

Weekly highlights by L'ECONOMISTE



Entreprise Certifiée Qualité
ISO 9001
version 2015
Système de Management de la Qualité
certifié ISO 9001 version 2015 par
BUREAU VERITAS MAROC



Investment Charter

Adoption at a steady pace



Budget extension
Where will the
12 billion
Dirhams go?

Higher Education
“The Great
Escape”, the
Great Drain

Telecoms:
Economic nonsense
in infrastructure

**Rhamna, future
Silicon Valley**



**A “highly symbolic”
Nobel Peace Prize**

EDITORIAL

Transparency shock

Meriem OUDGHIRI

ONE hectare of watermelon consumes between 5,000 and 6,000 cubic meters of water per year. Avocado needs are estimated at nearly 12,000 m³ for each hectare. Overall, 85% of the water consumed goes to agriculture. The figures are impressive, particularly in this unprecedented period of drought. Since the triggering of the alerts, people have seen reports from think tanks of different persuasions which have discovered this catastrophic consumption. However, this state of affairs was known for a long time by experts and scientists who were denouncing the situation: Morocco, through its exports, sells the water which it ended up sorely lacking. In the face of the severest drought, solutions had to be found urgently. Since the end of last month, the irrigation subsidy tap has been turned off for avocados, watermelons, and new citrus plantations. Other crops should follow the same path. If there

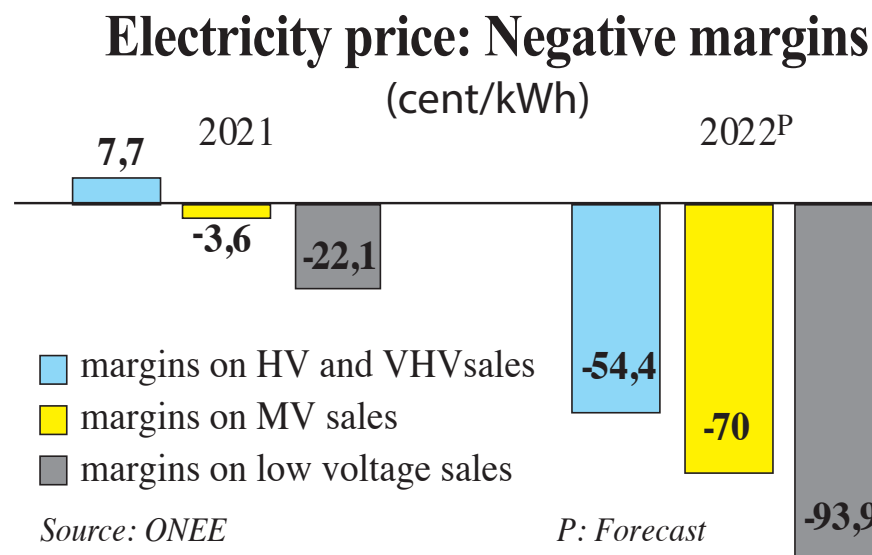
is one sector that has been the subject of reports, expert opinions, and conferences leading to an overdose, it is agriculture. Many were those who thought that a country whose growth was at the mercy of the vagaries of the weather could not have an agricultural calling. In the meantime, the Green Morocco Plan (which has become “Green Generation” due to the green movement) has arrived by changing the situation for modern agriculture and positioning it in the niche of productivity. But the latter turned out to have a price and it’s a very high one, namely the price of water. Today, lessons must be learned to rethink the agricultural model, unpacked in all its durable and sustainable alternatives, but it is also necessary to raise awareness, inform, and do a media hype about the reality of water prices and its cost price. A transparency shock is absolutely necessary. We no longer have a choice. □

Weekly highlights

Budget extension

Where will the 12 billion Dirhams go?

IN four months, the government has just granted a new budget extension. The first of 16 billion Dirhams (1.6 billion USD) was devoted to Government subsidies (to basic commodities) and the news should alleviate the effects of Covid and also the rise in the price of raw materials. In total, 12 billion additional Dirhams will be granted. Of this amount, 2 billion Dirhams will go to the Moroccan Pension Fund (CMR) and 3 billion to meet urgent expenses that could arise between now and the end of the year as well as commitments made vis-à-vis teachers (1 billion Dirhams). Presented on Tuesday, October 13 before the Finance Committee in the first chamber of the Parliament by Fouzi Lekjaa, Budget Minister, the draft decree validated by the government constitutes a “flexibility” granted by the Organic Finance Law. Its article 60 states that “in the event of imperative and unforeseen necessity of national interest, additional credits can be opened by decree during the year in accordance with article 70 of the Constitution. The parliamentary committees in charge of finance are



