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Assessing the Financial Performance of Moroccan Regions: A Case Study Approach

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Abstract: In recent years, decentralization and regional governance reforms have become a key priority for many countries to promote sustainable territorial development. In Morocco, the 2011 Constitution introduced advanced regionalization, granting regional governments greater autonomy and responsibilities in financing and managing local development. However, more than a decade later, questions remain about the financial performance of these regions and their capacity to mobilize and manage resources effectively. This paper aims to assess the financial performance of Moroccan regions through a case study approach. It examines regional revenue structures, expenditure patterns, fiscal autonomy, and investment capacity to evaluate the alignment between financial capabilities and the objectives of advanced regionalization. Relying on data from official sources, this study aims to provide an analytical overview of regional financial capabilities within the framework of advanced regionalization, contributes to the discussion on regional finance and governance in Morocco and formulates policy-oriented insights to support more effective and sustainable territorial development.

Keywords: Advanced regionalization, Financial performance, Regional governance, Territorial development, Decentralization.

Introduction

Regardless of the political system of countries and their institutional hierarchies, the issue of power sharing between the central state and local authorities, particularly in terms of the distribution of resources and responsibilities, remains at the heart of political and socio-economic debates. However, it has become evident, almost in all advanced countries, that decentralization and deconcentration are essential choices for the establishment of a comprehensive and integrated model of economic development.

In line with these global trends, Morocco has undertaken similar reforms through the adoption of the 2011 Constitution, which equipped Morocco with an integrated structure of territorial governance, aimed at strengthening local democratic practice within the framework of the advanced regionalization system, thereby initiating a new process in the modernization of local representative structures. Indeed, the Constitution grant regions greater management autonomy by providing them with a directly elected regional council, the establishment of a new logic of decentralization based on the principles of self-administration, cooperation and solidarity, participatory mechanisms for citizens, and subsidiarity, with the aim of improving local governance (Elarafi, 2018). In addition, the Organic Law of Regions has laid the foundations for a renewed financial and budgetary management of Morocco's regions. It has introduced a results-oriented and performance-based management approach. It has also maintained certain provisions and practices regarding classical budgetary principles and the three-year programming of all regional resources and expenditures (Lazrak, 2017).

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Beyond the classical principles that organize the financial framework of Morocco's regions, the Constitution introduced the logic of results-based and performance-oriented management as a mode of governance, pushing regions to align with the new principles that also regulate State finances. It established a new logic of decentralization based on the consolidation of new principles of financial and budgetary management. In light of these considerations, the present paper seeks to address the following central research question: *To what degree does the financial performance of Moroccan regions enable them to meet the requirements and objectives of advanced regionalization as outlined in the 2011 Constitution?*

To do so, we will first present the budgetary structure of the regions and then introduce the key financial indicators for assessing the financial performance of the regions. Next, we will outline the methods and results used in this study, before formulating our conclusions and recommendations.

Budgetary Structure of Moroccan Regions

The issues of local government finance have long been overshadowed by state finances generating a huge public debate. However, the status of these local governments has gained considerable importance with the acceleration of the decentralization process, as their powers have been expanded without a corresponding significant evolution in their financial resources. Financial resources, in fact, represent the most decisive instruments available to local governments for implementing their local public policies. An analysis of the legal texts governing local taxation and local finance, along with a study of local budgets, highlights the great diversity of the financial resources of local governments. Indeed, budgetary documents reflect this diversity by establishing a wide range of distinctions between local revenues: operating revenues, investment revenues, tax revenues, allocations, subsidies, and participations, among others.

Financial Resources

For the exercise of its powers, the region has its own financial resources, financial resources allocated to it by the State, and the proceeds of loans. In accordance with the Article 141 of the Constitution, the State must provide in the Finance Laws:

- The allocation of permanent and sufficient financial resources to the regions to enable them to exercise the exclusive powers devolved upon them under the provisions of this Organic Law;
- The transfer of the corresponding financial resources for the exercise of the powers transferred to them.

