

# Weekly highlights by L'ECONOMISTE



**Court of Auditors:  
18 cases referred to  
the courts**



**Very «precious» tomato**



**Bank Al-Maghrib Board  
of Directors: Key rate  
unchanged and inflation  
expected to drop**



**Water and electricity:  
New contracts coming  
soon**



## L'Economiste Research Award How to unleash Moroccans' potential?

**EDITORIAL**

**Gap**

Mohamed Ali MRABI

**W**ITH the various transformative projects that have been launched, Morocco is showing great ambitions for development. However, the sustainability of this momentum depends on the recovery of certain indicators. First and foremost, labor productivity. Labor productivity is the capacity to produce as much as possible, given the production factors, namely capital and labor.

While Morocco has succeeded in significantly improving the capital factor, the same cannot be said for the labor factor. A World Bank study shows that the country barely achieves 50% of the labor productivity of emerging economies, and 20% of that of OECD countries. In concrete terms, the stagnation of labor productivity at fairly low levels has a direct impact on economic competitiveness. This is why some countries, like Vietnam, have set up a special program to make labor productivity an engine for rapid, sustainable growth. The idea is to take better advantage of the opportunities offered by the transformations

underway, by improving the quality of human resources, by strengthening innovation... In fact, a McKinsey document highlights the benefits that generative artificial intelligence can bring in terms of increasing labor productivity, by between 0.1% and 0.6% per year until 2040. This will obviously depend on the rate of technology adoption, the redeployment of working time, and other factors.

In this strategic shift, the key to improving productivity lies in the development of human resources, with a focus on reforming the education and training system. For the time being, however, in addition to the thousands of NEETs, a large proportion of our pupils display major shortcomings in reading, arithmetic, and comprehension... regularly coming bottom of the pack in rankings such as Pisa. Meanwhile, these young people are held hostage by recurring strikes. And the confrontation (which has gone on too long) between the government and teachers is only deepening the gap. □

## Weekly highlights

# Court of Auditors: 18 cases referred to the courts

**T**HE Court of Auditors has just published its annual report, drawn up this year on the basis of the new approach adopted as part of the strategic guidelines for financial jurisdictions for the 2022-2026 period. «Through this approach, the Court aims to improve the quality of its annual report and its use as a mechanism for enshrining the accountability principle, and as a tool for providing support, aiding decision-making and anticipating potential risks». In this document, covering the 2022-2023 period, «emphasis has been placed on conclusions relating to the major problems associated with the management of public affairs, by proposing remedial measures».

In detail, concerning the jurisdictional attributions, linked to the auditing of accounts and budgetary discipline, the financial jurisdictions rendered during this period a total of 2,735 rulings and judgments, establishing a total debit of nearly 28.3 billion Dirhams (USD 2.8 billion). The Court of Auditors reports a total repayment of around 71 million Dirhams (USD 7 million), prior to the final judgments and rulings relating to the



*The Court of Auditors' annual report is based on the new approach adopted as part of the strategic guidelines for financial jurisdictions for the 2022-2026 period (Ph. L'Economiste)*

accounts concerned.

With regard to budgetary discipline, these courts issued 132 rulings and judgments, resulting in fines totaling over 7.1 million Dirhams (USD 710,000). The associated refunds totaled 1.1 million Dirhams (USD 110,000). Over the same period, the

King's Public Prosecutor at the Court of Auditors referred 18 cases to the Presidency of the Public Prosecutor's Office, concerning facts likely to justify criminal sanctions.

In terms of mandatory asset declarations, the Court of Auditors received a total of 104,214 filings during the

period from January 1<sup>st</sup>, 2022 to October 31, 2023. The Court's report highlighted the efforts made by the financial jurisdictions to issue formal notices, which enabled 80% of those who had failed to meet their filing obligations to regularize their situation. In this context, the Court has called for the updating and adjustment of lists and data relating to taxable persons with the relevant government authorities. The current filing model also needs to be reviewed, as it does not allow for effective deployment of control activities.

