

# New Development Model for the Southern Provinces

October 2013



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*I wish to reiterate our commitment to implement advanced regionalization, making sure our southern provinces are given priority in this process. Indeed, there are vast opportunities for the participation of citizens in the management of local affairs, for their contribution to integrated, sustainable human development and for the mobilization of the populations concerned in order to produce new elites, especially among women and young people, in the framework of a transparent, democratic transfer of power...*

*In this regard, I call for an integrated, well thought-out regional development model that can be applied extensively. It should help us achieve complementarity between sectoral programs, meet the various challenges facing the region, and set up a regional economic system that stimulates growth, creates wealth and generates jobs, especially for young people.*

*Given its membership, its mandate and the skills at its disposal, the Economic, Social and Environmental Council is the institution most capable of preparing this ambitious project and of ensuring its success. To carry out its mission, the Council should use a participatory approach that allows for the populations concerned and all interested national stakeholders to be involved.*

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**His Majesty King Mohammed VI**

**Address to the nation by His Majesty King Mohammed VI on the occasion  
of the 37<sup>th</sup> anniversary of the Green March - 6 November 2012**



- Based on the guidelines provided by His Majesty King Mohammed VI in the speech he delivered on 6 November 2012 on the occasion of the Green March celebration, whereby His Majesty entrusted the Economic, Social and Environmental Council with drawing up a new development Model for the southern provinces;
- In accordance with Organic Law 60-09 on the establishment of the Economic, Social and Environmental Council and its rules of procedure;
- Considering the decision of the Council's Bureau, dated 7 November 2012, to set up an ad-hoc committee entrusted with drawing up a new development Model for the southern provinces;
- Considering the unanimous adoption, by the General Assembly on 24 October 2013, of the report on the new development Model for the southern provinces :

The Economic, Social and Environmental Council  
hereby submits its report on

## The New Development Model for the Southern Provinces

Prepared by

The Ad-hoc Committee in charge of drawing up  
a new development model for the southern provinces





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## Summary

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In accordance with the orientations of His Majesty King Mohammed VI, the Economic, Social and Environmental Council (ESEC) developed a platform for the analysis and formulation of proposals for a New Development Model for the Kingdom's Southern Provinces<sup>1</sup> (NDMSP). This project is fully in line with the Constitution adopted on July 1st, 2011. It constitutes a contribution by civil society groups to the nation-wide project of implementing advanced regionalization. It can potentially contribute to the success of the Autonomy Plan for the provinces concerned by the UN process, tabled by the Kingdom in 2007. At the heart of this model are the respect for and promotion of basic human rights in the broadest sense - including the economic, social, cultural and environmental rights. Through the development of guidelines for an integrated, sustainable development project based on the actual participation of citizens in the management of their own local affairs, the aim of the Council is to contribute to the collective effort required to rise to the challenge of achieving social cohesion, prosperity and equitable benefit from the resources of the southern provinces. ESEC members - experts, trade union and professional associations' representatives, civil society organizations and ex-officio members - agreed that a key objective should be the diversification of local businesses and economic actors. Special efforts should be made to encourage private initiative and the social and solidarity-based economy, making sure such an endeavor tallies with the State's new economic role. The goals of this policy choice are to create wealth and promote employment, particularly for young people and women. The success of this approach requires a new form of governance based on clear principles and specific accountability rules.

ESEC findings and recommendations are the result of an extensive listening, dialogue and consultation process undertaken by the Council in the three regions. It involved more than 1,500 individuals representing elected officials, central and regional government authorities, civil society representatives as well as trade unions and economic operators, with special emphasis on young people and women. This work also benefitted from many reports and studies in addition to inputs from an extensive network of local, national and international experts.

This memorandum sums up the main conclusions reached after examining the development situation in the southern provinces. It sets out the ambitions, principles and objectives which should make it possible to develop a new, ambitious, environmentally sustainable and socially equitable growth model that would be in line with constitutional requirements as well as with the commitments made by our country with respect to promoting democracy and advanced regionalization.

### Diagnosis

Representing 59% of the national territory, the southern provinces are home to 1,028,806 inhabitants, or 3.2% of the Kingdom's population. The urbanization rate in the southern provinces

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<sup>1</sup> General High Commissioner for Planning

is higher than in the rest of the country (74% against a national average rate of 60%). These provinces are among the driest deserts in the world.

As the largest investor and first provider of employment in the southern provinces, the State has played a pivotal role in the development of infrastructure, in the citizens' effective access to basic services and in the fight against poverty.

Education, health and poverty reduction indicators are now above the national average, pointing to some early achievements in the Kingdom's efforts to effectively rid the southern provinces of the stigma of colonialism. Public policy achievements are real and, in several respects, invaluable. The uniformity of national institutions, the territorial continuity, the application of ordinary law, the security of goods and people and the exercise of individual and collective freedoms in the same conditions and with the same constitutional guarantees as in the rest of the country clearly attest to the common destiny these provinces have historically shared with the rest of the Kingdom.

Still, one cannot say that an economic take-off has taken place in these regions. The ripple effect of investment incentives and of public investment on the private sector has remained limited. Being mostly centered on primary sector activities, the region's economy has not sufficiently moved towards high value-added processing activities. Similarly, local skills and the actors involved in the social and solidarity-based economy have not, so far, been adequately leveraged.

Consequently, employment opportunities remain insufficient. The high unemployment rate (15%, against 9% nationally) - especially among young people (28%), university graduates (41%) and women (35%) - is one of the main economic and social challenges that need to be tackled. Women face additional difficulties in accessing jobs.

Employability difficulties are compounded by frustration, impatience and feelings of injustice, which often have to do with the lack of clarity of social welfare policies. In fact, although assistance mechanisms are substantial in terms of budget allocations as well as cash and in-kind allowances, they do not encourage entrepreneurship, nor do they improve the beneficiaries' employability prospects. Moreover, these mechanisms do not seem to properly target the most vulnerable segments of the population.

To create a virtuous circle in the southern provinces' development dynamics, a revamped form of governance is needed - one that can have a real impact on the causes behind the wait-and-see attitude of private operators, as well as on the citizens' distrust of public policy. Beyond purely technical and financial parameters, the exercise of authority and the delegation of powers should be based on respect for the rule of law, access to information, accountability, respect for basic human rights and transparency in the allocation of entitlements and licenses for the exploitation of natural resources. This is essential to properly address widespread recriminations among local citizens concerning violations of the principle of equal opportunity and of privileges.

In this regard, advanced regionalization creates prospects for modernization as well as chances for closer relations between the citizens and decision-making authorities. The ESEC report reviews policy indicators in the areas of health care, education, housing and access to cultural, transport and recreation goods and services, which a participatory approach can boost significantly.

This approach should also help to address shortcomings noted in the area of social and civil dialogue. In the southern provinces - as is the case across the Kingdom - economic operators, trade unions and civil society organizations need local platforms for dialogue and cooperation among themselves, and between them and elected officials as well as government authorities to promote participatory democracy. This momentum is also necessary to promote cultural development and underscore the cultural distinctiveness of each one of the southern regions, as well as the preservation and development of their heritage. The combined effect of these factors should free development policy from the constraints of security imperatives which hinder policy coherence and effectiveness.

The dynamics of comprehensive economic and social change in the southern provinces must take into account the question of environmental sustainability. Rapid urbanization and concentration in coastal areas - together with the arid nature of the environment - raise the question of preservation of sensitive ecosystems. The issue of water resource conservation is crucial. Notwithstanding control regulations, the monitoring of environmental risks and the identification of endangered habitats and their classification as protected areas, public authorities still have much to do in this respect. Some biologically significant areas and unique landscapes, whose diversity is recognized by a national qualification system (ecologically and biologically significant areas) as well as by universal standards, are now threatened. This is the case for the Oued-Ed-Dahab Bay. The Cintra Bay may face similar risks in the future.

One of the most striking findings is that land use planning has not been governed by a coherent master plan. As a result, urban development seems chaotic in many places and is inconsistent with climate constraints and with the «local cultural distinctiveness». Urban development also threatens to choke certain urban centers. Moreover, urban development in the southern provinces suffers from land remediation problems as well as from the lack of a structured housing market (massive state intervention, near-total absence of private operators, and unsuitability of certain equipment compared to the needs of the populations concerned). Finally, national - and especially international - connections have remained limited, constraining mobility and hampering the regional influence of the southern provinces.

The development model applied in the region so far has reached its limits. A new dynamic is therefore required. It should be based on the imperatives of sustainability, participatory democracy and social cohesion, and should be geared towards the promotion of employment and the creation of wealth.

### **Basis of the new model**

The new model is based on the key provisions enshrined in the Constitution, on the international conventions ratified by Morocco as well as on the objectives set forth in the Social Charter developed by the ESEC. Four principles are at the heart of the model:

- Inclusive, sustainable human development;
- Participation of representative stakeholders and of local populations in all phases of policy development and implementation relating to the region's development programs;
- Compliance with and effectiveness of the citizens' basic human rights; and
- Consolidation of the role of the State as regulator and guarantor of law enforcement.

## Model's goals

The new model calls for a vision and mechanisms that would be more participatory and inclusive. They should be based on a more responsible form of governance. These reorientations are inevitable to create real economic growth and bring about constructive social relations which are based on cooperation and are conducive to cohesion and hope.

## This model is designed to be implemented in two stages.

The first phase, which concerns the short and medium terms (10 years), is to be devoted to the launch and actual implementation of the new development dynamics as well as the promotion of growth opportunities over the longer term perspective. The objective, during this phase, is to optimize the use of the existing potential, and to proactively re-engineer the general framework and the mechanisms for the promotion of employment, training and social welfare.

A second phase concerns the medium and long term perspectives, during which development measures based on the existing potential would have reached their cruising speed and would be supported by new growth mechanisms (high value-added processing sector, knowledge-based economy, inclusive exploitation of new natural resources...).

One of the significant results of this progress-oriented initiative would be to turn our southern provinces into a geostrategic environment where peace, stability and shared prosperity for the entire Euro-African region would prevail.

In terms of figures, the aim is to double the region's GDP over the next 10-year period and to create more than 120,000 new jobs. At constant activity rates and a 2% annual increase rate of the working age population, unemployment would be reduced by at least half.

Moreover, as it sets up a more equitable social system based on social safety nets targeting the most vulnerable segments of the population, using transparent, publicly known criteria, the new model should, over the same timeframe, significantly reduce poverty and thus expand the social base of the middle class in the southern provinces.

Thanks to this dynamic, the southern provinces can legitimately be turned into a hub between the Maghreb and sub-Saharan Africa, particularly through a maritime cluster, an adequate connectivity plan based on the development of electric highways, the construction of an Atlantic beltway and the desert road, the consolidation of the port network and of maritime and air transport, and the setting up of a digital development platform and of logistics and trade platforms. This ambitious plan will rely on the emergence of centers of excellence based on Maghreb and sub-Saharan regional cooperation in the areas of education, skills training, higher education, health care and applied scientific research.

## Main proposals and actions

The ESEC report lists several important measures based on elements developed by the Council in its interim report published in March 2013. They are the result of viewpoints gathered from Council members as well as stakeholders whom the Council met during the ten-month period devoted to this mission.



## **Restoring confidence by promoting citizen participation and the rule of law**

Enhancing trust between the citizens and state officials hinges on reasserting the primacy of human rights, respect for the rule of law by everyone and guaranteed access to justice. To do this, the judicial institution should be strengthened by making sure it is easily accessible to the citizens and by improving people's access to legal aid.

The credibility of the State and of its action in the southern provinces depend on the sound management of public affairs in a transparent, clear manner, making sure citizens have access to information. Therefore, government departments and public institutions must publish their accounts and management principles in accordance with Article 154 of the Constitution, making sure they abide by the principle of equal treatment of citizens (in processing files, observing rights and allocating resources).

Making sure the citizens and their representatives take part in the major decisions that affect their future and that of the region as well as in the actual implementation of those decisions is a fundamental requirement for the endorsement and success of the new model. Public policy must be based on a bottom-up approach premised on the principles of local participatory democracy and public debate. To this end, each southern region should have a body for consultation and civil dialogue. Respecting the principle of gender parity, this body would be made up of representatives of professional, social and community-based organizations, academics and qualified individuals, particularly the custodians of the local cultural memory (tribal sheikhs). It will be systematically consulted regarding regional development plans, program contracts with the state and all economic, social and environmental issues.

The contractual principle, which will lie at the heart of the management of the state/region relationship, should be extended to all economic and social actors. Transparent monitoring and assessment mechanisms concerning the rights and obligations of each party should also be set up.

## **Breaking away with the rent-based economy through the promotion of private initiative**

Just as important is the need to move from a rent-based economy that focuses on primary activities towards a system that boosts private investment. The latter creates wealth and jobs and guarantees transparency as well as compliance with the rules of fair competition.

To create fresh momentum for growth, the State must ensure a transition to a predictable economic environment that provides incentives for investment and market activities. To improve the business environment, private operators should be offered a tax system based on clear texts that would be applied for an extended period of time. The tax system (advantageous corporate and income taxes, standardized VAT and local taxes) should enhance the provinces' attractiveness. It is also necessary to register and regulate public land through the enforcement of judgments and the settlement of disputes. In this respect, the preservation of traditional spaces (oases, collective land) would go hand in hand with measures and mechanisms to encourage land equipment and remediation for the promotion of economic activity in the framework of specialized economic zones.

To diversify the economy, new players need to be involved. In order to encourage entrepreneurship, hurdles need to be lifted to allow access to financing by small operators, including those involved in the social and solidarity-based economy. To this end, a regional economic stimulus fund will be set up to support funding for the regional economy. It will facilitate the development of major projects and provide support to small and medium enterprises, cooperatives and mutual funds.

Diversifying the economy also means creating more local value-added as far as the use of natural resource is concerned. The allocation of land, fishing licenses and quotas as well as water pumping permits will therefore be conditional on the creation of local wealth and jobs. Similarly, the on-site mining processing activities and the exploration and exploitation of hydrocarbons should be governed by texts that attract major national and international investors and operators.

As a general rule, access to natural resources should be more equitable and should be conducive to local development, with a tax system determined on the basis of the investments made and the extent to which businesses contribute to creating local value-added and jobs. Government revenues from the exploitation of these resources will be mostly reallocated to the development of the southern provinces. Finally, the support mechanisms identified should be included in sectoral policies that enable key sectors of economic growth to achieve their full potential, building on the assets and strengths of each region to promote the emergence of regional competitiveness centers. The new model for the economic development of the southern provinces will make this a priority in the provinces concerned. Thus, depending on the specific case concerned, the facts available so far indicate the following trends which will be taken up again and refined through regional program contracts:

- The Laayoun-Boujdour Region: a diversified economic hub; leveraging the region's strengths and assets in the primary sector (development of the fisheries sector, development of the camel industry and of the agricultural potential); developing an industrial center for the South (phosphate processing as part of an integrated chemical complex to produce a wide range of fertilizers as well as construction materials); in the tertiary sector (trade and logistics platform, niche craft and tourism hub). The region will consolidate its position as an administrative center, developing into a hub for the southern provinces and sub-Saharan Africa.
- The Oued Ed-Dahab-Lagouira Region: economic hub at the leading edge of the sectors of the fisheries, agriculture with high added value, renewable energy, niche tourism as well as logistics and trade. The region can potentially play a key role in terms of integration with sub-Saharan countries.
- The Guelmim-Es-Smara Region: the development of this region, which links the Kingdom's northern and southern parts, will be based on the emergence of a vibrant, diversified social and solidarity-based economy (agriculture / livestock, crafts), responsible seaside tourism, oasis and mountain ecotourism and measures to catch up with human development and poverty eradication indicators.

The southern provinces boast assets which can enable them to establish themselves as leaders in the production of renewable energy, particularly wind energy, in Dakhla, Tiskrad, Boujdour, Tarfaya, Akhfennir and Laayoun, ensuring a 400 kva interconnection of Dakhla to the national grid, as a prelude to connection with the Mauritanian grid.

## **A conditional cash transfers systems targeting vulnerable populations**

The rationale for the current assistance mechanisms must be replaced with a conditional cash transfers system which targets the most vulnerable segments of the population. Its aim should be to ensure capacity-building and promote the beneficiaries' social integration as well as that of newcomers.

In this respect, the social safety nets system must be revisited and revamped to ensure the actors' accountability as well as more appropriate targeting of the poorest and most vulnerable segments of the population. It should also direct those who can towards training and integration programs. It is therefore recommended, firstly, to replace food aid with monetary assistance. Secondly, as far as any new assistance is concerned, it is recommended to undertake a targeting which is suited to households in the southern provinces, using a categorization grid that takes into account multidimensional poverty indicators. The new assistance system would have to be conditional and organized within the framework of social safety nets.

Any social policy in the southern provinces must take into account the question of fishing villages for the implementation of an effective social development policy and the achievement of economic development. These villages should be considered as main towns (regrouping and federation of fishermen in order to improve their living conditions and ensure their settlement).

The return of people from the Tindouf camps should also be anticipated and prepared to ensure their integration into the Kingdom's economic and social fabric. Coverage of their socio-economic needs will be achieved on a per-family basis, and support will be provided on the basis of solutions to accomplish social and economic integration and facilitate social bonds with the rest of the population.

To implement this safety net policy and support the integration of returnees from Tindouf, a inter-regional fund dedicated to social assistance and the integration of returnees from the Tindouf camps will be set up. The fund's management and support measures for beneficiaries will be entrusted to the social support Agency in the southern provinces. The Agency will coordinate actions with the municipalities and the three southern regions.

## **Manage and allocate resources according to rules of sustainability and fairness for the benefit of the populations concerned**

The geo-economics of the southern provinces, their significant potential in terms of natural resources (fisheries, water resources, farm land, mining, oil) and their impact on the creation of wealth and jobs as well as the generation of resources which can ultimately finance social welfare and solidarity for the benefit of these regions' populations means the NDMSP would be viable only if there is a medium and long term strategy for the exploitation and proper use of these natural resources.

Such a policy implies a fresh vision and new practices with respect to the use of natural resources. The aim is to make sure that the populations concerned and their representatives are consulted and involved, and that they benefit from natural resources in a fair, effective manner.

The implementation of these new forms of governance would allow for the best possible returns at the local level, the preservation and sustainable use of resources, and the allocation, on a priority basis, of public revenues generated by the exploitation and development of the region's natural resources to serve the southern provinces' economic development and improve their populations' human development indicators.

### **Replace current social policies with an integrated human development strategy**

It is necessary today to go beyond passive social policies and focus on employability and capacity building. Such a radical shift should lead, in the earliest possible timeframe, to a consolidation of the role of schools and of the education system as engines for the promotion of equal opportunity and equal access to employment and executive positions. Similarly, while reducing inequalities in access to services, the health care policy should promote quality care on a regional basis.

This means working to enhance the attractiveness of the southern provinces as far as the medical profession is concerned, and ensuring better mobilization and supervision of the private sector. Such a strategy calls for upgrading the existing facilities by turning the Dakhla and Guelmim provincial hospitals into regional hospitals, increasing the bed capacity of the Laayoun regional hospital, and creating emergency medical assistance services (EMS) in all southern provinces.

Finally, it is necessary to implement a contingency plan to improve maternal and child health in accordance with the Millennium Development Goals, promoting, to this end, an awareness program as well as the generalization of free pregnancy monitoring, and increasing the number of personnel and equipment in maternity wards. These emergency measures will make it possible to reduce maternal and infant mortality, thus eventually establishing the southern provinces as leading centers in the area of health care.

### **Recognizing culture as a right and turning it into a lever for development**

The *Hassani* culture plays a rallying part and has important symbolic significance in the hearts and minds of the local populations. It therefore deserves to be further developed and integrated as one of the chief components of the national identity, as stipulated in the Constitution.

The promotion of cultural rights calls for the establishment of financing mechanisms for cultural development as well as the creation of an interregional Council to promote culture. The latter will be entrusted with the preservation of the heritage, the integration of culture in educational and audiovisual policies at the regional level, and the creation of more platforms and facilities for young people and women to express themselves, meet and promote cultural creativity.

Diversifying cultural points of interest and publicizing remembrance sites and places (archaeological sites, architectural heritage, creation of regional museums) must be accompanied by an audiovisual campaign for the promotion of the *Hassani* culture and of other local features of cultural diversity in the region. The *Hassani* culture - including the *Hassani* language and heritage - should also be included in the syllabi used in regional education policies.

The *Hassani* cultural features can also be used in the management of local and environmental resources. Ecotourism is one of the sectors in which the *Hassani* culture can serve as an effective

means, namely in the design of investment programs and the professional organization of cultural festivals, including conception, planning and animation. Thus, the conditions needed to promote the employment of young people and their involvement in a new cultural dynamics that respects the heritage and generates revenue would be met.

### **Breaking with the short-term strategy and restoring sustainability imperatives**

The short-term strategy, which consists in meeting the demands of a given, specific situation, should be reconsidered by reinstating the requirements of sustainability. The southern provinces are home to oasis ecosystems and unique coastlines which must be safeguarded. Their economic value can be enhanced while respecting local know-how and expertise.

More than anywhere else in the Kingdom, and in view of the fact that this is an ecologically vulnerable region, the need to ensure environmental protection and safeguard natural resources (especially water) must be taken into account in any economic and human development project. As part of a participatory approach - the terms of which will be determined in light of the type of resource concerned - three major resources need to be better regulated in order to ensure their rational exploitation and make sure the local populations benefit from them: water resources, the fisheries and mineral resources.

The first resource, which is already overexploited and increasingly scarce, is water. To ensure sustainable access to this resource and encourage its rational use, it is necessary to adopt a differentiated water pricing policy, depending on its use, in order to cover the cost of its replacement in high value-added economic activities (on the basis of desalination costs). The growing demand for water for domestic and economic use cannot be met without seawater desalination, the expansion of existing desalination plants and the creation of others. Similarly, and because of the growing demand, mechanisms must be set up to protect the resource, including through aquifer contracts.

Moreover, the preservation and protection of fragile ecosystems hinges on the fight against desertification as well as the preservation of oases and the forest ecosystem and the development and improvement of pastoral areas for the promotion of the camel industry. The protection of certain endangered sites, especially the Oued Ed-Dahab and Cintra bays, requires an emergency plan to better separate economic and urban conglomerations from the areas to be protected.

For this purpose, a new body in charge of environmental regulation for the southern provinces will be created to ensure the long-term protection and development of sensitive sites, both inland and on the coastline. It will first tackle the Oued Ed-Dahab Bay, then those of Cintra and Niilaa. This body will be, first, responsible for the land surrounding the sites concerned. It will draw up the land development plan and will then be in charge of project management for the projects included in the bay's improvement and development plan. It will have powers to supervise and sanction.

The development of urban planning which respects the living environment as well as the cultural specificity of each region means the urban sprawl has to be curbed, and each region's rich, unsuspected and untapped heritage must be adequately exploited. Sustainable urban development will be ensured through the creation of green belts and a more systematic sanitation

policy. This policy's social aspect will be heeded by making sure that local facilities are suited to people's needs and that they meet the requirements of conviviality and diversity. Its economic essence cannot be ascertained without a gradual disengagement of the State from the process of producing and marketing housing units in order to attract private operators.

Building on the main axes of the NDMSP, the Council seeks to achieve a successful environmental and energy transition in these provinces and to make them a model in terms of implementing the basic requirements for sustainable development and environmental preservation at the local level. It also seeks to make towns in the southern provinces a model at the national and regional levels, taking into account environmental considerations (ecological cities) and urban and digital factors (smart cities).

### **Improving access to the southern provinces**

It is important to improve connections with the southern regions in order to promote their effective integration into the vast maritime economic area from the northern coast to West Africa and the Canary Islands.

Large-scale projects can contribute to enhancing connectivity, such as the achievement of the South Atlantic harbor at Ntirit, north of Dakhla, (which, together with an industrial park built in a free zone, will double the sector's value-added and increase the value of category C pelagic stock); they can help upgrade existing ports and facilities (thereby improving value creation regarding category B stock). The creation of a regional airline would create air services targeting specific countries for tourism and export purposes.

The digital infrastructure, which, for the time being, is still inadequate, calls for a development plan which integrates high quality networks and broadband access. This kind of infrastructure offers a triple development advantage: it improves the provinces' attractiveness; it enhances the competitiveness of businesses; and it constitutes a critical tool for transforming the quality of public services by providing citizens with distance services.

### **Achieving successful implementation of advanced regionalization**

For these reorientations to be successful, there has to be a transition from a centralized form of management to decentralization and devolution. Indeed, to be effective, the implementation of the new development model should be based on autonomous decision-making and project implementation at the provincial level. Advanced regionalization is the institutional framework for such a policy and is already defined by the 2011 Constitution.

