

MOROCCO'S DEVELOPMENT PROCESS : ACHIEVEMENTS AND PROSPECTS

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1. A GLANCE AT MOROCCO'S MAJOR ACHIEVEMENTS

Improvement of the macroeconomic framework

- *A dynamic of structural and sectoral reforms enabling Morocco to improve its economic situation :*
 - ✓ Steady rate of economic growth, 4,9% on average between 2006-2011 against 3,8% between 1995-2005 ; despite a highly constraining external environment ;
 - ✓ Attractiveness to FDI flows, becoming less volatile and not necessarily connected with the privatizations;
 - ✓ Successful inflation control policy, with an inflation rate below 2% on average during the last decade ;
 - ✓ Decrease of the rate of unemployment from almost 14% during 1999 to less than 9% currently;
 - ✓ Stabilization of public finances, with a sustainable level of public debt (54% of GDP). However, the fiscal deficit and external balances are under pressure as a result of the global crisis ;
- *Compared to peer countries in MENA region, Morocco enjoys a good quality of sovereign rating.*

Social promotion and improvement of social standards

- Setting up of the National Initiative for Human Development : fight against poverty and promotion of income generating activities;
- Implementation of a Basic Healthcare Cover scheme and pursuit of public hospital reform :
- Promotion of social housing and eradication of chanty towns
- Reinforcement of efforts intended to promote education : *Education Charter, higher education reform, sustaining literacy campaigns and promoting informal education.*

Deepening good governance practices

■ Consolidation of Democracy, Human Rights and Public Liberties :

✓ Democratic transition : constitutional amendments, Transparency of elections, Political parties Act, Charter of local government...

✓ National Council of Human Rights, Equity and Reconciliation Commission (final report), Diwan Al Madhalim, ...

✓ Promotion of Women rights : New family Code, Nationality Code ...

✓ Development of the communication sector: setting up of a high commission on audiovisual communication, liberalization of the audiovisual sector, Newspapers Act...

■ Reform of Justice : modernization of the regulatory and institutional framework (Penal Code, anti-terrorism law, Civil procedure Code,...), specialized tribunals, High Court of Justice, development of proximity justice...

■ Modernization of Public Administration :

✓ Rationalization of Human Resource Management: Amendment of the General Status of Public Function, promotion of voluntary leave schemes, setting up of a job/competency referential, development of continuous education ...

✓ Reinforcement of auditing and financial control : Financial control Act related to public firms...

Setting up of innovative sectoral policies aiming to enhance the country's development prospects

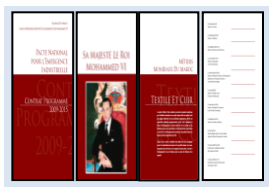
- **Agriculture Strategy “Maroc Vert”** aiming to promote less vulnerable cultures to drought, extending and rehabilitating irrigation network.
- **New industrial strategy “Plan Emergence”** aiming to modernize the local industrial park and to improve its competitiveness : off shoring and development of specific industrial activities such as electric , aeronautic, textile, agroalimentary (mainly fishing industry).
- **Tourism strategy** : Plan AZUR, Vision 2020; development of sea resorts, promotion of rural tourism, promotion of Morocco as a major destination.
- **Energy strategy** : The mobilization of national resources by the rise of renewable energies (2 GW solar, 2 GW windpower, 2 GW waterpower), Securing national energy supply, integrating the energy issues into the framework of sustainable development.
- **Protection of the Environment** : reinforcement of regulation by implementing the new environment charter...

The sectoral strategies implemented offer countless investment opportunities with positive effects on the specialization profile of Morocco