informed thereof in advance”. The fact is that the situation is urgent! Several companies and public institutions are struggling to recover from the economic repercussions of the pandemic and from the rise in commodity prices. The government thus intends to grant 7 billion Dirhams to support certain state-owned enterprises and public agencies, including Royal Air Maroc and the National Water and Electricity Office (ONEE). Today, the airline company is in a critical financial situation and

could end the 2022 financial year with a deficit of nearly 2.7 billion Dirhams! The national carrier was impacted by the closure of borders (from November 2021 to February 2022), and by the vertiginous rise in the price of kerosene and all air-related services, without forgetting the impact of two extremely difficult years (2020 and 2021). For its part, ONEE is not better off. Last April, the Office had sounded the alarm concerning the financial risks faced with the rise in the price

of raw materials. Without subsidies for the purchase of energy products, the losses could peak at 24.14 billion Dirhams. It must also be said that in the absence of market-based electricity prices, the Office continues to suffer from a series of significant negative margins standing at 0.70 Dirhams and 0.939 Dirhams per kilowatt hour, respectively, for the sale of medium voltage and low voltage electrical energy (see graphics). This institution, whose financial health is fragile, risks seeing its financial indicators go into the red, which would reduce the efforts made in recent years. In any case, purchases of hydrocarbons and energy products could peak at 47.7 billion Dirhams versus 22.1 billion in 2021, an increase of more than 25 billion Dirhams. To deal with this situation, the Office has put in place a roadmap which covers, among other things, the rationalization of investments, management expenses and logistical costs... but this remains insufficient and therefore the intervention of the Government remains necessary. □

Khadija MASMOUDI

Higher Education

“The Great Escape”, the Great Drain

IT may not be a hemorrhage, but that is what suggests a note signed by Abdellatif Miraoui, Minister of Higher Education, himself, at the end of last week in a circular addressed to the acting Inspector General of Higher Education, to the Director of the National Center for Scientific and Technical Research (CNRST), to the Director General of the National Office for University, Social and Cultural Works (ONOUSC), and to the Acting Director General of National Assessment Agency. Abdellatif Miraoui implicitly expresses in that circular his surprise about the number of requests for early retirement and resignations from research professors, administrative executives, and teaching technicians in various services and university institutions. According to the ministerial note, “it has been noted that the requests

have registered a crescendo increase and that in most cases, the requests for retirement or resignation are accompanied by the favorable opinion of the hierarchical superiors and the university structures concerned, which is initiating a serious dilemma. Indeed, if the universities were to give their final agreement, this would undoubtedly result in a significant shortage of teachers and civil servants within the services and university institutions”.

This imbalance should have a negative impact on the educational and administrative support rate. A fact that further complicates matters for the department is the almost certain possibility that the persons in question

An imbalance that should have a negative impact on the educational and administrative support rate

will have recourse to the administrative courts in the event of refusal. The legal actions have every chance of leading to a favorable decision for the people leaving the academic world, knowing that they fulfill the conditions of seniority in their position to claim an early departure. The situation, which is at the very least comical, coincides with “the final preparations for the launch of the plan to accelerate the transformation of the ecosystem of higher education, scientific research, and innovation”. The strategy precisely requires the mobilization and strengthening of the ministry’s human resources. With the “great drain” that is looming ahead, Mister Miraoui’s department is far

from this configuration. Consequently, the department calls upon the persons concerned to ensure that the general interest prevails first when examining the applications of people wishing to leave the Ministry and the academic world. Instructions were also given that “these requests are only validated in extreme and justified cases”, the goal being to stem the flow of retirements before age and resignations. In addition, the Ministry of Higher Education will take the agreements into account when allocating budget items under the Appropriations Bill. Instruction was also given that the departments concerned should attach the greatest importance to the ministerial note and ensure that its content is implemented to guarantee the smooth running of the administrative services and universities concerned. □

Hassan ELARIF

Investment Charter: Adoption at a steady pace

MOHOCINE Jazouli is already rubbing his hands. The Minister of Investment, for whom this is the first parliamentary exercise, succeeded in having his draft framework law relating to the Investment Charter adopted last Wednesday within the Finance Committee of the House of Representatives, and this, without having to resort to an extraordinary session as MPs had wished to hold after the close of the ordinary spring session. This week is marked by the opening of the autumn session by the King, which will allow the House of Representatives to schedule the draft legislation in a plenary session before transferring it to the House of Councillors. In the meantime, the majority and opposition groups presented 152 amendments, but since it is a framework law, the Minister of Investment, Convergence, and Evaluation of Public Policies, overwhelmingly rejected the amendments. The Minister retained only those relating to the form, which gave the impression to many MPs that the Government was in a hurry to have the law enacted just like it was approved in the Council of