Thus, the resources of the regions essentially include:

Own Revenues

- Taxes and duties that the region is authorized to collect under legislation. These include the hunting license tax, the mining exploitation tax, and the port services tax, in addition to 5% of the proceeds from the municipal services tax and 10% of the proceeds from the quarry extraction tax.
- Fees and charges for services rendered.
- Income from property and shareholdings.
- Earmarked funds.
- Donations and requests.
- Miscellaneous revenues and other resources provided for by laws and regulations.

Transferred Revenues

- Resources derived from the share of State taxes allocated to the regions. These include 1% of corporate tax revenues, 1% of personal income tax revenues, and 13% of insurance contract tax revenues. The region is also supposed to benefit from an allocation from local authorities of the proceeds of Value Added Tax (VAT); however, in practice, regions have never received these transfers.
- Grants awarded by the State or by other public legal entities.

Proceeds of Authorized Borrowing

Borrowing is defined as any operation by which funds are made available, or committed to be made available, by a national credit institution, international financial institutions, or foreign public cooperation bodies, at the disposal of the region, which is then required to repay them under contractual conditions.The regions can also issue debt securities, or recourse to securitization operations.

Regional Expenditures

Regional expenditures include: Budgetary expenditures; Expenditures from annex budgets; Expenditures from special accounts.

Budgetary Expenditure:

- operating expenditures
    - Expenditures related to the enforcement of rulings and judgments rendered against the region;
    - Allocations for the functioning of the Regional Project Implementation Agency;
    - Expenditures related to tax refunds, reductions, and reimbursements;
    - Urgent expenditures and reserve allocations;
    - Expenditures related to financial commitments arising from conventions and contracts concluded by the region;
    - Miscellaneous expenditures related to regional intervention.
- investment expenditures

Investment expenditure is primarily intended for the implementation of regional development programs and multi-annual programs. Expenditures related to human resources or equipment associated with the functioning of regional services cannot be considered as investment expenditures.

Financial Performance Indicators for Territorial Collectivities

Financial analysis plays an important role in the management of local government budgets. Indeed, it enables territorial authorities to identify their strengths and opportunities to seize, as well as financial weaknesses and imbalances to address, with the aim of making the best use of their resources and fully accomplishing their mission of local development. Budgetary aggregates and financial ratios are two complementary yet distinct tools in the analysis of the financial performance of local governments. Aggregates provide an overall view of the financial situation in monetary terms, allowing for the assessment of a local authority's capacity to generate internal resources to finance its investments and repay its debt (General Treasury of the Kingdom TGR, 2024 ; Bird & Slack, 2007; Musgrave & Musgrave, 1989). In contrast, ratios are relative indicators obtained by calculating relationships between different budgetary or accounting items. They are used to refine the analysis obtained from the aggregates and also to provide a comparative perspective (Court of Auditors, 2024).

Budgetary Aggregates

Current Self-Financing Margin (CSFM)

The current self-financing margin (CSFM) corresponds to the surplus of operating revenues over operating expenses. Also referred to as savings, it constitutes the main resource for debt repayment and investment program financing. According to the General Treasury of the Kingdom of Morocco (2024), the CSFM is a central aggregate in local government financial analysis, as it reflects a municipality's capacity to generate stable and recurring resources and to support the strategic planning of its projects. Academically, this aggregate reflects the liquidity and financial resilience of local governments, concepts widely discussed in public finance literature (Shah & Shah, 2006; Bahl & Linn, 1992).

Self-Financing Capacity (SFC)

The self-financing capacity (SFC) corresponds to all the internal resources a local government mobilizes during a fiscal year to finance all or part of its investments. It includes the CSFM as well as other internal investment resources, such as investment grants or asset sales. The SFC level allows the assessment of an territorial collectivity financial autonomy and its ability to carry out projects without excessive reliance on external financing (General Treasury of the Kingdom of Morocco, 2024). This concept is comparable to the self-financing capacity described in Anglo-Saxon literature, where it is considered a key indicator of financial robustness and strategic planning in local administrations (Boyne, 2002; Hackbart et al., 2015).

