

BTI 2014 | Morocco Country Report

Status Index	1-10	4.52	# 95 of 129	
Political Transformation	1-10	4.00	# 95 of 129	➔
Economic Transformation	1-10	5.04	# 79 of 129	➔
Management Index	1-10	4.52	# 80 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	32.5	HDI	0.591	GDP p.c.	\$	5191.6
Pop. growth ¹	% p.a.	1.4	HDI rank of 187	130	Gini Index		40.9
Life expectancy	years	70.4	UN Education Index	0.448	Poverty ³	%	14.0
Urban population	%	57.4	Gender inequality ²	0.444	Aid per capita	\$	38.8

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

The major political trends currently underway in Morocco remain consistent with those of the previous period. Despite constitutional reforms in 2011 following a series of protests by the February 20 movement – a broad coalition of Islamists, leftists and youth activists acting in the context of the Arab Spring – Morocco’s political system is still authoritarian in nature. Although the king now has to take into account the outcome of parliamentary elections when appointing the government’s leader, the reforms did not change the distribution of power in Morocco at a fundamental level. Provisions concerning judicial independence and the Court of Auditors have thus far led to no significant changes in practice. Early parliamentary elections in 2011 led to a victory by the Islamist Party of Justice and Development (PJD), which formed a governing coalition of nationalists, leftists and staunch monarchists that is unlikely to share a joint agenda over the long term. As with previous rounds of balloting, the 2011 elections were boycotted by a majority of Moroccan voters, with up to 25% of ballots spoiled or left blank.

Press freedom deteriorated further during the period under review, with several newspaper editors and journalists accused of defamation of the regime or the government, offenses that carry the risk of trial and imprisonment. Human rights abuses continued against Islamists and Sahrawi activists. Additionally, human rights abuses including at least four deaths were reported in the context of the February 20 protests.

The government has continued its program of economic liberalization, with further reduction in tariff levels and a strengthening of investor protections. Economic growth has been sound at around 5% annually, and less volatile than in previous periods. However, significant increases in government expenditures and government debt were seen, due largely to a considerable expansion of subsidies as part of an effort to contain protests. At the same time, tax receipts declined, and the negative current account balance doubled in the last year of the review period. Illiteracy, gender inequality, and the lack of social safety nets remain challenges.

Morocco continued to enjoy the strong support of the United States and the European Union, as well that of France and Spain as individual states. In 2011, Morocco was recognized as a country “in transition” by the G-8, a status associated with substantial financial support. In 2012, the country moreover secured explicit U.S. support for its “autonomy” plan for the Western Sahara. Relations with neighboring Maghreb and African states, however, have remained tenuous.

History and Characteristics of Transformation

Following its independence from France in 1956, the Moroccan monarchy based its rule on the rural elites, the urban bourgeoisie and the military. Over the next decades, political opposition from leftists and nationalists was contained by a mix of harsh repression, co-optation, and divide-et-impera politics. As the regime relied on the support from the major rural landowners, it refrained from initiating massive industrialization programs financed through a transfer of wealth from the agricultural sector. At the same time, it emulated other developing nations in resorting to tariff barriers to promote national industries which helped to generate support among the bourgeoisie.

In the late 1960s and early 1970s, King Hassan II reacted to social unrest and two military coup attempts by adapting redistributive policies aimed at appeasing the constituencies of the political opposition. He raised the minimum wage and granted scholarships to all students attending university; the parastatal sector was expanded. The financial cost of this economic reorientation was initially borne by a surge in phosphate prices, Morocco’s key export, during the early 1970s. Subsequently, Morocco resorted to foreign loans, which eventually led the country into massive debt. Additional costs were generated by Morocco’s annexation of the Western Sahara territories in 1975 which created an expensive and lengthy war with the Polisario Front.

The ensuing crisis of public finances and the subsequent restrictions of structural adjustment programs triggered waves of social unrest and bread riots in the 1980s and early 1990s. Morocco’s economic and social problems strengthened the monarchy’s political opposition and forced the regime to enact economic and political reforms in the 1990s. On the economic front, Hassan II modernized the legal environment for the business sector. New laws were implemented in the banking sector, the tax system was overhauled to simplify and optimize tax collection and a major privatization program was set in motion. This fell short of dismantling Morocco’s complex and deeply entrenched patronage system.

Political liberalization measures appeased the opposition and the international community’s critical attitude towards Morocco’s deplorable human rights record. Political prisoners were released and press freedom increased. A constitutional reform provided for the first direct elections of all members of parliament in 1997. This same reform also introduced a new upper chamber with wide-ranging prerogatives and a pro-regime composition to counterbalance a strengthened lower chamber. King Hassan II reached out to the political opposition and appointed opposition leader Abderahmane Youssoufi (then secretary general of the major opposition party, the Socialist

Union of Popular Forces) prime minister in 1998. The government also included other opposition parties, including the Istiqlal and the Party of Socialist Progress. From 1998 until 2011, these parties formed a governing coalition with various pro-regime parties, but have over time lost much of their reform drive and mobilization potential.

Another important feature of the 1997 elections was the first participation of an Islamist political party, the Justice and Development Party (PJD), representing one of the two main currents of political Islam in Morocco. Since the 1997 elections, the PJD has expanded considerably its electoral support but has ultimately failed to become the strongest political force in the country. Nevertheless, among all included actors, the PJD remains to date the strongest challenge to the authoritarian regime and is treated as such by the regime. The other major current of Islamism, represented by the Justice and Charity party (JC), has to date refused to accept the monarchy's religious and political leadership. The Justice and Charity party is not legally approved and is occasionally subject to persecution.

After Hassan II died in July 1999, his successor, Mohammed VI, positioned himself as political and social reformer. Initially, two symbolic gestures stood out in particular, namely his release of the JC leader Abdessalam Yassine from house arrest and the firing of Driss Basri, the former minister of the interior, Hassan II's most trusted advisor and the embodiment of human rights abuses and rigged elections. Mohammed VI also established the Equity and Reconciliation Commission, with a mandate to identify and compensate former victims of human rights violations. Additionally, he initiated a new personal status law that improved the legal situation for women. In spite of these improvements, Muhammad VI's reign has not changed the fundamental configuration of power – the system remains undemocratic. Parliamentary elections (2002, 2007, 2011) under his reign have been more transparent than previous ones, but excessive gerrymandering and the toleration of vote buying have ensured a fragmented parliament. Especially after the Casablanca terrorist bombings on 16 May 2003, the incidence of human rights abuses have again increased, as have violations of press freedom.

As in other Middle Eastern and North African countries, important protests were held in Morocco in 2011. However, the monarchy managed to stay on top of these protests through two key initiatives: the introduction of constitutional reforms that were approved in a popular referendum, and the decision to call parliamentary elections in November 2011. In these elections, the PJD, previously the primary opposition party, gained the largest share of seats. This party now dominates the government, but has been co-opted to some extent by the monarchical regime.

