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A New Social Contract? Examining Inclusive Neoliberalism in Moroccan State Policies toward the Informal Sector (2022)

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A New Social Contract? Examining Inclusive Neoliberalism in Moroccan State Policies toward the Informal Sector

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Abstract:

The February 20th Movement (M20F) in Morocco has been widely understood as the result of a dysfunctional social contract and the enduring economic marginalization of youth and informal sector workers. In response, though the Moroccan state has focused principally on general economic development, it has implemented several programs specifically addressing the informal sector. Employing the global case study method, this thesis focuses on the economic policies toward the informal sector in Morocco and similar policies and their reflection of a new social contract. While some policies are ineffective, motivated by co-optation and appeasement, others have produced more favorable outcomes. Programs can be improved by targeting the most marginalized informal workers, improving cooperation between actors, and broadening support throughout the formalization process. On the macro-level, the informal sector will remain a significant source of employment as long as the job market remains polarized and jobs in the service sector are limited. Finally, unless the state offers improved deliverables to youth and informal sector workers, the social contract will continue to be characterized by marginalization and exclusion.

Introduction

The 2011 protests in Morocco, inspired by protests in its neighboring country Tunisia, brought the economic marginalization of the informal sector to the forefront. On December 17th of 2010, a Tunisian law enforcement officer confronted informal street vendor Mohamed Bouazizi, insulting him, pushing his cart, and confiscating his electronic scales. This was the last of a series of altercations with local authorities who often harassed and demanded bribes from Bouazizi. Bouazizi went to the local police station and asked for his scales back without success. On December 17, 2010, Bouazizi self-immolated in protest of the Tunisian government, igniting a series of anti-government protests throughout the Middle East and North Africa. While the uprisings resulted in regime change in Tunisia and Egypt, the Moroccan protests ultimately did not threaten the monarchy and were relatively contained through the government's strategy of limited concessions and repression (Abouzzohour, 2021).

Though the February 20th Movement (M20F) settled, the economic hardships that unemployed youth and informal sector workers faced continued. Youth unemployment, underemployment, and informal employment remain high in Morocco, even among college-educated young adults. Despite the state's repression of the protests, it simultaneously introduced a series of constitutional reforms and a second stage of the National Initiative for Human Development (INDH) first launched in 2005. The king announced the plan to hold a referendum on constitutional reforms within a month of the beginning of M20F, however, the regime presented the reforms as part of its ongoing "advanced regionalization" process rather than an acknowledgment of the protestors' demands (Molina, 2011, p. 439-440). In July 2011, the new constitution was approved by an overwhelming majority of voters, which included mostly symbolic reductions of the king's authority[1] and the official recognition of the Amazigh language (Al Jazeera, 2019).

Informal labor is not inherently problematic and can provide needed opportunities for income generation. Nevertheless, formal firms consistently view informal firms that do not

[1] One significant change introduced by the new constitution is the requirement that the king selects the head of government from the majority party. However, the king still chairs the Council of Ministers, which retains absolute veto power over the Council of Government and maintains the exclusive right to amend the constitution. (Madani et al., 2012, pp. 6-7).

abide by business regulations or pay taxes and licensing fees as a threat (Chauffour, 2018, p. 141). From the state's perspective, the informal sector represents a substantial loss of tax revenue. Perhaps most importantly, informality leaves worker rights unprotected, as their labor is not subjected to minimum wage laws or health and safety regulations. Women are particularly vulnerable to exploitation in the informal sector.

Given the central position of the informal sector in the protests in Morocco, the M20F can be understood as a symptom of longstanding economic marginalization and a catalyst for limited reforms. While the state introduced measures to increase formalization, mostly by creating formal jobs rather than focusing on the transition from informal to formal (Ibourk, 2012), there is still systemic corruption and a lack of trust in institutions. Until the social contract changes and informal workers see more benefits than costs of formalizing, the informal economy will remain a large sector of the Moroccan economy.

While there have been some major reforms both directly and indirectly supporting the formalization of informal firms and offering renewed social support, the policies have varied in their effectiveness. The 2011 movement represented a rupture in the social contract that was rooted in structural adjustments beginning in the 1980s. The formation of a new social contract, characterized by reform and inclusive neoliberalism did not occur spontaneously following the protests, just as the grievances behind the protests did not arise in a vacuum. The state had introduced ongoing reforms since the 1990s, arguably helping it evade regime change as in Tunisia and Egypt (Darif, 2012). Still, the 2011 protests made informal workers, often rendered invisible despite their role in public spaces, undeniably visible.

Focusing on the Moroccan informal sector, this thesis addresses the following questions:

1. In what ways has the Moroccan informal sector evolved? Why has it evolved in those ways?
2. How and why has the Moroccan government tried to support or reform the informal sector over the last twenty years?

3. How effective have government efforts been in enabling formalization or in improving conditions in the informal sector? What explains the effectiveness or ineffectiveness of those efforts?

The thesis argues that, transitioning away from the "unsocial" social contract in which informal sector workers had little interaction with the state (el-Haddad, 2020, p. 6), the new social contract can be defined as an "inclusive neoliberal" social contract, in which the state still maintains non-democratic rule and continues to privilege the interests of elites. However, the "unsocial' aspect of the "unsocial" social contract has been replaced by state rhetoric and policies encouraging democracy, inclusion, and participation while simultaneously shifting responsibility from the state to the individual.

This study examines Morocco's informal sector through the lens of institutional theory, particularly by discussing enabling institutions. The paper first outlines the rise of the informal sector in Morocco, social contract theory, and informal sector theories. The paper then discusses enabling policies that have been created or expanded following the February 20th Movement, including active labor market policies and the auto-entrepreneur status that facilitate the formalization of SMEs. Finally, the paper evaluates some of the strengths and limitations of current policies and provides a brief set of recommendations.

Methodology

This paper employs the global case study approach. The global case study method examines a local case in relation to global systems and structures. The subject of a case study serves as its focal point, allowing for a focused examination of the ways in which various local and global dimensions impact a specific group or issue.

A global case study explores the intersections between global processes by examining the relationship between specific subjects and objects (Darian-Smith & McCarty, 2017). The primary subjects explored within this case study are the Moroccan informal sector and informal sector workers, Moroccan government policies towards the informal sector, and secondarily, the Arab Spring protests. The larger object of this case study is to better understand how economic policies systematically exclude large groups of workers and entrepreneurs.

Secondary objects include gender relations and class, which both impact the position of informal workers within the economic system.

The informal sector serves as a subject because its size and conditions are impacted by the Moroccan economic system, specifically its traditionally large public sector reduced through neoliberal policies, leaving many people informally employed. The policies responding to the growth of the informal sector are also a reflection of both domestic and global economic systems.

The secondary subject of the thesis is the Arab Spring protests, which are commonly viewed as a response to economic marginalization in the form of fewer employment opportunities and reduced social services due to austerity measures, both elements of what has been described as a broken or strained social contract.