Exercise Investment Capacity

The Exercise Investment Capacity encompasses all internal and external resources mobilized for investment financing. It includes the SFC as well as loans and specific grants allocated to investment. This aggregate allows evaluating the real potential for financing regional projects and the ability of local governments to align available resources with territorial development objectives (General Treasury of the Kingdom of Morocco, 2024). International literature refers to this indicator as capital expenditure capacity or investment capacity, used to measure local governments' effectiveness in mobilizing resources for development (Bird & Slack, 2007; Musgrave & Musgrave, 1989).

Working Capital

Working capital corresponds to the freely available balance, i.e., the treasury deposits held at the Treasury and used to settle current expenses. The concept of working capital here differs from that used in traditional balance sheet financial analysis. It is an indicator of liquidity and operational capacity, ensuring continuity of public services and daily expense management (General Treasury of the Kingdom of Morocco, 2024). In comparative financial analyses, working capital reflects the public sector's ability to maintain short-term financial balance and meet immediate obligations (Bahl & Linn, 1992; Shah & Shah, 2006).

Financial Ratios

Financial Autonomy Ratio

This ratio measures the share of own-source revenues in a local government's total revenues. It reflects the degree of financial independence and the ability to fund public policies without relying solely on state transfers. A high financial autonomy ratio indicates effective management of local resources. Internationally, this ratio is often referred to as the "fiscal autonomy ratio" and is used to compare the capacity of local governments to mobilize their own resources (Bahl & Linn, 1992; Boyne, 2002).

Operating-to-Investment Ratio

This ratio compares operating expenditures to investment expenditures. It helps assess the balance between current spending and infrastructure investments. A high ratio may indicate an excessive focus on operating expenses at the expense of investment. In Anglo-Saxon financial analysis, it is often called the "operating-to-capital expenditure ratio", a key indicator for evaluating local governments' budgetary orientation (Hackbart et al., 2015).

Debt Service Ratio

This ratio measures a local government's capacity to meet its annual financial obligations relative to total revenues. A high ratio may signal excessive reliance on debt and a risk of budgetary imbalance. This ratio is equivalent to the "debt service ratio" in international literature and is used to assess the sustainability of local public debt (Bird & Slack, 2007; Bahl & Linn, 1992).

Debt-to-Revenue Ratio

This ratio evaluates the overall indebtedness of a local government in relation to its revenues. It measures solvency and the capacity to finance projects without compromising financial stability. In Anglo-Saxon literature, it is known as the "debt-to-revenue ratio", a central indicator for comparing financial strength across local authorities (Musgrave & Musgrave, 1989; Shah & Shah, 2006).

Self-Financing Capacity

Self-financing capacity corresponds to the surplus of operating revenues over operating expenditures. It represents the main resource used to repay debt and finance investment programs. A high level of self-financing capacity indicates sound management of local finances. In international studies, this concept is referred to as "self-financing capacity" and is considered a key indicator of financial resilience and strategic planning in local administrations (Boyne, 2002; Hackbart et al., 2015).

Method

we opted for a descriptive approach, through a case study of the Moroccan regions. Since the case study approach is one of the most widely used and accepted means of research methods in the social sciences (Bloomberg & Volpe, 2022). The case study approach is particularly useful to employ when there is a need to obtain an in-depth appreciation of an issue, event or phenomenon of interest, in its natural real-life context (Crowe et al., 2011).

Data Collection

The data used in this study were collected from official sources, specifically the General Treasury of the Kingdom, the High Commission for Planning, and the Ministry of Economy and Finance. The dataset covers the period from 2015 to 2024. The reliance on these official sources ensures consistency, reliability, and comparability across years and regions, while providing a solid basis for trend analysis.

Calculation and Interpretation of Budgetary Aggregates

Key aggregates, such as the current self-financing margin, self-financing capacity, investment capacity, and working capital, were calculated for each year, as follows:

Figure 1. Calculation of budgetary aggregates

Current Self-Financing Margin

A positive one indicates that operating revenues exceed operating expenditures, allowing the local government to fund investments or repay debt. A negative one suggests reliance on external financing or borrowing.

Self-Financing Capacity

This aggregate shows the total internal resources available for investment, including Current Self-Financing Margin and other internal sources like grants or asset sales. A higher one reflects greater financial autonomy and investment potential.

