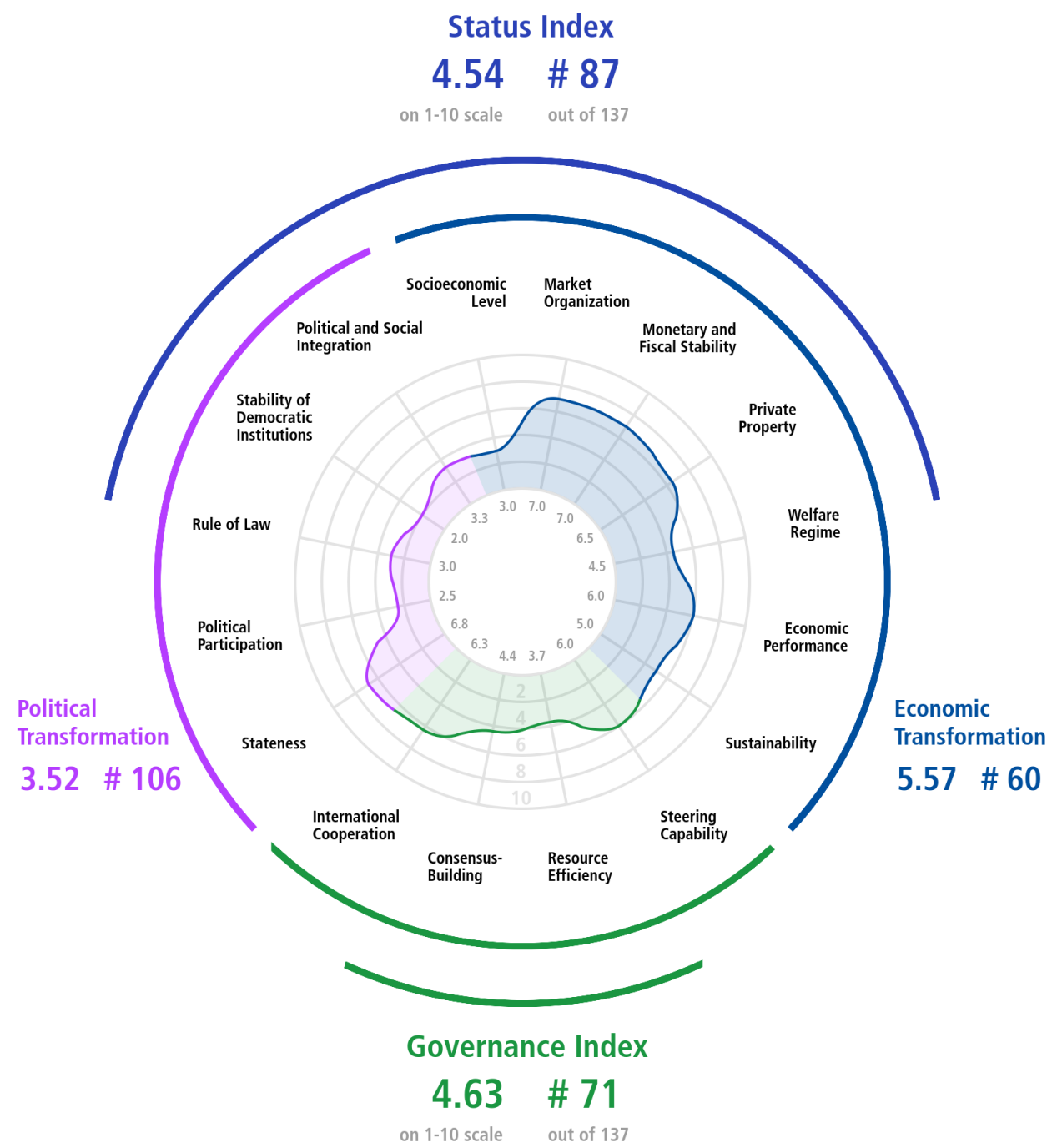


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Morocco



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Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Strasse 256
33111 Gütersloh
Germany

Sabine Donner

Phone +49 5241 81 81501
sabine.donner@bertelsmann-stiftung.de

Hauke Hartmann

Phone +49 5241 81 81389
hauke.hartmann@bertelsmann-stiftung.de

Sabine Steinkamp

Phone +49 5241 81 81507
sabine.steinkamp@bertelsmann-stiftung.de

Key Indicators

Population	M	37.5	HDI	0.683	GDP p.c., PPP \$	9519
Pop. growth ¹	% p.a.	1.0	HDI rank of 189	123	Gini Index	39.5
Life expectancy	years	74.0	UN Education Index	0.590	Poverty ³	9.8
Urban population	%	64.6	Gender inequality ²	0.425	Aid per capita \$	26.0

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

In 2021, a decade after the February 20, 2011, uprisings, the monarchy consolidated its centrality in Morocco's political system.

Based on an amended electoral system that abolished the prior 3% threshold, the 2021 legislative elections witnessed the emergence of the National Rally of Independents (RNI) as the country's largest political party, trailed by the Party of Authenticity and Modernity (PAM) and the Istiqlal Party (PI). The coalition formed between these three parties signified the reinstatement of technocrats in parliament. Meanwhile, the Islamist Party of Justice and Development (PJD), which had held power between 2011 and 2021, lost 90% of its seats.

The rise to power of pro-palace parties and the lack of a powerful opposition have further narrowed Morocco's political landscape, with the palace consolidating its hold on power. The king rules and governs; his directives constitute a road map for the government in terms of economic and social policies. The current government has pledged to lay the foundations for the New Development Model, which was launched by the king in 2020. The monarchy continues to push ahead with its agenda of top-down reforms, further marginalizing elected parties and officials.

Throughout 2021 and 2022, the space for criticism and opposition diminished. Moroccan authorities' strategy of suppressing dissent and intimidating individuals encompasses unfair trials, harassment and smear campaigns spread by state-aligned media. The authorities also target the relatives of dissidents and fabricate charges of libel, rape, money laundering and espionage.

The role of the secret services (DGED) has dramatically increased. The DGED was accused of playing a major role in the European Parliament corruption scandal in December 2022. The accusations include lobbying efforts and corrupting members of the European Parliament in recent years.

On the social level, economic progress has primarily benefited a wealthy minority. The COVID-19 crisis, high inflation rates and stagnant annual GDP per capita levels have imposed significant burdens on the working and middle classes. Poverty and vulnerability are increasing, while disparities continue to widen. A substantial proportion of the population still lacks access to essential health care services, transportation and adequate housing.

Protests continue to break out, expressing concerns about the skyrocketing prices of goods and essential commodities, and denouncing repression and the collusion of business and politics. The current government has faced protests and critical social media campaigns since its first weeks in power, indicating a lack of both credibility and legitimacy. Through protests, citizens express their grievances and their willingness to circumvent political parties they perceive as co-opted and out of touch with the people.

The review period was also marked by a more aggressive and confrontational foreign policy approach. Tensions rose with Spain and Germany regarding their positions on Western Sahara. In 2021, Morocco decided to suspend diplomatic relations with Germany following Berlin's disapproval of former U.S. President Donald Trump's decision to recognize Moroccan sovereignty over the disputed territory. In the same year, diplomatic tensions with Madrid grew following the secret admission of the Polisario Front leader, Brahim Ghali, to a hospital in Spain. After months of unprecedented political disputes, Rabat resumed diplomatic relations with Berlin and Madrid following their endorsement of Morocco's plan for autonomy in the Western Sahara.

Over the past few years, Morocco has strengthened cooperation with Western African countries and the Sahel and is currently pursuing new partnerships with China, India, Brazil, Israel and Russia.

History and Characteristics of Transformation

After the French protectorate destroyed many traditional economic sectors and pushed thousands of people into poverty following its establishment on March 30, 1912, King Mohammed V declared Morocco's independence on March 2, 1956. This declaration was supported by a nationalist movement and widespread unrest in the country. The Istiqlal Party (IP), founded in 1943, formed the country's first post-independence government. During his reign, Mohammed V encouraged the creation of various political parties to prevent the concentration of power in the hands of political organizations. He firmly controlled the government until his death in 1961.

His successor, King Hassan II, followed the same tradition of wielding absolute power. He drafted various constitutions that subordinated the judicial, legislative and executive institutions to the supremacy of the monarchy. The result was the "Years of Lead," marked by relentless state oppression imposed on any opposition forces or dissident voices. Students, workers and the unemployed took to the streets demanding economic and political reforms, but their protests were violently crushed.

Hassan II successfully forged 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 sparked a conflict with the Polisario, a movement formed in 1973 with the goal of establishing an independent state in the region. A 16-year-long insurgency ended when the United Nations intervened and brokered a truce in 1991, promising a referendum on independence for the Sahrawi people.

The end of the Cold War brought pressure from Europe and the United States for political reforms. Hassan II implemented 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. In 1998, an opposition party rose to power for the first time, forming the Government of Change (*Gouvernement d’Alternance*), which implemented additional reforms.

Hassan II also initiated economic reforms under the supervision of the International Monetary Fund (IMF) and the World Bank. This package of policy reforms, 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 exacerbated unemployment and inequalities. In order to reduce public spending, the government failed to address poverty and stagnant living standards.

After the death of Hassan II in 1999, his son Mohammed VI carried on the state’s approach toward political opening. The most significant reforms occurred after the “Arab uprisings” in 2011, when young people 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. However, the reform process, initiated by Hassan II and further developed by Mohammed VI, lost its way. Socioeconomic inequalities persisted, triggering fresh “Hirak” protests in October 2016 by deprived citizens in the northeastern Rif. These protests have become part of everyday life in Morocco, given the unchanged power structure and ongoing corruption.

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 internationally recognized Moroccan territory with the exception of Western Sahara where tensions continue to rise. Western Sahara operated as a colony until Spain began a process of decolonization in 1975. Since then, Morocco has maintained its claim to the territory, basing it on historic rights and cultural and religious ties. In 1973, the Polisario Front (PF) formed, proclaiming itself the leader of the Sahrawi people and aiming to establish an independent Western Sahara.

In 1976, the PF announced the establishment of the Sahrawi Arab Democratic Republic (SADR) as an independent state. The SADR is recognized by many governments and is a full member of the African Union (AU).

The Western Sahara conflict flared throughout 2021 and 2022, further worsening tense relations between Morocco and Algeria, which backs the PF. While the SADR claims to conduct focused attacks against Moroccan forces at various parts along the Moroccan berm, the Moroccan army states that it carries out airstrikes against the PF in self-defense. Considering Western Sahara as an integral part of the kingdom, Morocco insists on its plan for autonomy, which has the support of the United States and France.

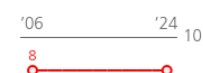
Ceuta and Melilla remain under Spanish control in northern Morocco. The kingdom of Morocco claims the two cities, while for Spain, the Spanishness of the two enclaves is “non-negotiable.”

Morocco is considered the safest country in the Maghreb, according to the Global Terrorism Index 2022, which ranks Morocco 76th in the world. However, Morocco continues to face sporadic threats from small, independent terrorist cells that claim affiliation with the Islamic State (IS) group. Some of the country’s radical jihadist militants have previously fought in Iraq, Syria and Libya, among other places.

Question
Score

Monopoly on the
use of force

8



1

Morocco's General Directorate of National Security (DGSN) reported a 23% decrease in terror-related arrests in 2021 and 2022 compared to 2019. However, local authorities continue to carry out counter-terrorism raids. In April 2021, Moroccan authorities dismantled a cell of a group of militants affiliated with IS and dismantled a terrorist cell operating in Nador and Melilla in cooperation with Spanish security services in October 2022.

Morocco's status as a nation-state is considered legitimate by almost all actors.

Amazigh groups saw the incorporation of their language into the Moroccan constitution in 2011 and have been advocating for the further inclusion of their culture into public life. They do not, however, call into question the legitimacy of the Moroccan nation-state. Like the PF, many Sahrawis reject Moroccan nationality and claim their right to self-determination.

