

# BTI 2016 | Morocco Country Report

	scale	score	rank	trend
<b>Status Index</b>	1-10	<b>4.60</b>	# 94 of 129	
Political Transformation	1-10	3.83	# 93 of 129	➔
Economic Transformation	1-10	5.36	# 73 of 129	➔
<b>Management Index</b>	1-10	<b>4.37</b>	# 83 of 129	

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. 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	33.9	HDI	0.617	GDP p.c., PPP \$	7292.7
Pop. growth <sup>1</sup>	% p.a.	1.4	HDI rank of 187	129	Gini Index	40.7
Life expectancy	years	70.9	UN Education Index	0.468	Poverty <sup>3</sup>	% 15.5
Urban population	%	59.7	Gender inequality <sup>2</sup>	0.460	Aid per capita \$	58.8

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

## Executive Summary

The major political trends in Morocco remained consistent with those of the previous period. The Moroccan semi-authoritarian monarchy weathered the Arab Spring through constitutional reforms and early elections in 2011. Among other things, the constitutional reforms promised improvements in judicial independence and in creating a more relevant role for parliament. In essence, the reforms have not touched upon the distribution of power in Morocco. Provisions concerning judicial independence or auditing have not yet led to a change in practice. Early parliamentary elections in 2011 resulted in a victory for the Islamist Party of Justice and Development (PJD) who formed a typical Moroccan governing coalition of ideologically diverse parties that has demonstrated that it is not held together by a joint agenda. The coalition already collapsed about a year and a half after its formation – possibly at the instigation of the monarchy.

Political disaffection remains high, as shown by large abstention rates and low trust in parliament and political parties. Social capital remains stubbornly high. Freedom of the press deteriorated further. Human rights abuses continued. Authorities also blocked many meetings and events with human rights associations.

The government has continued its program of economic liberalization with a further reduction in tariffs and the strengthening of investor protection. Economic growth has been slightly more volatile than in the previous period, mainly because of a bad harvest in 2012. Morocco also struggles to bring down government expenditures and government debt, largely due to a considerable increase in subsidies to help contain Arab Spring protests. Tax receipts remained low and the negative current account balance has doubled compared to 2010 levels. Although Morocco has started to implement a medical healthcare scheme for the poor, insufficient social safety nets, illiteracy and gender inequality remain challenges.

Morocco continued to enjoy strong financial and political support of the United States and the European Union. In 2011, Morocco was recognized as a country “in transition” by the G8, a

recognition that is coming with substantial financial support. Moreover, in 2012, the country secured explicit U.S. support for its so-called autonomy plan for the Western Sahara. Morocco is currently taking steps to advance “regionalization” with the aim of making this plan a fait accompli. Relations with neighboring Algeria have remained dim. Yet, Morocco has started a series of initiatives to boost economic relations with West African countries in order to gain access to new markets.

## 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 led to 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 as prime minister in 1998. The government also included other opposition parties, namely the Istiqlal and the Party of Socialist Progress. These parties formed the government coalition until 2011 with changing pro-regime parties, losing much of their reform drive and mobilization potential over time.

Another important feature of the 1997 elections was the first participation of an Islamist political party, the Party of Justice and Development (PJD), representing one of the two main currents of political Islam in Morocco. In the latest parliamentary elections of 2011, the PJD became the strongest force in parliament. The other major current of Islamism, the Justice and Charity (JC) association, has to date refused to accept the monarchy's religious and political leadership; it remains illegal and is occasionally persecuted.

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 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, Mohammed VI's reign has not changed the configuration of power – the systems remains undemocratic. Parliamentary elections (in 2002, 2007 and 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 May 16, 2003, human rights abuses have re-increased as have violations of press freedom.

As other Middle Eastern and North African countries, Morocco experienced important protests in 2011. However, the monarchy managed to stay on top of these protests with two key initiatives. The first were constitutional reforms, approved in a popular referendum. The second were early parliamentary elections in November 2011 in which the PJD, previously the most important opposition party, gained the largest seat share. Since then, its party leader, Abdelilah Benkirane, is the head of government but – similar to other previously co-opted opposition parties – the Islamist party has not been able to implement its political agenda when it stands in opposition to the monarchy's interests.

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, which Morocco annexed in 1975, the Polisario Front threatened a new armed struggle in 2014 after Morocco's king stated that "the Sahara will remain part of Morocco until the end of time" in a speech commemorating the anniversary of the annexation in 2014. In the Northern Rif region, it does not appear that the state is intent on controlling drug production and trafficking. On the one hand, as long as there is a lack of economic alternatives for the local populations, the state is reluctant to exercise full control. On the other hand, the fact that segments of the security forces and other local political elite are connected to drug networks is an equally important factor for this weakness. The links between drug traffickers and Moroccan security forces were acknowledged for the first time in April 2012 by the Ministry of the Interior. There are also signs that some money from drug trafficking is funneled to terrorist networks. Terrorism remains an issue, although deadly attacks are relatively rare. According to government statements, in June 2014, Morocco put its security services on high alert after intelligence reports revealed a "serious terror threat" from Islamist militants returning home after fighting in Iraq and Syria. To face the threat of terrorism, in 2015 a newly established institutional framework for coordination between different security institutions was created.

Morocco's status as a nation-state is considered legitimate by almost all actors. Amazigh groups have successfully claimed more cultural rights but do not put into question the legitimacy of the Moroccan nation-state. One aspect of Moroccan state identity under critique is its political system based on a hereditary monarchy with full control over the political landscape. This critique comes from the most powerful Islamist social movement organization, Justice and Charity, as well as from relatively less powerful radical left wing forces associated with al-Nahj al-Dimocrati ("Democratic Path") and other independent civil society actors. Additionally, the

Question  
Score

Monopoly on the  
use of force

8

State identity

7

boundaries of the state are questioned. For the regime, the annexed Western Sahara is part of the Moroccan state and is considered part of what is termed “territorial integrity” and the “constant characteristics of the state” that have become a key pillar of Morocco’s state identity. Groups or individuals questioning the legitimacy or even usefulness of this claim are either marginalized from public debates or persecuted.

Islam is the official religion of the state and is constantly instrumental to various political and social goals. Nearly all Moroccans are Sunni Muslims but there are still a small number of Moroccan Jews and groups of Christians and Shi’a Muslims (numbering around 5,000 each), which are mostly foreign residents. Other religious communities are permitted to practice their faith without government interference, but proselytizing for a religion other than Sunni Islam is against the law and may be punished by six months to three years of imprisonment and a fine of 115 to 575 dirhams. 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 his ability to maintain his religious legitimacy. The king is the guardian of the so-called “Moroccan Islam” based on Sunni Orthodoxy, Malikism and Sharifism. This has remained part of the Moroccan religious reality even after the constitutional reforms in 2011, when the king’s sacredness was no longer constitutionally established, but the persona of the king remained “inviolable.”

