

# Weekly highlights by L'ECONOMISTE



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## EDITORIAL

## Fire Extinguishers

Meriem OUDGHIRI

**S**TRANDED, out of order, failed... Morocco poorly manages its water policy. And the situation is getting worse now with the drought and water stress.

How is it possible that with intelligent and regionalized plans to save water, the level of dams has dropped so dramatically? Shouldn't we have taken precautions? Why are the projects so far behind schedule? The PJD government is now being criticized for having sacrificed the 2009-2021 National Water Strategy, leading to serious failures in its implementation. The issue had been the subject of reports and debates pointing out to the drifts, but the debate was eventually closed.

In Morocco, water has always been a human and political issue, in the broadest sense. The middle of the 1960s was marked by a major turning point, particularly for agriculture with the policy of dams whose goal was

to irrigate one million hectares. The aim was to ensure food security and intensify agriculture in order to overcome the constraint of erratic rainfall. Very large technical, financial, and organizational resources had been mobilized. The country had also understood that irregular rainfall had become a recurrent reality. And thus, it had to deal with it and integrate it into the future strategies.

But comfort has put all this to sleep. Tinkered solutions have become permanent. Global warming is a good thing, because it allows us to hide our short-sightedness and negligence. Today, in the face of this exceptional situation, the watch committees are being reactivated, the work of supplying rural centers and hamlets is being accelerated, as well as the digging of boreholes to find additional resources. In emergency situations, we practice firefighting to put out the "fires"... There will be many of them this summer. □

## Weekly highlights

# Water situation: Morocco will be thirsty this summer

■ The populations of three water basins will suffer

■ Delay in implementation of projects under the NWS

**N**IZAR Baraka, the Minister of Equipment and Water, has responded favorably to the invitation of the Committee on Basic Infrastructure of the House of Representatives. There is a reason for this, the theme chosen by the deputies fits perfectly with one of the hot topics of the day, namely the water deficit. This was a golden opportunity for the boss of the Istiqlal Party to settle accounts with previous governments led by the PJD party which is accused of having sacrificed the 2009-2021 National Water Strategy (NWS). Moreover, a thematic parliamentary commission, chaired by Rahal Mekkaoui (from the Istiqlal party) had examined the assessment of this strategy in 2020. The commission concluded that the government of the time had serious shortcomings in the implementation of this strategy. The subject was debated in plenary, with the presence of the Minister, and the case was closed. Today, the issue is back on the table in a brutal way, with a gloomy prospect: this summer, several cities will experience thirst. In any case, projects included in this strategy have not been implemented.

■ **The goal of 400 million cubic meters per year missed:** It should be noted that the projects carried out do



*Drought will have a direct impact on water supply in the coming months. Water storage in dams will cover the drinking water needs of the major cities, but the areas located within the perimeter of three basins will experience great difficulties (Ph. L'Economiste)*

reach a production capacity of barely 147 million cubic meters per year. This is a far cry from the goal of 400 million cubic meters per year of the National Strategy. These are projects carried out in the cities of Boujdour, Laayoune, Akhafnir, Alhoceima, and Agadir (also

used for irrigation). This is also the case of water for industrial use for the projects of the OCP phosphate company in Jorf Lasfar and Laayoune. As far as the projects underway are concerned, they include the desalination of nearly 49 million cubic meters per annum. The

### Emergency program

**T**O cope with this exceptional situation, the government has taken emergency measures, in coordination with the various stakeholders. In addition to the activation of watch committees in different provinces that are experiencing a deficit, the government has decided to speed up the work of supplying rural centers and hamlets. The goal is also to strengthen the discovery of additional resources, through drilling to exploit the groundwater. Also on the menu is the issue of water savings and putting an end to wastage, especially in the distribution channels. It is necessary to supply the centers and small rural villages experiencing water shortages by resorting to water trucks. It will be necessary to rent and buy water trucks, and to install mobile stations for the desalination of sea water and brackish water. Stopping the irrigation of areas with drinking water and using treated wastewater are also on the agenda. □

stations being launched will be able to treat a total of 330 million cubic meters. The construction of 57 large dams is not left behind. Only nine have been completed and fifteen are under construction, as part of the strategy for the 2009-2021 period.