Justice and Kindness (Al-Adl wal-Ihsane), a highly influential Islamist association, opposes Morocco's monarchy. Since its foundation in 1981, it has opposed the hereditary character and the religious legitimacy of the monarchy. Aspiring to create an Islamic state, its meetings are usually banned, and members have reported systematic police harassment.

Critiques of Morocco's political establishment also come from small-scale, radical left-wing forces associated with Democratic Path (al-Nahj al-Dimocrati), a political party that has boycotted elections since its creation as it does not consider them to be free.

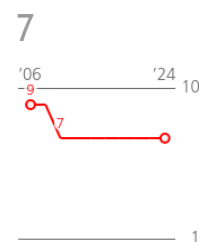
The Democratic Left Federation (FGD), a coalition of the Socialist Democratic Vanguard Party, the National Ittihad Congress Party and the Unified Socialist Party (PSU), is critical of the nature of political authority in Morocco. The coalition seeks to establish a parliamentary monarchy in which the king has only nominal power. In other words, the king should reign but not govern.

In Morocco, "Islam is the religion of the state." The constitution guarantees freedoms of thought, of opinion and of expression. The state "guarantees to all the free exercise of beliefs." The constitution does not, however, recognize religions other than Islam, Christianity and Judaism.

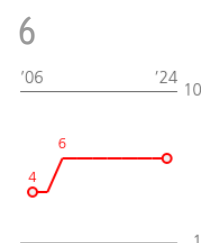
Sunni Muslims make more than 99% of the population. Other religious groups include Shi'a Muslims, Christians, Jews and Baha'is. Non-Islamic religious materials and Islamic materials deemed incompatible with the country's specific Maliki version of Sunni Islam are prohibited.

Morocco's monarchy regulates the country's religious institutions and discourse. The constitution states that the king is the "commander of the faithful" and the protector of "Moroccan Islam." This religious authority is an important element of the king's political authority as it helps to build a strong political basis for the monarchy and

State identity



No interference of religious dogmas

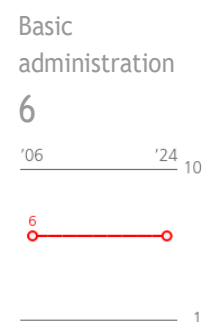


broad popular acceptance. The Ministry of Endowments and Islamic Affairs (MEIA), a sovereign agency, oversees traditional religious education, Sufi orders and religious schools, the content of Friday sermons, and religious programs in the media.

Article 7 of the constitution specifies that political parties “may not be founded on a religious, linguistic, ethnic or regional basis.” They also “may not have for [an] objective [but], infringement to the Muslim religion.” The same applies to parliamentarians and constitutional amendments.

The legal system has both secular and religious origins. The Moroccan legal system has adopted several principles from the French civil code, but – when it comes to personal status (e.g., marriage and inheritance) – law is based on Shariah law, as rooted in the legal system of Sunni Islam.

The administrative infrastructure extends throughout the country, but disparities persist with regard to access to basic services. Public administration suffers from excessive centralization and considerable hierarchization. Despite decentralization efforts, the control of the Ministry of the Interior and the existence of a multiplicity of stakeholders produce overlapping competences. Administrative procedures thus remain complex, which hinders relations between public administration and citizens. Local authorities continue to depend on the state for funding. They still lack fiscal autonomy and the ability to fully participate in the development of their territories.



The constitution stipulates equal access to services for citizens. Morocco has made access to drinking water and electricity a priority for many years. In 2020, 100% of the population will have access to electricity, with households living in remote areas generating electricity through solar home systems. This is largely the result of private investments in power plants. Regarding water, 90.4% of the population has access to at least basic water services, but water is more accessible in urban areas than it is in rural communities, which exacerbates inequalities between regions. Some rural villages are supplied by water tankers that overcharge for water, which further strains the limited financial resources of households. Other villages use reservoirs to catch rainwater, but this water is consumed without treatment, which causes health issues. Residents in shanty towns lack access to clean water and sanitation services, as only 39.3% of the population has access to safely managed sanitation.

Drought has limited access to water in Morocco. In March 2022, Morocco experienced its worst drought in 40 years. To conserve water, the Moroccan authorities decided in July 2022 to ban the use of drinking water to irrigate green spaces and wash cars, among other measures. In an attempt to put an end to this water scarcity, the same year, the National Office of Electricity and Drinking Water (ONEE) launched a new investment program to mobilize MAD 70 billion (about €6.5 billion) for the supply of drinking water and the reuse of treated wastewater by 2035.

Education, health care and transportation remain the most deficient public services. Almost 70% of preschools are clustered in urban areas, against 20% in rural areas, as reported by the High Commissariat of Planning in 2022. The state is the primary health care provider, and, outside large cities, health care services remain very limited. In rural areas, health care centers offer mainly preventive care. Locals might have difficulties reaching them, at least during difficult weather conditions. Many families in these areas postpone medical examination as it entails traveling to a city.

In the Western Sahara, the Moroccan government sought to provide water and build infrastructure projects, including roads, schools, hospitals and housing. However, these projects mainly benefited Laayoune province, leaving other provinces entangled in socioeconomic difficulties.

2 | Political Participation

Both national and local elections are held regularly. However, they do not contribute to significant popular political participation nor do they produce autonomous democratic institutions. Instead, the elections mainly serve to preserve a democratic façade.

Parliamentary members are elected for five years by universal direct suffrage. On September 8, 2021, parliamentary elections saw the victory of the National Rally of Independents (RNI), its ally the Party of Authenticity and Modernity (PAM) and the Istiqlal Party (PI). The three parties are all associated with the palace and have formed a coalition government led by RNI leader Aziz Akhannouch, one of Morocco's richest businessmen and a close friend of the king. The Party of Justice and Development (PJD), an Islamist party that had been in power since 2011, suffered a significant defeat in the elections, dropping from its previous 125 seats to only 13.

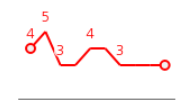
Serious questions about the transparency of the 2021 elections arose. Reports pointed to the use of “dirty money” and interventionism by the authorities during the elections. Elections observers also claim the Ministry of Interior mobilized its forces to influence voters' choices and ensure voters supported the RNI and its allies. Residents of villages and desert towns were urged to register to vote because they are easier to influence given their traditional trust in local elites. In addition, the number of spoiled ballots, which reached 25% in Casablanca, was interpreted as evidence of protest votes.

The turnout in the 2021 elections for the lower House of Representatives was 50.18%, a figure mainly derived from the higher turnout in rural and desert areas compared to urban areas. While more than 94% of people are registered in rural areas, only 56.7% live in urban areas.

Free and fair elections

3

'06 '24 10



The election campaign during the COVID-19 pandemic. The government limited gatherings and restricted the distribution of printed election materials. Political parties resorted to online spaces, but differences in resources favored large parties.

Another particularity of the 2021 elections was Organic Law 04-21 proposed by the Interior Ministry and endorsed by all political parties in parliament (except the PJD) on March 5, 2021. While previously, parliamentary seats were calculated on the basis of valid votes, under the new law, they are now calculated on the basis of registered voters. This meant that the higher the electoral quotient, the less likely a party is to reach it. Parliamentary seats are distributed among all parties, making it difficult for a party to win more than one seat per constituency. The suppression of the 3% threshold in the new law has meant that more parties can be represented in parliament, which has led to more fragmentation.

Al-Adl wal-Ihsane and the Democratic Way boycotted the elections, calling them unfair and a tool to legitimize “practices of actual power.”

Regional and municipal elections were also held on September 8, 2021. Conducted every six years, the concurrent timing with the parliamentary elections resulted in an equivalent 50.18% turnout rate, high in comparison to previous polls. Similar to the parliamentary elections, the RNI dominated the results.

Morocco’s political system is an executive monarchy in which the king reigns and governs through formal and informal mechanisms. The constitution designates religion, security issues and strategic major policy choices as the domain reserved to the king. The king is the supreme arbiter among political forces. The king also heads the Ministerial Council and has the right to dissolve parliament. He has veto power over parliamentary and governmental decisions, while his royal decrees (dahirs) are immune to any judicial control. Royal speeches given on specific occasions define the contours of the country’s economic, social and foreign policy. The king nominates pro-palace technocrats to important positions ensuring they follow his instructions. The Makhzen (i.e., the economic, political and military elite), who surround the monarchy, can be viewed as a “shadow government” that holds significant influence over decision-making, often surpassing the influence of elected officials. Given that decisions are usually taken through informal channels, decision-making remains opaque. Within this context, the role played by elections is relatively minor.

The winners of the 2021 elections – the RNI, PAM and PI – have played the role of kingmaker for decades. The new parliament is mainly composed of pro-palace upper and middle-class technocrats. Leftist political parties performed poorly during the recent elections, having failed to build sufficient voter confidence. The poor performance of the left, which remains the only independent formal opposition within Moroccan politics, means that pro-palace forces can enact legislation as they see fit. Since the new government assumed office, street protests have become the main embodiment of opposition and are evidence of the government’s limited popular legitimacy.

Effective power to govern

2

'06 '24 10

2

1

Article 29 of the constitution guarantees “freedoms of reunion, of assembly, of peaceful demonstration, of association and of syndical and political membership.” Morocco has between 30,000 and 50,000 civil society organizations (CSOs). Many, especially those working on human rights issues, face practical impediments. Their members report being subject to surveillance and travel restrictions. Authorities’ legal harassment obstructs their work as well. Sometimes non-governmental organizations (NGOs) have their registration denied and their events canceled if they are perceived to pose a threat to public order.

In September 2021, the Moroccan Association for Human Rights (Association Marocaine des Droits Humains, AMDH) reported that the authorities had declined to process the administrative formalities for 84 out of 99 AMDH local branches. It was impossible for them to carry out their work. Similarly, in 2022, administrative formalities were denied for some of its local branches, which focus on youth groups and violence against women.

At the local level, civil society actors struggle to maintain their independence from the state or political parties. They mostly rely on public funds, which makes it difficult for them to defend their initial goals in favor of their donors’ agenda.

Access to freedom of assembly is regulated by Law 76 on public assemblies. The law does not provide for spontaneous assemblies but requires organizers to notify the authorities of any planned assembly at least 24 hours before and obtain a receipt of acknowledgment. Any spontaneous assembly can be disrupted in the name of public order.

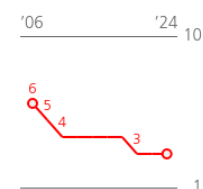
The authorities continue to sometimes use excessive force and violence to disperse protests. In April 2021, the authorities arrested 33 teachers during peaceful protests in Rabat. The teachers faced charges of “incitement to unarmed gathering without an authorization,” “breaching health emergency status” and “offending public officials.” In March 2022, they were given two-month suspended prison sentences for demonstrating without authorization.

The constitution generally provides for freedom of expression, including for the press. Article 25 guarantees all citizens “freedom of opinion and expression in all its forms.” However, criticism of Islam, the monarchy, state institutions or the country’s territorial integrity, and Western Sahara is punishable by law. Punishments range from fines to prison time. Reporting on economic and social issues is generally tolerated. Critical journalists, who report on corruption or authoritarian mechanisms or who are critical of the government, are usually subject to harassment.

In 2021 and 2022, significant restrictions were placed on free expression and media. Restrictions included legal provisions, cumbersome administrative procedures, harassment, intimidation and imprisonment. Although the press code abolished prison sentences for journalists, sections in the penal code relating to national security

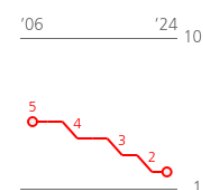
Association / assembly rights

3



Freedom of expression

2



are usually used to justify their imprisonment. In July 2021, Omar Radi was sentenced to six years in prison for espionage and rape, while Soulaïmane Raïssouni was sentenced to five years for sexual assault. These prosecutions serve as a mechanism for intimidation to silence independent journalists. Omar Radi's court proceedings were repeatedly postponed, causing other journalists to self-censor on "sensitive" issues (e.g., Western Sahara, religion or the monarchy). This has affected the quality of reporting.

