



KINGDOM OF MOROCCO

Morocco
between
Millennium Development Goals
and
Sustainable Development Goals

Achievements and Challenges

National Report 2015



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HIGH COMMISSION FOR PLANNING

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[...] At the same time, we need to anticipate potential problems and start thinking about the broad lines of our action beyond 2015, so as to ensure the continuity of our endeavours and be prepared to meet new challenges. We should do this through collective action to strengthen the foundations of a global, harmonious, solidarity-based system to promote sustainable human development, in which efficient, equitable governance should play a key role so that we may offer upcoming generations a dignified life and build a future of peace, stability, progress and prosperity for all.



Extract from the speech delivered by His Majesty King Mohammed VI before the UN Summit on the Millennium Development Goals (MDGs) held in New York from September 20 to 22, in 2010.



Morocco between MDGs and SDGs, achievements and challenges

By Ahmed Lahlimi Alami,
High Commissioner for Planning

One year after the advent of the reign of His Majesty Mohammed VI, the Kingdom of Morocco endorsed the commitments made by heads of state and government on the sidelines of the 55th session of the UN General Assembly in September 2000 to achieve the Millennium Development Goals (MDGs) by 2015.

As regards economic growth and human development, Morocco still continued to bear the brunt of the painful legacy of the stressful and challenging period of the debt burden inherited from the structural adjustment programs during the 80s and 90s. The launching, in the mid of these years, of a policy of economic reforms, democratization and poverty alleviation contributed only fairly to limiting the levels of these deficits.

Thus, the Millennium Development Goals have been instrumental in contributing to strengthen the stated desire of the new reign, at the dawn of its advent, to put the country on a road for a gradual adaptation process of its economic, social and institutional structures to meet the standards required by both a wealth creation pattern and a value system made universal by a triumphant globalization. The political implementation of this approach to ensure access to global competitiveness for the economy and the society has bestowed upon it the dimension of a strategy of building a community-based project to which the young King, supported by the consent and adherence of the nation's vital forces, has proceeded resolutely to volunteering His historical, constitutional and popular leadership.

Institutional and societal reforms option for global competitiveness

To ensure ownership by the economic, social and political elites, the project was preceded by an uncompromising and intensive broad debate on abuses of authority and the social and democratic deficits

which the country experienced since independence on the basis of investigative findings carried out, in full freedom, by former political prisoners themselves and by human rights activists.

It was under the auspices of such announced changes that a reform-based process was initiated with clearly stated priorities with a view to reducing social, territorial and gender disparities and to stepping up the democratization process of the institutional governance system.

Significant progress has been made on the road to achieving these goals in synergy with the emergence in the political and social arenas of new generations that are open up to the world and aspiring to upgrading their consumption models.

The state's commitment to rehabilitate, compensate and ensure social reintegration to the victims of human rights violations was fully fulfilled. Historical pluralism with special reference to the linguistic and cultural diversity as well as to the national identity was recognized and valued. Personal human rights are now on the road to greater conformity with the provisions of the conventions and protocols laid down in the field by the relevant UN agencies.

Aided by the constitutional enshrinement of the primacy of international law in the field, the free exercise of these rights enjoys the support of an independent and pluralist council and of civil society organizations committed to perform lookout duties in the area. A policy of positive discrimination has contributed to open the doors for equal access to school enrolment, especially for girls from rural areas and for women as a way forward to increasing their presence in representative institutions. The successive gains made toward equality of rights linked to gender in matrimonial, social and political matters were crowned with success with the ratification of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

The involvement of business associations, trade unions and associations of civil society in the development, implementation and monitoring of public policies has taken on a new turn and in 2011 the constitutional enshrinement, particularly through the institutionalization of social dialogue and independent institutions that are concerned with overseeing the democratization process of governance. With the political clout they carry in the Chamber of Councilors of the Parliament and the central place they occupy in the Economic, Social and Environmental Council, the independent institutions for the protection of human rights, boosting moral integrity in public life, working toward ensuring equal access to public audiovisual communication media and to other institutions of governance, these economic and social actors contribute by their knowledge and expertise to give the democratization process of the country a growing participatory scope.

The desire to consolidate the independence of the judiciary and to enhance its role in upholding the rights and freedoms of citizens led to a major reform process of the judiciary system. The process set in motion in the 1990s was consistent with an approach to promote the specialization of the jurisdictions in the areas of trade, finance, administration and the gradual repeal of courts of exception. The competence of military courts was exclusively narrowed to deal only with military personnel who could be tried in cases of having committed a service offence. This was a flagship reform in the area. The judicial reforms process culminated in the promulgation of a new Organic Law on the Higher Council of the Judiciary as provided for by the Constitution and the adoption after a wide-ranging public debate of the National Justice Sector Reform Charter.

The religious sphere, whose overriding focus on values, personal and public behavior is known in Muslim communities, has also been subjected to an institutional realignment marked by a rigorous and a clearer demarcation of its area of competence. The king's leading prerogatives in this area by virtue of His historic and constitutional status as 'Commander of the Faithful' have been upheld in view of promoting those very values of tolerance and openness which are still contributing today toward shielding Morocco and warding off any populist drift.

In addition to this, a comprehensive reform of the legal and institutional framework governing territorial authorities was adopted by Parliament in June 2015. It consecrated the concept of "Advanced Regionalization" the contents of which were further detailed by His Majesty the King in his speech of 9 March 2011, while at the same time spelling out the broad outlines of the

constitutional reform, which, in this respect, laid the groundwork for the institutional map of the Morocco of the future.

With the entry of this great reform and after the regional and communal elections organized in September 2015, public policies will be largely decentralized to the new councils and presidents of the 12 Regions of Morocco. They enjoy, in this context, large proper skills, shared or transferred, under the principle of subsidiarity in the areas of economic and social development of their regions. Benefiting, for this purpose, of strengthened financial resources, they also have new institutional frameworks for the promotion of inter-regional solidarity, and special funding mechanisms at the service of their territorial economic integration and resorption of their social deficits. Both elected by direct universal suffrage, the legitimacy of their power must be consolidated and the control by citizens of their management enhanced.

Regionalization which, in the original plan of reforms, was to be the prelude to a new constitution was, with the instability that affected the geopolitical environment of the country in the spring of 2011, relegated to second priority, in favor of the constitutional reform adopted by referendum, July 29, 2011 and where regionalization has become one of its key provisions.

The new Constitution enshrines, in its general provisions, the character "constitutional, democratic, parliamentary and social" of the Moroccan monarchy, delimits the powers of the king to his double title of Head of State and of "Commander of the Faithful", strengthens Parliament's powers and broadens the scope of the powers of government and the prerogatives of its Head. In addition to the advanced regionalization, the new constitution enshrines the social and institutional reforms implemented since the 2000s, and opens the way for a new generation of democratic advances. The participation of citizens, particularly women, youth, and various types of association of civil society in the democratic management of public policies in the economic, social and political fields, which was till then rather far "circumstantial", falls now in the constitutional base. By an innovative provision, the Constitution provides, in addition, the balance of public finances the rank of a constitutional obligation for which both Government and Parliament are held accountable. Hence, Sustainability of the economic growth model, therefore, became a national demand and a state responsibility. These provisions of economic and societal nature are therefore the budgetary and institutional reference of this model.

A Partner-based Growth model

At the turn of the new millennium, Morocco inherited a rather middle-sized economy which was both relatively diversified and uncompetitive which pushed the country, in a context marked by an international environment dominated by the competitive nature of globalized markets, to place its bets on building an inclusive growth model on the basis of economic liberalism and democracy.

Within this prospect, updating the legal and institutional frameworks of a long time centrally managed economy was fast-tracked with a view to ensuring a greater convergence for compliance with the standards that globalization had identified as prerequisites for engaging in sustainable competitiveness. The liberalization of the economy and the privatization of state-owned enterprises, which were the corollary to that and initiated in the 80s and 90s, were extended to include a growing number of economic sectors. This measure was recently extended to cover the social sectors in order to enable them to capitalize on the new opportunities arising from technology transfer, know-how and management models to take advantage of the ongoing competitive restructuring. Similarly, in the case of some strategic sectors they had the added benefit of providing the state with fresh financial resources deposited in an extra budgetary fund allocated to deal exclusively with investments. Today, the partnership with the European Union enjoys an advanced status and the Free Trade Agreements (FTA's) with the United States of America, the countries of the Middle East and Africa were, for historic and geopolitical considerations, an opportunity offered right from the beginning to Morocco to avail itself of this convergence in order to better understand its requirements and benefits.

Sustained by the resolutely expansionary nature of the fiscal policy and a particularly accommodating monetary policy, both eased at the beginning of 2000 by an outstanding comfort of the external finances, investment and final household consumption were considered as strategic growth factors of physical capital, as well as means of upgrading human capital and improving the living conditions of the population.

