Political Sciences Quarterly. Vol 58. Mar, 1943. P3.

²⁵ Irfanullah Arfeen and Nawar khan. Public sector innovation: case study of e-government Projects in Pakistan. Pakistan development review, winter 2009, vol. 48, No 4, Papers and Proceedings PARTS I and II The Silver Jubilee Annual General Meeting and conference of Pakistan Society of development economics Islamabad. March 2010. Pp 439-557.

governments are growing, the aptitudes of public managers are limited. In spite of, the patching solutions on many levels.

Tools which moving public actors either the law tools or economical tools are not responded to the challenges²⁶. Such as, the deficit of budgets, scarcity of financial resources and sometimes in some areas the incapacity of minds to solve problems and create solutions. Because of, some classical orientations in the common intellectual. For instance, the administrative acts types which we use in Morocco to finance the public projects and investments, in the first line, the public and private partnerships. which are so rich and multitype in the Anglo-Saxon esprit by contrast the Latin esprit. Thus, we are not use and benefit the positivity of the other experiences. And this could bring a special or additional definitions of innovation in the third world or the developing countries; innovation is to import, to profit and to place the successful experiences from another context to our context.

Moreover, innovation in public sector means by the professionals of finance, the change or initiative that²⁷:

- was new to the context.
- Had been implemented, and sought to improve public value.

Generally speaking, innovation refers to implementation of new idea or to novelty in the action and application of new product, services or method fostering economic growth. Innovative public finance is not a strictly define concept and depends on context and evaluation criteria used to distinguish minor policy changes from policy innovations²⁸.

Innovation creativity can be the settle of all impediments of financial and administrative progressive and prosperity in the budget. the high levels of taxation, loans and other obstacles still brake track of development.

More than that if we hypothesized that innovation comes to answer problems, obstacles, skip failures of past. thus, innovation will be defined as a future response to a current dilemma. This response should be built on structural and complex studies of such outputs and actors, with the possibilities of using multi-approaches. Production of innovative phenomenon as a responsive to a problem passes through different phases from the discovering of the needs and start the elaboration process of making solutions-phenomenon of innovation- either with conscience or unconscious. Until phenomenon innovation exists on minds the execution phases come to extracting ideas to real life and use it on real phenomenon²⁹. Before this step the innovation concept has many interactions in our view with strategy, prevision, and planification as tools to put the action of innovation in the appropriate context.

Structural imbalances in the public finance and its sustainability push all actors to search for new solutions and make innovation as a lifestyle. furthermore, Innovation is one of the most important concepts in all of organization and its role in development in our life dimensions.

Today, all of the principal organization in the public sector either on the international level or national are asking public bodies to make innovation as core manner of managing. The place of innovation is appearing with the high grade of application demands at many fields. Such as, fiscal innovation, managerial innovation, economic innovation. Thus, Innovation brings its importance. due to, its purposeful of removing obstacles and birthing solutions.