While there are numerous global dimensions that can be considered in a global case study, this paper focuses primarily on local-global, temporal, social, political, economic, and intersectional dimensions. The local-global continuum frames the interactions between local economic processes, national economic conditions, and international development policies, the temporal dimension provides a framework to understand the change in the conditions of and policies toward the informal sector over time, and political and economic dimensions encompass the social contract and the economic marginalization of informal workers. Finally, the paper implements an intersectional analysis by examining the function of gender and class in the informal sector and policies that encourage formalization and diversion from informality.

The thesis draws primarily on secondary sources, in particular peer-reviewed journal articles, government documents, and working papers from IGOs. Quantitative data in the paper has been gathered from secondary sources, such as statistical analyses of surveys conducted by other researchers. Many of the sources are evaluations of policies and programs toward the informal sector that include both quantitative markers of success, such as business success rates, wages before and after programs, and employment rates, however, qualitative indicators such as job satisfaction, and compatibility between training and skills demanded by employers,

as well as evaluations of gendered experiences within programs are also central to the policy analysis and recommendations.

Through an examination of secondary sources, the paper attempts to find connections across analyses of different policies, linking them together to create general recommendations on how policies can be collectively improved.

The data in the study is limited by its reliance on secondary data. In addition, the informal sector often involves illegal activity, so existing surveys often ask questions indirectly, underestimate the size of the informal sector, and exclude workers who are less visible, such as informal workers who work from the home, who are often women. In addition, it is impossible to analyze all policies that address the informal sector. The study considers the outcomes of specific programs and policies, rather than conglomerating the data of all policies.

Defining Informality

There is considerable scholarly debate over the precise definition of informality.[2] Most scholars distinguish illegality from informality, noting that informal activities are illegal but acceptable according to informal social norms and institutions (De Soto, 1989, p. 11; Webb et. al., 2013, p. 598). Therefore, activities generally viewed as negative, such as drug trafficking, lack the social legitimacy to fall under the category of informality as compared to activities with perceived social benefits, such as street vending (Webb et. al., 2013, p. 600). Many scholars challenge the false dichotomy between formal and informal activities, when in fact the two sectors often overlap, sometimes within the same firm or venue (Aksikas, 2007; Webb 2013).

[2] While some scholars and organizations define enterprises as informal only if they employ 10 employees or fewer (Hassania and Ahmed, 2021, 2), others do not consider size in their definition of informality. In addition, while most agree on the requirement of social legitimacy, Jafaar Aksikas argues that the informal economy includes "drug trafficking;…casual sex; domestic labour; unlicensed public transportation," (Aksikas, 2007, p. 252) drawing a broader boundary than De Soto and Webb.

Regardless, it is important that researchers clearly define informality when estimating the size of informal sectors over time. In this paper, informal activity refers to economic activities that fall outside of official documentation, regulation, and taxation, such as the unlicensed street vending, or unrecorded at-home textile work.

The Rise of the Informal Sector in Morocco

In the 1970s and 1980s, Morocco faced an economic downturn and increasing national debt related to a decrease in phosphate prices, Morocco's most important export, and rising prices of oil and other imports. The Moroccan state received loans from the IMF and the World Bank on the condition that it implemented Structural Adjustment Programs (SAPs) to address the debt crisis. Morocco was one of many less economically developed countries that shifted from state ownership toward privatization, austerity, and liberalization (Najem, 2001, pp. 51-67).[3] SAPs were successful in increasing GDP and decreasing the budget deficit "from 12.3 percent of GDP in 1983 to 0.9 percent in 1987 and to 0.7 percent in 2003" (Catusse, 2009, p. 6). However, the reforms also introduced immense social costs, including decreased wages, worsened working conditions, and weakened public welfare programs (Aksikas, 2007, p. 255). By the 1990s, the number of available jobs in the public sector had fallen dramatically, and the private sector was unable to employ workers who lost their jobs, leading to increased rates of unemployment, underemployment, and informal sector employment (World Bank, 2003, p. 4).

While the informal sector had existed before SAPs, it was small and characterized by temporary work. Jafaar Aksikas has argued that the new informal economy is characterized as a marginal class of workers, a development inherent to globalization and neoliberal economic reforms (Aksikas, 2007, p. 256-257). SAPs have been criticized for reducing social safety nets and exacerbating inequality, and the World Bank and IMF have long been accused of debt-trapping and coercing less economically developed countries through conditional loans. The ethics of conditional loans remain outside the scope of this paper; however, it is important to

[3] Neoliberal economic theory was widely accepted in the 1990s following the collapse of the Soviet Union. Major financial institutions including the International Monetary Fund and the World Bank embraced "the Washington Consensus," a term coined by economist John Williamson in 1989 encompassing a set of ten policy recommendations emphasizing market liberalization suggested to stimulate economic growth in developing countries (Naim, 1999).

note that after the end of SAPs, the World Bank has continued to play an active role in Moroccan economic policymaking. The World Bank Group and the Moroccan state have implemented a country partnership framework, in which the World Bank provides loans on the condition that it implements a series of economic policies.

The Unemployed Graduates Movement and the February 20th Movement

Though the Arab Spring and its iteration in Morocco, the M20F, are sometimes viewed as sudden, spontaneous expressions of social unrest, the economic grievances behind the M20F, as well as state reforms addressing the uneven development resulting from SAPs, were ongoing. By the start of the 1990s, the social impacts of austerity measures and growing inequality gave rise to the Moroccan National Association of Unemployed Graduates. The resulting Unemployed Graduates Movement consisted of organized protests among university graduates fighting for what they viewed as a "right to a public sector job," which for the previous generation was expected for individuals with a degree and had served as a key feature of the populistic authoritarian or rentier social contract (Bogaert & Emperador, 2011, 245-252). Many unemployed graduates prefer to queue for employment in the public sector, which offers better benefits and job security than the private sector, turning to informal work in the meantime (Bogaert & Emperador, 2011, p. 252; Assaad, 2014, p. 9).

Over time, the Unemployed Graduates Movement has become "institutionalized," regularly resulting in negotiations between protestors and the state and unlikely to truly destabilize the state.[4] The movement, earlier centered on more radical, anti-authoritarian messaging and tactics including threats of self-immolation, is notably lacking in overtly political messaging and has moderated over time, shifting away from leftist student activism. As the protest networks have expanded to include graduates with advanced degrees, the objectives have narrowed to building a coalition around the common goal of public sector employment, rather than larger criticisms of authoritarianism (Emperador, 2019, p. 115). Importantly, the

[4] Organizers have developed a system that moves protestors higher on the list used in negotiations, ordered according to individual participation. The list decides who will be awarded a public sector position first, incentivizing protestors to participate often and even engage in confrontations with law enforcement. The protests are especially prominent in the public spaces of Rabat and have become an alternative and at times more effective mechanism for entry into the public sector (Bogaert & Emperador, 2011, 250-254).

movement's sole focus on university graduates and their negotiations with the government for public sector positions that require a university degree has precluded the participation of informal sector workers without tertiary-level education.