With an average contribution to the overall investment by the state and public enterprises accounting for 24% between 2004 and 2014 and the growing importance for the state of resources mobilized within the framework of the public/private partnerships, the government was indeed in a capacity to acquire an operational tool for the steering of sector and territorial structuring of the national economy. Focus of investment efforts on social and economic infrastructure was the central axis of this strategy to enhance the competitive assets

of the country and to promote the attractiveness of its regions. To promote efficiency, the state invoking its stated mission as a developer and a private sector, whose main objective was to maximize secure profits, their relations far tended to seek forms of concrete partnerships when engaging in strategic investments.

Prompted by the specific momentum generated by the public-private partnerships, genuine regional development clusters emerged around large federating projects, such as ports, highways, railway systems, water and energy resources development, which were developed and implemented with the participation of representative professional organizations. Urban infrastructure management plans, renovation of the architectural heritage and the living environments of imperial and satellite cities were launched within the framework of agreements reached between public and semi-public institutions and with the local governments or even, in some cases, with civil society organizations.

The economic and social activities deployed around large scale regional projects contributed very significantly to a territorial redistribution of added value in terms of jobs and incomes. They opened the way for a fresh boost to the relocation process exhibited by the national economy in favor of regions that had been marginalized for too long. In this respect, the emergence of new development centers, in the North, East and South of the country, heralded a new economic landscape of Morocco. A case in point is the Saharan provinces with investment and consumption growth rates, on an annual average, equal or even superior to those registered in other regions of the kingdom, including Casablanca-Settat and Rabat-Salé-Kénitra.

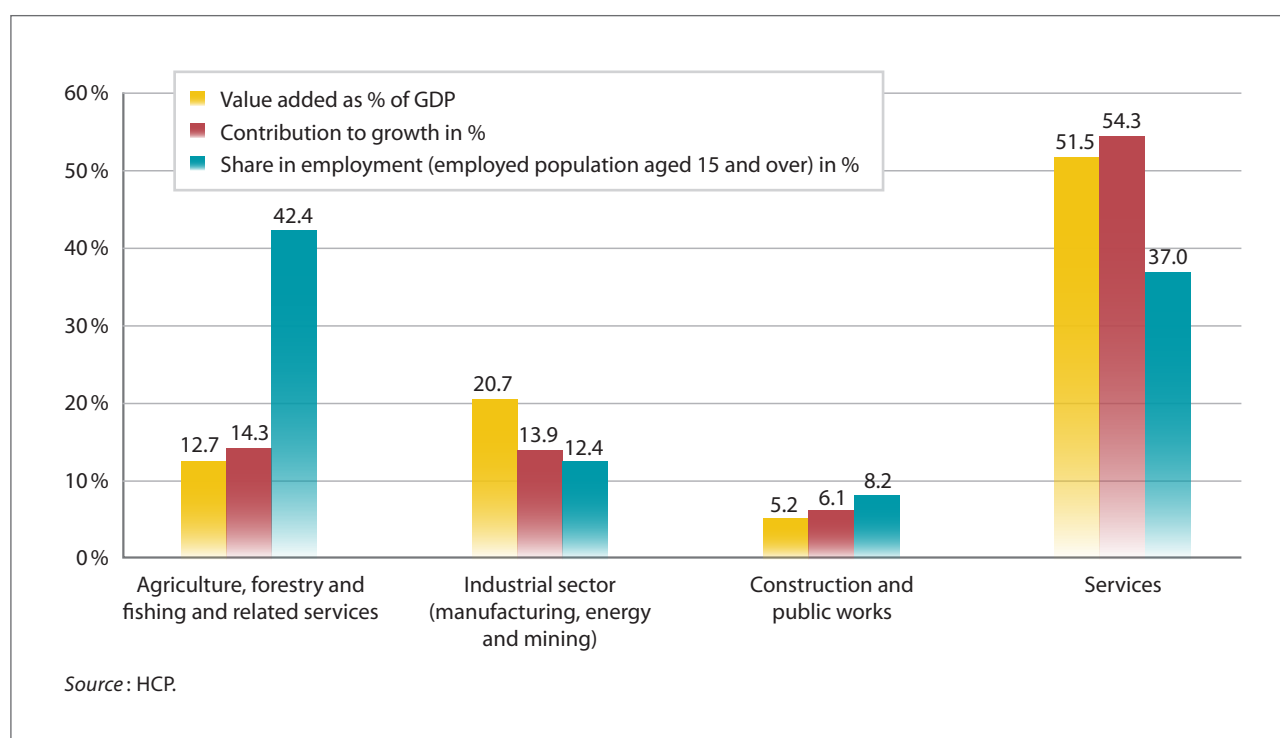
In this ongoing process of restructuring of its landscape and economic profile, Morocco invested a yearly average of 107.2% of its national savings between 1999 and 2014. With a rate of 31.7%-of the gross domestic product (GDP) rising from 25.8% in 1999 to 32.2% in 2014, Morocco multiplied the gross national investment made in value terms by more than threefold. Hence, Morocco enhanced its economy by building good quality economic and social infrastructures, which greatly contributed to improving the country's overall attractiveness, without, however, significantly changing its structures. With a contribution of 21% of total GDP, the traditional sectors of industry, mining and energy had been trending downward in terms of growth rates and their shares in exports. Recently, emerging products, such as automotive, electronics and aeronautic goods had, nevertheless, initiated a relative breakthrough in the national added value and provided an invaluable windfall to the exportable domestic supply. The fact remains that with 69.2% of

total GDP, agriculture, construction and service sectors continue to be the key drivers. These sectors are largely dominated by informal and low productivity activities, yet they are the main markers of the employment structure where they account for 87.5% of the total, with 42.7%, 36.8% and 8.1% respectively (Graph No 1).

and training. In this respect, the amount of the state budget allocated to social sectors increased from 41% to 55% between 1999 and 2014, with a proportion of 5.2% devoted on average to the health sector, 25% to education and vocational training amounting to 1.3% and 6.2% of GDP, respectively.

Graph No 1

Shares of economic sectors in GDP and employment, and their contributions to economic growth (annual average 2000-2014)



Three-quarters of jobs or what is referred to as precarious employment in terms of qualification, stability and remuneration are common to a big bulk of uneducated, seasonal or occasional male labor, subjected to a strong sectoral mobility depending on the economic situations.

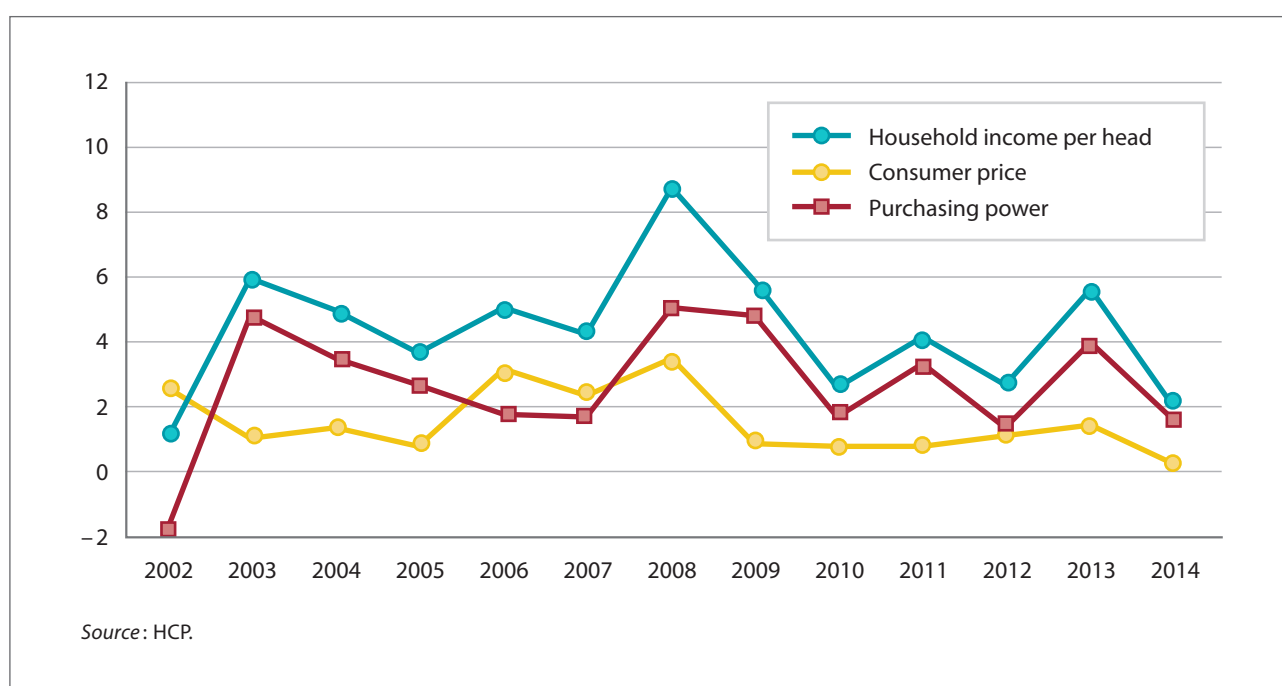
They have been, however, at the origin of 46.3% of the disposable gross national income of households, and with inflation kept at a particularly low level, a strong increase in their purchasing power. They have at the same time contributed, together with the generous fiscal policy adopted up to 2013, in terms of recruitment and payment in the public service and subsidies to consumption, to enhance access of the households to incomes, basic social services, healthcare, education

Through its integrated programs for combating poverty and vulnerability in most disadvantaged rural communes and suburban areas, the National Human Development Initiative (INDH) has provided, in this respect, an invaluable support for budgetary actions in the social sector. Combining improvement of the social infrastructures, literacy and training, support to local associations for development, and help in setting up income-generating projects by young people and women in particular, this major project designed by His Majesty the King Mohammed VI has provided since its inception in 2005 a specific added value to the dynamics underpinning income and employment distribution nationwide through the social and geographical targeting model of its poverty-reduction programs.

