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EXECUTIVE SUMMARY MOROCCO

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EXECUTIVE SUMMARY

1) General Framework and Problem Statement:

While the link between human rights and the process of economic growth and development is universally recognized and thus undisputed, the fundamental question concerns the means and capacity to finance these rights.

Given the scale of financial resources required and the limited availability of domestic resources, resorting to debt has become an ongoing necessity—past, present, and future.

Accordingly, it is important to underscore that the issue of public debt cannot be separated from the macroeconomic objectives set by the state and the performance achieved.

2) Insufficient and Unequal Economic Growth:

The Moroccan economy has recorded a relatively low growth rate—averaging around %3 since 2010—while studies underpinning the New Development Model project an annual growth rate of %6 to meet all targets, including those of the envisioned welfare state.

This weak growth is fundamentally the outcome of public policies in the agricultural and industrial sectors. In agriculture, the focus on irrigated export crops at the expense of rain-fed cereal crops—particularly impacted by very low rainfall over the past six years—has contributed to rising rural unemployment and the migration of men and women to urban areas in search of work.

Meanwhile, industrial policy has favored high value-added, capital-intensive, export-oriented sectors (such as the automotive and aeronautics sectors), which generate few jobs.

In parallel, Morocco's free trade agreements have led to deindustrialization and subsequent job losses. Moreover, nearly two-thirds of investments are publicly sourced and primarily directed toward infrastructure projects.

The private sector's role remains limited, while small and medium-sized enterprises (SMEs)—which should serve as key drivers of growth due to their job creation potential and ability to generate and distribute wealth—continue to be marginalized.

Consequences:

- Worsening social disparities

- Expansion of the informal sector

- Rising unemployment

3) Public Debt: A Necessity:

The rights to work, education, health, and social protection, enshrined in the Constitution and proclaimed in official discourse, inevitably point to a pressing reality: the necessity of public debt.

The growing reliance on public borrowing is primarily driven by the limited availability of the state's own financial resources.

As a result, total public debt rose from MAD 384.6 billion in 2010 to MAD 1,000 billion in 2023—an increase of %264—and now accounts for nearly %70 of GDP. However, since approximately %75 of this debt is domestic, external vulnerability remains relatively limited, particularly due to creditor diversification and a preference for stable currencies.

Nonetheless, it is important to note that debt servicing absorbs up to %85.8 of new loans.

Moreover, with %75 of the state budget allocated to operating expenses, it becomes clear why the state's ability to finance social rights, though significant, remains relatively constrained.

In terms of employment, the AWRACH, FORSSA, and INTELAKA programs have received substantial funding to support job creation.

4) Proclaimed but Unfulfilled Human Rights:

However, structural unemployment—particularly among young people—continues to worsen.

At the same time, informal employment is expanding.

In the education sector, which represents %12 of GDP, the failure is severe. Quantity has been prioritized over quality, leading to a decline in both educational standards and graduate competencies.

In the healthcare sector, efforts to expand health insurance coverage face major challenges: weak governance, poorly equipped hospitals, incomplete actual coverage, and serious financial imbalances. As a result, outcomes fall short of stated objectives, and human rights are increasingly at risk due to the inefficiency of public policies in generating the revenue needed to ensure the long-term sustainability of public debt.

5) Strategic Recommendations:

To this end, the following measures are essential:

- Redefining the economic model to make it more inclusive and equitable, with greater job creation.
- Implementing a fairer and broader tax policy to increase public revenues.
- Reducing operating expenses while increasing investment spending.
- Combating kakistocracy and establishing transparent governance mechanisms based on meritocracy.

6) Conclusion:

Debt policy must be accompanied by structural reforms. Without them, Morocco will be unable to realize or strengthen the foundations of a welfare state—namely, human rights, or more simply, the right to dignity.