Restrictions on freedom of speech include attempts to discredit journalists and activists through harmful rumors about their personal lives. Rumors and false information are usually published by state-affiliated news sites and on social media. Authorities also rely on various strategies and sophisticated surveillance tools to limit freedom of speech and silence critical voices, including online. In 2021 and 2022, many social media commentators, such as Chafik Omerani and Saida El Alami, were sentenced to prison terms for criticizing the government. "E-flies" and trolls were used to monitor and control online activities and intimidate and harass online commentators. In November 2021, anonymous accounts launched a defamation campaign against Mohamed Ziane, a former president of the Rabat Bar Association, lawyer and minister for human rights between 1995 and 1996. At the age of 80, Ziane was arrested on November 21, 2022, without any judicial warrant. He was sentenced to three years in prison for "contempt of public officials and justice," "broadcasting false news and allegations," and "insulting instituted bodies."

Furthermore, authorities use Pegasus spyware to infiltrate the smartphones of journalists and human rights activists. Forbidden Stories was able to confirm that Pegasus was used on the phones of Soulaïman Raïssouni, Taoufik Bouachrine, Aboubakr Jamaï, Hicham Mansouri, Maati Monjib and Omar Rady. Surveillance tools have become part of an intensifying campaign to silence critical voices.

Journalists continued to denounce long administrative procedures to receive accreditation, while these procedures tend to be facilitated for journalists close to the government or the palace and most news sources continue to be linked to powerful figures.

Morocco ratified the Right to Information Law (31.13) in February 2018. Citizens have the right to request information from government agencies. However, the continued crackdown on journalists and human rights defenders indicates the government is not fully committed to increasing transparency.

3 | Rule of Law

During the 2011 uprisings, King Mohammed VI promised sweeping constitutional reforms that would achieve a more robust separation of powers and independent judiciary. The 2011 constitution requires the king to name a member of the largest party in parliament as the head of government. The head of government is in charge of forming the government and appointing members to key positions. The text promised to share power with the government and enable political parties to play a greater role. However, these reforms have not established a functional system of checks and balances. The king preserves his executive and religious prerogatives and has the last word in decision-making. The king heads the Ministerial Council, in which important political decisions are taken. He retains control over strategic issues, including foreign affairs, religious affairs and security. Furthermore, he is the head of the military. He can dissolve the parliament and has a veto over decision-making. He legislates through royal decrees that are beyond judicial control. The king also dominates the judiciary, as he has the right to appoint judges. These royal prerogatives make it difficult to regulate or constitutionalize interactions between the monarchy and political institutions since the king controls the executive, the legislative and the judicial branches of the government.

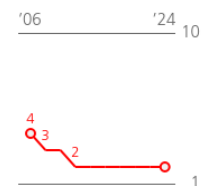
The judicial system is divided into general jurisdiction courts, specialized jurisdiction courts and special courts. Judges belong to the career judiciary and are nominated by royal decree (dahir). Before they are nominated, judges are required to attain a Bachelor of Law, pass a professional examination, complete a two-year internship, and pass a second professional examination. The ICJ has reported a lack of transparency and merit in the selection process. The executive has the capacity to influence the nomination and promotion of judges.

The court system is not independent of the monarchy. The king presides over the Supreme Council of the Judicial Power, which determines the compliance of lower court decisions with the law. The council consists of elected judges and senior judges. The king also appoints five members, with most of the appointment process controlled by the king. The executive dominates the council and most of the judicial matters.

The courts are commonly used to punish political opponents, activists, and critics of the Moroccan political system and the government. Trials for speech-related charges are regularly used to intimidate and silence critical journalists, internet commentators, and protesters.

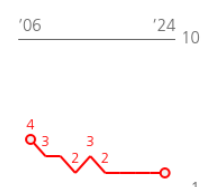
Separation of powers

2



Independent judiciary

2



The law provides criminal penalties for officials involved in corrupt practices. However, the law is not always implemented, leading to impunity. Government corruption affects the executive, judicial and legislative branches.

In July 2022, the Public Prosecutor's Office opened an investigation into a collusion scheme among judges, prosecutors, clerks and bailiffs of the Casablanca Court of First Instance. They were accused of being involved in thousands of suits being filed against citizens without their knowledge. Their involvement was first reported by the media.

In Morocco, corruption is considered endemic as insufficient checks and balances fail to reduce its occurrence, even at the highest levels. In October 2022, Morocco's Competition Council (MCC) released a report detailing unfair competition practices in the fuel market. Three companies – Afriquia, Total and Shell – dominate the market, collude on prices, and swiftly increase prices when global prices increase, although they are reluctant to reduce prices when global prices decrease. Predatory practices are driving fuel prices in Morocco, but the government seems unwilling to address the issue given that Akhannouch made his fortune as a fuel distribution businessman and owns a leading fuel distributor in the country, Afriquia. When the MCC attempted to sanction Afriquia, Total and Shell for unfair competition practices, the sanctions were never enforced after the king dismissed the head of the council for procedural irregularities. Decisions or policies that do not challenge the political status quo are more likely to be implemented.

The law on anti-corruption was adopted in 2021. The law broadened the definition of corruption to include conflicts of interest, embezzlement of public funds, and corruption within public administrations and agencies. However, there has been no clear indication that the political will exists to combat corruption effectively. The National Anti-Corruption Committee, in charge of leading the national plan to tackle corruption, cannot investigate corruption claims.

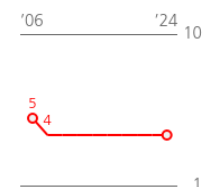
The Moroccan Court of Accounts (MCA), which is responsible for ensuring the protection of the principles and values of good governance, transparency and accountability, publishes reports about mismanagement of public funds. However, its powers and actions are limited. It is up to the authorities to determine if a follow-up on a report is necessary. This decision often depends on political considerations.

The law provides for the right to a fair and public trial with the right of appeal, but this does not always occur.

Pretrial detainees can be held beyond a one-year limit and even longer without valid justification. Omar Radi and Soulaïman Raïssouni spent one year in pretrial detention before being sentenced. In August 2021, Omar Radi was additionally sentenced in absentia for "public drunkenness." Radi and his lawyers were not notified. Police frequently resort to arbitrary arrest and detention. In June 2021, police detained Omar

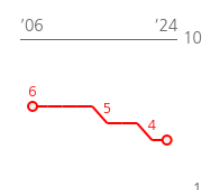
Prosecution of office abuse

4



Civil rights

4



Radi's lawyer at the airport. He could not access the courtroom. After joining a peaceful rally in support of Radi and Raissouni, Noureddine Aouaj, a human rights campaigner, was arrested. He was charged with "insulting constitutional institutions, principles and symbols of the kingdom," "denouncing fictitious crimes," and "undermining judicial authority." He was sentenced to two years in prison.

Prisoners can be denied access to their case files. This obstructs their ability to prepare their defense adequately. Activist Maati Monjib was not granted access to his file.

The constitution and the law prohibit torture and cruel, inhuman or degrading treatment or punishment. However, human rights organizations have reported the use of coercion to obtain confessions. Amnesty International reported on the torture of Sahrawi activist Mohamed Lamine Haddi by prison guards. This occurred after he declared a hunger strike in protest of his prison conditions, and visits by his lawyer and family were denied in March 2022.

Prisons in Morocco are overcrowded. It is estimated that the prison population is more than 175% greater than the total capacity of Morocco's prisons. Prisons fail to meet international standards as they lack basic facilities and fail to ensure fair treatment of minors.

The law prohibits criticism of Islam and proselytizing Muslims, which are punishable by law. It is prohibited to speak in a manner that undermines Islam. In June 2021, security services arrested an Italian national of Moroccan origin at the airport for publicly insulting Islam online. On appeal, her sentence was reduced from three years to two months in prison. In April 2022, 79 persons were criminally charged or convicted for publicly eating during Ramadan. Religious minorities, mainly Shi'a individuals, keep their faith secret fearing social stigma and workplace discrimination. Shi'a individuals report being harassed in the press and criticized in Friday sermons.

Women continue to face legal and societal discrimination. Many of the regions with a predominantly Amazigh population are underdeveloped and lack basic services. Anti-black racism is still a problem in the country. "Black Moroccans" and sub-Saharan Africans report being victims of discrimination and violence due to their skin color. The law criminalizes consensual same-sex intercourse. LGBTQ+ individuals are harassed in public and prosecuted. Major concerns about the right to privacy revolve around the unlawful and arbitrary surveillance of journalists and human rights activists.

4 | Stability of Democratic Institutions

Parliament exercises legislative power. Its lower chamber, the House of Representatives, includes 395 members, with 60 seats reserved for women and 30 for young people. The upper chamber, the House of Councilors, is made up of a minimum of 90 and maximum of 120 members. While both chambers have equal legislative power in most cases, and shall control and evaluate governmental policies, the king retains all economic and political powers, including government formation. Despite the 2011 constitutional reforms, the king remains the ultimate authority with the right to intervene in elected governments. His advisers and the elite that surrounds him, known as the Makhzen, possess significant political powers and shape political outcomes through clientelist networks. Royal commissions hold more powers than ministries, while the parliament road map is defined by the king's speech, in which he outlines his directives for the parliament to follow.

The kingdom's discourse highlights the country's commitment to promoting and protecting freedoms, strengthening democratic institutions, and broadening political participation. However, much of the progress remained at the rhetorical level, with limited concrete improvements.

Since the 2016 elections, the monarchy has managed to constrain the role of political actors. Elected parties and elected officials were further marginalized during the COVID-19 pandemic as the king's technocrats took the lead in managing the crisis. In the 2021 parliamentary elections, the RNI won the most seats. The rise of this party, known for its close ties with the monarchy, makes it easier for the monarchy to intervene in politics.

Morocco's police state is making a comeback. The Makhzen are reverting to using force and violence during demonstrations. The secret services are used to restrict the press and media and constrain civil society.

Performance of democratic institutions

2

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Commitment to democratic institutions

2

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5 | Political and Social Integration

Morocco's monarchy has made strategic use of liberalization to channel and control opposition forces without any intention of introducing genuine democratic reforms. Segmentary politics and co-optation have created a highly fragmented party system.

There is a multiparty system that allows for new parties to organize and emerge. More than 30 political parties compete in elections for seats in parliament and in regional and local councils.

The regime has created "administration parties" to contain the influence of opposition parties. Within this fragmented system, no party manages to dominate the parliament or win more than a small share of votes. The new election law of 2021 abolished the 3% threshold for representation, opening the way to greater parliamentary fragmentation.

Party system

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Consequently, governments have consisted of large coalitions.

The present coalition is headed by the National Rally of Independents (RNI), the Authenticity and Modernity Party (PAM), and the Istiqlal Party (PI).

Opposition parties have become empty shells, unable to put any pressure on the government. On the contrary, they are fully co-opted by the regime. Once a political party leads the government and cannot carry out promised reforms given the political constraints, it loses its popularity and credibility. This has happened to the Party of Justice and Development (PJD), which made many concessions during its decade in power in order not to threaten the king's prerogatives. In the 2021 elections, the party lost nearly 90% of its seats, ceasing to be an opposition to the Makhzen and the royal court. The party's concessions ended up alienating it from its own voters. The monarchy has managed to make the PJD irrelevant.

The left, the country's only remaining independent opposition, is also divided. In July 2021, the Unified Socialist Party (PSU) under Nabila Mounib withdrew from the Federation of the Democratic Left (FGD). This brought an end to hopes of a united leftist bloc. It also left the left fragmented, logistically weak and unable to connect with voters. Consequently, leftist parties performed poorly in the 2021 elections. The PSU, the Socialist Democratic Vanguard Party and the National Ittihad Congress secured just one seat each. Their poor performances will further alienate young people from politics.

Overall, political parties find it difficult to assert themselves, leading to significant cynicism toward electoral politics. Most parties have become "Makhzanized" and acquiesce to the palace. Citizens find it difficult to distinguish between the deep state, the Makhzen and the powers wielded by the restricted government.