Under these circumstances, final consumption and investment have become the major drivers of growth contributing of approximately 73.9% and 39.6% to the economic growth rate. With a negative contribution of external demand, domestic demand has marked by its preponderance the identity of the Moroccan growth model and has heightened uncertainty about its sustainability.

climatic vagaries, posted a sustained growth rate of 4.7% compared with 0.3% in the 1990-1999 period. The rate of unemployment decreased from 13.9% to less than 10%. The gross disposable income of households improved with an overall growth rate of 6.3% per capita, compared with 5.1%. Given the change in consumer prices, kept at 1.6%, the purchasing power of the households improved by 3.5% yearly (Graph No 2). As will be explored in more

Graph No 2
Evolution of household income per capita of consumer prices and purchasing power (% change)



A shatter-proof growth model

Due to the willpower that has prevailed since the beginning of 2000 and to the dual policy of investment and consumption, the growth model, despite its potential fragility, has been able to achieve results which compare favorably with those countries of the same level as Morocco and sometimes more advantaged in terms of spatial dimensions, demographic weight and natural resources.

The annual average rate of performed investment, amounting to approximately one-third of national wealth, is one of the highest investment rates in the world. Households' final consumption expenditures grew by 4.2% a year. The economic growth rate recovered some relative strength increasing to 4.4% instead of 3% in the 90s. The primary sector, which is less subject to the

details in the chapter dealing with MDGs, poverty in all its forms has been globally overcome in urban areas and has recorded a marked decrease in rural environments. The rates of inequalities are beginning to drop and the MDGs have been achieved, or are expected to be achieved in 2015.

It was under those terms that the national economy, using the speed gained through its dynamism, managed to demonstrate a relative resilience in the face of the international crisis of 2007-2008. Dealing severe blows to the economies of the main European partners of Morocco, this crisis also affected the performances of the non-agricultural sectors of the national economy. By enduring, this impact was further aggravated by the effects of financial cutback policies and quasi- protectionist measures adopted by some countries.

During the 2008-2014 period in comparison with that of 1999-2007, the average annual performances achieved showed a marked decline. On a yearly average, growth of non-agricultural sectors decreased from 5% to 3.5% dragged down by the construction, mining and energy sectors and at a lower level by service sector, excluding the manufacturing industries which managed to maintain their growth rate (Graph No 3).

The average annual net job creation fell from 151,000 to 84,000. In addition to this, the growth rate volume of gross investment decreased by 4 points, resulting in an overall loss of 0.4 percentage points in the growth volume of domestic demand.

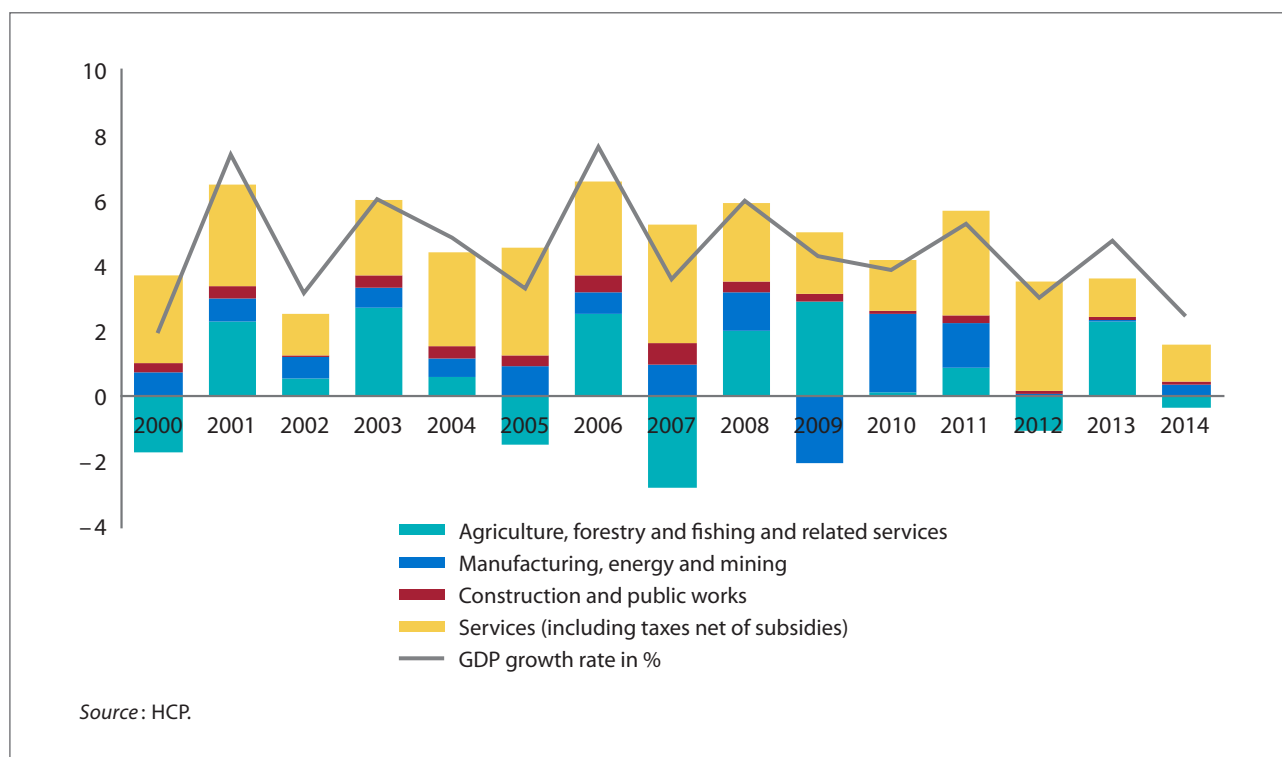
Under the circumstances, whereby domestic supply was losing ground in terms of growth rate and external market shares of exportable components, final consumption of households moved from 3.9% to 4.6% increasing pressure on trade deficit. Coinciding with hikes in the prices of basic food commodities and energy products as well as a fall in incomes from external inflows, the concomitant result was the deterioration of the public finance balances and the balance-of-payments current account reaching record deficit levels in 2012 with 6.8% and 9.5%, respectively (Graph No 4).

The international crisis has had the virtue of bringing to the fore the shortness of breath of a growth model driven by domestic demand without a competitive exportable domestic supply that can ensure ongoing sustainable financing. Aware as it is of the structural origins of these weaknesses, Morocco has embarked on an economic policy more focused on supply, particularly within the framework of a new generation of reforms which have been long overdue in order to restore the macro-economic balances, to provide adequate margins against any future deterioration of the social equilibrium and also to provide its growth model with the much needed levers to ensure greater sustainability.