No interference of religious dogmas

6

Construction of a new Mohammed VI Institute for training imams (religious scholars) started in 2014. This institute is part of Morocco’s larger strategy to control religious interpretation and the content of sermons.

The state’s administrative infrastructure extends throughout the territory of the country and is effective in terms of controlling citizens, but remains deficient in providing basic services. Education, health and transportation are the most deficient areas. They are generally understaffed and suffer from the widespread corruption and low skill level of many public employees. Given the lack of a significant democratic framework, the decentralization that started in the early 2000s has not been accompanied by a substantial devolution of power to elected municipal or provincial entities. In the context of municipal elections planned for mid-2015, several laws have been discussed that promise more prerogatives to the elected government. However, according to these plans, municipal councils would still not have control over their budgets.

Basic administration

6

Access to water and sanitation is only improving at a very slow rate; 25% of Moroccans are still without access to sanitation and another 16% without access to water. The authorities also remain ill prepared to respond to annual floods and still have not established a functional alert and prevention system. In 2014, approximately 35 people were killed by floods. When it snows, some mountainous areas are difficult to access due to the lack of well-built roads and maintenance services.

## 2 | Political Participation

National and local elections, although fairly transparent and regularly held, do not and are not intended to produce autonomous democratic institutions. In reality, the results of the elections can be shaped through informal strategies as well as through different administrative means that the ministry of interior controls. This has remained true for the first parliamentary elections held after the constitutional reforms of 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 ballots may have been spoiled. In contrast to 2007, even aggregate vote figures were not released, casting at the very least some doubts about the turnout. The elections were boycotted by the February 20th movement – the Arab Spring protest coalition – and Morocco’s largest Islamist group, the non-legalized Justice and Charity association (al-Adl wa l-Ihsan), suggesting that Moroccan elections still do not produce representative and legitimate governments. Most Moroccans do not vote because they are aware that power is not in the hands of elected officials in a parliament that is largely discredited.

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 Party of Justice and Development’s (PJD) leader, Abdelilah Benkirane, as head of government on 29 November 2011. He leads a multiparty coalition that is controlled by the palace and includes technocrats that are more responsive to the king rather than to the head of government. Following previous state practices, four ministries were directly appointed by the palace, including the ministry of religious affairs. Both the foreign ministry and the interior ministry have also been assigned “minister delegates” with ties to the palace. Municipal elections are planned for mid-2015.

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 seats as head of government, effective power still rests with the monarchy. The new constitution does not provide for separations of power and still reserves three areas as the king’s exclusive domain: religion, security and strategic policy choices (not further specified). The king still appoints key ministers such as defense and interior. The king also appoints the secretaries of state of all ministries, all the governors, heads of administrative provinces, directors of public agencies and enterprises, and judges and magistrates. Royal commissions with more power than the ministers remain an important feature of the autocratic nature of the regime. To the extent that their policies do not stand in contrast to the monarchy’s interest, the national and municipal governments have some scope to design and implement policies. The Benkirane government, in charge of a few ministries since

Effective power to govern

2

the 2011 elections, has initially signaled its dissatisfaction with being bypassed but the PJD has been more concerned about normalizing its relationship with the monarchy than promoting effective democratic procedures.

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

Association /  
assembly rights  
4

In practice, NGO's have become more subject to extensive administrative and financial regulation by the state. Registration procedures may create obstacles. Groups with non-political objectives generally do not face problems with registration but Islamist groups and organizations supporting self-determination for Western Sahara, in particular, struggle to gain legal status, including the largest Islamist organization, Justice and Charity, and the Sahrawi Collective of Human Rights Defenders. Legal registration is necessary to access government funds or accept contributions.

According to the 2013 Human Rights Report by the U.S. State Department, 40 political prisoners, many of them members of the February 20th movement that protested in Morocco in the context of the Arab Spring, remain in prison. It also states that the government used administrative delays and other methods to suppress or discourage unwanted peaceful assembly as well as excessive force to disperse demonstrations. Human rights associations were not allowed to hold activities in 2015.

Freedom of expression in Morocco is severely constrained when it comes to what is popularly referred to as "red lines," which include 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, as well as appoint 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 only publishes favorable stories on the monarchy and its achievements.

Freedom of  
expression  
4

Morocco continued its slide in the Reporters Without Borders' World Press Freedom Index from an initial 97th rank in 2006 to 155th in 2014. Despite hopes of greater freedom of expression under the 2011 constitution, the authorities continue to harass journalists and government critics. The U.S. State Department report on human rights



practices in Morocco states that the anti-terror law and press code includes provisions that permit the government to jail and impose financial penalties on journalists and publishers who violate restrictions related to defamation, libel and insults. Prison sentences may be imposed on those convicted of libel. The 2003 anti-terror law was used in 2013, for example, to charge Ali Anouzla, who runs a critical news website that, in an article on terrorism, referred to a video by Al-Qaeda in the Islamic Maghreb (AQIM). Freedom House finds that journalists are also sometimes imprisoned on trumped-up criminal charges such as drug trafficking (as in the case of the blogger Sokrate in 2012) or threat to “public morality,” as opposed to explicitly press-related offenses. Self-censorship and government restrictions on sensitive topics remained serious hurdles to the development of a free and investigative press.

### 3 | Rule of Law

There are no functioning checks and balances in the Moroccan political system. Via royal commissions, the king legislates, and via his right to appoint judges, he dominates the judicial branch. Constitutionally, the legislative, executive and judicial branches of government are ultimately controlled by the king. The king is also the head of the military. In spite of the constitutional reform in 2011, the constitution offers no counterbalance to monarchical power. While the king makes most of the major decisions, there is no system of accountability. Although the text strengthens parliament and the judiciary, it does not decrease the king’s power. For example, the king still presides over the Council of Ministers when “strategic political decisions” are at stake. It is left to the king to decide which decisions are considered strategic. Additionally, there is a large gap between the constitutional text and actual practices, which have historically relied on informal political institutions, a reality that further limits the prerogatives of parliament and the judiciary.

Separation of powers

2

The lack of an institutionally based democratic context makes the judiciary 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. In addition, the judicial system is considered one of the most corrupt sectors of the country. The 2011 constitutional reform gives the judicial branch greater power and independence but has yet to be implemented. In September 2013, a charter outlining a plan of action and a road map to reform the judiciary was revealed and the PJD minister of justice has started to introduce some limited reforms. This charter includes plans to strengthen independence, such as eliminating executive control over appointments, promotions and salaries. However, even if the reforms outlined in the charter were implemented – which remains to be seen – the king would continue to appoint key judicial officials. In early 2014, a sit-in organized by the Judges’ Club, an illegal but tolerated group formed in 2011 to call for more judicial independence, was banned and dispersed by riot police.