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. In the Western Sahara territories annexed by Morocco in 1975, the Polisario Front is still challenging the central state. In the Northern Rif region, the state's ability to control drug trafficking remains weak. The fact that segments of the security forces are connected to drug trafficking is an important factor underlying this weakness. Drug traffickers' links with Moroccan security forces were for the first time acknowledged in April 2012 by the Ministry of the Interior. Terrorism also remains an issue, although deadly attacks are relatively rare.

Morocco's status as a nation-state is considered legitimate by almost all actors. Amazigh groups have successfully claimed more cultural rights than in the past, but do not question the legitimacy of the Moroccan nation-state. The most powerful Islamist social organization, Justice and Charity, views the hereditary monarchy as illegitimate. Additionally, the boundaries of the state are questioned by some. For the regime, the annexed Western Sahara region is part of the Moroccan state, and is considered to be an element of the nation's "territorial integrity," a concept that has become a key pillar of Morocco's state identity. Groups or individuals questioning the legitimacy or even usefulness of this claim are typically excluded from debate in the public sphere, and are sometimes severely persecuted.

Islam is the official religion of the state. Nearly all Moroccans are Muslims, although a small number of Moroccan Jews continue to reside within the country. Other religious communities are permitted to practice their faith without government interference, but proselytizing for any religion other than Sunni Islam remains illegal. In contrast to 2010, there were no reports of the expulsion of Christian missionaries during the period under review. The legal system has mainly secular origins, but laws pertaining to personal status (marriage, inheritance, etc.) have a religious basis. The king holds the title of "commander of the faithful," and his power to rule is linked to

Question
Score

Monopoly on the
use of force
8

State identity
7

No interference of
religious dogmas
6

his ability to maintain his religious legitimacy. The king is guardian of a so-called “Moroccan Islam” based on Sunni orthodoxy, Malikism and Sharifism. This status has remained an aspect of Moroccan religious realities even after the 2011 constitutional reforms. As part of these reforms, the king’s sacred status was removed from the constitution, but the persona of the king remains “inviolable.”

The state’s basic infrastructure extends throughout the territory of the country, but its operation remains deficient in many aspects. It suffers particularly from widespread corruption and the low level of skills held by many public employees. A decentralization process that started in the early 2000s has not been accompanied by any substantial devolution of power to elected municipal or provincial entities. Access to water and sanitation has not improved in recent years; 30% of Moroccans today remain without access to sanitation, while 20% lack access to water. Authorities’ responses to annual flooding have shown a consistent lack of preparation, and the country still lacks a functioning alert and prevention system. A plan to construct 30 dams by 2011 has been revised, now aiming at 50 dams by 2030 instead.

Basic
administration
6

2 | Political Participation

National and local elections, although held regularly in a fairly transparent manner, do not and are not intended to produce autonomous democratic institutions. This remained true for the first parliamentary elections held after constitutional reforms, which took place on 25 November 2011 in the context of the Arab Spring. Accordingly, turnout was only 45% of registered voters, with numerous reports indicating that up to 25% of cast ballots may have been spoiled or left blank by voters. In contrast to 2007, authorities declined to release vote figures even in aggregate, casting some doubts on official turnout estimates. The elections were boycotted by the February 20 movement, Morocco’s Arab Spring protest coalition, as well as by Morocco’s largest Islamist group, Justice and Charity, suggesting that Moroccan elections still do not produce representative and legitimate governments.

Free and fair
elections
4

Following the constitutional changes in 2011, according to which the head of government has to be the leader of the party with the most seats in parliament, the king appointed the Islamist Justice and Development Party’s (PJD) leader, Abdelillah Benkirane, as head of government on 29 November 2011. Benkirane led a multiparty coalition that included the pro-regime Popular Movement (MP) party, the Istiqlal Party and the Progress and Socialism Party. Following previous state practices, four ministry heads were directly appointed by the palace, including that of the Ministry of Religious Affairs. Both the Foreign Ministry and the Interior Ministry have also been assigned “minister delegates” with ties to the palace, a situation that creates a political atmosphere where the power of the ministers is challenged.

Elected officials in Morocco do not possess effective power to rule. Although the constitution was reformed in 2011 and the king is now obliged to appoint the leader of the party winning the largest share of seats as head of government, effective power rests with the monarchy. The new constitution continues to reserve three areas as the king's exclusive domain: religion, security issues, and – without further specification – strategic policy choices. The king still appoints key figures such as the ministers of defense and interior. The king also appoints the secretaries of state of all ministries, as well as all governors, heads of administrative provinces, directors of public agencies and enterprises, judges, and magistrates. Royal commissions that hold more power than ministers remain an important feature of the autocratic nature of the regime. To the extent that their decisions are consonant with the monarchy's interests, the national and municipal governments have some scope for the design and implementation of policies. The Benkirane government, in power since the 2011 elections, has signaled its dissatisfaction with being bypassed, but this has not produced noticeable change.

Effective power to govern

2

The Moroccan constitution guarantees the right of assembly and association. In 2003, a new labor law was introduced as a comprehensive legal framework for the organization of labor relations. The new law entailed a commitment to adopt and ratify International Labour Organization (ILO) Convention No. 87 on the Freedom of Association and Protection of the Right to Organize, but as of the time of writing, Morocco had not signed the convention.

Association / assembly rights

4

In practice, non-governmental organizations (NGOs) are subject to extensive administrative and financial regulation by the state. Registration procedures may create obstacles. Groups with nonpolitical objectives generally face few problems with registration, but Islamist groups and organizations supporting self-determination for the Western Sahara in particular struggle to gain legal status. This has been true of the largest Islamist organization, Justice and Charity, as well as the Sahrawi Collective of Human Rights Defenders. Unregistered organizations cannot access government funds or legally accept contributions.

Following the advent of the February 20 protest movement, the number, size and geographical scope of demonstrations increased dramatically. The majority of these demonstrations were unauthorized but tolerated. However, according to the 2011 Human Rights report by the U.S. Department of State, security forces violently dispersed protests in various cities, resulting in dozens of injuries and allegedly the death of two protestors in May 2011. The report also states that in the weeks following the July 1 referendum, the February 20 protesters were frequently met by pro-monarchy demonstrators. The Moroccan Association for Human Rights (AMDH) and other human rights NGOs claimed they saw security forces encouraging these pro-monarchy demonstrators. Human rights groups blamed at least one death on 27 October 2011, in al-Hoceima, on the actions of counterprotesters.

Other protests were also violently dispersed throughout the year, particularly in Casablanca, Tangier, Khourigba and Safi. Human rights activists claimed that a 15 March 2011 crackdown on protesters in Khourigba caused one death.