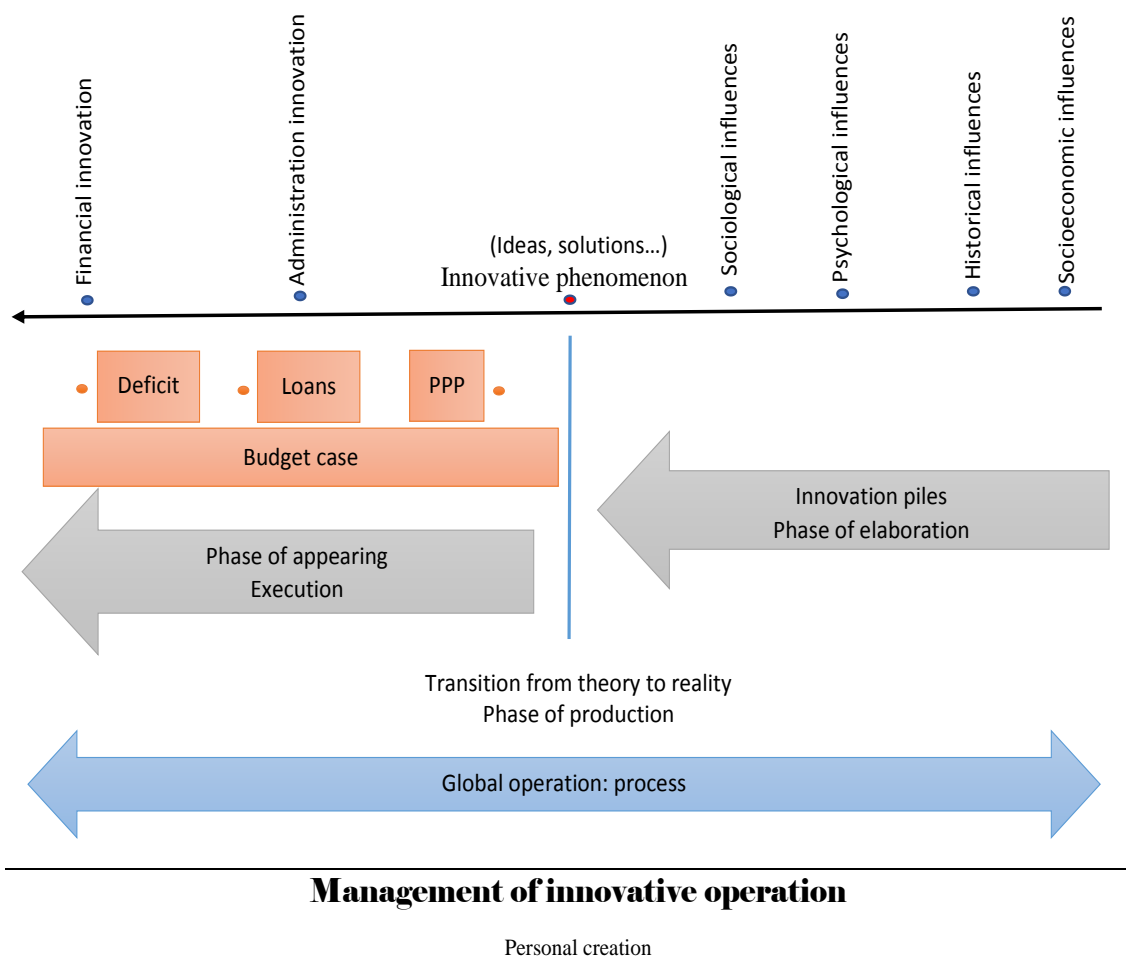
The following figure illustrates our vision to the procedure of production laws, rules and solutions;

²⁶Alexandra Adama.Challenges of Public Finance Sustainability in the European Union.2nd GLOBAL CONFERENCE on BUSINESS, ECONOMICS, MANAGEMENT and TOURISM, 30-31 October 2014, Prague, Czech Republic.Procedia Economics and Finance 23 (2015) 298 – 302.

²⁷ ACCA, Innovation in public finance 2019. Helen Brand pp 8.

²⁸Altshuler, A. A. and Zegans, M. D. (1997) Innovation and the Public Management:Notes from the State House and City Hall. In A. A. Altshuler and R. D. Behn(eds), *Innovation in American Government: Challenges,Opportunities, andDilemmas*. Washington, DC: Brookings Institution Press, 68–80.

²⁹This idea has a philosophical dimensions link with dialectics of Higgle, Marks and Ismat Sayef Dawla methods (inspire / revelation/ human creation of ideas)



II. Conclusion:

At the end of this paper, as we appeared that the public finance-based on the question “what we do?”. and public finance management-based on the question “how we do?”. Need many structural reforms on the level of the financial mind and the ways of reforms. The progressive levels of problems and dilemmas in public finance. Especially, the budget demands new approaches and discover the best practices even the good practices in the world.

The structural issues which impede the improvement of public finance on the level of the democracy practice and the transparency demands high capacities to skip and improve the situations. In addition, the technical budget problems found its solutions on the big approaches. For instance, the theory of financing by deficit doesn’t give us solution. However, it is making us accept the dilemma and live with it. And this in our vision is a problem we cannot solve problem by save the situation on the same state and wait the investment make an effect on the financial resources. More than that, this key could work and it is working in the developed country where the economics works with its real rules.

Moreover, the constitutional build of public finance needs more reforms on the light of experiences we notice that there is big coordination between the establishment of governance and the actor of public finance. And this status demands high level of reform could be constitutional to add high council who can play this rule with a power. And we will publish an article in the next editions to propose our view to the constitutional reforms.

in the end, we can also add that the economic reform knows big obstacles in Morocco. Due to, the absence of participation of all economic units. In our believes these two points; constitutional reform of public finance. and find how to make real national reform of economy. Thus, will be able to improve the situation.

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