■ **The transfer of water from surplus areas to deficit areas is stalled:** The ambitious project to transfer water from the North of the country, where there is a water surplus, to the South, which often experiences a deficit, is another matter. The project was supposed to transport water from the Laou, Loukkos, and Sebou areas to the Oum Rbiï and Tensift areas. Here again, there has been a delay in the completion of such a project. This does not make it possible to meet the drinking water needs of the cities of the Atlantic coast and Marrakech. The same goes for the irrigation water needs of the Doukkala, Beni Amir, and Tassaout areas.

■ **Delay in the preservation of groundwater:** The groundwater supply projects have not evolved significantly either. Thus, thirty-four water tables required the signing of management contracts. 3 contracts were signed (relating to the areas of Souss-Massa, Haouz, and Berrechid), and 6 are ready (Fez-Meknes, Tadla, Dakhla, Souss-Massa 2, Boudnib, and Rmel). A decree has been published. It defines the protection area of the Chtouka aquifer and declares it as a water deficit area to facilitate its management in an integrated manner. □

Mohamed CHAOUI

## Rising prices: And what if gasoline prices had nothing to do with it?

**F**OR a few days now, many products have recorded a price increase that is sometimes dizzying. No sector of the economy is spared: fruits and vegetables, fish, construction materials such as cement or iron, electronic components, telephone accessories ... The reason invoked each time: the rising gasoline prices, so much so that some organizations have called for public financial assistance in the form of a cap on the price of fuel, with a temporary subsidy granted to consumers until prices return to normal. To achieve this, a dozen trade unions have even called for a 72-hour strike from Monday, March 07, onwards. A threat defused late last week by Mohamed Abdeljalil, Minister of Transport, who is in contact with

three groups of associations: those affiliated with the General Confederation of Moroccan Companies (CGEM), plus a group of organizations attached to the UGEP (employers close to the Istiqlal party from which the Minister himself comes), and finally, a disparate group representing drivers and supported by unions such as the Democratic Confederation of Labour (CDT), the Moroccan Workers' Union (UMT), The General Union of Moroccan Workers (UGTM), the Democratic Federation of Labor (FDT), and others. The claims are not the same, but the Minister has listened to everyone. The common point remains the increase in the price of fuel. The difference is mainly on how to neutralize it. Among those unanimous claims, one voice challenges

the consensus. «*The problem of transport is much deeper than the question of the increase in gasoline prices and I can demonstrate this with figures. Let's take the example of a 28,000 kg truck, carrying a load from Casablanca to Agadir, that is to say a round trip of about 1,000 km. In general, this trip is charged between 6,000 and 7,000 Dirhams to shippers. Knowing that a semi-trailer consumes 40 liters per 100 km, if gasoline increases, for example, by 2 Dirhams to reach 12 Dirhams per liter, this would represent an additional fuel expense of 800 Dirhams, which the carrier will pass on to his client*», says a major operator who wished to remain anonymous.

The impact on consumers should therefore be only 3 cents per kg of to-

mato transported, i.e. 800 Dirhams divided by 28,000 kg of tomatoes, and not astronomical increases as is currently the case. With the exception of products whose prices depend on international prices and logistical costs abroad, such as iron, fuel, table oil, certain inputs, those manufactured locally should not experience price increases beyond the reach of consumers. «*The real problem of the transport of goods on the road is the multiplicity of intermediaries and producers as well as speculation*», explains the operator. The proliferation of intermediaries without any added value necessarily contributes to the increase in prices since each intermediary must take its profit margin whose sum exceeds by far that of the producers. □

Hassan EL ARIF

## Government officials

## Legal proceedings soon possible to be started?

■ Heads of government, Speakers of the House, and ministers may be prosecuted

■ Consultations around a draft bill have been launched

THOSE who questioned the impartiality of the judiciary will have to think twice. If the bill on criminal procedure is adopted, it will result in the end of the judicial exception. Until now, State officials have not been afraid of being questioned by the courts while in office. Even if the old text contained provisions in this sense, no modality of application was foreseen. Who would dare to initiate an investigation against a minister, a head of government...? Yet, some members of the government were liable to prosecution. In any case, tomorrow, with the draft prepared by Abdellatif Ouahbi, it will be possible to prosecute government officials for wrongful acts committed. By doing so, the Minister of Justice seeks at the same time to



Abdellatif Ouahbi, Minister of Justice, wants to rise up to the challenge of adapting Moroccan laws to European and international legislation (Ph. Bziouat)

harmonize Moroccan legislation with European and international standards. To enrich the draft text, the Minister has submitted it to the various partners of his department to collect their comments and proposals. In any case, this much awaited subject brings several novelties which are guaranteed to spark a debate within society.