Ministers chaired by the King. For Mohcine Jazouli, this approval comes in the wake of royal guidelines to quickly provide the country with a new Investment Charter. For a source familiar with the matter, one of the essential goals of the Charter is the creation of jobs and in particular of long-term ones for the sake of young people. Morocco has a pool of talents and skills just waiting for the opportunity to rise to the challenge. *“It is thanks to this human resource that we now have a competitive automotive industry and*

an aeronautics industry meeting international standards. This investment charter will allow us to go further with an unprecedented incentive bonus system to attract and increase the share of the private sector in private investment, whether it’s national or international”, continues the source. Indeed, the implementation of a system aims to improve the business climate and facilitate the act of investing. The territories are at the heart of this charter. The regions will regain their calling as leaders of economic development with

greater force, in accordance with the organic law of 2015, it is being said. This charter will consolidate the efforts made by state and private actors. It will strengthen the dynamics of economic recovery and perpetuate the investment system for an inclusive and sustainable economic environment, as is the case with the proposal made by MP Hassan Lachgar to add a carbon neutrality premium, especially since more than 60% of Morocco’s trade is with the European Union, which plans to introduce a carbon tax in June 2023. If nothing is done by then, this risks penalizing our exports. However, such a premium will serve to encourage investors to move towards decarbonization. However, this is a criterion which can make it possible to grant a premium, but this amendment was rejected by the Minister, which makes the socialist MP say that everything relating to the environment, sustainable development, and better management of natural resources is not mentioned in the investment charter. However, Morocco has shown itself to be a pioneer in terms of commitment to climate. □

Mohamed CHAUI

Telecoms

Economic nonsense in infrastructure

TELECOM operators are committing to massive investment in network infrastructure. The challenge is to accelerate the deployment of broadband and very high-speed networks, as well as the deployment of fiber optics, almost everywhere in Morocco, including in not very profitable areas. In any case, this is the promise that the three operators (Maroc Telecom, Orange, and Inwi) are making through press communiqués, except that each carrier claims to invest alone, in silo, in its network to guarantee *“seamless service”*. The question is the following: are the different programs enough to give fiber optics a boost? The answer is no, according to the National Telecommunications Regulatory Agency (ANRT). *“The goals of deploying broadband and very high-speed access networks may not be met without significant investment, which can and must be rationalized by effective infrastructure sharing”*, specifies the 2019 guidance note. The



three operators undertake to invest each one separately in ambitious programs with billions of MAD. Orange has announced 5.7 billion MAD over 3 years (by 2025) in order to continue developing its telecoms infrastructure, and strengthening the fixed and mobile network, as well as fiber... For the incumbent operator, Maroc Telecom, the total amount is more substantial. It amounts to 16 billion MAD by 2025. Finally, Inwi is committed to disbursing some 7 billion MAD. In the end, the three operators resolved

to mobilize around 30 billion MAD between 2022 and 2025 but in a non-pooled and therefore non-shared network. *“It’s economic nonsense”*, said Khalid Ziani, IT & telecoms expert. *“Which demonstrates the magnitude of the economies of scale to be achieved in the event that Morocco introduces a new generation of operators specializing in infrastructure”*, insists the expert. According to this analyst, the decision to invest such substantial amounts suggests that the three carriers do not intend

to use a telecom infrastructure player specializing in this deployment. However, *“it is the only solution which allows the pooling of infrastructures, the reduction of costs – up to 3 times cheaper – and above all the ordering of infrastructure works by local authorities”*. Such a scenario implies that roads, communities, and cities will experience less inconvenience and damage, since the digging will be done only once, for a shared network, not by the telecom operators themselves but by a specialized operator for whom implementation is the core business.

The ANRT agency and the Moroccan government must, according to the expert, quickly focus on the regulatory changes to be made to introduce a new model with infrastructure operators. This is what will make it possible to split the licenses allocated to current operators into *“telecom services operator”* and *“telecom infrastructure operator”* licenses. □