Ambitious sectoral plans to develop the offer and sustain the economic growth

Main Sectoral Strategies set up by Morocco

National Agreement for Industrial Emergence



- Additional 50 MMDhs • GDP by 2015

Agriculture and Fishing



- GDP increase from + 92 to 122 MMDhs by 2020

Phosphate



- Increased exports by adding value to the mineral

Tourism



- 20 million tourists by 2020

Energy

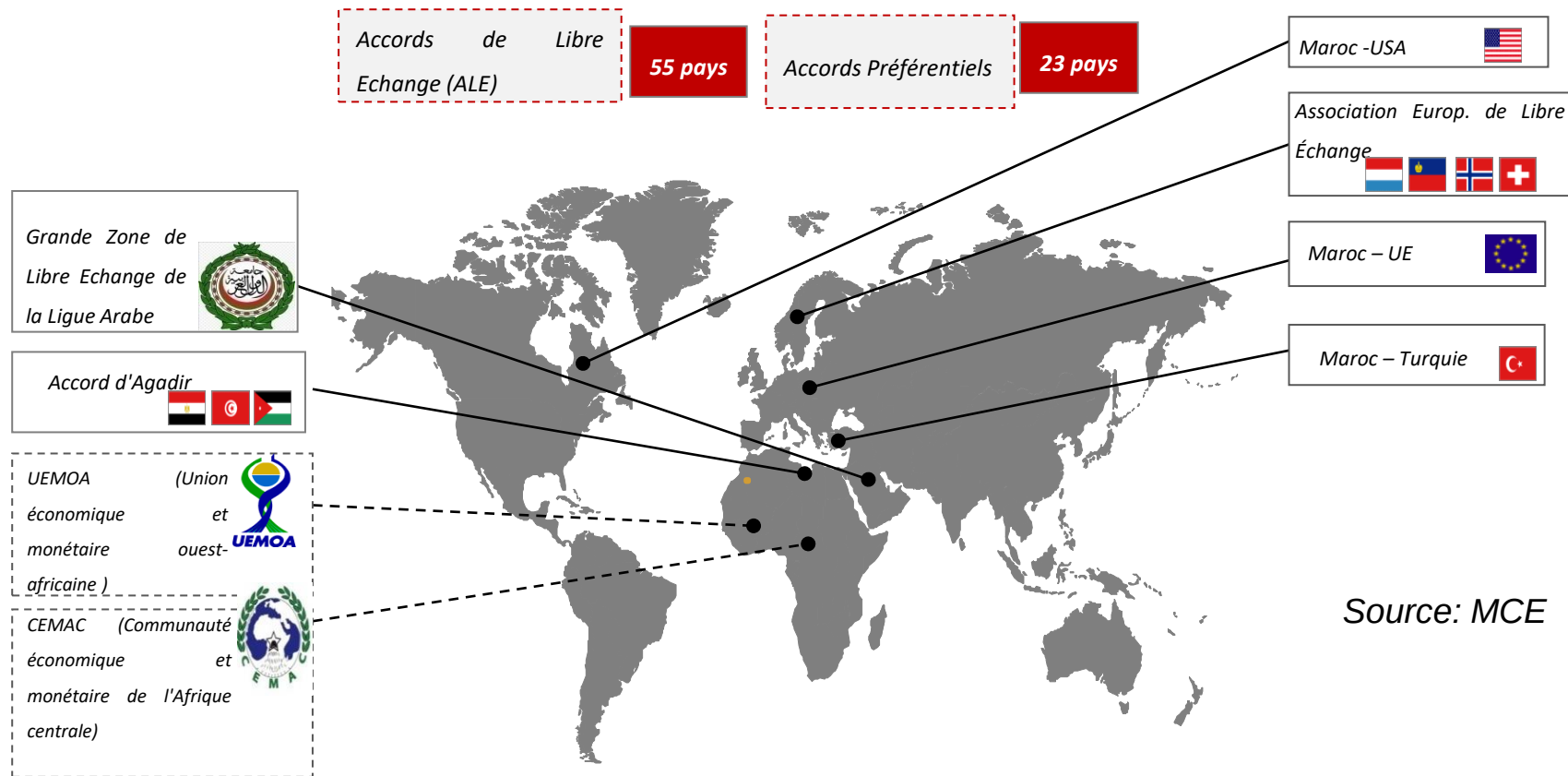


- 40% coverage of national needs in renewable energies by 2020

A greater openness of Morocco to external trade

- ❖ Active participation in the Multilateral Trading System: GATT membership in 1987 and founding member of the WTO in 1994 (Treaty of Marrakech);
- ❖ Free trade agreements with global economic powers :
 - ✓ Morocco-United States of America FTA offering great potential in terms of investment and export from Morocco;
 - ✓ Advanced status with the European Union to promote a convergence with the European regulations and standards: improvement of legal competitiveness and improvement of the general business climate
- ❖ Reinforced commercial relations with Southern countries :
 - ✓ Free trade agreement with Turkey to boost regional trade in the Mediterranean;
 - ✓ Agadir Agreement (Morocco, Tunisia, Egypt, Jordan), creating a sub-regional space with great potential;
 - ✓ Development of trade relations with regional groupings in Africa: West African Monetary and Economic Union (WAMEU) and the Economic and Monetary Community of Central Africa (EMCCA);

An important network of North-South and South-South free trade agreements



An extensive network of preferential and free trade agreements which gives access to a market of 1 billion consumers with one of the highest purchasing power in the world. Maximizing these agreements questions, however, Morocco's exporting capacity.

2. NEW STRUCTURAL FIELDS : THE NEW CONSTITUTION AND PROSPECTS OF ADVANCED REGIONALIZATION

2.1. The constitutional reform : A catalyst for accelerating Morocco's development trajectory

Unique in the Arab World, the constitutional reform is the result of a process of economic, political and social reforms that have been undertaken since the early 1980s. Moroccans overwhelmingly voted in favor of the Constitution after a referendum in July 2011 with a turnout of over 75%.

