



Letter From Casablanca: African Tiger or Reluctant Reformer?

By

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From a sustainability, and many other points of view, Morocco is a study in contrasts. Amidst the turmoil of the Arab Spring, it has remained stable and, during the past five years, Morocco has increased economic, labor and investment freedoms. In 2011, constitutional amendments proposed by King Mohammed VI were adopted during a referendum that resulted in increased powers for the prime minister and improved civil liberties.

Morocco sees itself as part of the global community as evidenced by a free trade agreement with the United States and geographic proximity to Europe that have facilitated investment and encouraged economic stability. The country will host the UN's climate change Conference of the Parties 22 meeting in 2016 in Marrakech.

Scratch below this surface, however, and larger contrasts and challenges come into view. The nation is trying to figure out how to implement its expanded constitutional freedoms, and corruption, though not the most important impediment to doing business, remains an issue as evidenced by recent prominent cases of embezzlement of large sums by public servants. The court system struggles to be independent and competent.

These and other contrasts became evident during a recent trip to Casablanca, a visit that resulted from completion of a three-year US State Department grant to the World Environment Center to improve the sustainability performance of small and medium-sized enterprises in the food processing and textile sectors. Fifteen Moroccan SMEs participated in the project and collectively, through 158 specific action plans, reduced water use by 4,900 cubic meters, greenhouse gas emissions by 521 tons, and electricity use by 190,352 kWh. As importantly in SME projects, participating firms saved over \$142,000 in the first six months and are now expecting more than \$177,000 in cost savings per year. An added benefit, and indicative of the expanding scope of sustainability initiatives, was that 19 students were trained in cleaner production and energy efficiency skills, 30% of them women.

What is constraining Morocco's ability to further develop its people and other assets and become the equivalent of Singapore, Malaysia or Hong Kong as an African Tiger? Several important factors are at work. First, the Moroccan economy is very fragmented. Approximately 90% of the nation's firms are SMEs. From agriculture to health care to the service sector, many firms lack significant market scale. Second, while the Moroccan government has encouraged job creation initiatives, there is often a lack of follow through as well as enforcement of reform programs. Third, a culture of entrepreneurial initiative has yet to take hold and represents an important constraint in the future development of the country.

Together, in the words of one Moroccan financial investor that hosted me for a dinner at his house, these factors contribute to a “failure to execute” opportunities and a “lack of consistent initiative.”

These points were most vividly driven home to me in a discussion that WEC organized with students that studied under the tutelage of several of the country’s leading sustainability experts. The students indicated that they were largely unfamiliar with key sustainability concepts until their graduate work was initiated. The scope of this work—focused on cleaner production and energy efficiency—was very specialized so that the students lacked both the confidence and experience in integrating technical data with broader management concepts and methodologies. They were also reluctant to express their views on a variety of topics relevant to their academic preparation and experiences. Perhaps this was the result of an unfamiliar setting with a foreigner, or the fact that their major professors participated in the discussion, but only one student articulated an aspiration to create a better society or any objective beyond the immediate career goal of employment.

How, then, does a nation such as Morocco move forward? One major road map lies in how it is responding to the fact that it lacks major natural resources and, until recently, it was 91% dependent upon imports for its energy supplies (coal, oil, refined petroleum products, gas and electricity). In 2009, the government adopted a National Energy Strategy that set specific objectives and targets in such areas as renewable fuels development, energy efficiency, and foreign investment in the nation’s energy sector. Currently, Morocco is exploiting its natural conditions for solar and wind power, and renewables are on schedule to account for 42% of installed capacity by 2020. More ambitious energy efficiency standards are also being developed along with legal and regulatory policies and energy partnerships that are beginning to achieve impacts across the economy and integrate Morocco energy infrastructure and policies across the western Mediterranean/eastern Atlantic region.

An additional by-product of these efforts is the number of steps being taken to reduce greenhouse gas emissions in the energy sector. Collaboration between the government ministries and multi-lateral and bi-lateral agencies are instituting additional programs that integrate environmental protection with energy development. According to the International Energy Agency, the 2009 National Energy Strategy “is being implemented in accordance with the deadlines set at its launch.” Such progress will likely increase the confidence of foreign investors over time.

Much of the future is up for grabs in the Arab world, and the question arises as to whether it is possible for a single nation to have disproportionate influence—positive or negative—on creating that future. In Morocco, the conclusion of this observer is that the country, at present, is not a sufficiently powerful economic player for its evolving political system to have major influence in the Arab world. One can hope that its progress in advancing sustainable energy programs can stimulate a greater entrepreneurial spirit to go beyond the traditional comfort level of its culture.

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