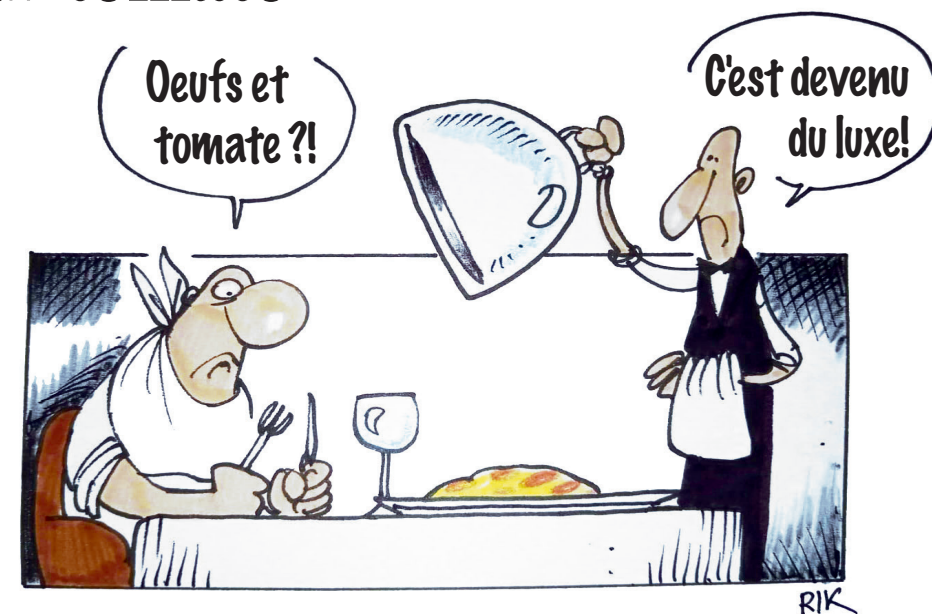
As for the audit of political party accounts for the year 2021, in addition to the examination of party and trade union election campaign accounts, the conclusions were already unveiled last March and June. Today, following the restitution by the entities concerned of some 37.07 million Dirhams (USD 3.7 million), up to November 22, 2023, the Court of Auditors has called for the restitution to the Treasury of the remaining unused or unjustified amounts of support, amounting to 28.27 million Dirhams (USD 2.8 million). □

M.A.M.

## Very «precious» tomato

**T**HE price of tomatoes on local market stalls is on the rise again. Last Saturday December 16, prices reached 15 Dirhams (one and a half US dollar) per kilo in Casablanca, a price considered exorbitant by consumers interviewed by L'Economiste. They are worried about a record price hike as Ramadan approaches. What are the reasons behind this trend?

According to Apefel (Moroccan Association of Fruit and Vegetable Producers and Exporters), supply is down. «Poor weather conditions, marked by long periods of heatwave, have had an impact on tomato production. In August, temperatures exceeded 50 degrees Celsius. The damage is enormous. Tomato production fell back and supply was reduced. This explains the rise in prices», stressed APFEL, contacted by L'Economiste. November is an exceptional month. Previously, the farm-gate price per kilo did not exceed 2 Dirhams (USD 0.2). Last month, it varied between 5



and 8 Dirhams (USD 0.5 to 0.8).

Comader (Moroccan Confederation of Agriculture and Rural Development) points out that the cold snap currently affecting the country is likely to delay the growth of tomatoes. The situation is further complicated by the ToBRFV (Tomato brown rugose fruit virus). The virus has affected tomato crops, causing «significant yield losses». The situation is «criti-

cal». Is there a risk of shortages in the coming months? Comader President Rachid Benali reassures us. «There is no risk of a shortage. Solutions will be found», he assures. According to this professional, «meetings were held last week between professionals and the Secretary General of the Ministry of Agriculture to discuss the situation», he pointed out.

As a reminder, the Government pro-

vides subsidies to support tomato production. Subsidies are granted for the purchase of seeds and seedlings for round tomatoes, onions, and seed potatoes at between 50% and 70% of their value. □

Khadija SKALLI

### Exports also down

**T**OMATO exports are also falling. «As of December 1, 2023, shipments were down 30% on the same period last year», says the Moroccan Association of Fruit and Vegetable Producers and Exporters (APEFEL). Over the years, Moroccan tomatoes have succeeded in conquering the international market, particularly in Europe (France, Belgium, the Netherlands, and other countries). Its customers also include the United Kingdom. The decline in production risks damaging Morocco's share of the international market. □