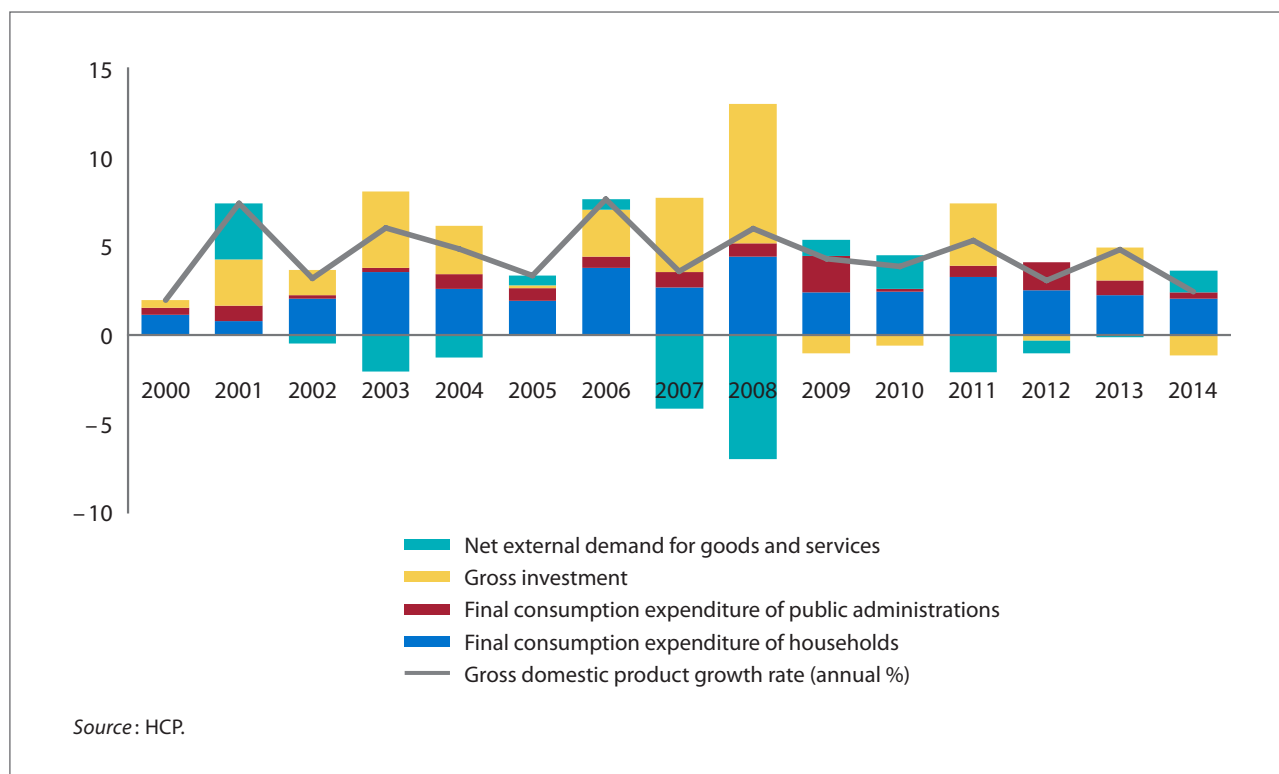
In this context, reducing the fiscal deficit, driven by the decline in the prices of energy, agricultural, and food products, has become a categorical national imperative. Subsidies to the consumption of these products have been largely removed, imports have become under rigorous control, and the reform of the pension system, partly threatened by insolvency, is on the agenda. Anticipating the rules established by the Organic Law of Finance, set out in the Constitution, the Laws of Finance should from now on be within a multi-annual nature of the budget programs, the breaking down into sector,

Graph No 3

Contribution of the production sectors to economic growth (in points of the GDP growth rate)



Graph No 4
Contribution of demand component to economic growth
(in points of the GDP growth rate)



region, and gender of policy to achieve them, and the structuring by project or action of credits devoted to their financing. Budgetary spending should become more transparent, parliamentary control more relevant and the coherence of public policies more visible. The State management expenditure continues, however, to show a big downward rigidity despite a relative tendency to rigor in recruitment policy, salaries and expenses of public administration.

In these circumstances, the budget deficit and that of the current account of the balance of payments have since 2013 taken the road to recovery, dropping, between 2012 and 2014, from 6.8% of GDP to 4.6% and from 9.5 % to 5.5 % respectively. Moreover, the debt ratio of the treasury and that of the overall public debt, both of which know an upward trend since 2009, should therefore be practically stable starting from 2015. Although these performances finds their origin partly in the major concern for budgetary control and the relative improvement in the trade balance, reflecting in particular increasing exports of Morocco's global business products, they remain also due, in large part, to the temporary favorable international

environment. Thus, Morocco has realized the low competitiveness of traditional sectors of its economy, namely agriculture, industry, mining and energy, and the economy's strong dependence on energy. This fact has become more marked with the profound changes in sectoral, technological and regional sources of competitiveness, and of the profits that the global economic environment experiences. The restructuring programs of these sectors were therefore accelerated to enhance the actual and potential comparative advantages. Thus, sectors such as agriculture, industry and energy, are experiencing a new dynamic of structural reforms, investment and mobilization of public and private initiatives.

With the agricultural development plan called "Green Morocco Plan", (PMV), the agricultural sector, which has for a long time benefited from State support in favor of hydraulic equipment much more than for agricultural development, has joined the priority sectors in terms of access to public-private partnerships. Aspiring to transpose the organizational, management, and marketing techniques of the industry to the agricultural sector, the PMV aims to ensure the country's food

security, improve the trade balance and promote technology-based packages in irrigation and use systems that helps water-saving and soil-conserving. For this purpose, the plan is built on a dual approach: the creation of large development poles to meet traditional external demand with sustainable competitiveness, and the bringing together of small and medium farms suffering from land fragmentation and farmers' weak organization in order to promote new labeled local products for new market demands.

In this context, industry has also become the central issue of the national strategy of diversification of the exportable supply and the provider of sustainable jobs. Thus, capitalizing on the experience acquired in traditional areas such as textiles, agro-industry and extractive industries, Morocco is ardently is developing ecosystems around the new global businesses, particularly in the automobile industry, aerospace, electronics, offshoring, agribusiness and phosphate by-products. This approach aims to achieve greater integration of these activities in the national productive structure and boost their competitive insertion in the international value chain.

The expected growth of 6% per year in energy demand between 2014 and 2020 and the context of high dependence on external supplies in this area, make of the energy question a strategic issue for the future of the national economy. In line with Morocco's international commitments to reduce emissions of carbon dioxide (CO₂), and in order to contribute to the improvement of the trade balance, the national energy development program bets on ambitious projects to exploit important national deposits in renewable hydraulic, solar and wind energy. The various program components are deployed in order to build, in the long run, a diversified energy mix where renewable energy share would increase from 4.8% of the 2014 consumption to 12.8% in 2020. Morocco's energy dependence should accordingly decrease from 93.6 % in 2013 to 86.82 % in 2020 and the share of oilproducts would also decrease from 58.4 % to 48.5%.

With the policy of diversifying its exportable supply, the advanced regionalization of its economic and social governance and the economic and societal repository enshrined in its Constitution, Morocco is poised to pave the way for the necessary sustainability of its economic growth and set up new requirements of the no less necessary sustainability of its social cohesion. The new international development agenda for the next fifteen years presents a new horizon for the country to reframe its social model in this double perspective.

Between MDGs and SDGs, achievements and challenges

While at the end of 2015, the international community makes an overall assessment of the achievements of the MDGs and draws under the banner of sustainability those of the new agenda for development, Morocco must align with the future vision of the Royal Message addressed on September 20, 2010 in New York during the UN General Assembly on the MDGs and should undertake the assessment of the achievements to be consolidated, the strengths to be valued, and the challenges to be faced with respect to the objectives set by the international development agendas. This was precisely the purpose of the national consultations on post-2015 prospects, conducted across the country on the initiative of the HCP especially, together with other governmental and nongovernmental institutions, involving a broad participation of representatives of administrations, socio-professional organizations, universities, elected representative institutions and civil society with the support of UN bodies and interested regional and international organizations.

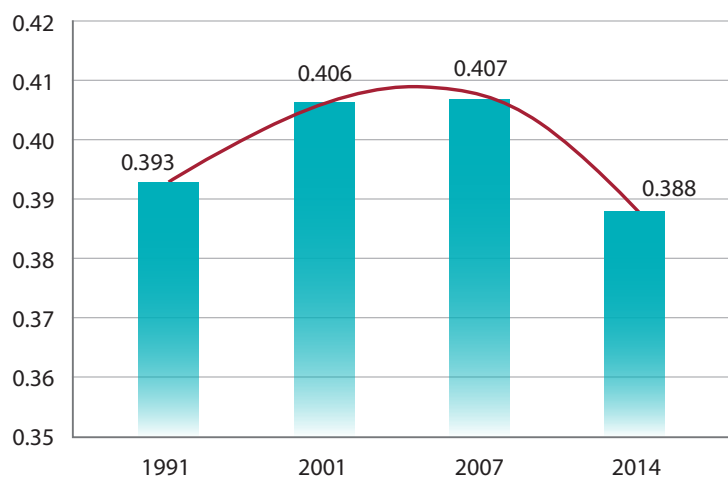
In the light of these discussions, surveys and studies carried out by the HCP, the independent institution in charge of statistics, Morocco can claim to have been able to honor its commitments under the MDGs by 2015. These objectives were, almost entirely, achieved or in the process of being achieved.

According to the preliminary data from the National Survey on Households Consumption and Expenditure, the per capita living standard improved by 3.3% between 2001 and 2014, with more favorable rates for modest and intermediate social categories. Thus, the share in the overall consumption of 10% of the least affluent households increased by 7.7 %, and the most affluent 10% falling by 5.4%. Under these circumstances, social inequalities assessed by consumption brought about, between 2007 and 2014, a first inflection of their stubborn downward rigidity. Measured by the Gini Coefficient, they decreased by 4.7% nationally (from 0.407 to 0.388). They dropped sharply by 6.8 % in urban areas and 4.8% in rural areas (Graph No 5).

