

## **Strategic report 2019/2020**

### **Towards a new development model**

#### **Summary**

In keeping with its interest in global competitiveness and intangible capital issues, the Royal institute for Strategic Studies (IRES) has dedicated its 2019/2020 strategic report to global systemic issues and their relevance to the reflection on Morocco's new development model. This model, intended to promote the well-being of Moroccan people, is a contribution by IRES to the thinking on this issue, in accordance with His Majesty's Guidelines contained in His October 13, 2017 address to the two chambers of Parliament.

Devising a new development model is a major challenge, given the complexity of the matter and diversity of scales of analysis. IRES' approach in the matter is singular as it seeks to construct a new development model for Morocco, which takes into account global systemic issues and responds to its population's aspirations for greater well-being.

The leapfrog approach have been favored, given the urgency of addressing challenges such as climate change, increasing scarcity of natural resources, sharp demographic growth, particularly in Africa, and the severing of the link between economic growth and job creation, which make it necessary to leapfrog traditional steps and find alternative paths ahead, in order to allow Morocco to join the club of developed countries in the long run.

IRES uses a prospective meta-methodology that consists of three steps: Understanding, Anticipating and Proposing.

At the crossroads of three major regions, Africa, Europe and the Arab world, Morocco has accomplished indisputable advances, in economic and social terms as well as in human rights. These advances have contributed to bolstering the Kingdom's political stability. The reformative vocation of Morocco gave It a head start as compared to neighboring countries.

Despite the many advances outlined above, the current development model, which suffers from a public governance deficit, has not been able to

fully meet growing public expectations and regional and international challenges. Its implementation did not contribute to reduce social and territorial inequalities, nor did it address efficiently the magnitude of the social deficit.

To secure achievements in terms of political, economic and social reforms, while addressing weaknesses, such as the social deficit, the persistence of significant social and territorial disparities as well as the shortfalls in terms of public governance, the new development model should be designed to face the major challenges of the decades to come.

In a volatile, uncertain, complex and ambiguous world (VUCA), conceiving a new development model for Morocco should take into consideration the main global game-changing breakthroughs. Four clusters of disruptive trends underpin this model, drawing on the limits of the mainstream capitalist economy and ongoing societal and technological shifts:

- **The transition from material value to intangible values**, driven by the stalemate to which the existing international socio-economic system, based on a concept of value reduced to a key to increase the "commodification" of the whole human activities, has led. This stalemate has caused a breakdown of social bonds and generated growing inequalities. New aspirations are emerging in favor of more justice and respect for life and freedoms, more human solidarity and social ties.
- **The re-valuing of mankind** in order to solve the weakening of social cohesion, increased inequalities, the growing unhappiness of individuals and the risk of a future world without employment, as a result of the growing automation and deployment of capabilities in ever-expanding fields of artificial intelligence and, more broadly, of hardware and virtual robotics. Putting people back at the heart of political, economic and social systems therefore requires a commitment by states to genuinely undertake a multifaceted review of their public policies in terms of governance, education and training, health and fundamental freedoms... but also to effectively encourage economic and social stakeholders to embrace such transformation by means of specific measures.
- **The end of the predatory economy** on which the dominant economic model relies, since the Anthropocene has profoundly altered the planet's ability to meet the needs of humanity. The unreasoned exploitation of nature by Man has led to three major upheavals that will affect the 21<sup>st</sup> century: a high magnitude climate change, the increasing scarcity of natural resources and the associated imbalances such as desertification. Ending a production system based on the inexpensive acquisition of resources from the South by the North, is the necessary condition to curb the predatory economy.

- **The rapid emergence of disruptive technologies** which constitutes one of the characteristic features of the "exponentiality" of evolutions and which increases inequalities: the energy transition towards a post-carbon economy, additive manufacturing, physical and virtual connected robotics as well as dematerialization technologies are all disruptions that require support from public authorities.

To face these drastic changes, Morocco's new development should be founded on four interdependent pillars, supported by a new governance whose two core principles are justice and ethics, on the one hand, flexibility and adaptation, on the other. The whole should be the subject of a renovated social contract, the effective implementation of which would offer opportunities to all citizens in an equitable way, for inclusion purposes. In this social contract, particular attention should be paid to two important dimensions of social capital: the gender issue, in particular inequalities faced by women, and interpersonal trust, including through respect for the rules.

### Putting people back at the core of development

- ❖ **Reducing inequalities** in order to strengthen social cohesion, which is a pillar of intangible capital, through the implementation of a tax reform that advocates equity between taxpayers, the enactment of a financial inclusion policy aiming vulnerable categories of the population, in particular women, children and young people and, also, small businesses. In addition, the model should move towards gender equality, restore the foundations of interpersonal and institutional trust and promote citizen participation.