## Bank Al-Maghrib Board of Directors

## Key rate unchanged and inflation expected to drop

**T**HE central bank has finally opted for the status quo. The key rate remains unchanged at 3%. The decision made by the Board of Bank Al-Maghrib (BAM) on Tuesday December 19 was expected, especially in view of the drop in inflation. The pace of inflation, BAM's main target, has slowed, and this trend is set to continue in the medium term. After peaking at 10.1% last February, inflation gradually decelerated to 4.3% in October, and is expected to end the year at an average of 6.1%, compared with 6.6% in 2022. Over the next two years, inflation is expected to fall sharply to 2.4% in 2024 and 2025. Its underlying component should follow the same trajectory, falling from 6.6% in 2022 to 5.6% in 2023, and then easing to 2.4% in 2024 and 2.3% in 2025. In its analysis, the Board of Bank Al-Maghrib took into account the expected easing of inflationary pressures of external origin, the direct effects of the fiscal measures of the Finance Law 2024 and the gradual reduction elimination of the Government's subsidies for basic commodities provi-



ded for in the three-year 2024-2026 budget programming. The Board of Bank Al-Maghrib also assumed that prices of volatile food products would remain virtually stable. For the Board, the cumulative transmission of the last three decisions to raise the key rate to monetary conditions and the real economy continues.

In terms of growth, the central bank is forecasting a rate of 2.7% this year,

compared with 1.3% in 2022. Its forecast is 0.7 points lower than that of the Government. The forecast is based on an improvement in agricultural value added of 5% in 2023 and 2.5% for other activities.

Growth should gradually improve to 3.2% in 2024 and 3.4% in 2025. In the 2024 Finance Bill, the Government is forecasting GDP growth of 3.7% next year.

In BAM's view, agricultural value added would increase by 5.9% in 2024 and 2% in 2025, assuming average cereal production of 70 million quintals and the continuation of the trend performance of other crops. For non-agricultural activities, the rate of growth in value added is expected to reach 2.7% in 2024, before accelerating to 3.7% in 2025. These non-agricultural activities would be boosted by the expected upturn in the industrial and construction sectors.

The Board, which adopted Bank Al-Maghrib's strategic plan for the 2024-2028 period and validated the foreign exchange reserve management strategy, also delivered its analysis of public finances.

At the end of November, ordinary revenues were up 2.2%, driven by higher tax revenues. At the same time, overall expenditure rose by 4%, driven by higher spending on goods and services and investment. Under these conditions, the budget deficit is expected to reach 4.8% of GDP, 4.5% in 2024 and 3.9% in 2025. □

**Khadija MASMOUDI**

## Water and electricity: New contracts coming soon

**I**N 2023, the Ministry of the Interior continued to carry out a number of projects and implement the action plan drawn up as part of its strategy to develop the sector of delegated management of water distribution, electricity, and liquid waste treatment. This is to be achieved by strengthening good governance, supporting contract performance monitoring, and improving the level of management of delegated services. The aim is to meet the demands of the population and enable the achievement of contractual goals linked to the securing and generalization of the supply of water, electricity, and liquid waste treatment. The aim is also to increase the quality of services and make them available at the lowest possible cost, in order to preserve the purchasing power of beneficiaries. To this end, several measures have been taken, including institutional reform of the delegating authority, and the updating of contracts and standard documents. In addition, procedures have been unified and improved. The same applies



*During the year, the Ministry of the Interior supported the revision of delegated management contracts in 4 cities: Casablanca, Rabat, Tangiers, and Tetouan, encouraging the parties concerned to complete them as soon as possible*

to the restructuring of the distribution sector through the creation of regional multi-service distribution companies. During the year, the Ministry continued to support the revision of delegated management contracts for the 4 cities of Casablanca, Rabat, Tangiers, and Tetouan, urging the parties concerned to complete the work as quickly as possible. In this context, the review of

contracts for the three cities of Rabat, Tangiers, and Tetouan has been completed. The amended contracts for each city have been approved by the supervisory ministry.

As for the delegated management contract for the city of Casablanca, the Ministry is continuing to support work on the second revision. The business capital had experienced major

events such as the floods of 2020. The drought in 2021 and 2022 had an impact on the development of the city's water resources, which affected progress on the contract revision. Despite this, the Ministry urged the contracting company to speed up completion of the revision of the management contract for the city of Casablanca as soon as possible.

The Ministry, as a member of the monitoring committees, examined the documents relating to the annual budgets of the delegated management contracts for 2023 and the five-year budgets 2023-2027 for investments linked to the 4 delegated management contracts. The importance of meeting the contractual requirements of the Works Fund was emphasized. The total amount of investment programs planned for the coming years reaches 19.34 billion Dirhams (USD 1.93 billion), including 4.507 billion (USD 0.45 billion) for 2023 for all three services: water, electricity, and liquid waste treatment.. □

**M.C.**

## Weekly highlights

### L'Economiste Research Award

# How to unleash Moroccans' potential?



Ahmed Réda Chami, President of the EESC: «Unleashing the energies of Moroccans could propel our country into the ranks of developed economies, for a prosperous future for all» (Ph. F. Alnasser)

**E**LEGANCE 50% of Moroccans are deprived of their «human potential» at birth due to shortcomings in education and health (World Bank), two-thirds suffer from «learning poverty», nearly 80% of pupils under 15 don't even reach the minimum level of knowledge in reading and mathematics (PISA survey)... An employment rate not exceeding 37.4% (women at 14.8%), according to the HCP (High Commissioner's Office for Planning)... There's no end to the startling figures about human capital in Morocco. Yet there is no shortage of «good intentions» or educational and social programs..

