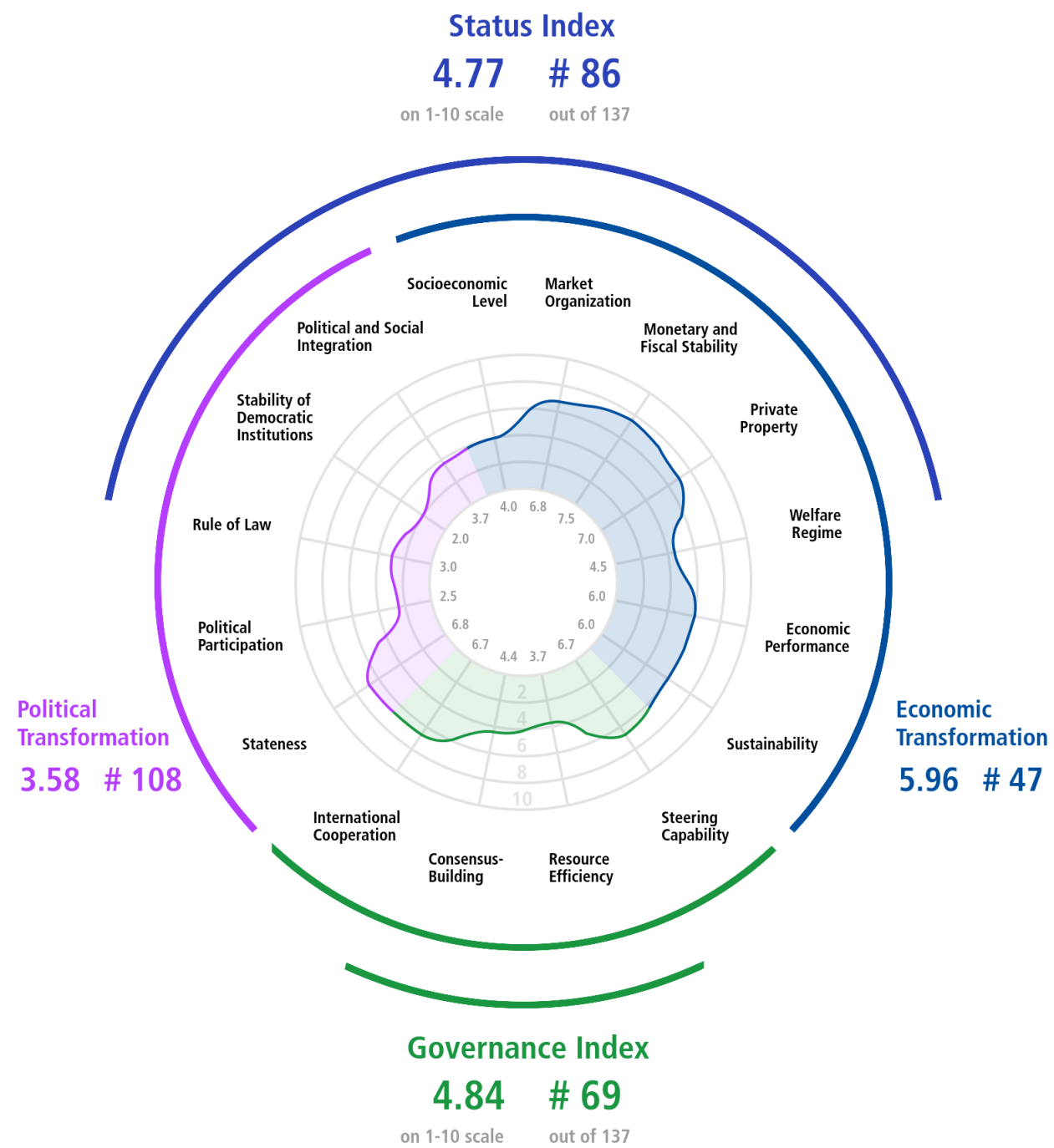


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Morocco



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**Key Indicators**

|                          |        |             |                                |              |                      |             |
|--------------------------|--------|-------------|--------------------------------|--------------|----------------------|-------------|
| Population               | M      | <b>36.9</b> | HDI                            | <b>0.686</b> | GDP p.c., PPP \$     | <b>7296</b> |
| Pop. growth <sup>1</sup> | % p.a. | <b>1.2</b>  | HDI rank of 189                | <b>121</b>   | Gini Index           | <b>39.5</b> |
| Life expectancy          | years  | <b>76.7</b> | UN Education Index             | <b>0.569</b> | Poverty <sup>3</sup> | <b>7.3</b>  |
| Urban population         | %      | <b>63.5</b> | Gender inequality <sup>2</sup> | <b>0.454</b> | Aid per capita \$    | <b>20.8</b> |

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

Ten years after the Arab uprisings, many promises have remained unfulfilled in Morocco. In April 2019, a court rejected an appeal against the prison sentences imposed on Hirak (“movement”) activists, some of whom had received heavy sentences. Major setbacks regarding freedom of speech and civil liberties have also manifested in the arrest of journalists, artists and human rights activists on various charges, which are a reflection of the continued use of the judicial system against critics and independent actors.

The political promises to enhance the separation of powers and tackle corruption were not kept. Reforms have mostly favored limited liberalization, as the monarchy continues to be the main political actor.

Efforts have been made to increase foreign investment. However, socioeconomic woes continue to persist, with social inequalities widening between the highest and the lowest classes and between urban and rural areas. Unemployment remains a pressing problem, especially among the youth, who are increasingly engaging in emigration.

This economic and political context has led to a general public disillusionment with the political elite. Citizens frequently resort to protests to express their grievances. A lack of trust in official institutions has pushed them to look for other alternatives and to circumvent traditional mechanisms of representation.

Acknowledging that the country’s current development model has failed to meet popular expectations or solve the country’s socioeconomic issues, King Mohammed VI established a special commission in charge of elaborating a new national economic and social development strategy in 2019. The commission was expected to deliver its work in early 2021.

Morocco has made considerable efforts to strengthen its foreign policy. It has sought to diversify its regional and international alliances, and thus rejoined the African Union (AU), signed bilateral agreements with the Gulf Cooperation Council (GCC) and improved its relations with the European Union (EU) in order to obtain an advanced status. In December 2020, the U.S. Trump administration recognized Moroccan sovereignty over the Western Sahara, which may bolster Morocco's position at the United Nations and its claim over the territory.

From March 2020 on, Morocco took swift and effective measures to control the spread of the COVID-19 outbreak. The country declared a national health emergency, closing its borders and schools, prohibiting public and private gatherings, and calling for mandatory confinement. COVID-19 mitigation measures included cash transfers and tax deferrals for households, along with loans and social-contribution payments for businesses.

The social and economic impact of the pandemic is believed to be enormous. The budget deficit soared to \$6.6 billion in the first 11 months of 2020, compared to \$4.5 billion in 2019, paired with one of the strongest recessions in the region. Poverty and unemployment are expected to increase, deepening social and gender inequalities.

The pandemic has also revealed the fragility of health infrastructures, as the sector is poorly funded, with a shortage of medical personnel. However, international financial and technical support has enabled Morocco to keep the system from collapsing. The country doubled its capacity of hospital beds, set up testing centers and paid for medical equipment and treatment.

## History and Characteristics of Transformation

After Morocco became a French protectorate on March 30, 1912, thousands of impoverished people saw their traditional economic structures destroyed. Some joined the nationalist movement, which was violently suppressed by the colonial government. After much unrest, King Mohammed V declared the independence of Morocco on March 2, 1956. The Istiqlal Party (IP), founded in 1943, was able to form the country's first post-independence government. During his reign, Mohammed V favored the creation of different political parties as he opposed any concentration of power in the hands of political organizations. He tightened his hold on the reigns of the government until he died in 1961.

His successor, King Hassan II, followed the same tradition of wielding absolute power. He drafted different constitutions that subordinated the judicial, legislative and executive institutions to the supremacy of the monarchy. What followed were the "Years of Lead," with continuous violent state oppression imposed against any opposition forces or dissident voices. Students, workers and the unemployed took to the streets to demand economic and political reforms. Their protests were violently crushed.

Hassan II succeeded in forging national unity when he called for the "Green March" on November 6, 1975. Thousands of unarmed civilians crossed the borders to claim the "Spanish Sahara," a territory south of Morocco controlled by the Spanish government. To avoid any

confrontation, Spain agreed to relinquish its claim to the territory. Morocco's claim over the territory set off a conflict with the Polisario, a movement formed in 1973 aiming to establish an independent state in the region. A 16-year-long insurgency ended when the U.N. intervened and brokered truce in 1991, promising a referendum on independence to the Sahrawi people.

The end of the Cold War brought pressure from Europe and the U.S. for political reforms. Hassan II took a series of measures to expand the freedoms of expression, assembly, association and the press. Political prisoners were released, and the unicameral legislature was replaced with a bicameral one. For the first time in 1998, an opposition party rose to power, forming the Government of Change (*Gouvernement d'Alternance*); it implemented some further reforms.

Hassan II also initiated economic reforms under the supervision of the International Monetary Fund (IMF) and the World Bank. This package of policy reform, known as the structural adjustment programs (SAPs), called for immediate trade liberalization, the elimination of non-tariff barriers and massive cuts in public spending. The SAPs also recommended the privatization of state-owned enterprises and the deregulation of financial systems. However, the SAPs also exacerbated unemployment and inequalities. Required to reduce public spending, the government failed to address poverty and the country's stagnant standard of living.

After Hassan II died in 1999, his son Mohammed VI continued the state's approach toward political opening. The most important reforms came after the Arab uprisings, when youth took to the streets and organized under the banner of the February 20 Youth Movement.

On March 9, 2011, Mohammed VI promised to implement constitutional reforms that would extend the powers of the parliament and grant the judiciary independence. A moderate Islamist party, the Justice and Development Party (*Parti de la justice et du développement*, PJD) rose to power in 2011. Re-elected in 2016, the PJD failed to form a coalition government due to what is believed to have been a scheme by the *Makhzen*, or inner power circle around the monarch. After a six-month deadlock, the king ousted Prime Minister Abdelilah Benkirane, the former PJD leader known for being critical toward the central authority, and replaced him with Saadeddine Othmani, the deputy leader of the PJD.

The reform process, initiated by Hassan II and further developed by Mohammed VI, lost its way. However, socioeconomic inequalities persisted, triggering fresh *Hirak* protests in October 2016 by deprived citizens in the northeastern Rif. Given the unchanged power structure and ongoing corruption, they have become part of Morocco's everyday life.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

The state possesses a monopoly on the use of force throughout the country. However, in the disputed territory of the Western Sahara, tensions sometimes flare between Moroccan authorities and the Polisario that functions under the auspices and guidance of the Algerian state. The latter operated a blockade of civil and commercial land traffic between Morocco and Mauritania at El Guerguerat, declaring the end of the cease-fire in October 2020. Morocco's royal armed forces intervened to restore traffic. The fighting between Morocco and the Polisario had originally ceased in 1991, when both Morocco and the Polisario accepted the settlement proposals by the U.N. Security Council. On October 30, 2020, the mandate of the United Nations Mission for the Referendum in Western Sahara (Mission des Nations Unies pour l'Organisation d'un Référendum au Sahara Occidental, MINURSO), established in 1991 with the aim of monitoring the cease-fire and conducting the promised referendum, was extended for another year.

In 2020, tensions also rose with Spain over Ceuta and Melilla, two cities in northern Morocco that respectively came under Spanish sovereignty in 1496 and 1580. Following the Moroccan government's statement that Ceuta and Melilla are a part of Moroccan territory and a symbol of the unfinished decolonization of the country, Spain summoned Morocco's ambassador to Madrid for consultations in December 2020.