■ The categories involved

Three categories are planned, the first of which includes the Head of

Government, the King's advisers, the speakers of the House of Representatives and of the House of Councilors, the ministers, the president of the Constitutional Court, the deputy president of the Supreme Council of the Judiciary, the Governors and Head Governors. The second category includes the judges of the Courts of Appeals, the first president of a lowercourt or the King's public prosecutor in such a court, as well as the magistrates of the Court of Cassation, of the Court of Auditors, and of the military court.

The third category involves officers of the judicial police having national powers. Other civil servants are also concerned. In these cases, if the Public Prosecutor of the King's Office at the Court of Cassation decides to initiate proceedings, he or she must transfer the case to the Public Prosecutor of the Kingdom at the Court of

Appeals other than the one where the person involved holds office.

■ The key role of the King's prosecutor

The judicial procedure applies to the persons mentioned in article 268. Except that it is not possible to arrest these senior officials (mentioned in articles 165 and 168) or put them in pre-trial detention or subject them to a judicial review procedure, without obtaining the authorization of the King's prosecutor at the Court of Cassation. The latter grants permission on the basis of a request sent to him by the King's prosecutor of the Court of Appeal concerned, if he is satisfied that the measure requested is necessary for the proper conduct of the investigation. If the investigation requires the hearing or search of the persons mentioned, the King's prosecutor at the Court of Appeals supervises the investigation personally or appoints a magistrate from the Public Prosecutor's Office. □

Mohamed CHAUI

## Energy: The largest private Israeli investment in Morocco

■ 13 billion MAD in the next two years

■ Four projects led by a JV between Gaia and Gandyr

BIG deal in energy in Morocco! The Israeli group Gandyr plans to invest 13 billion MAD. To this end, it has just joined forces with the Moroccan group Gaia, a leading player specialized in the development of renewable energy projects in Africa. "We are proud to announce this major investment in Gaia Energy, to consolidate its development in Morocco, create new growth opportunities, and make Gaia a champion in the renewable energy and green hydrogen sector," said Yoav Maoz, president of Marom, a subsidiary of the Israeli group Gandyr.

With this alliance with this new shareholder, Gaia Energy will invest 13 billion MAD in the next two

years through four projects in RE (renewable energy). "The investment of Gandyr through its Moroccan subsidiary will make it possible to intensify the development effort of Gaia Energy projects in different sectors of renewable energies, and in several regions of Morocco", announced the two partners. Among the first markets scheduled are private projects for the

production of green energy, self-production, agrivoltaics, green hydrogen, and the export of green electricity. To guarantee the success of its various projects in Morocco, Gaia Group has initiated 6 joint ventures with world leaders in the field of energy such as the Spanish group Iberdrola or the Italian Enel. In the same vein, Gaia Energy has established first-rate trans-

formational partnerships in Morocco and Africa, with major energy multinationals, industrialists, investors, and financial institutions such as the IFC, CFM, GE, Vestas, Baywa, REPP, and others.

According to Zniber Moundir, President of Gaia Energy: "We are confident in the success of this unique partnership, as it represents the largest private Israeli investment in Morocco to date". Zniber Moundir added: "The energy transition is undoubtedly the major challenge of the 21st century. It involves a structural transformation of the energy production and consumption methods. It is in this spirit that Gandyr and Gaia wish to provide sustainable solutions to national and international challenges." In addition, the Israeli group NewMed Energy is looking to join the exploration sector in Morocco. NewMed, which has changed its name, is now called Delek Drilling. It is one of Israel's leading energy companies. □

Amin RBOUB

## Fact sheet

FOUNDED in 2009 by Zniber Moundir, the Moroccan group Gaia Energy is a key player in the development of renewable energy projects in Africa. Its core business is to develop, finance, build, and operate renewable power plants. Gaia Energy operates in 9 African countries with a project pipeline of over 5 GW in wind and solar photovoltaic. As far as the Israeli group Gandyr is concerned, it invests in sustainable businesses in the fields of industry, technology, real estate, and renewable energy. Gandyr is a family-owned holding company that has already invested several billion dollars in various sectors. Among its main references is the sale of Mobileye to Intel for fifteen billion dollars. As far as Marom is concerned, it is a subsidiary of Gandyr. It is one of the major players in renewable energy in Israel. It is also involved in several projects and markets around the world. □

## Weekly highlights

### Road safety

# What the car crash epidemic costs

■ 19.5 billion MAD in 2019 is the socio-economic cost

■ The Government plans to reduce the number of deaths by half by 2026

■ Urgent need for a multisectoral approach to stop the hemorrhage

**T**HE cost of road insecurity is increasingly heavy. Despite the effort made over the years, the results are still far from satisfactory. This is what emerged from the online conference organized around this theme, by L'Economiste Meetings in partnership with the Moroccan road safety agency, Narsa, last Thursday.