Article 29 of the Moroccan constitution guarantees the freedoms of assembly, association and syndical membership. Workers can form and join independent trade unions, although most companies and sectors lack collective bargaining. In 2022, local authorities refused to register newly formed unions and used violence to disperse unionized teachers' demonstrations.

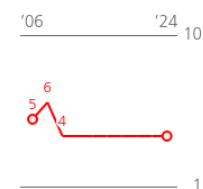
In February 2021, a Peugeot factory tried to push union leaders to resign from the Moroccan Labour Union (UMT) or face dismissal.

Violations of the right to organize include wage deductions from striking workers and lockouts.

Morocco has two major unions: the Union Marocaine du Travail (UMT) and the Confédération Démocratique du Travail (CDT). Both are characterized by the existence of clientelist networks that hinder internal debate and the possibility of electing dissident leaders.

Interest groups

4



The Justice and Charity organization (Al-Adl wal-Ihsane) enjoys widespread support, though it does not participate in politics and is considered illegal. The February 20 Movement and Hirak Rif also enjoy considerable popular support. Protest movements usually face severe regime repression.

According to a 2021 Afrobarometer poll, 28.9% of respondents in urban areas and 22.5% in rural areas do not trust the government, while 32.4% (urban) and 25.1% (rural) do not trust the parliament. However, 34.2% (urban) and 43.1% (rural) trust the police and 52.6% (urban) and 55.2% (rural) trust the royal army.

In 2022, trust in political institutions declined. The Arab Barometer found that 39% of Moroccans believe that the 2021 parliamentary elections were not free and fair, 33% of citizens trust the parliament, 34% trust Prime Minister Aziz Akhannouch, and 37% of citizens trust the national government. Trust in national security and government agencies, on the other hand, has generally improved since 2018, with 77% trusting the armed forces, 72% the police and 65% the royal gendarmerie.

Levels of confidence in public institutions and public services are relatively low. In 2022, only 23% of Moroccans were satisfied with the health care system, while most citizens were dissatisfied with the public education system.

In Morocco, support for democracy has been in decline. This is likely because democracy is perceived more through economic performance and the provision of security and stability than through free and fair elections. More than 40% of Moroccans think that economic performance is weaker under democratic systems, showing a significant increase from 9% in 2016. In the 2022 Arab Barometer, 40% of citizens criticized democratic regimes for being indecisive and full of problems (compared to 14% in 2018), while 34% of citizens believed democracy is “not effective at maintaining order and stability.” Nevertheless, 54% of citizens view democratic systems as much better than any other system. Meanwhile, the 2021 Afrobarometer found that 79.8% of urban respondents and 80.1% of rural respondents find democracy “preferable to any other kind of government.”

Social trust in Morocco is mainly about the family. Family remains the most trusted institution. According to the latest findings of the World Values Survey (WVS, 2017 – 2022), 89.1% of respondents see family as very important and 65.8% trust the family. Only 42.2% believe friends are important. Moreover, 13.9% trust people they know personally, 2.5% trust people of other religions and 2.4% trust people of other nationalities. In general, only 16.5% believe most people can be trusted.

Membership in voluntary associations is low, with 14.9% of people being active members of religious organizations and 18.3% of sport or recreational organizations. Similarly, 69.6% of people do not belong to any art, music or educational organization. Only 4.2% of people are active members within an environmental organization and 16.6% within a humanitarian or charitable organization.

Approval of
democracy

n/a

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n/a 1

Social capital

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II. Economic Transformation

6 | Level of Socioeconomic Development

Speaking at the beginning of the Council of Government's proceedings, the head of government, Aziz Akhannouch, stressed that 2022 was "a year of socioeconomic achievements, despite a constraining situation marked by the health crisis, geopolitical tensions, and lack of rainfall." Economically, he saw the outlook for recovery and growth as positive, but wealth inequality and social stresses remain high.

Morocco ranked 123rd in the 2021 Human Development Index out of 191 listed countries, gaining just one rank from the previous year. The country trailed behind several Arab nations, such as Lebanon, Palestine and Algeria. Morocco fell into the "medium" category in the human development group, with a score of 0.683 in the UNDP's 2021 Human Development Index (HDI), compared to 0.679 in 2020. This is primarily attributable to disparities in access to health care services and income.

Despite Article 19 of the 2011 constitution highlighting the state's contribution to achieving parity between men and women, significant gender inequalities persist regarding access to employment or education. Morocco's results in the UNDP's Gender Inequality Index fell from 0.433 in 2020 to 0.425 in 2021, as the pandemic worsened gender inequality in access to health care and women's participation in the economy and politics. The COVID-19 pandemic will likely affect women for many years to come. More layoffs among women than men have inflicted financial difficulties on already vulnerable populations.

Morocco's Gini coefficient was 39.5 in 2013 (the latest value), according to the World Bank, placing the country among the highest income-unequal countries in North Africa. Reports indicate alarming social inequalities and a growing income inequality gap between the top and bottom of the socioeconomic ladder.

Poverty is widespread in Morocco. The pandemic and inflation lowered living standards by 7.2% at the national level between 2019 and 2022, affecting 3.2 million additional people who found themselves excluded at all levels, as identified by the High Commission for Planning (HCP). Their chances of enjoying their fundamental rights and of being active citizens are very limited, with 470,000 Moroccans living below the poverty line of \$1.90 per day (Oxfam Morocco 2022). Endemic corruption in the country limits their access to public services, which benefit the rich more than the poor. Weaknesses in the labor market and increased unemployment have worsened living conditions.

Question
Score

Socioeconomic
barriers

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Economic indicators		2019	2020	2021	2022
GDP	\$ M	128920.3	121347.5	142866.6	134181.6
GDP growth	%	2.9	-7.2	7.9	1.1
Inflation (CPI)	%	0.3	0.7	1.4	6.7
Unemployment	%	9.2	11.1	10.5	10.5
Foreign direct investment	% of GDP	1.3	1.2	1.6	1.6
Export growth	%	5.1	-15.0	8.7	21.5
Import growth	%	2.1	-11.9	11.8	17.7
Current account balance	\$ M	-4406.8	-1368.4	-3348.7	-4775.2
Public debt	% of GDP	60.3	72.2	69.5	71.5
External debt	\$ M	54992.8	65725.7	65413.9	-
Total debt service	\$ M	4158.1	5182.7	6514.4	-
Net lending/borrowing	% of GDP	-3.7	-7.1	-5.9	-
Tax revenue	% of GDP	19.9	20.0	19.5	-
Government consumption	% of GDP	18.2	19.4	18.6	18.4
Public education spending	% of GDP	5.0	6.3	5.6	5.8
Public health spending	% of GDP	2.2	2.6	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.1	4.2	3.9	3.9

Sources (as of December 2023): 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

Morocco has made good progress in carrying out reforms to improve market competitiveness, but the actual impact of these reforms has been insufficient. The country has fallen behind in terms of productivity, export diversification and technological intensity. The lack of dynamism is evident in the limited entry and growth of firms within Morocco, resulting in relatively weak economic and productivity growth prospects. Young firms constitute only 8% of all businesses in the country (World Bank 2022). Additionally, only a small number of firms entering and operating in the private sector appear capable of scaling up their operations and expanding in size.

Morocco has oriented its economy toward agroindustry, which is mainly destined for exports. This has meant that the country has become heavily dependent on importing cereals to meet local demand.

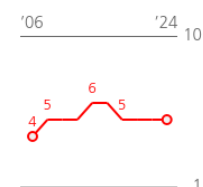
To encourage investment, foreign investors benefit from a currency-convertibility system that allows them to freely repatriate their income and profits under the convertibility arrangement.

The country does not seem to have a business-enabling environment. According to the Financial Action Task Force's (FATF) 2021 report, Morocco has been placed on the "gray list" of countries, which increases monitoring due to concerns over money laundering and terrorism financing. The main barriers to doing business in Morocco include a lack of transparency in government procurement, burdensome bureaucratic procedures, high levels of corruption, slow legislative reforms, restrictions on pre-payment for imports prior to delivery and delays in receiving government payments. Additionally, there is a prevalence of rent-seeking, abuse of dominant market positions, and a close relationship between politics and business. Foreign ownership and investment are limited to joint ventures, with mergers and acquisitions being restricted. Another significant obstacle is the economic hegemony of the Makhzen, which has monopolized key economic sectors, making political connections crucial.

State-owned enterprises (SOEs) receive higher levels of non-tariff protection. SOEs play a dominant role in many sectors, including transport and energy. The state has at least one SOE in 18 sectors. Their chief executive officers are appointed by public authorities, not by the board of directors. This suggests greater control over firm decision-making and a heightened likelihood of conflicts of interest. SOEs benefit from statutory monopolies, exemptions from competition law and preferences in public procurement. Although SOEs are subject to the value-added tax (VAT), some of them are not subject to corporate tax. This further affects the ability of private firms to remain competitive or grow.

Market
organization

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Morocco's Competition Council called for an end to monopolies that have led to oligopolies in fuel distribution, banking, insurance and cement production. Three companies hold over 60% of the market share in the fuel market. These companies swiftly raise prices when there is a hike in global prices but are slow to reduce prices when global prices decrease. Generally, the market determines prices, except for subsidized goods.

Estimates see the kingdom's informal economy reaching 36.6% of GDP with an annual value of approximately \$153 billion at GDP PPP levels. The informal economy leaves workers vulnerable, as informal workers lack access to health insurance and social protection in general. Moreover, the informal sector undermines the economy as it allows for tax evasion.

Morocco has taken steps to enforce and expand the scope of its competition regime. Article 166 of the 2011 constitution establishes free and fair competition as a constitutional principle. Two new laws that were enacted in 2014 and 2015 were Law 104-12 on the freedom of pricing and competition and Law 20-13 on the Competition Council. The Moroccan Competition Council (MCC) is an independent executive body with the power to conduct investigations. It is responsible for improving public governance and furthering market liberalization. To accomplish this, the MCC is authorized to decide on anti-competitive practices, address market concentrations and impose sanctions. In 2022, the MCC adopted a substantive legal guide on how to implement compliance programs within companies and professional organizations.

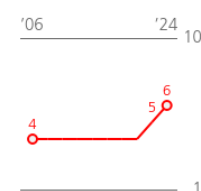
In February 2022, the Moroccan Association of Transport and Logistics (AMTL) called on transport professionals to raise transport fees by 20%. Soon after, the MCC decided to open an investigation, recalling that under the competition law, prices cannot be fixed and should be determined by supply and demand. The government then opened a dialogue with the AMTL, which retracted its memo.

In 2022, Morocco amended its competition law to grant the MCC decision-making power over merger control cases. In May 2022, the MCC fined the Swiss specialty chemical company Sika AG \$1 million for failing to notify the MCC or obtain its approval prior to the acquisition of the French company Financière Dry Mix Solutions. The decision followed the council's investigation into monopoly-forming behavior by Sika in 2019. The MCC has been very active since its reactivation in 2019, handling over 100 mergers in 2021 and publishing its second report in the same year. The report highlighted irregularities in the Moroccan market, including oligopolies, preferential treatment of established operators with dominant market positions and unfair competition practices.

Tackling these irregularities requires the strict implementation of the competition law to ensure equal opportunities for economic operators. It also requires strengthening the role and powers of the MCC. However, the practical implementation of the new legal framework has not been clarified yet.

Competition policy

6



The MCC is constrained by palace politics. In 2021, the king dismissed MCC head Driss Guerraoui after pointing out how Afriquia, owned by Akhanouch, resorted to predatory practices in the fuel market. He was replaced by Ahmed Rahhou.

The Moroccan economy has been opening up, leading to the development of new sectors such as aerospace and automotive construction. The current Investment Charter, Law 18-95 of October 1995, governs both domestic and foreign investment, except for certain protected sectors. Morocco has ratified over 72 investment treaties, including ones with the United States and most EU member states. These treaties aim to eliminate double taxation of income and gains. By 2035, Morocco aims to increase private investment to two-thirds of total investment. To achieve this, the government provides investment incentives and a favorable macroeconomic policy environment and has promised to improve infrastructure and further liberalize trade. Morocco also aims to attract investment to less-favored regions and strategic industries such as defense and pharmaceuticals.

