

# The Moroccan Path Towards Environmental Fiscal Reform



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# Introduction

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- The environment in Morocco is subject to very strong pressures due particularly to demographic growth, urbanization and needs generated by the economic development;
- These pressures combined with climatic hazards and rareness and fragility of natural resources have resulted in the deterioration of natural environment and of the health and welfare of populations.

# Introduction (2)

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- Since its participation in the earth summit in Rio de Janeiro in 1992, Morocco has continually endeavoured to reconcile the concept of the preservation of the environment with the concept of sustainable development;
- In this field, several environmental protection instruments have been used (planning, norms, elaboration of legal framework, economic instrument, impacts analysis, ...).

# Introduction (3)

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- However, it has not been enough. The pressures on the environment are everyday larger and more complex. The costs of environmental damages are growing also;
- The lack funds allocated for the preservation of the environment is the main problem hindering the good management of environmental quality.

# Introduction (4)

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- The public spending for the environment has been estimated in Morocco to **4.320** billions Dirham, i.e. **0.007%** of the GDP.
- This amount is very weak compared to the costs of environmental degradation, estimated to **3.7%** of the GDP (World Bank, 2003) and compared to the costs of remediation estimated to **1.8%** of the GDP.

# Fiscal policies for environmental problems

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- In order to unite and coordinate all efforts towards the preservation of the environment, currently Morocco is realizing a study about environmental fiscal reform with the help of two swiss cabinets consultation (Ecosys and Oberson);
- The aims of this study is to explore possibilities existing in an environmental fiscal reform in order to fulfill both the environmental and economic objectives of Morocco.

# Study on the EFR

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One of the priorities of the study was to understand the present fiscal system in Morocco before to propose an Environmental fiscal reform.

# The Present Fiscal System Moroccan

	Fiscal objective	Incitative objective
<b>Without direct compensation</b>	<ul style="list-style-type: none"> <li>■ Corporate tax</li> <li>■ Income tax</li> <li>■ TVA (VAT)</li> <li>■ Urban tax</li> <li>■ Magistrature tax</li> <li>■ Urban (inbuilt) land tax</li> <li>■ Truck tax</li> <li>■ Vignette (car)</li> <li>■ Extraction tax for quarries</li> <li>■ Phosphate extraction tax</li> <li>■ Consumption tax</li> <li>■ Phosphate exploitation tax</li> </ul>	<div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"> <ul style="list-style-type: none"> <li>-Tax on the inspection on cars older than 5 y.o.;</li> <li>- Tax on motor bicycles</li> </ul> </div>

# The Present Fiscal System Moroccan

	Fiscal objective	Incitative objective
With direct compensation	<ul style="list-style-type: none"><li>■ Driving licence tax</li><li>■ cabs and bus licences tax</li><li>■ Water use charge</li><li>■ Water cleaning payment</li><li>■ Waste charge</li><li>■ Landing charge</li><li>■ Highways development tax</li><li>■ Parking charges</li></ul>	<div data-bbox="1101 1008 1725 1129" style="border: 1px solid black; padding: 5px; text-align: center;">Water cleaning up tax Pouring-out tax</div>

# Recommendations of study for EFR – Moroccan

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Recommendations of study for EFR in Morocco have been organized by environmental domains :

1. Water
2. Air
3. Waste
4. Littoral, landscape and soils

EFR in Morocco mean to generate income and/or to change human behavior.



# Why Water ?



- In Morocco, water resources are being degraded due to the industrial and domestic wastewater effluents that are not treated;
- These resources are increasingly becoming rare due to a fluctuating rainfall and irrational management of the water potential;
- In 1995 the water law was promulgated. It aims at rationalizing the use of water, generalizing access to this resources and reducing disparities between cities and villages with a view to ensuring hydraulic security all over the national territory;



# Why Water ?



- Water pollution charge in Morocco must be paid for all kinds of dumping, discharge, direct or indirect disposal into surface and groundwater;
- Revenues have to be used to finance actions and operations intended to reduce the pollution of water;
- The objective of Recommendations regarding Water in EFR - Morocco is to contribute to the protection and sustainable management of water resources.