Amin RBOUB

Weekly highlights

Rhamna, future Silicon Valley

As a province belonging to the world of the knowledge economy, Rhamna is becoming the Silicon Valley of the Marrakech area and of Morocco as a whole. The province which hosts a large number of startups will, in the medium term, bring together industrial companies with high added value, predicts Yassine Mssefer, director of the Regional Investment Center (CRI) in the Marrakech-Safi region. Within the Green City of Benguerir, StartGate, Green & Smart Building Park, Green Energy Park, university schools, 70 research laboratories, a supercomputer, a data center... have already emerged. In progress, a TechPark aims to attract national and international players active in innovation and R&D, working on strategic themes in line with the national development strategy and the vision of Mohammed VI Polytechnic University (UM6P), including: agrobioscience, cleantech and renewable energy, minetech, green chemistry, industry 4.0, and ICT, health and pharmaceuticals, logistics, and other sectors. Nearly 188 hectares will be dedicated to innovation. "For sale or for rent, the real



In 2009, the challenge of a green city and a model in terms of knowledge and innovation was launched. Thirteen years later, the results are tangible

estate offer is flexible, adapted to the different needs of users", says Mounia Lahlou, development director of the Green planning and development company (Société d'aménagement et de développement vert (SADV), in charge of the "green city". An update on this new infrastructure was made during the Rhamna Investor Day, organized by the CRI of Marrakech-Safi in partnership with the provincial authorities and the OCP OTED initiative.

"Rhamna stands out today as a unique development model", said Aziz Bouignane, Governor of the

province. In terms of investment, Rhamna is doing well according to CRI statistics. Despite the Covid period, some 80 new investors have committed to the province totaling 24.7 billion dirhams of investment. If above all, Rhamna is a phosphate region with its Benguerir open pit mine producing 20% of the Moroccan national production, the province also has agricultural potential in line with its climatic reality. Several experiments have been carried out on different types of agricultural products in this region with excellent results.

The region is in the process of being transformed into an agroindustrial cluster with the creation of the Agropole, the national interest market of Sidi Bou Othmane, as well as an agricultural training center, in addition to the training courses within the UM6P. "Another sector in which there is potential for investment in Rhamna is the health sector", indicates Professor Gabriel Malka, Director of the Higher Institute of Biological and Paramedical Sciences. "It is in Benguerir that the hospital of tomorrow will be launched", announces Malka. □

Badra BERRISSOULE

A "highly symbolic" Nobel Peace Prize

THE Nobel Peace Prize is awarded this year in a context of war and multiple crises. On Friday, October 7, the Prize was awarded to a trio of representatives of civil society in Ukraine, Russia, and Belarus, the main actors in the Ukrainian conflict. The award was jointly attributed to the Belarusian activist Ales Beliatski (still in prison in his country), the Russian NGO Memorial (struck by a dissolution order from the Russian authorities), and the Ukrainian Center for Civil Liberties. "The Norwegian Nobel Committee wishes to honor three outstanding champions of human rights, democracy, and peaceful coexistence in the three neighboring countries of Belarus, Russia, and Ukraine", indicated Berit Reiss-Andersen, chair of the Nobel Committee. The five members of the Nobel committee were careful not to directly criticize Vladimir Putin, who had launched the invasion of his Ukrainian neighbor on February 24th. Out of coincidence, the Rus-



sian president celebrated his 70th birthday on the same day. Questioned by the foreign press, Ms. Reiss-Andersen affirmed that the "prize was not directed against Putin but that his authoritarian regime, like that of Belarus, should stop representing human rights activists...".

In the process, Ursula von der Leyen, President of the European Commission, welcomed the awarding of the Nobel Peace Prize to this trio. "The Nobel Peace Committee recognized the exceptional courage of the women and men who oppose autocracy", she tweeted. "They show the real power

of civil society in the struggle for democracy", she added.

No less than 343 candidates were running this year for the Nobel Peace Prize.

The 2022 season

On Monday October 3, the Nobel Prize for Medicine went to the pioneer of paleogenomics, the Swede Svante Pääbo, for the complete sequencing of the genome of Neanderthal man and the foundation of this discipline which explores DNA from the dawn of time to shed light

on today's human genes. The Physics Prize awarded on Tuesday to the French scientist Alain Aspect, the Austrian Anton Zeilinger, and to the American John Clauser for their discoveries on the revolutionary mechanism of "quantum entanglement", proving Albert Einstein himself wrong about this improbable phenomenon of quantum mechanics. On Wednesday, it was a trio, made up of the Americans Carolyn Bertozzi and Barry Sharpless together with the Dane Morten Meldal, who had been awarded the Nobel Prize in chemistry for "the development of click chemistry and bioorthogonal chemistry". And on Thursday, Annie Ernaux, author in particular of "Empty cabinets" and "The years", became the first Frenchwoman to win the Nobel Prize for Literature, after 15 men. The Nobel season ended on Monday, October 10 with the Economics Prize, added in 1969 to the five traditional prizes provided for in Alfred Nobel's will. □

Fatim-Zohra TOHRY