According to the 2020 Global Terrorism Index (GTI), Morocco is the fourth-safest country in the Middle East and North Africa, and the 36th safest globally in terms of terrorism risk. However, the country continues to face sporadic terrorist threats. They mainly come from small independent cells that the authorities claim are affiliated with the Islamic State (IS) or with Moroccan jihadi terrorists who have returned home after fighting in Syria, Iraq or Libya. In July 2019, a Moroccan court sentenced three jihadists to death who had beheaded two Scandinavian female tourists in December 2018.

Question  
Score

Monopoly on the  
use of force

8

'06 '22 10

8

1

Moroccan authorities continue to dismantle terrorist cells in different parts of the country. The country has sought to reform the religious sphere with the aim of countering the rise of radical religious rhetoric. Reforms within the religious field and the dismantling of cells suggest that radicalism is driven more by structural reasons (socioeconomic) than by typical religious ideology.

Morocco's status as a nation-state is considered legitimate within large segments of society. The combination of religion, nationalism and the monarchy's hereditary rule under the country's official slogan "God, the nation, the king" has enabled the monarchy to cultivate a normative legitimacy and secure continuity. The king holds the title "amir al-mu'mineen" (commander of the faithful), and thus also has religious authority (constitution, article 41). The legitimacy of the king as the head of the state was not called into question during the 2011 uprisings.

The Amazigh population is estimated to make up 40% of Morocco's population. They have long campaigned for the recognition of their political, economic, social and cultural rights, and against their marginalization and exclusion from access to education and media. In 2001, the Royal Institute of Amazigh Culture was established to promote the Amazigh language and culture. In 2011, the king introduced constitutional reforms to recognize the pluralistic nature of the country's identity, of which the Amazigh identity is now an integral part. The constitution (article 5) now recognizes Amazigh as an official language alongside Arabic.

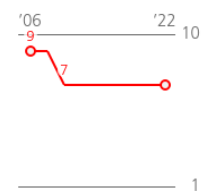
The Hirak protests that began in 2016 revived a historical dispute between the center and the Rif. There have always been mass protests over socioeconomic issues, indicating a deep distrust in the country's formal political processes and institutions. Similar to the riots in 1958 and 1959 and the student riots in 1984, the Hirak protests were violently repressed by the authorities who accused the activists of being separatists.

The Islamist Justice and Spirituality (al-adl wal-ihsane, AWI) movement rejects Morocco's political establishment. Created in 1973 by Sheikh Abdessalam Yassin, it has become a highly influential (although banned) opposition group that refuses to participate in institutional politics.

The main challenge to Morocco's state identity comes from the Polisario movement, which rejects Morocco's autonomy plan for Western Sahara and has demanded a referendum for independence.

#### State identity

7



1

According to the constitution, Islam is the official religion of the state. Fully 99% of the population is Sunni Muslim. Other religious groups include Shi'i Muslims, Christians, Bahais and Jews.

As the “commander of the faithful,” the king is tasked with ensuring respect for Islam and compliance with laws having to do with the Islamic identity.

Morocco’s legal system is a combination of both civil law and Islamic law. It has adopted several principles from the French civil code, but the family code is derived more substantially from religious sources.

The constitution prohibits the establishment of political parties based around religious, ethnic, linguistic or regional grounds. No major parties have ever questioned the Islamic legitimacy of the monarch or challenged his religious powers.

The constitution prohibits criticism of Islam. As the law considers anyone born from Muslim parents or with a Muslim father to be a Muslim, there have been reported cases of people arrested for having converted to other religions. Article 222 of the penal code makes breaking the Ramadan fast in public punishable as a crime.

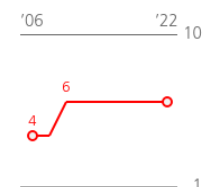
The government’s administrative infrastructure extends throughout the country, including the disputed territories of Western Sahara. In 2011, constitutional reforms provided greater autonomy to local authorities as part of the decentralization process. However, implementation has been delayed. This is mainly due to the nature of the political system, which limits the autonomy and scope of action accorded to elected institutions.

Access to basic services, water, electricity and sanitation is gradually improving, but infrastructure disparities remain high between urban areas and rural areas, and within marginalized urban neighborhoods where basic services are still lacking. In total, 77% of households are connected to sanitation systems, and 85% to improved water sources (World Bank, 2015). Some municipalities still lack the technical and financial means to provide basic services, including public transportation. Heavy rainfalls in Casablanca in January 2021 caused significant infrastructural damage to the city. The rain flooded entire neighborhoods, shutting down public transport, schools and businesses. The country also suffers from disparities in terms of access to health care across regions. About 52% of doctors are concentrated in the two regions of Rabat-Salé-Kénitra and Casablanca-Settat, even though they are home to only 34% of the population (Ministry of Health, 2016). Only 30% of the rural population has access to health care facilities.

Although the COVID-19 crisis revealed the fragility of the health care system, Morocco was quick to implement health measures to contain the pandemic. Hospitals’ capacities were expanded. Testing centers were established and a massive vaccination campaign launched across the country in January 2021.

No interference of religious dogmas

6



Basic administration

6



Schools were obliged to remain closed between March and September 2020 and were encouraged to use online platforms. The government created a daily schedule of lessons broadcast on TV. By early 2021, schools had resorted to a hybrid educational system that combined both remote and in-person classes.

## 2 | Political Participation

National and local elections are held regularly under the supervision of the Ministry of Justice and the Ministry of Interior, which mainly take their orders from the palace. The absence of an independent electoral commission supervising these elections casts doubt on the transparency of their conduct.

The constitutional and legal framework allows for competitive legislative elections. Different parties with different ideologies are able to run, but political posts are not always filled according to the results of elections.

In the most recent parliamentary elections, in 2016, the Islamist Party of Justice and Development (PJD) and the pro-palace Party of Authenticity and Modernity (PAM) came out strongest. A high abstention rate again confirmed citizens' political apathy and mistrust vis-à-vis politicians and political institutions, which is particularly true for the youth. A large share of voting-age Moroccans did even not register to vote, and 57% of registered voters abstained. The share of invalid ballots, reportedly on the rise, was reported to be around 15% in 2016. Those blank ballots seem to reflect public disenchantment with formal politics.

The elections were boycotted by al-adl wal-ihsane ("Justice and Spirituality") followers, Morocco's largest Islamist group, which is banned by the authorities.

The next elections – national, regional and local – are set to take place in September 2021. Moroccan authorities have decided not to postpone the elections despite the COVID-19 pandemic, and agreed that for the first time, Moroccans residing abroad (a number estimated at around 4.5 million) will be allowed to participate.

Morocco is often referred to as an "executive monarchy," in which the last word in politics is held by the king, constitutionally defined as "commander of the faithful" (Article 41) and "head of state" (Article 42). As such, he presides over the Council of Ministers (Article 48), can dismiss ministers (Article 47) and dissolve parliament (Article 51). He rules via dahirs (royal decrees of religious nature) that are deemed sacred texts and are above the law.

Besides these constitutionally enshrined religious and political powers, the king holds executive power over strategic issues including education. He controls the "ministries of sovereignty," which include the Ministry of Foreign Affairs, the Ministry of Islamic Affairs and the Interior Ministry. These are usually run by figures close to the palace. Furthermore, the regime manages to place members of

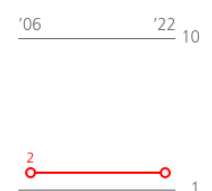
Free and fair elections

3



Effective power to govern

2



its coterie within important ministries. Moreover, royal cabinets filled with king's advisers tend to hold more power than government ministers. They intervene directly in political issues and cannot be held accountable. The king and his coterie, commonly referred to as the Makhzen, control decision-making and key economic sectors. This clientelist network is where power is concentrated. The network includes politicians, businessmen and the military, and uses a variety of strategies to discourage any dissent or opposition voices.

Recently the king has solidified his position as the “first among institutions,” and as the sole arbiter between the country's different political forces. He has even positioned himself as the opposition to the government when criticizing the slow pace of reforms. Over the years, the king's speeches, traditionally given on Independence Day and during the opening session of parliament, have outlined the guidelines for the government and political parties. They set the agenda for change and action and are not subject to debate.

Within this context, political parties find it difficult to assert themselves.

While Article 29 of the constitution guarantees the freedoms of assembly, peaceful demonstration and association without any discrimination, many laws remain restrictive of civil liberties. The establishment and functioning of associations in Morocco are governed by a 1958 decree, which requires associations to register. The decree also penalizes associations' activities if they do not respect these formalities. Article 3 states that “any association is void if it is founded on a cause or with an objective that is illegal, contrary to good morals or that aims to undermine the Islamic religion, the integrity of national territory, or the monarchical regime, or that calls for discrimination.” This article remains vague. It gives authorities discretionary powers that can lead to limiting the right of association.

The authorities also continue to dissolve associations. In April 2019, they dissolved the legally registered Racines cultural group for “humiliating Islam and public institutions.”

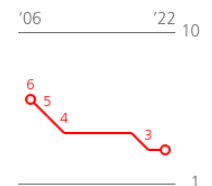
Workers are permitted to form and join independent trade unions, but collective bargaining and strikes are sometimes restricted. New laws have been passed to limit labor strikes, including introduction of the practice of docking employee salaries for the days they have participated in a strike. In March 2019, the Ministry of Education docked teachers' wages for each day they were on strike.

Authorities have been reported to resort to excessive force and violence to disperse protests. Protests by teachers in Rabat demanding better working conditions were dispersed using excessive force in 2019.

Under the state of health emergency, a general lockdown was announced in March 2020, prohibiting public and private gatherings as well as sports activities. The police and army were in charge of enforcing the restrictions. The restrictions were

Association /  
assembly rights

3



also expanded in some regions, in which individuals with authorizations were the only ones allowed to enter or leave. As of January 2021, new restrictions were implemented, particularly after the new COVID-19 variants were detected. National curfews were extended and public and private gatherings prohibited.

Morocco was ranked at 133rd place in the 2020 World Press Freedom Index. The press can report on economic and social issues but journalists, in particular those who criticize the king, his family or the political regime, often face harassment and detention. In addition, reporting on protests is usually suppressed. A number of journalists who reported on the Hirak movement have been convicted of crimes.

Among them is Taoufik Bouachrine, whose 12-year prison term imposed in November 2018 on charges of human trafficking, abuse of power for sexual purposes, rape and attempted rape was extended to 15 years in October 2019 following an appeal by the public prosecutor.

In September 2019, Hajar Raissouni was sentenced to a year in prison for seeking an “illegal abortion” and for “sexual relations outside marriage.” She was released few months later due to a royal pardon. In December 2020, Omar Radi was jailed for a tweet in which he criticized a judge’s verdict against Hirak activists, after which he was charged and sentenced for “insulting a public servant.” While imprisoned, he went on an open-ended hunger strike. Additional journalists in prison as of the time of writing were Hamid el Mahdaoui, Rabii el Ablak and Soulaïman Raissouni, all of whom are known for their critical stance toward government policies.

Limitations on the freedom of speech are also imposed on bloggers (e.g., Mohamed Sekkaki and Youssef Moujahid, both sent to prison for disrespecting the king), artists (e.g., rapper L’Gnawi, who was sentenced to a year in prison for insulting the police in November 2019 after recording a music video denouncing corruption), activists (e.g., historian and human rights activist Maati Monjib, known for his criticism of human rights violations, who was arrested in December 2020 on charges of money-laundering) and students (e.g., Ayoub Mahfoud and Hamza Sabbaar, who were convicted for sharing the lyrics of a song).