# Recommendations of study regarding Water pollution

<p>Continuation</p>	<ul style="list-style-type: none"><li>- To contribute to the cost of water effluent charges</li></ul>
<p>Modification</p>	<ul style="list-style-type: none"><li>- Set higher tariffs on water used and differentiation of tariffs by types of water use</li><li>- Surcharge on water effluents</li></ul>
<p>New</p>	<ul style="list-style-type: none"><li>- Long term objective : covering the complete price of water by reforming the tariff structure</li></ul>



# Why Air ?



- In Morocco, localized air pollution is an important problem affecting major agglomerations and industrialized zones;
- The impacts of air pollution on economy of the country are important;
- In 2003, the air law was promulgated in order to prevent, eliminate and reduce the release of pollutants from fixed or mobile sources.

# Recommendations of study regarding Air pollution

<p>Continuation</p>	<ul style="list-style-type: none"><li>- Reinforce and carry on the voluntary agreements concluded with industrial activities</li></ul>
<p>Modification</p>	<ul style="list-style-type: none"><li>- Reform the transport tax by road (for truck) in order according to the damages they generate;</li><li>- Reform the landing tax (for planes) according to the damages and emissions they generate</li><li>- Set higher tax rate on the fuel in order to differentiate the types of fuel according to their external costs (reform of the fuel tax)</li></ul>
<p>News</p>	<ul style="list-style-type: none"><li>- Car and motor bicycle tax, reform the tax rate according to the environmental performance of the engine.</li><li>- VOC tax (volatile organic compound) in long term prospect</li></ul>



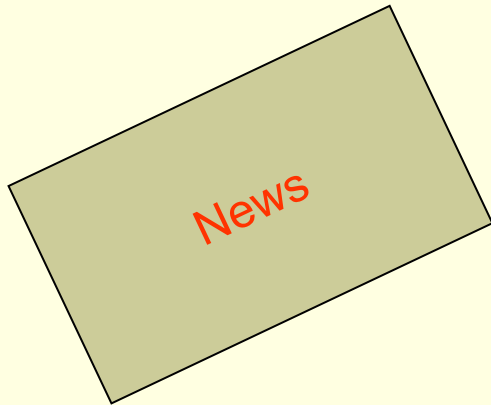
# Why Solid Waste ?



- In Morocco, we have only some sanitary landfills;
- in 2006, the law on solid waste and their elimination fills the legal gap in the field of domestic waste, industrial and medical hazardous waste;
- it provides that local collectivities must set up waste charge;

# Recommendations of study regarding Solid Waste

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- Waste charge
  - 1) by household
  - 2) by quantity of waste generated
- Anticipated recycling tax on battery (in order to finance the collection and treatment of old batteries);
- Plastic bags tax (ecological tax);
- Tax on stored industrial waste (in order to prompt the treatment of such waste)

# Why Littoral, Soils and Landscape ?



- The littoral in Morocco is permanently attacked and exploited abusively;
- Apart from the bill on the development and process of elaboration, no specific law was set up to safeguard the littoral in Morocco.