Freedom of expression in Morocco is severely constrained in the area of what are popularly referred to as “red lines,” a body of issues including subjects related to Islam, the monarchy and the Sahara. Freedom of speech has deteriorated within the last eight years. The 2002 press code gives the prime minister the right to order the suspension of a publication if it undermines Islam, the monarchy, “territorial integrity” (meaning Morocco’s claim to the Western Sahara) or public order. The king has the authority to name the heads of all public radio and television stations, and appoints the president and four board members of the High Authority for Audio-Visual Communication, which issues broadcast licenses. State media is fully dependent on the regime and publishes only stories favorable to the monarchy and its achievements.

Freedom of
expression
4

Morocco continued its slide in the Reporters Without Borders’ World Press Freedom Index, falling from a rank of 97th worldwide in 2006 to 138th in 2012. Despite hopes for greater freedom of expression under the new constitution, the authorities continue to harass journalists and government critics on the basis of a severe criminal and press code. For example, the editor of the daily al-Massae newspaper was jailed for one year in 2011 for stories he had written about corruption and the activities of the security services. The journalist Ali Lmrabet was the target of sustained harassment for tackling subjects that directly or indirectly affected King Mohammed. At the time of writing, Youssef Jajili, the editor of the magazine Al-Aan, was facing a jail term for criticizing a government minister’s behavior while abroad.

3 | Rule of Law

There are no functioning checks and balances in the Moroccan political system. The king legislates through royal commissions, and dominates the judicial branch thanks to his right to appoint judges. Constitutionally, the legislative, executive and judicial branches of government are all ultimately controlled by the king. In spite of the 2011 constitutional reform, the constitution offers no counterbalance to monarchical power. Although the new text strengthens parliament and the judiciary, it does not decrease the king’s power. For example, the king still presides over the cabinet when “strategic political decisions” are at stake. It is left to the king to decide which decisions are to be considered strategic. Additionally, the gap between constitutional text and political practice has historically been large and may further limit the prerogatives of parliament and the judiciary.

Separation of
powers
2

The judiciary remains largely dependent on the monarchy. The Higher Council of the Judiciary (Conseil Supérieur de la Magistrature) is dominated by the king's appointees and judges are appointed by the king. The 2011 constitutional reform does give the judicial branch greater powers and independence, but as of the end of the review period, these new powers had yet to be implemented. According to the New York Times, the Judges' Club, an illegal but tolerated group formed in 2011, organized an unprecedented sit-in of 1,000 Moroccan judges in front of the Supreme Court in October 2012, calling for greater independence for the judiciary. In another action organized by the Club in 2012, judges across the country wore red armbands to protest interference in judicial proceedings.

Independent
judiciary
3

Nepotism, bribery and patronage are widely accepted facts of life. Although the Islamist Justice and Development Party leading the current government coalition did make the fight against corruption one of its key electoral focuses, notable improvements are not observable yet. It remains to be seen whether a new whistleblower protection law will lead to future successful prosecution of office abuse. Morocco's anti-corruption agency, the Central Instance for Corruption Prevention (CICP), which has a policy advisory role for public, private and non-governmental actors, still lacks the power to pursue corruption charges adequately. The Court of Auditors publishes well-documented reports on mismanagement, and does not shy away from pointing the finger at severe mismanagement in public companies, such as Royal Air Maroc in its 2011 report. However, follow-up remains largely at the discretion of the authorities, and depends on political considerations. The 2012 Open Budget Survey noted that national budgets continue to lack transparency.

Prosecution of
office abuse
4

Civil rights and equality before the law are constitutionally guaranteed. In practice, after a promising start in the early reign of King Mohammed VI, civil rights have been increasingly subject to violation. According to a report published by Human Rights Watch in 2012, the authorities have made liberal use of pretrial detention. The courts rarely investigate complaints concerning torture, and often convict defendants primarily on the basis of contested police statements. This was, for example, the case for activists in the pro-reform February 20 movement who were sentenced to prison terms on the basis of what they claimed were confessions extracted under torture. At several demonstrations organized by the February 20 movement, security forces assaulted protesters as they were gathering. According to a report by the U.S. State Department, at least four protesters have died following police brutality. There is no report of a member of the security forces having been prosecuted for using violence against protesters. Morocco's counterterrorism law is still applied, permitting authorities to detain suspects without informing their families for up to 12 days. There have been ongoing reports of incommunicado detention as well as allegations of beatings and rape of Islamist prisoners. Throughout recent years, Sahrawi activists have been detained without trial.

Civil rights
6

4 | Stability of Democratic Institutions

Democratic institutions formally exist and elections are held regularly, but the political system remains undemocratic. The directly elected parliament cannot legislate without the king's consent. Importantly, the king continues to convene, preside over, and set the agenda for the council of ministers. This body has to approve a bill before parliament can consider it. He also appoints the secretary-general of the government, who can block laws even after parliament's approval. If the king puts his weight behind particular laws, political parties do not risk contesting these laws, as was shown in the Islamist party's approval of the reform of the personal status code in 2003, a bill it had opposed vigorously before it became a royal initiative. Much the same applies to municipal governments, in which policies and budgets have to be approved by governors who are appointed by the king. At the same time, democratic institutions are weaker than they could be from a constitutional point of view. On the national level, elected governments typically include around four or five parties that make no efforts to design or commit to a joint program. On the local level, pro-regime municipal councils simply endorse gubernatorial programs.

Performance of democratic institutions

2

At the level of discourse, the Moroccan regime is committed to an (unspecified) democratization process and to judicial independence. This remained true after the monarchy introduced constitutional reforms in 2011 that were intended to placate February 20 movement protestors and contain pressure for reforms arising within the context of the Arab Spring. The fact that the latest reforms failed to shift the real distribution of power in Morocco indicates a weak commitment to democratic reforms on the part of Morocco's most powerful actor. Pro-regime parties such as the Authenticity and Modernity Party (PAM), the Constitutional Union Party (UC), and the National Rally of Independents (RNI) all stand to lose from democratic reforms, as their electoral support is conditional on their proximity to the palace under the present regime. The main leftist parties have also become instruments of the monarchical state. Political parties from a variety of ideological backgrounds have become unable to propose alternatives to what the monarchy offers, and have therefore become more subservient to the regime. In 2012, the last potential organized reform actor, the Islamist Justice and Development Party, was co-opted into government, following the path of historical opposition parties. The only actors continuing to push for democratic reforms now come from outside of the mainstream parties, with the February 20 movement activists being a good example.

Commitment to democratic institutions

2

5 | Political and Social Integration

The Moroccan party system is highly fragmented. In 2011, 18 parties won seats in the national parliament, out of which five won just a single seat, and another five fewer than five seats. A 6% threshold first implemented in the municipal elections of

Party system

3

2009 (the last held as of the end of the period under review) had the intended effect of cleaning up the municipal councils; a typical municipal council now has around four parties, rather than the previous 10. Additionally, the Authenticity and Modernity Party (PAM), the newest pro-regime party organized around a close associate of King Mohammed VI, has absorbed a large number of politicians formerly of other parties, who have been attracted by PAM's proximity to the palace. The introduction of the same 6% legal threshold for parliamentary elections, however, has not led to an overall reduction in the number of political parties contesting elections, and indeed left only two parties out of parliament compared to 2007. The degree of institutionalization displayed by political parties is generally low. This is demonstrated by the very large number of politicians that change party, typically to join a governing party, and by the rarity of leadership change within parties. Additionally, parties have little control over their members of parliament, as voting discipline is not enforced. Accordingly, levels of voter disaffection with political parties are high. The 2006 Arab Barometer survey reports that 54.4% of Moroccans have "no trust at all" in political parties.