The development of social protection should primarily target the needy and health policy. It should, henceforth, take into account disability, population aging and expanding health-care coverage.

- ❖ **Creating the conditions for a human economy**, which implies finding alternatives to the human factor as an adjustment variable, but, above all, reconciling work and quality of life. Apart from the obvious need for better worker protection, the promotion of a human economy through the facilitation of creation and access to employment requires:
  - Immediate and effective recognition of the right of every human being to work as a self-employed person, without the need to be subjected to the hardships of a crippling bureaucracy
  - Facilitating a platform economy and promoting bottom-of-the-pyramid economy which should enable the less well-off not only to earn a living but also to have access to basic necessities, such as medicines, at affordable prices.

- Liberalizing all trade from individuals to individuals, according to a preferential tax system and developing Homecare services, designed to relieve hospital congestion and reinforce the paramedical sector, based on the Buurtzorg (neighborhood care) model.
  - Establishing a special "young company" status, allowing free and easy hiring and firing, preferential access to loans and to "community savings" type investment funds and minimal taxation, in order to encourage business creation and development.
  - Promoting Social entrepreneurship, which generates significant employment. The obstacles that this type of entrepreneurship faces can be addressed through the adoption of an incentive tax framework, easier access to finance and better access to the market for public and private procurement. In particular, encouraging social entrepreneurship in agriculture would make it possible to harness the immense potential of Morocco's biodiversity in a more efficient way.
- ❖ **Enacting a radical change in mindset**, through an educational reform, aimed at training responsible, civic-minded citizens, at preparing young people for tomorrow's world via the acquisition of critical and systemic thinking, of leadership skills, collaborative project management, interdisciplinarity, experimentation, ...

It would also be appropriate to initiate a reform of the teaching personnel, constitutionalizing long-term educational fundamentals; lifelong training and annual assessment by students, peers and professionals, as well as, high quality and mandatory vocational training for adults, provided by the private sector.

Alongside these reforms, it would be essential to enforce an emancipation policy, advocating education to transculturality and respect for differences, the development of autonomy and personality, the culture of innovation, the development of multiple intelligences, foreign languages learning and education to values of progress.

- ❖ **Reviewing spatial planning**, by making cities humane for their inhabitants, especially the most vulnerable, and sustainable through optimizing consumption of water and electricity, good air quality and dematerialized public services to limit travel and reduce corruption. To eradicate informal housing, it would be necessary to undertake a complete cadastral survey of the country and to implement a municipal policy of land use which prevents encroachment on arable land.

## Reconsidering Man's relationship with nature and moving towards an anticipatory regeneration economy

- ❖ **Setting up a national climate change adaptation and ecological footprint reduction project**, in line with the United Nations sustainable development goals and promoting socially responsible investment.
- ❖ **Regenerating degraded natural resources**, within the framework of a systemic and simultaneous approach, aiming to restore hydric resources, so that water stress would not be an impediment to development, and to regenerate endemic biomes, which bestows Morocco with a rich biodiversity. Halieutic environments, whose degradation is often underestimated, should also be restored.
- ❖ **Enhancing the value of ecosystem services** to finance regeneration and develop employment, through soil restoration and agroforestry to increase agricultural yields, as well as through the exploitation of traditional knowledge, in particular, in terms of irrigation, herbalism and endemic crops, more resistant to climate change than modern seeds.
- ❖ **Promoting highly productive climate smart\* agriculture**, which uses innovation and is better integrated with other sectors of the economy.

Beyond the expected gains in groundwater conservation and sustainable energy use, extending the ecosystem approach to agriculture would, enable rural areas to be integrated into an autonomous development process, offer opportunities to rural youth and foster the emergence of a genuine rural middle class.

- ❖ **Successfully transitioning to a low-carbon economy**, by sustaining the accelerated mobilization of renewable energy resources, by reviewing the energy policy to take the African dimension into account and by considering the prospects of development of promising sectors such as hydrogen production, in Morocco.
- ❖ **Developing the potential of sustainability** by focusing on the generalized treatment and industrial recovery of waste, in addition to sustainable agriculture and the reduction of the carbon footprint.

## Contributing to planetarization by promoting the link between local and global levels

- ❖ **Strengthening Morocco's territorial development** (local level) and ensuring a better economic balance between the regions, by establishing the bases of a territorialized governance of public policies, accelerating the

administrative devolution and by promoting collective management of natural resources, systematic mutualization and administrative processes automation. Moreover, it would be convenient to set up an innovative and transformative land policy and to reconstruct a more tightly knit city-countryside entity, by developing, in particular, rurality and improving urbanization.