Some sectors remain closed to foreign investment. The government holds a monopoly on phosphate extraction through the state-owned Office Cherifien des Phosphates (OCP). The OCP continues to be strategically important for the state and is tightly controlled by the palace.

Foreigners cannot own agricultural land but can only lease it. The country imposes a 49% cap on foreign investment in air and maritime transport companies, as well as maritime fisheries. The National Agency for Hydrocarbons and Mines (Office National des Hydrocarbures et des Mines, ONHYM) holds a compulsory share of 25% of any exploitation license or development permit in the oil and gas sector. There is still a significant level of protection for major staples and tariffs on low-priced imports remain high. The maximum tariff rate is 35%. Additionally, there is an extra import surtax of up to 15% and a value-added tax (VAT) ranging from 0% to 20% on most imports. The simple average MFN applied tariff reached 14.2% in 2021 (WTO).

The import of certain products can be restricted to “safeguard public morals, public safety and order, human health or to protect fauna and flora, the national historical, archaeological, and artistic heritage, or to maintain the country’s external financial position.” These products include worn clothing, used or retreaded tires and used chassis for motor vehicles. In general, imported products do not obey strict safety regulations.

Morocco has also made commitments in the form of tariff quotas for certain agricultural products, such as milk, common wheat, barley, maize, oil and sugar.

Anti-dumping duties may be imposed if imports endanger domestic industries or if the import price is lower than the “normal value.” Imports that receive a premium or subsidy for their manufacturing, production or export may be subject to countervailing duties.

Liberalization of foreign trade

8



Morocco's banking sector is governed by a number of bilateral and multilateral instruments. These instruments include standards issued by the Basel Committee on Banking Supervision as well as international financial reporting standards issued by the central bank, the Bank al-Maghrib (BAM). These standards ensure that the country's accounting, legal and regulatory procedures are transparent and consistent with international norms. Law 76-03 on the Charter of Bank Al-Maghrib prohibits the Ministry of Finance and Economy from borrowing from the central bank, except under exceptional circumstances. During the financial crisis resulting from the COVID-19 pandemic, the BAM did not provide direct financing to the state but intervened to reinforce the banking sector. As of 2021, Law 51-20 strengthens the supervision of financial conglomerates and improves interest rates to protect consumers.

Morocco continues to modernize its banking system. The sector has a reasonably competitive landscape, with several domestic financial institutions that have international branches, as well as several subsidiaries of foreign banks. However, the BAM can limit foreign stakes in national banks and has the authority to issue or refuse authorizations for the establishment of national and foreign-owned banks. Some banks have expanded their footprint to become Africa's largest banks. Additionally, there are Islamic banks operating in the country. In 2022, Islamic insurance products became commercially available.

Since financial liberalization, the strength of the banking sector has grown considerably. The BAM controls the interest rate and volume of credit indirectly, while credit is allocated freely. In 2021, the country enacted a crowdfunding law (Law 15-18) to regulate collaborative financing and offer new financing methods to entrepreneurs. Morocco prohibits trading in cryptocurrencies and is presently developing new legislation to regulate the cryptocurrency market.

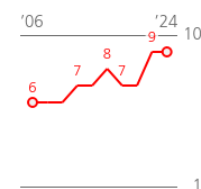
The COVID-19 pandemic has led to an increase in the cost of credit and a jump in the non-performing loan (NPL) rate to 9.9% at the end of 2020, although the NPL rate partially recovered to 8.4% by January 2022. Morocco's banking institutions remain resilient in terms of solvency and liquidity, thanks to good monetary policy and the maintenance of fiscal and monetary stimulus. As a result, banking activity increased between 2020 and 2021.

Fitch Ratings reported that net income/average total equity for the country's seven largest banks reached 7.6% in Q1 2021 compared to 3.9% in 2020.

The Casablanca Stock Exchange (CSE) is considered Africa's third-largest stock market. Exchange data reached 76,000 units in 2022 and 2021.

Banking system

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8 | Monetary and fiscal stability

Inflation pressures have intensified. The annual inflation rate in Morocco stood at 8.3% in 2022, compared to 1.4% in 2021. It slightly decelerated to 8.1% in October 2022.

In 2022, the inflation rate reached its highest level since the 1990s. This increase was mainly driven by the food and transportation sub-indices, which accounted for approximately 80% of the overall rise. Previously, Morocco had declined to raise interest rates in order to curb inflation, maintaining interest rates at 1.5%. The country's concern was that this move would hinder private investment and lead to increased unemployment. However, given that domestic monetary policy seemed incapable of offsetting the impact of the external factors driving inflation, Morocco's central bank ultimately made the decision to raise its key interest rate by 0.50 points to 2%. This adjustment aimed to address the escalation in inflation and "ensure a swift return to price stability." The effects of price inflation have now spread to all commodities, with food and energy prices reaching historic levels. Inflation is projected to decelerate to 3.9% in 2023, only to rise again to 4.2% in 2024 in accordance with the country's subsidized reform plan.

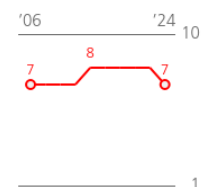
Morocco's economy is still trying to recover from external shocks that began with the COVID-19 pandemic and further intensified with Russia's invasion of Ukraine – events that impacted global energy and food security.

Morocco's real effective exchange rate reached 101.0 in 2021, compared to 100.6 in 2020. Since 2016, Morocco has embarked on a process to make its exchange rate more flexible. In 2018, the country transitioned from a fixed currency exchange rate to a more flexible $\pm 2.5\%$ rate, which was further increased to $\pm 5\%$ in 2020. Previously, the fixed exchange rate had pegged the Moroccan dirham (MAD) to a two-currency basket weighted 60% to the euro and 40% to the U.S. dollar. During the second phase of the liberalization process, the aim was to adjust the value of the dirham according to the law of supply and demand in the monetary market, before fully liberalizing the currency.

However, the plan to liberalize the dirham has repeatedly faltered. In 2022, Morocco refused to embark on the second phase, fearing the economy was not prepared to overcome bottlenecks and absorb consecutive shocks, with small businesses accounting for 90% of the country's businesses.

Monetary stability

7



The latest World Bank and IMF data indicate negative trends in many of Morocco's macroeconomic statistics. The current account balance reached -\$3.3 billion in 2021, compared to -\$1.4 billion in 2020. The trade deficit increased from around 12% in 2021 to about 16.5% of GDP in the first 10 months of 2022, driven by soaring prices for imported energy and food products. Nonetheless, the deficit was partly offset by revenue from tourism and strong remittances from the diaspora. Public debt decreased to 68.9% of GDP in 2021, down from 72.2% in 2020. Meanwhile, external debt stood at \$65.7 billion in 2020 and \$55.1 billion in 2019. Total debt service rose to \$5.2 billion in 2020, from \$4.1 billion in 2019. Net lending/borrowing amounted to -7.6% of GDP in 2020 and -3.9% in 2019. Government consumption declined from 20.9% of GDP in 2020 to 20.1% in 2021. In terms of reserves, total reserves decreased to \$34.4 billion in 2021, compared to \$34.7 billion in 2020.

In 2022, the government allocated 1.4% of GDP for wheat subsidies and to mitigate gas prices. An additional 0.4% was designated for cash transfers benefiting the transportation sector, while 0.3% was utilized to stabilize electricity tariffs. Despite the increased expenditure, the fiscal position improved during the first 10 months of 2022, primarily driven by robust corporate income tax revenues, larger dividends received from state-owned enterprises, and increased VAT and customs revenues resulting from inflation. As of October 2022, the overall fiscal deficit amounted to 2.2% of GDP, approximately half of the level recorded in 2021.

Morocco's current account deficit has widened.

Although the COVID-19 pandemic continues to affect fiscal stability, other factors are also at play. Morocco depends on exports to cover almost 60% of its needs, including cereals and energy, which puts pressure on its trade position.

9 | Private Property

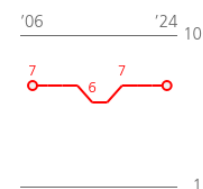
Article 35 of the Moroccan constitution guarantees the right to property. In 2018, 71.9% of households were homeowners, compared to 66% in 2008 and 61% in 1999.

Access to financing, tax exemptions and direct support have facilitated access to private property. The government also encourages self-construction. Land is made available to beneficiaries who decide to build their own accommodations.

Over one-third of land is collectively owned by tribes. The Interior Ministry is responsible for managing tribal land and has the authority to dispose of tribal land without the constraint of inalienability or requiring prior consent from the communities. According to the circular issued in 2021, all rightful claimants must reside on the land once they reach 18 years of age. Members who live outside the community may risk losing their land rights.

Fiscal stability

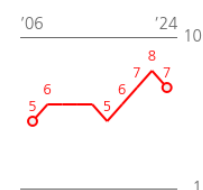
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Property rights

7



1

As Morocco began the process of liberalizing its economy, efforts to privatize and develop these lands increased. Some of the lands were sold to real estate corporations, resulting in the eviction of occupants without fair compensation. Previously, under tribal rules of inheritance, women were prohibited from inheriting or occupying and using these lands. However, recent legal changes now allow women to inherit land and acquire land titles. Throughout 2022, women mobilized to denounce an “imprecise interpretation” of the residence criterion used to determine membership in the ethnic community. Understood in the way that residing on a specific plot is a requirement for the right to acquire accommodation on-site, it excludes thousands of women who have left their lands to seek employment or get married.

Over the past decade, Morocco has implemented reforms to facilitate private business, reducing registration fees for new companies, digitizing procedures and allowing the creation of online businesses since 2021. According to the Moroccan Industrial and Commercial Property Office, 39,732 new companies were created during the first five months of 2022.

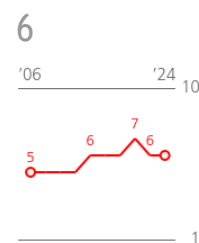
Micro and small firms dominate the economy. Large firms represent 5.3% of the economy, medium-large firms represent 11.6%, medium-sized firms represent 6.9%, small firms represent 8.4% and microenterprises represent 67.8%. The World Bank reported in 2022 that 35% of the active population are self-employed workers or employed by small businesses. Additionally, SMEs contribute 30% of GDP, as reported by the African Development Bank Group in 2021.

Although small businesses are the backbone of the economy, they often face a poor business climate and limited access to finance, which prevent them from expanding. High labor taxes and burdensome administrative procedures are significant obstacles.

Private business activity is further hampered by limited economic liberalization, as the rentier economy and crony capitalism block the growth of a competitive and free private sector. This also discourages entrepreneurs from investing in Morocco.

The privatization program was relaunched in 2019. However, the state still holds significant shares in telecommunications companies, banks, railways, air transport companies and insurance companies. Only two state-owned enterprises (SOEs) were privatized in 2022. These SOEs typically suffer from structural deficiencies, which weaken competitive neutrality.

Private enterprise



10 | Welfare Regime

The Moroccan social protection system covers employees in the public and private sectors. The Caisse Nationale des Organismes de Prévoyance Sociale (CNOPS), which became the Caisse Marocaine de l'Assurance Maladie (CMAM) in 2019, covers government employees and students. The number of beneficiaries reached 7.3 million in 2020. The Caisse Nationale de Sécurité Sociale (CNSS) covers employees in the private sector and self-employed individuals. With the implementation of compulsory health insurance in 2020, the number of insured individuals exceeded 23 million at the beginning of 2023.

For the pension scheme, the Caisse Marocaine des Retraites (CMR) covers full-time employees in the public sector, while the Regime Collectif d'Allocation de Retraite covers public employees not covered by the CMR, and the CNSS covers employees in the private sector.