Independent judiciary

2

Corruption is systemic and allows the political system to function. A recent whistleblower protection law has not led to successful prosecution of office abuse. Presently, Morocco's anti-corruption agency, the Central Instance for Corruption Prevention (CICP), which has an advisory role towards public, private and non-governmental actors in policies to prevent corruption, still lacks power and independence from the executive to adequately pursue corruption charges. In June 2014, it was announced that the CICP will be replaced in 2015 by the "Instance nationale de la probité, de la prévention et de la lutte contre la corruption" (INPLC, National Authority for Integrity and the Prevention and Combating of Corruption). Its prerogatives are not yet defined, but the right to investigate corruption is supposed to be a key novelty. It is, however, unlikely that this body will have a much greater impact.

Prosecution of  
office abuse

4

The Court of Auditors publishes well-documented reports about mismanagement but a follow-up remains largely at the discretion of the authorities and depends on political considerations. The 2012 Open Budget Survey also reports a continued minimal transparency of budgets.

Civil rights and equality before the law are constitutionally guaranteed. In practice, after an optimistic start in the early reign of King Mohammed VI, civil rights have been increasingly violated.

Civil rights

5

Pre-trial detention exceeding the authorized time is a common practice in Morocco. Prison and detention conditions are poor. The courts rarely investigate complaints concerning torture and often convict defendants on the basis of contested police statements and "confessions." In late 2012, a report of the Moroccan National Human Rights Council (CNDH) as well as statements from the U.N. Special Rapporteur on Torture highlighted widespread abuse inside Moroccan prisons.

According to a report by the U.S. State Department, police continued to use excessive force to quell peaceful protests, resulting in hundreds of injuries. It also noted a generally widespread disregard for the rule of law by security forces. The same report states that there was no prosecution of security personnel who committed human rights abuses. Approximately 40 political prisoners, many of them members of the February 20th movement, remain in prison.

Since 2014, civil rights have further deteriorated as more local human rights groups, such as the Human Rights Association (AMDH) and the Moroccan League for the Defense of Human Rights were often denied permission for their activities. When Morocco hosted the World Forum on Human Rights in November 2014, many human rights associations boycotted the event.

An article in the penal code that prescribes six months to three years in prison for homosexual acts was applied in 2014.

#### 4 | Stability of Democratic Institutions

Democratic institutions formally exist and elections are held regularly, but the political system remains undemocratic and guided by archaic conceptions of political rule. The directly elected parliament cannot legislate independently from the monarchic institution. Informal politics and different forms of pressure and influence on members of the parliament are typical methods the regime uses to control the legislative institution. Cooptation of the members of the parliament is also common. 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 that it had opposed vigorously before it became a royal initiative. The same applies to municipal governments where policies and budgets have to be approved by the governor – who is appointed by the king. At the same time, democratic institutions are weaker than they could be from a constitutional point of view, a result of co-optation and infighting of coalition parties.

At the level of discourse, the Moroccan regime is committed to an unspecified democratization process and judicial independence. This continues to be true after the monarchy introduced constitutional reforms in 2011, intended to placate protesters from the February 20th movement and to contain potentially increased pressure for reforms in the context of the Arab Spring. That the latest reforms are again not touching on the real distribution of power in Morocco indicates a weak commitment to democratic reforms from Morocco's most powerful actor. Most Moroccan parties have become ineffective in terms of providing alternative political projects – they are structurally weak and have become an integral part of the system. This political reality helps sustain an undemocratic system, since the major parties benefit from the political status quo. Parties such as the Party of Authenticity and Modernity (Parti Authenticité et Modernité, PAM), the Constitutional Union (Union Constitutionnelle, UC) or the National Rally of Independents (Rassemblement National des Indépendants, RNI) do not stand to gain from democratic reforms as their electoral support is conditional on their proximity to the palace in the present regime. The main leftist parties have also become instruments of the monarchical state. Political parties from different ideological stripes 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 Party of Justice and Development (PJD) – was co-opted into government, following the path of historical opposition parties. While in government, they have not been able to follow through with substantial reforms. The only remaining actors pushing for democratic reform come from outside of the mainstream parties, with the February 20th movement activists being a good example.

Performance of  
democratic  
institutions  
2

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 only one seat, and another five less than five seats. A 6% threshold that was first implemented in the latest municipal elections of 2009 had the intended effect of cleaning up the municipal councils: a typical municipal council now has around four parties, rather than the previous ten. Additionally, the Party of Authenticity and Modernity (PAM), the latest regime party organized around a close associate of King Mohammed VI, has absorbed large chunks of politicians from other parties, who are attracted by the PAM's proximity to the palace. The introduction of the same legal threshold for parliamentary elections has, however, not led to an overall reduction of political parties contesting these elections and only left two parties out of parliament compared to 2007. The degree of institutionalization of political parties is generally low and the parties reproduce an autocratic system of governance within their own structures as the parties have become replete with elite infighting. Both the leftists and the nationalist parties are internally divided. Another major problem is the large number of politicians who engage in floor crossing. Typically, members of a party join another party because of the potential personal gains that they might achieve. There is also rare change of leadership in political parties. Floor crossing is now officially prohibited but still occurs to some extent. Additionally, parties have little control over members of parliament, and thus no voting discipline is enforced. Accordingly, the disaffection of voters with political parties is high. Data from the 2011 World Values survey shows that more than 70% of Moroccans have "not very much or 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 her party label. Local notables switch parties often but they 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. Currently, the minister of interior is considering plans to introduce private party financing, which, in the Moroccan context, would strongly favor the pro-regime parties.

Employer's associations as well as unions are represented in the upper chamber of the parliament. 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-à-vis the monarchy is subject to the same limitations as lower chamber.

Trade unions often compete among each other but cooperate occasionally, as in October 2014 when the three largest unions called for a 24-hour strike in all sectors to protest against plans to decrease pensions and subsidies. In general, unions are

Party system  
3

Interest groups  
4

affiliated with political parties and suffer from the same disaffection as political parties by the citizens. 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 provisions of the labor code that prohibit the unionization of certain categories of workers, such as agricultural workers. Domestic work, often done by young girls who work as live-in maids, was also excluded from the 2004 labor law. Union access to export processing zones is severely restricted.

Additionally, the right to unionize and strike is often violated. According to a recent survey of violations of trade union rights by the UNHCR, there were numerous violations in the last years. For instance, in 2013, police attacked members of the Confédération Démocratique du Travail (CDT) who were protesting against unfair dismissals, resulting in several injuries. In addition, more and more sectors such as workers in call centers, agricultural workers and other private companies are no longer unionized.

According to a poll conducted by the Arab Democracy Barometer in 2013, support for democracy remains high in Morocco. Specifically, two-thirds of Moroccans agree that “democracy may have its problems but is better than any other form of government.” This confirms data from early surveys in the mid-2000s, namely the Arab Barometer and the World Values Survey according to which large numbers of Moroccans approve of democracy as a form of government. The recent survey data also indicates a growing awareness that democracy is not the form of government in Morocco, with a majority of Moroccans indicating that Morocco was not democratic. Together with high abstention rates in both the latest parliamentary (2011) and municipal elections (2009), this indicates an awareness of the flaws of these elections and unwillingness on the part of the citizens to legitimize authoritarian rule through their vote. The fact that large segments of Moroccan society went to the streets to ask for constitutional reforms was indicative that there are presently changing perceptions about politics. More and more Moroccans in both rural and urban areas are engaging in different forms of civil resistance to claim their rights.

