

MOROCCO'S EMERGENCE: FOUNDATIONS AND CHALLENGES

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ABSTRACT

Based on a conception of emergence which seems to be the most appropriate and on a benchmark with other emerging countries, the presentation made by the General Director of the Royal Institute for Strategic Studies (IRES) has highlighted the progress achieved by Morocco in the political, institutional, economic, social and environmental fields, and identified the challenges that need to be addressed and the reforms that have yet to be undertaken.

RÉSUMÉ

Basée sur une conception de l'émergence qui semble la plus appropriée et sur une comparaison avec des pays émergents, la présente communication du Directeur Général de l'Institut Royal des Etudes Stratégiques (IRES) a permis de mettre en exergue les avancées enregistrées par le Maroc dans le domaine politique et institutionnel, économique, social et sociétal, environnemental ainsi que les défis à relever et les réformes à mener.

Preamble: the concept of emergence

The diversity of studies on emerging countries shows how much the content of this concept has evolved, largely precluding any consensus. One of the signs of the lack of consensus on a definition of the concept of emergence is that emerging market lists compiled by index providers, multilateral institutions and others differ from one another.

Economic and financial criteria, often considered to be indicative of a country's emergence, typically include per capita income, the rate of economic growth, the degree of openness of the economy, the size and liquidity of the stock market.

Thus, emerging countries are considered to be "developing countries that attract investments (domestic and foreign), diversify and accelerate a sustainable and harmonious economic growth and successfully integrate the global economy, in a context of macroeconomic stability"¹.

The concept of emergence is complex and difficult to define. However economic factors cannot be the sole measure of a country's emergence. The quality of political governance, the regulatory framework around procedures, available human capital and infrastructure are also essential aspects to take into consideration. The quality of political leadership may be the endogenous underlying cause of the economic and social performance of a developing country.

The definition of emergence that seems most appropriate is the following: an emerging country is a country where economic and political freedom are heightened, which increasingly participates in a global market, has a growing middle class, where the standard of living steadily and markedly improves, where society is open and which increasingly cooperates with multilateral institutions.

Morocco meets all the criteria of emergence, except that of accelerating potential growth. Though the Kingdom has experienced strong economic growth since the early 2000s (5% as a yearly average in the past decade), it has been slower than in emerging countries.

Over the past years, Morocco's attractiveness for FDIs has grown. As it pursues its strategy for economic diversification and increased openness, Morocco has gathered significant momentum for reform, offering promising development prospects. The major reforms concern the following aspects:

- Political and institutional: a commitment to the values of democracy and human rights and improving the governance of institutions.
- Economic: building capacity to compete, to stimulate the process of wealth creation in the country.
- Social and societal: fostering human development and creating the necessary conditions for a sense of peaceful and harmonious community.

¹ United Nations Economic Commission for Africa. *Statistics working paper series 8*. December 2012.

- Environmental: adopting the green economy as the central pillar of policies to adapt to climate change and reduce the ecological footprint.
- Foreign policy: moderate policy choices, keen awareness of global issues and ever-greater international openness through increased presence of Moroccan businesses in the African continent.

1. Political and institutional advances, consolidated by the 2011 constitutional reform

Morocco is a millennial monarchy, which enjoys genuine popular legitimacy. Ever since its independence, the Kingdom has opted for political pluralism, a people-friendly market economy, and has fostered the development of civil society.

Between 2003 and 2005, Morocco conducted a national reconciliation process, with the support of political parties, trade union confederations and civil society. It sought to exhume the past to better apprehend the future: victims of human rights violations were compensated, and adequate mechanisms were introduced to prevent any violations thereafter.

Morocco took a leap forward with the adoption of the Constitution in July 2011, the outcome of a long process of multidimensional reform, aimed at accelerating the transition from a representative democracy to a participatory democracy where civil society plays an important role. The contributions of this new constitution focus on:

- Recognizing **the plurality of the Moroccan identity**: Arab-Islamic, Amazigh, Saharan-Hassani, enriched by its African, Andalusian, Hebrew and Mediterranean tributaries.
- Establishing a stronger rule of law and **justice as an independent power**.
- Advocating for a **new generation of human rights**: the right to life, the right to safety, the right to a healthy environment, right to petition...
- Consolidating the principle of **separation and balance of powers**: the head of government is fully in charge of the executive.
- Introducing a new principle according to which the head of government is chosen from the political party that came first in the House of Representatives elections.
- Constitutionalizing bodies responsible for good governance, human rights and protecting freedoms.
- Establishing the primacy of international law over national law.

The constitutional reform conferred regions a key role. The Kingdom was subdivided into 12 regions, instead of the previous 16, laying the foundations for a Moroccan regional

model based on "regions that are economically and geographically complementary and socially and culturally harmonious". This model is focused among other, on the following:

- Regional councils elected by direct universal suffrage;
- An overhauled composition and prerogatives of the lower house of Parliament, in favor of higher territorial representation by regions;
- New funding mechanisms fostering solidarity between regions: regional cohesion funds, equalization system.