Morocco's M20F protests were inspired by Tunisian protests, especially the martyrdom of Mohamed Bouazizi, and many shared political and economic conditions throughout the region, however, the M20F stopped short of demanding regime change. The M20F started as a mostly middle-class and youth-based movement (Fakim & Verghese, 2014; Radi, 201,7; Badran, 2018). Though the movement contained more radical segments, including Islamists, and near the end, increasingly leftist and anti-authoritarian groups, the protests occurred mostly in the middle-class neighborhoods, purposefully prevented from reaching the working-class neighborhoods by the regime (Badran, 2018, pp. 49-52). The Unemployed Graduates Movement, and especially its members with advanced degrees, did not necessarily support the M20F, even pausing their protests through July at the request of the prime minister (Emperador, 2019, p. 127). As a result of both the demands and makeup of the movement, less educated informal workers were marginalized in both the movement itself and the corresponding state responses.

Within 20 days of the outbreak of M20F, the monarchy announced that it would launch a new council overseeing a draft for constitutional reform, steered by the Consultative Commission for the Reform of the Constitution (CCRC), to be completed by June. The process included members from political parties and a range of civil society associations and trade unions, however, the February M20F boycotted the process (Molina, 2011, p. 439). Informal sector workers are notably underrepresented in trade unions and associations. Their rate of participation is difficult to record, especially given the complex overlaps between formal and informal labor. One report found that in 2000, 85.6% of informal workers were not part of a trade union or association due to social exclusion and the inherent positioning of the informal sector in opposition to authorities (Boukhriss, 2016, p. 161).

In addition to the exclusion of informal workers by default, the reform process was characterized by a general lack of transparency. The CCRC gathered suggestions between

March and June of 2011, an expedited process that took place behind closed doors (Molina, 2011, p. 439), suggesting that the inclusiveness of the commission may have been a strategy to prevent further discontent. In the speech announcing the creation of the CCRC, the king framed the reform process as part of the advanced regionalization process (Molina, 2011, 439). Neither the M20F nor the informal sector workers were referenced directly, though many of the policies rolled out during and after 2011 pertain to the inclusion and formalization of the informal sector, at least indirectly.

For example, on February 21, 2011, the day after the beginning of M20F, the king formed an independent constitutional body called the Economic, Social and Environmental Council (CESE) which according to its website, "carries out advisory missions on major development guidelines, economic and social public policies as well as those concerning sustainable development and advanced regionalization," and "relies on a participatory approach based on listening, debate and convergence of the points of view of different parts of society and the forces that are the country's lifeblood" (CESE, 2020). Though not stated explicitly, the CESE represents a trend in state reforms characterized by inclusion and participation in response to the widespread economic exclusion expressed in the M20F. The CESE has published reports advising the state on how to integrate the informal sector, which are discussed briefly later in the paper.

The M20F and its aftermath represent both change and continuity in state policies toward the informal sector: while the movement appeared to have been a turning point that inspired a range of political, economic, and social reforms, the state's general opacity makes it difficult to link laws and policies introduced after 2011, such as the Auto-Entrepreneur Law of 2015, directly to the protests. In addition, many of the state's responses toward the informal sector involved expanding on existing initiatives that attempted to encourage formalization and eliminate informality.

Theoretical Framework and Literature Review

The position of informal sector workers within the Moroccan social contract remains under-discussed and undertheorized. This thesis intends to begin to address this gap by putting

social contract theory in conversation with informal sector theories to examine the link between shifts in state-citizen relations and state policies towards the informal sector in Morocco. Understanding state-citizen relations over time contextualizes the building frustrations behind the 2011 protests, while informal sector theories attempt to explain the micro and macro-level causes of informal economic activity. Together, these theories help frame the position of informal sector workers within the social contract, the effectiveness of different policies and programs targeting the informal sector, and potential improvements to those programs.

The Moroccan Social Contract

Several scholars have argued that the 2011 Arab Uprisings were the result of a breach of the "populistic authoritarian social contract" (El Haddad 2020; Devarajan, & Ianchovichina, 2018). The relationship between a state and its citizens is often described as a social contract or citizenship agreement, relating to the duties and powers of a state and the corresponding rights and responsibilities of its citizens. Though the relationship is constantly evolving, scholars have categorized the Moroccan social contract into several distinct eras. During the colonial era, the French established a hierarchy that privileged French expatriates over the local population. In addition, French officials allied with local elites, privileging them over the non-elites. (Meijer, 2017, p. 67). Following the end of colonial rule in 1956, a new "populistic authoritarian" social contract was formed between the newly independent state and Moroccan citizens (El Haddad, 2020), in which the state retained authoritarian control in exchange for extensive social programs.

When the state reduced its role in the economy as a result of SAPs, a new "unsocial" social contract developed in the MENA region in which Arab states and their citizens have limited interactions. Based on her studies of Latin American informal economies, Judith Tendler similarly observed that states tend to adopt a position of relative neutrality toward the informal sector, an underlying promise that maintains: "If you vote for me, according to this exchange, I won't collect taxes from you; I won't make you comply with other tax, environmental, or labor regulations; and I will keep the police and inspectors from harassing you" (Tendler, 2002, pp. 2-

3). Tendler described this relationship, similar to el-Haddad's idea of the "unsocial" social contract as the "devil's deal," which relies on the informal sector's absorption of a large segment of the working-age population that lacks alternative employment opportunities. In the MENA region, the informal sector is excluded from the benefits of political patronage and "gives and receives nothing to and from the regime" (El Haddad, 2020, p. 6). In the absence of the social benefits of the previous social contract, the growing economic marginalization of informal workers and unemployed youth contributed to the mass protests in 2011 (El Haddad, 2020, p. 7). Following the M20F, the monarchy and its cronies have retained ownership over much of the economy. While the Moroccan state appears to be shifting away from the unsocial social contract by creating greater opportunities and benefits for its people, the persistence and magnitude of the reforms remain unclear (El Haddad, 2020, p. 10). Institutional reforms to encourage formalization and to ensure the socio-economic wellbeing of informal workers, therefore, continue to exist in the context of a neoliberal social contract.

Being unlicensed and unregistered by the state, the informal sector occupies a unique position within the social contract. Some scholars have argued that informal workers in North Africa are "socially dead," (McMurray, 2013; Moulay Driss & Belghazi, 2019), and that martyrdom, either purposeful or accidental, represents "visibility for the other invisible and socially dying bodies" (Moulay Driss & Belghazi, 2019, p. 649). Moulay Driss and Belghazi argue that the M20F and the 2011 uprisings throughout the region pushed the reality of *hogra*[5] into collective view.