Transferring new powers to elected local and regional officials will help bring decision-making centers closer to the citizens. In this respect, and in accordance with Article 140 of the Constitution, the regions will have regulatory powers. It is also recommended to ensure the widest and clearest possible decentralization of powers and means to enable regions to take their development in their own hands and in the best possible conditions. The principle of subsidiarity and of transfer of powers to the regions is believed to be more efficient as far as the design, implementation and assessment of local social and economic programs are concerned. It lies at the heart of the education policy advocated by the new development model.



This decentralization will rely on regional councils elected by direct universal suffrage in each southern region. They will draw up regional planning and development plans, together with contracts between the State and the regions, setting targets and committing resources. Regional councils will also be in charge of boosting the region's economy and improving its attractiveness.

In this decentralized form of management, and in accordance with Article 145 of the Constitution, the mission of the regions' *Walīs* will consist in making sure laws and regulations are complied with, assisting the presidents of regional councils in the implementation of their development plans and programs, and coordinating the action of the central government's devolved services, making sure they function properly. Extensive devolution should, indeed, go hand in hand with decentralization so that the conditions for successful advanced regionalization may be met, and so that the State's mission at the territorial level may be effectively carried out.

The success of the new development model requires high-level steering that can be ensured through the creation of a High Authority. The latter will be in charge of monitoring the implementation of the new development model in the three regions. More specifically, it will be responsible for program assessment, setting development objectives in the contracts between the State and the elected representatives of the southern regions, boosting program implementation, and ensuring monitoring and accountability regarding achievements and progress.

Program and objective-based contracts whereby the State and regional elected officials commit to multi-year programming and funding for large-scale projects - such as infrastructure development, support for promising niches or tools and mechanisms for the achievement of social cohesion - require long-term financing schemes. Seen from this perspective, the funds for social development and upgrading should be set up as quickly as possible, and the interregional solidarity fund enshrined in the Constitution should also be created. An inter-regional economic stimulus fund and an inter-regional fund devoted to social support and to the integration of returnees from the Tindouf camps will also be created. These funds will support the major actions identified by the new development model, and will be further consolidated by transfers from the state, new tax revenue collected in the regions and a significant part of the fees, levies and charges applied to the exploitation of natural resources.





## Preamble

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1. In accordance with the guidelines provided by His Majesty the King, the Economic, Social and Environmental Council (ESEC) has set out to lay down a new, integrated and sustainable regional development model for the Kingdom's southern provinces. Premised on the active participation of these provinces' populations, this model basically aims to generate fresh socio-economic momentum that can stimulate growth and create jobs.
2. This new model, which the ESEC perceives in a 10-year timeframe, aims to improve the citizens' well-being while respecting the identity and cultural diversity of the southern provinces with a view to achieving their harmonious development. The timeframe envisaged makes it possible to introduce significant shifts in orientation and at the same time take urgent measures to address the pressing needs of the local populations.
3. Given the historical and social bonds between the regions concerned as well as the geographic continuity of these territories, the territorial perimeter in which the new development model is to be deployed extends from the current administrative regions of Laayoun-Boujdour-Sakia Al Hamra and Oued Ed-Dahab Lagouira to those of Guelmim-Es Smara.
4. The ESEC has focused its attention on the economic, social, environmental and cultural aspects of the development model. The governance features relating to the above aspects have also been taken into account. The ESEC has sought to ensure its recommendations are consistent, both in letter and spirit, with the advanced regionalization project.

### Methodological framework

5. The methodology used by the ESEC in formulating the new development model for the southern provinces is based on a broad participatory approach open to the full spectrum of public, private and civil society actors, both at central government level and in the southern provinces. The aim has been to involve all of these stakeholders in the model's various formulation stages, from the diagnosis phase up to the model's final design.
6. The methodology used also involved reliance on a vast array of sources: i) review and analysis of studies and reports produced by or for governmental or non-governmental organizations - both national and international - in order to capitalize on those contributions; ii) use of in-depth research work and benchmarking of international experiences concerning regions and territories with similar geopolitical characteristics and / or which are characterized by environmental stresses or by the harsh nature of their environment, and in which several analytical perspectives are used (social, cultural, anthropological, economic, sectoral governance...).

7. The Council's work revolved around the July 2011 Constitution, particularly the chapters on identity, respect for human rights, governance and regionalization. The Council's work was also based on the international public law conventions signed by Morocco as well as on the Social Charter adopted by the ESEC in November 2011. Finally, the discussion and debate within ESEC's ad-hoc committee and in the General Assembly have helped to develop and draw up the report on the new development model for the southern provinces.
8. To develop the model, the ESEC has looked into the development situation in the southern provinces and effective access to human rights, using a frame of reference which includes the international norms and standards to which Morocco adheres<sup>2</sup> and which it has enshrined in the Constitution. It is structured and formalized on the basis of the «frame of reference underpinning the Social Charter», which was adopted by the ESEC in December 2011. The latter has itself provided the basis for the Social Charter, which was adopted on 18 December 2012 in Rabat by the French-speaking States and Governments' Union of Economic and Social Councils and Similar Institutions (UCESIF).
9. Also included in this frame of reference are the principles the Council of Europe's human rights Social Charter, in accordance with Morocco's commitment regarding the gradual integration of the European *acquis communautaire*. Moreover, the frame of reference used takes due account of OECD guiding principles regarding multinationals, as well as the norms and the institutional and private initiatives for the promotion of respect for human rights, corporate social responsibility and sustainable development (Ruggie Report on corporate responsibility to respect human rights, the United Nations Global Compact on corporate social responsibility (Global Compact), the international standard on social responsibility (ISO 26000), and the Principles for Responsible Investment (PRI) of the UNEP-Finance Initiative). Based on the above, an assessment report on the effectiveness of human rights was developed, published and submitted in March 2013. The report identified the strengths and weaknesses of the southern provinces in the area of development.
10. ESEC's preparation of the new development model for the southern provinces fits into a national environment which is witnessing positive changes. The model takes into account the uncertainties as well as the opportunities of the broader regional and international context.
11. In an international environment marked by the global economic crisis and by far-reaching changes at the regional level, Morocco has enjoyed invaluable political stability which has made it possible to achieve sustained, positive economic performances and improve social indicators.
12. Morocco's democratic principles were firmly set in place by the 2011 Constitution which brought about further achievements in terms of democracy, guaranteed freedoms

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<sup>2</sup> The Universal Declaration of Human Rights (UDHR, 1948) and its 1966 related Covenants, the International Covenant on Economic, Social, Cultural Rights (ICESCR), the International Covenant on Civil and Political Rights (ICCPR), the basic conventions of the International Labor Organization (ILO), as well as the treaties, recommendations and guiding principles of the United Nations agencies on the protection of human rights in general, UNESCO's protection and promotion of creativity and cultural diversity, the fight against climate change, the preservation of biodiversity and the fight against corruption.

and human rights, as well as the State's commitment with regarding the rights of future generations, including in the areas of environmental preservation, regionalization, local democracy, the recognition of civil society organizations, social and civil dialogue and the right to culture.

13. Morocco has ratified 34 international instruments on human rights. The 2011 Constitution reaffirms all economic, social, cultural and environmental rights as well as the civil and political rights stipulated by the United Nations system.
14. At the national level, Morocco has launched major structural reforms which will impact development in the southern provinces, as they will the rest of the Kingdom. These reforms, which Morocco has already set in motion, are aimed at achieving optimal outcomes from the large-scale projects launched in several sectors, in addition to combining reflection with actions.
15. The country has significant potential. It seeks to make the most of it through sectoral strategies: tourism, agriculture, the fisheries, manufacturing, mining (phosphates), textile, aeronautics, car manufacturing, off-shoring, logistics...etc.
16. The national environment has also been strongly impacted by the launch of the advanced regionalization process to redress persistent inter-regional imbalances, taking into account each region's specific characteristics and assets. A report was developed by the Royal Advisory Commission to determine the specifics of the issue. In this regard, the new Constitution gives the regions extensive executive and decision-making powers, instituting as well accounting and monitoring mechanisms which can enhance the regions' competitiveness and restore public confidence in elected institutions.
17. The devolution experience in Morocco has been rich in lessons. Devolution must precede - then go hand in hand with - regionalization. A devolution charter is being adopted to this end.
18. Furthermore, the autonomy plan proposed by Morocco in April 2007 to achieve a final, lasting solution to the Sahara conflict is still being negotiated at the United Nations. This plan provides for a transfer or sharing of powers, relying on legislative, judicial and executive bodies, as well as a budget and a local taxation scheme in the economic, social, cultural and environmental sectors and also in terms of justice, community policing and infrastructure.

### **Guiding principles of the new model**

19. Keeping in mind the guidelines provided by His Majesty the King, the situation in the southern provinces calls for a new, more participatory, more inclusive development model. This model should be based on responsible governance in order to generate sustainable momentum for development, create wealth and jobs - especially for young people - and contribute to social cohesion. It should significantly enhance complementarity and solidarity-based integration between these provinces and the Kingdom's other provinces.
20. The new development model and its public endorsement imply across-the-board compliance with the rule of law and the effectiveness of the rule of law in those provinces as in all the other provinces of the Kingdom. The model is based on advanced regionalization,

which is enshrined in the Constitution and which makes it possible for the populations of the southern provinces to participate in the democratic management of their own regional affairs through the election, by direct universal suffrage, of Regional Councils. The latter will have extensive powers as well as the resources they need to be in charge of achieving integrated, sustainable human development in those regions.

21. The model is based on a renovated and accountable form of governance, combining efficiency and equity. This governance must be centered on strong principles such as access to information and accountability, the participation of political, economic and social actors in the steering and monitoring of public policy, transparent assessment and continuous improvement of the performance of government departments and their instruments. Under this governance, there must be efficient management and equitable distribution of natural resources and of the advantages of growth for the benefit of local populations.
22. In this regard, the model lists structural levers that can lead to the emergence of a viable and attractive regional economy, through a form of governance in which basic rights are respected, individual and collective freedoms are guaranteed and the citizens' interests are served.
23. In order to put private initiative and job creation back into regional life, the State's role must be refocused as facilitator and instigator, more than investor. To this end, clear, predictable tax incentives should be instituted and a development fund set up for the benefit of these regions. Such an instrument will boost the momentum for growth, ensure the rapid development of sectors that create the most wealth for the southern provinces, promote small and medium enterprises as well the social and solidarity-based economy - which create many jobs - and ultimately help set up regional competitiveness clusters around these activities.
24. The new development model also has to lead to a more inclusive social system based on the principle of fairness in transfer spending to better target the most vulnerable populations. The ESEC therefore recommends to set up a conditional cash transfers system and to improve access to services (particularly health and education), creating, to this end, a special fund and a body in charge of grants and social benefits.
25. The Model also proposes a new approach to the management of natural resources to allow for the best possible returns at the local level, the preservation and sustainability of resources and the distribution of benefits generated by the exploitation and development of the region's natural resources in order to promote the southern provinces' economic development and improve human development in the region.
26. The new development model also considers the heritage and cultural diversity as a wealth that needs to be highlighted and as a lever for development whose potential should be properly put to use. Hence, as part of the new model, the specific cultural features of the provinces concerned must be respected - particularly through the development of the *Hassani* culture - and the southern provinces etched into the national reference system.

27. Finally, the preservation of the natural heritage and the sustainable development of human activities require the adoption of a sustainable land development policy. Under such a scheme, sensitive areas - under threat today - should be protected, the more so as they constitute a natural heritage and a potential tourist attraction. They need to be better protected against the negative consequences of human and economic activities. The ESEC recommends that a special body be entrusted with implementing such a scheme and ensuring the preservation and development of natural habitats.



## SECTION I

# Evolution of development and of the human rights situation in the southern provinces





# Evolution of development and of the human rights situation in the southern provinces

This part of the report is devoted to the evolution of development and of the human rights situation in the southern provinces. It is made up of two parts: Chapter I introduces the main findings as well as the specific stakes involved in the southern provinces. It is based on the ESEC's assessment report published on March 30, 2013, which measured the effectiveness of basic human rights in the southern provinces, across all development sectors (economic, social, cultural, and environmental, in addition to governance). Chapter II looks into the main characteristics as well as the performance of economic sectors that are specific to the southern provinces. A large part is devoted to the achievements that need to be consolidated and to the main challenges to be tackled in order to create the expected development momentum.

## Chapter I - Specific development stakes in the southern provinces

28. To gain reliable insight into the level and extent of development and into the human rights situation in the southern provinces, the ESEC undertook a broad, participatory assessment mission. Thanks to this diagnosis, it was possible to identify the «main reorientations» needed for an overhaul of the perceptions and development process in the southern regions.
29. This assessment is based on the premise that respect for basic human rights - as they are universally defined and as they are affirmed by the Kingdom's Constitution - is both a prerequisite and an essential lever for the success of any development policy, be it regional or national.
30. In the light of legitimate, universal standards and binding principles, an "objective assessment" of human development in the three southern regions was carried out. Observations and findings were arrived at through workshops, seminars and on-the-spot meetings. More than 1,000 people were heard (including parliamentarians, local elected officials and sheikhs), representing a vast array of stakeholders (advocacy organizations, community groups, trade unions, professional associations, chambers of agriculture, commerce and industry, industrialists, central departments and external services, local authorities, intermediation bodies, the Agency for the promotion and the economic and social development of the southern provinces (APDS) etc..). The diagnosis was also based on a thorough review of analytical and informative reports prepared by central and local government departments and agencies as well as by international organizations and institutions.

31. The analytical assessment was submitted for debate in the southern provinces, and this helped to enrich and complete the work done. It also made it possible to identify achievements and strengths with respect to the situation of basic human rights in the southern provinces, as well as the shortcomings and weaknesses which must be tackled by Morocco to determine the main reform measures needed in these provinces.
32. The assessment was based on the frame of reference underpinning ESEC's Social Charter. It includes fifty-four fundamental principles and rights whose provisions are explicitly stipulated in the Kingdom's new Constitution. It comprises seven parts:
  - access to services, basic rights and social welfare;
  - knowledge, training and cultural development;
  - inclusion and solidarity;
  - child protection;
  - social dialogue, civil dialogue and innovative partnerships;
  - protection of the environment;
  - responsible governance, development, economic security and social democracy.
33. This analytical assessment shows that the State's efforts have led to certain achievements which need to be consolidated and, for some of them, revisited in terms of their running and management.
34. In the light of that diagnosis, the ESEC has concluded that the current development model has reached its limits. In-depth reforms must therefore be introduced to help with the emergence of responsible governance which will provide the basis for a new development model that will meet the citizens' needs and aspirations.

### **I.1. A deeply transformed society**

35. The territory, demography, economy and society in the three southern regions have changed dramatically since their decolonization (Guelmim and Tata from French colonial rule in 1956, then, successively from Spanish colonization: Tan Tan and Tarfaya in 1958, Es-Smara and the Laayoun-Boujdour-Sakia-el-Hamra region in 1975, and the Oued Ed-Dahab-Lagouira region in 1979).
36. In two decades<sup>3</sup>, the population of the ten southern provinces, while becoming predominantly urban, was multiplied by 1.7. It increased by 3% between 2004 and 2012. In 2010, the GDP of the three southern regions was approximately Dhs 33.2bn<sup>4</sup>, or 4.3% the national annual generated wealth. Local household spending amounted to Dhs 15.9bn in 2010, representing 3.6% of total household expenditure in the country.

<sup>3</sup> Between 1994 and 2012

<sup>4</sup> High Commissioner for Planning

37. Through its sovereign prerogatives, support for public investment, central government expenditure and the provision of social aid, the State has been the key player in this profound change. In many areas, the work achieved is worthy of praise. Indeed, thanks to the State's direct involvement, it was possible to accelerate development in these regions which had been lagging behind as a result of the colonial era, especially with regard to infrastructure and access to basic social services. Human development indicators thus exceeded the national average.
38. In the southern provinces, the State acts as a bulwark against poverty. According to estimates provided to the ESEC by the Agency for the promotion and economic and social development of the Kingdom's southern provinces, the State's annual contribution between 1994 and 2012 to the fight against poverty - both direct and indirect subsidies - stood at Dhs 4.6bn. Some 34,000 citizens benefited from direct aid provided through the *Promotion Nationale* program for a budget of Dhs 589 million, which represents half the total national budget allocated to this program<sup>5</sup>.
39. However, significant disparities persist between urban centers and small municipalities - particularly in rural areas - despite the relative prosperity some figures may suggest<sup>6</sup>.

## I-2. Achievements and strengths to be further consolidated

40. ESEC's assessment work has identified political and economic gains which must be consolidated within the framework of the new development model.
41. In the area of basic human rights and freedoms, the right to life and security, as well as the safety of people and property are guaranteed in the southern regions through common law guarantees, in the same conditions as in the rest of the Kingdom. The right to move, to leave the southern provinces and municipalities or to settle there is fully exercised.
42. There are no legal or regulatory provisions which specifically restrict individual liberties. However, cases of abuse of power have been denounced by human rights activists; they consist in intimidation practices because of the views held, or ill-treatment in prison. Similarly, allegations of unjustified refusals to deliver a receipt confirming the constitution of an association have been made by human rights activists who perceive this as an infringement of the right of association.
43. There are no legal or regulatory restrictions to collective freedoms either. All representative unions are operating in these regions and can legally intervene in industrial relations. They all hold meetings and demonstrations in the southern provinces, including on May 1<sup>st</sup>, on the occasion of Labor Day.

<sup>5</sup> There is no observatory specifically dedicated to assessment of development in the southern provinces. It is hard to determine precisely the amount of state transfers to these provinces.

<sup>6</sup> According to HCP figures, the poverty rate was lower in 2007 (4.9%) than the national rate (8.9%). Although disparities are acute, they are less pronounced, with a Gini coefficient of 0.35 (0.41 at the national level).

44. The right to strike is exercised freely. There are no known cases in the region in which Article 288 of the penal code - which punishes the organization of or participation in strikes on grounds of violation of freedom to work - was used. Some unions informed CESE of certain administrative difficulties concerning the creation of union branches at the local level. Similarly, the activities of political parties in the southern regions come under common law.
45. There is a significant decline of poverty rates in the southern provinces. The Laayoun and Dakhla regions are among the country's least poor regions (with poverty rates standing at 2.2% and 2.6% respectively, against a national rate of 8.9%). Public assistance programs (food aid, see below) and the promotion of the activities of the poorest segments (*Promotion Nationale*, see below) have significantly contributed to this result.
46. Moreover, and in order to strengthen the fight against poverty in rural areas as well as urban exclusion and precariousness, the National Initiative was launched in 2006. Between 2007 and 2012, approximately 10 percent of NIHD projects were implemented in the southern provinces (2,242 projects out of a total of 23,000). 495,840 citizens, or approximately 52% of these provinces' inhabitants, benefited from those projects (out of 5 million beneficiaries nationwide). Half those projects concerned associations and cooperatives (1,065 out of 2,242), with funding accounting for 10 percent of the budget (Dhs 152.4 million). 702 projects (31%) concerned income-generating activities.
47. In 2012, the literacy rate in the southern provinces (67.8 %) was higher than the national average (61.7%)<sup>7</sup>.
48. Education and generalized access to primary education, especially for girls, is undoubtedly one of the most important and most promising social achievements in the southern provinces. Most children in the region have access to pre-school education. However, many observers criticize the quality of teaching and regret that the history of the *Hassani* culture is not taught at school. The enrollment rate per age group is high and is above the national average. Most students who enter junior high school complete this level of education. The proportion is 81.7% in the Laayoun-Boujdour-Sakia-el-Hamra region and 68% in the Guelmim-Es-Smara region, compared to a national rate of 64.6. Success rates at the baccalaureate exam (end of high school) are higher than the national average<sup>8</sup>.
49. During the period 2007-2008 and 2011-2012<sup>9</sup>, the increase rate in the number of students enrolled in vocational training institutions was higher in the Oued Ed-Dahab - Lagouira region (69.2%) than the national average (30.9%). With 25.6% and 23.2% respectively, the increase rate was more modest in the Laayoun-Boujdou-Sakia el Hamra region and the Guelmim-Smara region.

<sup>7</sup> Struggle against illiteracy directorate.

<sup>8</sup> In 2012, the Oued Ed-Dahab -Lagouira region topped the list with a 68.2% success rate, followed by the Guelmim-Es-Smara region (61%), and the Laayoun-Boujdour-Sakia-el-Hamra region (49.4%), against a national success rate of 57.3%.

<sup>9</sup> Directorate of studies and financial review, Ministry of Economy and Finance.

50. As regard vocational training, and up to July 2013, the investments made by the Office for vocational training and the promotion of employment (OFPPT) in training infrastructure have led to the creation of 77 public training facilities (24 in Laayoun, 14 in Guelmim and 8 in Dakhla).
51. Over the past five years, budgetary allocations granted by the Ministry of Culture for cultural activities have been more significant and have grown at a faster pace than the national average. Furthermore, between 2007 and 2012, the National Initiative for Human Development funded 116 projects in the cultural field.
52. According to the statistics of the Ministry of Culture, the official number of libraries stands at 33, with a higher number of titles per thousand inhabitants than the national average.
53. Furthermore, other initiatives have been taken, including the setting up of the Saharan studies center and a master's program, as well as the launching of the international competition for the construction of the Dakhla museum and cultural center.
54. Life expectancy and health indicators have improved and are now in line with national indicators. The introduction of a compulsory medical insurance scheme (AMO) and of a medical assistance scheme for the poor has contributed to this improvement. Similarly, the development of the health infrastructure has expanded access to health services. Indicators of the average number of beds, doctors and nurses per thousand inhabitants are comparable today to national average figures.
55. Similarly, access indicators to major utilities, including water, sewage and electricity, exceeded the national average (over 84%, against 70% nationally for electricity, and approximately 70% for drinking water, against a national rate of 55%).
56. The main logistic services are efficiently ensured. Markets are busy, and price index variations are the same as in other provinces.
57. As regards the environment, the Ministry for the Environment says it concluded, in each one of the three regions, a convention on environmental upgrading based on a «partnership process» involving local authorities, economic operators and local NGOs.
58. The State has already declared 16 ecologically and biologically significant areas (known as SIBE), out of a total of 154 national sites. Six were classified as having first priority: the Tissint Oasis, Aït Oumribt, Oued Tighzert, Msseyed, Fom Assaka and the Oued Eddahab Bay.
59. Several devices for the control and monitoring of environmental conditions were created such as regional observatories to monitor the environment and sustainable development, health and territorial development, sanitary control of the quality of water intended for human consumption; the monitoring of the quality and safety of the marine environment and the monitoring of the quality of fishery products by the regional center of the National Institute for Fisheries Research (INRH) in Dakhla.
60. As regards urban planning and city management, the progress made has led to large-scale slum clearance.

### I.3. Weaknesses and shortcomings to be redressed

61. Notwithstanding these achievements, certain weaknesses and areas of concern persist. They underscore the limitations of the socio-economic model applied in the southern provinces. One of its consequences is that it gives rise, among citizens, to a sense of injustice and opacity as far as the management of public affairs is concerned.

#### Inefficiency and unsustainability of inclusion and solidarity mechanisms

62. The southern provinces benefit from a significant assistance mechanism, with an annual budget of nearly Dhs 4,6bn<sup>10</sup>. This mechanism includes two aid instruments which, alone, account for Dhs 1.2bn a year (i.e. 34% of the overall budget: (i) the *Promotion Nationale* (PN), with Dhs 600m annually (i.e. 50% of the program's national budget - covers all of the territory's needs in terms of social measures; there is a 10% annual increase for this budget, and this has caused a skyrocketing of spending over the ten past years; ii) the weekly basket (Dhs 580m annually), which is an in-kind assistance distributed to the Al Wahda camps' residents.
63. A large number of needy people and families do not benefit from the current social measures. The 118,000 beneficiaries mostly include vulnerable non-working people and residents of Al Wahda camps<sup>11</sup>. The social assistance scheme is not uniform in the southern provinces. The food basket and the *Promotion Nationale* interventions concern mainly the populations of the Laayoun-Boujdour-Sakia el Hamra and the Oued Dahab-Lagouira regions.
64. The programs of the *Promotion Nationale*, the delivery of subsidies and food aid, subsidies to cover petrol and gas costs, the allocation of land and housing, student scholarships and recruitments in government departments and agencies overlap without any apparent coordination or accountability in terms of their impact on the decline of poverty, gender discrimination or improvement of the conditions of vulnerable persons or groups and more generally, on social well-being.
65. The social policy applied is problematic for three reasons: expenditures are neither controlled nor optimized; as the beneficiaries are not properly targeted, the policy is not supported by the citizens; the policy does not promote entrepreneurship and empowerment.
66. Public authorities do not properly showcase actions in favor of vulnerable groups, and those actions are not encouraged by economic and social actors. This is explained, to a largest extent - and as is the case elsewhere in the Kingdom - by the lack of specific criteria for the identification of vulnerable people and groups. Similarly, there are no programs or criteria for the prevention of discrimination towards the populations concerned.
67. The impact of the policies implemented to empower women and make sure they are involved in development has been limited in the southern provinces compared to the results achieved elsewhere in the Kingdom. Women's activity rate is almost five times lower

<sup>10</sup> Study by the Agency for the promotion and the economic and social development of the Southern provinces

<sup>11</sup> Study by the Agency for the promotion and the economic and social development of the Southern provinces.

than that of men. It has declined by nearly ten percentage points between 2002 and 2012<sup>12</sup>, and is very low compared to the national average (14.5% against 25.5 %).