According to the Media Ownership Monitor, the media landscape in Morocco is tied closely to power centers. Major media companies are either owned by the state, the palace or its entourage, which undermines pluralism and media independence.

On March 19, 2020, the government adopted a new law to fight fake coronavirus news on social media. The police made a dozen arrests in what Amnesty International called a new blow to the freedom of expression.

Freedom of  
expression

2

'06 '22 10



### 3 | Rule of Law

The 2011 constitutional reforms introduced the separation of powers and increased the powers accorded to the head of the government. He has the power to coordinate government action, supervise public service, and propose and dismiss cabinet members.

The constitutional reforms have also sought to reduce the king's powerful role in the government, though symbolically. The head of government presides over the cabinet, but the king presides over the Council of Ministers, where strategic policy decisions are taken.

The king has maintained his political prerogatives and his executive powers. He legislates via royal commissions, possesses veto power and continues to exercise his powers via dahirs, or royal decrees. Each time a government is formed, the king ensures that technocrats loyal to the palace (commis d'état) are nominated to strategic positions in the security, religion and foreign-affairs portfolios. After a political deadlock in 2016 believed to be orchestrated by the palace, the current head of government, Saadeddine Othmani, has shown more predisposition to be amenable, to the extent that some decisions are made without his active involvement.

The king also has the prerogative of pardon (Article 58), and on many religious and national days, he grants pardons to people sentenced by various Moroccan courts. On July 30, 2020, he pardoned several members of the Hirak movement, which can also be interpreted as an infringement on the separation of powers and intermingling in judicial competences.

The Kingdom of Morocco declared a state health emergency as of March 20, 2020, which has been extended subsequently. Article 81 of the constitution gives the government the right to adopt decrees having the force of law. These decrees are immediately binding upon adoption but require parliamentary approbation. Two decrees related to the health emergency granted the government all legislative, organizational and administrative powers.

The 2011 constitutional reforms set out the principle of judicial independence. However, the judiciary is still subject in practice to executive influence and is linked to the interests of the monarchy. The Ministry of Justice has to submit its recommendations to the king, who then makes final decisions. He also chairs the Supreme Council of the Judiciary, an indication of how the court system remains dependent on the monarch. He nominates and appoints five independent members to the High Judicial Council, thus maintaining his influence over the legal system.

In practice, the legal system remains linked to the interests of the king, and is regularly used to punish political opponents, human rights activists and critics.

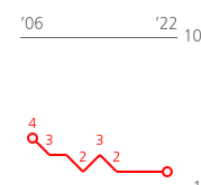
Separation of powers

2



Independent judiciary

2



Corruption is endemic in Morocco and affects the legal system as well. In April 2020, investors lost more than MAD 600 million in a real estate fraud, in which various institutions received bribes to speed up the granting of permits. In September 2020, Morocco's finance minister declared that corruption annually siphons away 2% to 7% of GDP.

The 2019 Global Corruption Barometer revealed that 74% of Moroccans think that the government is not tackling corruption, and that one in four Moroccans think judges and police officers are involved in corruption (Transparency International, 2019).

However, prosecution in this arena is rather sporadic. In January 2020, the president of a rural commune in Marrakech was prosecuted and detained for alleged corruption. In May 2020, the ministry of interior suspended an official for diverting food products originally destined for needy households for personal consumption.

The constitution guarantees civil rights and equality. It prohibits torture and other cruel, inhumane or degrading treatment or punishment. The police can only arrest an individual after a general prosecutor has issued an oral or written warrant. However, due process is not always respected, particularly during protests when police officers arrest citizens without warrants and in civilian clothing. This applies particularly to the Hirak protests, but police also resorted to violence to disperse the crowds of teachers on strike in 2019.

The law provides for the right to a fair and public trial, but individuals are sometimes denied access to lawyers, and lawyers have themselves reported obstacles in accessing and presenting trial evidence. This was the case for journalist Soulaïman Raïssouni, who was not allowed legal assistance and was prevented from communicating with his lawyers after his arrest in May 2020.

Confessions sometimes are coerced, and excessive use of force by police during custody has been reported. Protesters in particular report having been victims of violence during arrest and have been placed into solitary confinement while awaiting trial. In some cases, they have been severely beaten and suffocated. In September 2019, arrested journalist Hajar Raïssouni accused the police of torturing him while forcing him to submit to medical tests. Medical examinations were conducted without her consent.

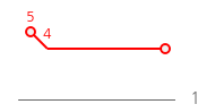
In certain areas, especially in the countryside, women face discrimination. For instance, women in rural Morocco suffer disproportionately from a lack of access to education. Dropout rates among rural girls are nearly four times higher than those among urban girls.

Religious minorities such as Christians and Bahais are reported to be subject to harassment, investigations and detentions by Moroccan authorities.

#### Prosecution of office abuse

4

'06 '22 10



#### Civil rights

4

'06 '22 10



To fight COVID-19, restrictions were put in place. Any violation of these restrictions amounts to a criminal offense, which can be punished with detention of up to three months and a fine of between MAD 300 and MAD 1,300.

The restrictions were deemed necessary to contain the spread of the virus. However, thousands of people were arrested for violating the state of emergency. In April 2020, journalists Mohamed Bouzrou and Lahssen Lemrabti, were arrested for criticizing some of the government's actions with respect to COVID-19 measures.

The context of the pandemic was used to reestablish authoritarian practices associated with the suppression of protests. There was a gradual relaxation of restrictions in some regions but not others, largely depending on the varying infection rates.

#### 4 | Stability of Democratic Institutions

Similar to democratic systems, Morocco possesses formal institutions that allow for a constitutionally governed practice. In reality, both the parliament and the executive branch remain under the control of a governing monarchy and are technically ill-equipped and politically weak.

Different political parties compete for power, but remain ultimately irrelevant to policy, which is dominated by the regime.

Decentralization reforms have sought to strengthen participatory governance, but the historical legacies of the centralized system have hindered the creation of opportunities for participation. Prefectures and provinces' real power is limited. They remain tightly controlled by the central government, since regional "walis" (governors) are appointed by the king rather than being elected.

The Ministry of Interior is in charge of Morocco's main strategic projects, including implementing immigration policies, conducting advanced regionalization, supervising the National Human Development Initiative and conducting elections. The minister is appointed by the palace, and the ministry is thus entirely independent of electoral results, remaining beyond the control and oversight of elected institutions. Its powers have grown significantly, and its authoritarian behavior has been amplified during the pandemic. Thousands of citizens were arrested and prosecuted for violating the state of emergency. Cases of violence against ordinary citizens were documented.

Performance of  
democratic  
institutions

2

'06 '22 10

2

1

Given Morocco's political constraints, parties have understood that they need to appease the monarchy to remain in government. They usually do not challenge the leadership of the king. In December 2020, for example, the PJD signed the normalization agreement with Israel after having previously railed against it.

Parties that form the government usually give up some of their executive powers. They endorse most of the king's moves when he nominates ambassadors or calls for judicial investigations. In July 2020, the king nominated a slate of ambassadors, although this is technically the prerogative of the head of government. He also called for a judicial investigation against Mustapha El-Bakouri, who he had appointed as CEO for of the Moroccan Agency for Sustainable Energy (MASEN) in December 2009, for mismanagement.

When the state of emergency was declared in March 2020, and subsequently extended, the government did not consult the parliament, which holds jurisdiction in this area.

## 5 | Political and Social Integration

Morocco is a liberalized authoritarian monarchy in which the regime uses democratic institutions to sustain an authoritarian regime and undemocratic practices.

There is a multiparty system that encourages the formal participation of different political actors. There are more than 36 political parties in Morocco. In reality, some of these parties, called "the parties of the administration," are created by figures close to the palace to contain other parties. The Party of Authenticity and Modernity (PAM), for example, was rapidly established in 2008 to curb the popularity of the Justice and Development Party (PJD). The system can also lean on these parties politically or even institutionally. This is part of the regime's old tradition of divide and rule, a strategy of "segmentary politics" that prevents the emergence of strong parties. They also serve to keep the monarch at the center of the political system, acting as an arbiter between different political and social factions. The fragmentation of political parties serves to eliminate any political contenders that might challenge the king's status as the sole representative of the nation.

Parties in Morocco have learned the rules of the political game. They have understood that for them to acquire and retain power, they should not advance any reforms that would jeopardize the interests of the monarchy. This explicitly includes the PJD.

With very few exceptions, parties are devoid of any coherent ideological reference, and do not offer solid political programs. It has become difficult to distinguish between loyalist and opposition parties.

Commitment to democratic institutions

2

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Party system

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Different political parties and coalitions run for the elections, but real competition is usually limited to only a few parties, including the PJD and PAM, the Party of Independence (PI), the Socialist Union of Popular Forces (USFP), the National Rally of Independents (RNI), the Popular Movement (MP), the Party of Progress and Socialism (PPS), and the Constitutional Union (UC).

The existence of a controlled multiparty system (36 political parties) has generated disorientation and disaffection within the electorate. Parties struggle to connect with and mobilize voters, or even to gain their trust. Abstention rates remains high, and rose in 2016 particularly among the youth, reflecting a deep distrust of political parties and processes. The acts of voting and running for office are not perceived as credible means of making one's voice heard. Citizens circumvent traditional processes of representation and instead look for alternative informal mechanisms to express their demands. They often resort to boycotts and protests to put pressure on the government. They also use social media to express their grievances and criticism.

The lack of trust in formal structures of representation and the state's disengagement from public services explains why citizens resort to civil society. However, most such organizations do not operate independently, but instead do so within a system based on patronage.

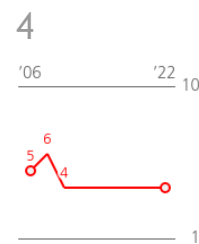
Business groups are quite active when laws with financial ramifications are being drafted. Though otherwise poorly organized, major Moroccan companies and business leaders lobby within the state apparatus and institutions to defend their interests. Many members of parliament are actually business owners; for example, in 2016, one-third of PAM deputies were businesspeople.

Trade unions are represented in the upper chamber of the parliament. There is a total of 28 such groups, but four of them are most representative, including the Moroccan Workers Union (UMT), the Democratic Confederation of Labor (CDT), the General Union of Moroccan Workers (UGTM) and the National Labor Union of Morocco (UNTM). Their mediation role is limited to defending workers' rights and conditions. Quarrels and lack of cohesion limit the unions' ability to negotiate. In 2020, they were not invited to take part in the COVID-19 economic oversight committee.

In June 2020, unions refused to take part in negotiations with the government and the General Confederation of Moroccan Enterprises (CGEM) to discuss massive layoffs in the private sector. They called for the creation of a dedicated platform to discuss the post-pandemic social impact.

Unions' mobilization power seems to have decreased. According to Morocco's Higher Planning Commission, 96.6% of the working population lacks affiliation with a trade union or professional organization, both in rural and urban areas. A lack of internal democracy and their affiliation with political parties seem to have weakened their appeal.

Interest groups



A report by the Arab Barometer in 2019 indicated that Moroccans' trust in their political system had declined in recent years. Just 30% of citizens trusted the government. Only 20% trusted the parliament. However, trust in the judiciary had increased, and the majority trusted the army, while two-thirds of people trusted the police. Moreover, trust in the government seems to have increased during the pandemic, as a survey by Konrad Adenauer Foundation of January 2021 indicates: 60% of polled Moroccans expressed their satisfaction with the way the government handled the COVID-19 crisis. On the other hand, citizens remain highly frustrated with the government's failure to address economic and social issues. Only 39% of citizens rated the country's economic performance as being good or very good, and 83% believed the economic situation had deteriorated over the previous year.