Other scholars have de-emphasized the importance of the M20F, arguing that state programs promoting social entrepreneurship following the protests were policies of appeasement that served to confirm and consolidate state power, privileging "politically important groups" and providing opportunities to only a small minority of people, rather than introducing meaningful structural change (Kreitmeyr, 2019).

[5] *Hogra* roughly translates to humiliation, and more specifically, the "deprivation of dignity because of official abuses, nepotism, and marginalization" (Ennaji, 2021).

It has also been suggested that citizenship is not simply the passive acceptance of a social contract, but is a role expressed through "acts of citizenship." Citing Isin, Ennaji argues that through acts of citizenship, "subjects constitute themselves as citizens, as those to whom the right to have rights is due" (Ennaji, 2021). The idea of an "authoritarian bargain" and "unsocial social contract" may oversimplify state-citizen relations and underestimate the youth agency exhibited in the 2011 and 2016 protests in Morocco. In addition, the Moroccan social contract should be further discussed in the context of the monarchy's cultural and religious sources of legitimacy.

A New Social Contract?

The Moroccan state's shift toward inclusiveness, both in discourse and practice, raises an additional question: does inclusive neoliberalism truly represent a new social contract, or is it simply a version of the "unsocial" social contract with an inclusive mask? Any decisive answer is complicated by the abstract nature of the social contract, and additionally, neoliberalism, which has been understood as an ideology, a set of principles, and an observed phenomenon. While the social contract is a useful model to understand the implicit expectations and duties of states and citizens, state-citizen relations are not monolithic and vary greatly based on local context. Just as acts of citizenship render individuals "citizens," Bogaert and Emperador have argued that it is the act of protest that constructs the state as a unified, coherent body, and that on its own, the state is a dispersed array of officials, policies, and processes (Bogaert & Emperador, 2011, p. 256). Furthermore, recent literature has reconsidered neoliberalism as a "redeployment" of state power toward more indirect, but not necessarily weakened forms of control, rather than a "retreat" (Hibou, 1998; Bogaert & Emperador, 2011; Bergh 2012).[6]

Acknowledging the shortcomings of the social contract as a theoretical framework, this paper nonetheless observes the shift within state-citizen relations towards inclusivity and its practical implications. The decentralization of power from the central government and its

[6] One example of the inconsistent process of neoliberalism is the case of water privatization in Morocco, which has not been uniform throughout the country. While some municipalities assign water sanitation and distribution to public operators, others have transferred the responsibility to private companies like Suez and Veolia through concessions contracts (Fraile & Mantovani, 2004, p. 5). Even in municipalities that opt to privatize water management, the state retains control through private-public partnerships.

redeployment via local actors and non-governmental intermediaries, ranging from non-profits to private firms, can be understood as a central feature of neoliberal social contracts, whether "unsocial" or "inclusive."

Informal Sector Theories

Informal sector scholars have developed an extensive range of frameworks to understand how and why entrepreneurs operate in the informal economy. While some theories address individual-level decision-making, others attempt to understand the macroeconomic conditions that contribute to the growth of the informal sector.

Macro-level Theories

On the macro-level, the dominant theories of the informal economy build from mainstream economic and development theories, including but not limited to modernization theory, neo-Marxist-theory, world-systems theory, dependency theory, neoliberal theory, and institutional theory. Modernization theory, when extended to examinations of informal economies, understands the growth of a country's informal sector as a symptom of "underdevelopment," namely weak institutions and non-democratic rule, suggesting that less economically developed countries are more likely to have larger informal economies (Williams & Kedir, 2018, p. 157). Neoliberal views of informality suggest that too much government intervention in the economy causes the informal sector to expand (De Soto, 1989), and variations of structuralist or neo-Marxist theory see neoliberal structural reforms as a primary macro-level cause of economic exclusion and the growth of informal economic activity (Huang et al., 2020, p. 3).

Institutional Theory

This paper examines macro-level causes of informal sector in Morocco primarily through the lens of institutional theory, using both secondary sources and primary government documents to analyze existing institutions, policies, and programs and how they relate to the informal sector. Institutions are emphasized based on the assumption that both directly and

indirectly, a country's institutions determine the parameters of its informal sector (Mathias et al., 2015).

Institutional theorists include both informal institutions and formal institutions in their analyses (Mathias et al., 2015). Scholars have argued that individuals are driven into informal activity when institutional voids are present, defined as "a lack or a failure of existing institutions to support efficient and effective market transactions" (Webb et al., 2020, 504). Institutional voids may be formal or informal. Formal institutional voids can include weak or poorly enforced property rights, or lack of infrastructure supporting efficient and productive entrepreneurship, while informal institutional voids pertain to a lack of informal business norms that can regulate business and address formal institutional voids. (Webb et al., 2020, p. 507). Social exclusion, when viewed as an institutional void, "stems from norms and beliefs in society that certain individual, based on their gender, ethnicity, age, or other demographic attributes, lack the status to partake in market activities, own property, and/or participate in certain types of relational exchange" (Webb et al., 2020, p. 508). Given that factors related to gender, age, and class have been identified as micro-determinants of informality, these determinants can potentially be explained by social exclusion as an institutional void.

Regarding the informal sector, institutions can be further divided into two categories: constraining institutions and enabling institutions. Enabling institutions incentivize or enable individuals and firms to formalize while constraining institutions discourage informal activity (Mathias et al., 2015). Research suggests that while both types of institutions can be effective, policies meant to lower barriers to entry into the formal economy tend to be more effective than constraining institutions, though in addition to its type, the effectiveness of an institution also depends on its quality (Mathias et al., p. 261).

Based on observations of the informal sector in India, researchers similarly found that the state does regulate the informal sector, but on an ad hoc basis (Harris-White, 2017, p. 1753), largely because formal and informal activities are highly enmeshed. The study found that the state both directly and indirectly impacted the scope of the informal economy using a variety of tools, including fiscal spending. For example, state investment in infrastructure can

inadvertently promote informal activity by lowering operating and transaction costs for firms and providing them with venues to sell their merchandise (Harris-White, 2017, p. 1753). Alternatively, urban development can push informal firms to the margins, forcing them to adopt "New hybrid practices…such as the overnight storing of verge-side stock and small stalls inside formally registered, glass fronted, secure shops" (Harris-White 2017, p. 1753). Fiscal spending to support social programs may also generate contradictory effects on informal activity.

While different informal sector theories rest on contradictory assumptions, there is evidence that there are often multiple macro-level causes of informal activity. There is emerging agreement that informal sector theories are not mutually exclusive (Williams & Kadir, 2018; Huang et al., 2020). Colin Williams and Abbi Kadir have developed "neoinstitutionalist modernization theory" based on evidence of higher rates of informality "where there is a lower level of economic development, lower quality of governance, lower levels of state intervention, and higher levels of institutional incongruence" (Williams & Kadir, 2018, p. 162). These conditions, as will be discussed in the following section, are consistent with the economic conditions in Morocco and other MENA countries with large informal sectors.