68. Furthermore, there are no indicators on the evolution of stereotypes and discriminatory barriers to women's access to decision-making positions in economic, partisan and union activities. This access remains clearly limited.
69. Family protection is governed by the same regulatory texts as in the rest of the country. A family mutual assistance fund was created in September 2011, with an estimated budget of Dhs 160m. In accordance with Article 13 of Act 41.10, benefit from the fund is restricted to destitute divorced women and their children.
70. The assistance scheme and care for people with disabilities are confronted with serious difficulties because of more limited means.
71. Some citizens who returned from the Tindouf camps bemoan their social and family situation and consider that the *Promotion Nationale* vouchers do not cover their daily needs. Moreover, they are offered no social or psychological counseling that can facilitate their progressive integration. Similarly, there is no mechanism to assess and monitor the extent of their social and professional integration.

#### Weaknesses of the education, training and health systems and facilities

72. In the area of education, the meetings held by the ESEC have revealed serious problems with respect to the quality and effectiveness of the education offered, especially the limited access to new technologies and the insufficient interest paid to the region's history and to the *Hassani* culture and heritage. In addition, there is weak enrollment of students in scientific subjects and foreign language learning is inadequate, especially French.
73. Gender inequalities in education persist, especially in rural areas, and more particularly in the Guelmim-Es-Smara region, where the populations complain of significant dropout rates for girls, especially in towns like Tata and Assa.
74. School dropout in secondary education is attributed to several factors, including the pernicious effect of the assistance policy on the pursuit of education, as well as cultural factors (especially for girls' schooling), the social background and geographical distance. As regards the pursuit of higher education in the southern provinces, it is hampered by the remoteness of schools and universities, the high transportation and living costs in the North and the lack of visibility regarding post-higher education employment prospects.
75. At pre-school level, traditional education remains predominant, but with only a limited guarantee as to its effectiveness and the quality of its impact on access to fundamental learning skills, childhood development programs and basic learning contents.
76. Between 2008 and 2012, secondary school enrolments decreased, especially for girls, because of a low secondary school coverage rate of rural communities (33% in the Laayoun-

<sup>12</sup> Directorate of studies and financial forecasts (DEPF), Ministry of Economy and Finance.



Boujdour-Sakia el-Hamra region, and 14.3% in Oued Ed-Dahab, compared with a national coverage rate of 56%) and the quality of the education offered. Moreover, the participation of the private sector is limited and is not adequately encouraged.

77. Training is criticized for its content and quality, especially the qualification of teachers who were hired without a competitive exam and without educational training. Employment in education is not seen as particularly attractive, especially among young people, who perform poorly in national competitive exams.
78. Technical training opportunities are insufficient and ill-suited to the local job market. Measures to help young people access the job market are insufficient and do not enable them to access employment or self-employment.
79. There are serious weaknesses in the vocational training sector. The content, aims and steering of vocational training programs do not seem to be governed by an integrated approach, nor is there any monitoring or assessment mechanism to improve their functioning or make them tally with the needs of businesses and the local market.
80. In higher education, and until January 2013, the southern provinces still did not have an integrated 'autonomous' university. The lack of university education opportunities hinders the impact of the efforts exerted at the primary and secondary education levels and is a serious obstacle to the pursuit of studies. Among its consequences is the under-representation of graduates from the southern provinces in the nation's pool of researchers, engineering students, doctors and executives.
81. In addition, poor linkage between the various education levels (primary, secondary and higher education) heightens the feeling of «devalued diplomas».

#### Structural weaknesses in the health system

82. In the health sector, the various disadvantages can be seen in the imbalance of the investments made in suburban and rural communities. Similarly, the main areas of activity and the centers with high population density, such as fishing villages, are not adequately provided with operational preventive and medical treatment facilities.
83. In 2011, bed capacity remained low and unevenly distributed (1 hospital bed for 746 inhabitants in the Laayoun-Boujdour region, against 1 bed for 1,287 inhabitants in the Guelmim-Smara region, and 1 bed for 3,245 in Oued Dahab-Lagouira)<sup>13</sup>. The lack of private medical clinics contributes to the shortage of medical equipment. Current health care services make it possible to respond only partially to the needs of the population. Finally, some basic health care facilities are not fully operational due to a lack of qualified staff.
84. The maternal mortality rate is high due to the persistence of obstetric complications during transfers to the hospital and home births. Similarly, the prevalence rate of chronic diseases is among the highest in the Kingdom.

<sup>13</sup> Directorate of studies and financial forecasts (DEPF)



85. Human resources in the medical field (number of general practitioners and specialists) are both insufficient and unstable. Assignment to work as a doctor in the southern regions is often perceived as a punishment. The southern provinces are not attractive for the medical profession, despite certain incentives.
86. The management of the basic health care network, the distribution of health cards to poor people and the implementation of health insurance for the benefit of private sector employees suffer from the same drawbacks as in the rest of the Kingdom. However, in view of the remoteness from decision-making centers in the capital, the feelings of discontent are heightened by these deficiencies.

#### An insufficiently tapped cultural potential

87. The 2011 Constitution recognizes the pluralistic nature of the linguistic and cultural heritage. Failure to take into account the *Hassani* culture and its potential is a real challenge, especially as it is a defining element of a regional specificity to which the citizens attach particular importance.
88. The meetings held by ESEC point to the lack of a specific cultural strategy that takes into account the *Hassani* cultural potential and the citizens' needs in this respect. The lack of such a strategy is due to the absence of a regulatory framework that governs the management of the cultural heritage; the insufficient funds allocated to cultural development, especially the *Hassani* culture; the multitude of bodies and institutions involved in the management of this heritage; the lack of qualified human resources; the lack of involvement by the media and cultural associations in advocacy and popularization of this heritage; the insufficiency of specific events and meetings on the *Hassani* cultural heritage; the little interest taken in craftsmanship, which is perceived as being restricted to a particular social group; and, finally, the marginalization of women, whose role is fundamental in Saharan culture.
89. With the exception of some written works popularized by the Agency for the promotion and economic and social development of the Kingdom's southern provinces, the cultural potential of these provinces has been poorly promoted. Similarly, businesses do not sponsor any cultural activity and seem reluctant to invest in the cultural heritage as an economic activity that generates income and creates jobs.
90. There is no inventory of historical sites, at a time when they ought to be safeguarded in order to be included in a strategy for the promotion of cultural tourism. Yet the southern provinces are home to a significant architectural heritage formed of *ksours* and *kasbahs* - in the Draa pre-Saharan valleys - as well as sacred places and shrines (mosques, mausoleums, pilgrimage places). They are also home to a time-honored historical and archaeological heritage and a common contemporary legacy. It is all the more important to safeguard this heritage as it offers considerable development prospects. This is a key element of cultural influence, a tourist attraction and a place of sharing at the national, continental and global levels.

91. With the exception of the Tan Tan Moussem, which figures on UNESCO's list of the Intangible Cultural Heritage of Humanity, the Oued Dahab-Lagouira festival and the Aousserd Festival, the measures taken for the preservation of the *Hassani* memory and oral cultural heritage remain limited.
92. There is no clear policy governing recreational activities, a fact which contrasts with the significant public expenditures made. The visibility, efficiency and publicity of the State's commitment to promoting access to recreational activities remain limited.
93. Finally, there has been no reflection or debate on the cultural *Hassani*, *Amazigh* and Arab combination underpinning the distinctiveness of the southern provinces. This deficiency is felt in the development and implementation of public policies as well as during debates on the social situation and the future development of these provinces.

#### Lack of means and of swift responses in environmental management

94. The challenge of protecting water resources and the fisheries and preventing pollution, including that of the coastline, is enormous. State action in the area of environmental preservation does not seem to measure up to the challenges faced.
95. The commitments made under Agenda 21 are not followed by public reporting on the progress made due to the lack of monitoring and control mechanisms, the absence of assessment indicators, the scarcity of enquiries involving government agencies and the insufficiency of the budgets allocated to environmental awareness and education.
96. The management of water and fisheries resources, the protection of the coastline and the preservation of the oasis ecosystem are issues of great concern because of the questions of sustainability they raise, and also due to their impact on certain sectors (agriculture, tourism, etc.).
97. The water policy is characterized by persistent weaknesses in terms of management, notwithstanding the adoption of the integrated master plan for the management of water resources in the Sahara hydrological basin (PDAIRE).
98. According to the Sahara basin agency, water resources stand at 50 million cubic meters/year for surface water, and 16 million cubic meters/year for groundwater. These resources are mostly used for drinking water (63% of total consumption in the Sahara basin). Artificial groundwater recharge is limited today due to low rainfall. Since 2009, no new extraction authorization from fossil aquifers has been granted pending the determination of the actual groundwater potential.
99. Urbanization and greater domestic use have led to a 29% increase in the consumption of drinking water, reflecting strong pressure on water resources. Moreover, fossil water use in Dakhla and its utilization in vegetable farming for export purposes are not subjected to conditions that can ensure resource conservation for the benefit of current and future generations.

100. Part of the fisheries resource is also overexploited. Industrial fleet catches of small pelagic fish include sardines - deemed under-exploited - but also horse mackerel and Spanish mackerel, for which stock status indicators are alarming. Meanwhile, the presence of a large number of fishmeal production units is highly criticized.
101. Finally, there are biologically significant areas and unique landscapes in the southern provinces which are threatened; their diversity is recognized by a national qualification system (ecologically and biologically significant areas) as well as by universal standards. In spite of legislative efforts to safeguard protected species and areas, urban densification in coastal areas, together with the pollution induced by economic and human activities, constitute a threat for some of these sites, especially the Dakhla Bay.
102. Population density and the concentration of economic activity cause serious degradation of the coastal environment, which is extremely sensitive. The means mustered by the State to monitor and prevent coastal pollution risks are limited. Moreover, discharges from resource exploitation are not monitored. They give rise to no sanctions although the regulatory framework allows for such penalties.
103. Coastal management hardships are obvious at the Oued Ed-Dahab Bay. This is a clear case of the challenge of reconciling economic and human activities on the one hand, and the need to sustainably preserve the ecosystem, on the other. The bay's development has taken place without a strategic planning policy, and this has led to random growth.
104. Today, the population increase is choking the city, causing alarming pollution levels, particularly at the level of the lagoon - which is a unique environmental and tourist site - but also in other sensitive areas, such as the Sarga and the White Dune.
105. This situation can also be explained by the failure to separate economic activities (including fishing villages) from residential locations and natural sites<sup>14</sup>. These difficulties are further compounded by the multiple stakeholders involved, the lack of coordination between central and regional authorities, as well as the weak involvement of the local population.
106. Sand encroachment - another environmental concern - is a major hurdle, not only for the development of farming and infrastructure in the area, but also for land development in general. Significant efforts have been made to fight sand bars, but the scope and pace of the response remain relatively limited compared to the magnitude of the phenomenon.
107. With the exception of some agricultural enclaves (food crops in the oasis of the Guelmim-Es-Smara region and vegetable crops in Dakhla), the Sahara is primarily a pastoral area. Today, this sylvo-pastoral space is under severe pressure as far as rangelands are concerned, and its preservation is not guaranteed. This poses a long term threat for the animal farming activities and livestock productivity.
108. There is also significant pressure on forest and oasis ecosystems in the Guelmim-Es-Smara region. Natural resources in that region are overexploited, mainly because of overgrazing and a succession of several years of severe drought. The vegetation cover is decreasing due to the arid climate and the lack of forest delimitation and certification.

<sup>14</sup> Such a separation should be based on a harmonious, rational approach to avoid scattering.

### Lack of an integrated land use planning policy

109. The land use planning practiced to date does not reflect a clear vision that takes into account the need to organize and develop the territory and foresee the infrastructure and equipment needed on the basis of the places of residence and human activity. This lack of perspective is illustrated, in particular, by the persistence of pockets of substandard housing and by the failure to implement the fishing villages program, making the living conditions of fishermen particularly strenuous.
110. Given the strong population increase, the urban policy, which is mostly reactive, has led to accelerated and uncontrolled urban sprawl. It has contributed to the collapse of social and spatial organization patterns as well as to the emergence of an «alter-city» - a melting pot of all kinds of excessive practices.
- This separation must be based on a smooth, rational approach to avoid disruptions.
111. The overall aspect of urban centers does not seem to follow a consistent, harmonious local architectural style. The functional role of urban spaces and the fulfillment of the citizens' social needs (leisure parks, sports and cultural facilities...) are not adequately met.
112. Finally, in the area of housing, the situation in the southern provinces is quite special: developers come almost exclusively from the public sector, programming is often out of step with actual demand, and a large number of projects are yet to be assigned. Funding is almost entirely public, and there is no real housing market (with supply and demand), except for secondary markets, which are still very modest.

### Inadequate governance and trust deficit

113. The hearing sessions held by ESEC point to malfunctions and technical difficulties in terms of the steering and administrative management of the southern provinces. These difficulties are felt throughout the development spectrum. Many of these difficulties can be traced back to the central level. They raise the question of government departments' ability to put forth their objectives on a regional basis, building on clear, consistent and properly managed processes and resources. Other difficulties stem from the quasi automatic gap between the unprecedented volume and pace of government interventions in terms of physical infrastructure in the southern regions on the one hand, and the slower adjustment pace of its services at the regional level, on the other.
114. The management of public affairs is not governed by the principle of accountability when it comes to the situation of fundamental human rights, business management and public funds. The institution and devolution of greater powers to independent bodies, such as the National Human Rights Council and the Central Authority for the Prevention of Corruption, should ultimately guarantee the effectiveness of the control and regulation tasks needed for the emergence of a democratic society governed by the rule of law.
115. Several factors hinder the decentralization process, including the lack of qualified skills, the low level of supervision and managerial skills among local authorities, the limited financial resources at the disposal of local authorities, the lack of coordination between various levels in charge of planning (local, regional and national) and land use planning, and the insufficient clarity of decision-making and accountability.

116. The remoteness and vastness of the territory do not facilitate the State / citizen relationship, leading to inadequate coordination between the different decision-making levels (local, regional and national).
117. Devolution itself remains a work in progress. Officials in the southern provinces still do not have management and decision-making autonomy and often limit themselves to sectorial approaches at the expense of a coordinated spatial development approach. As a result, there is no systemic approach to programs and this adds to administrative costs; similarly, the decision-making process and delivery timeframes are slow.
118. The Agency for the promotion and economic and social development of the Kingdom's southern provinces has been a useful experience for the provinces' development. However, the low frequency of the meetings of its board of directors, the lack of the control provided for in Articles 8 and 9 of the decree-law establishing this institution, and the lack of consultation and due interest in the views and expectations of the stakeholders underscore the need for clarifying prerogatives, responsibilities, steering mechanisms, coordination and control of all of the Agency's development programs in the southern provinces.
119. The trust gap is another major issue in the southern provinces. There are many signs of a crisis of confidence, a fact which raises the question of the ability of social actors to establish their representativeness and interventions on an autonomous basis, but also the capacity of public authorities to respect that autonomy and take it into account.
120. The lack of confidence is due to the perception, among the citizens, that the rule of law is not being complied with. Failure to enforce the rule of law leads to many hidden costs (lack of trust in institutions and among the citizens, corruption, conflicts of interest, non-participation in public life, low investment, tensions and outbreaks of violence).
121. Several speakers condemned the «sense of impunity for the elites», which they perceived as one of the troubling factors of social disintegration and as one of the reasons for the loss of confidence in the functioning of institutions.
122. Moreover, several stakeholders challenged the credibility of development indicators, even considering them to be «inflated» by - and for the benefit of - the region's administrative authorities.
123. As regards benefit from the provinces' natural resources, the question has nothing to do with the «legitimacy of exploiting the resources of a non-autonomous territory» since the southern provinces are an integral part of the national territorial.
124. Finally, there is significant room for improvement with respect to civil dialogue, especially if the independence of community-based organizations were to be clearly institutionalized and respected and if institutional forums were created at the local and regional levels with a view to engaging consultation and dialogue within civil society and between community organizations and public authorities.

## Chapter II - Diagnosis and sectorial review of economic development in the southern provinces

### II.1. Economic Diagnosis

125. There has been no economic take-off in the southern provinces. The economy, being not really diversified, hinges mostly on primary sectors, and the natural resources are not properly valued, particularly the fisheries resources. Trade, construction and public works are heavily dependent on public investment and subsidies, and the contribution of farming and tourism remain limited. The economy is also highly dependent on public spending and public sector salaries.
126. The provinces' economy is, in fact, marked by the predominance of rent seeking and low market activity. Start-up creation is weak mainly because of the lack of attractiveness for the private sector, weak entrepreneurship and the absence of a financing policy for new businesses, particularly at the start-up stage.

#### A poorly diversified economy driven by primary sectors and government spending

127. The economy of the southern provinces is highly dependent on the State, although per capita GDP is approximately 41% higher than the national average (Dhs 34,263<sup>15</sup> in 2010, against a national per capita GDP of Dhs 24 244<sup>16</sup>). Wages are the main source of income (53% of total revenues), and the remainder is made up of profits (26%), direct and indirect subsidies (19%) and transfers (1%).
128. The State's contribution to the southern provinces' GDP stands at more than 54%, of which 43% are direct subsidies (33% for government agencies and 10% for public companies) and 11% in indirect subsidies (GDP induced by public investment). Public investment stands at Dhs 5bn (Dhs 5,500 per capita), which is 31% more than the national average (Dhs 4,200).
129. Total revenue generated by the southern provinces stands at Dhs 22 to 23bn. 82% come from various sectors (including the public sector), 16% from direct and indirect subsidies, and the rest comes from incoming transfers. The State contributes 48%, of which 26% in direct contributions (20 % for salaries, and 6% in direct subsidies), and 22% in indirect contributions (9% for salaries generated by public investment and 13% in indirect subsidies). Nearly half the State's social welfare budget goes to the southern provinces.
130. The economy remains vulnerable because it is essentially based on fishing, seafood processing, the phosphate sector and, to a lesser extent, construction and civil engineering works as well as market services.
131. The GDP generated by natural resources such as fishing, seafood processing, agriculture and phosphates amounted to Dhs 11.5bn, 70% of which goes to the southern provinces.

<sup>15</sup> The High Commissioner for Planning

<sup>16</sup> Directorate of studies and financial forecasts (DEPF)



132. The strategy for local seafood valorization is not properly developed, and products are often marketed as raw products because of the lack of port infrastructure, facilities and difficulties in accessing bank financing.
133. Generally speaking, the governance of natural resources suffers from a lack of information on the criteria and conditions for access to these resources. This is the case, in particular, for the fisheries, whose exploitation gives rise to feelings of discontent because of the lack of readily accessible information on the conditions and criteria for granting fishing licenses.
134. The social dimension is not adequately taken into account due to the absence of an integrated policy involving the various stakeholders concerned. The situation is characterized by the low income of the people working in the fisheries sector and their extremely poor living conditions, especially in certain fishing villages. The lack of an integrated social policy is also felt in the farming sector, which accounts for nearly 10 % of all local jobs, with a utilized agricultural area standing at no more than 1.2%. Similarly, no significant efforts exist in the handicraft sector, in the small retail stores sector - which is still dominated by the informal sector - and in the tourist sector.

#### An unattractive business environment

135. In spite of many incentives, the business environment in the southern provinces, is not sufficiently attractive for private national and international investors. Private investment is low (Dhs 3 to 4bn). Private investments are mostly made by local actors (60 to 65%), national investors represent 30 to 35%, and international investors 10 to 15 %.
136. The lack of visibility regarding the tax system applied in the southern provinces hampers private investment and deprives municipalities of resources, especially rural ones. The exemption from value added tax is partial, causing widespread discontent. There are also serious malfunctions affecting public land tenure and land titling.
137. The provinces of the Laayoun-Boujdour-Sakia El Hamra and the Oued Ed-Dahab-Lagouira regions as well as the provinces of Es-Smara and Tan Tan benefit from the de facto non application of the corporate income tax, of the income tax (the salaries of civil servants and of the employees of companies based outside the southern provinces are not concerned by this exemption), of VAT and domestic consumption taxes. In the area of local taxation, and except for some rare exceptions, these provinces benefit from the de facto non-application of both municipal and business taxes.
138. Two business categories benefit from de facto exemption from VAT: businesses which are domiciled in these provinces and which market their products in other regions in the Kingdom, and public works companies operating in these regions. This system creates perverse effects either by curbing investments (which are not considered as productive and cannot recover VAT), or by encouraging speculative investments which are solely motivated by tax considerations (registered address) and which have no actual impact on the local economy. Furthermore, VAT exemption has not led to the anticipated effect of lowering prices; the latter have remained comparable or even higher than in the rest of the Kingdom.

139. Tax revenues in the southern provinces are low; they do not exceed Dhs 1.3bn, 46% of which comes mostly from local taxation, and 54% corresponding to taxes on natural resources. These revenues remain below the Dhs 10 to 11bn made in annual public expenditure, knowing that non-budgetary fiscal spending estimates stand between Dhs 2 and 4bn.
140. The land situation in the southern provinces suffers from low property titling, the slow pace of dispute settlement, the low servicing of plots of land for economic use (equipped and connected real estate) and a lack of transparency in the procedures for the allocation of state-owned land, which are not always favorable to the local populations.
141. Identified national land is estimated at 1.6 million hectares, of which one third is in the southern provinces<sup>17</sup>. The total potential is estimated at more than 10.5 million hectares, most of which is in the southern provinces. However, the vastness of the territory, its geographical location, the lack of geo-referencing and the soil and terrain characteristics do not facilitate identification and registration.
142. As regards state land property which is already identified, the situation is being addressed. The registration rate stands at approximately 24.9% in the southern provinces; and registration is under way for 74.8% of lands. Only 0.3% of lands are not yet covered by registration, knowing that proportions vary from one region to another.
143. Nevertheless, identification and registration activities are limited to property located within the perimeter of urban municipalities, mostly along the coastline. They are not carried out systematically and are rather performed as needs arise.
144. Public land has mostly benefited large-scale projects driven by public operators for investment of a social nature (housing and education). The rest is used for private investment projects. Thus, institutional and large-scale investment projects initiated by foreign developers account for 79% of the number of projects developed on public land, and for 58% of the mobilized area. The rest is allocated to projects initiated by citizens from the southern provinces.
145. The lack of visibility and the administrative red tape associated with land use hinder the involvement of domestic and foreign interests in investment projects. Strong pressure on titled land, high speculation and the lack of predictability regarding land use policy are repeatedly cited as investment impediments.
146. Finally, the attractiveness of the southern provinces is compromised by the lack of judicial facilities. These provinces do not have commercial courts and fall within the jurisdiction of Agadir. The lack of an appellate court in the Oued Ed-Dahab-Lagouira and the Guelmim-Es Smara regions (only Laayoun has such a court), coupled with the lack of administrative tribunals, are crippling the judicial system and hindering economic attractiveness.

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<sup>17</sup> Spread out between provinces in Laayoun-Boujdour-Sakia Al Hamra, Guelmim -Es Smara, and Oued Ed-Dahab-Lagouira, at the rates of 48%, 29% and 23% respectively.



### Weak entrepreneurship

147. The economic fabric of the southern provinces is composed of approximately 42,000 businesses, 29% of which (12,000 companies) are small and medium enterprises (SMEs). These SMEs account for 70 % of GDP and 55 % of jobs in all sectors. The remaining 70% are very small enterprises (VSEs) operating mainly in the informal sector; they account for 38% of jobs. Only 1% of companies are large-scale businesses.
148. Several start-up projects fail to materialize due to difficulties in accessing bank financing and the multiplicity of interlocutors the economic operators and investors have to deal with.
149. Companies in the southern provinces have few opportunities to benefit from financial guarantee arrangements granted to SMEs to facilitate their access to credit. Because of their setup and mode of governance, they rarely meet eligibility criteria and conditions, especially as the cost of guarantees makes credit more expensive.
150. As in other parts of the Kingdom, the Mouqawalati Program has been a failure due mainly to the complexity and slowness of the approval process, the absence of post-business creation support mechanisms - although these mechanisms are provided for in the texts - the lack of funding for working capital needs (which are not provided for in the start-up phase) and the limited amount of funding which currently stands at a maximum of Dhs 250,000.
151. The contribution of the banking sector to financing the southern provinces' economy is extremely limited. The ten southern provinces have 125 bank branches out of a national total figure of 5,113 (2.4%). Access to bank credit is believed to be difficult due to the high collateral levels applied and the mismatch with the activities and profile of project initiators. Bank deposits and loans for the three regions stand at 1% of national banking indicators. Total outstanding loans do not exceed Dhs 8bn, representing only 32% of local GDP, against a 98% national rate. This gap is due to the importance of public investment (the State's contribution accounts for 62% of total investment), the high level of liquid assets (total savings is around Dhs 8bn, and only Dhs 3bn in investment), and the high loan loss ratio (9%, against 5% nationally).