Approval of  
democracy  
n/a

Trust is low among Moroccans. According to the Arab Barometer Survey Data from 2013, 85% stated that “most people are not trustworthy.” Data from the World Values Survey in 2011 confirms this figure with a same share of Moroccans stating that “most people can’t be trusted.” Among Arab countries, trust levels are among the lowest in Morocco. According to the World Values Survey from 2007, the picture improved considerably at the neighborhood level, where 48% trust people of the same neighborhood “completely.” New data on this question are not available.

Social capital  
4

Membership in “voluntary associations” is low, according to the Arab Barometer from 2013, with around 8% (below the Arab average of around 13%). The World Values Survey from 2011 even puts this figure much lower, at an average of 3%. The

highest figure reported is for sports or recreation organization, where 5% of Moroccans indicated they were active members. These figures might underestimate Moroccan's civic engagement because they ask about membership and not about ad hoc or even long-term engagement in activities where no formal organization exists.

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

In a 2014 speech, King Mohammed VI asked: "Where has all the wealth gone?" Morocco's Human Development Score is improving at snail's pace, and the country remains in the bottom half of the group of countries with medium human development. A key reason behind this low score is Morocco's still extremely low literacy rate, and more generally inequality in education. Income inequality is average for international standards, with a Gini coefficient of 40.9, according to data from 2009. Gender inequality, according to 2013 UNDP data, has decreased substantially from 0.70 to 0.46, bringing it in line with the world average, which stands at 0.45. However, a rival report, "The Global Gender Gap Report 2014," from the World Economic Forum ranks gender equality in Morocco particularly low at 133 out of 142 countries. Rural areas are still marginalized as basic health, educational and transport facilities are not available. Gender inequality is strongly driven by differences in literacy, with male literacy standing at 76% and female at only 57%, and in labor force participation with 80% of men participating compared with only 27% of women, a figure that has remained stable throughout the last decade. According to World Bank data from 2007, 14% of Moroccans live on an income below \$2 per day. In the latest 2015 state statistics, 60% of the population resides in urban centers, a social reality that is creating new sets of social and economic problems.

Question  
Score

Socioeconomic  
barriers  
3

Economic indicators		2005	2010	2013	2014
GDP	\$ M	59523.8	90770.2	103914.8	<b>107005.0</b>
GDP growth	%	3.0	3.6	4.4	<b>2.6</b>
Inflation (CPI)	%	1.0	1.0	1.9	<b>0.4</b>
Unemployment	%	11.0	9.1	9.2	-

Economic indicators		2005	2010	2013	2014
Foreign direct investment	% of GDP	2.8	1.4	3.2	-
Export growth	%	13.3	16.6	2.4	<b>8.0</b>
Import growth	%	9.6	3.6	-1.5	<b>4.5</b>
Current account balance	\$ M	1040.6	-3925.2	-7844.0	-
Public debt	% of GDP	61.6	49.0	61.5	<b>63.4</b>
External debt	\$ M	16297.5	27249.7	39261.0	-
Total debt service	\$ M	2732.6	3305.8	5066.8	-
Cash surplus or deficit	% of GDP	-2.5	-2.3	-	-
Tax revenue	% of GDP	22.0	23.4	-	-
Government consumption	% of GDP	19.4	17.5	19.0	<b>18.8</b>
Public expnd. on education	% of GDP	7.3	-	6.3	-
Public expnd. on health	% of GDP	1.4	2.1	2.0	-
R&D expenditure	% of GDP	-	0.73	-	-
Military expenditure	% of GDP	3.4	3.5	3.9	<b>3.8</b>

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

## 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, multi-sectoral 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. Morocco's investment charter guarantees currency convertibility for capital transactions, free transfer of profits and free repatriation of invested capital.

According to the World Bank's 2014 Doing Business report, Morocco took further steps to make starting a business easier, such as reducing the registration fees for new

Market-based  
competition  
6

companies. The country continues to rank way above average compared with other Middle Eastern and North African countries in these reports. According to the same report, however, the country's excessive bureaucratic red tape continues to be a major constraint on the competitiveness of the economy and deters investors. The informal economy is significant, quantified at roughly 40% of employment. The informal economy generates 280 billion dirhams (approximately \$33 billion) per year and continues to swell, according to a 2009 report of Morocco's Haut Commissariat au Plan. Some 57% of those in the informal sector are in retail, while 20% provide services.

The role of Morocco's Competition Council is still only 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. The government, parliamentary committees, judges, regional councils, chambers of commerce and state-approved consumer associations can refer cases and complaints. 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 for the executive to cherry-pick the anti-competition cases it is interested in prosecuting.

Anti-monopoly  
policy  
4

Under the United States-Morocco Free Trade Agreement (FTA) and the Association Agreement with the European Union, Morocco has reduced its tariffs on imports from the United States and the European Union. FTAs have also been signed with Tunisia, Egypt and Jordan, and FTA talks with Canada are moving forward. According to a 2009 WTO report, Morocco has taken steps to liberalize its economic sectors, key services in particular. 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 the bound levels, and maintains a VAT regime that does not respect the principle of national treatment. Morocco's inefficient administration and widespread corruption also remain obstacles to foreign trade. Open trade with the European Union or the United States does not always favor Morocco as persisting structural relationships in terms of power guide the trade agreements.

Liberalization of  
foreign trade  
8

In addition, negotiations for a "Deep and Comprehensive Free Trade Area" (DCFTA) between the European Union and Morocco were launched on 1 March 2013. The DCFTA should include trade in services, government procurement, competition, intellectual property rights, investment protection and, most importantly, bringing the Moroccan legislation in line with EU legislation in all trade-related areas, including industrial standards, technical regulations, and sanitary and phyto-sanitary measures.



The Moroccan national bank, Bank al-Maghrib, historically established a very cautious financial system. It managed low inflation rates and supervises, along the Conseil déontologique des valeurs mobilières (Council for the Code of Ethics in Securities), the financial sector, which has not been significantly affected by the economic crisis due to its low exposure to foreign financial markets – though more recently a decrease of foreign currency reserves was reported. Nineteen banks with more than 5,000 branches were active in Morocco in 2011. After adopting the Basel II standards in 2007, the central bank decided to increase the minimum capital requirements from 10% to 12%, including a raise in the minimum core equity capital ratio to 9%, in order to prepare banks to implement Basel III requirements. Throughout the last few years, the share of non-performing loans was consistently around 5% below the world average. This is a substantial decrease from around 17% in the first half of the 2000s. Although this figure increased to 5.9% in 2014, it remains to be seen whether this is an outlier or indicates a new trend. More generally, nepotism and the unwillingness of the financial regulatory bodies to clamp down on irregularities when committed by well-connected institutions remain concerns.