Micro-Level Theories

Similar to the interface between macro-level theories, micro-level theories of the informal sector are not necessarily incompatible or mutually exclusive. Two of the prevailing theoretical understandings of individual decisions to enter the informal sector are motivation-related theory, which emphasizes individual motivations and decision-making in the informal sector, and resource allocation theory, which posits that entrepreneurs make rational business decisions to optimize their limited resources (Webb et. al., 2013, p. 599).

Motivation-Related Theory

Motivation-related theory attempts to explain the factors that motivate entrepreneurs to participate in the informal economy. The theory outlines both economic motivators, such as the desire to evade taxes and regulations, and social motivators, such as the motivation to pursue success according to societal standards without having the resources to do so in the

formal sector (Webb et al., 2013, p. 606). The theory also identifies a difference between voluntary departure from the formal sector and involuntary exclusion. Employees tend to be more economically vulnerable and have less agency over the decision to participate in the informal economy than business owners (Webb et al., 2013, p. 606). Overall, individual-level motivations to engage in informal economic activity vary based on a person's status and economic situation.

Resource Allocation Theory

Based on a psychological study discussing behavior at work and limited cognitive resources, Webb has expanded the theory to apply to the business decisions of informal entrepreneurs with limited material resources. Focusing on the limited resources in the informal economy, Webb suggests that informal entrepreneurs are likely to draw from personal family resources and adopt often inefficient strategies (Webb et al., 2013, p. 610).[7] Resource allocation theory not only explains how limited resources influence entrepreneurs to enter the informal sector, but also how limited access to resources impacts their business strategies.

Micro level determinants of Informality

In the MENA region, researchers observed negative relationships between age and education level, and informality. In addition, women are more likely to be informally employed in most, but not all countries. The strength of the relationship varies by country and between urban and rural workers (Angel Urdinola & Tanabe, 2012, p. 10). In addition, self-employed workers are more likely to work in the informal sector, and married people were between 2 to 8 percent less likely to work in the informal sector, likely because a steady income was an important social pre-requisite to marriage (Angel Urdinola & Tanabe, 2012, p.14-16). In Morocco, workers in firms of less than ten employees were 21 percent more likely to work in the informal sector than workers in medium-size firms of ten to 50 employees, and 53 percent more likely to work in the informal sector than workers in large firms of fifty or more workers

[7] These strategies include "carrying smaller inventories, agglomeration, drawing upon informal loans, and using free raw materials, [which] are positively related to opportunity exploitation and subsistence in the informal economy" (Webb et al., 2013, p. 610).

(Angel Urdinola & Tanabe, 2012, p.18). Finally, in the MENA region, wages tend to be lower in the informal sector than in the formal sector, with the exception of Yemen (Angel Urdinola & Tanabe, 2012, p.19). While trends relating to age, education level, and other independent variables tend to be consistent across regions, they are not universal and should be understood within the larger context of a country's business environment, population demographics, institutions, and the sectoral composition of its economy, among other factors.

In addition to demographic features, lack of access to premises, avoidance of interactions with government officials, ignorance of business rules, complicated registration processes, lack of access to financing, cost of registration, lack of support systems, and tax rates prevent entrepreneurs from formalizing (El Hassania & Ahmed, p. 4). These factors are consistent with theories relating informality to institutional constraints, individual perceptions, motivations, social pressures, and the availability of resources.

Macro-level Causes of Informality

Structural unemployment is widespread in Morocco, especially among entry-level university graduates. The structural problem has two main causes, firstly the weak industrial sector prior to the growth of services, and consequently "weak purchasing power of Moroccan households" (Chauffour, 2018, p. 77). Evidence suggests that though many workers are migrating from rural to urban areas, they are not necessarily transitioning from agricultural to industrial work, and the number of jobs in the manufacturing industry has been slow to increase, leading to Morocco's "premature deindustrialization" (Lopez-Acevedo et al., 2021, p. xii). In addition, technological advances have eliminated many semi-skilled positions that college graduates used to occupy, such as data entry jobs (Chauffour, 2018, p. 78). Therefore, available jobs tend to be low-skill, low productivity jobs often in the informal sector, or high-skill jobs that require further education. This polarization of employment opportunities creates challenges for SMEs to formalize and grow, and many of the most educated Moroccan workers enter finance and management rather than entrepreneurship (Chauffour, 2018, p. 83).

As previously mentioned, since independence, the Moroccan economy has been defined by a large public sector that was reduced when neoliberal economic reforms were introduced,

causing structural unemployment. While many university graduates engage in informal economic activity when they are unable to gain employment in the public sector, they often queue for public sector positions at the same time (Assaad, 2014, p. 9; Belghazi 2013). Evidence has shown that because of this phenomenon, throughout the MENA region, including in Morocco, provinces and localities with higher public sector employment rates also have higher youth unemployment rates (Assaad, 2014, p. 21).

In addition, the agricultural sector still dominates the Moroccan economy, and research has indicated a positive relationship between the size of a country's agricultural sector and its informal sector when compared to countries with higher rates of urban, public-sector employment (Angel Udrinola & Tanabe, 2012, p. 22). In Morocco, women's labor force participation remains comparatively low, even decreasing in both rural and urban areas between 1992 and 2012 as the economy grew (Verme et al., 2016, p. 264). The high recorded rates of non-participation obscure women's participation in the informal sector, especially in the agricultural industry in rural areas. Urban women with mid-level education participate in the labor force at the lowest rates. They often leave the labor force at the point of marriage, and because their education level has not provided them with the training for high-skill jobs but they are overqualified for the jobs that women with lower levels of education typically occupy (Verme et al., 2016, p. 276). In other words, urban women have been especially impacted by the polarization of employment.

State Policies Toward the Informal Sector

State policies toward the informal sector and unemployed youth addressing economic exclusion and structural unemployment have tended to favor youth with university degrees over less educated youth who are more likely to work informally. Nonetheless, the state and the World Bank have identified formalizing the informal sector and providing formal jobs as top priorities

The state's primary strategies to encourage the economic inclusion of the informal sector, which is dominated by small and medium-sized enterprises (SMEs) have consisted of the promotion of micro-entrepreneurship, extending social programs to informal workers who tend

to be unprotected (Aksikas, 2007, p. 258; Boukhriss, 2016, p. 161; Charmes, 2010, p. 14) and rebuilding institutional trust. The following section provides an overview of each approach.

Policies Promoting Entrepreneurship

State policies toward the informal sector have attempted to expand opportunities in the formal private sector, help businesses and individuals formalize, and discourage informal activity. Creating new jobs is imperative to reducing structural unemployment, however, evidence suggests that Morocco's job creation schemes have been insufficient. Morocco has seen little movement between sectors and has generally relied on foreign direct investment to promote growth and job creation within manufacturing industries (Lopez-Acevedo et al., 2021, p. 16). To facilitate the growth and creation of small and medium enterprises, and the formalization of self-employed workers, Morocco has introduced reforms to simplify its business regulations. The government has also created agencies like Credits Jeunes Promoteurs in 1987 to facilitate micro-financing for SMEs, Maroc PME, a government agency created in 2002 to support SMEs, and ANAPEC, an agency promoting active labor market policies.