It was with these words that Ahmed Reda Chami, President of the Economic, Social, and Environmental Council (EESC) and guest speaker at the 19th edition of L'Economiste's Prize for Research in Economics, Management, and Law, opened his speech on Monday December 18, 2023 in Casablanca. For his inaugural lecture, he chose as his theme «the valorization of human capital in the professional environment, a lever for development».

The EESC has already produced seven reports on human capital, a theme that figures prominently in the New Development Model. The quality of this capital determines the performance of our economy. According to Chami, the correlation is clearly visible if we look at the labor pro-

ductivity of Moroccans. According to World Bank figures for 2022, it is \$27,333, compared with \$36,627 for Tunisians, \$48,900 for Egyptians and \$90,900 for Turks. The gap is glaring. «We have a real problem unlocking the potential of our human capital», says the President of the EESC. This is obviously due in no small part to the woes of the public school system, which is underperforming and struggling to retain students. Every year, almost 300,000 students leave the system. Among 15–34-year-olds, over 4 million are NEETs, i.e., Not in Education, Employment, or Training». In the workplace, human capital is rarely a priority. «How many structures adopt management by objectives, conduct employee satisfaction sur-

veys, prepare high-potential management programs or succession plans...? They exist, but there aren't many of them », laments Ahmed Reda Chami. «Public administration, for its part, is becoming poorer. Civil servants take few initiatives for fear of sanctions », he added.

#### *It all starts with education*

What can be done to move forward? It all starts with education. The current reform (Teaching at the Right Level - TARL) looks promising, but it will take time. We also need to win the support and commitment of teachers. In the workplace, improving worker productivity will require investment in lifelong learning. Here

#### **Why can't we get it right?**

**W**HAT are the reasons for our inability to make progress on upgrading human capital, despite our best efforts? For Ahmed Réda Chami, there are a number of reasons. There is first of all the gap between vision and execution capacity. «We do not have that capacity. There is also a lack of convergence between strategies », lamented Chami. This may also be due, at times, to the presence of well-meaning but totally inexperienced decision-makers. Public administration, for its part, has lost much of its ability to execute, with managers inhibited by their fear of sanctions. Finally, Chami pointed the finger at the resistance of «lobbies » that are present everywhere and blocking the way to any initiative. □

again, there is still a long way to go, due to the inadequacy of the funding mechanism for continuing employee training. Yet the stakes are high. More competent human resources will be more productive. This will improve overall factor productivity (labor and capital) and lead to higher growth rates. Chami also insists on improving the employment rate, strengthening employee protection against all forms of violence and harassment, and adapting to changes in the world of work (telecommuting, coworking, robotization, etc.). □

Ahlam NAZIH

#### **Understanding language without ideology**

**A**HMED Réda Chami opened up on a variety of issues, with his usual outspokenness. However, before getting down to business, he made a point of shedding his EESC President's hat. In response to a question on the link between the language of instruction and the quality of the education system, Chami shared an uncompromising opinion. «Our problem is diglossia. The Arabic taught at school is not the one spoken at home. Children have to learn languages that are foreign to them as soon as they start school. This is not

to our advantage. Some countries, such as Turkey and Greece, have solved this problem by adopting their mother tongue», he pointed out. Chami is not fooled: in Morocco, the language issue is sometimes tinged with ideology. «We can learn classical Arabic, but without ideology». However, in his view, the «classical (Modern Standard) Arabic vs. darija (the Moroccans vernacular language)» battle is lost in advance. It is better to keep the first language, but improve the way it is taught.

The question of teachers is also cru-

cial. «We Arabized the education system when the teachers were not ready, and we did not go all the way. Now we want to Frenchify, but teachers are not ready! We did not negotiate things properly», lamented the guest speaker at the L'Economiste Research Awards ceremony.

On the subject of education unions, Ahmed Réda Chami deplored the fact that intermediary organizations (unions and political parties) in Morocco are completely «on their knees», making any negotiations difficult. □