Investment Capacity

Combining Self-Financing Capacity and external financing, this aggregate represents the total funds available for investment in infrastructure and development projects. A higher value indicates strong potential to achieve strategic development goals.

Working Capital

Positive working capital indicates liquidity and operational efficiency, ensuring that current obligations can be met. A low or negative working capital may signal short-term financial stress or liquidity constraints.

Calculation and Interpretation of Financial Ratios

Main ratios such as financial autonomy, operating-to-investment, debt service, indebtedness, self-financing capacity) were calculated to evaluate financial performance and solvency of the regions for each year, as follows:

Financial Autonomy Ratio= Ownsource Revenues / Total Revenues

- Own-source revenues: local taxes, fees, charges, fines, service revenues, property income.
- Total revenues: own-source revenues + intergovernmental transfers/grants + other operating revenues (exclude financing like new loans).

A recommended threshold is 50% or higher, indicating a strong capacity to finance expenditures without relying on state transfers (Bahl & Linn, 1992; Boyne, 2002).

Operating-to-Investment Ratio = Operating Expenditures / Investment (Capital) Expenditures

- Operating expenditures (OPEX): salaries, goods/services, subsidies, interest, other current spending.
- Capital (investment) expenditures (CAPEX): infrastructure, equipment, capital projects.

If CAPEX = 0 in a year, the ratio is undefined; you can report "N/A" or use a large sentinel value and comment. A ratio of 1 or lower is desirable, reflecting a balance between current spending and investment (Hackbart et al., 2015).

Debt Service Ratio = (Interest Payments + Principal Repayments) / Total Revenues

- Use total (operating) revenues for the denominator for consistency across years.
- Some studies use current revenues only.

A threshold of 10% or lower indicates healthy financial capacity (Bird & Slack, 2007; Bahl & Linn, 1992).

Debt-to-Revenue Ratio = Outstanding Debt / Total Revenues

- Outstanding debt: closing balance of borrowings (long-term + current portion).
- Alternative (often used): denominator = Operating revenues. Pick one and keep it constant across years/regions.

A threshold of 50% or lower is considered prudent, ensuring the solvency of the local government (Musgrave & Musgrave, 1989; Shah & Shah, 2006).

Self-Financing Capacity = Operating Revenues − Operating Expenditures

- Optional Self-Financing Capacity Ratio = Self-Financing Capacity ÷ Operating revenues

A level of 15% or higher of operating revenues indicates sound financial health and the ability to fund investments without excessive borrowing (Boyne, 2002; Hackbart et al., 2015; Cour des comptes, 2025).

Analysis (Linking Financial Performance to Regional Development Goals)

The evolution of budgetary aggregates and ratios over the period 2015–2024 will be compared with indicators of regional development to assess the relationship between fiscal performance and territorial progress. This analysis will evaluate the alignment between financial capabilities and the objectives of advanced regionalization, examining whether regions with stronger budgetary aggregates and healthier ratios are better positioned to achieve development goals.

Results and Discussion

This section is dedicated to the analysis of the financial results of the regions for the period 2015–2024. It aims to examine the budgetary structure of local governments, interpret the main budgetary aggregates and ratios, and assess their alignment with the objectives of advanced regionalization. The presented results will highlight general trends, identify strengths and weaknesses in regional financial management, and provide relevant insights for territorial development and strategic planning. First, it is essential to provide an overview of regional budgets for the determined period. The table 1 below serves as a fundamental basis for the calculation and analysis of budgetary aggregates and ratios, and for evaluating the financial performance of Moroccan regions. The second step of the analysis consists of calculating and interpreting the main budgetary aggregates the Table 2 below combines all aggregates calculated for each year from 2015 to 2024.

The Current Self-Financing Margin shows a generally increasing trend over the 2015–2024 period, rising from 1,596 in 2015 to a peak of 9,576 in 2022. This evolution reflects an enhanced capacity of the regions to generate own-source revenues to cover current expenditures, indicating effective revenue management and control of operational costs. Adding grants and earmarked funds increases the Self-Financing Capacity, rising from 1,648 in 2015 to 12,243 in 2024, demonstrates that regions benefit from significant reinforcement from transfers and subsidies, enabling them to finance part of their investments without systematically relying on debt.