The overall improvement of living standards and the reduction of social inequalities have contributed to a significant reduction of poverty and vulnerability. Extreme poverty is almost eradicated (Graph No 6).

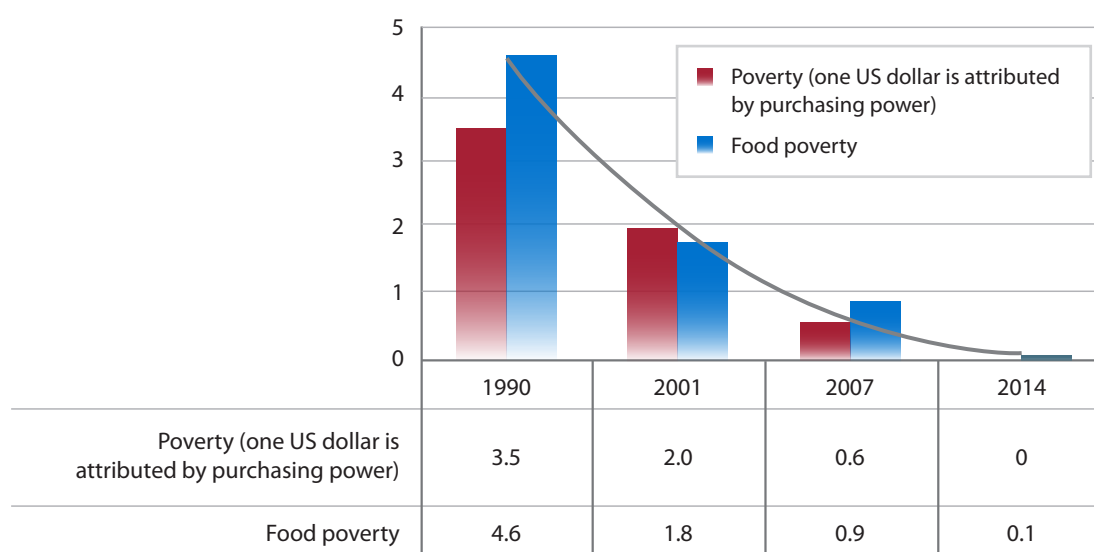
The absolute poverty rate today is not statistically significant at the national level, insignificant in urban areas and heavily dropped to 8.9% in rural areas (Graph No 7).

Graph No 5
Evolution of household consumption inequalities
 – Gini Coefficient –



Source: HCP.

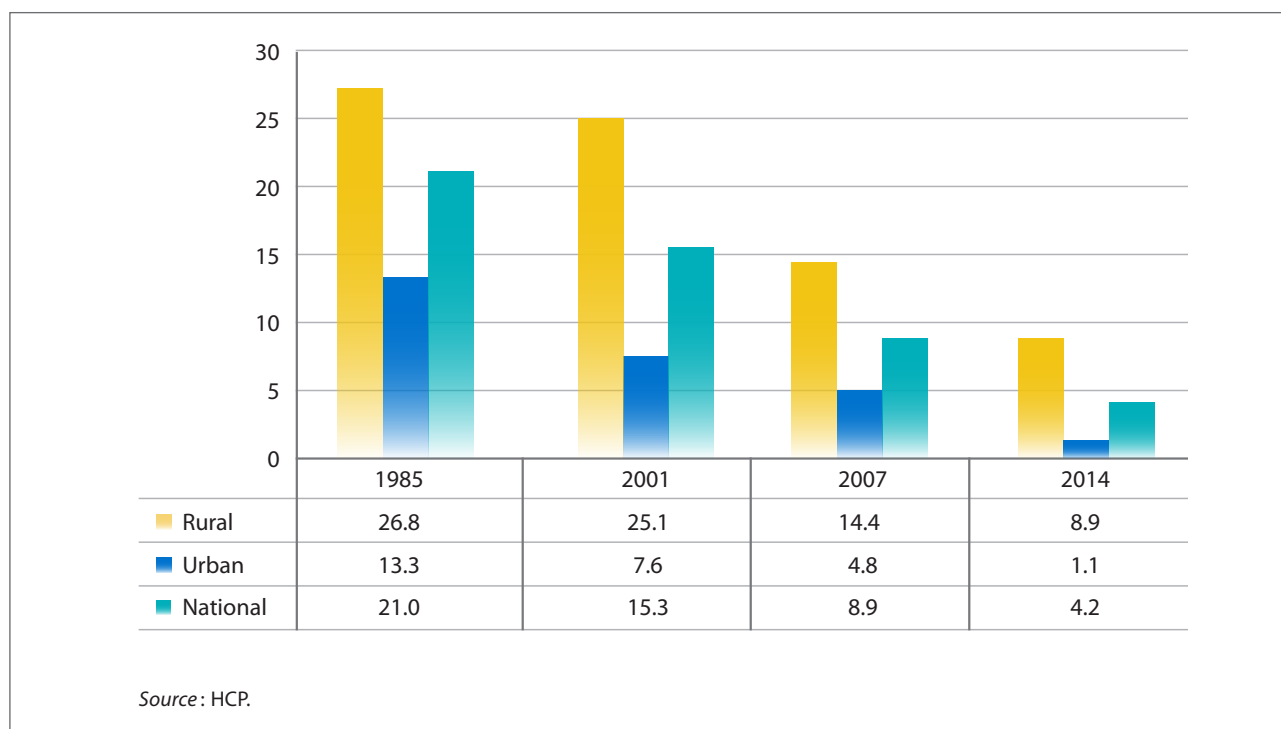
Graph No 6
Evolution of food and extreme poverty rates (in %)



Source: HCP.

Graph No 7

Evolution of the absolute poverty rate by area of residence (in %)

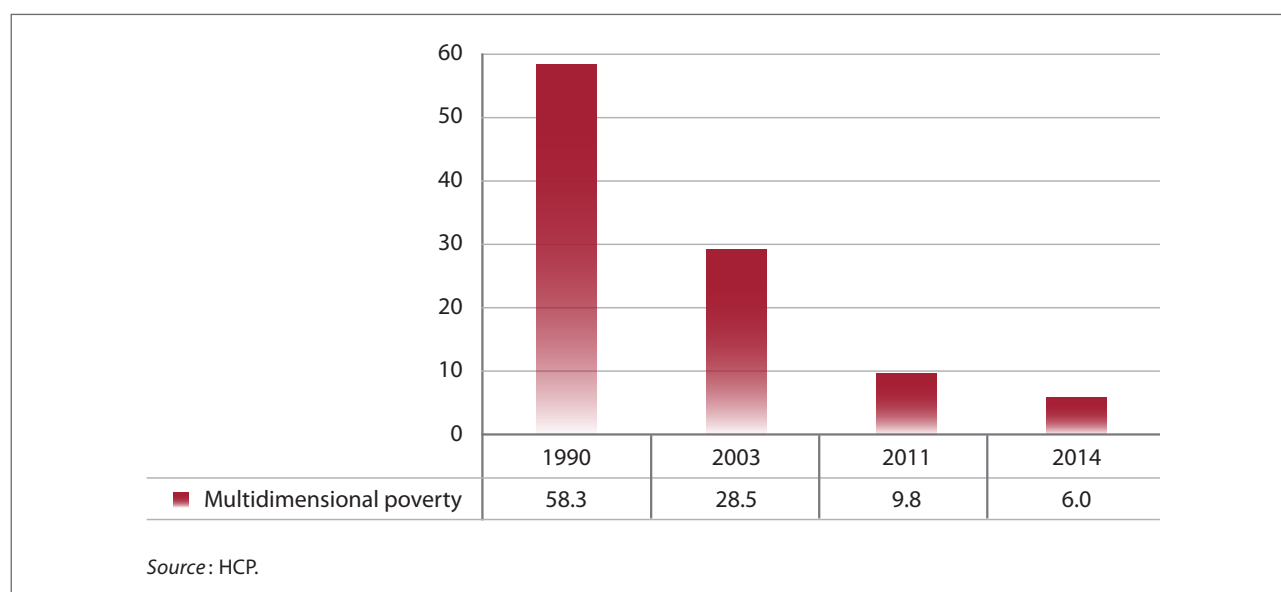


The multidimensional poverty, according to the approach adopted by UNDP called Oxford approach, with a 6% rate nationwide is without statistical significance in urban areas and heavily dropped to 13.1% rural areas (Graph No 8).

Although the vulnerability to poverty, assessed by the approach of the World Bank, is weak in urban areas with an incidence rate of 6.9%, it remains stable, despite a sharp decline in rural areas where it decreased from 30% to 18%.

Graph No 8

Trend of multidimensional poverty (in %)



Primary education is almost universal. The literacy of the population aged 15-24 years is in the process of being universalized, with a most significant improvement among girls than boys. However, the literacy rate of the age group 10 years and older is below the target set by the MDGs. At all educational levels, gender parity is almost achieved through positive discrimination, with a higher growth rate in rural areas.