Clientelistic linkages with voters are a defining characteristic of the Moroccan party system. In rural areas, citizens typically vote for the local notable, regardless of his or her party label. Local notables switch parties often, but generally run for pro-regime parties as they need patrons at higher levels to preserve their interests. Clientelism in Morocco thus plays a stabilizing role for the regime. The importance of clientelistic linkages is further indicated by the much higher turnout among poorer and less educated voters than among the educated, both in the 2007 and 2011 parliamentary and the 2009 municipal elections.

Employer's associations and unions are represented in the upper parliamentary chamber. This chamber was introduced in the constitutional reforms of the 1990s. From the regime's point of view, it serves the purpose of curbing the influence of the lower chamber, and thus has considerable prerogatives. However, its role vis-a-vis the monarchy is subject to the same limitations as lower chamber.

To the extent that unions are affiliated with political parties, they suffer from the same citizen disaffection as do political parties. Compared to the early 1990s, when unions were able to organize massive strikes, their mobilization potential appears to have decreased. The mediation role of trade unions is moreover restricted by labor code provisions that prohibit the unionization of certain categories such as agricultural workers. Additionally, the right to strike is often violated. According to a 2011 survey of violations of trade union rights by the UNHCR, there have been numerous violations in recent years. The Democratic Confederation of Labor (CDT) and the Moroccan Labor Union (UMT) reported cases of repression against their members. Organizing in the export processing zones has been very difficult. Union members

Interest groups
4

were jailed in Khourigba during a labor dispute with Office Cherifien des Phosphates in 2011.

According to the 2011 Arab Opinion Index, support for democracy remains high in Morocco. Specifically, three-quarters of Moroccans agree that “democracy may have its problems but is better than any other form of government.” This confirms data from earlier surveys in the mid-2000s, including the Arab Barometer and the World Values Survey (WVS), according to which large numbers of Moroccans approved of democracy as a form of government. However, the extent to which citizens associate elected representative institutions with democracy is not fully clear. For example, more than 50% of respondents in the Arab Barometer survey said they would prefer “experts rather than government” to make decisions, while around 80% of respondents in the WVS judged a system in which experts made decisions to be a good political system. Possibly, this confusion about the meaning of “democracy” is the consequence of an official discourse according to which Morocco is in a democratization process, but not quite a democracy. The high abstention rate in both the latest parliamentary (2011) and municipal elections (2009) indicates rising awareness as to the flaws of these elections and an unwillingness on the part of citizens to legitimize authoritarian rule through their vote.

Approval of
democracy
n/a

Trust is low among Moroccans. In an Arab Barometer Survey poll in 2006, 78.5% agreed that one “must be very careful in dealing with people.” This was the lowest level among the Arab countries surveyed. In the 2007 World Values Survey, a full 85.3% of respondents agreed with the same statement. The picture improves considerably at the neighborhood level, however, where – according to the World Values Survey – 48% of residents trust people within their neighborhoods “completely.” Membership in “voluntary associations,” at 13% of the population according to the Arab Barometer, is also below the Arab average of around 17%. The World Values Survey puts this figure much lower still. The highest figure reported there was for sports or recreation organizations, in which 9% of Moroccans indicated membership.

Social capital
5

II. Economic Transformation

6 | Level of Socioeconomic Development

Morocco’s position in the 2011 Human Development Index fell from rank 114 to rank 130, putting the country at the bottom of the group of countries deemed to be at medium level of human development. A key ground for this low score is Morocco’s extremely low literacy rate as well as inequality in education more generally. Income

Question
Score

Socioeconomic
barriers
3

inequality is average by international standards, with a Gini coefficient of 40.9 according to data from 2009. Gender inequality, according to 2011 UNDP data, has decreased substantially, with its Gender Inequality Index value falling to 0.51 from 0.70. However, this is still worse than the world average of 0.45, and markedly higher than in other Arab countries such as Jordan or Algeria. Gender inequality is marked by differences in literacy, with the male literacy rate standing at 69.4% and that for females at only 44.1%; moreover, 80% of men participate in the labor force, as opposed to just 26% of women. According to World Bank data from 2007, 14% of Moroccans live on an income below \$2 per day.

Economic indicators		2009	2010	2011	2012
GDP	\$ M	90908.4	90770.7	99211.3	95981.6
GDP growth	%	4.8	3.6	5.0	2.7
Inflation (CPI)	%	1.0	1.0	0.9	1.3
Unemployment	%	9.1	9.1	8.9	-
Foreign direct investment	% of GDP	2.2	1.4	2.5	-
Export growth	%	-14.8	16.6	2.1	2.7
Import growth	%	-6.0	3.6	5.0	2.0
Current account balance	\$ M	-4971.3	-3925.2	-7999.6	-9571.3
Public debt	% of GDP	48.0	51.3	54.4	59.6
External debt	\$ M	24630.9	26298.5	29048.9	-
Total debt service	\$ M	3413.0	3306.0	3234.2	-
Cash surplus or deficit	% of GDP	1.0	-2.3	-4.2	-
Tax revenue	% of GDP	24.0	23.4	23.8	-
Government consumption	% of GDP	18.2	17.5	18.2	19.2
Public expnd. on edu.	% of GDP	5.4	-	-	-
Public expnd. on health	% of GDP	2.0	2.1	2.1	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.4	3.5	3.4	3.5

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

Market competition is hampered by the regime's involvement in the economy. Much of the economy is dominated by the royal family and the so-called 500 families who control large, multisectoral holding companies and are close to the monarchy. No investment, either foreign or domestic, is possible in the subsectors in which the state has a monopoly (phosphates, hazardous waste management, wholesale fruit and vegetable distribution, fish halls and slaughterhouses, some postal services, and water and electricity supplies) or which are under private monopoly (wholesale importation and distribution of manufactured tobacco). Since the introduction of a competition law in 2000, freedom of pricing has become the general rule, but price controls persist for sensitive products like sugar and bread. During the last year, Morocco has taken steps to improve the protection of minority interests, construction permitting and tax filing, thus propelling the country to rank 94 in the World Bank's 2012 Doing Business report, a substantial improvement from its 2011 rank of 115. According to the same report, however, the country's excessive bureaucratic red tape continues to be a major constraint on economic competitiveness and deters investors. The size of the informal economy is significant, accounting for roughly 40% of employment. The informal economy generates MAD 280 billion (about \$33 billion) a year and continues to grow, according to a 2009 report by Morocco's High Planning Commission (Haut Commissariat au Plan). Within the informal sector, 57% are retailers, and another 20% provide services. The report also estimates that the number of unlicensed businesses rose from 1.23 million in 1999 to 1.55 million in 2007, an increase of nearly 18%.