The Auto Entrepreneur Law

One important example of deregulation of the business environment was the creation of the Auto Entrepreneur Status in 2015 through Law No. 114-13. The law is intended to eliminate unregistered self-employment. To obtain the status, an entrepreneur must be self-employed and earn less than 500,000 MAD (50,000 USD) per year in the commercial, industrial and craft industries, or less than 200,000 MAD (20,000 USD) in the service industry. The program gives auto-entrepreneurs access to lower tax rates of 2% for those in the service industry and 0.5% for activities in the commercial, industrial, and craft industries if they follow business regulations (Maroc PME, 2015). Moroccan auto-entrepreneurs are permitted to conduct business from their home or from a jointly operated business if they do not have their own venue. Most registered auto-entrepreneurs are below the age of 34 (Cherkaoui & Benkaraach, 2021, p. 163).

The INDH

Following the February 20th Movement, the Moroccan state rolled out a third phase of the National Human Development Initiative (INDH). The initiative is part of the state's advanced regionalization plan, intended to devolve power to regional authorities and encourage local participation by supporting civil society associations.

In addition to state support, the INDH is also funded by international aid. The Morocco Compact, an initiative between the Millennium Challenge Corporation, an independent US foreign aid agency, and the Moroccan government, was launched in 2007, ending in 2013. One of the four projects included in the compact, called the Enterprise Support Project, was created to support the Moukawalati and the INDH, existing initiatives to support the development of human capital and SMEs.

ANPAPEC & ALMPs

The Moroccan state also formed the National Agency for the Promotion of Employment and Competencies (ANAPEC), which launched several Active Labor Market Policies (ALMPs) to promote jobs creation for university graduates. The ALMPs include Idmaj, a program that helps university graduates first enter the job market, Taehil, which offers additional job training to university graduates, and Moukawalati, which helps graduates plan and access financing for new businesses.

The Idmaj Program

The Idmaj Program is a wage subsidization program that encourages firms to employ new graduates in exchange for tax benefits. Beneficiaries carry out 24-month internships, gaining professional skills and potentially receiving a permanent offer of employment following their completion of the program. They also receive social security coverage paid for by the state in their first year of employment, a benefit added in 2011 (Cherkaoui & Benkaraach, 2021, p. 151).

The Moukawalati Program

Introduced in 2006, The Moukawalati Program is an active labor program that supports firm creation and growth and gave SMEs access to zero-interest loans from the state (Charmes,

2010, p.14). Like Idmaj, the Moukawalati Program targets university graduates, and in a comparison of randomly selected Moukawalati and INDH beneficiaries, Moukawalati firms reported lower rates of demand for and satisfaction from training than INDH beneficiaries. INDH cooperatives tended to participate in the agricultural sector, while 67% of Moukawalati firms competed in the services and building sectors (MCC, "Strengthening Small Business Activities," 2016).

Policies Expanding Social Protections for Informal Workers

RAMED

Starting in 2008, the Medical Assistance Regime (RAMED) was launched, as an addition to the existing social health insurance (SHI) program. Both subsidized and nonsubsidized public health insurance are fragmented from private health insurance, and forty-eight percent of the population remains uncovered, while 33% are covered by non-subsidized SHI, and 19% are enrolled in RAMED (Chen, 2018, p. 15). Though government health care spending is increasing, it is still relatively low, and comprises a lower percentage of the country's GDP than health care spending in Tunisia (Chen, 2018, p. 16). There are significant disparities between public and private care, and service in urban versus rural areas (Chen, 2018, p. 18). Though health care is universal in theory, low-income populations face geographic barriers and predictably lower quality services and longer wait times (Chen, 2018, p. 19). In addition, those not covered by RAMED pay high out-of-pocket fees.

The Domestic Employment Law

Domestic work in Morocco is dominated by women, who often work informally, and estimates of domestic workers range from 200,000 to 2 million (Cherkaoui & Benkaraach, 2021, p. 153). In 2017, a law was implemented that required the formalization of domestic work. The law created a framework for domestic employment contracts, including a cap on the amount of hours an employee can legally work, requiring employers to pay domestic workers 60% of Morocco's hourly minimum wage, a fine for employers that violate the regulations, and the prohibition of certain tasks for domestic workers that the law deems unsafe (Cherkaoui & Benkaraach, 2021, p. 154-155).

Policies Aimed at Rebuilding Institutional Trust: Anti-Corruption

To encourage entrepreneurs to formalize, it is necessary that they perceive the costs of informality to be higher than the benefits. One study found that Moroccan youth who believed that corruption took place in their country were twice as likely to work informally, likely indicating the pervasiveness of corruption faced by informal workers (Sami & Lassassi, 2020, 185). At the same time, youth that view their government as corrupt likely do not perceive the government as serving their interests or wellbeing, which could deter them from participating in formal institutions. Regardless, reducing corruption and perceptions of unfairness from the informal sector may encourage individuals to register as auto-entrepreneurs or otherwise engage in formal activities. The relationship between the informal economy and corruption remains relatively understudied, however, some researchers argue that "institutional quality reduces the shadow economy and corruption" (Dreher et al., 2008, p. 792), and respect for the rule of law tends to have a positive relationship with economic development (Chauffour, 2018, p. 191).

Evaluation: Neoliberal Logic, Inclusivity, and Addressing Institutional Voids

The CESE, an independent advisory body established by the king in 2011, published a report outlining current state strategies to integrate the informal sector, and further recommendations. The CESE recommended expanding auto-entrepreneurship programs, acknowledging the accomplishments of auto-entrepreneurs and integrating them into the formal economy, while also recommending that the state increase the regulation of trades (CESE, 2016, p. 19). The CESE report calls for integration and informal sector participation, but it also challenges the status quo of regulatory indifference toward the informal sector, representing a shift from an "unsocial" social contract or "the devil's deal" to a more inclusive social contract characterized by mutual interaction between SMEs and the state.

The following section briefly evaluates the effectiveness of the state's strategies toward the informal sector, outlined above, by examining the extent to which they uphold neoliberal logic, implement genuine inclusivity, and address the institutional voids that have facilitated economic exclusion.

Institutional voids

Institutional voids in Morocco that have contributed to the growth of its informal sector are both informal and formal. The most significant formal institutional void in Morocco causing informality is the human capital void in the context of the polarized job market: workers lack the training that employers are demanding. Morocco's most glaring informal void is the issue of social exclusion, where norms within the business environment and policies that enable formalization exclude already marginalized groups, particularly women and less educated individuals.