Infant and child mortality decreased by 60% during the last 20 years and will be between 26.2‰ and 27.6‰ as estimated by the Inter-agency Group of the United Nations system and the HCP experts for a target of 25‰ in 2015. However, the rate of maternal mortality will have achieved the targeted goal by the end of 2015. AIDS HIV prevalence remains relatively low, indigenous malaria was eradicated together with cases of imported malaria in relatively small numbers. The incidence of tuberculosis was reduced to 82 new cases per 100,000 in 2014 against 113 in 1990.

The access of the population to drinking water and electrification was extended to a steady pace while liquid sanitation is in on track in urban areas with a rate of almost 90% in 2014, in a context where the proportion of the urban population in slums or basic housing dropped from 9.2 % in 1994 to 5.6% in 2014.

Furthermore, positive discrimination which made possible catching up with the historical delay in the education of girls in rural areas was also behind the improvement in the proportion of seats held by women in Parliament which increased from 0.7% in 1997 to 17% in 2011. This proportion should rise to 30% in local and regional authorities. Although the representation of women is relatively high at almost 40% in Government departments and in senior managers in public administration, it remains particularly weak in senior positions in ministries and among ministers.

The achievement of MDGs was set by 2015 and extends beyond it, in the international agenda for sustainable development in the context of the triple demographic, economic, and societal transition which constitutes the basic dimensions of the fundamental trends of the development process in Morocco.

A Context of Advanced Demographic Transition

With a population where people under 40 years account for more than 62 % and those less than 30 years for more than 54% , Morocco benefits from the bonus of a particularly advanced demographic transition.

Under the effect of a decline in mortality and fertility, the sharp decrease in the relative weight of the population under 15 years, from 31.2% in 2004 to 28% in 2014 and to 20.9 % expected in 2030, is one source of this bonus. The other source comes from the continuous increase until 2030 of the population at working age between 15 and 59, which is, moreover, accompanied by a decline in the population aged between 15 and 29 years, which constitutes the reproduction matrix of these numbers (Graph No 9).

Despite the gradual improvement in the level of training of this age group, the employment available has remained more accessible to the labor force with low and average educational levels, except for technicians and engineering graduates, and detrimental to labor force with general training and advanced degrees.

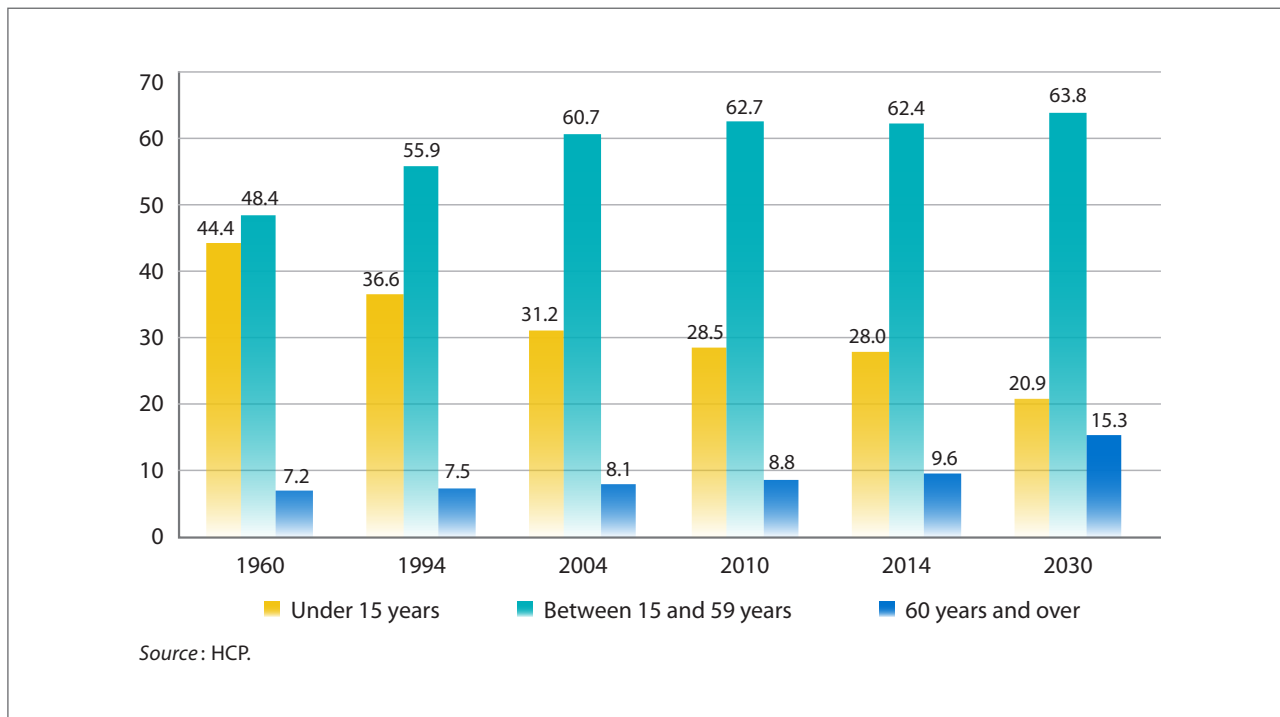
Thus, in 2013 the unemployment rate ranged from 2.3% among those who never attended school to 18.2% among those who have been schooled for 10 to 12 years. This situation improves relatively only beyond a schooling period of 17-19 years with, however, an unemployment rate of around 16%.

Such a level of valuation of a working population in the prime of age is particularly worrying in that the support of the cost of an increasingly aging population depends on the level of its productivity. With a life expectancy at birth increasing from 47 years in 1960 to almost 75 years in 2010, the number of people aged 60 and over will increase from nearly 3.3 million in 2014 to 6 million in 2030 and to 10 million in 2050. By granting people aged 60 and over increasing weight in the structure of the population, the aging phenomenon in a young society with little salaried employees becomes a growing economic and societal challenge.

The effectiveness of this potential bonus brought by the demographic transition in actual dividend to economic and human development is thus closely linked to the country's ability to reform the educational and training system in order to reduce the continuing quantitative deficits, improve internal efficiency and empower beneficiaries to adjust to an increasingly demanding labor market demand. However necessary and urgent the education reform may be, it remains insufficient without a creative domestic supply of an increasing added value and purveyor of quality jobs capable of promoting the skills acquired by a better-trained labor force. Thus, this reform should be part of the process initiated by the necessary restructuring of sectoral and technological sources for a stronger and sustainable competitiveness of its economy.

Graph No 9

Distribution of the Moroccan population by broad age group between 1960 and 2030 (in %)



The Context of an Economy undergoing Restructuring

As mentioned above, Morocco addresses the international agenda for sustainable development in an economic context marked by inflection that its growth model is experiencing, with proactive diversification of productive structures of the national economy, the strengthening of the infrastructural and institutional bases of its attractiveness and rebalancing in favor of a more endogenous way of financing of investment required for this purpose.

Also, the sustainability of achievements in terms of economic growth, accumulation of physical capital, human capital improvement and reducing inequality and poverty, being part of a preservation over time of macroeconomic balances, which has become a constitutional obligation, should be the challenge that Morocco will have to face over the next fifteen years to fulfill its commitments of achieving the Sustainable Development Goals.

To this end, keeping investment at the same rate levels achieved over the last 10 years should be at

the heart of this challenge to accelerate the pace of accumulation of physical capital. This implies a greater allocation of available resources to emerging economic sectors producing exportable added value and purveyors of quality employment to improve the path of economic growth and to “endogenize” funding prospects. In this context, more efficient management of their programming should also help to improve the marginal return, which remained low compared to that of countries of the same level of development, in favor of sustainable growth in the overall productivity of economy and the creation of wealth and income.

The other challenge that Morocco should face is measured by its ability to consolidate the accumulation of human capital, together with physical capital, as a lever of social and economic development. The HCP’s studies on the productivity of the national economy have shown that both the number of years of schooling and life expectancy at birth that provide information as to the efforts made by public authorities in providing education and health services, experienced significant improvement in recent years. The average number of years of education per person employed has increased by more than half (59.3%) over the last two decades, rising from 3.2 in 1991 to 5.1 in 2013, and the rate of

survival of the population aged 15-59 years was 920 per thousand in 2013, an increase of 9.6% between 1988 and 2010. Thus, the human capital index rose by 15.8% between 1991 and 2013 to be now at 2.9 at a level comparable to that of Brazil (2.6) and China (3.0) (Graph No 10).

For its part, the enhancement over time of the living standards between 2001 and 2014 should also be part of the dynamic of the pace and the rate of access of modest categories, which are poor and vulnerable, to this enhancement. The initiated trend of an inclusive economic growth with a pro-poor content should continue to mark the context of achieving the SDGs over the next 15 years.