Banking system  
8

## 8 | Currency and Price Stability

Since a 2006 reform, monetary policy, which was 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 it is the case with all Moroccan institutions, the authoritarian nature of the regime is an obstacle to real independence. The BAM responded to an exceptionally high inflation of 3.7% in 2008 by raising the interest rate to 3.5%. This measure helped bring down inflation to around 1%. Although inflation increased to 1.9% in 2013, BAM cut its interest rate twice in 2014, leaving it at 2.5%, a record low for Morocco. According to a BAM statement, these cuts are intended to boost growth. Morocco's currency has been stable over the last ten years, with very little exchange rate volatility.

Anti-inflation /  
forex policy  
8

Morocco's public finances have worsened during the last several years. Whereas the country previously weathered the global financial crisis relatively well, Morocco's performance has been less successful since 2011. Government expenditures increased from 27.4% to 29.9% of GDP and government debt from 46.5% to 64.6% since 2009.

Macrostability  
6

This is partly due to increases in the wage bill but also to a considerable increase in subsidies. During the Arab Spring, the Moroccan government attempted to buy social peace by spending 20% of its budget on subsidizing bread, fuel and electricity. This brought Morocco's deficit to 6% of its GDP in 2012. In a deal with the IMF that granted Morocco a \$6.2 billion precautionary credit line, the country will have to

bring its deficit down to 3% by 2017, largely by cutting subsidies. By the end of 2014, Morocco ended all fuel subsidies but retained subsidies on sugar and wheat.

At the same time, tax revenues – which had been rising since the mid-2000s – declined again by around 5%. The negative current account balance had doubled in 2011, then standing at -\$8 billion, compared to around \$1.5 billion in the early 2000s. After this figure worsened to -\$9.5 billion in 2012, it has returned to -\$7.5 billion in 2013. It remains to be seen whether this reflects a true downward shift.

## 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 property rights. Moreover, the state has a policy of selling tribal land to property developers or international corporations. This land legally belongs to the state, as it is the custodian of all communal land. However, the policy has led to the destruction of entire villages, such as Ouled Dlim and Ouled Sbita in 2014, where inhabitants only received a small or no compensation.

According to the World Bank's 2015 Doing Business report, registering property has become easier in Morocco and the country's rank improved, now with 40 days and eight procedures. Although Morocco still performs worse than the average of Middle Eastern and North African countries – where property registration is cheaper, there are fewer procedures and it requires nine fewer days for this task – the gap has narrowed.

As of 2012, the public held stakes (to varying degrees) in 241 state-owned enterprises and the treasury had direct equity in 44 companies. Yet, privatization has been ongoing for some 20 years, with divestment revenues realized between 1993 and August 2011 reaching 107 billion dirham (approx. \$13 billion at that time), according to the OECD.

According to the World Bank's 2012 Doing Business report, Morocco improved its business regulation more than any other global economy, climbing 21 places to 94. Presently, as announced in the 2015 Doing Business report, starting a business takes five procedures and 11 days, substantially less than for the average Middle Eastern or North African country. Morocco streamlined procedures for obtaining construction permits by opening a one-stop shop, strengthened investor protections by allowing minority shareholders to obtain any non-confidential corporate document during trial, and eased the administrative burden of paying taxes for firms by enhancing electronic filing and payment of the corporate income tax and value added tax. Additionally, in 2013, Morocco eliminated its minimum capital requirement for limited liability companies and cut registration fees in half.

Property rights  
5

Private enterprise  
6

## 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 workforce in the informal sector. Public expenditure on health has been increasing throughout the last years, but unevenly and only mildly. With 2% of GDP, it remains way below an also increasing world average of 3.3%. The quality of public health care is mediocre and cases of negligent deaths or mistreatment are regular occurrences. Rural areas suffer most from the lack of close and efficient health facilities. Health issues are closely connected with the lack of effective state control of consumer goods, for instance as more pesticides and drugs are found in meat against regulations.

Social safety nets  
4

In 2012, Morocco's government launched RAMED (Regime d'Assistance Medicale), a project aimed at improving access to health care. This enables the beneficiaries to have access to basic health care in public hospitals and state-owned health services centers. However, the implementation of RAMED is confronted with different technical problems. According to statistics from the Moroccan ministry of health, about only 6.5 million people – as compared to its 8.5 million targeted recipients – benefitted from RAMED by 2014. The same report also highlighted RAMED's lack of financial resources as an obstacle.

For the majority of Moroccans, health problems still imply a lack of income and a potential slide into poverty. According to a poll made 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, which has not yet come to a halt. Basic food such as bread, sugar and cooking oil is subsidized. Social measures in Morocco often take the form of charity rather than citizen rights, for instance the distribution of food baskets by the king to the poor during Ramadan. Life expectancy at birth is 70.6 years – close to the average of the global population.

Plans to reform the pension system are under way as part of the measure to reduce the budget deficit to 3% by 2017. The reforms include raising the retirement age, increasing the level of contributions and reducing the final salary entitlement.

The Gender Gap Index, published by the World Economic Forum in 2014, ranked Morocco 133 out of 142 countries, below Saudi Arabia (rank 130), but still better than Jordan, Lebanon, Iran, Syria and Yemen. However, this is a clear sign that women's rights are seriously impaired in Morocco. Though the 2003 reform of the family code improved their legal status, the reform did not remove inequality regarding inheritance rights. The reformed code faces problems of implementation by conservative judges and illiterate women in rural areas are especially unlikely to

Equal opportunity  
5

know of its existence. For political representation, a women's quota, first introduced in 2002, increased the number of female members of parliament. In the 2009 municipal elections, a gender quota was also applied with women competing on separate lists. Yet, for the last ten years, female labor market participation has stagnated around 27%, one of the lowest rates in the Middle Eastern and North African region. There are also important disparities in literacy: among youth aged 15 to 24 years, female literacy is 74% whereas male literacy stands at almost 90%. Women predominantly work in low paying jobs in the textile industry, the agricultural sector or as domestic workers. Many women are also involved in informal economic activities. There is no specific law that prohibits domestic violence. Rape is criminalized under the penal code, but spousal rape is not. According to the penal code, a rapist can be acquitted if he marries his victim.

There are significant differences in the living conditions of urban and rural communities. Poverty rates are on average three times larger in rural areas. Educational opportunities are lower in rural places, where many children drop out of primary school.

## 11 | Economic Performance

In the last several years, economic growth has been slightly volatile in Morocco, first falling from 5% in 2011 to 2.7% in 2012, and then increasing again to 4.4% in 2013. The 2013 growth figure was strongly associated to a good agricultural year, highlighting once again the importance of this sector for Moroccan GDP growth. The World Bank forecasted another drop in 2014, but then assumed generally stable growth rates around 4% for the following years. Unemployment has been relatively stable around 10%. Moroccan exports appear to have recently recovered from a drastic decrease in 2009. The country also recovered from a dramatic slump in foreign direct investments (FDI) by half between 2008 and 2010. From 2012 onwards, FDI flows into Morocco began to rise again. In 2013, Morocco was the recipient of the largest amount of FDI in the Maghreb region. Morocco's increasing levels of debt and stagnating tax revenues remain concerns.