While in 2019, 51% of respondents favored democracy and a system of parliamentary governance (Arab Barometer, 2019), 79% of Moroccans in 2021 considered choosing their leaders in free elections to be essential (Arab Barometer, 2021).

A 2019 study carried out by the Moroccan Institute for Policy Analysis (MIPA) indicated that in terms of social trust, 45% of respondents (out of 1,000 people) did not trust one another, and 42.9% lacked trust in other Moroccans. In addition, only 25% expressed confidence in persons of other religions or nationalities, and only 19.4% said they trusted people they were meeting for the first time. Families remained the most trustworthy social institution, with 95.2% of Moroccans expressing their confidence in relatives.

With rising socioeconomic injustices, protests have become more common and an expression of political activism. People are increasingly likely to take their issues to the streets, and youth especially have showed an inclination to protest and participate in informal politics. A total of 25% of respondents over 30 said they were interested in politics, while 23% said they had demonstrated in the last three years (Arab Barometer 2019).

In April 2019, following a court verdict upholding long prison sentences against Hirak activists, hundreds of people took to the street to protest and demand the release of all political prisoners. Throughout 2019, teachers protested in Rabat against their working conditions, with demonstrations disrupted only by the state of emergency declared in 2020.

Approval of  
democracy

n/a

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n/a

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Social capital

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## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Macroeconomic indicators have improved in Morocco in recent decades. Between 1999 and 2019, per capita income increased from \$1,963 to \$3,361 (constant dollars over time) and the overall unemployment rate decreased from 13.9% to 9%. Between 2001 and 2014, there was also a drop in poverty, with consumption per capita increasing at an annual rate of 3.3%.

Yet this improvement in macroeconomic indicators has not helped in tackling social inequalities. According to Oxfam (2019), 1.6 million Moroccans live in poverty (out of 37 million inhabitants), and an additional one in eight are economically vulnerable.

In 2018, Morocco's Gini coefficient was the highest in North Africa, at 0.403. The OECD rates Morocco as North Africa's most unequal country in terms of income, with the highest social gap. A total of 18% of the population suffers from a multidimensional poverty that affects their health, access to education and standard of living (UNDP, 2019).

Job insecurity and a lack of opportunities affect workers within the informal sector, but also skilled workers and young graduates.

Although the country's score on the Human Development Index (HDI) rose from 0.608 in 2009 to 0.686 in 2019, Morocco was ranked 121st out of 189 countries and territories, thus positioning the country in the medium development category. Morocco's score on the Gender Inequality Index was 0.454, ranking it 111th out of 162 countries. Only 18.4% of parliamentary seats are held by women, and only 21% of women are active in the labor force, compared to 70% of Moroccan men.

The social economic impact of COVID-19 is believed to be enormous, particularly within vulnerable and underprivileged communities. Morocco's Higher Planning Commission expected the poverty rate to increase from 17.1% (2019) to 19.87% (2020). The pandemic has been felt most keenly within the informal sector and among low-skilled workers, as well as among migrants and refugees. Informal workers are more vulnerable to impoverishment and health issues, as they lack support mechanisms and access to social safety nets when losing their livelihoods. The pandemic will also deepen gender inequalities, as women will have less access to job opportunities and health care services.

In short, COVID-19 will deepen the gap between social classes in Morocco, especially as it has worsened disparities in access to education, making it difficult for the underprivileged to improve their living conditions.

Question  
Score

Socioeconomic  
barriers

4

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3 4

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| Economic indicators       |          | 2017     | 2018     | 2019     | 2020            |
|---------------------------|----------|----------|----------|----------|-----------------|
| GDP                       | \$ M     | 109682.7 | 118096.2 | 119700.3 | <b>112870.6</b> |
| GDP growth                | %        | 4.2      | 3.1      | 2.5      | <b>-7.1</b>     |
| Inflation (CPI)           | %        | 0.8      | 1.8      | 0.3      | <b>0.7</b>      |
| Unemployment              | %        | 9.2      | 9.1      | 9.0      | <b>10.2</b>     |
| Foreign direct investment | % of GDP | 2.4      | 3.0      | 1.4      | -               |
| Export growth             | %        | 11.1     | 6.0      | 5.5      | <b>-14.8</b>    |
| Import growth             | %        | 7.9      | 7.4      | 3.3      | <b>-11.5</b>    |
| Current account balance   | \$ M     | -3677.3  | -6205.2  | -4406.8  | <b>-1633.3</b>  |
| Public debt               | % of GDP | 65.1     | 65.2     | 65.1     | <b>75.4</b>     |
| External debt             | \$ M     | 51023.1  | 50430.7  | 55058.2  | <b>65683.0</b>  |
| Total debt service        | \$ M     | 3985.0   | 3970.9   | 4145.2   | <b>5168.8</b>   |
| Net lending/borrowing     | % of GDP | -3.4     | -3.7     | -3.9     | -               |
| Tax revenue               | % of GDP | 21.8     | 21.9     | 21.4     | -               |
| Government consumption    | % of GDP | 19.0     | 19.0     | 19.4     | <b>21.7</b>     |
| Public education spending | % of GDP | -        | -        | -        | -               |
| Public health spending    | % of GDP | 2.3      | 2.1      | -        | -               |
| R&D expenditure           | % of GDP | -        | -        | -        | -               |
| Military expenditure      | % of GDP | 3.2      | 3.1      | 3.1      | <b>4.3</b>      |

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

Over the last decade, Morocco has put a business-friendly regulatory environment into place and developed transport links. It has sought to build a finance hub and has increased investment in the financial, telecommunications, banking and insurance sectors. Morocco has also succeeded in attracting large-scale foreign direct investment, particularly in the area of chemical production, oil, manufacturing and refining.

In 2020, Morocco undertook a review of its model bilateral investment treaty (BIT), emphasizing the importance of protecting its national economy. The new model is meant to assess whether an investment is beneficial to the host country in terms of sustainable development, production capacity, economic growth, quality of jobs created, duration of the investment, technology transfer and poverty reduction. The new model also preserves the state's right to intervene and regulate to protect public order, health and environment. To pursue its socioeconomic agenda, the state can grant preferential treatment either to local or foreign investors.

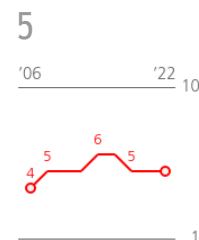
Although Morocco has improved its ranking in the World Bank's Doing Business Index 2020, moving up seven places to 53rd out of 190 nations (procedures: 4; days: 9; cost: 3.6% of per capita GNI), companies still perceive the business climate as risky. The country's score on the "fear of failure" indicator in the Global Entrepreneurship Monitor stood at an average of more than 47% over the 2015 – 2019 period. As the Higher Planning Commission noted, individuals and companies are discouraged from investing due to a lack of competitiveness, the complexity of administrative procedures, corruption and nepotism. Indeed, the great barriers to doing business in Morocco remain corruption and lack of transparency within the government. Bureaucracy and delays in receiving government payments also make it difficult to do business in the country

While large investors are often provided with incentives, existing small and medium firms continue to face difficulties in increasing their market shares. Larger firms, which are usually connected to the coterie of the palace (especially in the real estate and construction sectors), generate high returns, while smaller ones often struggle to remain in business.

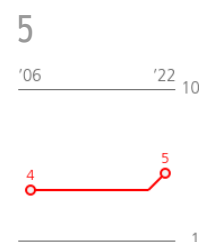
In June 2014, Morocco adopted Law No. 104-12 on the freedom of prices and competition. However, it was not until November 17, 2018, after the king had appointed Driss Guerraoui as president of the Competition Council, that the new competition regime became fully operational.

The new law increases the council's investigative and sanction powers. It also provides the council with the tools necessary to carry out its duties.

Market  
organization



Competition policy



The prices of goods, products and services are generally determined through market competition, with exceptions when prices are set by regulation after consulting with the Competition Council.

The law prohibits anti-competitive practices including collusion, price-fixing, abuse of dominant position and dumping. Mergers must now be reviewed by the Competition Council and authorized before their implementation. However, Morocco's competition laws have yet to be implemented effectively.

In February 2020, at the initiative of Al-Mada, a royal family holding, Moroccan telecommunications company Inwi withdrew its lawsuit against Maroc Telecom, the market leader in the telecommunications sector. Inwi had sued Maroc Telecom for unfair competition practices, including abusing its dominant position and hindering access to its network. In July 2020, the Competition Council accused a number of oil companies of price-fixing and ordered each of them to pay a fine corresponding to 9% of their turnover. The royal cabinet then pointed to dysfunctions within the council's deliberation and called for the establishment of an ad hoc committee to decide on the matter.

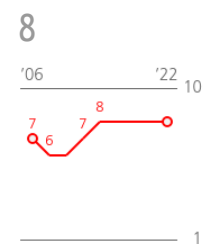
Morocco has free trade agreements (FTAs) with a number of countries, including Turkey (since 2004), the United States (since 2006) and various Arab countries.

January 1, 2021, marked the launch of the African Continental Free Trade Area (AfCFTA), a free trade agreement that includes 54 African countries. It aims to accelerate economic integration and expand intra-continental trade. Before COVID-19, the hope was to increase trade flows by 52% by 2022, and to generate overall gains of \$16.1 billion per year. For Morocco, this should further enhance economic activities on the continent that have already sharply increased in recent years. Indeed, more than 60% of Moroccan investment abroad was directed toward the African continent, according to the 2020 International Development Barometer. The deal is intended to strengthen the position of Morocco, and Africa in general, in future world trade negotiations.

FTA negotiations with the EU started in 2013, but trade relations as yet remain based on the existing association agreement (2000). Tensions over a bilateral free trade agreement on agricultural and fishery products and the disputed inclusion of the Western Sahara were largely settled in February 2019 through amendments to the EU-Morocco association and fisheries agreements, with the inclusion of Western Sahara; EU fishing vessels are now allowed to operate in Western Sahara territorial waters. The EU and Morocco have also committed to relaunching negotiations on a so-called deep and comprehensive free trade agreement (DCFTA).

Trade tensions rose with Turkey in 2019 when Morocco threatened to walk out of the free trade agreement with Ankara. In 2020, Morocco decided to add tariffs on Turkish goods to protect Morocco's textile industry, criticizing Turkey for its lack of investment in the kingdom as compared to other trade partners such as the European Union or the United States.

Liberalization of foreign trade



Despite there are 24 banks operating in Morocco, there is a relatively high level of concentration within the sector, with the three largest domestic banks – Attijariwafa Bank, Groupe Banque Centrale Populaire and BMCE Bank of Africa – owning a combined asset share of 64.3% (2018).

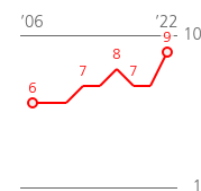
The risk-based supervisory approach within the banking system meets good standards (IMF, 2016). Banks in Morocco generally have stable funding, and are adequately capitalized, profitable and resilient to severe shocks (World Bank, 2018).

The pandemic is expected to test this resilience. There has been a significant increase in the non-performing loan ratio (7.8%, April 2020). SMEs, which are the recipients of 37% of the loans granted to businesses, were hit hardest by the COVID-19 crisis, indicating they might have difficulties in repaying their loans. If this becomes true, it will lead to a decrease in Moroccan banks' profitability and a decline in the quality of their assets. As a consequence, the supply of credit to the economy is expected to shrink, which will in turn slow down economic recovery.

Bank al-Maghrib (BAM), Morocco's central bank, is the main regulatory, policymaker and supervisor of commercial banks. Under new legislation passed in July 2019, the BAM can no longer accept instructions from the government or any other third party, thus strengthening its role and independence. In 2019, it upgraded its policy framework to meet the Basel III standards.

