Board Meeting of January 30, 1997
Statement by Juanita D. Amatong

Morocco Country Assistance Strategy

1. We would like to commend the staff for an excellent CAS. It is well-written and provides a frank and comprehensive assessment of the country’s economic, social and political developments.

2. The thrust of the Country Assistance Strategy for Morocco reflects a desirable level of pragmatism and tenacity required in addressing the country’s pressing development challenges. It builds on the country’s commitment to intensify the reform process and its proven track record of achieving substantial progress towards growth and macroeconomic stability, while at the same time, reinstating the major elements of the assistance strategy in 1983 particularly where it has failed to address the increasing social disparities within the country.

3. We fully support the Bank’s assistance strategy to “increase its impact while managing its exposure”. We appreciate the Bank’s prudent approach in providing support to the Government and the special emphasis given to flexibility in new lending instruments, taking into careful account the country’s political environment. We likewise welcome the Bank’s close partnership with the Government, EU, and international donor agencies as well as the Bank’s “connector role to facilitate contacts and exchanges between the Moroccan private sector and counterparts in Spain, Italy and other Mediterranean countries”.

4. We welcome the focus on social and rural development to correct the social disparities in the country. For as long as this urban-rural dichotomy exists, sustainable development cannot be achieved. Today, the glaring urban-rural divide in Morocco remains. A few examples of inequitable access to social services are clearly illustrated in Table 4 on page 5: only 14 percent of the rural population have access to safe water compared to 86 percent in urban areas; similarly, only one out of 10 rural households have electricity compared to 8 out of ten households in urban areas. The figures further show that rural women are also affected disproportionately by limited access to health and medical facilities. In fact, the last Board discussion of the Morocco CAS in November 1993, already took note of poor achievements in social outcomes and expressed concern over the implications of these, given the Bank’s high exposure and long-term relationship with the country. The Poverty Assessment in 1994 clearly highlights how Morocco “pales in comparison with those of other developing
countries": infant mortality is still 25 percent higher than the average lower middle-income country; the fertility rate is 22 percent higher; total and female primary school enrollments are 38 percent and 44 percent lower respectively.

5. We notice that the disbursement ratio of the Bank's portfolio is very low, ranging from 9.2 percent to 23 percent (Annex A1). In this regard, we are inclined to support the base-case lending scenario. Clearly, the implementation of reforms and the ensuing consensus-building efforts will require close and continued monitoring.