Output strength  
6

## 12 | Sustainability

Despite improved acknowledgement of Morocco's ecological fragility, key environmental problems include water use and soil degradation. An ambitious National Charter for Environment and Sustainable Development was announced in 2010. Among other things, it set specific goals regarding the increase of wastewater recycling to 96%. Currently, the level stands at 13%. It was only in April 2014 that an environmental framework bill was passed to develop a national environmental strategy. The most tangible measure of this bill is the establishment of an eco-tax on

Environmental  
policy  
5

plastic bottles, expected to raise between 150 and 180 million dirhams annually, which are intended to be used for environmental projects, notably recycling initiatives. In the past few years, Morocco has made important steps in solar energy production. By the end of 2014, Morocco had only one plant with a capacity of 20 megawatts, but an additional plant with a capacity to generate 160 megawatts is scheduled to come online in 2015. In 2014, the country also secured a \$519 million loan from the World Bank to partially finance two additional solar power plants with a combined capacity of up to 350 megawatts. Although this remains under its initial goal to install 2,000 megawatts of solar power and have 42% of the country's electrical capacity rely on solar energy by 2020, these are relevant steps to decrease the country's reliance on coal and imported energy.

Achieving universal literacy remains a challenge for Morocco. While it has a very good primary school enrollment rate (116.9%, according to the World Bank in 2014), dropout rates remain high in rural areas, where only 40-50% of first-graders complete the six years of primary school. Dropouts are especially high among girls. Enrollment rates in secondary (68.9%) and post-secondary (16.2%) are not convincing neither, particularly as girls are underrepresented in all three levels of education (95.3%, 85.6% and 89.1%, respectively). World Bank 2014 data show a depressingly low overall literacy rate of 67.1%, with men reaching 76.1% and women only 57.6%. Another major challenge for the government is improving the quality of education. Since 2009, a number of programs have been implemented to target education quality and dropouts, often in partnership with the United States Agency for International Development (USAID) or the World Bank. The government's "Education Emergency Program 2009-2012" targeted the effectiveness and efficiency of service delivery and educational outcomes through an increase in primary net enrollment rate, secondary net enrollment rate and completion rate for grades 1 through 9. Morocco has also started a conditional cash transfer program for education to keep boys and girls in school, particularly in underprivileged and predominantly rural areas. According to the World Bank, these programs did not meet all their targets but were successful in increasing the net enrollment rate and teachers' in-service training. In November 2014, the Ministry of Education and Vocational Training announced a new program called Vision 2030 that puts the emphasis, among other things, on integrating general education with vocational training. With an education expenditure of more than 5% of GDP, Moroccan education spending is above average. In contrast, spending on R&D is low. The quality of Moroccan research institutions continues to be ranked towards the bottom of both the world and Middle Eastern and North African countries by the World Economic Forum.

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: New data from the World Bank show that the economic inactivity rate for youth aged 15 to 24 years is almost 70%. 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, accounting for between 13-16% of Morocco's GDP, and employs 40% of the workforce. The vulnerability to rainfall fluctuations makes long-term planning by the government more difficult. The informal sector in Morocco accounts for an estimated 40-80% of non-agricultural employment. Morocco is also struggling with poverty. Although absolute poverty decreased to 9% according to the World Bank, another 12% of the population is living just above the poverty line. Rural infrastructure, such as roads and access to water and electricity, has been increasing over the last decade.

Structural  
constraints

6

Civil society activities encompass a wide spectrum from politics, society, economics to the environment. NGOs, especially human rights and women's organizations, have a long-standing history in Morocco with the first human rights organizations being established in the 1970s. Since the 1990s, NGOs have flourished and the country is reported to have more than 30,000, though an unknown number of them may be inactive. Additionally, a relatively low percentage of Moroccans report to be involved in such organizations. According to the 2013 Arab Barometer, only 8% are members in such organizations, a figure that is below the Arab average of around 13%. The 2011 World Values Survey put this figure much lower, at an average of 3%. In contrast, engagement in less formal, ad-hoc activities such as joining a demonstration is more widespread.

Civil society  
traditions

5

Most NGOs are encouraged by the regime, partly as a strategy to marginalize political parties. Only pro-regime NGOs receive public funding, for example, the Mohamed V Foundation for Solidarity. Often, the funding of international donors also benefits this type of NGO as their funding is channeled through the government.

The Western Sahara conflict remains the biggest source of tension but is limited to the annexed territories. The great majority of Moroccans appear to agree with the regime's claim to these territories. Demand for greater cultural rights by Berbers (Amazighs), especially regarding language, have largely been met in the last decade. The 2011 Moroccan constitution additionally recognizes Tamazight as an official language, but legislation that would see Tamazight introduced to courts, schools and state administration has yet to be developed. Besides, there are no major cleavages in Morocco that would mobilize large numbers of the populace. Terrorist groups remain sporadic but present in Morocco. 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. The government also anticipates problems with Moroccan fighters returning from Syria and Iraq but has not yet faced any issues.

Conflict intensity  
4

## II. Management Performance

### 14 | Steering Capability

Question  
Score

Economic modernization and liberalization are clearly prioritized over political reforms that would challenge the regime. For the elected government, it is difficult to set long-term priorities because of its lack of initiative and structural power vis-à-vis the monarchy, programmatic coherence and ensuing instability. This nearly remained the case after the Islamist PJD took over the leading role in government in a coalition that includes technocrats who are more responsive to monarchical circles and parties such as the Popular Movement. This government only lasted for about 18 months when the Istiqlal ceded from the government following a series of public disputes with the PJD over policies and, in particular, cabinet appointments. Most importantly, the government's unequal power relationships with the monarchy make it less relevant when it comes to the decision-making process in strategic areas. Key policies are decided by the palace, which then either "urges" the government to set them in motion or directly bypasses it with royal commissions on the topic. Many political parties are not dedicated to any political program. There is a flurry of reform/development activities and political initiatives in Morocco, but their prioritization, coherence and sources of funding, let alone the leadership's dedication to these policies, is not always clear.

Prioritization  
5

The implementation of economic reforms has generally been more successful than the implementation of political ones, which have less support from powerful actors. The PJD government is trying to slowly put some reforms of a technical nature into place but they have been reluctant to push for political reforms. Overall, Morocco does not lack reform or development initiatives but many strategic plans or National

Implementation  
4

Charters remain ambitious projects with little follow-up. In the past years, the reform of the judiciary was a case in point. Called for by the 2011 constitution, this reform has thus far been limited to the elaboration of a “Charter” in 2014 and has yet to lead to any concrete bills or actions. Key reasons are lack of funding, capabilities and political will. Even the reform of the personal status law, a landmark reform under the reign of King Mohamed VI, has been criticized for lack of financial support and implementation. While there are attempts to reach out to women, no significant resources have been devoted to making its existence known to Moroccan women; women seeking child support require expensive and largely unavailable paternity tests.