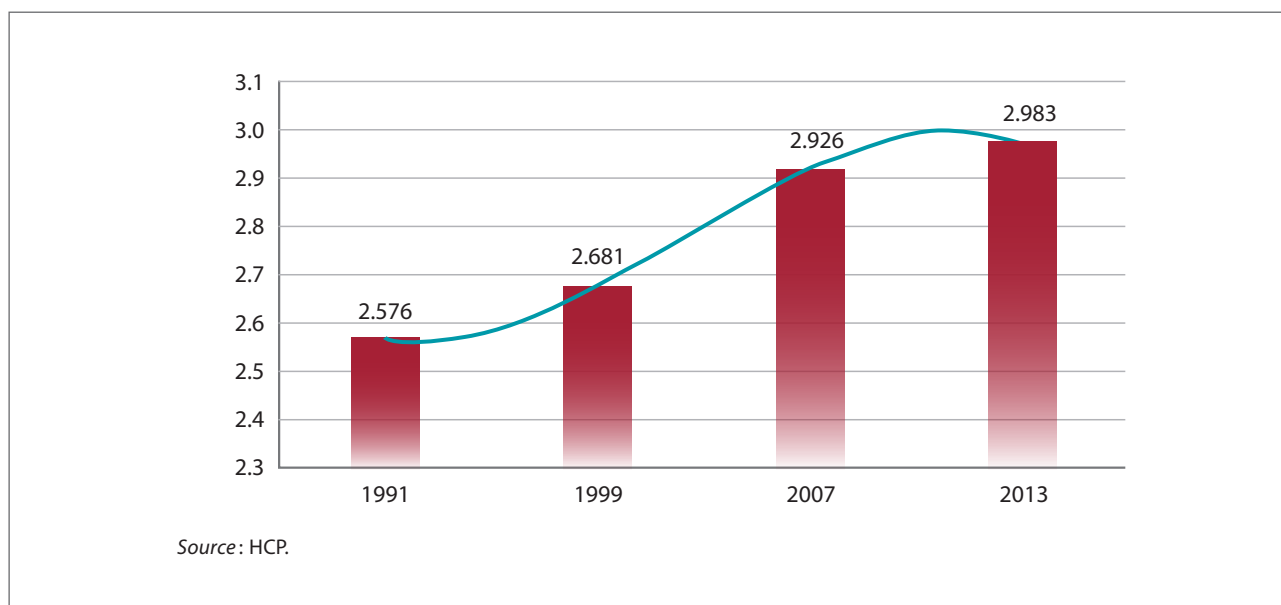
In this respect, the work undertaken by the HCP has shown that in each of the years 2000, 2007 and 2014, assuming a reduction of 1% of the inequality, the decline in poverty would have been about 2 times compared to that which an increase of 1% of economic growth would have brought about. However, the same studies show that the more poverty tends to fall, the more a sense of being poor and disproportionate perception of inequality tend to spread among several social classes and in particular the middle ones.

Reducing inequalities as the main source of perpetuation of the decline in poverty and a factor of social cohesion should thus equally be of the same priority as economic growth.

Besides, this goal has become a constitutional obligation and is part of the High Royal Instructions, addressed regularly to the Government, and in particular those relating to the promotion of the middle classes and the fair distribution of the fruits of growth in the nation's intangible capital that have been addressed in the Royal Speeches of 30 July 2008 and 30 July 2014 respectively.

The Royal Call on the public policies to adopt the INDH modus operandi in the implementation of social programs and its extension to the 29,000 territorial units selected because of their low level of human development, is part of the same approach. Several aspects have been highlighted during public meetings held to discuss post-2015 development goals. These aspects are described in the appendix of this report. Those relating to inequality between men and women and between urban and rural areas were particularly highlighted and analyzed in the same way as those on social groups in vulnerable situations. It is the case of 1.4 million people with specific needs or the 3.3 million people aged 60 and over, among whom 84% do not have pensions and 85% do not have medical coverage. The fight against the vulnerability of these social groups was considered as a permanent obligation on public policies in the social field. For their part, inequalities between men and women and between urban and rural areas, inherited from social structures and norms, were considered as examples to benefit

Graph No 10
Evolution of the index of human capital



from specific actions and positive discrimination within pro-active programs of fighting for equality of status and opportunity for all citizens.

Reducing inequality in all its forms should be in any case a decisive factor in the consolidation of social cohesion in a society with old traditions and where the values and behavior of a dominant youth are undergoing profound changes.

The Concern for a Green Economy

Faced with major "disorders" of climate change, Morocco is, regardless of the severity level of scenarios developed by the experts in this area, forced to join the effort of the international community to mitigate its effects by reducing greenhouse gas emissions and to strengthen the sustainability factor of its growth and its human development.

Certainly, Morocco is a country whose greenhouse gas emissions are insignificant, its effort will have a marginal impact on global pollution level. However, the choice of a production model based on clean energy and the adaptation of sector strategies to climate change constitute for the country the way to give its growth model a sustainability perspective beside its commitment to participate in the efforts of the international community.

To this end, strategies for the initiation of a green growth in the sectors of energy, transport, industry, construction, solid waste were formulated and are in the process of being implemented. The renewable energy strategy, for example, should target the production of 6000 MW and the reduction of 18 million tons of CO₂ by 2020 through, among others things, the achievement of 42% of the installed electrical power from renewable solar, wind and hydraulic sources by 2020. The 12% energy saving by 2020 and 15% by 2030 in buildings, industry and transport is now a goal that would fit in with the ODD.

In this context, the major challenge facing Morocco would be at the heart of its ability to maximize its adaptation to the effects of climate change. This objective should be based on an integrated water resources management with a view to ensuring an upstream and downstream spacial and intergenerational solidarity favoring ecological time in planning. The reversal of the trends of degradation by reducing losses of land from 30 to 50%, and the reduction of siltation dams would help save an irrigation potential of about 10,000 hectares per year, are intended to be fully supported by the national action plan for watershed

management, the National water Plan and the national irrigation water saving plan.

Similarly, a major shift of farming models towards a greater respect for the vocation of the land and the potential of natural ecosystems implies redirecting sectoral development plans with a greater concern for sustainable development.

Finally, the sustainable management of forest ecosystems included in the guidelines of reforestation master plan, the fire-fighting master plan or in the national strategy of forest's health should know a better implementation rhythm to consolidate the current trend of recovery of these ecosystems and reach 5% by 2030.

Adaptation to the effects of drought would therefore constitute a major operational aspect of the preservation of a trend with less potential inequality between regions and generations.

The Emergence of a new Societal Context

In a context of advanced demographic transition, a growth model being restructured and the threats of climate change impacts, the process of achieving sustainable development goals is designed to be part of a context marked by the emergence in the Moroccan society of new material and cultural needs reflected with a growing weight by new social groups, particularly youth, women and civil society associations.

Analysis of the results of the demographic panel survey in 2010 had already shown, through demographic behavior, the deep transformations in the systems of values and societal behavior within a strong intermingling of populations, the effect of increasing urbanization, rapid rise of nuclear families and the persistence of strong internal and external mobility of the population, especially among the young and women. Fertility increasingly controlled was, in this respect, noted as an indicator of these mutations in that it implies personal or couples choices that break with the values of a traditional society. The latter being often pro-natalist, a high number of children, as is known, is a source of security, although in reality it is detrimental to the well-being of parents and children. A sharp drop in fertility is, in this respect, an indicator of the emergence of individualism in society with the accompanying societal, economic, and even political implications. With the breakdown of traditional solidarity frameworks that are intended to reduce the cost of the entry of young people into working life and to provide support for older people, this evolution

has a tendency to shift a population with a majority of youth within the system and the traditional elites of social and political intermediation. In a context of openness to new consumption patterns, new values and social behaviors that have become increasingly internationally hegemonic, social needs, aspirations to welfare and the cultural norms of part of this population are looking for new frames of expression and had to take on, at least for a while, a corporatist or spontaneous-like character.

In this context and as the Welfare Survey conducted by the HCP in 2012 has shown, new perspectives emerge in the perception by the population of sources to improve their living conditions. Among these, education is a priority for 78% of Moroccans, proximity to schools to 58% of them, medical coverage to 49%, proximity to health facilities for 38% and the quality of health services for 36%. Furthermore, for 60% of Moroccans, having a personal housing and for 38% having comfortable housing, are priority sources of well-being. Girls' right to respect the legal age of marriage, for example, or gender equality and participation of youth and civil society in public management, both enshrined in the constitution, have become new requirements whose failed satisfaction is at the origin of a new set of potential frustrations.

In general, the dimensions selected in the MDGs, such as access to water, electricity and schooling lose their qualitative content and the acuteness of their presence in the social demand. However, the proximity and quality of social services, the sustainability and decency of employment and income, the moralization of public life, old age support and equality of status and opportunity are requirements that are gaining momentum. In addition, new environmental concerns and sensitivities mobilize more and more civil society in creative harmony with the Royal Initiatives in the areas of renewable energy, water and forests and urban planning. The wide expression of all these aspects is accompanied, in general, with a strong desire of citizens to participate in the process of defining and leading public policy.