The main contributions of the new Constitution :

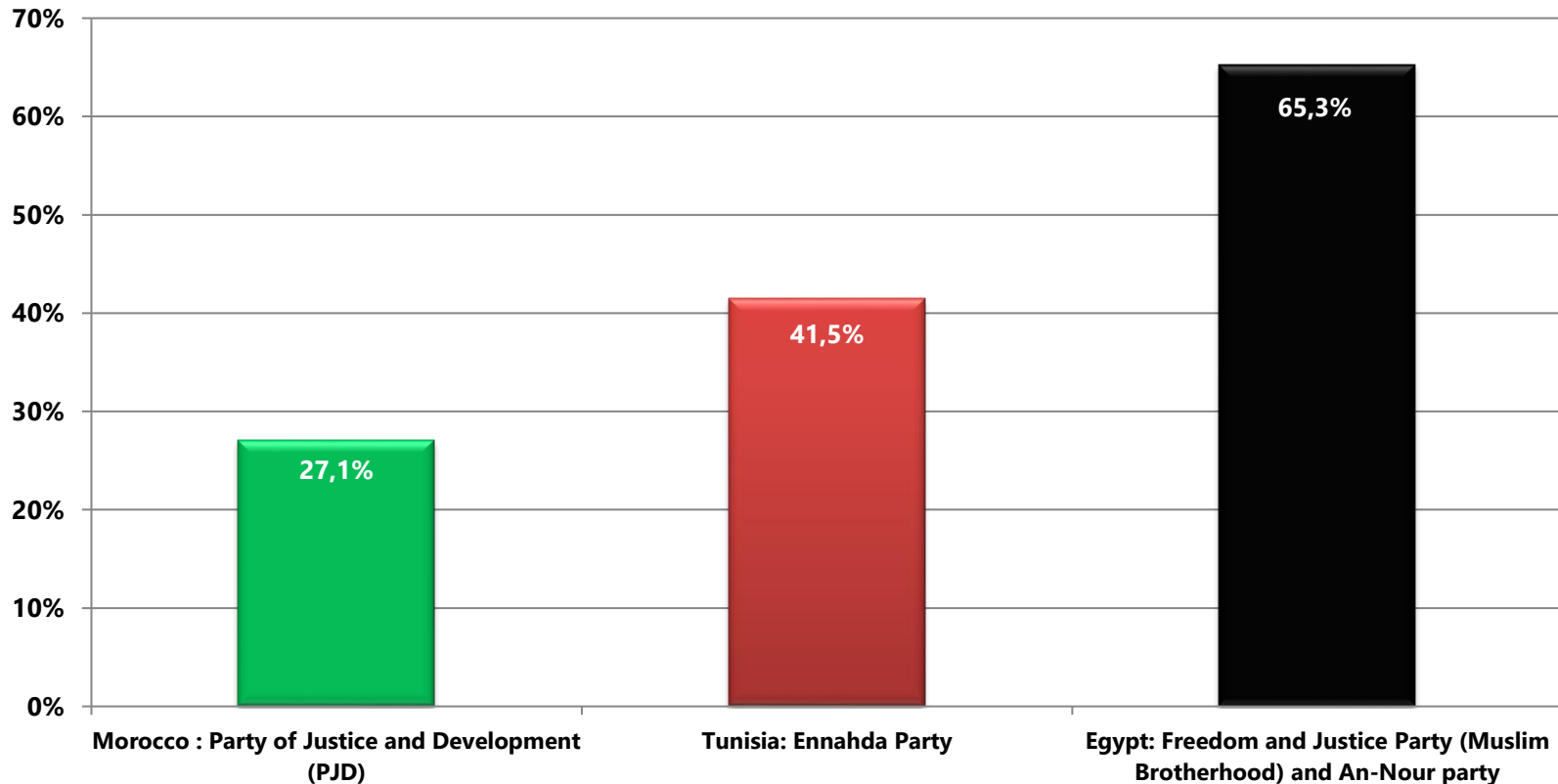
- The plurality of the Moroccan identity at the heart of which lies the Amazigh identity as a common heritage is constitutionally recognized,
- Strengthening of the Rule of Law and the country's institutions.
- Strengthening of the powers of the Head of the Government, who is freely elected.
- Strengthening the role played by political parties as part of an effective pluralism.
- Increasing the moral standards of public life
- Consolidation of a clear and balanced separation of powers.
- Constitutionalisation of bodies in charge of human rights and protecting freedoms. Moreover, the environment and the security are added to the fundamental rights
- Consecration of the advanced regionalization process serving the regional competitiveness and the decrease of inequalities.



Legislative Elections of 2011

- The new Constitution was followed by **legislative elections** in November 2011: victory of the PJD (Party for Justice and Development) which has an Islamic background.
- These elections fulfilled the shift from a consensual political transition to a transition through the vote.