The Moroccan government is not particularly flexible or innovative; this results more from a lack of a political will rather than from a technical incapacity or lack of know-how. There is broad consultation 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 apt to learn 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 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 have no real bearing on political power in Morocco but that eliminated domestic and international pressure, the monarchy was able to pre-empt any real threat to maintaining power in Morocco.

Policy learning  
4

## 15 | Resource Efficiency

Morocco’s state budget, in particular state debt, has worsened in the last four years, partly because of increased spending in reaction to the Arab Spring. The Court of Auditors published information regarding financial mismanagement of public companies, such as Royal Air Maroc, the National Office for Drinking Water Supply, government projects such as “Maroc Numeric 2013,” as well as the management of public services such as waste removal or transport. There is lack of transparency in budget data. According to the 2012 Open Budget Survey, only minimal information on the government budget is available to citizens upon request. Morocco’s decentralization program has not experienced a devolution of power, resulting in expensive double structures where every representative institution, such as municipal councils, is monitored by the equivalent of a regime-appointed executive. The women quota in politics and a cabinet reshuffle of 2013 are other examples typical of the costliness of Moroccan politics. For the women quota, Morocco inflated the number of parliamentarians and local councilors to allow for exclusive female seats

Efficient use of  
assets  
4



rather than reassigning existing seats to women. The cabinet reshuffle of 2013 increased the number of ministers from 31 to 39.

Personal connections play a large role in civil servant recruitment, although this does not necessarily imply that unqualified civil servants are hired. However, ministries as well as local municipalities struggle with large number of “ghost civil servants” (i.e., employees on their payroll who do not work). This topic created a stir in 2013 when the Ministry of Education published a list of more than 500 of this type of civil servant in its ministry alone. Not concrete measures to tackle the problem have yet been taken.

In the structures of the Moroccan political system – a governing monarchy that dominates an elected government – lack of coordination is programmed. The high level of fragmentation of 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, or government resources that they can hand down to their supporters and local constituencies. This also remains the case for the latest Moroccan government. Although the Islamist Party of Justice and Development is clearly dominant in terms of seat shares and cabinet seats, the current government coalition includes liberals, ex-communists and conservative monarchists and has already demonstrated that it is not united by a joint social and political vision. A cabinet reshuffle in 2013 further increased the power of pro-regime parties in the coalition.

Policy  
coordination  
4

In 2008, the government had created an anti-corruption agency, the Central Instance for Corruption Prevention (CICP), which has an advisory role towards public, private and non-governmental actors in policies to prevent corruption. Lacking the required investigative and sanctioning powers to adequately pursue corruption charges, it remained toothless. At the same time, the CICP has been behind a number of initiatives, one of which was implemented in 2012: the Moroccan parliament passed a law to protect trial witnesses and experts, as well as whistleblowers who report corruption. Yet, individuals are still confronted with different forms of problems when they do report corruption. In early 2015, parliament voted to replace the CICP with a new body, the “Instance nationale de la probité, de la prévention et de la lutte contre la corruption” (INPLC). This new body suffers from the same limitations as its predecessor. It also depends on the good will of the administration to access information, which according to the CICP president leaves much to be desired.

Anti-corruption  
policy  
3

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. While the Court of Auditors publishes well-documented reports about mismanagement and does not shy away from pointing the finger at mismanagement

in public spending, royal economic circles are beyond its reach. For example, although the Court of Auditors is legally required to examine the accounts of Office Cherifien des Phosphates Group, it has never done so.

## 16 | Consensus-Building

There is no consensus on democracy in autocratic Morocco. Among the political parties, the Islamists are generally in favor because it would increase their political role, but other parties are less sanguine about it because they benefit from the current system of patronage. At any rate, the most important actor in this regard, the monarchy, has shown no intention of initiating meaningful constitutional reforms. As has previously been the case, the Moroccan monarchy drafted the latest constitution in 2011 with a handful of advisors and in consultation with political parties and civil society actors orchestrated by the regime. Since the new constitution was enacted, Moroccan politics reflect that the constitutional provisions regarding judicial independence or a greater power of parliament and the elected government have had no bearing on political outcomes. Likewise, reform projects regarding decentralization and the framework for local elections scheduled for 2015 were essentially drafted by the Ministry of Interior, which the king controls directly.

Consensus on goals

6

All key actors – the king and all major parties – are essentially in favor of a market economy. At the same time, King Mohammed VI is Morocco's most important businessman, so rules are informally bent in favor of royal companies. Forbes Magazine put the king's net worth at \$2.1 billion in 2014, a noteworthy fact given that the country is relatively poor and has – besides phosphates – no relevant natural resources. In addition to his estate, the monarchy's main source of wealth is the Société Nationale d'Investissement (SNI), the biggest private corporation in Morocco with stakes in many companies.

Since the political opening of the late 1990s, reformers have either been co-opted or sidelined by the regime. The historical reform actors, the Istiqlal party and the Socialist Union of Popular Forces, were successfully co-opted into government from 1998 onwards and have not yet exerted meaningful pressure for democratic reform. Until 2011, the only remaining credible opposition party was the Islamist Party of Justice and Development (PJD). Since the 2011 elections, PJD is leading the government and is suffering the same fate as Istiqlal and USFP: it is sidelined by a monarchy that follows its own policy agenda. Therefore the PJD's own initiatives, such as those regarding media reform, the transport sector, or anti-corruption measures are blocked. Pressure for democratic reform increasingly comes from protest movements. However, without an alliance of powerful reform actors, the monarchy will not feel significant pressure regarding democratization.

Anti-democratic actors

3

Historically, the Moroccan regime has exploited and manipulated social cleavages to divide its opponents and position them against each other. As a result, the monarchy ironically manages cleavages between different actors. The left-Islamist cleavage is exploited to this end. The Amazigh-Arab cleavage, in contrast, has been purposefully and successfully managed with the goal of not generating a major Amazigh mobilization that could lead to conflict. The key conflict is the dispute over the annexed territories in the Western Sahara. MINURSO (United Nations Mission for the Referendum in Western Sahara), a U.N. peacekeeping mission, monitors a 1991 ceasefire between Morocco and the Polisario.

Cleavage /  
conflict  
management  
5

In 2008, Morocco proposed an autonomy plan while the Polisario Front demanded a referendum for full self-determination. In October 2012, Morocco secured a diplomatic victory when then U.S. Secretary of State Hillary Clinton publicly backed Morocco's autonomy plan and called it "serious, realistic and credible." In 2014, Morocco initiated reform projects for "advanced regionalization, geared towards integrating the Western Sahara as an autonomous region into the territory." It is obvious that Morocco is not seeking to de-escalate the conflict. This became for example visible in a 2014 speech by the king commemorating the anniversary of the annexation, in which he stated that "the Sahara will remain part of Morocco, until the end of time." It is also shown in Morocco's strong opposition to the addition of human rights reporting to the mandate of MINURSO in April 2013.