Market economy principles and procedures are contained in Law No. 6-99 on free pricing and competition, from the year 2000. The law called for the establishment of a competition council, a provision which was fulfilled only in January 2009. However, the role of this competition council remains consultative. According to its own mission statement, its limited tasks are to "sensibilize the public opinion and economic actors," to study the competition of different sectors, and to deliver a yearly report to the head of government. Cases and complaints can be referred by the government, parliamentary committees, judges, regional councils, chambers of commerce and state-approved consumer associations. However, the head of government has the exclusive power to decide whether or not to follow up on the council's recommendations. It has remained an instrument enabling the executive to cherry-pick the anti-competition cases it is interested in prosecuting.

Market-based
competition

6

Anti-monopoly
policy

4

Consistent with its engagements with the European Union, the United States and the World Trade Organization, Morocco has continued to decrease its tariff rates. According to a 2009 WTO report, Morocco has taken steps to liberalize its economic sectors, particularly that of key services. It has reduced the level of its average tariff protection by 13.2 percentage points to 20.2%. However, it still imposes some tariffs at rates higher than agreed levels, and maintains a value-added tax (VAT) regime that does not respect the principle of national treatment. Administrative inefficiency and widespread corruption also remain obstacles to foreign trade.

Liberalization of
foreign trade

8

A number of steps were taken in 2012 toward the greater liberalization of EU-Moroccan trade relations. In March, the EU-Morocco free trade area in industrial products came into effect, marking the end of a progressive dismantling of tariffs. Nevertheless, European products will remain liable to import VAT of around 20%. The European Parliament also approved an increase in certain quotas for zero-rate or low-duty imports, which will reduce or remove 55% of tariffs on Moroccan agricultural and fisheries products (up from 33%) and 70% of tariffs on EU agricultural and fisheries products within 10 years (rising from 1%). Additionally, an agreement on the liberalization of services is currently under negotiation.

The Moroccan banking system adopted the Basel II standards in 2007, and a new capital market code entered into force on 1 March 2012. However, nepotism and the unwillingness of financial regulatory bodies, especially the Moroccan Authority on Financial Markets (Conseil déontologique des valeurs mobilières, CDVM; established in 1993), to clamp down on irregularities when committed by well-connected institutions remain concerns. The CDVM is steered by a board of directors that includes four high-ranking politicians and political advisers from the Ministry of Economics and Finance (including the minister himself, who is also the chairman of the board), one high-ranking representative of the central bank, three representatives of Morocco's business community, and one university professor (as of the time of writing, Rabha Zeidguy, who has also held other high-ranking positions in Morocco's public administration).

Banking system

7

The recent global economic crises had comparatively little effect on Morocco due to its low exposure to foreign financial markets, though a recent decrease in foreign currency reserves was noted. Throughout recent years, the share of nonperforming loans was consistently below world average, at around 5%. This represents a substantial decrease from around 17% in the first half of the 2000s.

8 | Currency and Price Stability

Since a 2006 reform, monetary policy – formerly under the joint responsibility of the central bank (Bank al-Maghrib, BAM) and the Ministry of the Economy and Finance – has been under the sole responsibility of the BAM, thus increasing its independence. As is the case with all Moroccan institutions, however, the authoritarian nature of the regime represents an obstacle to real independence. The BAM responded to an exceptionally high inflation rate of 3.7% in 2008 by raising the interest rate to 3.5%. This measure helped bring the inflation rate down to around 1%, where it has remained since. In March 2012, BAM lowered the interest rate to 3%, a record low for Morocco. Morocco's currency has been stable over the last 10 years, with very little exchange-rate volatility.

Anti-inflation /
forex policy
8

Morocco's public finances have worsened in recent years. While the country weathered the global financial crisis relatively well, its performance since 2011 has been less successful. Government expenditures increased from 27.4% to 29.9% of GDP since 2009, while total government debt rose from 46.5% to 53.6% of GDP. This is partly due to increases in the wage bill, but also to a considerable expansion in subsidies aimed at containing protests after uprisings brought down the rulers of Egypt and Tunisia. Subsidies on food and energy now account for 15% of the budget, growing from MAD 29.8 million (about \$3.5 million) in 2010 to MAD 52.3 million (about \$6.1 million) in 2012. Over the same period, tax receipts that had been rising since the mid-2000s declined by around 5%. The current account deficit doubled in 2011 to \$8 billion, compared to a surplus of \$1.5 billion in the early 2000s.

Macrostability
6

Reflecting these trends, Standard & Poor's rating agency revised Morocco's outlook downward to negative from stable in October 2012. Morocco's credit rating of BBB (as of the time of writing) was just above junk bond status, but further downgrades were deemed likely. Among the conditions of a \$6.2 billion loan that Morocco secured in August 2012 from the IMF was a reduction in the level of subsidies.

9 | Private Property

Property rights are well-defined under Moroccan law, but pervasive judicial corruption and the judiciary's lack of independence are major sources of concern regarding the enforcement of such rights. No legal changes have occurred in recent years, but Morocco's worldwide ranking regarding the ease of registering property has decreased. In this category, the country performs worse than the average of Middle Eastern and North African (MENA) countries, which requires fewer procedures and 15 fewer days to perform this task.

Property rights
6

Privatization of former state enterprises such as Maroc Telecom started in the early 1990s. Though it helped reduce the state's external debts, privatization also contributed to additional wealth accumulation by the Makhzen (the governing elite), especially the royal family. Core companies such as Royal Air Maroc and national rail operator ONCF are still government-owned.

Private enterprise
6

According to the World Bank's 2012 Doing Business report, Morocco saw the most improvement worldwide in terms of business regulation, climbing 21 places to rank 94. Specifically, the report found that Morocco made it easier to secure construction permits by opening a one-stop shop, strengthened investor protections by allowing minority shareholders to obtain any nonconfidential corporate document during trial, and eased the administrative burden of paying taxes for firms by enhancing electronic filing and payment of the corporate income and value-added tax. Additionally, the 2011 report stated that Morocco strengthened investor protections by requiring greater disclosure in companies' annual reports.

10 | Welfare Regime

Morocco's social safety nets remain inadequate. Only a small fraction of workers are affiliated with the compulsory social security scheme, which obviously does not extend to the large segment of the population employed in the informal sector. Public expenditure on health has increased throughout recent years, but only mildly. At 2% of GDP, this figure remains significantly below the also increasing world average of 3.3%. The quality of public health care is mediocre, and cases of negligent death or mistreatment occur with regularity.