#### Banking system

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## 8 | Monetary and fiscal stability

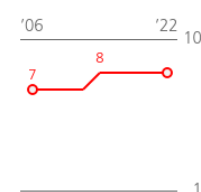
Morocco has long combined a fixed exchange rate with capital controls. This approach has contributed to the maintenance of macroeconomic stability.

The inflation rate has remained below 2% since 2008 and reached 0.2% in 2019 (World Bank, 2019). The rate further decreased by 0.2% year-over-year in May 2020 (World Bank, 2020). This was mainly due to a decrease in consumption prices for transport, communication, and recreational and cultural activities, while consumption prices for food increased.

The Moroccan dirham used to be pegged to the euro and the U.S. dollar with respective weights of 80% and 20% and could be traded only within a range of 0.03% above and below the established exchange rate. However, the central rate launched a monetary reform to liberalize its currency in 2006. It introduced a floating exchange rate and widened the rate from 0.03% to 2.5% in 2018. Since January 2018, the exchange rate has been pegged to the euro and the dollar with respective shares of 60% and 40%. This move came after the emergence of positive macroeconomic conditions and the accumulation of sufficient foreign exchange reserves. The reform was intended to expand the currency's flexibility to cushion

#### Monetary stability

8



external market shocks. In March 2020, the central bank decided to widen the fluctuation band further to 5% in order to improve the economy's shock-absorption capacity in response to COVID-19.

The real effective exchange rate (99.9% in 2019) appreciated by about 0.86% in the first quarter of 2020 (World Bank, 2020).

Due to lower revenues and increased expenditure in response to COVID-19, the country's fiscal deficit and current account deficit are both projected to deteriorate but remain manageable in 2020 and 2021. The overall fiscal deficit is projected to widen to 7.5% of GDP in 2020 but decline to an average of 4.1% of GDP over the 2021 – 2024 period (World Bank, 2020). Tax reforms have not been able to broaden the tax base, mainly due to the prevalence of tax exemptions, tax evasion and fiscal fraud.

Overall public debt is projected to rise to 75.2% of GDP in 2020 (from 65% in 2019), while central government debt is expected to reach 77.8% of GDP in 2022.

While the current account deficit narrowed in 2019 to 4.1% of GDP, primarily driven by an increase in automotive and aeronautics exports, the World Bank expects the current account deficit to widen in 2020 to 8.4% of GDP. Despite lower import volumes, Morocco has witnessed sharp declines in exports, tourism revenues, capital flows and remittances during the pandemic. The current account deficit is projected to shrink in 2021 to 6.4% of GDP.

External debts, which in 2019 were twice as high as in 2010 (\$54.9 billion compared to \$27.3 billion) are also projected to rise further.

Morocco has had to take out loans from international lenders to deal with the socioeconomic repercussions of the pandemic. For example, it borrowed €200 million from the European Investment Bank to reinforce its health infrastructure. The World Bank approved a \$48 million loan to support health care services. The European Bank for Reconstruction and Development granted Morocco a \$100 million loan to support small and medium-sized businesses.

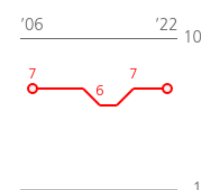
## 9 | Private Property

In the Heritage Foundation's 2020 property rights index, Morocco received a score of 66, indicating a clear upward trend since 2007 (when it received a score of 30). However, this is still well below its best-ever score of 70, reached in the mid-1990s. This recent improvement reflects the ability to accumulate private property, as laws are enforced by the state. However, corruption and the lack of judicial independence sometimes still impede the enforcement of these laws.

Tribal practices have often excluded women from the income and profit gained

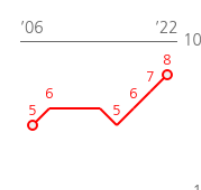
### Fiscal stability

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### Property rights

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from collective lands (“Sulaliyyate”). These lands are owned by groups of inhabitants belonging to the same tribe or ethnic group under the supervision of the Ministry of Interior. Since 2007, women have mobilized under the “Sulaliyyate” movement demanding equal rights and shares when their collective land is privatized or divided. In July 2019, laws were passed to ensure that women receive financial compensation; however, they fail to guarantee compensation on equal footing.

Furthermore, the reform does not protect against land dispossession. The state retains the right to seize, sell and lease land to public and private companies. The beneficiaries are then evicted in exchange for compensation. Many of those affected have complained that they have not received adequate compensation, and their peaceful marches have sometimes been violently repressed by the police. This is a particular problem in the Western Sahara, where Moroccan companies exploit natural resources – including oil, phosphates, fish and, increasingly, construction sand – to the detriment of the indigenous Sahrawis.

The liberalization of the Moroccan economy and the need for foreign investments to boost the economy have led to a simplification of procedures and better legal protection for private enterprises.

Their number has increased over the years, especially in the real estate, services and construction sectors. Between 2008 and 2017, the annual number of new registered commercial entities rose from 48,000 to 77,600, including both firms (legal persons) and individuals (natural persons).

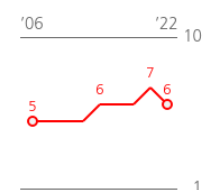
However, the private sector remains weak. It fails to create significant jobs and does not contribute meaningfully to the country’s development objectives. Private sector investments amount to only 16% of GDP, and less competitive working conditions compared to the public sector discourage most Moroccans from seeking employment in the private sector. Depending on the sector, public sector wages can average two or three times higher than those in the private sector. This public-private pay gap is higher than in other countries in the MENA region. Moreover, the private sector does not always guarantee stability and access to social safety nets. For young people in particular, entrepreneurship is less a deliberate choice than an alternative to unemployment.

Commercial activities are mainly concentrated in urban hubs such as Tangier, Casablanca, Marrakech and Rabat. Outside of these major hubs, the entrepreneurial ecosystem remains embryonic.

Firms younger than five years represent less than 37% of all firms (World Bank, 2018). The prevailing lack of public and private support mechanisms to help businesses grow explains why 84.3% of firms in Morocco are considered small, with annual turnover of less than MAD 3 million (about \$330,000).

Private enterprise

6



Morocco has not managed to create a vibrant entrepreneurship ecosystem to boost private enterprises' expansion and exports, thus integrating them into international value chains.

Private enterprises have limited access to the financial sector, especially during their first stages of business development. Recently founded enterprises find it difficult to obtain loans with affordable terms. Most of them rely on microfinance, as venture capital and business angels are almost nonexistent. State-owned enterprises, on the other hand, continue to invest mainly in the public sector, which receives half of all investment in Morocco. Some of this investment is questionable in terms of value-for-money. These projects, for example the high-speed train line connecting Tangier with Casablanca, have a questionable ability to optimize productivity and stimulate job creation.

## 10 | Welfare Regime

The current social security system is based on a contributory scheme that covers all employees in the public sector and some employees in the private sector. The system provides unemployment and disability insurance, old-age pensions, survivors' benefits, and family and maternity payments. In addition to the National Social Security Fund (CNSS) for the private sector and the National Fund of Social Welfare Organizations (CNOPS) for the public sector, there are other programs for vulnerable populations, such as the Medical Assistance Plan (RAMED), the Tayssir program and the family mutual aid fund. Tayssir offers cash payments to parents of primary-school-age children on the condition that they send their children to school. The family mutual aid fund offers financial help to divorced women with children.

RAMED offers basic medical coverage to the most deprived populations. To benefit from the scheme, people must have an annual income equal to or less than MAD 5,650 (approximately \$617). However, they are still responsible for some co-payments.

Private sector employees can benefit from an indemnity if they lose their jobs. The indemnity represents 70% of the average salary over the last 36 months and will be calculated according to the amount of the minimum wage, which is around €200.

The CNSS has long been criticized for corruption, inefficiency and a lack of proper accounting. The agency was accused of squandering public funds when MAD 115 billion were embezzled over 30 years, from 1971 to 2001, some of which were allocated to build a polyclinic.

In 2020, Morocco launched a universal health coverage plan with the intention of providing every citizen with health care and social security over the coming two years.

### Social safety nets

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The informal sector in Morocco accounts for 30% of GDP. This share has fallen from 40% in 1998 but remains high compared to OECD countries (average of 17.2%) and even countries of the MENA region (average of 25%). This affects the economy, as it undermines economic growth potential and the accumulation of human capital.

The COVID-19 pandemic forced many people into unemployment and is thus expected to expand the informal sector. The king announced the establishment of the special fund to help cushion the social and economic consequences of the pandemic. Nearly 780,000 employees benefited from a monthly allowance of MAD 2,000 (about \$220) between mid-March and the end of June 2020. To target workers in the informal sectors, who are not part of any social security fund, the government launched an online platform. However, 59% of households in the informal sector experienced delays in receiving transfers, and 18% were unable to claim the benefit at all. Financial help was also offered to employees of struggling companies who had temporarily been unable to work. A total of 2.3 million households benefited from cash transfers, 38% of which were in rural areas. These cash transfers were also extended to 2 million households in the informal sector.

The World Bank has approved a \$400 million program to support Morocco's social protection system. The program will help strengthen Morocco's social safety nets, as it offers social assistance to poor and vulnerable households. It will cover cash transfers to households as well as the Tayssir program.

Morocco has made significant advancements in the area of women's rights. The 2011 constitution of Morocco established equality between men and women as a legal right and created a foundation for increasing women's political and economic participation. However, the related legislation is often not implemented fully, especially when it contradicts or opposes social norms, and poor public services undermine legal equality. Women still face a variety of obstacles to their social, economic and political participation, and continue to be underrepresented in elected offices. Women have limited access to fundamental resources, including education, formal institutions and key economic assets. On average, they leave school at a younger age than do male students. The literacy rate among women is 64.6% as compared to 83.3% among men (World Bank, 2020). While the gross enrollment ratio is 114.8 in primary, 81.2 in secondary and 38.5 in tertiary education, the female-to-male enrollment ratio is 1.0 at the primary level, 0.9 at the secondary level and 1.0 at the tertiary level.

Women have less access than men to the job market and are more exposed to informal employment. The labor-force participation rate among women decreased from 26.5% in 2009 to 24.3% in 2019 (World Bank, 2020). This ratio tends to be higher in rural areas. The gender-based wage gap can sometimes be as high as 77%. As the economy does not provide enough decent jobs with sufficient income, in particular for young people, only one-quarter of young Moroccan women in rural

Equal opportunity

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'06 '22 10



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areas are economically active (as compared to 56% of men), and just 12% in urban areas (32% among men). While men represent the majority of workers in almost every employment category, women are overrepresented in agriculture and industry, and underrepresented in services and construction (ILO, 2018).

During the pandemic, a respective 36%, 58%, 72% and 41% of female-headed households whose primary earner worked in the agriculture, industry, commerce or services sector lost all income. The same was true of 32.5%, 53%, 46% and 33% of male-headed households, according to data of the Higher Planning Commission from early 2021.

Migrants and refugees have been granted temporary residency in effort to regularize their status and allow them access to basic services. However, Amnesty International continues to report crackdowns and abuses targeting asylum-seekers, migrants and refugees. These crackdowns, which happen without due process, have been described as unlawful and cruel. According to the Moroccan Association for Human Rights (AMDH), people were taken on buses to remote areas near the Algerian border or in the south of the country, where they were abandoned.

## 11 | Economic Performance

To boost economic growth, Morocco has relied on foreign investment and focused on modernizing the agricultural sector, which employs about 46% of the active population. Key economic sectors include tourism, automotive, services and textiles.