- ❖ **Entering the era of post-industrial cognitive capitalism** (global level), by focusing on high-level research and business-university partnerships, improving access to global knowledge and delving into new fields of knowledge, such as biomimicry, artificial intelligence, robotics, additive manufacturing and the use of the local pharmacopoeia.
- ❖ **Promoting the blue economy**, an advanced version of sustainable development, which requires, among other things, fostering a natural and cultural living heritage economy, as well as a true sustainable economy of the sea, both national and local, to promote participative finance and the bottom-of-the-pyramid economy, enabling underprivileged people to generate income and have access to essential products.
- ❖ **Deepening Moroccan economy's integration in Africa**, by actively contributing to the implementation of the continental free trade area, diversifying partners, aiming soft power policy at leveraging the Kingdom's relational capital, strengthening its presence on the international stage, providing the country with a *Morocco brand* and a large-scale multidimensional diplomacy.

**Equipping Morocco to face the "exponentiality" of evolutions, thanks to an ambitious strategy, making it possible to skip the stages in terms of development (leapfrog)**

- ❖ **Fulfilling the structural transformation of national economy** in order to expand it beyond a few branches of the global value chains, by implementing an export-oriented industrialization policy that promotes the achievement of " a high level of complexity in the economy and laying the foundations for the development of a modern services sector through the deployment of a major training effort for tomorrow's jobs. That implies making the private sector the base of wealth creation in Morocco, granting more freedom and facilities to setting up businesses and providing support for the creation and the development of innovative companies, particularly, SMEs- SMIs and start-ups.
- ❖ **Supporting the development of the industry of the future**, based simultaneously on advanced digitalization and environmental sustainability, which requires developing a new vision of business lines, distinguishing the production of goods and that of services, whatever the scale, as well as a specific framework for the inherently nomadic intellectual professions.

- ❖ **Preparing the population, especially the youth, for new economic forms**, such as sharing, outcome, on-demand and platform economies, in order to improve employment and anticipate human-machine substitutions.
- ❖ **Speeding up digital transformation** by stimulating digital literacy among the youths and adults, massively developing digital infrastructures (5G) and supporting national digital champions in fields such as artificial intelligence, smartphone applications, Internet of things, robotization,...
- ❖ **Investing in people and innovation.** To embark on the high-speed train of digital "exponentiality", it would be appropriate, as a first step, to set up a compulsory vocational training policy, focused on awareness of the future, leadership and reporting and, secondly, to back experimentation, since disruptive innovation needs a ground for expression and a life-size field of experimentation, such as the living labs, so that all aspects can be addressed.
- ❖ **Firmly committing to endogenous and moderate development** through the containment of the rural exodus, by offering better working conditions and wages to agricultural workers; developing agribusiness in a way it targets not only exports but also the local market; pooling knowledge between small and large companies in order to constitute a competitive large scale "strike force" and preparing legislation, intangible infrastructures and people to emerging forms of work (sharing, outcome, on-demand, platform and gig economies).

### **Adopt a new governance that expedites Morocco's march towards development**

- ❖ **Basing this governance on collective intelligence enhancing**, resources and uses streamlining, decentralization, and the development of factual knowledge, in order to lay public policies on solid scientific grounds, so as not to be overwhelmed by the "exponentiality" of current evolutions.
- ❖ **Strengthening the principle of honesty**, which implies a radical fight against corruption, a prohibition of speculation on food products, natural resources and land. It also entails outlawing environmentally damaging practices. Besides, the honesty principle requires imposing transparency through accountability, easy access to data while protecting privacy, and accountability through the assessment of public programs and the establishment of an independent justice.
- ❖ **Enhancing administration and other public bodies agility**, by promoting experimentation, pragmatism, effective methods of project management derived from private management, departing reformative processes from

political and electoral contingencies, improving vocational training of public sector agents and shortening of the chain of command.

This new governance must seek greater public policy coherence and closer coordination between stakeholders. It must cement the exemplarity of the state and consecrate its role as a visionary to the benefit of the general interest, in the long term, thanks to a rehabilitated public administration able to attract the high profiles.

- ❖ **Promoting a leadership** able to bring about change and ensure the necessary transformation of Morocco, through a clear-sighted and meaningful vision whose contours are traced by the 2011 Constitution and by High Royal Orientations. The leadership sought should be based on the values of tolerance and temperance specific to Moroccan society. It should stand out through respectful treatment of employees and the ability to build bridges between the old and the new systems, between the traditional and the modern, between intention and action.