### A high level of unemployment, especially among young people and women

152. There is no integrated employment policy per se in the southern regions. Recruitment budget lines were allocated several years ago (data points to more than 6,000 jobs) to young people from the southern provinces who were recruited in various civil service departments and public institutions; some of them apparently perform no tasks, nor do they report to work.
153. In 2012, the average unemployment rate in these regions stood at 15.2%, (against 9% nationally and 13.4% as a national urban unemployment rate). Unemployment is particularly high among young people (over 28%), women (more than 35%), intermediate diploma holders (34%) and higher education graduates (41%).

154. In 2011, the number of working age people stood at 635,000<sup>18</sup>. Three sectors - the fisheries, the public sector and market services – account for 75% of all jobs. The share of the informal sector in overall employment in the southern regions is believed to stand at 33%, against 21% nationally. Informal employment without social security coverage (including in declared activities) is particularly high in market services (approximately 39,000 jobs in 2011) and in the fisheries sector (estimated at 13,000 jobs in 2012).
155. In 2011, young people aged 15 to 24 represented 8.4% of the total working population in the region, against 17.3% nationally. Those aged 35 and above represented 60.8% of the working population in 2011, against 54.5% at the national level.
156. Women are particularly affected by difficulties to access employment. For most of them, completion of studies means the beginning of unemployment. The downward trend in the proportion of women in the working population is more pronounced in the southern provinces than at national level.
157. Female unemployment has worsened, going up from 26.7%<sup>19</sup> in 2007 (9.8% nationally) to 35.1% in 2011 (10.2% nationally). 51% of active women had salaried status, against 33.5% nationally, and 63.4% for men in the southern provinces. Similarly, the proportion of female home helps or apprentices does not exceed 26% in the southern provinces, against 49.6% nationally.
158. These unemployment rates are due to the weakness of the economic fabric in the southern provinces as well as to the low employability of young people because of the lack of an effective educational guidance policy towards subjects that fit the needs of local labor market.

## II.2. Sectorial review

159. The main productive sectors supporting economic activity in the southern provinces are the fisheries sector, agriculture, mining, trade and crafts. Other high-potential sectors are still in the early development stages, like tourism and renewable energy.

### Low value-added in the fisheries and seafood processing sectors

160. The fisheries and seafood processing sector is significant in terms of regional development planning, especially with respect to offload locations and the development of fishing villages. It is the most important provider of jobs (74,000 people, 95% of whom are employed in the fisheries sector, and 5% in the seafood processing sector). It is also the first export sector (50%), and the third most important sector in terms of investment (16%).
161. The GDP produced by the fisheries and seafood processing activities in the southern provinces stands at Dhs 6.6 to 6,8bn, of which 51% is local. The fisheries and seafood processing activities alone represent 17% of GDP and account for 31% of jobs<sup>20</sup>. Total

<sup>18</sup> Directorate of studies and financial forecasts (DEPF)

<sup>19</sup> Directorate of studies and financial forecasts (DEPF)

<sup>20</sup> Report of the Agency for the promotion and economic and social development of the southern provinces, September 2012

revenue from the fisheries and seafood processing stands at a total of Dhs 1.9bn, 63% of which is profit and 37% goes to wages. 73% of this revenue goes to the local population (covering 100% of wages, and 56% is profit).

162. In 2012, the southern provinces accounted for 78.7% of the national volume of catches (approximately 930,000 tons) and 69% in value (Dhs 5.4bn). In terms of offloading in the southern ports, the main species are as follows: small pelagic account for 83% of the national catch volume (802,000 tons) and 69% in terms of value (Dhs 1.3bn) and cephalopods represent 40% of the national catch volume (29,690 tons) and 36% in value (Dhs 1.3bn).
163. The sector remains weakly integrated throughout the value chain. Some 800,000 tons are caught annually by a coastal fleet and an artisanal fleet which is fragmented and unsophisticated. 74% of the national fleet (191 vessels) and 100% of the pelagic and cephalopod deep-sea fishing fleet (187 vessels) operate in the southern provinces. As regards coast fishing, 28% of the national fleet operates in these provinces (496 coastal fisheries vessels, including 184 trawlers, 162 seiners and 150 longliners). Finally, as regards artisanal fishing, with 6,532 boats, the southern provinces are home to 46% of the national fleet.
164. The fishing activity is focused on upstream activities (catches) with low added value due to inadequate processing facilities that could allow for better valorization of catches. Valorization of a large part of the catch occurs in the northern part of the country (64% of the seafood value-added is achieved outside the southern provinces). In comparison, the southern provinces' figures in terms of landed fish are 7 times higher than those for Agadir, but for 3 times less GDP from pelagic processing.
165. The national *Haliotis* strategy, which aims to double landed volumes, improve valorization and create between 30,000 and 60,000 jobs, has produced some initial results, such as the prohibition of bulk carriers, the use of standardized containers in Dakhla, the institution of processing quotas for the fish landed in Dakhla, the construction / extension of the Boujdour and Dakhla ports, as well as the construction and organization of fish markets.
166. Fisheries freezer units are spreading in the absence of fisheries testing and certification laboratories (the nearest is located in Laayoun)<sup>21</sup>. In addition, the southern provinces are home to five canneries which account for 9% of the national production capacity. The limited number of canning facilities can be explained by the lack of attractiveness for investors, which was mentioned earlier, and the lack of qualified labor.
167. The sector is facing other challenges that have a direct impact on its development: (i) delays in implementing the fisheries development and management plans that result in the under-exploitation of stock C resources, which is exploited at about 50% of the allowed quota volume (according to the fisheries department, stock C accorded quotas stand at approximately 940,000 tons - nearly 94% of the allowed catch for the year 2012), out of a

<sup>21</sup> Excerpt from the minutes of the workshop on «Economic governance and the business environment», held in Dakhla, March 12, 2013

potential volume of 1 to 1.6m tons; (ii) non-exploitation of the aquaculture potential (less than 1% of the national catch); (iii) uncertainties regarding basic infrastructure (ports, industrial zones); (iv) lack of structures involving stakeholders and of consistency in the development and management of fishing villages; (v) significant concentration of activities in the fisheries sector (the combined market share of the sector's three most important companies stands at 45%) but those activities are moderate in the seafood processing sector (16%).

#### Lack of agricultural value chains and of diversified animal farming activities

168. The agricultural sector's contribution to regional GDP is more than 7% (at the national level, the contribution of agriculture to GDP is 14%). Nonetheless, agriculture is a source of income for 75,000 to 100,000 people (or 10% of the region's population) who make a living exclusively from agriculture, especially in the Guelmim region.
169. The contribution of the agriculture sector to the GDP of the southern provinces stands at Dhs 2.3bn, 67% of which comes from animal production, against 27% for high value added production, and 6% for low value added production.
170. Agriculture accounts for more than 20,000 jobs distributed as follows: 53% in animal production, 33% in high value-added agriculture and 13% in low value added agriculture. Profits contribute to the total income generated by the agriculture sector at the rate of 57%, against 43% for salaries. Livestock production accounts for 79% of profits and 74% of wages. 86% of this revenue is spent locally (100% for salaries and 75% profits).
171. The three southern regions contribute to the agricultural turnover (a total of Dhs 3.5bn), but present very different characteristics and profiles. Agriculture in the Guelmim region is traditional, diverse and subsistence-oriented. The Laayoun region is exclusively dedicated to camel breeding and poultry farming, whereas in the Dakhla region there is intensive, high value-added, export-oriented agriculture, supplemented by animal farming.
172. Under Morocco's Green Plan (*Maroc Plan Vert*), ambitious goals are set for the agricultural sector, namely through the development of market gardening in Dakhla, the intensification of animal farming and local products, and the valorization of the entire sector through the implementation of contracts programs (date palms, camel breeding, beekeeping, milk production...).
173. Against the backdrop of these ambitious programs, there is the question of in-depth, shared knowledge about water resources and the conditions for accessing and using them. There is a major risk of over-exploitation of fossil groundwater, especially as demand for irrigation water is expected to go from 9.93 million cubic meters in 2010 to 20.07 million m<sup>3</sup> in 2020, and 30.19 million m<sup>3</sup> in 2030. The biggest challenge is to ensure the preservation and the rational, equitable, responsible and controlled exploitation of fossil aquifers.
174. Few local laborers work on farms, and the conditions in which irrigation water is drawn from fossil aquifers are not very clear<sup>22</sup>. Moreover, there is no assessment of the harm suffered by the environment.

<sup>22</sup> Excerpt from the minutes of the workshop on «Economic governance and the business environment», held in Dakhla, March 12, 2013

175. Given the characteristic features of the local population, 90% of which used to make a living from raising camels and sheep, Morocco's Green Plan has launched contract programs for the development of the camel, red meat and white meat value chains and promote livestock development. However, the lack of title deeds does not allow for the provision of guarantees, thus hindering the projects of farmers who wish to introduce agricultural machinery or drip irrigation equipment and benefit from the subsidies in place.
176. Finally, the sector suffers from a lack of downstream organization of social actors (concerning camel, cactus, oasis agriculture, local product activities). It also suffers from inadequate distribution / marketing channels, which constitute a major development challenge for regional agriculture (local, national and international markets).

#### Levers currently being explored: mining and hydrocarbons

177. In the hydrocarbons sector, Morocco is offering attractive conditions to international investors, maximum state participation limited to 25%; previous exploration costs deductible in computing the income tax; 10% and 5% royalty for onshore oil and gas respectively, and 7% and 3.5% for offshore, a corporate tax holiday for the 10 years following actual exploitation; the state's take is only 30 to 40% of profits, in addition to many tax and other benefits.
178. Approximately Dhs 10bn have been invested in oil exploration since 2005, with a significant acceleration since 2008. Nevertheless, experts say Morocco remains an under-explored territory (the world average rate is 10 wells per 100 square kilometers, against 0.01 wells per 100 square kilometers in Morocco).
179. In the phosphate sector, the southern provinces are home to about 1.6% of proven reserves in Morocco, or a little less than 1% of the world's known reserves<sup>23</sup>. The Boucrâa region has an estimated 1.1bn m<sup>3</sup> of geological resources of phosphate. Of these resources, Phosboucrâa extracts between 2.5 and 3 million m<sup>3</sup> each.
180. The phosphate sector is one of the main contributors to the region's economy. With 2,150 direct jobs - of which more than 1,200 are held by locals - and a growing trend to hire locals (78% of new recruitments between 2001 and 2011), the phosphate sector is today the largest job provider in the region. A subsidiary of the OCP Group, Phosboucrâa provides business opportunities to 50 local companies acting as subcontractors, generating another 450 indirect jobs.
181. The sustainable development of phosphate resources in the Boucrâa site requires infrastructure which is extremely expensive. As things stand today, extraction costs of the Boucrâa phosphate are more than 2.5 times higher than in the mines in Northern Morocco due to higher equipment maintenance costs and shorter asset life in a region characterized by severe geographic and climate constraints. It is important to note that Phosboucrâa reinvests all its revenues in maintaining and developing the Boucraa mine.

<sup>23</sup> IFDC, USGS

182. The OCP has made investments exceeding US \$ 2bn over the period 1976 to 2010, experiencing operating losses during 27 years, up to 2008. It is only from that year on that Phosboucrâa started generating profits.
183. Phosboucrâa contributes to strengthening socio-economic activity in the region. It plays a constructive social role through various actions for the benefit of its employees and the region's population. The Phosboucrâa site set up a training center in mining trades which improve young people's employability prospects in the sector (this explains the significantly higher rate of local recruitments, particularly among the most skilled workers).
184. The company has also pledged to pursue and step up its efforts to develop its ecosystem. It has allocated nearly \$ 400m for the implementation of projects which concern housing, social, sport, recreational, health and cultural facilities, as well as projects with a structural impact in the area of education, vocational training, higher education and R&D, in addition to the development of technologies and fishing trades.
185. As regards other minerals, exploration did not start in the territory until 2002. Early activities indicate a potential for iron, uranium, rare earths, etc..., for which several national and international operators have expressed an interest.

#### **Lack of complementarity between tourism and crafts**

186. Although it boasts significant assets and has ambitious goals, the tourist offer of the southern provinces is not particularly diversified. Yet, many natural sites and unique cultural features can form the basis for an attractive offer. Some locations are beginning to establish themselves as renowned tourist destinations, especially Dakhla. The contribution of tourism to the economy of the southern provinces is marginal. In 2010, it represented a mere 0.34% of GDP, dropping to 0.31% in 2011<sup>24</sup> and accounting for 2% of jobs. This is due to the limited promotion work of tourist destinations in the southern provinces, the insufficient number of flights available and the lack of investment for the development of niche products in the area of Saharan and oasis tourism. The tourism sector has not achieved its full potential due to poor communication at the regional and national levels on the region's potential, the low bed capacity, animation and entertainment services, in addition to the fact that the sector has not been particularly attractive for private operators. In 2011, the tourism share to the region's GDP was 0.31%<sup>25</sup>. However, it should be pointed out that the development of major seaside resorts listed under *Plan Azur* is under way, and that program contracts for major tourism investment operations have just been signed with the Laayoun-Boujdour-Sakia Al Hamra and the Dakhla-Oued-Eddahab-Lagouira regions.
187. Air connectivity (although it has been reinforced through a grant to increase flight frequency and reduce airfares) has long been a drawback for the development of tourist activities in the region. Further visibility as to its future development is a prerequisite for the promotion of tourism in the southern regions.

<sup>24</sup> Directorate of studies and financial forecasts (DEPF)

<sup>25</sup> Directorate of studies and financial forecasts (DEPF)



188. As regards the craft sector, a distinction can be made between two types: cultural and utilitarian crafts. Cultural handicraft concerns a mainly local market, which has to face competition in the form of imported articles (for example weavings from Mauritania, imported leather items). There have been some individual initiatives for participation in national or international markets (fairs?). Measures to support the sector have been undertaken, such as construction and / or renovation of craft exhibition platforms and improved manufacturing techniques and tools (jewelry, textiles). Nevertheless, the sector still has to contend with longstanding difficulties, especially with respect to working conditions (securing raw materials, access to financing) and the artisans' living conditions due to the lack of social security coverage.
189. As for utilitarian handicraft, it is characterized by fragmentation and the dispersion of the actors concerned (blacksmiths, carpenters,...). There are no rallying platforms, such as cooperatives, and no dedicated areas in towns. Furthermore, the sector is characterized by a limited workforce (around 3% of jobs) which is almost exclusively made of mono-artisans. As a result, there is a risk of loss of know-how and traditional skills due mostly to an inadequate valorization of the social status associated with craft trades.

#### Insufficient support for the development of renewable energy

190. The development of the renewable energy potential is in progress under the national energy strategy. Six important sites have been tentatively identified (wind: steady winds reaching up to 11 meters/second at some sites; solar: very good irradiation rates, higher than 5.3 kWh/m<sup>2</sup>/year).
191. However, the development of renewable energy hinges of the qualification of potential sites and on connection to the national grid. This would make it possible to channel the energy surpluses produced towards the northern part of the country<sup>26</sup>. For example, production capacity building requires a 400 KVA high voltage connection linking the Dakhla network to the national grid. This sector can have a decisive, structural impact on all of the region's activities (including desalination, manufacturing, the development of new activities in connection with renewable energy...).
192. Another aspect which should be pointed out is the lack of clear incentives for investors, especially small ones, to help them develop projects in this sector (wind, solar), especially at sites other than those identified.

#### Mismatch between trade / services and needs

193. The contribution of trade and market services<sup>27</sup> to the region's GDP is about 32% (12.7% commerce, 19.3% market services). They account for nearly 20% of jobs (13% trade, 6.8% market services). Since 2003, the sector has witnessed sustained growth, with an average annual rate of over 10%. This is in part driven by the growth of the fisheries sector, administrative activities and social safety nets.

<sup>26</sup> Excerpt from the minutes of the workshop on «Economic governance and the business environment», held in Dakhla, March 12, 2013

<sup>27</sup> Excluding the hotel and catering industry, which are included under tourism.

194. In spite of efforts to upgrade the sector, including the current introduction of the national *Rawaj* program (rehabilitation and modernization of commercial centers and shops), the trade and market services sector is still characterized by a traditional setup (almost no modern shops, low business / product variety). It is also dominated by the informal sector (smuggling of subsidized products which are then sent to the northern part of the country).
195. The lack of clarity regarding the tax scheme (non recovery of VAT for example), the difficulty in securing problem-free land and the lack of modern infrastructure and logistics are all factors which hinder the development of modern trade activities.
196. The lack of logistics zones in the region impedes the pooling of various activities within regional hubs (Laayoun and Bir Gandouz for example). Because there is no organization of logistics actors, trade flows cannot be streamlined (there are more than 400 single truck operators in Dakhla, with little pooling and multiple empty trips which impact costs).
197. In the area of international trade, the southern provinces have only limited trade relations (Mauritania, Canary Islands) and suffer from direct maritime competition. The southern provinces are a single transit point for land exchange relations with Mauritania. However, these exchanges remain limited (in 2010, only 2% of Morocco's trade relations were with Mauritania); they tend to decrease the more geographic distance increases.
198. It is important to note that most of the region's trade goes through West African ports (90% of Mauritanian and Senegalese foreign trade goes through the ports of Dakar and Nouakchott and is then shipped by paved roads). Also, potential development for Morocco hinges on the extension of the commercial port of Nouadhibou, and this could undermine road transport.
199. As regards trade with the Canary Islands, less than 1% of the islands' imports originate from Morocco. They consist almost exclusively of seafood and sand<sup>28</sup>. These exchanges remain fragile due to the predominance of two sectors which depend mostly on construction and tourism. Finally, competition from the Canary Islands is crucial as far as the tourist offer is concerned, capturing a large part of the region's spending on top-of-the-range products (example: luxury items).

#### **Inadequate exploitation of the resources available for the development of the social and solidarity-based economy**

200. Except for some flagship projects, the social and solidarity-based economy is not sufficiently promoted as an industry and as an economic lever. Yet, it can potentially help organize and streamline the region's economy and serve as a model for the rest of the country.
201. The southern provinces are home to some 2,900 associations and 400 cooperatives, nearly 65% of which are located in the Guelmim-Es-Smara region. There is virtually no mutualist sector in the southern provinces. Civil society groups are relatively developed and experienced, particularly in rural areas, and more so at Tata. Several human development organizations operate in the region (national institutions, NIHD, Office for cooperation

<sup>28</sup> 62% and 30% respectively of the Canary islands imports from Morocco in 2008.



development, Social development agency and the Agency for the development of the southern provinces). The overall budget allocated to the development of the social and solidarity-based economy amounts to Dhs 800m for a period of 5 years.

202. The associative and / or cooperative network is characterized by its youth (except in Guelmim). It has limited institutional capacity, and this impacts performance, especially in the Laayoun-Boujdour and the Oued Ed-Dahab Lagouira regions. Many associations are inactive (30% inactivity rate in Laayoun) and some associations are facing serious malfunctions.
203. Income-generating activities are not appropriately supported and monitored. Potential project initiators have to deal with a variety of selection / implementation approaches depending on the development agency concerned. Moreover, the agencies involved in the sector find it difficult to expand their scope of action due to a lack of resources and qualified staff.
204. Funding for the social and solidarity-based economy is insufficient. The budget for income-generating activities is lost in the human development budget, getting very limited funds in the budgets of the actors involved in human development (6 % of the budget of the Agency for the development of southern provinces, 30% of the NIHD's budget, and 13% of the Agency for social development's budget).
205. Development efforts in the southern provinces must be stepped up. Regardless of the efforts made and the progress achieved, some of the basic principles upon which the social and economic dynamics are based should be significantly revisited. Although it differs from one region to another, progress has been significant in the area of fundamental human rights, the fight against poverty, access to basic services and improved health, education and infrastructure indicators. Nevertheless, the achievements made are to a large extent based on aid and direct state investment which do not stimulate private entrepreneurship. A weak private sector and a high rate of unemployment among young people and women are the results of that policy. Being predominantly centralized, the decision-making process does not necessarily respond to the needs and expectations of the population. Moreover, bureaucracy adds to a sense of inequity, leading to some inefficiency, particularly in terms of town and country planning.
206. Therefore, to consolidate past achievements and generate a new, more equitable, sustainable and participatory dynamic that creates jobs and wealth, it is necessary to break with past practices and adopt new policy orientations. The new development model recommended by the ESEC proposes answers to this twofold requirement: consolidate the progress made and promote new engines of growth. The state investment program must be streamlined and have better targeting procedures. The population and the local elected officials should be involved in its preparation as well as its implementation. The transition to this new model cannot be achieved overnight and will have to be implemented gradually. In the meantime, a short-term action plan, based on concrete measures, will make it possible to initiate first steps and enhance the social acceptability of the new development model.



## SECTION II

# New development model for the southern provinces



## New development model for the southern provinces

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207. Despite massive state investment over thirty years, the Saharan provinces have not managed to generate a self-sustaining economic and social dynamic that can create sufficient jobs, reduce inequalities and set in motion an integration process while respecting the region's cultural heritage. The current model seems to have reached its limits and is apparently no longer capable of fulfilling the ambition of achieving lasting, sustainable development. Given the current budgetary constraints and the risks regional inequalities may pose as far as national cohesion is concerned, it is necessary to adopt a new vision which is more efficient, equitable, participatory and sustainable.
208. This new vision must also introduce a change of perspective, based on the commonality of expectations and interests between the northern and southern parts of the Kingdom. There is a complementarity today which can give Morocco a true regional dimension and enhance its African role and ambitions.
209. To make the development of the southern provinces part and parcel of the country's economic and social dynamics requires the consolidation of synergies and the consistence of the State's and the regions' action (governance). Similarly, local stakeholders need to be more effectively involved in crafting and implementing development programs. To achieve integration, interconnections need to be promoted, and activities which create jobs and generate wealth for the region and the country must be encouraged. To restore public confidence in the elites, government and elected institutions, efforts must be made to challenge privileges, address social inequality and combat all forms of discrimination.
210. This strategic vision for the achievement of comprehensive development in the southern provinces can only be a long-term process. Its foundations and ultimate goals should be specified in the nearest possible timeframe. It should be based on improving current tools and mechanisms (public investment, transfers) which have contributed to development in the region, and whose efficiency and fairness should be enhanced. Above all, some major re-orientations must be introduced; some of these have already been enshrined in the new Constitution (2011) and need only to be put into practice.
211. Half-way between reform and a break with the past, this perception of development sets the stage for an overall ambition whose achievement will go through two distinct phases: a phase for the short and medium term, during which the new development model will be launched and the institutional, economic and social foundations laid down for a transition to a more inclusive form of development which creates more jobs, is more respectful

of individual rights, more environment-friendly and better integrated in its regional environment; a medium and long-term consolidation phase based on the introduction of new engines for high value-added growth.

#### The southern provinces: «An African hub»

212. The geostrategic dimension of the southern provinces and the cultural affinities with sub-Saharan countries are crucial for the future of the Euro-African region in general. The integrated development of our southern provinces will turn the region into a key area conducive to peace, stability and prosperity. This will help with the transformation of this African sub-region and enable it to overcome the predicament of poverty and insecurity.
213. Seen from this perspective, Morocco can serve as a gateway to Africa, for which the southern provinces would be the natural entryway. This Moroccan ambition is nurtured by a longstanding trade legacy with West Africa, dating back to the medieval era, as well as cultural affinities, geographic proximity and religious and spiritual considerations. This situation involves advantages, but it also entails responsibilities. In this sense, the recent consolidation of bilateral relations with African countries - in which economic partnerships, foreign direct investment and the promotion of trade and transportation networks have been key elements - augurs well for further integration with those countries.
214. The southern provinces could be a major contributor to - and beneficiary from - this integration. Increased trade with Africa and stronger economic and technical partnerships could potentially increase market opportunities and create momentum for more autonomous economic growth in the region. Similarly, enhanced security cooperation with our African neighbors would ensure the sustainability of trade - for which stability is prerequisite - while allowing for a pooling of resources and for concerted actions in a vast area where monitoring and surveillance operations are costly.
215. The African hub potential of the southern provinces requires transport infrastructure (sea, air, road and electric networks) if these regions are to become logistics platforms that can more readily deliver products to new markets. Cooperation in some key sectors (agribusiness, renewable energy, tourism) as well as in health and education would also help enhance the African dimension of the southern provinces.
216. From a broader perspective, the Atlantic dimension of Morocco in general, and of the southern provinces in particular, could turn the region into a real economic platform between the North and the South. Such a development would thus be based on the partnership agreements signed with the European Union, the United States, the Arab world and African countries. By enhancing interconnections and improving the international, specialized profile of the southern provinces, the new development model would give concrete substance to this Atlantic dimension and role.