In 2019, GDP per capita was \$7,826, up from \$6,107 in 2009. The country has seen an average annual rate growth of 1%. Total GDP reached \$119.7 billion in 2019 (World Bank, 2019), but this is expected to recede by 1.7% in 2020, mainly due to the COVID-19 pandemic and the impact of water stress on the country's agricultural sector. The inflation rate, traditionally low, was at 0.2% in 2019. The overall unemployment rate, at 9% in 2019, was expected to increase to 10.1% in 2020. Young Moroccans in particular have difficulties finding paid work: 32% of young people are unemployed, as well as 18.7% of university graduates. The COVID-19 pandemic led to a further loss of 581,000 jobs: 237,000 in cities and 344,000 in rural areas, according to the Higher Planning Commission.

Foreign direct investment reached 1.3% of GDP in 2019, public debt was 65.8% of GDP, tax revenues were 21.4% of GDP, net lending/borrowing was -3.9% of GDP and gross capital formation was 32.2% of GDP in 2019 (World Bank, 2019). The current account deficit declined from almost \$8.0 billion in 2011 to \$4.9 billion in 2019, according to the World Bank.

Output strength

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## 12 | Sustainability

Morocco has initiated a variety of environmental reforms, and was ranked seventh worldwide in Germanwatch's Climate Change Performance Index 2021.

The country has introduced a sustainable development policy to protect natural resources and the environment. Among Morocco's eco-friendly projects are the Tarfaya wind park, opened in 2014, and the world's 2nd largest solar thermodynamic plant near the city of Ouarzazate, gradually opened since 2016 (Noor solar plant). The country aims to produce 52% of its electricity needs from renewable energy and to supply all government buildings with renewable energy by 2030. Morocco plans to invest around \$35 billion over the next decade to counter the effects of climate-vulnerable industries. It has reduced subsidies on diesel, gasoline and heavy fuel oil to encourage green alternatives.

Throughout 2019 and 2020, the protection of the environment remained a government priority. To reach its objectives, in 2019, Morocco issued its 2030 National Climate Plan to guarantee the proper implementation of environmental policies and meet the objectives set by the country's nationally determined contribution (NDC), as per the United Nations Framework Convention on Climate Change (UNFCCC). It commissioned a second wind farm (out of a total of five planned wind farms) in Boujdour (Western Sahara) to save approximately 2,380,000 tons of CO<sub>2</sub>/year. By the end of 2019, 80% of all new electrical capacity put in place used renewable energy sources. Solar and wind accounted for 91% of this capacity (IRENA, 2020).

In January 2020, Morocco signed an agreement to bring Moroccan regulations on environmental protection into line with those of the EU and the adoption of the National Charter for the Environment and Sustainable Development (CNEDD). In addition, the country is drawing up a legal framework (Law No. 99-12) to promote the sustainable use of resources and to fight pollution, desertification and climate change.

In December 2020, Morocco set up the National Commission for Climate Change and Biological Diversity, a body tasked with monitoring implementation of the national policy to combat climate change and preserve biological diversity.

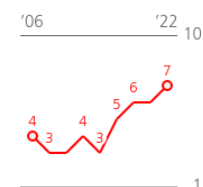
A total of 600,000 hectares (ha) of forest plantations is planned by 2030 as part of the new Forests of Morocco 2020 – 2030 plan. This project aims to modernize the plantation process and create new income-generating activities in rural areas.

Renewable energy capacities exceeded what was originally forecast for 2020, with a 50% greater increase in growth than in 2019 (IRENA, 2021).

Morocco is also discussing plans to establish a Morocco-Nigeria gas pipeline (MNGP) along the coast of West Africa, connecting Nigeria, Senegal, Mauritania, Morocco and eventually Spain. Critics argue that the project contradicts Morocco's commitment to renewable energy.

Environmental  
policy

7



Morocco's educational system faces significant challenges. The literacy rate reached 73.8% in 2018 (World Bank, 2020), while the average years of schooling reached 5.6 years in 2019 (reflected in a score of 0.569 in the 2019 U.N. Education Index). There is a large gap between rural and urban areas. Literacy rates in rural areas are lower. The average years of education is 2.2 years in rural areas, compared to 6.1 years in urban areas, according to the National Observatory for Human Development (2018).

Morocco still struggles to provide access to education in rural and remote regions, though the country has succeeded in lowering the primary school dropout rate to 2.2% in cities and 4.8% in the urban regions. However, this rate tends to increase at the secondary level. It reaches 12.9% in urban centers and 16.8% in rural areas (Supreme Council of Education, Training, and Scientific Research, 2018)

A 2020 study commissioned by Education International criticized privatization within the education system, which has not managed to improve learning outcomes, but has created a “multi-speed” society. Strong government support for private education, including administrative and financial assistance, as well as a lack of funding for public schools, has deepened inequality and segregation. While in 1990, only 3.6% of primary students were enrolled in private schools, this percentage rose to 16% in 2016.

Public schools face many difficulties, including a lack of basic infrastructure, teaching materials, qualified workforce and teaching materials. Classrooms are often overcrowded. As a result, quality is undermined, and parents are sometimes obliged to take out loans to send their children to private schools.

In 2018, students in Morocco performed lower than the OECD average in reading, mathematics and science.

Morocco spent 5.3% of its GDP on education in 2009 and 0.7% on research and development in 2010 (World Bank, 2020). Bureaucracy and complicated procedures make it difficult for researchers and universities to apply for grants.

Among the major problems affecting the system is the inadequacy between the education system and the labor market. Teaching is usually theoretical and does not meet the requirements of the job market. To address this issue, Morocco has launched a variety of technical and vocational training programs. Morocco plans to create or expand vocational training centers and rehabilitate public vocational training programs as an alternative to academic learning for Moroccan youth.

Education policy /  
R&D

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## Governance

### I. Level of Difficulty

While Morocco has a number of structural advantages such as its geostrategic location close to Europe, the long coastline and an overall favorable climate, the constraints to governance performance are considerable. The traditional focus on the monarchy and the surrounding Makhzen has favored the creation of a closed, often nontransparent class of decision-makers that has hindered the establishment of political alternatives. This lack of competition in leadership circles has limited the creation of new ideas; in many instances patriarchal structures have added to this.

Major imbalances persist between the rather affluent urban classes and peripheral urban strata where poverty rates are high. The permanent conflict with Polisario and, on a larger scale, with Algeria over the Western Sahara territories has required substantial investment of public funds into the military and security structures. Funding in productive sectors of the economy, including education, remains limited.

Large parts of the agricultural sector (which still accounts for more than 11% of GDP) remain dependent on sufficient rainfall, which in turn make them vulnerable to climate change and poses difficulties in calculating the annual budget. Declining rainfall in 2020 hit Morocco's agricultural sector particularly hard, forcing the country to import more staple crops amid the already extraordinary financial challenges of the COVID-19 pandemic.

Given the fundamental economic difficulties and lack of political freedoms, an increasing number of Moroccans are considering migration. The Arab Barometer 2019 reported a 17-point increase as compared to 2016 in the number of citizens who want to leave the country. Their reasons include economic considerations, educational opportunities, family reunification or a general feeling of marginalization.

The COVID-19 pandemic is leaving a heavy mark on Morocco. A survey conducted by the World Bank in 2020 indicated that Morocco is the country most economically affected by the pandemic in the MENA region. The recession has been stronger than what was predicted, and the impact on the formal sector in particular was more severe than in other nearby countries. The drop in GDP reached 6.3%, due to strict COVID-19 restrictions and the country's reliance on tourism and

Structural  
constraints

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global value chains. By late January 2021, 2.4 infections per 100,000 people has been reported, with a mortality rate of 1.8%. More than 8,000 people had died, according to the Ministry of Health.

Though the 2011 constitution strengthened the state's partnership with civil society, such groups' capacity to influence actual decision-making remains limited.

Civil society organizations struggle for effectiveness and independence. The regime has sought to create quasi-NGOs to marginalize political parties and to contain the influence of associations close to the Islamist movement. The establishment of the Mohamed V Foundation for Solidarity was intended to strengthen the king's image as the "king of the poor." It also aims at monitoring the charity sector and positioning the palace as the country's main benefactor. Only pro-regime NGOs receive funding from the state, and authorities continue to crack down on independent ones.

Citizens engaging in civil society organizations are usually driven to do so through a lack of trust in formal structures of representation and by the government's weak efforts in providing some public services. However, this civic engagement is not widespread. A rather low proportion of citizens are active within NGOs, as people usually prefer the institution of the family and traditional forms of solidarity.

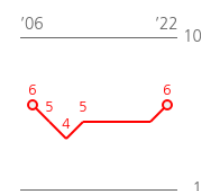
Recent years saw the emergence of new patterns of social and political organization. People are increasingly resorting to protests to express their grievances and demands. In 2019, they called for the release of political prisoners. Throughout 2019 and 2020, teachers organized marches to denounce poor labor conditions and the lack of social dialogue. The "Sulaliyyates" have protested against gender inequalities in traditional land possession.

The conflict in the Western Sahara and social protests remained at a constant level. The Moroccan military and Polisario forces have been fighting since 1976, causing a considerable financial drain on Morocco. In 1991, a cease-fire was declared, but the territory's status remains undecided. The cease-fire was breached in 2020, after Polisario barricaded the Guerguerat crossing point for three weeks. Despite warnings from the U.N., civilian Polisario supporters joined by fighters blocked the road between Morocco and Mauritania in the U.N.-monitored buffer zone, obstructing civil and commercial traffic. Moroccan Royal Armed Forces intervened to restore traffic and establish a security corridor.

The Polisario movement, which receives financial and military support from Algeria, has threatened to deploy its military in the Western Sahara, thus triggering a war. Meanwhile, Morocco has invited several governments since 2019 to open consulates in the Western Sahara. A total of 15 African governments have done so. The United Arab Emirates followed suit in November 2020, and Bahrain (in November 2020) and the United States (in January 2021) have announced

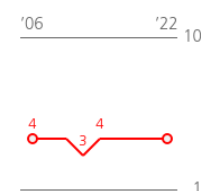
#### Civil society traditions

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#### Conflict intensity

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equivalent plans. Following U.S. President Donald Trump's announcement that the U.S. officially recognizes Moroccan sovereignty over the Western Sahara, Morocco decided to keep its troops in Guerguerat indefinitely, while Polisario refused to resume negotiations. On January 24, 2021, Polisario forces bombarded the Guerguerat border zone.

As of the time of writing, the position of U.N. special envoy in the Western Sahara had been vacant since May 2019, when former German President Horst Köhler resigned. Since then, Morocco and Polisario have placed preconditions on the appointment of the new envoy. Pending the nomination of a new U.N. envoy and the resumption of negotiations, tensions could increase and further destabilize the region.

Social protest movements have become a part of Morocco's everyday public life. More than 18,000 protests were held in 2018, compared to 5,000 just 10 years before. These movements happen in different cities and regions of Morocco, and are sometimes violently repressed. In December 2020, the authorities prevented a protest against the normalization agreement with Israel. Large contingents of police were deployed with water cannons and riot gear.

## II. Governance Performance

### 14 | Steering Capability

Education, advanced regionalization, water and sustainable development have remained Morocco's top priorities. The king usually makes decisions regarding development programs by himself, and rarely involves the government or public in discussions regarding such programs, which are announced during royal speeches on national holidays.

In 2019, the king announced the creation of the New Development Model Commission, which is in charge of designing a new national strategy to develop the country's socioeconomic infrastructure. The broad lines of the development model seek to produce reforms in the areas of health, education, investment, agriculture and taxation. The model also calls for an examination of previous reforms, with the goal of improving their efficiency. The new strategy emphasizes the implementation of advanced regionalization to empower regions and grant them autonomy from the center in an attempt to ensure efficiency in the delivery of public services. The development model confirms Morocco's commitment to achieving the sustainable development goals set in the 2017 National Sustainable Development Strategy. Particular attention is given to green energy and the promotion of human development.