Including borrowing in the investment capacity shows that regions could mobilize additional resources to support their projects. The progressive increase, reaching 16,068 in 2023, highlights the ability to align investment projects with regional development needs. The decline in 2024 (13,740) may indicate a reduction in borrowing or a more cautious approach to investment management. Working capital shows fluctuations, peaking in 2022–2023 (8,017), which indicates that regions have sufficient room to ensure service continuity and liquidity. The notable decrease in 2024 (3,396) highlights potential cash flow pressure, requiring closer monitoring.

Overall, the aggregates indicate a significant improvement in the financial capacity of regions between 2015 and 2024, supported by grants and borrowing. This evolution allows regions to better finance investments and align their actions with development and advanced regionalization objectives. The slight declines observed in 2024 emphasize the need to maintain a balance between self-financing, subsidies, and borrowing to ensure financial sustainability.

Table 1. Overview of regional budgets (2015–2024) (in M MAD)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1- REVENUES	2019	4781	6531	7931	9522	8310	10115	10999	11207	10806
1.1- Revenues Managed by Local Governments	455	815	444	521	597	570	653	706	607	708
Local taxes and various fees	412	785	413	461	523	480	415	424	456	539
Service revenues	41	0	0	0	0	0	100	0	0	0
Property/asset revenues	2	30	31	60	74	90	138	282	151	169
1.2- Resources Managed on Behalf of Local Authorities	144	164	169	171	193	158	204	196	207	295
Tax on municipal services	144	164	169	171	193	158	204	196	207	295
1.3- Transferred Resources	1420	3802	5918	7239	8732	7582	9258	10097	10393	9803
Share of VAT revenues	97	179	935	566	169	0	37	0	0	0
Share of corporate income tax (IS) and personal income tax (IR) revenues	785	1425	2280	2982	4490	3812	3861	4704	5070	5976
Share of revenues from insurance contract taxes	486	298	353	514	622	483	403	642	383	637
Grants and Subsidies / Earmarked Funds	52	1900	2350	3238	3450	3287	4957	4751	4940	3190
2- CURRENT EXPENDITURES	423	654	1031	1230	1578	1444	1268	1423	1888	1753
2.1- Goods and Services	353	574	926	1055	1366	1148	944	1079	1471	1238
Personnel	72	110	166	165	182	186	204	211	233	254
Other goods and services	281	464	790	890	1184	962	740	868	1238	984
2.2-Debt Interest	70	80	105	175	212	296	324	344	417	515
3- OPERATING BALANCE	1596	4127	5500	6701	7944	6866	8847	9576	9319	9053
4- INVESTMENT	1322	1870	4407	5739	7511	6879	7642	7631	9071	10344
5– BALANCE OF ANNEX BUDGETS	27	17	17	16	39	0	1	0	2	6
6– BALANCE OF SPECIAL ACCOUNTS	82	102	116	135	113	184	0	95		98
7- GLOBAL SURPLUS / DEFICIT	-383	2376	1226	1113	584	171	1206	2040	250	-1187
8- FINANCING	-383	-2376	-1226	-1113	-584	-171	-1206	-2040	-250	1187
Loan Proceeds / Borrowing Revenues	197	635	1555	1078	1942	1213	1755	1321	1809	1497
Debt Principal Repayment	-71	-85	-102	-174	-247	-355	-376	-499	-657	-669
Change in Surplus	-5	-2926	-2679	-2017	-2279	-1029	-2585	-2862	-1402	359

Source: Data compiled by the authors from General Treasury of the Kingdom reports.

Table 2. Budgetary aggregates of regional budgets (2015–2024) (in M MAD)

Year	Current Self-Financing Margin	Self-Financing Capacity	Investment Capacity	Working Capital
2015	1596	1648	1845	523
2016	4127	6027	6662	4792
2017	5500	7850	9405	4998
2018	6701	9939	11017	5278
2019	7944	11394	13336	5825
2020	6866	10153	11366	4487
2021	8847	13804	15559	7917
2022	9576	14327	15648	8017
2023	9319	14259	16068	6997
2024	9053	12243	13740	3396

Now we move on to the calculation and analysis of financial ratios. The Table 3 below presents the main budgetary aggregates defined previously for the period 2015–2024.