#### Guiding principles and major reorientations for inclusive, sustainable development

217. The preparation and implementation of the new development model for the southern provinces are underpinned by ESEC's firm belief that five principles need to serve as the cornerstone of the new model: i) respect for and effectiveness of access by citizens to

their fundamental rights, including cultural ones; ii) inclusive human development; iii) the involvement of the local population's representatives in laying down and implementing development programs for the region; iv) decentralized, regional decision-making; v) consolidation of the mission of the state as regulator and as guarantor of law enforcement and the long-term preservation of the heritage and of resources.

218. Ensuring respect for the fundamental rights of citizens and their effective access to those rights hinges on strict application of the law, without favors or special privileges. The clarity and effectiveness of the legislative and regulatory framework is therefore a *sine qua non* for transforming the engines for regional development. As regards effective access to these rights, respect for cultural rights is a key element in the southern provinces. This is due to the fact that the *Hassani* culture has symbolic significance and plays a rallying role in the local and national consciousness. It is a heritage which must be preserved.
219. Inclusive human development hinges on better education and better access to health care and social welfare. An inclusive social system must also uphold the principle of fairness in transfer expenditures to better target the most vulnerable populations and enhance the contribution of the inhabitants, who would benefit more from redistribution. Promoting fairness will ultimately help restore confidence in the institutions as well as in the region's own dynamic evolution.
220. The participation of citizens and that of their representatives in the major decisions and projects for the region as well as their actual implementation should be governed by the principles of local democracy and public debate. Discussions should focus on specific projects, whose strengths, potential and risks would have been clearly specified in order to ensure transparent access to information and a meaningful participation by civil society organizations.
221. Decentralized decision-making at the regional level must be governed by an institutional framework that contributes to the achievement of advanced regionalization. It requires autonomous decision-making and implementation at the regional level as well as regulatory powers for the regions, as stipulated in the Constitution.
222. Consolidation of the role of the State as regulator and guarantor of compliance with the rule of law means control functions must be reinforced and a culture of transparency and results should be promoted as far as the monitoring and management of public institutions in charge of local development are concerned. The State must also play a role of facilitator and instigator more than that of supervisor in order to boost private enterprise. Finally, the State must arbitrate when it comes to choosing between short and medium-term economic development issues (promote the creation of decent jobs for as many people as possible), long-term sustainability issues (safeguard resources and the natural heritage) and guaranteeing the rights of local populations.
223. The development model for the southern provinces is based on the consolidation of achievements while introducing a break with several past practices. There should, first, be a break with centralized governance which gives primacy to security considerations; a local governance approach should be favored instead, and it should be based on respect for the

rule of law and on a development rationale. Secondly, there should be a transition from a rent-seeking economy based on primary activities and privileges to a system that creates the right conditions for the promotion of private initiative, transparency and free competition. At the same, the logic of assistance must give way to a system for the protection of the most vulnerable segments of society, based on social safety nets. Similarly, there must be a break with short-term strategies which are designed to respond to immediate needs and restore conditions that are conducive to sustainability. Finally, the new development model makes it possible to end the isolation of the southern regions. To introduce these breaks, there must be a transition from centralized governance to more participatory, decentralized and region-based management.

224. To initiate the above breaks, the model has been premised on six major levers: i) encourage private initiative, both in the area of market services as well as in the social and solidarity-based economy; ii) re-engineer the social policy and enhance the role of human resources; iii) promote cultures, especially the *Hassani* culture as an element of social cohesion and development; iv) ensure the sustainable management of natural resources and protect the environment; v) enhance connectivity and the development of the digital economy; vi) upgrade the role of the State through responsible governance.
225. In the light of the above, the development model aims, in the economic field, to create a new dynamic of growth and employment through the creation of regional competitiveness centers. In the social sector, the development model seeks to promote inclusive development and enhance the cultural dimension. In the area of environmental preservation and town and country planning, the model is designed to ensure sustainable development. Finally, the development model is based on responsible governance to enhance trust and promote democracy.

## Chapter I - Create new growth dynamics and regional competitiveness centers

### I.1. Creating a more efficient, equitable economic environment

226. To create new momentum for growth, the State has to bring about an economic environment which is both clear and predictable, and which includes incentives for investment and market activities. In order to release energies in these provinces, efforts must be made to streamline government interventions and ensure strong involvement by the private sector. To do this, local, national and international investment must be encouraged in large-scale projects with a structural impact, SMEs and VSEs should be consolidated to diversify the economic fabric, and economic opportunities for the actors involved in the social and solidarity-based economy should be expanded, the more so as the potential for growth is quite significant.
227. To set this dynamic in motion, the new development model advocates measures designed to: i) broaden the social base of economic actors (government, private sector and the social and solidarity-based economy) as well the sectorial base of the economic system



(fisheries, agriculture, animal farming, mining and hydrocarbons, eco-tourism, handicrafts, services and trade... ) in order to diversify the economy; ii) optimize natural resources and ensure equitable distribution of benefits among to local populations (local value-added, contribution to regional development, local governments income); ensure the model's effectiveness through broader endorsement and mobilization of political, economic, social and civil society actors by fostering, to this effect, a culture of transparency, fairness and participation, and by enforcing a policy of accountability; ensure sustainable financing as well as further balance between public resources, the region's resources (fiscal revenue, allocation of revenues from natural resources), national solidarity resources and private resources.

### Set up a clear, fair and attractive financial framework for private investment

228. Because of limited access to credit by local businesses - which are often poorly structured - and the lack of local revenue which can boost autonomous economic decision-making, there has to be a renovated funding scheme that enhances the regional dimension of state intervention, making government action more focused on a regulatory role and on encouragement of private initiative.
229. To this end, the new funding model should be based on two basic elements: the institution of a formal fiscal framework that applies equally to the three southern provinces, and the creation of an economic stimulus fund designed to boost investment and business activity. An incentive-based tax system is likely to give investors more visibility and ensure the long-term supply of the regions' and the local authorities' budgets with the resources they need. At the same time, state efforts, maintained at current levels, will be more clearly geared towards stimulating activities and the creation of jobs in sectors which generate local wealth and added value.
230. To improve the business environment, it is therefore necessary to make sure private initiative is governed by a formal fiscal framework, which does not exist today (no mention of current exemptions in the Finance Act). A renovated tax scheme must be based on clear, steady texts that allow for visibility over a significant period of time to achieve the level of development desired (minimum 20 year period). Total generated revenue will thus be reallocated to the southern provinces to finance regional development and to feed the budget of local authorities as well as regional funds.
231. To enhance the attractiveness of these regions, the corporate and income tax rates will remain more favorable than those applied at the national level. VAT, from which consumers have hardly benefited, and customs duties will be gradually be brought in line with the rates applied elsewhere in the country. This should curb the scope of the informal sector while generating new local revenue. Finally, a local and regional tax scheme which tallies with the national tax system will make it possible to finance local governments.
232. As the regions' locally generated revenue would not be sufficient, at first, to support the desired economic development, it will be necessary to set up an interregional economic stimulus fund designed to help finance the regional economy. The fund will be replenished

through a contribution from taxes collected at the regional level via taxes levied on natural resources as well as state transfers, especially through equalization and regional solidarity mechanisms.

233. Indeed, the Constitution provides for two regional equalization mechanisms: a social upgrading fund designed to address shortcomings in human development, infrastructure and equipment, and an interregional solidarity fund designed to achieve equitable distribution of resources in order to reduce inter-regional disparities.
234. The mission of the economic stimulus fund for the southern provinces proposed by the Council will consist in financing both major infrastructure projects, as well as those of SMEs, of very small enterprises (self-employed entrepreneurs) and projects falling under the social and solidarity-based economy. While the fund's management will be under the jurisdiction of the central government, it is the regional authorities which will be in charge of its use.

#### **Tackle the real estate situation and create specialized economic zones**

235. The situation of land tenure is crucial to optimizing resources. Sorting out and cleaning up the land tenure issue is necessary to achieve three objectives: guarantee equitable distribution in order to preserve the local heritage; ensure a land tax base capable of meeting development and planning needs; and, finally, facilitate productive activities as well as the actual emergence of a real estate market. Several measures are recommended to this end.
236. In order to speed up the settlement of disputes and the enforcement of judgments, these provinces should have a commercial court, and courts should be provided with more human and material resources. In this respect, and as far as the current reform of the Kingdom's judiciary is concerned, the priority should be given to the southern provinces.
237. Resorting to arbitration and intermediation bodies should be encouraged. As regards land used for agricultural and residential purposes, and especially when the parties concerned hold acts of ownership, compromise and out-of-court procedures should be favored.
238. Consolidating identification and registration efforts concerning public land will ensure a land tax base that can meet long-term development and planning needs. Land availability will also promote servicing and investment, as financing guarantees can be based on clearly identified property.
239. In addition to dispute settlement and property registration, public land allocation procedures must be based on strategic planning, taking into account needs in terms of housing, public facilities and economic activities. In this respect, the sanctuarization of land reserves would serve as a means whereby land would be reserved for strategic human and economic activities.
240. The allocation of land must meet specifications (definition of contractual commitments; modalities for granting a partial discharge, specification of defeasance clauses), and be consistent with a system for the monitoring and enforcement of obligations, in strict compliance with the rights and obligations of the parties concerned.

241. It is necessary to craft an information system based on the location of public land as an investment (both public and private) benefiting from that land, as well as on the implementation rate. This system - whose data would be largely accessible to the public - will provide clear, transparent information to citizens and investors, and will help with public decision-making.
242. The allocation of public land for economic purposes should favor long-term leasing, promote high value-added projects and safeguard traditional activities. Thus, the land used by the population for pastoral and sometimes farming purposes (known as «grayer» areas) should be safeguarded, reserving their collective use to the groups and tribes concerned. For the other activities, and in order to distinguish between different projects on the basis of their local added value, these projects must be better formulated (nature, components, targeted objectives in terms of added value and jobs created...). Thanks to better project identification, investors can be oriented towards land that is better suited to their needs. At the same time, they would be encouraged to set up their business near the existing infrastructure. Thus, better project profitability can be secured, together with rationalization of public resources.
243. The creation of specialized economic zones on strategically located land would attract investors and make it possible to orient them more towards local value added investments. These economic zones would be located, serviced and optimized in the light of both the land planning policy and the sectorial priorities defined in regional contract programs. They would benefit from an attractive tax scheme, and productive activities will have access to the necessary private services (property management, human resources management) as well as public ones (administrative one-stop shop).
244. Specialized economic zone management authority will be transferred to the region, in accordance with a pre-defined national scheme for these zones. Regional authorities will be in charge of attracting investors, ensuring land management in order to combine productive units and associated services, working with economic and social actors so as to pool human resources and draw up vocational training programs, and making the necessary investments for the servicing of these zones.
245. Finally, a healthier business environment should provide efficient, transparent public services, making the simplification of administrative procedures and regulations a priority. In addition to the establishment of regional business environment commissions, the e-Government and the consolidation of regional investment centers constitute the two main axes for the modernization of public administration so as to make sure it meets the needs and expectations of public service users.
246. Digitalized public administration, which is to be applied across the country, should be implemented in the southern provinces on a priority basis. This is a powerful tool which facilitates decentralization and the transfer of skills to local actors (regional leaders, elected officials, external services, local authorities...). It can also play a key role in the efficiency and simplification of administrative procedures by promoting closeness to citizens and investors and speeding up procedures. It will also make it possible for investors and citizens

to have access to transparent information (on land, zoning and its objectives, regulations for access to and exploitation of natural resources, seafood products, water resources, quarries, mines...). Finally, thanks to the availability and traceability of information, accountability becomes an easier, more efficient and regular exercise.

247. As well as these decentralized powers, the terms of reference of regional investment centers should be expanded. Their scope of action will focus on three areas: investment promotion, administrative facilitation and support for SMEs/VSEs. They will have powers to remove potential bottlenecks. To this end, reinforcing their financial and human resources (high potential profiles) will be an absolute necessity, just like the provision of the required technological tools/interfaces to guide and monitor investment projects. An assessment report of the investments made and the difficulties encountered will be drawn up on a periodical basis.

#### **Improve the use of natural resources and ensure equitable distribution of benefits for the local populations**

248. Natural resources are a territorial asset which needs to be optimized. In their use for economic purposes, their sustainability must be ensured, together with a distribution of revenues that benefits the local populations as well as access to these resources by the social and solidarity-based economy and by small businesses. At the same time, the procedure for granting licenses and permits should be clarified so that the natural resource potential may be fully, effectively and equitably achieved.
249. Five guidelines should govern the reform of the terms for access to natural resources and their taxation: i) adopt a participatory approach which involves professionals and representatives of the citizens and of civil society in the development and monitoring of the policy governing the use of natural resources, notably through public interest inquiries ; ii) attach conditions to the granting of permits and licenses, namely through a commitment for the creation of local value added and jobs; iii) ensure sustainable exploitation of resources, incorporating criteria of social and environmental responsibility; iv) make natural resources accessible for SMEs, VSEs and actors involved in the social and solidarity-based economy ; v) allocate a substantial part of revenue from the exploitation of natural resources to regional development and to improvement of the population's living conditions.
250. As part of a participatory approach - the terms of which will be determined in light of the type of resource concerned - three major resources need to be better regulated in order to ensure their rational exploitation and make sure the local populations benefit from them. The first resource, which is already overexploited and increasingly scarce, is water. The other two resources, the fisheries resources and mining, should be more efficiently optimized locally.
251. Water resource management should focus on sustainability and the needs of the population. To this end, it is of the utmost importance to gain better knowledge about fossil reserves, which are still uncertain, and to publicize that information.

252. Water resources should be primarily allocated to meeting the population's drinking water needs. Therefore, and as far as economic activity is concerned, sea water desalination as a «substitute» for fossil resources may turn out to be a necessity in the short term, particularly to ensure sustainable farming activities. Under such an option, the question of contribution to desalination costs and the integration of these costs in farm operating expenditures should be considered. An environmental impact study is required.
253. To ensure sustainable access to water resources (fossil aquifers are, by their very nature, exhaustible) and encourage water conservation, it is necessary to move towards pricing water services<sup>29</sup>. The long-term objective of the pricing policy is to cover the replacement cost of the water resource (which will, in the region, be equal to the cost of desalination). This policy will be phased in and differentiated according to use (higher taxes on economic activities, with differentiated rates according to local optimization) and beneficiaries<sup>30</sup>.
254. The institution of a gradual management scheme for transition from the current pumping system to desalination requires fair redistribution of currently pumped resources. To do this, it is imperative to make upstream users (farmers, industrialists) endorse a syndication and mobilization approach in favor of desalination projects in the framework of groundwater contracts for conventional water resources, making sure all stakeholders are involved (users, government agencies, elected officials and civil society).
255. The situation of fishery resources is not as critical as that of water resources as far as scarcity is concerned. This is mainly due to the implementation of a fishery conservation policy. However, there is need for more harvest processing so as to increase local value added. The list of beneficiaries should also be increased to include stakeholders involved in the social and solidarity-based economy.
256. To increase the value-added produced locally, processing activities must be boosted (and the share of fishmeal and fish oil restricted) and the handling and transport of delivered goods must be improved (especially by generalizing the use of standardized containers). The 'fish in transit' practice should be made exceptional, making sure landing capacity and fluidity in the ports of the southern provinces are optimized.
257. This objective cannot be achieved unless there is a proactive policy that makes the allocation, use and renewal of licenses and fishing quotas conditional upon precise specifications, with investment commitments that generate wealth and create jobs for the population of the southern provinces<sup>31</sup>. The tax system should also include more incentives for actors who invest and create value added as well as employment opportunities for the local population, particularly young people.

<sup>29</sup> Several measures can be taken in this respect: per-unit tax for drilling wells, per-cubic meter pumping right, block rate pricing per activity, profitability and extent of public support.

<sup>30</sup> In this respect, social and solidarity-based activities should have preferential treatment both in terms of pricing and access to the current pumping system.

<sup>31</sup> It should be noted that fishing quotas under the development plan for stock C small pelagic fisheries are already contingent upon compliance with the obligations stipulated in the specifications.

258. The licensing and quota policy - for artisanal fishing in particular - should also encourage stakeholders to come together in cooperatives as this would make it possible to consolidate resources and make joint investments. These cooperatives will benefit from financial assistance and support mechanisms designed for small and medium enterprises as well as social and solidarity-based activities (see below).
259. Finally, fisheries management must maintain a balance - a delicate one for sure - between the volume of catches made and the natural renewal of fish stocks. More rigorous fisheries management based on research findings by the National Institute of Fisheries Research (INRH) will help avoid overfishing and its adverse effect on fish stocks. Creating large ocean reserves would also increase biomass, attract species and promote growth and reproduction. The creation of a series of natural and artificial reefs would decrease uncontrolled trawling.
260. The last local natural resource which deserves to be optimized further are hydrocarbons and mineral resources. They should be governed by a more attractive regulatory framework for investors to ensure optimal local exploitation. These incentives should help diversify the mining sector through accelerated exploration. Phosphates aside, exploration activities do not cover the entire territory. Increased knowledge about reserves will enhance the region's attractiveness as far as investors are concerned.
261. To enhance the southern provinces' attractiveness and gradually diversify activities in this sector, further incentives need to be created. Incentives should target the most promising exploration permits and sites in particular, but also operating conditions in order to enhance investment outcomes.
262. Considering the magnitude of the investments made in the mining and hydrocarbon sector as well as the constraints involved, it is important to make the participation of the citizens and their representatives more visible in the consultation for the development of the exploration policy, as well as in setting the rules for license issuing licenses, operation and allocation of revenues.

#### **Support small and medium enterprises**

263. To promote private sector involvement and develop a more robust network of small and medium enterprises - which create most jobs - it is necessary to institute support measures. These measures, which should serve the priorities identified in promising sectors for the future of the southern provinces and for the social and solidarity-based economy, should include easy access to resources, funding instruments designed for small businesses as well as assistance in terms of training, operational organization and market access.
264. The economic stimulus fund for the southern provinces will be tasked with addressing funding gaps for smaller economic actors and playing a supporting role for SMEs, the social and solidarity-based economy, priority sectors and large-scale projects. The fund will provide direct support or create guarantee funds that would enable banks to grant subsidized loans to SMEs and to actors involved in the social and solidarity-based economy. As regards very small businesses, it is also necessary to set up mechanisms and facilities designed to support these businesses and help integrate their activities in the value chain.



265. Although microcredit is mainly intended to finance income-generating activities that benefit disadvantaged social groups, it could be a very promising tool for the creation of micro or very small businesses, and promote micro-entrepreneurs' bank-account penetration rate. Two mechanisms can contribute to the achievement of this objective: a specific public guarantee scheme for very small businesses in the southern provinces with more flexible eligibility conditions to boost access to bank loans; and partnerships between public funds (dedicated financial package), microcredit organizations and financial institutions to provide microcredit or subsidized loans for the creation of very small businesses.
266. Structuring the fabric of formal SMEs also means that the economic stimulus fund should provide pre and post-start up support, especially for young entrepreneurs. Seen from this perspective, a program for the promotion of self-employment and cooperative activities will combine funding offers (including start-up assistance) as well as mentoring and coaching arrangements to make sure young entrepreneurs acquire the minimum management skills required (finance, marketing, distribution, accounting, norms, etc.). These support measures will include training, on-site coaching as well as internships in already structured businesses and cooperatives.
267. Finally, in order to promote small and medium enterprises as well as the social and solidarity-based economy, it is necessary to make sure these actors have easier access to resources and to government procurement. In this respect, part of government contracts should be reserved to SMEs / VSEs (the new procurement decree provides for 20%), and preference should be given to local value added projects. Similarly, these businesses should have preferential access to public land.

## **I.2. Strong sectorial policies to promote the region's assets**

268. Economic growth engines in the southern provinces should no longer continue to rely only on public spending and the primary sectors. They must be revamped through enhancing the value of products and also through the creation of centers of excellence and competitiveness.
269. An action plan and sectorial programs should be developed in order to exploit the still largely untapped potential of the three provinces in six areas where local resources can be optimized: fisheries, agriculture, hydrocarbon and mineral resources, ecotourism, services and trade. This is to be achieved in synergy with the actors involved in the social and solidarity-based economy. There is real potential for the creation of wealth and jobs in these sectors which are still underexploited.

### **Strengthen fisheries and seafood processing activities**

270. The southern provinces can benefit more fully from the development potential of the fisheries and seafood processing sector. To achieve this, the sector must be turned into an engine of economic growth through greater optimization and better exploitation of its potential. This would make the region not only the national leader in terms of catches (especially stock C pelagic fisheries), but also in the area of local processing through the setting up of competitiveness clusters.

271. By building on the specific assets of the regions concerned, it will be possible to make the most of each region's potential and to develop tailored programs for the modernization of the sector. As regards the Laayoun-Boujdour region, the emphasis should be placed on the modernization, upscaling and expansion of the existing industrial processing fabric. In the Oued-Ed-Dahab-Lagouira region, the port of Dakhla is well positioned to become the leading national seafood center through the development of the stock C pelagic fisheries, which offers additional potential. Finally, as regards the Guelmim-Es-Smara region, the fleet and the existing processing industries need to be modernized to improve the quality and potential for the optimization of the landed catch.
272. Finally, the *Halieutis* Plan's sustainability requirements for fishery resource management - which are mainly environmental - should be supplemented by a social dimension. Incorporating a social policy into the plan will help to improve the working and living conditions of fishermen.

#### Promote sustainable agriculture and livestock breeding

273. Promoting responsible agriculture in ways that are consistent with the region's water resources is a key element of the new development model. All along the Saharan coast, agricultural development should be carried out in sustainable conditions.
274. Subject to further studies to be conducted on the environmental impact and the economic cost, the development of irrigated farming should be pursued, knowing that conditions differ according to the types of actors involved. Water supply costs must be borne by private investors. The latter will also have to reserve part of their funding to acquiring better knowledge about the fossil groundwater reserves they use. On the other hand, the State will support agricultural activities which are developed and implemented within the framework of the social and solidarity-based economy. In the new water table discoveries to be made, the State will grant pumping licenses to the above-mentioned activities on a priority basis.
275. High value-added crops (market gardening for export) can be developed (increased production in Dakhla and creation of new market gardening areas in Laayoun, Boujdour and the Guelmim-Es-Smara region). These activities should be monitored to make sure resources (land, water) are used in an ecologically sustainable manner, and that the local environment of the populations concerned is not disrupted.
276. The aggregation of smallholders, who constitute an integral part of the local social and economic fabric, should be encouraged. They should also be provided with assistance to better promote their produce and make them part of the entire agricultural value chain, from cultivation to market access. They will, to this end, benefit from the support mechanisms designed for the promotion of the social and solidarity-based economy (optimization, integration, access to markets...).

#### Attract investors and ensure the local processing of mineral resources

277. Because of the specific nature of the region's economy and the significant potential impact of natural resources in general - and hydrocarbon and mineral resources in particular - any development model targeting a lasting transformation of these provinces will not



be sustainable unless it includes a medium and long-term research, exploitation and development strategy for these resources.

278. The development of the mining and hydrocarbon sector requires significant upstream investment over long periods (research and exploration phases). Hence, it is essential to consolidate the current momentum, creating favorable conditions for broader, more sustained investor engagement, especially by global leaders.
279. It is also necessary to further strengthen the key role played by the phosphate sector, by improving knowledge about the reserves available through exploration, expand coverage of the territory and ensure local resource optimization.
280. The program of OCP's local branch in this regard is promising. Indeed, significant mining investments are planned (more than US \$250m, with US\$40m in maintenance expenses per annum), including the construction of a washing unit and the upgrading of extraction equipment. Thus, the new facilities will extend the life of existing mine segments, making extraction of lower BPL content phosphate layers economically viable.
281. As regards phosphate valorization, the OCP development plan seeks, beyond 2015, to set up an integrated chemical complex that will produce a broader range of fertilizer products (DAP/MAP and TSP). The investment stands at US \$1.2bn and concerns the creation of a multi-product platform.

#### **Combine solidarity-based tourism and handicrafts to enhance skills and promote local culture**

282. Diversifying the economy also hinges on a more efficient combination of crafts and tourism which targets niche products such as environmental preservation, sport and culture. Such a symbiotic relationship will make it possible to safeguard and promote the local heritage, increase the income of artisans and tourism workers and expand their access to social coverage schemes.
283. Promoting sustainable, quality tourism, such as responsible seaside tourism and eco-tourism niche products (oasis and desert tourism as well as sporting and cultural tourism) is a desirable development. In addition to some large-scale projects (such as Oued Chbika / White Beach) - which are already provided for in the National 2020 Vision, ecotourism should be strengthened since it promotes the development of local features and characteristics.
284. Quality tourism based on solidarity is a key element which contributes to the development of oasis regions. The strategy for a sustainable development of oasis tourism - which is consistent with the *Programme Oasis Sud* (POS), the Guelmim-Assa-Tata sector and the guidelines for sustainable tourism in the desert<sup>32</sup> - seeks, over the next five years, to develop oasis and desert tourism in the Guelmim-Assa-Tata area, and subsequently throughout the Guelmim-Es-Smara region.
285. The project should take into account ecological and social balance of this oasis area, making sure biodiversity is preserved, water resources are used rationally and pastoral areas are safeguarded. At the same time, local skills should be enhanced and promoted. If these

<sup>32</sup> Developed by the World Tourism Organization, jointly with UNEP.

conditions are met, oasis tourism will serve as a source of income and employment, and will make it possible to integrate several ancillary jobs (tour guides, camel drivers, restaurant owners, carriers, storytellers, craftsmen...).