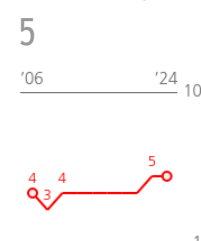
Public expenditure on health reached 2.1% of GDP in 2019, according to the World Bank. The sector suffers from a lack of available practitioners and financial resources. The sector is characterized by mismanagement of funds and wasted resources. The shortage of health care workers and hospital beds contributes to a low quality of health care. Disparities in access to health care persist between urban and rural areas, as the majority of hospitals and practitioners are located in large cities. The most vulnerable individuals are sometimes forced to borrow money, use savings or liquidate assets in order to access health care services in the private sector. When it comes to health care facilities, Morocco has more private clinics than public hospitals, with 389 out of 613 establishments being private clinics, according to the Competition Council in 2022.

Income inequality remains high. Poverty is expected to increase through 2023, particularly in rural areas. The wealthiest 20% of Moroccans hold 53.3% of household income, while the least affluent 20% of the population hold only 5.6%. Thus, the wealthiest quintile holds an income 10 times greater than the most underprivileged quintile, according to the HCP.

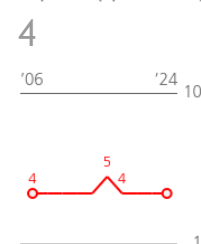
The constitution provides women with equal rights to men in civil, political, economic, cultural and environmental affairs. However, these equal rights are not adequately enforced, and laws still tend to favor men. According to the World Bank, the literacy rate for men reached 83.3% in 2018, while for women it was only 64.6%.

The wage gap remains significant. Women make 30% less than their male peers, and – while only 64% of women workers are paid – 91% of men are paid, according to the 2022 HCP data. The female labor force reached 25.7% of the total labor force in 2022, as reported by the World Bank. Meanwhile, eight out of 10 women remain outside the job market, according to the HCP. Women's access to administrative and economic decision-making positions has also declined.

Social safety nets



Equal opportunity



Poverty is widespread. Some parents send their children to work in construction, agriculture, textiles, fishing or handicrafts, which exposes them to exploitation and substandard safety and health conditions.

Migrants sometimes encounter discrimination in terms of wages and working conditions in the workplace. Organizations representing migrant workers report that employers often fail to comply with employment laws, subjecting migrants to excessive work hours and challenging working conditions. Additionally, migrants face discrimination when attempting to secure housing. The majority of migrants reside in overcrowded rooms or rundown neighborhoods, and some are even homeless.

11 | Economic Performance

Morocco's GDP reached \$132.7 billion in 2021, compared to \$114.7 billion in 2020 (World Bank, 2022). GDP growth was mainly driven by a 17.8% increase in agricultural activity and a 6.6% increase in non-agricultural activities, as reported by the HCP in 2022. Consumption and investment have recovered. GDP per capita (PPP) reached \$8,144 in current international dollars in 2021, compared to \$7,369 in 2020.

The CPI rate in 2021 remained moderate at 1.4%. The budget deficit represented 6.9% of GDP, a slight decrease compared to 2020. Public debt also decreased from 72.2% in 2020 to 68.9% of GDP in 2021 (IMF, 2022). In response to COVID-19, fiscal expenditures were increased to finance the extension of the medical care program. Foreign direct investment decreased to 1.2% of GDP in 2020 compared to 1.4% in 2019, but the country performed exceedingly well in FDI terms in 2021 – FDI flows reached \$2.26 billion, an increase of more than 50% compared to 2020 (World Investment Report 2022).

Gross capital formation increased to 31.8% of GDP in 2021, compared to 28.4% in 2020.

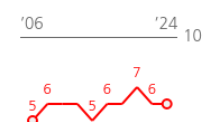
In 2022, the economy advanced only 1.6% year-on-year in the third quarter of 2022, compared with 8.7% growth in the same period the previous year (HCP, 2022). Slow growth was mainly due to rising commodity prices and delayed rainfalls, which affected the agricultural sector. Tax revenues fell to 21.2% of GDP in 2020 compared to 21.4% in 2019.

Russia's invasion of Ukraine fueled the annual inflation rate, which stood at 8.3%. The recovery of exports, tourism and strong remittances helped to absorb the shock.

Unemployment remained stable in 2021 at 11.5%.

Output strength

6



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12 | Sustainability

To achieve sustainable development and protect the environment, Morocco passed several climate change-related laws, policies and plans, including Law 11-03 on the Protection and Conservation of the Environment, the Green Morocco Plan, Law 77-15 (commonly known as the Zero Plastic Law), the Moroccan Climate Change Policy and the National Climate Plan: Horizon 2030. Morocco also ratified the Rio Conventions, expressed its commitment to the Paris Agreement and organized COP22 in 2016.

This being said, Morocco is considered highly vulnerable to climate change. The economy depends on agriculture, fisheries and tourism, all of which are highly sensitive to climate change. Problems such as water scarcity, food insecurity, desertification and shoreline erosion have intensified. As most lands are arid or semi-arid, agriculture requires around 80% of water resources. The Green Morocco Plan masks the environmental damage that has occurred. The conversion of cereals to arboriculture has contributed to the water crisis, as fruit requires more water in a country that still relies on rainfall for its agriculture. Watermelon and avocado cultivation have overexploited groundwater resources. Small farmers have to contend with the lowering of water tables and soil depletion.

Over the past years, Morocco has had to destroy tens of thousands of hectares of cactus infected by cochineal. The pest was introduced to the country through the importation of prickly pears from Mexico. Thousands of small farmers relied on the cultivation of prickly pears for their subsistence.

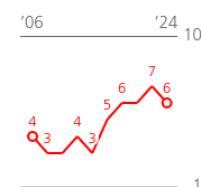
Even though the country has undertaken a vast project to produce renewable energies, the energy sector still relies heavily on imported hydrocarbons. According to the Climate Action Tracker, the country's targets and policies are considered "almost sufficient," yet they have not yet aligned with the Paris Agreement's 1.5C temperature limit.

The National Climate Plan aims to build a green economy in Morocco. By 2030, 52% of electricity production should come from renewable sources. The plan also aims to reduce fuel subsidies, treat wastewater and increase reforestation.

Tatwir Green Growth encourages small and medium-sized enterprises (SMEs) to transition to green energy and achieve carbon-free projects. The program offers financial incentives to companies producing environmentally friendly products and to those wishing to lower their energy bills.

Environmental
policy

6



Morocco dedicated 6.8% of GDP to education in 2020, compared to 5.9% in 2019 (World Bank, 2022). The U.N. Education Index reached 0.590 in 2021 and the literacy rate was 73.8% in 2018 (World Bank, 2022).

Satisfaction with the public education sector dropped from 54% to 45% between October 2020 and April 2021, as measured by the Arab Barometer in 2022. Consequently, many parents have turned to the private sector. The growth of private schools has widened social disparities between higher-income families and those with limited resources.

The main issues in public education are the high dropout rate, limited number of schools in rural areas and mismatch between the skills taught in schools and labor market demand. Overcrowded classrooms, demotivated and underpaid teachers (who sometimes work in extremely difficult and unsafe environments), and a shortage of trained educators exacerbate the problem.

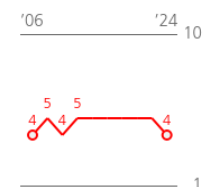
Additionally, the Arabization of the education system and the recent shift from French to Arabic for teaching sciences, math and technical classes have contributed to a decline in the quality of instruction and an increase in grade repetition rates. The primary education grade repetition rate reached 90.4% and the secondary education rate stood at 62.6% in 2020/2021.

Morocco is among the countries where learning poverty has increased by a third, with an estimated 70% of 10-year-olds unable to understand a simple written text, according to the World Bank (2022). Most young Moroccans lack secondary-level, digital, job-specific and entrepreneurial skills (UNICEF, 2022).

Despite repeated efforts to reform the system, the crisis persists. In 2022, the government allocated MAD 62.45 billion (\$5.88 billion) to the national Education Ministry, a 6% increase from 2021, with the goal of reducing school dropout rates by one third. However, the school dropout rate remained unchanged at 5.3% in 2021/2022.

Education policy /
R&D

4



Governance

I. Level of Difficulty

Morocco enjoys a number of important structural advantages, such as its geostrategic proximity to Europe, its rich culture and history, its long coastline with plenty of fish and its high potential for tourism. However, two constraints specific to Morocco are the Western Sahara conflict and the kingdom's vulnerability to the climate crisis.

Both are reasons to be concerned about Morocco's security, and both require significant financial investment to address. While no official document details the economic cost of the Western Sahara conflict, estimates suggest that 3% of the kingdom's GDP is allocated to military and civil expenditure. According to the International Crisis Group, "the cost of this issue is quite simply Morocco's non-development." The cost of the conflict has come at the expense of the development of other regions of the country and widespread poverty. Funding in productive sectors of the economy, including education, remains limited. The conflicts also impede regional development and delay regional economic cooperation and integration.

This also relates to global warming and rising temperatures in Morocco. Large parts of the agricultural sector (which still accounts for more than 11% of GDP) remain dependent on sufficient rainfall, which in turn makes them vulnerable to climate change and poses difficulties in calculating the annual budget. Declining rainfall in recent years has 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.

This threatens to further widen the already significant imbalances between the rather affluent urban classes and peripheral urban strata, where poverty rates are high.

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

Structural
constraints

7

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According to the Department of Interior, the organizing body for CSOs, the number of registered associations reached approximately 209,000 in 2020, up from just 20,000 in 2011. Most of these associations face two major difficulties: a lack of resources and co-optation by the regime. The legal framework has deteriorated over the years. CSOs that work on human rights issues continue to be harassed by authorities. Some are denied legal status or access to public funding. As a result, most of the associations tend to focus on social, cultural and environmental issues, and avoid challenging the political system. Only 1.4% of associations focus on human rights. Their role in fostering a genuine democratic process remains limited.

World Bank data for 2018 show that only 6% of young people belong to a CSO, while 1.3% are affiliated with a political party. According to the World Values 2021 Morocco country report, 14.9% of Moroccans across all ages are active members of a religious organization and 19.3% are active in a sport or recreational organization. However, 69.6% do not belong to any art, music or educational organization, as mentioned in the survey.

At the local level, small associations are more dynamic in marginalized areas. They try to meet the needs of the local populations, including electrification, sports activities (e.g., aerobics and football) and training (e.g., computer and literacy courses). These associations contribute to local sustainable development, reduce the isolation of communities, and promote social cohesion and mobilization.

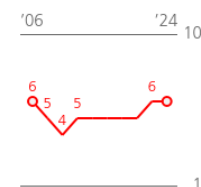
The conflict in Western Sahara remains a source of tension. The conflict involves Morocco, which claims authority over the territory, and the Polisario Front (PF), which is supported by Algeria. The PF demands an independence referendum and has rejected Morocco's autonomy plan. Fighting between the PF and Moroccan military forces has intensified since October 2020 and has put an end to 29 years of cease-fire. In October 2022, the Security Council voted to extend the mandate of the United Nations Mission for the Referendum in Western Sahara (MINURSO) until October 31, 2023.

The Western Sahara conflict causes tensions at the regional level as well. In August 2021, Algeria suspended diplomatic ties with Morocco. Moreover, in June 2022, Algeria ended a decades-old cooperation treaty with Spain, as Madrid shifted its position in the conflict from "active neutrality" to supporting Morocco's autonomy plan. In August 2022, Morocco recalled its ambassador to Tunisia after the country invited a PF leader to the eighth Tokyo International Conference on African Development, a Japan-sponsored event held in Tunis in August 2022. Tunisia recalled its ambassador to Rabat as well.

