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Marrakesh, Morocco.

Budget Management In Developing States: Morocco's Approach – OpEd

July 3, 2025 0 Comments

By [Sylvia Rahim](#)

All countries, regardless of their type of government, require a national budget. For a government to carry out its duties to the citizens of their state, its budget is something that needs special attention. Even in our personal lives, budgeting is something we all need to practice to ensure we don't overspend and misuse our money on wasteful or frivolous expenses. Governments have the job to do this for an entire country, and whatever choices they make have consequences for all their citizens.

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When we examine countries categorized as “developing,” where the majority of citizens live in poverty and the country is not fully industrialized, a common problem among all of them is the mismanagement of their budgets due to the high costs of development. For nearly two-thirds of developing countries, they are currently in a state where, due to their high amounts of borrowing, which totaled \$11.4 trillion in 2023, they are unable to repay the costs and further deepen their debt.

Why is this the case? Are developing countries destined to remain in debt forever because they are not yet “developed”?

A country that challenges this narrative is Morocco, a North African nation with an economy ranked fifth in Africa and an expected GDP of \$165.8 billion. While Morocco is still considered a developing country, it has made significant strides in improving its economy. This article will identify three challenges developing countries face when budgeting: the quality of public institutions, the implementation of fiscal decentralization, and overarching uncertainty, and how Morocco has attempted to address these concerns through their fiscal policy.

One challenge is that many developing countries do not have efficient public institutions that meet the needs of their citizens. Public institutions are institutions made to serve its citizens and provide public goods that are ran or created by the national, or local government, For developing countries, these public institutions often lack the capacity to carry out services for its citizens such as adequate public education, safe public hospitals, and strong infrastructure across the entire county to name a few. The lack of quality of these public institutions can be traced back to a history of colonization by Western powers, where they’ve been exploited and made bankrupt economically, and even once these colonies became independent, they still had a limited capacity to govern.

Morocco, as a former colony of France, faced this uphill battle once it gained independence on how they effectively build up their public institutions. Yet, in the past couple of decades, Morocco has reformed their government institutions through their emphasis on public communication, a key component to good governance. Through its New Public Management (NPM) framework, officially adopted in 2015, Morocco has increased transparency with its citizens, provided quality public services, and focused more on improving the performance of its public agencies. While NPM has shown its benefits, the Moroccan government is still investigating other reforms that align with the Moroccan context, and by exploring different reforms, it’s likely that further improvements can be made to its public institutions.

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Another challenge is the implementation of fiscal decentralization. Often seen as a tool for enhancing local governance and accountability, it has been shown to present significant challenges in developing countries. When poorly implemented, it has resulted in macroeconomic instability, a lack of accountability and transparency, and limited local capacity.

Fiscal decentralization is shifting the budgetary power from the federal government and giving local entities and stakeholders the capacity to determine and control finances. In Morocco’s case, they’ve utilized a reform called “advanced regionalization,” where they’ve decentralized to the regional level, giving them more developmental responsibilities, such as economic development, vocational training and employment, non-farming rural development, and cultural, environmental, and spatial planning development.

Morocco’s government has had a clear commitment to participatory development to address the goals of local communities. However, for rural areas in Morocco, decentralization has yet to impact

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them in a substantial way because of their lack of capacity. Fiscal decentralization has the potential to transform Moroccan society, but only if it can be effectively implemented.

Finally, uncertainty in political, economic, and institutional environments significantly hampers effective budgeting in developing nations. Fluctuating revenues, unpredictable donor funding, and unstable governance structures create challenges for long-term planning and fiscal discipline. **Uncertainty** in developing nations has serious consequences because the costs of not having specific resources will have a significantly larger impact on people in developing nations than on citizens in developed nations.

Morocco's uncertainty, however, came in another form in 2023 when the country experienced a magnitude-6.8 **earthquake**, which claimed the lives of 2,946 people and 5,674. This earthquake devastated the High Atlas communities that no longer had homes to return to. Morocco was not expecting a climate event of this extent, and as a result, it lacked the necessary infrastructure to deal with earthquakes.

After this tragedy, Morocco has worked to build **resilience** within its country through not only strengthening its physical infrastructure, but also its **social**, economic, and environmental resilience. Events such as the earthquake can come at unexpected times, but what's important is having the infrastructure in place so there is not as much uncertainty in the government and the society as a whole.

In the end, effective budgeting is vital for every country, but it poses particular challenges for developing nations facing colonial legacies, uneven institutions, and unpredictable shocks. While countries like Morocco still grapple with obstacles such as limited local capacity and unexpected natural disasters, they also show that progress is possible through committed reforms, participatory governance, and resilience-building.

Morocco's experience illustrates that developing countries are not doomed to mismanaged budgets and endless debt. Rather, with strategic policies, transparent institutions, and community involvement, they can create stronger foundations for sustainable growth and a more secure future for their citizens.

Sylvia Rahim

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