286. As part of this strategy, there has to be a networking of actors and professional standards need to be introduced. Similarly, good quality accommodation services should be offered to allow for longer stay tourism in oasis regions. However, this strategy cannot be implemented unless the region's attractiveness is enhanced, together with its specific identity. To this end, the promotion and responsible marketing of «Morocco's Southern Oasis Region» as a destination can contribute to this objective. It is also necessary to develop an institutional promotion plan for the region targeting tourist-emitting countries (Arab countries, Germany, France, Spain and the UK).
287. Strategic partnerships with operators in the Canary Islands (integrated packages) and cruise operators (co-marketing of the destination and of packages, co-financing of packages and transport) should be forged to put the southern provinces on the global tourism map.
288. A strategy to support micro-tourism projects, especially cultural tourism, should also be developed to enable local project leaders to be involved, building on support and funding mechanisms. This option is particularly suitable for the region, perhaps more than large-scale tourism projects, given the sensitive nature of ecosystems and the scarcity of water resources in certain areas. On the other hand, the hinterland is home to archaeological and paleontological sites which could attract niche tourism.
289. In the same vein, the handicraft sector should be developed together with tourism. This strategy will combine the development of cultural craft items - along with local products and expertise - and the promotion of utilitarian crafts to meet the needs of the domestic market. Several measures can contribute to the achievement of this objective: the integration of traditional crafts (weaving, jewelry) in tourist circuits (integration of the Asrir oasis) will make it possible to access new markets; the organization of a modern weaving/clothing industry (*Melhfa* and *Derâa*) and the development of products derived from camels (leather goods, local products) would help respond to the needs of the national and regional - even international - markets; and, finally, the preservation of time-honored skills (silver and leather industries) can be further enhanced through the creation of museums.

#### Position the trade and services sector as a platform for Saharan exchange

290. The promotion of activities falling under trade and market services requires the implementation of major structural measures: clarification and implementation of the fiscal scheme; adjustment of the investment code to the region's specific features; settlement of land tenure situation (especially in Laayoun) through swift enforcement of court decisions and the reservation of land for trade and logistics platforms; creation of modern logistics platforms (in Laayoun, Guelmim and Dakhla) and establishment of a vocational training program in logistics.

291. The development of the trade and services sector in the southern provinces will contribute to supporting Morocco's African strategy which aims to enhance complementarities with neighboring countries through the supply of products and goods. In this respect, it is recommended to consider the possibility of setting up a free zone at Birgandouz to serve as a trade platform which may gain a foothold in sub-Saharan trade.
292. These steps should be taken concurrently with the regional initiatives envisaged under RAWAJ's «upgrading measures», which aim to improve factors conducive to trade development (vocational training, supply, real estate / land for commercial use, logistics networks). At the same time, the modernization and formal organization of the local shops sector should be accelerated.

#### Enhance local skills by building on the social and solidarity-based economy

293. The participation of the actors involved in the social and solidarity-based economy in diversifying the economy is crucial in view of the sector's potential for job creation and local value added. It is therefore important to create the right conditions for its growth. To encourage the creation of social and solidarity entities, including in entrepreneurial format, it is necessary to establish funding mechanisms which are consistent with the values advocated by the sector as well as mechanisms for human resource training. It is also important to support their integration into international networks to enable them to benefit from best practices and the exchange of experiences.
294. The social and solidarity-based economy should be turned into a major development sector that creates jobs and generates income. To this end, it should draw inspiration from the best international standards as well as from local traditions and skills. Initial experiences have already shown that activities based on solidarity can contribute to the fight against desertification and contribute to maintaining citizens in oasis and mountainous areas (the case in Assa-Zag and Tata) through the development and exploitation of local resources and assets.
295. The scope of social and solidarity activities deserves to be further expanded. In addition to support for traditional value chains (local products like dates, cactus, crafts, camel breeding, the cultural heritage), assistance should be provided to social economy actors, both in the fisheries and seafood processing sector - including services related to the manufacturing and repair of equipment - and in training, education and health.
296. The objectives of the social and solidarity-based economy cannot be achieved without a set of regulations that promote aggregation and enable actors - beyond financial support - to benefit from supporting measures for their integration in the value chain, from the organizational phase for shared supply mechanisms (producer networks) up to market access (local, national and international markets). Support mechanisms for solidarity-based activities should also cover social security. In this respect, a range of social services and support measures could be delegated to civil society organizations. Similarly, mechanisms under the «Green Morocco Plan» designed to support employment and income-generating activities will be further strengthened and expanded.

297. To promote their access to international markets, and considering their distinctive cultural essence, the local products, camel breeding and crafts sectors may be linked to fair trade networks (development of Saharan fair trade). These value chains should be supported by efficient information systems and their management ensured through actors' networks.
298. Finally, valorization of the products of the social and solidarity-based economy requires a selective labeling and preservation plan (Protected Geographical Indication, Designation of Origin). Certification will make local products more easily recognizable; it will also promote access to markets through better quality and originality of local products.
299. In addition to these reforms, certain existing programs designed to support the sector need to be accelerated or revived. First, it would be advisable to strengthen the camel industry program contract (signed in April 2011 by the Ministries of Agriculture and Finance and the chambers of agriculture in the three southern regions). Similarly, it is important to speed up the development of pastoral rangelands, the organization of the actors concerned (census operations, cooperatives), the use of structured aggregators (national milk and meat operators, local investors / dignitaries) for the construction of development units, the integration into marketing channels and the support to dairy cooperatives to increase yields (breed selection and artificial insemination).
300. Second, the actual implementation of the cactus center is likely to open up real opportunities by promoting the organization of cactus producers into cooperatives or associations. It can even lead to the implementation of integrated projects, including through intensive farming techniques.
301. Finally, the special case of the Guelmim-Es-Smara region requires specific measures. The first step should be to restart the dates value chain, using the same approach adopted in the camel industry program (looking for aggregators for integration into trade networks, selection of types of dates adapted to the oasis environment, support in water management). The other two measures will focus on a local version of the national integrated development program for mountainous areas (projects revolving around agriculture, tourism and handicrafts) as well as on the implementation of a conservation plan for oasis farming; the signing ceremony of its program contract was presided by His Majesty the King at Erfoud.
302. Mutualization should also be developed in these regions to facilitate people's access to basic health care at a lower cost and enhance social protection.

### **I.3. Create regional competitiveness centers**

303. The creation of a more effective economic framework and the adoption of local sectorial policies are likely to contribute to the emergence of regional competitiveness centers. Under the new model for the economic development of the southern provinces, local officials and stakeholders will be expected to give substance to the model's basic guidelines in the light of the specific nature of each region in order to highlight its assets. Based on a participatory, inclusive approach, the choices made will be an integral part of the program contracts to be signed between the State and the regions.

304. According to the major trends which are likely to emerge, the Laayoun-Boujdour region could enhance its more diversified economy as well as its position as an administrative center and platform, thus becoming a hub for the southern provinces and for Africa; the Oued Ed-Dahab-Lagouira region would establish itself as a leading national fishing center, whereas the Guelmim-Es-Smara region could rely on enhancement of its natural and cultural environment as well as the social and solidarity-based economy.

#### **Laayoun-Boujdour: a diversified economic center and a regional hub**

305. The Laayoun-Boujdour-Sakia El Hamra region can become a hub for the southern provinces as well as for neighboring and sub-Saharan countries in air and maritime transport, trade, logistics and services, as well as the ship-building and ship-repair industries. The role played by this region's economy, which is more diversified than that of the other two regions, its maritime nature and its geographic location make it a natural bridge not only with the rest of the country but also with Africa.
306. The region has a more diverse economy in the primary sectors, industrial and service sectors. In the primary sector, it has a potential in the fisheries sector, provided seafood processing activities are consolidated. It also has development prospects in animal farming (the camel industry) and in agriculture (market gardening and fodder). In the industrial sector, four areas have potential for growth: phosphates, building materials, renewable energy (especially wind farms) as well as ship-building and ship-repair activities, which could give rise to a modern industry in this field.
307. Finally, the tertiary sector - an already well-established activity in the region - needs to be further strengthened. Being an administrative center, the region could become the hub of the growth dynamics in the southern provinces, namely by strengthening its role as a commercial and logistics platform. Tourism and crafts also deserve to be further developed.

#### **Oued Ed-Dahab-Lagouira: a fisheries hub of national and international caliber**

308. The Oued Ed-Dahab-Lagouira region has the assets required to become the leading fisheries center in Morocco. The local valorization of pelagic resources and the development of the necessary industrial and transport facilities will contribute to the emergence of Dakhla's «Blue Hub». To achieve this goal, the Atlantic port needs to be developed upstream, together with an industrial zone at Ntirit to be established as a free zone.
309. In addition to the fisheries potential, the region has niche tourism products, both ecological and specialized (sliding sports) which could be developed without undermining the natural environment. Subject to promoting sustainable farming, the region may also become a high value-added agricultural center based on R&D for the sector.
310. Renewable energy is the third main area of activity which can potentially create value and jobs. Wind farms, together with the 400 Kva connection to the national grid and, ultimately, to the Mauritanian network would turn Dakhla into a renewable energy hub that could potentially supply energy to the rest of Morocco and to African neighboring states.

311. Furthermore, the region's geographic extension into Africa could be further enhanced. The creation, as a free zone, of a logistics platform in Birgandouz can be instrumental in terms of integration with sub-Saharan countries.

**Guelmim-Es-Smara: a center driven by the development of the natural and cultural environment and by the social and solidarity-based economy**

312. The aim in the Guelmim-Es-Smara region is to set in motion a dynamic that can support human development by boosting tourism, agriculture and animal farming with the help of the social and solidarity-based economy. Capacity-building for the actors concerned and a broadening of the spectrum in which they intervene would provide the region with specialized skills rooted in local know-how.

313. Traditionally, these skills have concerned crafts, oasis crops (cactus, dates) and local animal farming (camel industry). These value chains deserve to be further promoted and better articulated, especially the crafts-tourism combination. Responsible seaside tourism, combined with oasis ecotourism and cultural tourism packages is a potential area of activity which can create jobs.

314. Finally, the social and solidarity-based economy would benefit if it were to be involved in artisanal fishing and seafood processing activities. This should lead to improved delivered products (standardization of containers), greater value added and a reduced share of fishmeal and fish oil.

**1.4. Create jobs and improve employability, especially for young people and women**

315. The new development model has great potential in terms of job creation. It is based on strengthening the private sector and improving the investment environment through the creation of an attractive business climate thanks, in particular, to tax incentives and an economic stimulus funds. It is premised on local development, which is itself based on the exploitation and development of local resources and assets, especially natural resources with a stronger local processing component. Through several incentives (funding, access to resources, supporting measures), the model seeks to foster and promote the social and solidarity-based economy in order to develop local skills and create jobs that are rooted in the local environment. The new development model ultimately seeks to create competitiveness centers and regional pools for employment that are tailored to fit the nature and assets of each one of the three southern regions.

316. As a result, it contributes to the diversification of economic activity and actors, thus promoting sustained creation of wealth. Increased valorization of local skills and greater local processing of natural resources enhance the job-creating potential of growth.

317. Over a 10-year period, the economic momentum generated can double the regions' GDP and reduce the unemployment rate by nearly half in the southern provinces. More than 120,000 jobs would be created over the same timeframe. At constant activity rates, the unemployment rate would be brought down from 15% to less than 9% (which is the current national average rate) despite a 2% annual increase rate of working age population. Youth



unemployment would drop from 30% to 15%<sup>33</sup>, and women's unemployment from 22% to 13% over the same time period.

318. This employment momentum hinges mainly on natural resource development, especially in the fisheries and seafood processing sectors, which can create 55,000 to 60,000 new jobs in 10 years. Agriculture and animal farming could generate 10,000 to 15,000 jobs, and the mining and fossil and renewable energy sectors could create 1,000 to 2,000 jobs. The latter does not create many jobs but could significantly increase regional GDP, boosting other economic sectors (indirect jobs in services). Overall employment in the sectors driven by primary resources would increase by nearly 4% annually, revealing a potential for local activities that has not yet been fully tapped.
319. These additional employment prospects and the revenue they will generate (household demand) and business support services (logistics, finance, infrastructure) would have a positive impact on market services - which would translate into 15,000 to 17,000 new jobs - and the construction and public works industry, which could create 12,000 to 14,000 jobs. The hotel and catering business would also benefit from rising household demand as well as from the development of regional tourism (15,000 to 17,000 new jobs, a 9% annual increase). Finally, increased income and greater well-being for the people - thanks to transfer expenditures and improved access to basic services (see below) - will strengthen household demand for educational, health and cultural services, thus contributing to the involvement of private businesses in those services. This particularly strong momentum for the market economy would reduce government involvement in employment, which would be brought down to 20% (from 26% currently).
320. The success of this model requires an investment of Dhs 140bn over a 10-year period, to be made both by the public and the private sectors. As regards the financing of large-scale projects, public/private partnerships are expected to represent 30% of this growth.
321. The success of this model also requires the implementation of an effective employment policy which ascertains that skills match the needs of the economy and which makes sure that human resources are better integrated into the job market. This hinges on two basic elements. First, there should be a strategy to improve employability, especially among young people and women. To this end, initial and continuing vocational training should be strengthened to promote the professional adjustments necessitated by today's economic or technological transformations. In this respect, it would be advisable to develop a training-through-apprenticeship system which would be based on SMEs and which would enable young people to acquire the skills and qualifications they need for their integration into working life. Second, the model's success also hinges on support for self-employment and entrepreneurship as well as for the retraining of unemployed graduates in light of the needs of the regional economy. Furthermore, the new social safety nets policy (see below) provides for the establishment of conditional transfers and capacity building for better employability of vulnerable populations.

<sup>33</sup> HCP 2012 figures.

## CHAPTER II- Promote inclusive human development and enhance the cultural dimension

322. The main goal behind the innovative approach to inclusive human development and to enhancement of the cultural dimension highlighted in the new development model for the southern provinces is to bring about an environment that creates opportunities for people to lead a dignified life. The well-being of the population now lies at the heart of economic and political change. This is achieved through public action which promotes closeness to the citizens' needs, cooperation and efficiency.
323. A set of closely linked measures should (i) reduce inequalities in terms of access to basic social services; (ii) streamline and expand the system of social safety nets; (iii) strengthen human development programs; (iv) enhance women's participation in the new development dynamic; (v) achieve the integration of Moroccan citizens who are back from the Tindouf camps; and (vi) promote the cultural dimension.

### II.1. Improve access to basic social services

324. Reducing inequalities in terms of access to basic social services is one of the conditions that need to be met to restore the citizens' confidence in the institutions with a view to improving their living conditions over the short and long terms. The aim is to make up for shortcomings in all social services, especially with regard to health, education and the fight against poverty.

#### Develop quality health care services at the regional level

325. Upgrading the health services available, including equipment, care and human resources, must be based on achieving one ambition: combine quality, efficiency and innovation to develop a range of quality services to meet local and national needs as well as regional needs involving African countries. This upgrading exercise must be designed in collaboration with the private sector, making sure sufficient infrastructure and human resources are available, including various specialties. There should also be constant, systematic monitoring to adjust means and equipment to the needs of the population.
326. Before upgrading healthcare services, a health map of the southern provinces should be developed. It should improve the scope and proximity of health care services particularly in places of residence and around people's areas of activity (fishing villages, industrial units, mobile units in the souks). It must also take into account spatial inequalities in order to strike a balance between urban centers and remote rural communities.
327. In this regard, it is necessary to restructure or transform existing or future structures and equipment, and to turn the Dakhla and Guelmim provincial hospital centers into regional hospital centers, increase the bed capacity of the Laayoun regional hospital, create emergency medical assistance services (EMS) in all the southern provinces as well as a regional blood transfusion center in Dakhla and Guelmim, and open a nursing school in Guelmim.



328. Attracting medical skills through incentives should improve coverage of remote and/or isolated rural areas; special attention should be given to needs in terms of medical and paramedical personnel in the Aousserd, Assa and Tata provinces.
329. The development of telemedicine offers another alternative which should be explored to help develop alternative solutions to conventional hospitalization. They should be combined with patient education and prevention programs in conjunction with other sectors, such as education and the working environment.
330. Maternal and child health requires the deployment of an emergency plan to include an awareness program, generalization of free monitoring of pregnancies and an increase in the number of personnel and equipment in maternity services in order to reduce high maternal and infant mortality rates.
331. The optimal development of healthcare services requires joint efforts by the public and private sectors. There should be supervision, regulation and monitoring of the private sector on the basis of clear specifications that define missions and objectives.
332. This complementarity - which is to be achieved in a concerted manner - can lead to the emergence of a regional integrated healthcare center of excellence, with attractive services for neighboring countries, particularly sub-Saharan African nations. It can include both a training and research center. The fulfillment of this ambition should lead to the creation, in the southern provinces, of a School of Medicine and Pharmacy, with reliance on the Laayoun University Hospital center and Dakhla's technical healthcare training institutes.
333. Regular monitoring of evolving needs - through mechanisms and tools for the monitoring and evaluation of key health indicators<sup>34</sup> - makes it possible to introduce corrective measures and to adjust resources to needs.

#### Rehabilitate the role of education and training as prerequisites for access to jobs

334. Rehabilitating the role of education as a prerequisite for equal opportunity as well as for access to jobs is a key element for the success of the new development model. This requires an overhaul of the current system.
335. The overhaul of the education system means there has to be enhanced devolution based on greater decentralization of resources and procedures in terms of guidance, financial and administrative management and content of education programs. Devolution consists in constantly developing university and school boards, providing them with the required skills for counseling and management control. At the same time, local authorities, trade unions, civil society and the other stakeholders concerned should be involved in program development and monitoring.
336. The establishment of consultative bodies for each administrative level (region, province, municipality) enjoying a sufficient degree of autonomy defined by a specific regulatory

<sup>34</sup> Especially pregnant women and children's vaccination rates, mortality rates from endemic diseases, indicators for vulnerable populations, the HIV prevalence rate among people aged 15 to 25 years, and the population with advanced HIV infection having access to antiretroviral drugs.

framework will make it possible to address education and training issues at the local level (failure and dropout, poor matching of curricula and training programs with job market needs). These bodies should benefit from capacity-building programs through the establishment of an attractive, skills-based continuing training system.

337. Greater coordination between the departments in charge of education, higher education and vocational training, as well as the private sector will be one of the main levers for improved governance of the education system. As a matter of fact, the National Charter for Education and Training had called for setting up education and training networks at the regional and local levels.
338. It is therefore necessary to set up a regional mechanism for the assessment of the education and training system. This device should be based on a regional information system which is comprehensive, integrated and efficient. Relying on a self-assessment mechanism to be used by the region's schools and education and training institutions, the national authority in charge of carrying out regular assessments of the various components of the education and training system will be in a position to gauge the progress made towards achieving the assigned objectives.
339. Civic education must be part of the school curriculum. Through the learning process, the aim is to underscore the values of respect for human rights, non-discrimination, cultural diversity and openness to other cultures. The aim is also to prohibit acts of violence in the school environment by providing for child social and psychological monitoring in all schools, and to introduce a culture of social and community work in schools.
340. Generalized access to quality pre-school education should be facilitated, tailored to the child's needs and designed to protect his or her integrity. Family involvement is a key element in this new approach. The use of appropriate means to sensitize families on the importance of early education is essential. Coordination between Civil Registry authorities and regional academies is an innovative measure which is likely to optimize programming and generalized access to preschool education. In this respect, it is proposed to establish individual school reports as of the age of three.
341. Sustained action is needed to fight against all forms of discrimination, especially towards children with disabilities. To this end, school health services must be upgraded, and the medical and paramedical staff should have the means they need for the early diagnosis of various types of disability. Moreover, teachers must receive appropriate training to help out in this respect.
342. The development of all kinds of educational institutions, including pre-school facilities, should be strongly encouraged in working and living environments. In this respect, it is necessary to create a land and regulatory framework specifically designed to promote pre-school education, making sure it is accessible in particular to the actors involved in the social and solidarity-based economy.
343. Primary and secondary education services need to be expanded to allow for generalized access by all students. To this end, educational institutions must be built and provided with the human and financial resources they need.

344. Pedagogical practices must be improved and schools provided with teaching materials to upgrade the quality of education. Scientific and technical studies must be reinforced, together with the teaching of foreign languages. Sport, computer science and entertainment activities, which contribute to the development of children and young people in schools, should be made compulsory in the education system.
345. The modernization of education also hinges on the provision, in sufficient numbers, of trained and qualified human resources. Skills must be developed locally, including by encouraging young graduates from the southern provinces to pursue a career in education. Training in the region's history and cultural heritage is likely to enhance the teaching profession and to contribute to keeping human resources in these provinces, hence the need to create centers for the training of trainers. Regional academic institutions in charge of planning and guidance must also be strengthened.
346. The overhaul of the education and training system calls for the anchoring, in the region, of a specialized R&D graduate education system as well as professionally-oriented courses in connection with promising economic sectors. To this end, modern academic institutions having R&D departments and offering innovative, attractive courses should be open to local and national students as well as to students from sub-Saharan Africa. This can be achieved through partnerships and development projects involving countries in the region (students, researchers, universities, government authorities...). The creation of such units should facilitate the rapid integration of human resources in the local, national and international labor market.
347. The areas which may be covered by specialized academic centers include marine research, the trade industry and renewable energy; as for research and development laboratories, they should be specialized in plant and animal resources in pre-desert and desert areas (agriculture, food processing, pharmaceutical and para-pharmaceutical industries, animal farming...).
348. Finally, and in order to bring training in line with the needs of the local and regional labor market, prospective studies should be conducted to assess the evolution of employment needs in each region. Similarly, a regional observatory should be established in partnership with countries in the region in order to assess the extent to which training matches needs in terms of employment and skills.

## **II.2. Streamline and expand the social safety nets system**

349. Poverty and vulnerability are multifaceted, multidimensional phenomena in the southern provinces. In this respect, the social protection system should be revisited and reconsidered, making sure there is transparency and accountability as far as managing stakeholders and the beneficiaries are concerned. The aim is to achieve better targeting of the poorest and most vulnerable segments of the population, and to help guide those who can towards bridge-to-work programs across the southern provinces.

### Set up a fair, equitable and transparent system to target beneficiaries

350. Thanks to a new targeting approach and various transfer mechanisms, the new social safety nets policy aims, over the medium and long-term range, to : (i) prevent poverty and vulnerability from being passed on from one generation to another; (ii) achieve the social and economic integration of people who are able to work ; (iii) promote synergies between various programs designed to combat poverty; ( iv) strengthen social ties, the living and working together experience, and the sense of common good, general interest, individual and collective responsibility and citizenship; (v) ensure capacity-building through training, qualification and support measures for integration and access to jobs.
351. The selection of beneficiaries is governed by a twofold approach, with the household serving as a criterion for intervention based on income assessment. There is first the income/ gaps approach and, second, the elements of multidimensional poverty as defined in the categorization matrix, in which two basic indicators are involved: the level of well-being<sup>35</sup> and the number of social rights deprivations<sup>36</sup>.
352. In this regard, it is recommended, on the one hand, to ensure that conditional cash transfers are tailored to individual household profiles, using a categorization grid that takes into account multidimensional poverty indicators and, on the other, to further upgrade social infrastructure by capitalizing on the NIHD and relying on municipal development plans.
353. The allocation of transfers is based on a filing process, which is supplemented by a verification inquiry. The publication of the list of beneficiaries completes the process, with the possibility for the parties concerned to lodge an appeal. This procedure aims to ensure and enhance the transparency of the new targeting system.
354. To strengthen the human resources of targeted households and allow for capacity building, conditions, procedures and transfer to households (mothers or heads of households) are defined on the basis of shared responsibility among the members of the household. Transfers cover food, education, health and access to housing-related services.
355. A pilot project, to be implemented as quickly as possible, should help to develop the appropriate statistical and computing tools, understand the complexity of the process and identify corrective measures.

### Create a body and set up a fund dedicated to the new social safety nets policy

356. The implementation of the social safety nets policy should be entrusted to an authority in charge of both the program's implementation and inter-sectoral coordination. The Agency for social support in the southern provinces should centralize decision-making and coordinate actions with municipalities and the three southern regions.