According to the Global Terrorism Index 2022, Morocco is one of the safest countries in the world, and the impact of terrorism on the country is considered "very low." Morocco has successfully prevented terrorist attacks over the past few years, although jihadi groups remain a serious threat. More than a thousand Moroccans joined the

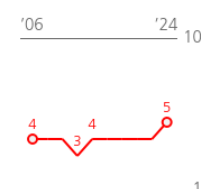
Civil society traditions

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Conflict intensity

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Islamic State (IS) and other terrorist groups in war zones. Some of these foreign fighters returned to Morocco and organized within small cells. Some of them claim to be affiliated with IS. The authorities continue to dismantle IS-linked cells which allegedly planned to attack public buildings and tourist sites. In 2022, Morocco arrested five suspected terrorists linked to IS. They were allegedly planning to attack security and military sites.

Tensions are also rising between Moroccans and sub-Saharan migrants. These tensions sometimes result in violent conflicts, and many migrants do not feel safe.

II. Governance Performance

14 | Steering Capability

In 2019, the king called for an urgent “new development model” and assigned a commission to draft a proposal to fix the country’s ills. In May 2021, the new development model was completed and presented to the king. The report highlights the need to double Morocco’s GDP per capita, improve health care services and education, reduce unemployment, and promote the inclusion of women. However, the report does not address the issues of crony capitalism and a liberal economy that lacks laissez-faire principles. The focus is on economic and social development. Reforms that would change the nature of the political system are not discussed. The Akhannouch government, in office since 2021, has announced that it will focus on the efficient implementation of the New Development Model, reviewing salaries and pensions, creating jobs, and promoting good governance in public management. However, at the beginning of 2023, members of the opposition started asking questions about the future of the New Development Model as the national pact was still to be signed.

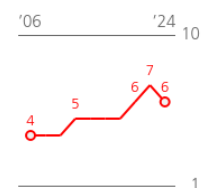
The current government does not seem to have long-term priorities, and most political parties do not have a political program that would efficiently tackle the country’s economic, political and social issues. The previous head of government at least dared to point out the monarchy’s dominance over the executive.

The king’s objectives are the government’s objectives. The king decides key policies and then asks the government to execute them. Strategic priorities are also set within institutions under the control of the palace, such as the Caisse de Dépôt et de Gestion (CDG), which is in charge of managing savings and investing, and the OCP Group, which is a global producer of phosphate and fertilizer.

Question
Score

Prioritization

6



The current government faces accusations of conflicts of interest, with the head of government, Aziz Akhannouch, who is also the owner of Afriquia, one of the largest oil companies in the country.

The government's promise to provide welfare support to elderly people and help in schooling children is yet to be fulfilled. The government also promised to lift one million families out of poverty, create a million job opportunities and make Morocco among the top 60 countries in the world in terms of the quality of education. However, the government seems unable to fulfill these commitments. The government has also been criticized for failing to address the soaring prices of basic goods. The government's main achievement was to activate compulsory medical coverage.

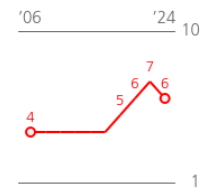
Most reforms implemented in Morocco largely involve renewing, updating or relaunching old initiatives.

Morocco engages in broad consultation with international experts from the European Union, the United States, China and Japan on a wide variety of policy issues. In 2021, the European Union and Morocco renewed their partnership to promote green growth, human development, good governance and the rule of law. The European Union also provides expertise in public administration and CSOs. In addition, the relationship emphasizes close cooperation on democratic reform and economic modernization. Within the framework of the European Union's Neighbourhood Partnership with Morocco (2022 – 2025), the European Union pledged to further consolidate political cooperation on anti-discrimination, the implementation of the reform of justice and human rights training for legal professionals. Morocco receives EU support to strengthen the role of the parliament and has pledged to implement most priorities identified in the fields of human rights, rule of law and democracy. Morocco knows which discourse to adopt to please Western governments. However, when recommendations from Western governments conflict with regime interests, they are dismissed. The Council of Europe has established close cooperation with Morocco to improve the functioning of the justice system in Morocco and the efficiency and quality of judicial services. However, unfair trial proceedings against journalists and human rights activists prove that the judiciary continues to be used to punish dissenting voices.

During the 2021 elections, authorities resorted to old tactics of vote-buying, gerrymandering and ballot manipulation. The new electoral law that suppressed the 3% threshold will further fragment the political arena and prevent the emergence of strong or dominant parties. The prosecution of journalists and human rights activists serves to intimidate and silence dissenting voices in the country. The monarchy remains the central piece of the political system and has managed to isolate the country's representative institutions in political decision-making. The monarchy does not seem to think that broader political reforms are necessary for the country's development.

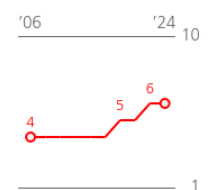
Implementation

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Policy learning

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15 | Resource Efficiency

The Moroccan Supreme Audit Institution (aka the Court of Accounts) is responsible for holding the government to account regarding the mismanagement or misuse of public funds. Its latest report from 2022 indicates that the country continues to resort to debt financing. State debt continued to increase, reaching 68.9% of GDP in 2021. In 2019, the debt reached 60.3% of GDP, but this situation now seems difficult to achieve. The report explains how public institutions are struggling to control their spending and rationalize resource use. The special treasury accounts and pension schemes fail to achieve financial equilibrium. The court's observations helped to deter and tackle corruption.

To rationalize public spending and help curb public expenditure, since 2011, public servants must take a professional competence exam to join the public administration. Morocco also chose to contractually employ public servants in the education and health care sectors. However, the job-for-life model is draining state resources.

Mining accounts for 10% of GDP, with phosphates accounting for 90% of extraction. Morocco holds 75% of the world's reserves and is the largest exporter of phosphates. OCP Group, which is 95% owned by the government, handles its processing and exports. OCP's revenues amounted to MAD 89.5 billion (\$8.32 billion) for the first nine months of 2022, a 55% year-on-year increase compared to the same period last year. This accounts for approximately 20% of Morocco's export revenues. It is still unclear how revenues are invested. The parliament cannot control the functioning of the OCP. The group does not have an accounting archive, and its business deals are not audited. In May 2021, the Supreme Audit Institution refused to publish a report on the group, stating that it was "harmful to the interests" of OCP. Instead, it published a summary of the group's management problems.

Morocco has a fish yield exceeding one billion tons annually. Most of it comes from the disputed territory of Western Sahara. Morocco ranks first in the Arab world for fish production and first in Africa for fish exports. Fish prices remain very high and are above the purchasing power of most Moroccans. Major investors forge strong alliances and collude on prices in local markets. The sector constitutes a rentier economy where most people benefiting from fishing licenses are from powerful families who belong to the worlds of politics, the military and security.

Efficient use of assets

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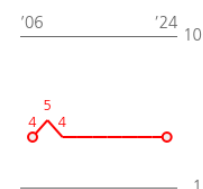
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Q4

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The palace exercises significant control over the country's affairs, which tends to paralyze state institutions and hinder coordination. The widespread fear of acting without royal consent or overshadowing the king impedes policy coordination. The king remains at the heart of power and governs the country. The monarchy and its coterie continue to interfere in the workings of state institutions, reducing the effectiveness of policy coordination and implementation. Political parties operate as lobbies for most. They pursue personal interests instead of putting pressure to initiate reforms. They compete for ministries and to win the favor of the palace. They have lost the capacity to mobilize or regain citizens' trust. The overall lack of policy coordination impedes economic and social development.

Policy coordination

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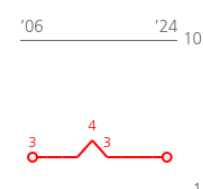


At the local level, rivalries between political parties make coordination impossible. The opposition might vote against the budget of the president of the region, obstructing any development plan. The lack of coordination and heavy bureaucratic processes mean that financial resources do not necessarily end up in the hands of those who need them. Other challenges to “advanced regionalization” remain the lack of coordination within the government and between the central state and local authorities. Regional budgetary and other decisions must be approved by the Ministry of Interior, which limits the autonomy of regional councils. Given the multiplicity of actors and their competing and sometimes ambiguous responsibilities, there appears to be a disconnect between national strategies and local development projects.

Corruption is endemic and permeates the whole of society, while ineffective law enforcement further promotes corruption. As such, it is no surprise that Morocco is the second-biggest enabler of tax evasion in North Africa. Political pressure prevents the implementation of anti-corruption legislation. Senior officials and authorities tend to escape accountability for corruption scandals. Morocco seems to lack a long-term vision and serious political will to fight corruption. The government's decision to withdraw the bill requiring members of parliament to declare their assets is a case in point. The proposed bill sought to advance moral integrity in public life and foster public trust in elected officials. In April 2022, the justice minister, Abdellatif Ouahbi, threatened to strip associations of the right to file a complaint against elected officials. The minister promised to amend the law to enable only the minister of interior to file a complaint for embezzlement of public funds.

Anti-corruption policy

3



The authorities control the information published about ministries and state administrations. This enables the authorities to conceal information about embezzlement and corruption within the government. The Law on the Right of Access to Information was issued in February 2018 and entered into force in March 2020. The law, however, restricts access to information relating to national defense or security and allows for the prosecution of any person who uses official information to “undermine public interest.” The law is not implemented effectively. Very few ministries publish information in their possession on their websites. In 2021, Transparency International and the Moroccan Association for Human Rights

(AMDH) filed a lawsuit against the Ministry of Health for failing to publish information regarding the public contracts it had signed with private companies to combat COVID-19.

16 | Consensus-Building

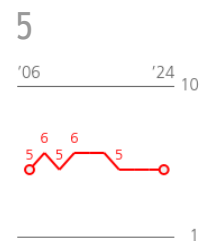
Morocco is a hardline autocracy in which the monarchy holds both political and religious prerogatives. There seems to be a general consensus within the political elite that democratic reforms are not a priority for the country. The PJD, which held power between 2011 and 2021, was unwilling to challenge the monarchy and demand democratic reforms, even though the 2011 constitution strengthened the powers of the head of government. The overwhelming victory of pro-palace and co-opted parties (e.g., the RNI, the PAM and Istiqlal in 2021) further signals that Morocco lacks the political will to undertake broad political reforms. Social media channels remain one of the very few mechanisms used to press for change and to bypass traditional methods of representation.

There is a broad consensus within the monarchy and major parties in favor of a market economy. The king's personal net worth was estimated to be over \$8 billion as of 2020. He is one of the wealthiest people in Africa and one of the wealthiest royals in the world. His holding company, al-Mada, has stakes in virtually every economic sector, including mining, tourism, food, banking, construction and energy. The head of government is one of Morocco's richest men, with a fortune estimated to be about \$2 billion. He is the majority owner of Akwa Group, a multibillion-U.S. dollar conglomerate that has interests in petroleum, gas and chemicals. The adoption of large-scale neoliberal reforms has mostly favored the emergence of crony capitalism and created new opportunities for the economic co-optation of local economic and political elites. Cronyism and patronage have helped the regime prevent any major competition to its businesses.

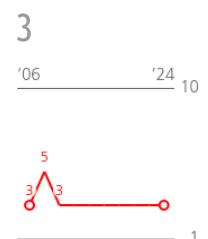
Reformers have either been co-opted or sidelined by the regime. Two historical reform actors, the PI and the USPF, have successfully been co-opted. They have become empty shells, unable to advocate for democratic reforms. A similar fate has befallen the PJD and leftist parties, which are no longer able to oppose policymaking and counter the influence of pro-palace forces. Parties are structurally unable to push for democratic reforms. Instead, the Makhzen, the monarchy and its coterie, has been able to consolidate its grip on power, especially after the 2021 election and the rise of the acquiescent pro-palace parties to power.

Collusion between business and politics, as well as socioeconomic challenges, may generate popular resentment and fuel further protests. The current government has faced protests since its first weeks in power. People protest worsening living conditions, increasing prices and state repression. Throughout 2022, a massive digital campaign demanded that the head of the government resign amid rising fuel prices.

Consensus on goals



Anti-democratic actors



This might be an indicator that the government lacks legitimacy and that citizens disapprove of business-government collusion.