# Recommendations of study regarding Littoral, Soils and Landscape

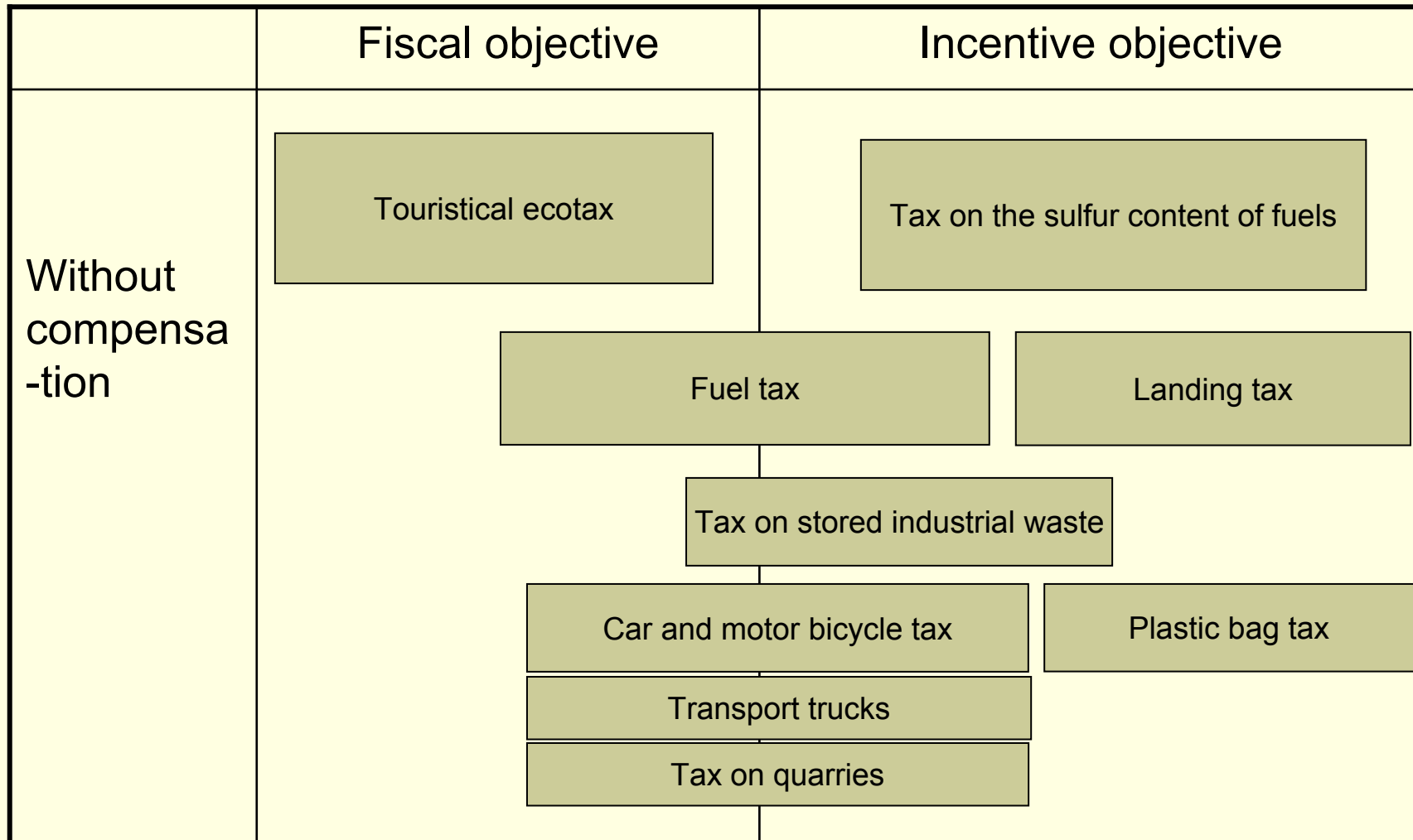
Modification

- Tax on quarries: application for exploiting authorization with incitative objective.

News

- Environmental tax on tourists: paid by foreign visitors and paid into the National Environment Fund in order to finance projects linked to soils and landscape preservation.

# Focus of recommendations of study regarding Moroccan's EFR



# Synthesis of recommendations of study regarding Moroccan's EFR

	Fiscal objective	Incentive objective
With compensation	<p>Water cleaning payment</p>	<p>Water used charge: reform tariff</p> <p>Water effluent charge : higher tariff</p> <p>Waste tax 1) Household 2) Quantity</p> <p>Anticipated recycling tax on battery</p>

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**THANK YOU FOR YOUR ATTENTION**