Question  
Score

Prioritization

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Morocco also plans to promote vocational training and develop the manual trades, with the goal of addressing social disparities, facilitating young people's access to the job market and meeting the country's demand for human resources. To address water stress and droughts, Morocco developed a new water-saving policy under Morocco's 2020 – 2027 Water Plan. The project, which was launched in January 2020, aims to guarantee water security in rural areas through the construction of dams. The program also seeks to develop irrigation systems for the agricultural sector in order to adapt to the effects of climate change.

COVID-19 mitigation measures seem to have come mostly from the king. He called for the establishment of a special fund to cushion the social and economic risks of the pandemic with contributions from both the public and the private sector. The Comité de Veille Economique (CVE) was established on March 11, 2020, to monitor the economic situation and come up with the necessary measures to support the economy. The policy response initiated in March 2020 largely involved cash transfers to households and deferrals of tax, loan and social-contribution payments for businesses.

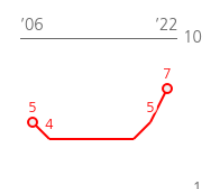
The economic cost of these measures amounted to 0.8% of GDP, as calculated by the Rabat-based Policy Center for the New South.

On August 6, 2020, the Ministry of Economy and Finance, the General Confederation of Moroccan Enterprises (CGEM) and the Moroccan Banking Association (GPBM) signed an economic recovery plan that was expected to inject MAD 120 billion (about \$13.1 billion) into the Moroccan economy. This plan was to offer stimulus loans to businesses to allow them to restart or accelerate their operating cycle. The business sectors concerned include the manufacturing sector, export industries, tourism, education and health care.

The palace's prerogatives and directives guide policymaking in Morocco. After recent development programs proved to be inadequate to the country's economic and social issues, the king called in 2019 for the elaboration of a new development model, and appointed members of a commission that could act as an advisory board with a specific time-bound mission. The commission met with political parties and unions to get their recommendations on the issue. It launched a website to engage citizens and allow them to submit their opinions and demands. The commission members also conducted "listening sessions" with NGOs and businesses to gather their suggestions. After this consultation process, the commission was expected to submit a report to the king by June 2020. After the onset of the COVID-19 pandemic, the king agreed to extend the deadline for delivery of the report by an additional six months. The pandemic disrupted the work of the commission, but the additional time also gave the group the ability to take the implications of COVID-19 into consideration in its work. The report was finally ready by January 2021.

Implementation

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A number of recommendations intended to advance regionalization were adopted in 2019. For example, 12 ministries and 12 regions signed a methodological framework to allow for a transfer of responsibilities from the center to the regions, and for a common minimum of powers to be transferred to the regions.

In terms of education, the new development model focuses heavily on vocational training. The country has expanded scholarships for vocational training programs, established new vocational training institutes and renovated old ones. In February 2020, the king initiated the construction of “cities of professions and skills” (Cités des métiers et des compétences, CMC) in each of the 12 regions, which will be used as training hubs in the fields of artificial intelligence, digitalization, automotive manufacturing, hospitality, aeronautics and offshoring.

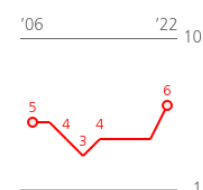
To meet the objectives of the 2020 – 2027 National Drinking Water Supply and Irrigation Program, the king inaugurated a new dam in the region of Essaouira in January 2020, initiated a hydro-agricultural development project and supervised the development of a water treatment plan. The country plans to start building five new big dams in 2021. Over the years, Morocco has invested massively in infrastructure and increased citizens’ access to services. It has built roads, rail lines, high-speed rail lines, tramways, airports and ports. It has invested in information and communication technology, and improved access to water, sanitation and irrigation for farmers. Access to electricity has also improved. To increase sustainable energy production, the country is constructing major solar power stations and wind farms.

In 2008, the European Union granted Morocco an “advanced” status for its cooperation on democracy, promotion of human rights and adoption of political reforms. However, this cooperation has not led to significant democratic change in Morocco. The kingdom appropriated the agenda for cooperation to advance political liberalization without promoting democracy. The political elite has adopted the discourse on democracy and human rights, and both the monarchy and the political elite have welcomed cooperation with the EU. By the beginning of the 2000s, the government was working closely with the EU to implement democracy assistance programs. These programs focused more on capacity-building than on political reforms, however. In January 2021, two meetings were organized in Rabat to launch a cooperation project with the Council of Europe’s European Commission for the Efficiency of Justice (CEPEJ). These meetings aimed at learning from European experts, with the goal of improving the monitoring of the activities of public prosecutors’ offices in Morocco. However, the judiciary system often serves to repress journalists and activists.

The government usually consults with international organizations on various policy issues when their positions or recommendations are not at odds with the regime’s interests.

#### Policy learning

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The Moroccan monarchy has learned over time to use three strategies to preserve its power and adapt to changing social realities. In a divide-and-rule spirit, Mohammed V, Hassan II and currently Mohammed VI have all promoted the creation of different political parties to prevent the concentration of power within any given political organization. Second, the king is presented as the only political actor who is genuinely interested in fixing the country's ills. In this regard, the king called in 2019 for the elaboration of the New Development Model to tackle the country's socioeconomic issues. He even asked political parties, NGOs and ordinary citizens to offer their suggestions. The last strategy is the use of coercion to strengthen the role of the king as an arbiter who is above all social and economic conflicts.

The monarchy does not seem to think that political reforms are necessary to absorb public discontent. The main focus remains on economic and social issues.

Cooperation with the EU during the pandemic took place mainly in the form of financial help and joint economic and security programs.

## 15 | Resource Efficiency

In 2019, the Supreme Audit Court (SAC), which monitors public expenditures, indicated that public funds had been mismanaged. For instance, public investments are carried out without prior needs analyses, while also experiencing delivery delays; consequently, they often fail to meet their objectives in terms of economic growth and job creation, and experience technical and financial errors.

Noor solar plant, which is considered the world's biggest concentrated solar power plant, with a construction cost of \$782 million, is expected to generate a deficit of MAD 800 million each year for the next two decades, according to the Economic, Social and Environmental Council.

Corruption, which impedes public access to services, also affects state resources, as only around eight out of every 1,000 companies pay taxes regularly.

The reform of the public administration led to the introduction of a recruitment competition for people seeking to join the public service, but this did not lead to a decrease in nepotism or what is commonly known as "ghost workers." These are state employees who receive a monthly salary without having any real defined responsibilities, and who sometimes do not even have to show up to work. Nepotism is still common in Morocco's public service, where individuals are selected because of their family or political networks.

It remains extremely difficult to assess the degree of efficiency or corruption within state institutions, as they do not publish reports on the impact or the effectiveness of their work.

Efficient use of assets

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Morocco's overall spending is on the rise. In 2021, MAD 230 billion (approximately \$25 billion) will be allocated to public investment, an increase of 26% compared to 2020. Information about the details of these investments, their allocation and how they are going to be executed have not been released. In general, budget data lack transparency.

The structure of the political system in Morocco, in which the king holds executive powers, does not allow for coordination. The powers of the head of government are limited, while the ministries of "sovereignty" (the ministries of Interior; Foreign Affairs and International Cooperation; Habous and Islamic affairs; and Agriculture, Sea Fisheries, Rural Development Water Bodies and Forests), which depend on the palace, act without his effective involvement. The king's advisers in the royal cabinet can attend the Council of Ministers and can intervene directly in politics without being held accountable. The king also controls decision-making from inside, given that he routinely places his allies within the government. Political parties are concerned with their proximity to the palace and end up competing against each other to be in the king's favor.

The regime uses various strategies of political manipulation to weaken opposition parties as a means of protecting its own political and economic interest. Cracks within the PJD are widening, as the party has had to accept many top-down decisions. On December 22, 2020, Saadeddine Othmani, the PJD leader and head of government, signed the normalization agreement with Israel. The decision risks jeopardizing PJD's internal cohesion, as many of its members subsequently resigned. The decision has also angered its religious branch, the Unity and Reform Movement (Mouvement de l'unicité et de la réforme, MUR), on which it relies for electoral strength.

Morocco has a variety of different anti-corruption policies. It has assigned the Supreme Audit Court to monitor mismanagement of public funds, developed a plan in 2008 to align its national legislation to the international anti-corruption convention, and in 2014 reformed the National Body for Integrity, Prevention, and the Fight Against Corruption (INPPLC).

However, corruption remains rampant in Morocco and costs the economy 7% of its GDP annually (Transparency International, 2020). A total of 59% of Moroccans consider corruption to be prevalent within state institutions and national agencies (Arab Barometer, 2001).

A number of reasons explain why corruption is endemic in Morocco. There is a lack of political will to fight corruption if this entails any threat to the interests of the monarchy and its coterie. This leads to difficulties in implementing anti-corruption legal frameworks. The National Anti-Corruption Strategy, launched in 2016, has not been effectively activated. Many projects experience delay in implementation. As part of this national strategy, Morocco created the National Authority for

#### Policy coordination

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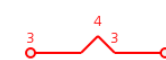


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#### Anti-corruption policy

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Probity, Prevention, and Fighting Corruption (INPPLC) in 2015, but the body did not begin operating until 2018, when the king nominated the members of its board. INPPLC is in charge of initiating, coordinating and overseeing the implementation of policies to enhance transparency and fight corruption. On June 12, 2020, the government approved Bill No. 46-19 to strengthen the role of the INPPLC and enhance its capacity to carry out its missions. So far, INPPLC has increased the number of contact points within the public administration to reduce corruption. It has also digitized administrative services, making them more accessible, enhancing transparency and reducing the ability to ask for or receive bribes. It has launched a website to receive and monitor corruption complaints.

To monitor corruption by senior government officials, INPPLC has required them to submit financial disclosure statements at the start and end of their government service. Very few have done so. There are no proposed penalties for those who refuse.

## 16 | Consensus-Building

Political reforms in Morocco are usually top-down, initiated by the monarchy and executed by the government. The king monopolizes the reform process without much involvement by the opposition. The king nominated the commission in charge of drafting the 2011 constitution, while political parties, trade unions and the media adhered strictly to the framework. The “segmentary politics” used by the monarchy to divide and rule have led to the emergence of a “politics of consensus” in which political parties agree not to debate the king’s prerogatives. The parties have aligned themselves with the monarchy’s political vision, and so have expressed superficial propositions to the commission in charge of drafting the constitution. These propositions did not deal with the separation of powers or question the prerogatives of the king.

The king and his entourage put the framework for economic policies, and everyone is essentially in favor of a market economy, knowing that the king is the most important businessman in the country. He owns one of the biggest holding companies in Morocco, the Société Nationale d’Investissement (SNI), which owns banks, real estate companies and mining firms, among other properties. When in power, the PJD pursued neoliberal economic policies, launching major construction projects. The party also engaged in privatization reforms and favored public-private partnerships. It has reduced taxes for large companies and introduced incentives for foreign investors.

Political actors align with the economic vision of the palace, and even the business elite cannot challenge the monarchy, because of its significant involvement in the private sector.

Consensus on goals

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The regime uses a variety of strategies to co-opt or marginalize reformers and opposition parties. It has frequently attempted to subvert the PJD. Cracks within that party continue to form. For example, Prime Minister Saadeddine Othmani had no choice but to sign the normalization agreement with Israel in December 2020, risking PJD's internal cohesion and popularity.

The Makhzen, or inner power circle around the king, continues to be the strongest veto actor in Morocco. A price-fixing case against oil companies was recently dismissed after the royal cabinet spoke of "dysfunctions" within the deliberations of the Competition Council.