<sup>35</sup> There are two thresholds in the level of well-being (measured relative to income) : minimum well-being and economic well-being income.

<sup>36</sup> The six identified social gaps are underachievement at school, lack of access to health services, lack of access to social security schemes, nutritional deficiency, lack of decent housing and lack of basic services in connection with housing.

357. The mission of the Agency for social support in the southern provinces will consist in the following: (i) support beneficiaries and list them in a single database; (ii) process the collected data so that the new segmentation may be implemented; (iii) regulate the work of the various bodies in charge of social development programs in order to promote coherence between existing structures; (iv) ensure communication with the beneficiaries and the population, and involve civil society in order to facilitate public endorsement of the new targeting system and contribute to its transparency; (v) monitor the situation of beneficiaries as well as their economic and social integration.
358. An inter-regional fund designed to provide social support and help with the integration of Saharan populations returning from the Tindouf camps will be set up and placed under the supervision of the new development model's high steering authority, the aim being to ensure the financing of the social safety nets policy. It will be replenished through the reallocation of part of existing resources and grants as well as other resources.

### **II.3. Promote human development programs**

359. While safety nets can help to correct individual deficiencies, collective deficiencies must be addressed within the framework of human development programs laid down at municipal level. The NIHD can serve as a model for the implementation of such programs, based on an analysis of the gaps to be addressed.

#### **Capitalize on the NIHD to lay down human development programs**

360. The National Initiative for Human Development is an appropriate framework of action for the design of human development programs. Capitalizing on the NIHD will help ensure better territorial targeting that takes into account not only the rate of municipal monetary poverty, but also other human development shortcomings in education and health.
361. Stronger impetus should be given to the development of cooperatives and VSEs specializing in income generating activities (IGA), making sure they receive proper support and guidance. These projects should be supported under a scheme to pool resources in order to optimize impact.
362. The NIHD can serve as a catalyst for the promotion of specific actions at the municipal level and in targeted neighborhoods to create ecosystems that can stimulate innovative projects, especially in the fields of agriculture, animal farming, food processing, health and education. The cross-cutting, bottom-up operation of this type of initiatives promotes synergy and helps mobilize individual and collective skills.
363. NIHD interventions and those of other public investment programs (central government, local authorities) ought to be better integrated within the framework of communal development plans, as far as annual programming is concerned.

### Improve human development indicators

- 364. The aim is to establish a set of measures to improve human development indicators, particularly in the area of equal opportunity, regardless of gender, tribal or territorial background.
- 365. In the area of family protection, and in addition to actions to be extended to all targeted households regardless of their status, initiatives should be undertaken in coordination with the banking system to combat household over-indebtedness.
- 366. Finally, and in order to make sure that vulnerable people are better protected, the actions to be developed must foster these people's social integration through the development of basic social services, especially for the benefit of persons with disabilities to make sure they become involved in economic life.

## II.4. Promote women's participation in the new development dynamics

- 367. In the new development model, there is enhanced participation of women in the social, economic and cultural dynamics. This participation is based on the new economic, social, political and cultural rights in favor of Moroccan women enshrined in Morocco's new Constitution, as well as on international conventions and the gender equality which underpins them as a binding, normative obligation.
- 368. Promoting greater women's participation is affirmed at two levels: through representative democracy - and the quota reserved by law for women in regional councils - and through participatory democracy, since the new model provides for extensive women representation in the Regional Forum for consultation and civil dialogue. This new policy further strengthens women's position as well as the role they are already playing at several levels in the southern provinces.
- 369. The new social protection policy confirms women's leading position in the household. It provides them with important responsibilities in the management of transfers and devotes a significant part of these transfers to poor, vulnerable women, to widows and abandoned women, and to women with special needs who have no income. The recommended mechanisms will make it possible to effectively combat girls' dropout and improve the living conditions of women, especially in rural areas.
- 370. The new training and capacity-building mechanisms advocated by the new model allow for better integration and greater employability of women, thus increasing their chances to access jobs. Moreover, women's expertise and their know-how are leveraged to promote the implementation and development of craft, tourist and cultural activities as well as multi-sectorial social activities based on solidarity.
- 371. Women's entrepreneurship will be encouraged through regional plans designed to promote economic activities led by women. Similarly, individual success stories will be highlighted through appropriate communication policies.

372. Finally, a contingency plan is proposed to improve maternal and child health and thus reduce high mortality rates in this area, and to facilitate women's access to basic social services.

## **II.5. Help with the gradual integration of Moroccan citizens returning from the Tindouf camps**

373. The reinsertion of people returning to the Kingdom from the Tindouf camps should be anticipated and prepared in order to ensure their gradual integration into the country's economic and social fabric. Sociological and psychological services should be extended to the people concerned and their families.
374. A special inter-regional entity should be the appropriate tool whereby to craft a full-fledged strategy for the management of the situation of Moroccan citizens returning from the Tindouf camps. This entity's funding is to be covered by the Special Regional Fund for social support and for the integration of people coming back from the Tindouf camps.
375. This entity will be mainly tasked with developing a gradual strategy for integration into the economic and social fabric. Medical and psycho-sociological care will also be given to these people together with assistance for professional integration. This requires the establishment of a socio-professional assessment as well as the development of a professional project for people who are able to work; the assessment of family members' capacities to offer them solutions for their integration in the social and economic life; consolidation of community development actions to promote social interaction and cohesion, particularly through the NIHD and, finally, facilitating social ties between returnees and other populations.

## **II.6. Enhance and promote the cultural dimension**

376. Culture and the optimal use of its potential constitute a major pillar of the new perception of development. Hence, it is necessary to underscore the originality and uniqueness of the *Hassani* culture at the institutional level in order to make the most of the economic, educational, social and environmental potential of culture.
377. Given that Article 5 of the Constitution underscores the importance of the linguistic and cultural dimension, including the preservation of the *Hassani* culture, and considering that Article 26 calls on public authorities to support the development of cultural and artistic creation, it is necessary to speed up the establishment of the National Council for Languages and the Moroccan Culture to ensure effective monitoring of cultural diversity, particularly in the southern regions, as well as better targeting of public efforts to incorporate culture in development efforts and initiatives.
378. A new governance of cultural affairs implies the adoption of a new paradigm in the design and management of cultural affairs. This calls for concerted measures by the departments of Education, Culture and Youth as well as the local authorities in order to make the cultural dimension a defining element which promotes learning, entrepreneurship and creativity.



379. Cultural revival requires the establishment of financing mechanisms to bring culture under the spotlight. Also needed is an inter-regional Council for the promotion of culture whose mission would be to promote and preserve the various manifestations of the cultural heritage; to make sure culture is included in regional education and audiovisual policies; to promote the creation of a larger number of forums for cultural expression, meetings and cultural activity by young people and women; to establish coordination mechanisms between the different sectors, relevant institutions, universities and civil society organizations; and to mobilize the private sector and businesses through additional initiatives.
380. The top priority should be given to actions aimed at improving and diversifying cultural offering, especially through the development of local multimedia cultural facilities that meet the expectations of people, especially youth, as well as through an operational policy for the protection and promotion of archaeological sites, the maintenance of architectural monuments and the development of memorial places. It is also recommended to create regional museums which meet professional standards in terms of codification of the oral heritage, professional restoration, the archiving of photographs and various monuments, as well as the creation of virtual sites concerning monuments and cultural institutions as spaces for the discussion and development of artistic and cultural features.
381. The *Hassani* culture, just like the other components of the local culture, should be integrated in the audiovisual media in order to promote their diversity and richness. The actions to be undertaken could take several forms: launching awareness campaigns in the media for the integration of the preservation and development of culture in all projects and programs; production of documentaries on the Sahrawi oral culture by the regional and national television channels; financing film productions on themes related to Sahrawi lifestyles and daily life, even films by renowned national and international directors on history and culture.
382. In this regard, there has to be a practical approach to the integration in regional education policies of the *Hassani* component, both as a language and as heritage. This can be achieved through the introduction of the *Hassani* language as mother tongue in the curricula of the first years. As a culture, it should be integrated in regional pedagogical syllabi (to the rate of 30% according to the National Charter).
383. Similarly, cultural training units should be created in teacher training institutions; the various research works undertaken on Saharan culture should be leveraged to preserve and enrich the *Hassani* culture; research on the *Hassani* language and culture should be included in university and scientific research programs; and elected officials, the private sector and civil society should be sensitized on the importance of safeguarding, promoting and developing the cultural heritage.
384. The constitutive elements of the *Hassani* culture can also be used in the management of local and environmental resources in order to make the values of work, volunteering, participation rooted in society and to encourage individual and collective initiatives. Ecotourism is one of several sectors where the *Hassani* culture can make significant contributions through the formulation of investment programs in the field, and the professional design, planning and animation of cultural festivals. This will help create the right conditions for the promotion of



youth employment, making young people part of a new dynamic that respects the cultural heritage and generates income.

385. Finally, it is important to promote the gatherings and events held in the region, particularly Moussems - such as the Tan Tan and Aousserd moussems - which are annual economic, social and cultural fairs that are attended by tribes from southern Morocco and other people from northwest Africa.

## Chapter III - Ensure sustainable development and land development policy

386. To make progress towards sustainable development in the southern provinces over the medium and long-term range, it is necessary to safeguard endangered ecosystems, especially the Oued Ed-Dahab bay, to preserve water resources and to implement an urban policy which takes into account the requirements of both urban development and sustainability. Moreover, improved accessibility and better connectivity are needed to strengthen the region's assets. The vast potential of renewable energy should also be fully exploited.

### III.1. Protect sensitive ecosystems

387. The preservation of ecosystems hinges on the struggle against desertification and sand encroachment. This calls for oasis and forest zone rehabilitation programs, the development of pastoral areas as well as the promotion of the camel value chain. Also needed is the preservation of protected areas, especially the Oued Ed-Dahab and Cintra bays.

#### Fight against desertification

388. First, it is imperative to continue and accelerate the protection of infrastructure, communication means, palm groves and settlements against sand encroachment. Beyond this preservation policy, a strategy for the containment of desertification must be implemented. This calls, above all, for the establishment of green belts around cities (see below), for enhanced dune fixation programs, for sand encroachment risk assessment regarding all projects (urban sprawl, industrial infrastructure, communications) and for enhancing awareness among oasis populations regarding the importance of the fight against desertification. The establishment of a regional center for monitoring desertification - along the lines of those set up in the eastern region and in Sous-Massa - will contribute to more coherent strategies and enhanced monitoring.
389. In the fight against desertification, special attention must be paid to the oasis ecosystem, which constitutes a natural barrier against the encroaching desert. Rich in biodiversity and home to a unique cultural and social heritage, this area can also be a source of activity and employment. It therefore deserves to be rehabilitated and developed.
390. To ensure water and soil conservation, it is necessary to take measures to protect embankments (by building walls and developing the plant cover), develop irrigation sources and canals, and facilitate groundwater recharge during floods (by building weirs

to slow down floodwater and allow water to infiltrate into the soil). It is also advisable to promote rational, sustainable use of water resources by encouraging localized, water-saving irrigation techniques or solar pumping techniques on rangelands.

391. Conservation measures cannot be implemented without the active participation of local populations and authorities. To this end, the establishment of agricultural water users' associations and the creation of partnerships between these associations and municipalities will ensure better water resource management. Similarly, local authorities must ensure effective management of solid and liquid waste in order to combat illegal dumping of household waste and prevent groundwater pollution.
392. Finally, rehabilitation of oasis areas hinges on the preservation and promotion of oasis biodiversity through the development of local products<sup>37</sup>. As contributors to the creation of wealth and jobs, these products - and their growth - could be boosted by the development of responsible oasis tourism (see above).
393. In addition to oases, forests play a critical role in checking soil erosion and sand encroachment. They also serve as a natural resource (for wood, coal, Argan oil, fodder...) and as a plant reserve in periods of dearth. Covering a significant area (855,300 ha, or 2.1% of the land area), forests are home to species adapted to drought and arid conditions - mainly *Acacia raddiana* (93%) - and are mostly located in the Guelmim-Es-Smara and the Oued Ed-Dahab regions. This particularly sensitive environment must be addressed on a priority basis in order to ensure its preservation and development.
394. In addition to the programs already underway and which need to be further consolidated (conservation and sustainable management of forest ecosystems, demarcation and registration of forests, particularly in the Guelmim-Es-Smara region, cactus planting program), an inventory and a forest map identifying the different species, their density and status would be first tools which can help with decision-making. The development of agricultural and income-generating activities in peri-forest areas and the improved organization of users will strengthen partnerships, thus allowing for the sustainable management of these areas.

### Rethinking pastoral areas

395. A management and organization plan for forest and pastoral areas must also be developed to curb environmental degradation. Its implementation requires a participatory approach in which the community would be the chief actor. Under this project for the «development of rangelands and animal farming in the southern provinces», the human and material resources needed should be mustered to work over at least a 20-year timeframe, on the basis of a program contract to be periodically assessed.
396. Easing the pressure on rangelands requires the regeneration of the plant cover (improving forage productivity), which necessitates deferred grazing. To make up for the ensuing shortfall, compensation will be paid to the populations concerned during the deferred grazing period. One of the aims of these activities is to build equipment in order to make

<sup>37</sup> Identified products include dates, aromatic and medicinal plants, cactus, cereals, henna, yellow bee, the Dmam sheep breed and camels.

life easier for nomad farmers (water points, improved road access, mobilization of drinking water). Finally, the pressure on rangelands will also be reduced through the promotion of modes to develop the camel industry based on fattening as well as the promotion of a calf and goat meat market.

### Safeguarding protected areas

397. A last key issue in connection with sensitive ecosystems is that of the protected areas which are at risk today. To halt this deterioration, a more proactive short and medium term action needs to be undertaken first in order to ensure the preservation of fragile sites. To this end, the preservation of areas which are already protected needs to be reinforced and new protected areas created.
398. Infrastructure works in national parks, ecologically and biologically significant areas as well as wetlands<sup>38</sup> must be strengthened. Similarly, their character as construction-free areas must be reaffirmed. Some sites which are not yet protected by the law can also be classified. Finally, extinct Saharan animal species and endangered species should be reintroduced in acclimatization stations, such as the Safia/Bir Guendouz station (where ungulates such as Addax, Dama Gazelle and Ostrich have been reintroduced). A summary of these guidelines can be found in the table in Appendix 2.
399. In this respect, special attention should be paid to the Oued Ed-Dahab Bay, which is threatened by urban growth and economic activity. To avoid further degradation of the lagoon, it is necessary to rethink coastal development, focus city development in some areas, and create a clearly defined sanctuary around the Oued Ed-Dahab Bay (for example 1 km from the coast), including protected areas, economic zones restricted to activities with a low impact on the bay (such as aquaculture and ecotourism) as well as the urban perimeters near the bay coast. Economic activities that are not as related to the sea as fishing should be redeployed elsewhere and future urban development will have to be deployed inland or in other coastal areas.
400. Three main scenarios are possible: the first concerns a stabilization of Dakhla and a concentration of growth at Ntireft, around the Atlantic port; the second scenario also makes it possible to stabilize Dakhla through the creation of a new city - Cintra - 170 km to the south; under the third scenario, a sanctuarization of the Oued Ed-Dahab Bay is envisaged, with the creation of a single hub at Ntireft or Cintra. The first scenario is a continuation of the existing model (stabilization of Dakhla), with reasonable costs and feasibility (urban concentration at Ntireft). Under this scenario, however, significant pressure is maintained on the Dakhla Bay, posing risks to the safeguard of the entire ecosystem. Whatever scenario is retained, it must meet certain specifications (see box below).
401. Beyond this long-term ambition, it is necessary to address as quickly as possible the risk of further degradation of the bay through a contingency plan revolving around four main axes: a properly controlled management of land resources, with a strict zoning policy for

<sup>38</sup> The 1971 Ramsar International Convention on the conservation and sustainable use of wetlands (Iran). Morocco signed the Convention in 1980. Twenty-four national wetlands are protected under this instrument.

economic and human activities and quick determination of the location of the future South Atlantic port; sanctuarization of the bay should also be achieved through a moratorium on the allocation of land for tourist projects; reclamation work (dredging of ports to avoid silting, closing down of uncontrolled dumps, cleaning of the bay); establishment of a legal framework and of mechanisms for sanctions (brigades) to enforce bans on hunting and fishing; launching of a communication and awareness campaign to sensitize the population as well as economic actors.

402. A new entity in charge of environmental regulation for the southern provinces will be set up to ensure the long-term protection and development of sensitive inland and coastal sites. This entity will first address the situation at the Oued Ed-Dahab Bay, then at Cintra and Niilaa. It will, in the first place, be in charge of the land surrounding the sites concerned and will draw up the land development. It will then be in charge of managing the projects listed under the bay's improvement and development plan. Finally, it will have powers relating to supervision and imposition of penalties.
403. To be effective, this new entity will be based on solid institutional foundations and have adequate resources. It will ensure the involvement and participation of citizens and civil society in the development of the strategy for the preservation of the sites concerned. It will also be expected to take full responsibility in the area of environmental protection.

### **III.2. Safeguarding water resources and developing environment-friendly desalination plants**

404. High water demand can be met only through seawater desalination. To this end, the expansion of the Tan Tan, Laayoun and Boujdour desalination plants are underway; the expansion of the Dakhla facility is planned for 2018. The use of renewable energy (solar and wind) will significantly reduce seawater desalinating costs.
405. Given the water stress conditions in the southern provinces, wastewater reuse (for agricultural purposes for instance) is necessary. Access to groundwater should also be better regulated and its over-exploitation reduced (through the installation of water meters and the establishment of a water policing authority); similarly adequate infrastructure adapted to climate conditions should be set up (underground dams, flood water spreading).
406. Some major development axes can be defined by sub-region in the southern provinces. In the Draa basin (Guelmim-Es-Smara), the region's main development axis would be the regulation of flood water through storage dams to secure additional recharge for aquifers and make up for water shortages in palm groves located downstream of 'foums'. At Tan-Tan, the particularly scarce and poor quality conventional resources make it necessary to resort to increased seawater desalination. The same applies to the Laayoun-Sakia-el-Hamra and the Oued Ed-Dahab-Lagouira regions. The former can develop alternative resources (small lakes, demineralization of brackish water), and the latter can resort to systematic reuse of wastewater.

### **III.3. Develop renewable energy, particularly wind energy, connected to the national and sub-Saharan grids**

407. Climate conditions in the southern provinces can make these regions a major hub for renewable energy which would be connected to the national grid. The aim is both to stimulate the local economy (desalination, meeting industrial needs) and supply electricity to the rest of the country (and potentially to Mauritania). There is promising potential for solar and wind energy as evidenced by the projects underway (solar projects at Foug El Oued, Boujdour and Tarfaya, with a total output of more than 1,000 MW; wind farms at Laayoun, Akhfennir and Tarfaya, with a capacity of nearly 500 MW).
408. This is the case, in particular, for wind energy; winds in the southern provinces may reach 11m / s in some areas. In view of this potential and the technology available (which is more mature than in solar energy), efforts should primarily focus on wind energy. The Dakhla, Tarfaya, Boujdour and Tiskrad sites seem particularly promising in this respect. Similarly, Dakhla's 400 kVA connection to the national grid is the condition for building generation capacities.
409. In this respect, the Laayoun-Boujdour region can become the nation's leading producer of wind energy (50% of the national plan) with the completion, by the year 2015, of three wind farms at Tarfaya, Akhfennir and Laayoun (300, 200 and 50 MW respectively), with an estimated investment of Dhs 8.5bn, and the accelerated development of the wind power plants at Tiskrad and Boujdour (300 and 100 MW respectively). As regards the Oued Ed-Dahab-Lagouira region, efforts should be made to capitalize on the massive potential for renewable energy, with a primary focus on wind power generation.

### **III.4. Enhance connectivity in the southern provinces at the national and international levels through improved accessibility and digital development**

410. Releasing energies in the southern provinces calls for improved connectivity and the promotion of digital development in the region. The excellent position of the three southern coastal regions, between the country's northern coast, the West African coast and the Canary Islands makes it all the more necessary to integrate these regions in this maritime economic environment.
411. Projects with a structural impact can contribute to this connectivity, like the South Atlantic port near Dakhla, the upgrading of National Road 1 as an Atlantic bypass and of existing ports, in addition to the reopening of the Guelmim and Tan Tan airports. In general, improving connectivity hinges on the development of three major types of transport infrastructure.
412. First, national and international air transportation deserves to be expanded since it is a key element for the development of tourism and commercial activities. The creation of a specific regional airline could contribute to the achievement of this goal. This would make it possible to target countries for tourism and export purposes.

413. Road connections should also be further developed to improve access to isolated populations (mountain and oasis areas) as well as the integration of these regions into the rest of the Kingdom. There are also needs in terms of connection between urban centers in the southern provinces.
414. Finally, broadband and high speed digital infrastructure is still inadequate. A development plan should be drawn up in this respect. The digital infrastructure represents a three-fold development challenge in the southern provinces. From the economic standpoint, it improves the attractiveness of the provinces and enhances the competitiveness of existing and potential businesses. Second, it serves as a critical public service tool, which makes it possible to provide services to remote users. Finally, the digital infrastructure helps to mitigate and even overcome the constraints arising from the vastness of the territory and the low population density.
415. In this respect, digital development in these regions should be part and parcel of regional development plans and of contracts which set targets and commit means between the State and the regions. This means the development needs of each region in the area of broadband and high speed infrastructure must be identified. Digital development also calls for a range of services tailored to the needs of the local population (e-government, education, teaching and telework...) as well as for the implementation of support programs to help the population take ownership of these tools. Finally, digital infrastructure involves the creation of an array of services to meet the needs of economic actors and to enhance the influence of the southern provinces at regional and African levels (trade, services, logistics, R&D, telework...).

### **III .5. Development of urban planning which respects the living environment and the cultural specificity of each region**

416. Revisiting urban planning means the urban sprawl has to be checked. In order to enhance the cultural specificity of each regional center in the southern provinces and achieve more harmonious urban development, land issues must be properly managed. In fact, there is a favorable environment in the southern provinces for the development of a land policy. The demographic pressure is still far from the critical threshold, there is a young urban structure which is in the making, and public authorities have control over the land allocation and development process.
417. The southern provinces boast a rich, unsuspected and untapped heritage. Its development calls for the inventory, classification and promotion of heritage assets, in addition to efforts to promote modernity on the basis of the regions' distinctive identity, combining the promotion of traditional forms and a quest for endogenous modernity.
418. The development of urban sites must be sustainable. It should respect a certain quality of the environment, given the region's climate vulnerability. To this end, urban sites must comply with a number of environmental standards. First, towns should be surrounded by «green belts» to limit site disruptions (sand encroachment, dust) usually connected with urban sprawl and infrastructure. Secondly, the treatment of wastewater - part of which is



still discharged into the sea - should be more systematic. Similarly, the control of domestic waste requires the creation of landfills that are remote from urban centers as well as sites to be protected (such as the one in Dakhla, to avoid contamination of the bay). Finally, the use of construction materials (sand, stones and gravel) calls for more rigorous control measures to prevent unchecked exploitation of these materials which causes landscape deterioration, as can be seen along the main road near the coast.

419. Urban centers also provide services to the inhabitants. In this respect, considerable means have been deployed by government authorities to develop basic amenities, often with inadequate programming. It is therefore necessary to re-focus and revitalize the existing equipment, which is under-exploited today. A re-orientation in the programming and implementation of future facilities is also required in order to better adapt local facilities not only to the needs of citizens, but also to socio-spatial realities (diversity and friendly environment), and to climate, geographic and environmental conditions.
420. Moreover, there should be a gradual phase-out of the State from the housing production and marketing process in order to attract private operators. At the same time, the current situation of the housing stock should be remedied by government authorities. Through their action, they should adjust housing to different modes of living (traditional housing and / or search for endogenous modernity).
421. As regards urban governance, overlapping in the functions performed by the State and local authorities must be ended. Elected bodies should be responsible for the administration and management of the city. They should seek greater involvement of the citizens and civil society in the affairs of the city through public hearings. The city's technical and social project management is needed, just like a refocusing of the role of urban agencies to promote «city management» for the benefit of the community.
422. To conclude, and taking the following facts into consideration:
  - the adoption of the sustainable development approach;
  - the key role of renewable energy and energy efficiency in the development of the three southern regions;
  - the level achieved in terms of generalization of liquid waste treatment and solid waste collection as well as other projects with structuring impact that are implemented in these areas;
  - the importance of local ecosystems and of Saharan oasis areas,

the Council intends, through the main axes of the new development model, to embed and ensure the success of the environmental and energy transition, to make these provinces a model in terms of the local anchoring of the basic elements of sustainable development and environmental protection, and to turn cities in the southern provinces into a model at the national and regional levels, taking into account the environmental (ecological cities), urban and digital (smart cities) dimensions.

423. Achieving these objectives requires the involvement of all segments of society, with the citizens playing a key role through the adoption of the principles of responsible and sustainable consumption.