Share of seats won by Islamist parties in the last legislative elections



2.2. Prospects of advanced regionalization

The Moroccan model of advanced regionalization is part of the decentralized, democratic state and marks a step forward in the process of democratizing society :

- The new concept of regionalization will strengthen the legitimacy of local government and reinforce the participation of citizens in managing public affairs;
- Decision-making and extended executive powers will be attributed to regional councils so that they can fulfill their development role in good way;
- The advanced regionalization sets many challenges such as building institutional capabilities, mobilizing new resources, upgrading human resources and establishing funds for financial support to reduce disparities between regions.
- Southern Moroccan Provinces to be amongst the first to benefit from Advanced Regionalization.

Southern Moroccan Provinces : The Moroccan autonomy Plan

- Since 2004, the Security Council has been regularly calling upon “the parties and States of the region to continue to cooperate fully with the United Nations to end the current impasse and to achieve progress towards a political solution”.
- Responding to this call by the international community, the Kingdom of Morocco set a positive, constructive and dynamic process and pledged to submit an autonomy proposal for the Sahara, within the framework of the Kingdom’s sovereignty and national unity.
- In keeping with democratic principles and procedures, and acting through legislative, executive and judicial bodies, the populations of the Sahara autonomous Region shall exercise powers, within the Region’s territorial boundaries.
- The Sahara autonomous Region will have the financial resources required for its development in all areas.

Southern Moroccan Provinces : The Moroccan autonomy Plan

The State shall keep exclusive jurisdiction over the following in particular:

- The attributes of sovereignty, especially the flag, the national anthem and the currency
- State responsibilities with respect to external relations shall be exercised in consultation with the Sahara autonomous Region for those matters which have a direct bearing on the prerogatives of the Region;
- The Parliament of the Sahara autonomous Region shall be made up of members elected by the various Sahrawi tribes, and of members elected by direct universal suffrage, by the Region's population.
- The Head of Government shall be the Representative of the State in the Region. The Head of Government of the Sahara autonomous Region shall form the Region's Cabinet and appoint the administrators needed to exercise the powers devolving upon him, under the present autonomy Statute. He shall be answerable to the Region's Parliament.

3. MOROCCO'S DEVELOPMENT PROSPECTS AMIDST INTERNAL AND EXTERNAL CHALLENGES

The constitutional reform : The challenge of implementation

- Implementation of the principles and mechanisms introduced by the Constitution through several organic laws that remain to be drafted: These laws should strengthen the new powers and attributions of the government, the parliament and the judiciary.
- Strengthening governance of public policies for greater efficiency of the reforms.
- To support the constitutional reform, special attention should be paid to the very urgent issues, notably the fight against inequalities and youth unemployment.

Some obstacles to overcome in order to release the country's development potential

- A weak political bond that translates into a relatively low institutional confidence.
- Fragmentation of the political landscape, although there is a slight attenuation compared to 2007 parliamentary elections.
- Some concerns in terms of the levels of corruption and socioeconomic inequalities.
- Strengthening of traditional and institutional solidarities.

Morocco's main external challenges

❖ **Due to its geographical position and its choice of external openness, Morocco is facing multiple challenges posed by a difficult global context :**

- A global economic slump that could seriously affect the country's economic growth and the soundness of its macroeconomic fundamentals

Rebalancing internal and external drivers of growth and strengthening the Moroccan economy's resilience to external shocks.

- Social consequences of the global crisis, aggravating the challenges for Morocco to create jobs for a largely young population and to strengthen social cohesion :

Transition to a job-creating economic growth and fostering the mitigation of social and spatial inequalities.

Morocco's main external challenges

- An uncertain worldwide energy context characterized by a sustained rise in prices, thereby increasing Morocco's vulnerability :

Diversification of the energy mix, with the priority being given to renewable energies and energy efficiency.

- Alarming environmental imbalances raising challenges for Morocco in terms of adaptation to climate change effects : water and food security issues :

Need for a comprehensive strategy to adapt to climate change effects, which focuses on preserving the ecosystems in balance, the use of green technologies, and enhancing the sustainability of agriculture.

Morocco's assets to foster its development path

- Morocco has an established experience in managing transitional processes (three decades of dense reforms allowed the country to stay one step ahead of its southern Mediterranean neighbors, a strong national sense of belonging enhancing the country's stability) ;
- Structural strategies in key sectors that will shape positively the Moroccan economy in years to come and reinforce its overall competitive advantages ;
- A societal dynamic based on the commitments to national identity and benefitting from a rooted culture of tolerance, openness and adherence to universal human values;
- A greater openness as a strategic and irreversible choice, thus reinforcing the country's status as a regional hub in various fields : trade, finance, transportation, education ...
- A positive image within international organizations with view to the active role played by the country in peace keeping missions, fostering South-South cooperation, supporting the legal international system;



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