Social safety nets
4

Morocco's government has announced the launch of a Medical Assistance Plan (Regime d'Assistance Medicale, RAMED) aimed at improving access to health care for the poor. This system would enable beneficiaries to have access to health care in public hospitals and state-owned health services centers. According to the government, 8.5 million underprivileged people (28% of the Moroccan population), including 4 million poor inhabitants and 4.5 "vulnerable" ones, would benefit from this scheme. Implementation of these plans began during the period under review.

For the majority of Moroccans, health problems still imply a lack of income and a potential slide into poverty. According to a poll performed for the 2009 Arab Development Report, health conditions were the most important source of insecurity for Moroccans, followed by poverty and unemployment. Traditional solidarity networks have been eroded by rural-urban migration patterns that have yet to come to a halt. Basic foodstuffs such as bread, sugar and oil are subsidized. Social measures in Morocco often take the form of charity rather than of citizen rights, as for instance

with the king's distribution of food baskets to the poor during Ramadan. Life expectancy at birth is above average, at nearly 72 years.

Though the 2003 reform of the family code improved their legal status, women still lack equality of rights and opportunities with men. The reform did not remove inequalities regarding inheritance rights; the reformed code moreover faces problems of implementation related to conservative judges, and illiterate women in the countryside in particular are unlikely to know of its existence. With respect to political representation, a women's quota, first introduced in 2002, increased the number of female members of parliament. A gender-based quota system was also applied in the 2009 municipal elections, with women competing on separate lists. Nevertheless, women are far from enjoying equal opportunity in Morocco, with the female literacy rate standing at only 43.9% as compared to the male literacy rate of 68.9%. According to a recent United Nations Children's Fund (UNICEF) study, Moroccan women also earn an average of 40% less than men with similar degrees and positions. At only 26%, Morocco has one of the MENA region's lowest female labor market participation rates.

Equal opportunity
4

11 | Economic Performance

Economic growth has been less volatile in Morocco than in previous periods, remaining at a solid annual rate of about 5% during the period under review. The unemployment has been relatively stable at around 10%. Moroccan exports appear to have recovered from a drastic decrease of almost 15% in 2009, increasing by about the same amount the following year. FDI has been more directly and profoundly affected by the global economic crisis; incoming FDI levels decreased by half between 2008 and 2010, and have shown no indication of recovery since. Morocco's increasing levels of debt and stagnating tax revenues raise questions as to whether the country remains economically sound. Recent forecasts raise the prospects of negative economic growth in the year 2013.

Output strength
5

12 | Sustainability

Morocco's score of around 45.8 in the Yale Center for Environmental Law and Policy's 2012 Environmental Performance Index remained stable. Water use remains a key environmental problem, but the latest score was also negatively influenced by forest loss and increasing levels of CO₂ emissions. An ambitious National Charter for Environment and Sustainable Development was announced in 2010. Among other things, this set specific goals such as an increase in the waste water recycling rate to 96%. By the beginning of 2013, this charter has not been manifested in any tangible policies, however. The fate of Morocco's plans to install a generation capacity of 2,000 megawatts of solar power, as well as to have 42% of the country's electrical

Environmental
policy
3

capacity rely on that source by 2020, also remains unclear. By the close of 2012, Morocco had built just a single plant with a capacity of 20 megawatts. The country is still planning to build five new solar power plants by 2020, but has not secured the necessary funding.

The goal of achieving universal literacy remains a challenge for Morocco. While Morocco is close to achieving universal primary enrollment, dropout rates remain high in rural areas, where only 40% to 50% of first-graders complete the six years of primary school. Dropout rates for girls are especially high. Improving the quality of education represents another major challenge for the government. Since 2009, a number of programs targeting education quality and dropout rates have been implemented, often in partnership with the U.S. Agency for International Development (USAID) or the World Bank. For example, the Improving Training for Quality Advancement in National Education (ITQANE) program provides a quality-training scheme for teachers as well as continuous education programs. Morocco has also started a conditional cash transfer program aimed at keeping boys and girls in school, particularly in underprivileged and predominantly rural areas. It is too early to evaluate the impact of these programs. At more than 5% of GDP, Moroccan education spending is above average. In contrast, spending on R&D is low. The World Economic Forum continues to rank the quality of Moroccan research institutions toward the bottom of the Middle Eastern and North African (MENA) countries and the world overall.

Education policy /
R&D

5

Transformation Management

I. Level of Difficulty

Young people in Morocco make up 30% of the population. Their levels of exclusion are high: A recent World Bank survey revealed that 49% of Moroccan youth are neither in school nor in the workforce. Of those participating in the labor force, almost 30% of Moroccans between 15 and 29 years of age are unemployed, with a majority of them being uneducated city dwellers. The economy still relies heavily on agriculture, a sector that accounts for between 13% and 16% of Morocco's GDP, and employs 45% of the country's workforce. The vulnerability to fluctuations in rainfall makes long-term planning by the government in this area difficult. The informal sector in Morocco accounts for an estimated 40% to 80% of nonagricultural employment. However, socioeconomic structural constraints appear to have decreased in recent years, with the rate of absolute poverty decreasing to 9%, according to the World Bank. In addition, rural infrastructure such as roads and access to water and electricity has improved over the last decade.

Structural
constraints

6

Civil society activities are broad, ranging across political, social, economic and environmental fields. NGOs, especially human rights and women's organizations, have a long history in Morocco, with the first human rights organizations being established in the 1970s. NGOs have flourished since the 1990s, and the country is today reported to have more than 30,000 such bodies. However, a relatively low percentage of Moroccans are involved in such organizations. According to a 2006 Arab Barometer Survey report, 13% of Moroccans stated that they were involved in NGOs, a figure below the average of the countries surveyed. According to the 2007 World Values Survey, this figure was significantly below 10% of the population. Participation in less formal, comparatively ad-hoc activities such as joining a demonstration was by contrast at an average level. Most NGOs are encouraged by the regime, partly as a strategy to marginalize political parties. However, only pro-regime NGOs receive public funding, as for example the Mohamed V Foundation for Solidarity. International donor funding often benefits this type of NGOs as well, as their funding is channeled through the government. Levels of social capital appear low. According to the Arab Barometer, 78.5% of the surveyed population agreed that one "must be very careful in dealing with people"; the World Values Survey found 85.3% of respondents to agree to the same question.

Civil society
traditions

5

The Western Sahara conflict remains the biggest source of tension within the country, but is limited to the annexed territories. The great majority of Moroccans appear to support the regime's claim to these territories. Demand for greater cultural rights by the Amazight, especially regarding language, have largely been met in the last decade. The new Moroccan constitution additionally recognizes Tamazight as an official language, although no provision for implementation has yet been made. While there are no major cleavages in Morocco that would mobilize large numbers of the populace, terrorist groups do remain present. In April 2012, 17 people were killed in a bomb attack in Marrakech. This was the deadliest attack since the Casablanca terrorist attacks in 2003, which left 45 people dead.