To operationalize the 2011 Constitution, several organic laws were passed in many fields. To complete this major project, new ways of producing public policies must be adopted. This process requires that institutions, in particular representative, make a significant qualitative upgrade to further improve their operations and restore the confidence of the population.

2. An economic dynamic based on sound macroeconomic policy and sector strategies, promoting Morocco's global businesses

Morocco has undergone many economic and financial reforms since the early 1980s. Efforts have focused on:

- **Enhancing macroeconomic stability** (limited inflation, sustainable public debt...), so as to improve the resilience of Morocco's economy to external shocks, and to earn the best credit rating in the region (investment grade);
- **Territorial development** and the development of highway, railroad, port and airport infrastructure, thereby improving Morocco's international connectivity;
- **Implementing sector strategies** aimed at transforming Morocco's specialization profile: developing Morocco's global businesses with the Emergence plan, the Green Morocco Plan in agriculture, the 2020 vision for tourism, the energy strategy, growing the phosphate industry... the automotive industry is currently the largest exporting sector, ahead of phosphates and its derivatives;
- **Diversifying drivers of growth for Moroccan economic players**, in particular in Sub-Saharan Africa (strong presence of banking, telecom, construction ...).

Today, Morocco is considered to be a regional hub in many sectors, which amplifies the size of its economy. However, Morocco must overcome a number of challenges to take the path of increasing and inclusive growth:

- Ensure that economic growth creates more jobs for skilled youth.
- Optimize opportunities offered by free trade agreements concluded by the Kingdom.

- Gradually integrate the informal sector into the formal sector and promote a social and solidarity economy.
- Further enhance Morocco's attractiveness for foreign capital flows, which promote the transfer of knowledge and know-how so that Morocco can catch up more quickly with regard to technology.

3. Societal reforms to strengthen social bonds and to promote the Kingdom's cultural diversity

Morocco has made significant progress in improving citizens' living conditions, fostering social equity and laying the foundations for a sense of harmonious and peaceful community.

In this context, provision of basic social services was strongly developed:

- Education: generalized basic education, better access conditions for students in rural areas, reduced illiteracy...
- Teaching and training: higher education reform, emergence of private universities, developing vocational training as an education stream in its own right.
- Health: improving healthcare supply and generalizing medical coverage, in particular for vulnerable populations.
- Housing: promoting access to social housing, through substantial government assistance: use of public land for housing, home loan guarantees...
- Absolute poverty was eradicated, and relative poverty was strongly reduced.

Social reforms, along with the National Human Development Initiative introduced in 2005, built the capacities of vulnerable populations and promoted income-generating activities.

Morocco has also enacted major societal reforms since the early 2000s:

- **Women's rights and status reforms**, made possible by the personal commitment of King Mohammed VI: the family code was reformed in 2004, Moroccan citizenship can be transmitted by the mother since 2007 and Morocco's reservations on the United Nations Convention on the Elimination of All Forms of Discrimination against Women were withdrawn in 2011. The effect of these reforms was to strengthen gender equality. In some sectors, such as higher education, there are more young women than young men.
- **Reforms of the religious field**: preacher training, combating informal preaching, using audio-visual communication channels to heighten citizen awareness of the values of Islam of tolerance and respect of other faiths. The Moroccan experience in this matter has inspired some Arab and African countries, as well as some European countries.

- **Development of civil society**, expanding its role as a partner of public authorities. The number of associations in Morocco is currently over 130,000. Nowadays, civil society no longer focuses on advocacy; rather, it plays a role complementary to that of public authorities in several areas: non-formal education, health...

Despite its achievements, Morocco must rise to a number of social challenges:

- Accelerating the accumulation of human capital through the new education system reform, focused on equal opportunity, improving the system's quality and a greater openness to foreign languages.
- Developing intangible capital as a significant source of wealth creation and distributing this wealth more appropriately. This capital represents 75% of national wealth, a figure close to the OECD average of 80%.
- Better governance of social nets to maximize impact on beneficiaries, while also ensuring optimal allocation of public expenditure.
- Shifting from housing-based policies to fully fledged city policies, taking into consideration urban dimensions and the imperatives of social bonding: social mixing, values and identity...

As for societal challenges, they consist of the following:

- Protecting Moroccan youth from the influence of extremist views coming from outside and operating through the Internet.
- Ensuring that women's participation in politics is consistent with the levels set in the Constitution (27% of seats at the municipal level, 30% of seats at the regional and national levels) and facilitating women's participation in the economy.
- Building the capacity of civil society and involving it in public diplomacy.

4. A public policy shift toward environmental sustainability

Public policy choices in Morocco increasingly adopt a sustainable approach, for reasons related to adaptation to the inevitable impacts of climate change, but also to accelerate economic development.

Morocco has earned international recognition for its policy of water resources development focused on the construction of dams, and has been implementing a water strategy since 1995, based on demand management and efficient mobilization of water resources.