## Chapter IV- Enhance responsible governance to build trust and promote democracy

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424. Revamped governance based on clear principles and rigorous social responsibility mechanisms is essential to create a virtuous circle in which confidence, economic growth and social justice are mutually reinforcing. This governance consists, in the conduct of public affairs, in strictly differentiating between policy, regulation and control functions on the one hand, and implementation and management functions, on the other. The former calls for the democratic participation of citizens and their representatives, while the latter requires enhanced skills and a redefinition of the mission of government authorities, together with specific indicators to measure and monitor their performance.
425. Responsible governance is based on the one hand on fundamental, interdependent and complementary conditions that strengthen the rule of law, democracy and faith in the institutions and, on the other, on a governance model that perceives public action within the framework of advanced regionalization and introduces a high-level steering mechanism.
426. There are two fundamental and correlated conditions which should consolidate the rule of law, help restore the citizens' confidence and secure their support for the new arrangements proposed under the new development model for the southern provinces. The first condition is the absolute necessity to ensure respect for public authority and to strengthen the effectiveness of laws and regulations. A natural consequence will be guaranteed access to justice. Effective enforcement of the law means existing texts must be applied, and there should be systematic auditing of legal risks as well as access to information. The second fundamental condition for restoring confidence consists in ensuring that stakeholder consultation and citizen participation are carried out through innovative and lasting mechanisms.
427. Responsible governance means that there has to be an explicit mainstreaming of respect for fundamental human rights in all regional public policies, respect for human rights, starting with non-discrimination between the sexes, protection of child rights, access to social services and essential goods, protection of individual and collective freedoms and preservation of the legitimate interests of future generations through rigorous protection of ecological balance and rational exploitation of the region's natural resources. In addition to the protection of fundamental human rights, corporate rights must be protected and efforts must be made to combat corruption.
428. Finally, to ensure improved economic performance, social inclusion and environmental protection, new organization and management modalities must govern regional economic and social activity. The new development model should be given an institutional format



that provides for advanced regionalization, with the possibility of extending this pilot scheme to other parts of Morocco. To be implemented, this fundamental change must be managed by a «High Authority for the three regions» which will coordinate and supervise the implementation of the development model for the southern provinces. Finally, the desired managerial autonomy must be based on participatory democracy mechanisms.

#### **IV.1. Uphold respect for authority and strengthen the effectiveness of laws and regulations**

429. To enhance confidence in the State and in government institutions, the primacy of human rights must be upheld. This, in turn, hinges on respect for authority and the rule of law as well as on unfettered access to justice.
430. To achieve this, the judiciary must be strengthened. In this respect, each one of the three regions should have an administrative tribunal, a commercial court and a court of appeal. Similarly, access to legal aid in courts ought to be improved.
431. Moreover, the mechanisms for the empowerment and integration of women in development should be strengthened. At the same time, actions agreed with civil society organizations will be carried out to strengthen women's role and responsibilities in society and in economic and social life.
432. Finally, to reassert fundamental human rights, the action of the Inter-ministerial Human Rights Delegation needs to be enhanced. The Delegation should be endowed with greater powers in terms of information requests to government departments in the southern provinces. The ratification, within a reasonable time, of the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights would contribute to achieving this objective. Ratification means that institutional actors will have to be trained and made aware of their responsibilities as far as this instrument's contents and implications are concerned; it also means a broadening of the NHRC's scope of intervention, in addition to launching the ratification process for Convention No. 87 on Freedom of Association.

#### **Implement existing laws and systematize the auditing of legal risks, accountability and access to information**

433. The credibility of the State and of its action in the southern provinces depends on effective management of public affairs on the basis of a transparent, clear framework in which citizens have access to information and public administration is held to account. Accountability is enshrined in the Constitution (Article 154): "Public services (...) shall meet the required standards of quality, transparency, accountability and responsibility".
434. To this end, due diligence procedures (audits) should be established for public administrations and institutions, together with public reporting of accounts and respect for the principle of equal treatment of citizens when it comes to examining their files and issuing licenses, authorizations, permits...etc.

435. A second measure which could contribute to strengthening the principle of transparency and accountability is the establishment of the «comply or explain» principle (comply with the recommendation or explain publicly the reasons for non-compliance), in addition to conformity with the recommendations of the Court of Auditors following its assessment of the agencies, departments and government institutions operating in the southern regions.
436. In this respect, it is recommended to strengthen the means of action and response of the Inspectorate-General of Finance, of the Court of Auditors and of the Inspectorate-General of Territorial Administration, and to objectively determine, on the basis of transparent, measurable criteria, the conditions for the allocation of financial resources and public support to the various beneficiaries.
437. Finally, public institutions and agencies operating in each of the three southern regions should regularly publish a progress report - to be submitted to external review - which addresses the conditions and performance indicators of their work, as well as their operating accounts and the social, economic and environmental impact of their activities.

## **IV.2. Make stakeholder consultation and citizen participation routine**

### **Set up a consultation body in each region**

438. To restore confidence and ensure the citizens' support, consultative bodies must be set up in each one of the southern regions.
439. This Forum for consultation and civil dialogue will be a multi-stakeholder body in which gender parity will be respected. It will include representatives of associations and professional organizations, academics and qualified individuals, particularly the custodians of the local cultural memory (tribal sheikhs).
440. It will be systematically consulted about regional development plans, program contracts with the State and projects with a structural impact in each one of the southern regions. It will serve as a source of proposals for regional councils and local authorities in matters relating to economic, social, cultural and environmental development.
441. Finally, the representativeness and scope of competence of professional chambers and of regional civil society organizations will be enhanced to allow for broad participation in the debate on the development model and on the implementation of «advanced regionalization». Finally, mediation at the regional level should be encouraged not only in the economic and social fields, but also with regard to the relationship between government, the citizens and the corporate sector. Regional mechanisms should be instituted to this end.

### **Promote social and civil dialogue while respecting stakeholder autonomy**

442. Boosting community action and social dialogue contributes to cohesion social. It nurtures participatory democracy and makes civil society more vibrant. It is therefore necessary to promote community action, safeguard the autonomy of civil society organizations and promote social dialogue.

443. The autonomy of civil society organizations should be governed by clear procedures, easily identifiable eligibility criteria for public and regional aid, and transparent means whereby to seek redress.
444. To encourage regional dialogue, it is necessary to promote the regional representation of economic and social partners and to create a mechanism for consultation between associations, employers' organizations, trade unions and Walis; the Presidents of Regions should also take part in these consultations which should lead to the conclusion of regional collective agreements. Collective sectoral and regional agreements should provide for procedures and instruments for conciliation, mediation and arbitration to achieve amicable resolution of labor disputes and preserve social peace.
445. Finally, all of these mechanisms may provide the common set of instruments needed for the conclusion of a Grand Regional Social Contract.

### **IV.3. Make public policy part of the new framework for advanced regionalization**

446. To be effectively implemented, the new development model advocated must be based on autonomous decision-making and the execution of projects at the provincial level. In this respect, advanced regionalization serves as the institutional framework which has already been defined by the 2011 Constitution. Enshrined in the Constitution is the principle of subsidiarity and of the transfer of powers to the regions, which is believed to be a more efficient approach as far as the design, implementation and assessment of local social and economic programs are concerned.
447. Advanced regionalization is all the more justified as the situation of the southern provinces is a singular one. Transferring more powers to regional and local elected authorities would bring decision-making and public interventions closer to citizens and to their places of residence and activity.
448. It is therefore important to put into practice Article 140 of the 2011 Constitution, which states that "Based on the principle of subsidiarity, local governments shall exercise their prerogatives, those shared with the state, as well as those which the state may transfer to them". The article goes on to say: "The regions and the other local governments shall, within their respective scope of competence and jurisdiction, have regulatory power to exercise their prerogatives".
449. For this article to be implemented, there has to be a positive approach to the concept of subsidiarity based on recognition of - and respect for - the powers of the levels of authority that are closest to the citizens in order to promote accountability at the regional level on the one hand, and to support state action for the promotion of local entrepreneurship and prosperity, on the other.
450. In this respect, regions, especially the three southern regions, will have regulatory power. It is also recommended to ensure the widest and most straightforward decentralization of skills and means in order to enable regions to take their development in their own hands and in the best possible conditions.

451. Each regional council, to be elected by direct universal suffrage<sup>39</sup>, will develop its decentralized regional development plans in light of this framework, will conclude with the central government contracts that stipulate objectives and means, and will contribute to the development of regional land use patterns. It will also be responsible for boosting economic activity in the region and enhancing its attractiveness.
452. Each regional council will have a regional agency in charge of project implementation. The latter will be tasked with providing the legal assistance and technical financial engineering needed for the preparation of development projects and programs, and will be in charge of implementing the adopted development plan.
453. In this decentralized framework, regional *Walīs* will, in accordance Article 145 of the Constitution, represent the central government, ensure law enforcement on behalf of the government as well as the implementation of government decisions and regulations, and exercise administrative control. They will also have to coordinate the activities of the central government's decentralized services and ensure their proper functioning. Finally, they will provide assistance to the presidents of regional councils in the implementation of their plans and development programs.
454. In addition to decentralization, there must be devolution of powers to meet the conditions required for successful advanced regionalization and to ensure that the State's regional mission can be properly carried out.
455. Besides the regional framework, the citizens' places of activity and living areas provide the most suitable platform for the development of local skills and competences. It is therefore recommended that they be established as functional, accessible administrative units.
456. It is also recommended to enhance the visibility of municipal development plans, and to provide training to elected officials.

#### **IV.4. Ensure high-level steering with a medium and long term financing plan**

457. The success of the new development model requires high-level steering, with a medium and long term financing plan on the one hand and, on the other, a framework for the intervention of the various bodies concerned which spells out their mission and as well as their actions.
458. In this respect, it is suggested, under this model, to create a High Authority in charge of defining development objectives in the contracts to be signed between the State and the elected representatives of the southern regions; this Authority will also be in charge of promotion, monitoring and reporting on achievements and areas for improvement.
459. The High Authority will be responsible for ensuring that the program contracts between the State and the regions are consistent with the spirit and the principles of the new development model for the southern provinces. It will also monitor and evaluate their implementation as

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<sup>39</sup> Article 135 of the Constitution.

well as the resources allocated to program contracts. To this end, it will prepare and publish periodic reports on the subject. It will make sure that the implementation of public policy at the regional level is consistent. It will also ensure that the regional development plans comply with the guidelines of regional land planning patterns. Finally, it will supervise the work of the agency for social support in the southern provinces, of the inter-regional body in charge of managing the return of Sahrawi populations and of the environmental regulatory institution.

460. This High Authority will rely on the Agency for the promotion and development of the Kingdom's southern prefectures and provinces, whose mission and governance will have to be restructured.
461. Objectives and program contracts in which the State and regional elected authorities commit to multi-year programming and funding for projects with a structural impact - such as infrastructure development, support for promising niches or tools and mechanisms for the achievement of social cohesion - should be developed within this new institutional framework. They require the establishment of long-term financing schemes.
462. Seen from this perspective, the funds for social development and upgrading should be set up as quickly as possible, together with the inter-regional solidarity fund provided for in the Constitution. An inter-regional economic stimulus fund and an inter-regional fund devoted to social support and to the integration of returnees from the Tindouf camps will also be created. They will support the major refocusing measures brought by the new development model, and will be further consolidated by transfers from the state, new tax revenue collected in the regions and a significant part of the fees, levies and charges applied to the exploitation of natural resources.
463. To sum up, and although the recommended institutional organization is based on the guidelines underpinning advanced regionalization, it does not prejudice its terms nor implementation timeline. Moreover, some provisions may be implemented in the short term and serve as a framework for the design and generalization of the decentralization process to the rest of the country.

#### **Conclusion:**

464. The State's sustained development effort in favor of the southern provinces has made it possible to endow these provinces with infrastructure and facilities and to improve social, economic and environmental indicators. However, it has not led to the emergence of an inclusive economy which creates jobs and generates growth. At the same time, the governance of the southern provinces has not encouraged the population to endorse and take ownership of the development process, nor has it promoted strong stakeholder involvement, especially private operators, social partners and civil society.
465. The region's populations and key stakeholders have advocated a re-engineering of development patterns and governance. The new model calls for breaks with past practices and sweeping reforms to respond to this request. It introduces responsible governance as well as an integrated and participatory approach to development based on the dynamics

of wealth creation and promotion of employment for the benefit of the populations of the southern provinces, especially young people and women.

466. The new development model reasserts the imperative necessity to respect the law and its effective enforcement, and to recognize the primacy of the fundamental economic, social, environmental and cultural rights enshrined in the Constitution as well as in the international treaties and conventions signed by Morocco.
467. Building on the principles of equity and sustainability, the new model comes up with new forms of access, management and use of natural resources for the benefit of the citizens and of future generations.
468. Culture in general - but more so the *Hassani* culture - and the multi-sectoral potential it implies are showcased as a lever for development and as a contributing factor to greater social cohesion.
469. The diversification of economic activities and actors, the refocusing of the State's mission to highlight its role as regulator and facilitator, the sustainable development of the territory, the protection of the environment and the establishment of a new social safety nets policy are at the heart of the new model.
470. Finally, the new model, which enhances trust, advocates a new form of governance which falls within the framework of advanced regionalization. It calls for the establishment of the institutions and funding arrangements provided for by the Constitution and proposes the creation of new ones to achieve broader participation of stakeholders as well as consultation with all the parties concerned: elected officials, economic operators, trade unions and civil society. These provisions contribute to the emergence of elites that are able to carry through the new development model for the southern provinces.
471. The implementation of this model will strengthen Morocco's African and Atlantic dimension. It will also give substance to the strategic decision to make these provinces a suitable platform for the emergence of an African economic hub conducive to peace and stability in the sub-Saharan region.
472. To enable actors to fully endorse the reforms and the new measures to be implemented, there has been broad-based, systematic consultation of the stakeholders concerned as part of preparations for the new model. Underpinning this model is a firm conviction that elected officials, private operators, trade unions, civil society, youth and women must be its prime engines and main actors.
473. The new development model is an endogenous plan for the people, by the people; it is managed by them through democratic, participatory mechanisms for dialogue and consultation at the political, civil and social levels, but also in the economic, environmental and cultural spheres.

## Appendices

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Appendix 1: **Example of a shared responsibilities matrix**

Appendix 2: **Guidelines for the preservation of protected areas**

Appendix 3: **List of the members of the Ad-hoc Committee in charge of preparing the New Development Model for the Southern Provinces**

Appendix 4: **List of interviewed institutions and stakeholders**

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## Appendix 1 :

### **Example of a shared responsibilities matrix**



## Appendix 1 : Example of a shared responsibilities matrix

Component	Party in charge	Shared responsibilities
Nutrition	The mother, if not, the head of household	Presence of household members at checkups, especially children
Health	The mother, or the head of the household, persons 15 years and over	Make sure children report to vaccination services; attend workshops on health, hygiene and food
Education	All children aged 6 to 21 Secondary school students	Regular attendance at primary and secondary schools Attend health care workshops for young people
Civic education	Parents Children 15 and over	Attend workshops on gender, on values enshrined in the Constitution and on social cohesion
Higher education and vocational training	Secondary school students Students	Earning a baccalaureate diploma or a professional degree before age 21 Enrollment in a vocational course or at a polytechnic institute (scholarship)
Elderly people 65 and over, with serious disability, or widows and abandoned women without income	The persons concerned or the closest relative	Attend health examinations (annual checkup), which also serve as a life certificate



## Appendix 2 :

### **Guidelines for the preservation of protected areas**



## Appendix 2: Guidelines for the preservation of protected areas

Ecologically & biologically significant areas	Province surface (ha)	Proposals to steer action
National parks		
Khniouss	Laâyoune 185,000	i) Strengthen park's management capacity; ii) promote and organize ecotourism activities; iii) encourage scientific research and the creation of local NGOs to serve as partners.
Dakhla (Project)	O. Eddahab 200.000	i) Forge ahead with the Oued Ed-Dahab PN; ii) develop safeguards and tours to facilitate visits by scientists and tourists; iii) take steps to protect monk seal colonies and provide for safe, protected observation trails.
Wetlands		
Mouth of the Draa river	Guelmim 40.000	i) Designate the river as a biological reserve for the safeguard of carnivorous mammals; ii) designate the entire zone as a «not-for-construction» area, pending the development of a land use plan; iii) prohibit all hunting activities and crack down vigorously on poaching; iv) develop and implement an integrated management plan.
Dakhla Bay	O. Eddahab 40.000	i) Develop a plan for the protection of ecologically and biologically significant areas in the entire region surrounding the bay, building on specific protection measures (including against real estate and tourism projects); ii) the Bay should have protected status, like that of a coastline conservation authority; iii) designate the «Fosa - Herne - Duna Blanca» biological reserves on a permanent basis; iv) make "Pointe de La Punta" and "Sarga Pescadore" not-for-construction zones.
Coastal ecologically and biologically significant areas		
Foum Assaka	Guelmim 19.000	Limit the spread of prickly pear as well as the areas designed for land clearing, which spoil the landscape; ii) adopt a management and development plan; iii) explore the possibility and feasibility of creating a national park that would go from Ifni to the mouth of the Draa river on the coast and, inland, from the Sidi Ifni mountains to Aouin and Torkoz
White Beach	Tantan	i) prohibit the use of motor vehicles on the beach from Bou Issafene up to Aoreora because of the significant nuisances caused; ii) develop and implement a management and space development plan.

O. El Ouaer and Amma Fatma	Tantan	Consider the advisability of designating these two sites as biological reserves.
HassiTouf	Tantan	Carry out exploratory work for this site to identify the conditions needed for its preservation and development.
Pointe d'Awfist	Boujdour 100	Examine the possibility of moving the fishermen's camp to another part of coastline since vast stretches of land are available; ii) consider the possibility of designating the site as a wilderness area.
Cintra Bay	O. Eddahab 22.000	i) Upgrade the fishing village and its surroundings; ii) monitor the impact of fishing activities; iii) undertake the site's exploration work with a view to developing a management plan.
Continental sites		
Msseyed	Tantan 175.000	This is one of Morocco's finest Saharan sites because of its biological diversity and the variety of its landscapes. It deserves to be given national park status.
Imaaoun	Tata 5.000	Examine the desirability of designating this site as a biological reserve and potential area for the restocking of Dorcas gazelle.
Ait Oumri-bet	Tata 71000	Implement the site's development plan. Exploiting the ecotourism potential can be envisaged once the management of the ecologically and biologically significant site has been mastered.
O. Tighzer	Assa-Zag 21.000	Well preserved <i>Acacia</i> and <i>Balanites aegyptiaca</i> ecosystem, with a good regeneration of these species, without deferred grazing to be preserved.
Oasis Tas-sint	Tata 31.000	Develop the palm grove rehabilitation program in this site, where the degradation of the <i>Acacia raddiana</i> ecosystem (due to overexploitation of wood and aromatic and medicinal plants, overgrazing) and of the palm grove (sand encroachment and Bayoud disease) is quite extensive.



## Appendix 3 :

### **List of the members of the Ad-hoc Committee in charge of drawing up the New Development Model for the Southern Provinces**



## Annexe 3 : List of the members of the Ad-hoc Committee in charge of drawing up the New Development Model for the Southern Provinces

Chairman
Baraka Nizar
Former Chairman
Benmoussa Chakib
Secretary General
Guerraoui Driss
Experts
Abaddi Ahmed
Aguizoul Tarik
Ben Seddik Fouad
Horani Mohamed
Lamrani Amina
Oulhaj Lahcen
Rachdi Mohammed Bachir
Rahhou Ahmed
Zoubeir Hajbouha

Trade union representatives
Aabbane Ahmed Baba
Alaoui Mohammed
Benlarbi Allal
Hansali Lahcen
Merimi Abdsamed
Simou Najat
Professional associations and organizations
Belfadla Driss
Bensalah Meriem
Bessa Abdelhai
Mouttaqi Abdellah
Social economy and community activity
Berbich Laila
El Jamri Abdelhamid
Lantry Wafia
Ex-officio members
Benmokhtar Benabdellah Rachid
El Alaoui El Abdallaoui Mohammed
Jouahri Abdellatif
Tazi Sidqui Chakib
Tijani Lahlimi Alami Ahmed

## Appendix 4 :

### List of interviewed institutions and stakeholders



## Appendix 4 : List of interviewed institutions and stakeholders

Organismes	Actors interviewed
Regional representatives and elected officials	<ul style="list-style-type: none"> <li>Members of Parliament from the southern provinces</li> <li>Councilors from the southern provinces</li> <li>The Presidents of the three southern region</li> </ul>
Central and local Government authorities	<ul style="list-style-type: none"> <li>Ministry of Interior</li> <li>Ministry of Economy and Finance</li> <li>Minister for Housing, Planning and Urban Policy</li> <li>Ministry of Agriculture and the Fisheries</li> <li>Ministry of National Education</li> <li>Ministry of Higher Education, Scientific Research and Professional Training</li> <li>Ministry of Equipment and Transport</li> <li>Ministry of Health</li> <li>Ministry of Energy, Mining, Water and the Environment</li> <li>Ministry of Industry, Trade and New Technologies</li> <li>Ministry of Tourism</li> <li>Ministry of Culture</li> <li>Ministry of Handicrafts</li> <li>Walis of the Laayoun, Dakhla and Guelmim regions</li> </ul>
Government agencies	<ul style="list-style-type: none"> <li>OCP Group</li> <li>Agency for the Promotion and the Economic and Social Development of the Kingdom's Southern Provinces</li> </ul>
Advisory bodies	<ul style="list-style-type: none"> <li>National Human Rights Council</li> <li>Higher Education Council</li> </ul>
Professional organizations	<ul style="list-style-type: none"> <li>General Confederation of Moroccan Enterprises (CGEM)</li> <li>Federation of the Chambers of Agriculture</li> <li>Federation of Moroccan Chambers of Commerce, Industry and Services</li> <li>Federation of Fisheries Chambers</li> <li>Federation of Handicraft Chambers</li> </ul>
Trade unions	<ul style="list-style-type: none"> <li>Moroccan Labor Union (UMT)</li> <li>Democratic Labor Confederation (CDT)</li> <li>Democratic Labor Federation (FDT)</li> <li>General Union of Moroccan Workers (UGTM)</li> <li>National Union of Moroccan Workers (UNTM)</li> </ul>
Private sector	<ul style="list-style-type: none"> <li>Banque Centrale Populaire Group</li> <li>Crédit Agricole du Maroc Group</li> </ul>

Organismes	Actors interviewed
Civil society	<ul style="list-style-type: none"> <li>• Youth associations</li> <li>• Women's associations</li> <li>• Associations in charge of children</li> <li>• Human rights associations</li> <li>• Associations caring for people with disabilities</li> <li>• Associations for the promotion of employment</li> <li>• Associations in charge of training</li> <li>• Business promotion associations</li> <li>• Environmental associations</li> <li>• Cultural associations</li> <li>• Associations in charge of governance</li> </ul>



## Appendix 5 : **Meetings held**



## Annexe 5 : Meetings held

January 2013	<ul style="list-style-type: none"> <li>Field visits to the three main cities in the regions to introduce the framework paper. (More than 50 meetings have been held and more than 1,000 people have been interviewed, representing a vast array of stakeholders).</li> </ul>
March 2013	<ul style="list-style-type: none"> <li>Three workshops were held in the three main towns in the region on the following topics: i) access to basic social services and human development; ii) community action and its role in development; and iii) economic governance and the business environment.</li> </ul>
April 2013	<ul style="list-style-type: none"> <li>Presentation, in the southern provinces, of the interim report on «effective access to fundamental human rights in the southern provinces».</li> </ul>
May 2013	<ul style="list-style-type: none"> <li>Organization of a national seminar in Rabat on «The <i>Hassani</i> culture: symbolic capital and lever for development». Participants: Mustapha Naimi, Driss Bensaid, Rahal Boubrik, Lhbib Aidid, Mohamed Dahmane, Ibrahim Ihaissane, Abdelaziz Faarrass, Laarbi Jaidi.</li> </ul>
June 2013	<ul style="list-style-type: none"> <li>Organization, in partnership with the National Office for Hydrocarbons and Mines (ONHYM), of an international seminar on natural resource management.</li> </ul>
July 2013	<ul style="list-style-type: none"> <li>Organization, in partnership with the National Office for Hydrocarbons and Mines (ONHYM), of a second workshop on the management of hydrocarbons and mineral resources.</li> </ul>
September 2013	<ul style="list-style-type: none"> <li>Presentation of the general outline of the report on the new development model for the southern provinces: in the Laayoun-Boujdour-Sakia El Hamra region (500 participants), the Oued Ed-Dahab-Lagouira region (300 participants), and the Guelmim-Es Semara region (700 participants).</li> </ul>



## Appendix 6 : **Bibliography**



## Appendix 6 : Bibliography

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### Mission / observation reports

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