One small opposition party, the Federation of the Democratic Left (FGD), continues to exert pressure for democratic reforms, but the party obtained little support in the 2016 legislative elections.

Citizens have largely lost their trust in established political institutions and seem to prefer protests and boycott movement as a means of expressing their grievances and putting pressure on political actors to initiate reforms.

Morocco's regime has long exploited social cleavages to divide its opponents and position itself as the main arbiter between different political actors. The secular-Islamist cleavage is used to divide political parties. The way the regime responds to protests and opposition voices can also be seen in this light. The authorities have launched smear campaigns against protesters, activists and journalists. Human rights activist Maati Monjib was accused of money-laundering, journalists Taoufik Bouachrine and Omar Radi were accused of rape, and Hirak activists have been accused of being separatists seeking to destabilize the country.

In 2019, the U.N. Human Rights Committee congratulated Morocco for its efforts to combat torture in custody and for adopting the law on the national mechanism for the prevention of torture in 2018. Nevertheless, a number of protesters have reported being tortured with the purpose of extracting information.

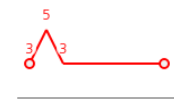
The country's main conflict remains that between Moroccan authorities and the Polisario over the disputed territory of Western Sahara. After the Polisario barricaded the Guerguerat crossing point and blocked civil and commercial traffic between Morocco and Mauritania, the Royal Armed Forces intervened to restore traffic. Morocco has maintained troops in Guerguerat ever since.

While the Polisario movement has threatened to trigger a war and refuses to resume negotiations, Morocco has continued to invite third countries to open consulates inside the Western Sahara. Both sides have placed preconditions on the appointment of the new U.N. envoy in Western Sahara. The position has been vacant since the former envoy resigned in 2019.

Anti-democratic actors

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Cleavage / conflict management

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The regime's attitudes toward civil society actors have varied between cooperation and opposition. Although the state apparatus has cooperated with women's rights groups when elaborating the content of the family code, for example, it has sought to create its own range of charity organizations (e.g., the Mohammed VI Foundation) to counter the societal force of Islamic charity organizations. The latter have been important providers of basic social services. Human rights organizations, when challenging the democratic deficits of the political system, are often subject to surveillance and repression. In 2019, the authorities refused to execute the administrative formalities that would enable the Moroccan Association for Human Rights (AMDH) to open local branches and carry out its activities. Furthermore, on many occasions, authorities in Benslimanen, Azrou and Tiznit have denied access to planned venues where the association had programmed events. In 2019, the court of Casablanca ordered Racines, a cultural association, to dissolve and cease all activity on the grounds that it had offended Moroccan institutions.

Recently, there have been more initiatives to engage civil society organizations. When announcing Morocco's new development strategy in 2019, King Mohammed VI invited the private sector, political parties, trade unions, civil society organizations and the citizens to offer their vision for the development. The commission in charge of drafting the strategy met with civil society organizations and gathered their suggestions.

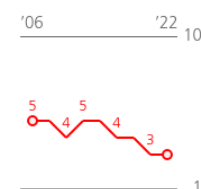
The pandemic has also fostered cooperation between civil society organizations and government institutions. Given its limited capacities, the government has relied on civil society to raise community awareness, and to distribute aid and masks to the underprivileged. The International Organization for Migration in Morocco, for example, coordinates its actions with national and local authorities to provide food, emergency shelter, clothing and cash to nationals and migrants.

Morocco's Equity and Reconciliation Commission was established on April 10, 2004, by a royal decree, following agreement between the monarchy and human rights organizations. The aim of the commission was to explain what happened to those who suffered forced disappearance and arbitrary detention during the reign of Hassan II. The goal was ultimately to offer reparations and compensation. To break with authoritarian practices of the past, the commission was requested to submit recommendations regarding the future promotion of human rights and democracy. These recommendations called for the implementation of reforms within the judiciary and security. The aim was to guarantee the independence of the judicial system; fair trials; the consolidation of the freedoms of expression and the press; and the end of enforced disappearances, torture and arbitrary detention.

The monarchy continues to exercise considerable influence over the judiciary, and the pattern of abuse has persisted within security forces.

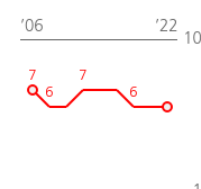
#### Civil society participation

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#### Reconciliation

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The judiciary is still linked to the interests of the Makhzen. Activists, journalists, artists and ordinary citizens who criticize the regime often face harassment and detention, and many of them have been detained on non-political charges including rape, illegal abortion or money-laundering. They have also been victims of judicial harassment by the authorities. Legal proceedings still fail to provide defendants with basic due process rights.

Security forces continue to disregard the law. Hirak activists have reportedly been subject to torture and mistreatment while under interrogation. Journalist Hajar Raissouni was forced to undergo a gynecological examination without her consent after she was arrested. Police have resorted to force to disperse peaceful demonstrations, including teachers' protests in 2019 and 2020, and a sit-in against the normalization of relations with Israel on December 14, 2020.

## 17 | International Cooperation

Morocco has called for international assistance in implementing its development goals, for instance from the World Bank, the European Union, German Corporation for International Cooperation (GIZ), Japan International Cooperation Agency (JICA) and Korea International Cooperation Agency (KOICA).

However, reports have indicated that only a small share of official development assistance comes from international partners.

There have also been issues in their implementation, and some programs have been completely abandoned.

These international programs and projects very often overlap, and their effective implementation remains difficult, as coordination is not very well harmonized. The work of international assistance organizations overlaps with the activities of national entities like the Ministry of Social Development; the Social Development Agency; the agencies for Northern, Southern and Eastern Development; and the Rural Development Agency.

Most of the international political cooperation programs, including the European Neighborhood Policy, focus on security issues, for instance on how to counter terrorism and limit irregular migration. Cooperation mainly takes place at the discourse or technical level. Representatives of the Ministry of Foreign Affairs and specialized ministries participate in the Council of Europe's committees. Members of the Moroccan parliament take part in political dialogue with the European Parliament on a regular basis.

These cooperation programs have not led to significant democratic reforms. They are largely used by the Moroccan authorities to divert attention from local political issues and from the lack of democracy. Their principles have been incorporated at the level of discourse, but with limited real concrete achievements.

Effective use of support

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Morocco has requested both financial and technical support in its fight against the COVID-19 pandemic. It has taken out loans from different international lenders, including the World Bank, the European Investment Bank and the European Bank for Reconstruction and Development. This financial help has been used to reinforce the country's health, social and economic infrastructures.

The government has also sought help in reforming the country's financial system, expanding the banking system and strengthening the microfinance sector.

International support for Morocco's health sector has managed to keep the fragile system from collapsing and has shielded doctors in the public sector from severe stress.

Thanks to the financial support from the European Investment Bank for example, Morocco doubled the capacity of its hospital beds, set up testing centers and paid for medical equipment and treatment.

International support has also sought to improve human resources and provide training for clinicians, doctors and medical administrative staff, especially in the rural areas where infrastructure is lacking.

Morocco is usually presented by the European Union as the best performing country in the region when it comes to its economic and political development. The country has been rewarded by an intensification of cooperation agreements in the economic, social and political fields.

Tensions with the EU rose after the European Court of Justice ruled on December 21, 2016, that the Western Sahara could not be subject to any EU-Morocco trade agreements. Negotiations between Morocco and Brussels led to amendments to the EU-Morocco association and fisheries agreements. In March 2019, the EU adopted the Sustainable Fisheries Partnership Agreement (SFPA) and included Western Sahara in the deal. Trade relations between Morocco and the EU have since improved. The SFPA is expected to strengthen cooperation on immigration and security.

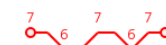
On October 30, 2020, the Security Council decided to extend the mandate of the United Nations Mission for the Referendum in Western Sahara (MINURSO). The resolution aims at monitoring the cease-fire and organizing a referendum that will enable the Sahrawi people to choose between integration into Morocco or independence. Over the years, Morocco has shown itself to be unwilling to accept full de jure Western Saharan independence. The kingdom favors a plan of autonomy under Moroccan sovereignty. The Polisario is frustrated with the U.N.-led political process and has threatened to trigger a war.

The U.S. decision to recognize Morocco's sovereignty over Western Sahara is unlikely to change the EU stance on the conflict. The EU will continue to promote strong ties with Morocco while insisting on a U.N.-led peace process.

Credibility

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Morocco's normalization deal with Israel was welcomed by major powers including Germany. Morocco continues to receive help from international lenders and development agencies in tackling the economic and social consequences of the pandemic.

In recent years, Morocco's foreign policy objectives have focused on the Middle East and sub-Saharan Africa. Morocco is prioritizing relations with several Gulf states on which it relies for financial and diplomatic support. The 2020 normalization agreement with Israel will further strengthen its political and economic ties with its strategic allies in the Gulf, including the United Arab Emirates (UAE) and Bahrain. Both have established consulates in Western Sahara. Other Middle Eastern countries are expected to follow. This strengthening of diplomatic ties with Arab countries will further grant Morocco official recognition.

Algeria, on the other hand, denounced Trump's decision to recognize Morocco's sovereignty over Western Sahara, claiming the decision will lead to more instability in the region. However, it is unlikely that Morocco and Algeria will engage in direct confrontation, which would entail losses and destabilization for both countries.

At the same time, Morocco is turning to the African continent for economic and political reasons. In 2016, Morocco submitted a request to rejoin the African Union (AU), which it had left 32 years before in protest against growing diplomatic support for the Polisario. Since it rejoined the AU in January 2017, it has held several leadership positions. In January 2019, Morocco was elected to the presidency of the Special Technical Committee for Trade, Industry and Mining Resources within the AU. Through the intensification of economic, religious and diplomatic ties, Morocco has managed to convince a number of African countries to withdraw their support for the Polisario.

Regional  
cooperation

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## Strategic Outlook

From the beginning of the coronavirus pandemic, Morocco took rapid and effective measures to control the spread of the virus. However, the pandemic led to a significant increase in both unemployment and underemployment. Economic growth declined by 1.1% in the first quarter of 2020, and by 1.8% in the second quarter. Tourism, which is vital to the country, was one of the worst-hit economic sectors.

The government implemented a series of measures to alleviate poverty and absorb the economic shock. It provided cash transfers to the most underprivileged and to households that had completely lost their sources of income. Other policy measures supported access to bank credit for households.

The Economic Recovery Plan, signed on August 6, 2020, is very ambitious, but Morocco's underlying lack of resources and weak economic structures seem insufficient to cushion the outcomes of the pandemic effectively. The government is expected to continue facing difficulties in reducing unemployment.

The Moroccan government has sought to promote domestic tourism in an attempt to reduce the impact of the pandemic. However, given citizens' economic hardships, domestic tourism will remain limited, while international tourism will continue to suffer due to travel restrictions.

Even if an economic recovery is anticipated for Europe in 2021, trade between Morocco and the European Union, its main trading partner, is not expected to bounce back immediately.

Morocco should invest in reducing social inequalities for the most vulnerable and in improving living conditions both in urban and rural areas. There is a need to diversify potential sources of economic growth and income generation. The government should also speed up the Advanced Regionalization reform to tackle regional disparities.

The health and education sectors require deep reforms. Further investment is needed in order to continue to provide uninterrupted public services. Many people have put off critical treatments out of fear of the virus. Measures should be taken to prevent school dropout. For example, cash transfers should be provided, and stronger public-private partnerships should be developed to modernize the teaching system.

The Moroccan regime should promote genuine political reforms that would allow for political actors and parties to enjoy a high degree of strength and independence. If the regime's interference in government affairs is not minimized, and in the absence of strong and independent parties, democratic reforms will continue to be symbolic or superficial.