Renewable energy development, in particular solar and wind power, constitutes a central pillar of Morocco's 2009 energy strategy. The share of renewable energy sources in national power generation capacity is set to reach 42% in 2020 and 53% in 2030. The Ouarzazate solar plant, which operates since 2016, should establish Morocco's status as a pioneer in the field of solar power.

Recently, the country introduced a new coastline development mechanism, which takes into account new data related to climate change and ecological footprint reduction.

The Kingdom pursues a sustainable development strategy aimed at enhancing citizens' living environment, improving sustainable management of natural resources and promoting environmentally friendly economic activity.

As an active country in the international climate and environment debate, Morocco hosted the COP22 in November 2016. As a side event to this conference, it organized the Africa Action Summit, which sought to give the continent the opportunity to speak with a single voice so as to harmonize its policies to combat the impacts of climate change and to increase its negotiating power.

To maximize the impact of initiatives aimed at securing sustainable development, Morocco should continue to align the national institutional and legislative arsenal with international standards, mobilize national funding, avail itself of international funds, but also promote modes of production and consumption consistent with the need to reduce the ecological footprint.

5. Increased international presence

Morocco is opening up trade, whether it is in the multilateral WTO framework, or by signing free trade agreements with traditional and emerging powers as well as with developing countries, in particular in Africa. This has helped Morocco to create a dense and diverse web of relations based on cooperation, generated by:

- **Morocco's international behavior, based on political and religious moderation**, which afforded it the special role of mediator and bridge between the Muslim and Western worlds. This role is rooted in centuries of history, reaffirming Morocco's distinctiveness as a crossroads of civilizations;
- **Diligent participation in peacekeeping operations and humanitarian action**, under the auspices of the UN as well as NATO, in which Morocco has acquired strategic partner status,
- **Heightened awareness of global issues** (human development, global security, climate change, defending a fair and equitable international order...),
- **Morocco's emergence as a regional hub** in many fields: economic, financial, transport, logistics, teaching/education ...

Since the year 2000, Morocco has concluded nearly a thousand agreements with African countries, aimed at deepening cooperation in several areas, in contrast with 500 agreements between 1956 and 1999. This cooperation follows multilateral approaches, as evidenced by the following:

- **Morocco's active role in sub-regional organizations** such as the West African Economic and Monetary Union or the Economic Community of West African States.
- The Kingdom's **deep involvement in a number regional cooperation initiatives**, such as the Conference of African States Bordering the Atlantic Ocean, which Morocco initiated.
- **Strong presence in cooperation forums linking Africa to emerging countries**, particularly Asian countries: the China-Africa Forum, the India-Africa Forum...

Morocco's determined strides on the path of reform and economic modernization have helped it build a reputation with G8 countries that is better than MENA and African countries, and even than emerging countries, according to the surveys conducted by the Reputation Institute in 2015 and 2016, in collaboration with IRES.

Another facet of Morocco's emergence lies in the **international development of its businesses**, some of which generate over a third of revenues in Africa. Most large Moroccan corporations operate in Africa, in diverse sectors such as banking, insurance, telecommunications, mining or construction.

Morocco contributes to the international effort for stability in Africa, in particular by contributing to peacekeeping operations in Somalia, in Congo and in Côte d'Ivoire, through military support for operations in Mali and in the Central African Republic and by hosting negotiations between Libyan factions to break the deadlock in that country and prevent it from becoming a breeding ground for terrorism, threatening Africa as well as Europe.

With regard to cultural cooperation, Morocco trains African imams on the values of tolerance of Islam, in line with the Maliki rite, and by welcoming 16,000 African students, 6,500 of whom receive a Moroccan scholarship.

Moreover, Morocco pursues an immigration strategy based on a humanitarian approach, and has completed the first phase of an operation to regularize 25,000 African migrants. In late 2016, the second regularization operation was launched, by starting to review nearly 15,000 regularization requests.

Expanding cooperation with East African countries, and Morocco's return to the African Union, will certainly build further momentum for the continent's development.

Conclusion

As a crossroads of civilizations and a State for over 12 centuries, the Kingdom of Morocco has made significant strides in the political, economic, social, environmental and security realms. Today, its geographic position, its infrastructure and reforms designed to boost global competitiveness have positioned it as a regional hub.

Known for its stability, its domestic policy guided by sustainable development and its moderate foreign policy, Morocco enjoys a good international reputation, in particular with G8 countries. The European Union considers it to be a special partner, while African countries see it as a credible and reliable partner.

These accomplishments only strengthen Morocco's resolve to push forward and to make greater efforts to tackle internal as well as external challenges, so as to act as a driving force for the continent's development.

To this end, Morocco should involve SMEs in the process of international diversification of its businesses in Africa, to foster relations between civil society players at home and abroad and to encourage cultural and university exchanges to promote mutual understanding between peoples.

Moreover, Morocco should support ongoing strategic projects and harness the potential for regional and sub-regional integration to best protect the interests of the Kingdom and of its African partners.

Lastly, Morocco should actively pursue a communication strategy and develop a Morocco brand.