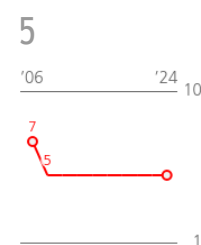
Poverty and social marginalization are fueling popular resentment. Disenchantment with formal politics mobilizes citizens into non-institutional political action. Young people use social media to express their grievances, call for reform and exercise their citizenship rights. Music, especially rap music, has also become a medium to comment on political and social issues. Similarly, young people join ultras groups to challenge power and express disillusionment with political institutions. Their verbal and visual messages speak of injustice, corruption and marginalization.

In Morocco, political forces tend to overcome their ideological differences and cooperate in formal and informal politics. However, the palace's strategy of divide and rule makes cooperation difficult. The palace and its allies exploit existing animosities to nurture cleavages between Islamist and secular groups. The regime has favored the creation of pro-palace political parties to challenge Islamist groups. Since the creation of the PAM, quarrels with the PJD over questions relating to individual liberties have been frequent. When violence breaks out, the king tends to adopt a passive and neutral position. Divide and rule serves to prevent a political party from becoming dominant and any rapprochement between the two camps.

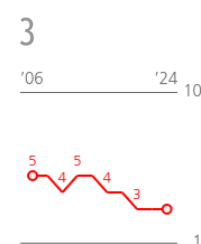
The Hirak movement in the north has crumbled. The movement was met with violent repression and hundreds of arrests. Since 2017, the state has invested more than €1.2 billion in tackling developmental issues in the region but continues to resist any reconciliation process with the Rif. Many of the movement's leaders and activists remain in prison, some with sentences of up to 20 years. Relations with the Rifians will not improve until the authorities engage in a peace process, release prisoners, and initiate real economic and social reforms.

Morocco's 2011 constitution introduced the right to petition public authorities on the condition that the petitions do not infringe on the unifying pillars of the nation (including Islam, national unity, the constitutional monarchy and democratic free choice), undermine national security, or threaten to harm institutions or persons. The complexity of legal and regulatory conditions hinders the effectiveness of petitions and their contribution to strengthening citizen participation. The constitution granted CSOs a more formal role in the enactment, implementation and evaluation of public policies. However, state control over CSOs has limited their role in reinforcing public sector accountability and their willingness to question the configuration of political power. The recent crackdown on independent CSOs indicates a strained relationship between the state and civil society. State repression of human rights organizations and activists has increased. In particular, the state has targeted actors who criticize the monarchy, corruption or government policies. The authorities continue to harass and silence dissident civil society members. Some are accused of espionage, others of laundering money or rape. The intention is to damage their image and discredit them. The Makhzen has sought to create media outlets to launch smear campaigns against dissent.

Cleavage / conflict management



Public consultation



Trade unions are incorporated into policymaking through representation in parliament and participation in bipartite and tripartite bodies and social dialogue. The current government has promised to resume social dialogue with trade unions on issues relating to the pension system and strike laws. However, this incorporation has rarely provided an effective opportunity for unions to shape public policy. At present, trade unions have merely a consultative role. Legislation does not provide for an effective role for unions and their recommendations are partially implemented at best.

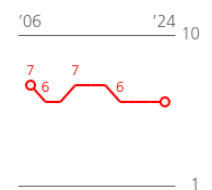
In 2004, the king established the Moroccan Equity and Reconciliation Commission to document human rights abuses committed between 1956 and 1999. The commission was also tasked with determining the forms and amounts of reparation for the victims. Around 4,000 victims of past abuses were compensated. The commission's statute bars it from determining individual responsibility for human rights abuses, and victims cannot turn to the courts for justice. The commission had no power to compel testimony or to oblige public institutions to cooperate with it. As a result, the process has failed to hold perpetrators of abuse to account. The commission focused on "arbitrary detention" and "enforced disappearance," but could not document torture, the shooting of demonstrators or other violations. Although the commission sought to turn the page on past abuses, human rights groups continue to document cases of torture, secret detention, and unfair and hasty proceedings. The National Human Rights Council (Conseil National des Droits de l'Homme, CNDH) reported that it opened more than 20 investigations into complaints of torture or degrading treatment in 2021. In some cases, the authorities failed to enforce anti-torture provisions that require medical examinations when detainees allege torture. The security apparatus continues to be largely unaccountable, as officials are rarely investigated for arbitrary detention or torture.

17 | International Cooperation

Morocco often asks for assistance from international donors. The country has frequently secured large amounts of funding from the European Union and the United States to help implement its policies. Morocco is one of the largest recipients of EU funds under the European Neighbourhood Policy. Between 2021 and 2027, the European Union pledged to provide Morocco with a €1.6 billion grant to strengthen development and health care services and facilitate an ecological and digital transformation of the country. However, relations with the European Union have deteriorated. In January 2023, the European Parliament urged the kingdom to "respect freedom of expression and media freedom," and to "guarantee imprisoned journalists [...] a fair trial." Furthermore, Morocco's secret services were accused of bribing members of the European Parliament in what has become known as "Qatargate." Following the resolution, Morocco's parliament "decided to reconsider its relations with the European Parliament." Relations have also deteriorated with Germany and Spain, as the two countries did not support Morocco's claim to Western Sahara. Instead, Morocco has sought international support for its autonomy plan from Arab and African countries.

Reconciliation

6



Effective use of support

5



While the European Union remains one of Morocco's main strategic partners, the kingdom has in recent years stepped up efforts to diversify its partners. Rabat has sought to strengthen cooperation with China, India, Brazil and Russia. To limit its traditional dependence on Europe and the West, Morocco has strengthened trade with Brazil and anticipates more tourists from China. Morocco is diverting focus from the Gulf to western African countries and the Sahel. By doing so, the country aims to compete with Algeria for regional hegemony. Trade, business and "religious diplomacy" have become key components of Morocco's presence on the continent.

In 2022, the World Bank approved several loans to support Morocco's Blue Economy program, improve social security and provide protection against climate change risks.

Yet, despite these development plans, the government has faced challenges in delivering public services and fostering economic growth for a significant portion of the population. Disparities between Morocco's wealthy minority and poor and underserved communities are widening.

Despite human rights abuses and limited democratic reforms, Morocco continues to be portrayed as the champion of gradual reform and the exception in the region. EU policies toward Morocco are mainly driven by security concerns, often overriding existing doubts about Morocco's credibility. Fear of instability in North Africa pushed Brussels to reinforce cooperation with Rabat. Morocco is seen as a strategic partner in the fight against international terrorism and in efforts to reduce irregular migration. Against political turmoil elsewhere in the region, Morocco came to represent a bulwark against extremism and organized crime, and thus continues to be seen as a "credible partner" for the European Union.

Morocco has ratified many U.N. Human Rights Conventions and was elected a member of the Human Rights Council for the period from 2023 to 2025.

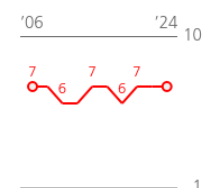
However, reality does not align with the provisions of these agreements. Consequently, the European Union has become increasingly critical of the kingdom's human rights record. Meanwhile, the European Parliament resolution of January 2023 condemned Morocco for the first time in 25 years and called on the kingdom to "respect media freedom and to release all political prisoners and jailed journalists."

Morocco is a member of several regional and international organizations, including the International Labour Organization (ILO).

Morocco signed but has not ratified the Rome Statute of the International Criminal Court. As such, Morocco lacks any legislation regulating cooperation with the court.

Credibility

7



The relationship between Morocco and the Gulf countries has become grounded more on pragmatism than ideological affinities. Over the years, the Gulf states' direct investment in Morocco has declined. Rabat's unwillingness to pick a side in the Qatar diplomatic crisis or to support the UAE decision to back Haftar in his quest to control Libya and overthrow the U.N.-recognized Government of National Accord (GNA) made relations tense. To compensate for the decrease in Gulf support, Morocco has adopted a more active approach to assert its influence in Africa. Morocco has offered to assist Western African countries and the Sahel in border control, countering Islamic radicalism, and training military officers and imams. This puts the country at the forefront of counter-terrorism efforts and has allowed Morocco to become a key strategic security ally of the United States and the European Union in the region. It also provides Morocco with additional leverage in its claim over the Western Sahara.

After a year of almost complete rupture between Morocco and Spain over Madrid hosting PF leader Ibrahim Ghali in 2021, tensions have subsided following Spain's recent support of Morocco's autonomy plan for the Sahara. In 2022, Morocco and Germany agreed to renew "close amicable relations" after a year-long diplomatic freeze. In an effort to repair strained ties with Rabat, Berlin also pledged to back Morocco's autonomy plan. However, tensions between Morocco and Algeria have escalated. Western Sahara is rapidly becoming the site of an armed conflict as clashes between Algeria, Morocco and the PF have intensified.

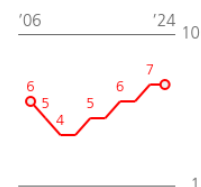
Morocco has acted with increased assertiveness regarding its claim over the disputed territory. In August 2022, King Mohammad VI announced that Moroccan relations with other countries would be based mainly on respect for Moroccan sovereignty over Western Sahara. Much of the country's foreign policy has been directed toward securing international recognition for Rabat's claim over the Western Sahara.

The European Union remains Morocco's biggest trading partner. The main pillars of cooperation between Rabat and Brussels remain security, migration and trade. Tensions, however, rose with the European Parliament. In December 2022, Moroccan authorities were accused of trying to bribe European lawmakers and parliamentary assistants, a scandal that became known as "Qatargate."

The December 2020 Moroccan-Israeli normalization deal has paved the way for stronger economic, security and military cooperation between the two countries. They signed bilateral deals to increase trade from a reported \$131 million in 2021 to \$500 million in five years. Morocco seeks to build an advanced cooperative relationship with Israeli military institutions and has signed various arms sales agreements. Acquiring Israeli technology, particularly unmanned aerial vehicles (UAVs), would allow Morocco to enhance its military power.

Regional cooperation

7



Strategic Outlook

The Moroccan regime has demonstrated a reluctance to implement genuine political reforms and diminish the powers of the monarchy. Persistent social mobilizations and recent calls demanding the departure of the current government indicate high societal expectations. Failure to meet these expectations may result in social unrest and violence. Achieving stability in Morocco necessitates substantive structural reforms that enhance accountability and transparency. Recently, Morocco has regressed in terms of human rights and the rule of law. To rebuild trust in the political process, the regime should facilitate a broad political opening and minimize interference in government affairs. While executive power is exercised by the government, the Makhzen (the palace and its coterie) exerts influence on decision-making, presenting significant accountability challenges. Governance reforms regarding relations between the monarchy, institutions and elite are necessary to mitigate the dual nature of the state. Political actors, including the monarchy, should be held accountable, and political parties should be strengthened. The independence of the parliament and its ability to pass laws without interference should be reinforced.

Without deep structural reforms, economic transformation will remain slow. The COVID-19 crisis, combined with slow economic growth and high inflation, has been exhausting for the middle and working classes. Thus, the government should address the problem of inflation, which otherwise has the potential to stir further protests. To do so, reforms should improve the quality of public spending. Public sector wages and untargeted subsidies are budget burdens. The country should move forward with subsidy reforms, while putting in place mechanisms to end unfair competitive practices. Generating sustainable growth will require reforming state-owned enterprises (SOEs). SOEs usually lack transparency, and their role and contribution to the economy remain unclear. Corporate governance reforms should help improve transparency and increase competitiveness. To enable sustainable economic growth and create jobs, the country should promote the private sector. This cannot be achieved without reforming the justice system to enhance citizens' trust and stimulate private investment. The private sector cannot flourish within a system of crony capitalism and patronage that impedes innovation and competitiveness. The Competition Council should reduce the Makhzen's influence over the economy and rent-seeking activities. Legal provisions should limit market monopolies, improve market contestability, and foster competition to prevent oligarchies and the concentration of wealth in the hands of a few. Transparency in public procurement should also facilitate a transition from an administered economy to a market economy. Overall, however, Morocco should diversify its sources of revenue as the economy still relies on unstable sectors such as tourism. Only genuine political and economic reforms will help tackle inequalities, reduce poverty and cater to social justice.