Civil society is welcome to contribute to policy formulation as long as it acts as a form of consultation. For the most part, funding is disbursed only to NGOs that are less politically inclined. The regime-controlled national media give voice mainly to mainstream civil society actors. Accordingly, a civil society survey undertaken for the Civicus Civil Society Index found that the actors felt that the impact was strongest in the fields of education, social development and assistance to the poor, which are essentially uncontroversial topics. Dissenting opinions are at best ignored and at worst prosecuted, such as in the case of NGOs representing Sahraoui human rights activists or of those close to the Islamist Justice and Charity Organization (JCO). In 2014, the harassment of human rights NGOs increased by blocking meetings, activities and events planned by the Moroccan Human Rights Association, the Moroccan League for Human Rights, Amnesty International and other organizations.

Civil society  
participation  
4

In January 2004, the king set up the Equity and Reconciliation Commission to address human rights abuses that took place prior to 1999, during the reign of his father Hassan II. The commission studied 16,000 cases and decided to compensate 9,779 victims. While unprecedented in the Middle East and North Africa and in principle a significant achievement, the commission's work was criticized on several main accounts. The commission failed to address the abuses perpetrated in the Western Sahara and it did not name the perpetrators of the abuses. Its denunciation of the security apparatus' lack of cooperation in its investigation carried no consequences. Many of its recommendations have not been implemented. According

Reconciliation  
7

to a report by the U.S. Institute of Peace, some alleged perpetrators continue to hold high government posts.

Victims in various cases of land grabbing have not yet been sufficiently compensated.

## 17 | International Cooperation

Moroccan leadership is adept in seeking assistance for its policies from international donors and repeatedly secures major funds from the United States and the European Union. It is also consistently hailed by Western countries for its comprehensive reform efforts towards democratization. For example, Morocco's constitutional referendum in 2011 was praised by the G8 as a "democratic process" although the constitution was drafted by a group of close advisors of King Mohammed VI without much meaningful consultation from political parties, civil society organizations let alone protesters. In 2008, Morocco was granted "advanced status" by the European Union. Morocco is the largest recipient of EU funds under the European Neighbourhood Policy. Financial commitments in respect of the European Union-Morocco cooperation program for the 2007 to 2013 period amounted to €1.3 billion, predominantly in the form of budget support, that is, with no strings attached. In 2013, Morocco and the European Union signed a Mobility Partnership to steer migration streams.

Effective use of support

7

Senior U.S. officials also regularly stress the importance of close relations and of a "strategic partnership" between the two countries. A "Bilateral Strategic Dialogue, focusing on security issues" was initiated in 2012. Bilateral Foreign Assistance to Morocco amounts to around \$35 million per year. In addition, Morocco benefits from U.S. regional aid programs such as the Middle East Partnership Initiative.

Morocco also receives financial support from the Gulf countries, with \$5 billion in aid scheduled by the United Arab Emirates, Saudi Arabia, Qatar and Kuwait until 2017.

Morocco is often seen in the light of the violence and instability that are going on in the region, so it has a more favorable image. Even after the Arab Spring brought no genuine democratization to Morocco, it remains a preferred partner for Western governments in North Africa. The constitutional reforms of 2011 – although they did not touch upon the power base of the authoritarian monarchy – were sufficient to have Morocco recognized as a "country in transition" by the G8. This 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

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The European Union is pressuring Morocco to sign a readmission agreement for migrants, although Morocco 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 negotiation rounds since; the 2013 Mobility Partnership has not ended the negotiations, though. The ongoing Western Sahara conflict appears to be the only serious problem Morocco faces in its dealings with the international community – if at all. In autumn 2012, then United States secretary of state, Hillary Clinton, declared the United States' explicit support for the autonomy plan proposed by Morocco. According to this plan, the Western Sahara would ultimately stay under Moroccan control. This position appears to have become consensual in U.S. politics.

Moroccan diplomacy has often been characterized by its realism and its strong concerns about its relations with Europe and the United States. In recent years, the Gulf countries have also become more relevant as they give development aid and are important investors, intending to bring Morocco under their orbit following the Arab Spring. In 2011, a strategic partnership was established with the Gulf Cooperation Council. Morocco is not a member of the African Union because of the latter's recognition of the Sahrawi Arab Democratic Republic. Relations with Algeria have long been hostile. In 2011, King Mohammed VI and Algeria's President Bouteflika emphasized the need for better relations and several economic agreements were signed. However, the borders between the two countries have remained closed throughout the intervening years and the governments' rhetoric signals mutual distrust, as was the case in a recent exchange where Morocco and Algeria blamed each other for allowing drugs to pass through their borders. In the past, Morocco sought to expand economic cooperation with West African countries, including a number of state visits of King Mohammed VI. Morocco seeks to become a regional platform for production and export to African countries through Casablanca Finance City (CFC), a new regional finance hub that grants companies lower income tax and other incentives.

Regional  
cooperation

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## Strategic Outlook

An entrenched semi-authoritarian system and the absence of a pro-democracy reform coalition within formal political parties stand in the way of political transformation in Morocco. This also remains true after constitutional reforms following a wave of pro-democracy protests in 2011. Whereas the monarchy had already successfully weakened the so-called historical political opposition by the co-optation of major parties into government in the late 1990s, such strategies have now also encompassed the Islamist Party of Justice and Development (PJD). This party came into control of the government after early parliamentary elections in November 2011. As previously, this Islamist-led government relies on a coalition of ideologically diverse parties that strongly pursue their self-interest and are unlikely to implement important social and political reform initiatives. Because the PJD has managed to carve out a solid place in the Moroccan political field and to normalize its relationship with the palace, and in the absence of another political alternative from other parties, it is more likely to win substantially in the next elections. At this point, the PJD is not considered a threat to the regime and is more likely to serve the regime. In the long-term, opposition voices are more likely to be articulated by informal political forces from left wing and radical Islamist protesters who are outside of the regime's reach.

Human rights violations, lack of freedom of the press, and increasing harassment of human rights NGOs continue to be worrying issues. 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 of the international community signals their tacit toleration. On the contrary, Morocco's Western partners value its comparatively high political and economic stability and do not shy away from praising the country's "democratic processes," despite flawed elections, the absence of judicial independence and human rights violations. In the current wider regional context, Morocco's appreciation as a "moderate" and stable Middle Eastern and North African country by Europe and the United States is likely to increase, while the already weak criticism is likely to further decrease.

Economic transformation is well under way when it comes to liberalization measures and somewhat in terms of market regulations. In contrast, social safety nets and human development remain key challenges for Morocco. 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 inequality. A short-term challenge will be the IMF's condition to cut the budget deficit. This will require a heavy decrease in subsidies, which might well threaten social peace in Morocco.