Morocco has focused on the development of human capital through its promotion of formalization and micro-entrepreneurship, approaching informal sector integration from a neoliberal understanding of development that emphasizes the responsibility of the individual. In addition, programs have often been limited in scale.

For example, the auto-entrepreneur law has been widely regarded as a success, and by 2019, 86,196 people had registered as auto-entrepreneurs, approaching the government's target of 100,000 auto-entrepreneurs by 2020. (Cherkaoui & Benkaraach, 2021, p. 163). Tunisia has implemented its own version of the law in 2020. Despite the program's success, its impact has been limited, and unemployment remains high. In 2019, an estimated 22.9% of youth between the ages of 15 and 25 were unemployed, increasing to 26.6% in 2020, largely due to the onset of COVID-19. The number of registered auto-entrepreneurs is not insignificant, but it fails to adequately address unemployment on a structural level. Inherent to the promotion of auto-entrepreneurship, both through the auto-entrepreneur law and the micro-entrepreneurship programs, is the emphasis on the self, the individual creation of income-generating opportunities, clearly reflecting the idea that competition between individuals coupled with less state intervention will generate development and efficiency in the private sector.

Another example of the limited scale of Moroccan attempts to formalize informal labor is the reach of the domestic labor law. By 2020, three years after the law was implemented, an estimated 2574 domestic workers had signed formal contracts, registering them in the social

security system and providing them access to insurance for the first time (Hatim, 2020). As in the case of the beneficiaries of the auto-entrepreneur law, the number is not insignificant, but is remarkably small when compared to even the most conservative estimates of the total number of domestic workers in Morocco who work mostly informally.

The INDH, intended to increase local participation, has in reality bolstered clientelism, as regional authorities responsible for allocating funds tend to favor regime-friendly associations and projects, and intended beneficiaries are often left unaware or only marginally included in projects supported by the INDH (Bergh, 2021, p. 416). As noted previously, Informal workers are less likely to participate in civil society associations and are therefore less likely to submit INDH project applications. One study noted that on local teams participating in INDH projects, "in many cases, the level of education has been privileged in the choice of members rather than whether they are rooted in the locality, and, in any case, as in the CPDH, the members of local associations are often superseded by associations of provincial or even national scope." (Bergh, 2012, p. 419) Less-educated informal sector workers are often doubly excluded from INDH projects, which are local in name, but in practice led by small groups of people often disconnected from the localities the projects serve.

One example of a collaboration between the INDH and the MCC was the Small-Scale Fisheries Project, which helped formalize and incubate small fish vending enterprises. The project supported the creation of physical storage facilities and venues, technical support and training, and financing for transportation equipment including motorbikes (MCC, 2015). The $111.3 million project was evaluated statistically and qualitatively through interviews and surveys comparing outcomes for beneficiaries and non-beneficiaries (MCC, 2021). The project was successful, improving fish vendors' technical knowledge and increasing profits for both fishers and mobile fish vendors. A 2015 evaluation noted that "the project increased the equipment subsidy to mobile fish vendors from 30 percent to 90 percent by leveraging resources from other government programs" (MCC, 2015).

The Small-Scale Fisheries Project is a strong example of the value of cooperation between governments and different government agencies, however, its integration of women

was limited, due in part to the stigmatization of women's labor and established "dependence on middle men" (MCC 2015). Unless programs actively identify the intersectional forms of exclusion that women in the informal sector face, programs will reproduce the norms that stigmatize and marginalize women from the formal sector.

To include street vendors, at least symbolically, the Moroccan state has financed equipment such as carts, bicycles, and badges bearing INDH branding (Moulay Driss & Belghazi, 2019, p. 633). Printing logos on street vendors' equipment was an attempt to publicly display their compliance with business regulations and reduce conflict with law enforcement. At the same time, it also allows the state to co-opt the symbol of the street vendor as a martyr, an example of the Moroccan state's strategic use of concessions and incentives, repression, and co-optation in response to protests (Abouzzohour, 2021). In addition to providing access to equipment, pilot programs in multiple cities created opportunities for vendors to rent stalls to sell their products weekly, however, corruption and high costs have limited the success of these programs (Nol, 2016; Mekouar, 2015).

ALMPs are a clear instance of investment in human capital, addressing structural unemployment by attempting to influence the labor market by increasing the supply of labor through training, and increasing demand by offering subsidies to employers. ALMPs have produced uneven results, and have also emphasized individual action, often requiring participants to assume personal debt as part of the program and centering personal responsibility to improve one's own employability by seeking post-tertiary level training. Although participating SMEs in the Moukawalati program reported higher survival rates than non-beneficiaries, studies showed that they did not necessarily generate higher profits. The Moukawalati fell short of its projected goal of facilitating the creation of 30,000 new SMEs between 2007 and 2011, as the program only resulted in 2,060 new firms over four years. The Moukawalati's failure can be explained in part by "lack of coordination and cooperation between the various actors," a reluctance from banks to participate in the program, and deficient support for new firms, especially given that the program primarily serves youth entrepreneurs (El Ouazzani, Boutaleb & Malainine, 2018, p. 8).

An additional negative outcome of the Moukawalati Program was the beneficiaries' average debt of 237,000 MAD compared to INDH cooperatives that only owed an average of 26,000 MAD (MCC, 2015). High levels of debt are not unique to Moroccan recipients of micro-loans. Despite early optimism towards the potential of micro-finance in the Global South, some scholars have characterized high debt and default rates as a widespread micro-finance crisis.

Wage subsidization has also generated mixed effects, reducing unemployment amongst university graduates, but also lowering wages and stigmatizing beneficiaries hired through Idmaj compared to non-beneficiaries (Chatri, Hadef, & Samoudi, 2021, p. 8). The program only significantly lowered unemployment for women and workers under 24 years old, and women saw their wages fall compared to non-Idmaj hires (Chatri, Hadef & Samoudi, 2021, p. 8).

Overall, evidence has indicated that individuals employed in the formal sector were more likely to be aware of ALMPs (Cherkaoui & Benkaraach, 2021, p. 166). Though many of the programs target informal workers either implicitly or explicitly, they are more likely to be disconnected from associations and formal institutions and thus less likely to benefit from employment assistance programs.

Public tensions between law enforcement and street vendors and the series of self-immolations as a form of protest symbolize the general distrust amongst informal workers of the government and formal institutions. The government has initiated multiple laws and public campaigns promoting anti-corruption, however, strengthening the rule of law and justice is complicated, because while the state tends to oversee and act outside of the law, the monarchy also sources legitimacy from the concept of *adala,* or justice, in leadership (Sater, 2009, p. 182). Therefore, the monarchy is obligated to acknowledge injustices such as corruption, but often only implements limited and ineffective reforms. For example, following the February 20th Movement, "newly elected Prime Minister, Abdelilah Benkirane, made the fight against corruption one of his government's top priorities" (Hamelin et al., 2020, p.2), and enacted a social marketing campaign to raise awareness and reduce corruption. The campaign appeared to be a reaction to the 2011 protests for the purpose of preventing further discontent, rather than implementing an effective reform. While the campaign did encourage

citizens to perceive corruption as immoral, institutional distrust remained high (Hamelin et al., 2020, p. 10), and the campaign did not target officials engaging in corrupt activities. Therefore, the campaign highlighted citizen participation, making corruption an individual issue, rather than holding corrupt officials accountable to root out systemic corruption.