Conflict intensity
4

II. Management Performance

14 | Steering Capability

Question
Score

Economic modernization and liberalization are clearly given priority over political reforms that might challenge the regime's status. It is difficult for the elected government to set long-term priorities due to a lack of programmatic coherence and an ensuing instability. Most importantly, the government's unequal power relationships with the monarchy make it comparatively less relevant in terms of strategic decision-making. Key policies are decided by the palace, which then either "urges" the government to set them in motion or directly bypasses it through the creation of royal commissions on the topic. Many political parties have no dedication to any political program. There has been a flurry of reform and development activities and political initiatives in Morocco, but the prioritization, coherence and sources of funding for these, let alone the true degree of leadership support, are often unclear.

Prioritization
5

The implementation of economic reforms has generally been more successful than the implementation of political reforms, which typically draw less support. Overall, Morocco shows no lack of reform or development initiatives, but many strategic plans or National Charters remain little more than ambitious proposals with little follow-up. Key reasons for this gap include the lack of funding, capabilities and political will. Even the reform of the personal status law, a landmark project performed under the reign of King Mohamed VI, has been criticized for a lack of financial support. No significant resources have been devoted to making its existence known to Moroccan women; moreover, women seeking child support under its provisions require expensive and largely unavailable paternity tests.

Implementation
4

The Moroccan government is not particularly flexible or innovative, a fact that results more from an unwillingness to learn than from incapacity. There is broad consultation

Policy learning
4

of international experts on a wide variety of policy issues, but when recommendations collide with regime interests, they are not implemented. In contrast, the monarchy is very good at learning which policies are acceptable to Western governments and which are not. Repression of journalists, for instance, is now enacted via the judiciary or via a “boycott” of companies rather than through direct action by the Ministry of Interior. Elections are now manipulated through gerrymandering and the toleration of vote buying rather than being rigged directly. The monarchy also reacted swiftly to protests in the context of the Arab Spring. By taking the initiative with constitutional reforms that had no real bearing on political power in Morocco, but which defused domestic and international pressure, the monarchy was able to preempt any real threat to its maintenance of power.

15 | Resource Efficiency

The stability of Morocco’s state budget has worsened in the last two years, with a particular rise in the level of state debt. This increase comes to a certain extent from an expansion in basic goods subsidies, as for example for fuel, which Morocco has to import at a high price. The Court of Auditors has published information regarding severe financial mismanagement within public companies such as Royal Air Maroc and the National Office for Drinking Water Supply. National budget data lack transparency. According to the 2012 Open Budget Survey, only minimal information on the government budget is available to citizens on request. Morocco’s decentralization program has lacked any real devolution of power, thus creating expensive double structures in which every representative institution, such as municipal councils, is monitored by a regime-appointed executive.

Efficient use of assets

4

Within Morocco’s political structure – a governing monarchy that dominates an elected government – a lack of coordination is programmed. The high level of fragmentation within the party system leads to additional political conflicts around issues that are generally technical and to which the monarchy is immune. A Moroccan government typically consists of numerous parties that rather than working together and being united by a common policy vision, compete against each other for ministries, proximity to the palace and government resources that they can hand down to their supporters and local constituencies. This remains the case with the latest Moroccan government. Although the Islamist Justice and Development Party is clearly dominant in terms of seat shares and cabinet seats, the current government coalition also includes liberals, ex-communists and conservative monarchists, and is thus unlikely to be united by a joint social or political vision.

Policy coordination

4

In 2008, the government created an anti-corruption agency, the Central Instance for Corruption Prevention (CICP), which advises public, private and non-governmental actors on corruption policy issues. Lacking the investigative and sanctioning powers to adequately pursue corruption charges, it has remained toothless. However, the

Anti-corruption policy

4

CICP has been behind a number of initiatives, one of which was implemented in 2012. In this case, the Moroccan parliament passed a law to protect trial witnesses and experts, as well as whistle-blowers who report corruption. However, the Morocco Transparency Association argued that the law in fact made the situation worse for complainants; if they fail to prove the veracity of their allegations, they now risk being convicted for false accusation or false testimony. Another of the CICP's key concerns, the impunity of corruption, has been taken up by the new Justice and Development Party-led government, following the party's focus on corruption during the electoral campaign. A new legal initiative by the Islamist party seeks to double penalties for corruption. The relevance of both laws will greatly depend on the degree of judicial independence.

Although the new constitution of 2011 defines the Court of Auditors as "the supreme institution of public finance control of the kingdom," it continues to lack independence. It does publish well-documented reports about mismanagement, and does not shy away from pointing the finger at severe mismanagement in public companies, as for example Royal Air Maroc in its 2011 report; however, follow-up remains largely at the discretion of the authorities and depends on political considerations. According to the 2012 Open Budget Survey, the national budgeting process continued to lack transparency. The royal economic circles remain out of reach for the Court of Auditors.

16 | Consensus-Building

All key actors are essentially in favor of a market economy, with the caveat that some preferential treatment for royal companies is maintained. There is much less consensus on the issue of democracy. The regime has shown no intention of initiating meaningful constitutional reforms. As previously, the Moroccan monarchy drafted the latest constitutional reforms in 2011 with a handful of advisors and without any serious consultation of political parties or civil society actors. Hence, recent democratization steps celebrated by the regime are of a largely cosmetic nature.

Consensus on goals
6

Since the political opening of the late 1990s, reformers have either been co-opted or sidelined by the regime. Historical reform actors including the Istiqlal party and the Socialist Union of Popular Forces (USFP) were successfully co-opted into government from 1998 onward, and have not since exerted any meaningful pressure for democratic reforms. Through 2011, the only remaining credible opposition party was the Islamist Justice and Development Party (PJD). Since the 2011 elections, however, the PJD has led the government, and appears to have suffered the same fate as Istiqlal and the USFP: It has been sidelined by a monarchy that follows its own policy agenda, while seeing party initiatives blocked. Pressure for democratic reforms is increasingly coming from protest movements. However, without an

Anti-democratic
actors
3

alliance between powerful reform actors, the monarchy will not feel significant pressure regarding democratization.

The Moroccan regime to some extent exploits and manipulates social cleavages to divide its opponents and pit them against each other. The Left-Islamist cleavage is exploited to this end, for example. The Amazigh-Arab cleavage, in contrast, has been purposefully and successfully managed, with the goal of avoiding a major Amazigh mobilization that might lead to conflict. The key conflict in the country remains focused on the annexed territories in the Western Sahara. In 2008, Morocco proposed an autonomy plan for the region, while the Polisario Front has demanded a referendum on the issue of full self-determination. In 2010, Morocco's good faith regarding talks on the issue was cast into doubt when its security forces raided a Western Saharan protest camp housing around 20,000 people. Although U.N. envoy Christopher Ross returned to Morocco in 2012 and visited the Western Sahara – Morocco had previously called for his replacement, arguing that he was biased against it – no official U.N. monitoring of human rights is taking place in the area. In October 2012, Morocco secured a diplomatic victory when U.S. Secretary of State Hillary Clinton publicly backed Morocco's autonomy plan, calling it “serious, realistic and credible.”