Specifically, the first road safety strategy was launched in 2003. The goal was to stabilize the number of deaths, especially since during the 1990s, Morocco recorded an annual increase of nearly 6%. A second strategy was rolled out since 2017, recalled Benaceur Boulaajoul, director of the National Agency for Road Safety Narsa. The goal is to reduce the number of deaths by half by 2026. Currently, "we have recorded a decline of 4% compared to the base year," noted Boulaajoul, who says that "we are still far from the target that had been set." This, even if Morocco has managed to "maintain



Despite years of effort, the goal of reducing the number of deaths caused by accidents is still far from being achieved. The new strategy aims to reduce it by 50% by 2026. Since 2017, the decrease has been limited to only 4% compared to the base year (Ph. L'Economiste)

the same number of deaths as in 2002, while the fleet and road traffic have doubled," he said.

#### Global fund

Morocco's efforts in this area are supported by the World Bank, through its Global Road Safety Facility (GRSF).

The Fund aims in particular to "support governments in the establishment of national authorities in this area, or in the deployment of regulatory and institutional adjustments," said Marc Navelet, Senior Transport Specialist at the World Bank. Mr. Navelet said that the mechanism also provides a range of strategic data, including the number of deaths per country, and the cost in terms of GDP. The World Health Organization is also involved in this work. A report prepared in 2018 had drawn up the state of play at the global level. The report shows that "the situation is underestimated, and Morocco is no exception to this rule," said Maryam Bigdeli, representative of this organization in Morocco. Though officially 3,700 deaths are reported at the national level, the World Bank modeling has shown that the real number of deaths is almost double. For Ms. Bigdeli, this quantification is important, as it has an impact on resource mobilization and response planning.

#### Compensation

In this area, insurers can play a decisive role, especially in terms of information sharing, especially

since insurance companies capture the bulk of claims, as indicated by Bachir Baddou, Director General of the Moroccan Federation of Insurance and Reinsurance Companies. For him, "the cost of road insecurity for insurers is the amount of compensation paid annually to victims and recipients of benefits." In 2019, such compensation was 11 billion MAD, including 35% for property damage, and the rest, nearly 7.5 billion MAD, for human damages. The Director General of the Federation recalled that "even when the vehicle is not insured, or when the driver runs away at the time of the accident, the guarantee fund compensates the victims." These compensations are calculated on the basis of a schedule of rates defined by the law. This may not seem very generous, "but it is what keeps the price of insurance at a reasonable level," he noted. Mr. Baddou also highlighted some practices, which increase risk, particularly in relation to the condition of vehicles. "Some are repaired and put back on the road when they should be scrapped", he regretted. □

Mohamed ALI M'RABI

## 1.7% of GDP

**F**OR his part, Mr. Boulaajoul emphasized the complex nature of studies relating to the costs of road insecurity. In addition to the direct cost, particularly in terms of medical expenses, care, and other expenses, other costs must also be taken into account, particularly in terms of loss of production for the community. In 2009, the socio-economic cost of traffic accidents was estimated at 15 billion MAD, i.e. 2.1% of GDP, said the CEO of Narsa. Currently, new estimates from the World Bank have defined the cost of each death or disability. Specifically, each death costs 3 million MAD, and each person injured nearly 800,000 MAD. In total, the new cost is 19.5 billion MAD, i.e. 1.7% of GDP. For Mr. Navelet, this cost is important for the elaboration of the sales pitch to decision makers, in order to mobilize investments in road safety. This is particularly important because the goal is to involve activating cross-cutting levers, which may include, for example, the introduction of alternative forms of mobility, such as public transport, which do not prioritize individual vehicles, thereby reducing the risks. This is all the more important as «these investments cover several areas other than road equipment», insisted Ms. Bigdeli. □