Table 3. Financial ratios of regional budgets (2015–2024)

Year	Financial Autonomy Ratio	Operating-to-Investment Ratio	Debt Service Ratio	Debt-to-Revenue Ratio	Self-Financing Capacity Ratio
2015	0,226	0,320	0,035	0,070	0,816
2016	0,170	0,350	0,017	0,035	1,261
2017	0,068	0,234	0,016	0,032	1,202
2018	0,066	0,214	0,022	0,044	1,253
2019	0,063	0,210	0,022	0,048	1,197
2020	0,069	0,210	0,036	0,078	1,222
2021	0,065	0,166	0,032	0,069	1,365
2022	0,064	0,186	0,031	0,077	1,303
2023	0,054	0,208	0,037	0,096	1,272
2024	0,066	0,169	0,048	0,110	1,133

The financial autonomy ratio ranges from 0,054 (2023) to 0,226 (2015), Although it shows an increasing dependence on state transfers, it remains within an acceptable range for local authorities in the Moroccan context, where own-source revenues are often limited, However, this indicator suggests that it would be desirable to strengthen the mobilization of local resources.

The Operating-to-Investment Ratio ranges from 0,166 (2021) to 0,350 (2016), These values are satisfactory, as they indicate that investment expenditures represent a significant share of resources, which is positive for territorial development, A ratio below 0,5 is generally considered balanced for local governments. With values between 0,016 (2017) and 0,048 (2024), the debt service ratio is very low, which is excellent, This shows that the regions can easily meet their financial obligations without risking budgetary imbalance.

The debt-to-revenue ratio ranges from 0,032 (2017) to 0,110 (2024), These levels are low to moderate, indicating a reasonable use of borrowing to finance investments, they are considered acceptable and sustainable, although the upward trend deserves attention to avoid excessive debt. The self-financing capacity ratio, ranging from 0,816 (2015) to 1,365 (2021), is very satisfactory, It reflects a solid ability to finance projects from internal resources without excessive reliance on debt, Even the slight decrease to 1,133 in 2024 remains well within acceptable limits. Overall, the ratios show that the regions have good financial health, with low debt service and indebtedness, strong investment capacity, and solid self-financing, financial autonomy is the only indicator that could be improved, but in the Moroccan context, it remains acceptable.

After examining budgetary aggregates and financial ratios, which allowed for the assessment of the financial situation and management performance of local governments, it becomes essential to broaden the analysis by integrating socio-economic and regional development indicators, Indeed, financial results alone cannot fully capture the real effectiveness of public action, since the ultimate goal of local finance lies in improving citizens well-being and reducing territorial disparities, Therefore, the combined study of financial performance and development indicators highlights the capacity of public resources to translate into concrete impacts on the population, through education, health, employment, and productive investment, This articulation provides a more comprehensive view of the link between local investment financing and territorial development.The table 4 below, presents some important development indicators collected from the Ministry of Economy and Finance and High Commission for Planning:

Table 4. Development indicators

Year	Population	Unemployment Rate (%)	Literacy Rate (%)	Life Expectancy (years)	GDP per Capita (MAD)	HDI	Public Investment (M MAD)
2014	33,848,242	9,9	32,2	72,52	29,656	0,645	186,6
2024	36,828,330	13,3	24,8	77,2	43,408	0,710	335

Between 2014 and 2024, Morocco's development indicators reveal contrasting trends, Demographically, the population increased from 33,8 million to 36,8 million inhabitants, reflecting continued growth, Life expectancy also improved significantly, rising from 72,5 years in 2014 to 77,2 years in 2024, which highlights progress in public health and living conditions, GDP per capita recorded a strong increase, from 29,656 MAD to 43,408 MAD, indicating positive economic dynamics.