Cleavage /
conflict
management

5

Civil society is welcome to contribute policy formulation, but only if its proposals are consonant with the leadership's agenda. Funding is primarily disbursed to pro-regime NGOs. The regime-controlled national media provide a voice only to mainstream civil society actors. Accordingly, a civil society survey undertaken for the Civicus Civil Society Index found that the relevant actors felt that the sector's impact was strongest in the fields of education, social development and assistance to the poor. Dissenting opinions are at best ignored and at worst prosecuted, as in the case of NGOs representing Sahraoui human rights activists or those close to the Islamist Justice and Charity Organization (JCO). The Judges Club, an organization of Moroccan judges created in 2011 that organizes protests against the lack of judicial independence, has failed to gain legal recognition.

Civil society
participation

5

In January 2004, the king set up the Equity and Reconciliation Commission to address human rights abuses that took place prior to 1999, the date of his accession to the throne. While unprecedented in the Middle East and North Africa region, and in principle a significant achievement, the results of the commission are to date rather disappointing, as many of its recommendations have not been implemented. Most urgent is the question of abuses and crimes within the Western Sahara territories. In May 2012, Morocco rejected the recommendation of the U.N. Human Rights Council to add a human-rights component to the mandate of the United Nations Mission for the Referendum in Western Sahara (MINURSO) peacekeeping troops, which have been deployed in the Western Sahara since 1991. This is another sign that Morocco has made few serious steps toward a final settlement of the Western Sahara conflict. This has been enabled by a laissez-faire approach on the part of the European Union,

Reconciliation

7

which has done little to follow up on these developments in their annual Morocco progress reports.

17 | International Cooperation

Morocco's leadership is skilled in seeking assistance for its policies from international donors, and has repeatedly secured major funding streams from the United States and the European Union. It is also consistently hailed by Western countries for its comprehensive democratic reform efforts. This is true even though other Arab countries have moved ahead of Morocco in terms of democratic reforms in the context of the Arab Spring. For example, Morocco's constitutional referendum in 2011 was praised by the G-8 as a "democratic process" even though the constitution was drafted by a group of close advisers of King Mohammed VI with little meaningful consultation of political parties or civil society organizations, let alone protestors. In 2008, Morocco was granted "advanced status" by the European Union. This included a substantial increase in EU funding: the National Indicative Program for 2011 – 2013 is worth a total of €80 million for Morocco, compared to €54 million for 2007 – 2010, a €30 million increase per year. In 2011, together with Tunisia, Egypt, Libya and Jordan, Morocco was included in the Deauville Partnership with Arab Countries in Transition program, a G-8 initiative aimed at supporting countries in the Arab world engaged in transitions toward "free, democratic and tolerant societies." The countries will together receive around \$38 billion by 2013.

Effective use of support

7

Although the Arab Spring brought no genuine democratization to Morocco, the country remains a preferred partner for Western governments in North Africa. The constitutional reforms of 2011, despite leaving the authoritarian monarchy's power base intact, were sufficient to have Morocco recognized as a "country in transition" by the G-8. This status entails important economic support as well as political recognition for Morocco's "democratic processes." The fact that there is still political instability, violence or outright civil war in other Middle Eastern and North African countries makes Morocco look like a better case scenario. In this context, Morocco's political stability appears to Western countries worth supporting.

Credibility

7

Morocco faces strong pressure from the European Union to sign a readmission agreement for migrants, although the country is known to deport even UNHCR-recognized refugees to the Algerian border. Negotiations for such an agreement started in 2000 and have continued over several rounds since. To some extent, Morocco's unwillingness to conclude the agreement indicates its function as a bargaining chip with the EU. The ongoing Western Sahara conflict appears to be the only serious problem Morocco faces in its dealings with the international community, if in fact this does remain a problem at all. In autumn 2012, United States Secretary of State Hillary Clinton declared her country's explicit support for the autonomy plan

proposed by Morocco. According to this plan, the Western Sahara would ultimately stay under Moroccan control.

Moroccan diplomacy is most strongly concerned with its relations with Europe and the United States. However, the Gulf countries have also become more relevant in recent years, as they provide development aid and are important investors. In 2011, a strategic partnership was established with the Gulf Cooperation Council. Relations with the country's immediate neighbors or other countries of the region, as in the context of the politically irrelevant Arab Maghreb Union, are not a top priority. Morocco is not a member of the African Union, because of the group's recognition of the Sahrawi Arab Democratic Republic. King Mohammed VI and the Moroccan government have stated their intentions to improve relations with neighboring Algeria. However, the border between the two countries has remained closed throughout recent years.

Regional
cooperation
5

Strategic Outlook

An entrenched authoritarian system and the absence of a pro-democracy reform coalition together stand in the way of political transformation in Morocco. This remains true even after constitutional reforms following a wave of pro-democracy protests in 2011. While the monarchy had already successfully weakened the so-called historical political opposition through the co-optation of its major parties into government in the late 1990s, such strategies have now also encompassed the Islamist Justice and Development Party (PJD). This party became the leader of the government after early parliamentary elections in November 2011. As previously, this Islamist-led government includes an unlikely coalition of leftists, traditionalists and regime supporters, and is unlikely to implement important social and political reform initiatives. In turn, it is likely to be weakened substantially, and to lose popular support in the next elections. Although this might imply that a short-term threat to the regime has been successfully averted, the vacuum left by the Islamist party's co-optation might not be without risk, as the PJD had to date played the role of credible opposition. With this place now vacant and pro-regime parties unlikely to assume this role successfully, opposition voices are increasingly likely to be articulated by more radical protesters outside the regime's reach.

The increasing incidence of human rights violations and the decrease in press freedom continue to be worrying trends. These have not been properly addressed by international actors, and have mainly attracted the attention of human rights organizations and press-freedom watchdogs. As these developments have continued over a number of years – mainly since the Casablanca attacks of 2003 – the ongoing disinterest shown by the international community has signaled a tacit toleration. Indeed, Morocco has again received praise for its “democratic processes,” although the recent constitutional reforms and parliamentary elections were as flawed as previous ones.

Economic transformation is well under way with respect to liberalization measures, and to some extent market-oriented regulations. By contrast, social safety nets and human development issues remain key challenges. Health, unemployment and poverty are seen as major sources of insecurity by Moroccans and need to be addressed more forcefully by the government. The same applies to illiteracy as well as gender and rural-urban inequalities. As is shown by the strong expansion of subsidies that served as a primary reaction to protests, the Moroccan regime is again taking a path defined by ad-hoc measures aimed at temporarily mitigating the economic and social needs of its citizens instead of tackling them as part of an integrated social development program.