The 2011 Constitution has responded accurately to the emergence of this strong social demand by enshrining its democratic aspects constitutionally and by granting social groups that express it the institutional framework for dialogue, proposal and participation to make the policymakers consider them. It is to this end that, besides other provisions of economic and societal character, the constitution provided for the establishment of an Advisory Council of the Youth and Associative Action, a Council of Family and Children and the establishment of the Authority for Parity and the fight against all forms of discrimination.

The Social cohesion that this constitutionally enshrined participatory aspect is meant to strengthen should constitute as a last resort the aim of economic growth at the service of Sustainable Development Goals. This social cohesion must find the basis of its strength and the factor of its sustainability in a double process of decreasing position inequality and inequality of opportunity. The decline in position inequality should be reflected in a fair way of distributing the fruits of growth and a democratic functioning of the social dialogue, which has also become a constitutional requirement. The decrease of opportunity inequalities would remain dependent on a staffing strategy for all citizens regardless of their class affiliation, sex and area of residence with an equal capacity to have access to knowledge and power.

In this respect, all the studies conducted by the HCP on poverty, vulnerability, inequality and social mobility happened to agree that unequal access to education and training is at the heart of inequality of opportunity. It penalizes economic integration, enhances the reproduction of poverty and inequality and reduces the propensity to participate in the institutions and weakens confidence in the efficiency of their powers. Economically, it appears that an additional year of education improves the earnings of employees by 9.6% on average, with 2.4% for junior high school-level, 9.6% for high school level, and 11% for higher education level (Graph No 11).

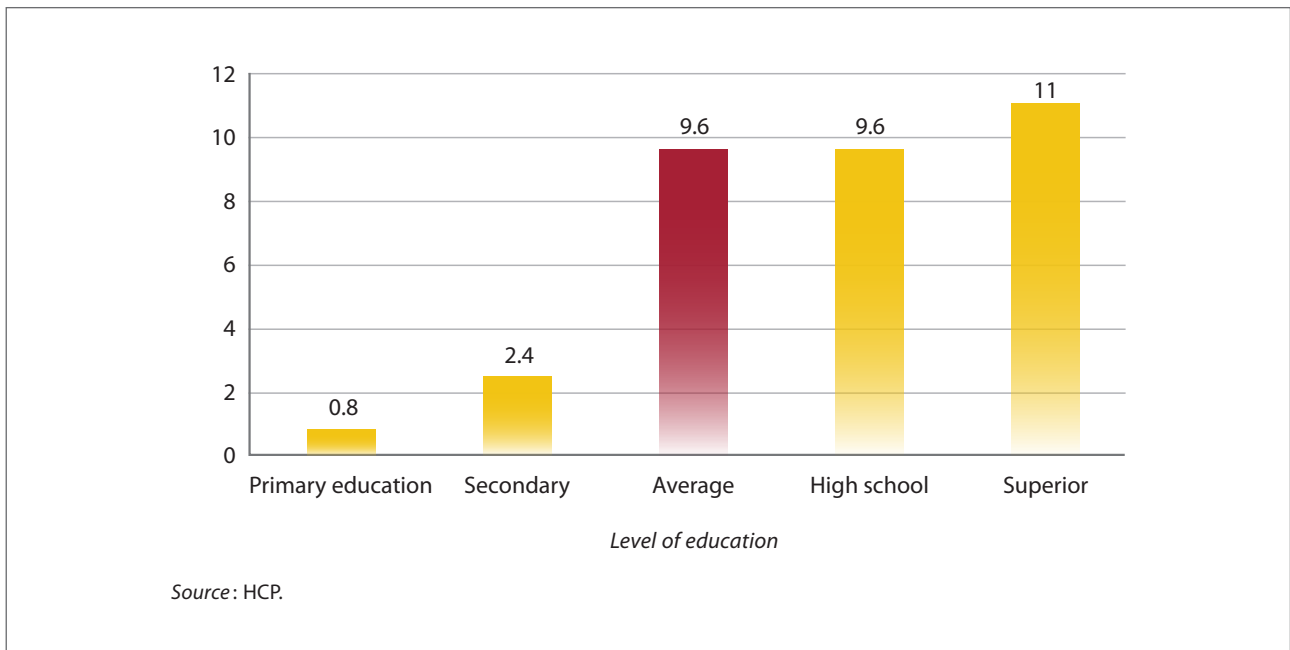
In terms of social mobility, with the same age, area of residence, education level and social origin, a worker with a level of basic education is 1.6 times more likely to achieve an upward social mobility than their "uneducated" counterpart. The odds ratio is 4.6 times for people with a secondary education level and 16.2 times for those with higher education.

Under these conditions, the major reform of the educational and training system, by enshrining the compulsory nature of preschool education, positive discrimination in access to education by children from disadvantaged backgrounds and people with disabilities or in vulnerable situations, and strengthening the private sector contribution to the effort of making education universal should make Moroccan school one of fairness and equality of opportunity.

It should be recalled, however, that if education is, as noted above, a key factor in improving the income of individuals and in the fight against inequality, it is still true that in terms of employability the number of years of education today tends to be accompanied by a rise in unemployment and its duration, especially among the graduate labor force. In scientific and technical areas, the unemployment rate increases until the 9th grade

Graph No 11

The average yield for one year by level of education and training in 2013 (in %)

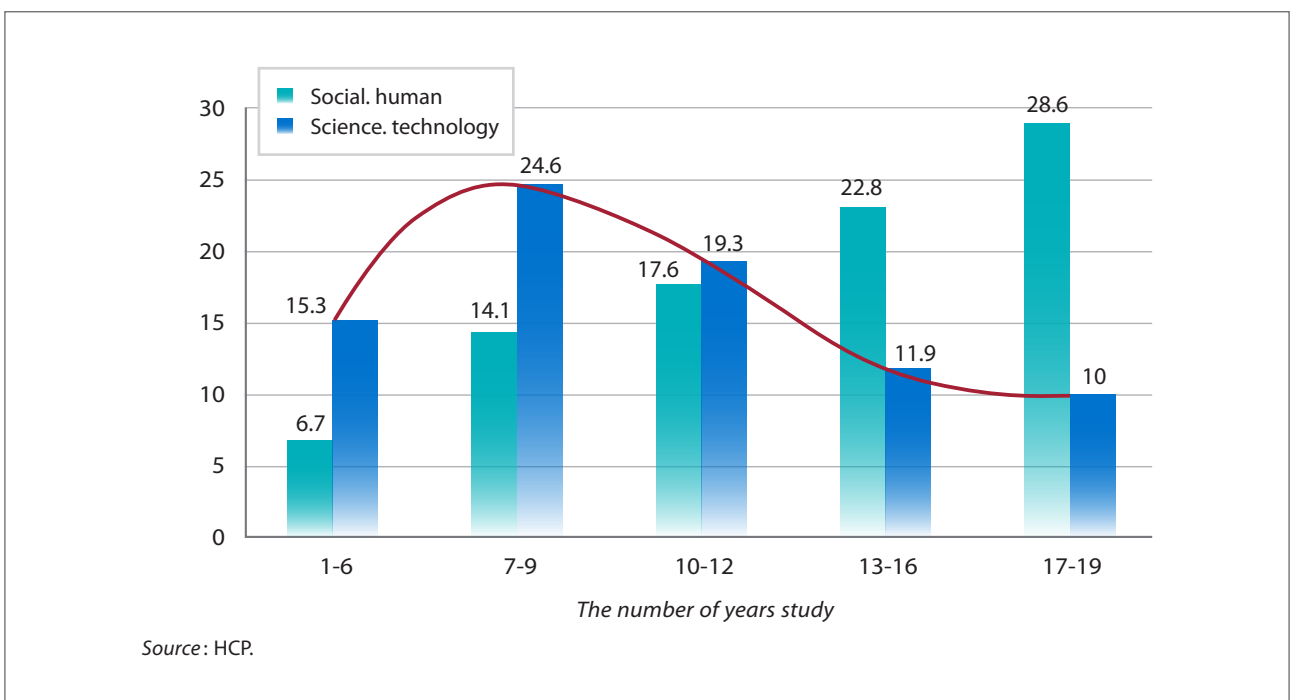


to reach 24.6%. Beyond this level of education, the unemployment rate declines as the number of years of

schooling increases to stabilize at 10% for more than 16 years of education (Graph No 12).

Graph No 12

The unemployment rate by area and duration of training in 2013 (in %)



This paradox can be explained by the weak diversification of sectors of high added value and purveyors of quality and well-paid jobs capable of better using the skills acquired by available human resources. Morocco is thus destined to succeed in its planned promotion of a successful educational and training system liable to anticipate the needs of an economy being restructured

and achieve by a high level of internal and external performance the necessary adjustment of supply and demand of employment as a factor of growth sustainability, productivity and strengthening of social cohesion.

A. LAHLIMI