In addition, the Human Development Index (HDI) followed the same trajectory, moving from 0,645 to 0,710, signaling overall improvements in well-being and human capabilities, On the other hand, certain social indicators remain concerning: the unemployment rate rose from 9,9% to 13,3%, pointing to a deterioration in the labor market, while the literacy rate declined from 32,2% to 24,8%, reflecting persistent challenges in the education sector, Finally, public investment increased substantially (from 186,6 M MAD to 335 M MAD), demonstrating the State's efforts to support territorial development.

The joint analysis of financial aggregates and ratios with development indicators reveals significant interactions between the financial capacity of regions and their socio-economic performance, Aggregates such as self-financing capacity and the current self-financing margin generally show an improving trend, reflecting better solvency and financial autonomy of local governments, These results are reinforced by financial ratios: a high financial autonomy ratio and a controlled debt ratio suggest that local authorities have stable resources and manage their debt prudently.

When these results are compared with regional development indicators, several observations emerge, The positive evolution of GDP per capita and the Human Development Index reflects an overall improvement in living standards and well-being, partly linked to the ability of local governments to effectively mobilize and invest their resources, Similarly, the increase in regional public investment appears consistent with the financial aggregates, indicating that surpluses are reinvested in structural projects. However, some social indicators, such as unemployment and literacy, reveal that challenges persist despite strong financial performance. This suggests that financial health, while essential, does not automatically translate into equitable human development and highlights the need for targeted strategic planning to enhance the impact of local investments on population well-being.

In summary, this cross-analysis shows that the financial health of local governments acts as a facilitator for regional development, but the effectiveness of public policies also depends on governance quality, investment planning, and the prioritization of projects with high social impact.

Conclusion and Recommendations

The cross-analysis of financial aggregates and ratios with development indicators highlights that the financial health of local governments is a key factor in supporting territorial development, Local authorities with strong financial autonomy and prudent debt management have demonstrated a greater capacity to fund structural investments and contribute to improving the well-being of the population. However, some social indicators, such as unemployment and literacy, show that financial performance does not automatically translate into equitable human development, this underscores the need to strengthen planning strategies and optimize the impact of public investments.

Based on these findings, the following recommendations are formulated for local government authorities, regional development agencies, and the relevant national ministries responsible for finance, governance, and territorial development:

Strengthen financial autonomy and diversify revenue sources: Develop new sources of own-source revenue, improve local tax collection, and reduce dependence on state transfers.

Strategic planning of public investments: Prioritize projects with high socio-economic impact, taking into account the specific needs of local populations and the most disadvantaged areas.

Implement a rigorous monitoring and evaluation system: Establish dashboards integrating financial and socio-economic indicators to ensure dynamic and responsive public policy management.

Enhance governance and transparency: improve local planning capacity, strengthen internal controls, and promote citizen and stakeholder participation in setting investment priorities.

Targeted financing for human development: allocate financial resources specifically for education, vocational training, health, and social infrastructure programs to sustainably reduce territorial inequalities.

Promote public-private partnerships and innovative initiatives: mobilize the private sector, financial institutions, and international actors to co-finance structural projects and stimulate local economic development.

In summary, the combination of financial management, targeted strategic planning, and continuous monitoring of human development impacts is an essential lever to enhance the effectiveness of local policies and support the success of advanced regionalization in Morocco.

Despite the interest and relevance of this study, certain limitations must be acknowledged. First, the analysis relies primarily on the Moroccan legal and institutional framework, particularly Organic Law No. 111-14 and the related decrees, which restricts the comparative scope with other international experiences. Second, access to disaggregated and up-to-date financial data at the regional level remains limited, which prevents a deeper empirical assessment of the financial performance of the regions. Moreover, the research places greater emphasis on the normative and institutional approach rather than on a quantitative or econometric analysis, thereby reducing methodological diversity. Finally, it is important to emphasize that advanced regionalization in Morocco is an evolutionary and progressive process. Consequently, some of the conclusions of this research should be interpreted with caution, as they may evolve in light of future institutional and financial reforms.

Scientific Ethics Declaration

* The authors declare that the scientific ethical and legal responsibility of this article published in EPESS journal belongs to the authors,

Conflict of Interest

* The authors declare that they have no conflicts of interest

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