Subverting Neoliberalism?

The previous section has argued that, while the policies have, with ambiguous effects, begun to address Morocco's void of human capital and informal exclusion of women and less-educated workers, policies and programs have been challenged by patterns of co-optation, limited scale of policy interventions, and upholding existing exclusionary social norms.

Neoliberal training programs aim to build practical employment skills, but also to increase beneficiaries' levels of financial literacy, self-esteem, and civic responsibility (Drissi, 2014). Certainly, improvements in self-esteem are helpful as a jobseeker enters the job market, but it should be noted that such individually focused objectives de-center the structural causes of informal employment, unemployment, and under-employment.

In what ways can inclusivity be centered in policy, and how can neoliberalism, at least in the sense of making individuals responsible for structural problems, be subverted? Alex Nunn has argued that "neoliberalisation occurs both through and within employment service delivery. However, this is not to suggest either that all agents active in the process are politically committed to, or conscious of, their neoliberalising agency, or that contestation is impossible" (Nunn, 2018, p. 5). As discussed in the theoretical framework, the state and neoliberalism as an abstract force are neither unified nor consistent in their implementation. The neoliberalization of policies is a dispersed and localized process making it possible, as Nunn argues, for policymakers and agents to craft more inclusive employment programs and policies.

The following section offers several policy recommendations. The recommendations are by no means exhaustive, but offer several suggestions to make current policies, discussed previously in the paper, more inclusive and effective in addressing Morocco's institutional voids.

Recommendations

The most successful programs have prioritized cooperation between state, non-governmental, and intergovernmental actors, and considered the practical and specific needs of the most marginalized participants, particularly women, school dropouts, and youth. The biggest challenge to formalization policies was lack of coordination and trust between actors, insufficient follow-up support for beneficiaries, and vague training rather than focusing on specific entrepreneurial skills.

Interviews of employers that participated in the Idmaj program indicated that "Half of employers said they wished candidates possessed more relevant skills and qualifications" (Belghazi, 2013, p. 129). To improve outcomes of wage subsidization, the program could decrease the duration of internships, encourage more active on-the-job training and mentorship, increase monitoring and assessment of interns' progress, permit beneficiaries to intern at multiple firms to diversify their skills, and finally "replace the current single salary ceiling serving as the basis for tax and social exemptions by differentiated limits to reduce the employers' bias towards low wages" (Chatri, Hadef, & Samoudi, 2021, p. 11). Reducing stigma towards women is a complicated and ongoing issue, however, streamlining the internship process and coaching interns to improve their productivity is one way to address stigmatization. In addition, universities could ensure that all students planning to participate in Idmaj following graduation have obtained a determined set of practical, in-demand skills before graduation to avoid earning lower wages and employer perceptions of inefficiency.

Employment programs targeted at women should be culturally competent, understanding the domestic and childcare duties that are often assigned to women. Programs should also emphasize skills that are in high demand in the labor market and create employment opportunities for individuals with low and mid-level education levels, rather than only targeting university graduates.

Though the ALMPs through ANAPEC target university graduates, the World Bank sponsored a program specifically to support disadvantaged youth in the informal sector in their transition to the formal sector. The program recognizes that while many youth employment

programs serve educated youth, youth that have dropped out of school often have the highest barriers to finance and formal employment. In addition, youth in the informal sector can refine the skills they have already developed as informal workers (World Bank, 2020). The project included a preliminary evaluation of market openings, planning, entrepreneurship training, and connecting youth to microfinance institutions and funding sources such as the INDH. Of the 5,000 participants, 40% were women.

The project has been deemed “moderately successful,” due to the inclusion of post-creation support that helped entrepreneurs comply with auto-entrepreneur regulations and collaboration with existing NGOs. The program is also notable for its inclusion of young women entrepreneurs, meeting their needs through “flexible training sessions and female trainers” (World Bank, 2020). Future projects addressing the formalization of youth entrepreneurship should implement similar measures to include female beneficiaries and support less educated youth. Furthermore, while some projects, such as Moukawalati, have suffered from a lack of adequate support for entrepreneurs, the SMEDYP was praised for offering follow-up resources and training.

The INDH, which has tended to exclude local actors in the decision-making processes, should prioritize building teams rooted in local communities that the projects benefit, and create greater opportunities for community members with lower levels of education. Reforming the INDH and other development programs requires not only changes in official procedures but also the rooting out of corruption and political patronage more broadly.

In the long run, beyond jobs training, to reduce the size of the informal sector, the Moroccan state must prioritize the growth of its industrial sector in addition to agriculture and services to create urban jobs and increase its citizens’ purchasing power.

In addition, to improve the skills that youth bring to the labor force, the human capital void should be addressed earlier, rather than only at the post-tertiary level, and the gap between public and private primary and secondary education should be narrowed through fiscal spending. In addition, public schools often teach primarily in Arabic, with French serving as a secondary language, while private schools teach students primarily in French. STEM fields

and other subjects at the university level are often taught exclusively in French, putting students educated in public schools at a noticeable disadvantage. Streamlining language in education is a complicated issue, as different languages in Morocco serve different purposes in different spheres, and Amazigh activists continue to advocate for Tamazight and other Amazigh languages to be fought in school. Nonetheless, the fragmentation of language in education should be addressed to reduce the stark class divides in educational success.

Conclusion

This paper discusses formal enabling institutions and is limited by the exclusion of an analysis of institutions that constrain informal activity. Future studies should address the growth of the Moroccan informal sector as a result of COVID-19 and relief policies in the face of recession and the public health crisis. Further research should also address cultural factors that influence individual decisions to remain informal, the relationship between Moroccan culture and women's labor, informal business networks and lending, and cultural and historical factors that contribute to the informal patronage system in Morocco. Additionally, research should investigate the intersecting oppressions of Amazigh informal sector workers, especially in the historically marginalized Rif region where economic opportunities are especially limited, and informal economic activity is common. Situating indigenous peoples within social contracts should be a top priority in future discussions of social contract theory.

Finally, continued research should problematize the dominant discourse that de-centers informal workers, dismissing them as obstacles to the interests of the government and formal entrepreneurs. Rather than framing the informal economy as a "problem" that inhibits development, informal workers should be viewed as a diverse group of people with complex conditions and interests, marginalized and also frequently expressing agency and resistance through "acts of citizenship", and a key segment of the Moroccan economy that constantly interacts with the formal sector. The economic, political, and social inclusion of the informal sector is both an economic objective and a social justice issue.

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