

Morocco

Population ¹	35,581,294
Area (km ²) ¹	446,550
GDP per capita (USD) ¹	3,036.17
TPES (Mtoe) ²	19.50
Energy intensity (toe/10 ³ 2010 USD) ²	0.17
CO ₂ emissions - energy (MtCO ₂) ²	55.30

Sources:

1. The World Bank 2017

2. ©IEA 2018, www.iea.org/statistics

Morocco’s overall risk level against the assessed areas is **moderate**.

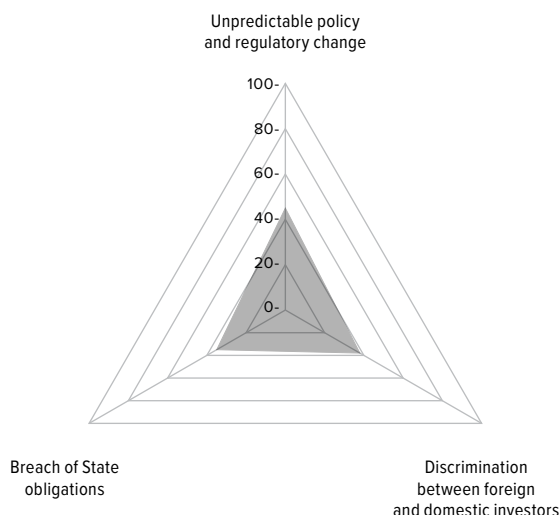
Among the three EIRA risk areas, *breach of State obligations* is lower compared to *discrimination between foreign and domestic investors* and *unpredictable policy and regulatory change*.

Morocco has a good performance on two of the EIRA indicators, and a moderate performance on the other indicators. It has received a good score of 65 on *rule of law*. *Regulatory environment and investment conditions* is at 61, while *management of decision-making processes* and *foresight of policy and regulatory change* are at 59 and 41, respectively.

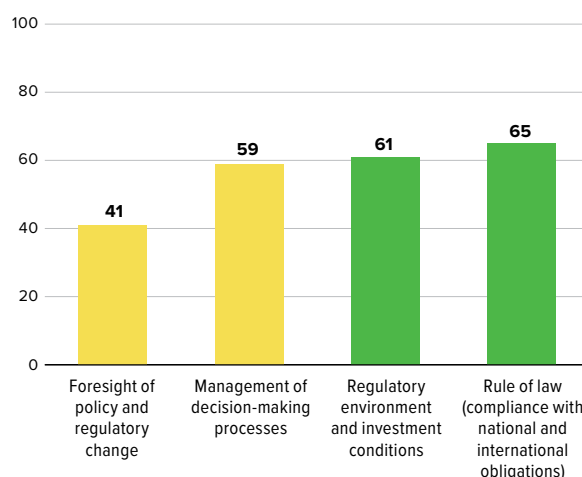
On a more detailed level, Morocco’s overall sub-indicator performance is moderate. The highest-scoring sub-indicator is *management and settlement of investor-State disputes* with 80 points, followed by *restrictions on FDI* at 70. On *transparency* it has received a score of 63. The performance on *institutional governance* (56), *communication of vision and policies* (52), *regulatory effectiveness* (52) and *respect for property rights* (50) is moderate. The lowest-scoring sub-indicator is *robustness of policy goals and commitments* with 31 points.

While there are some policies and measures in place, more concrete steps must be taken to strengthen Morocco’s performance across all indicators and underlying sub-indicators. Particular attention should be given to increasing the robustness of the country’s policy goals and commitments.

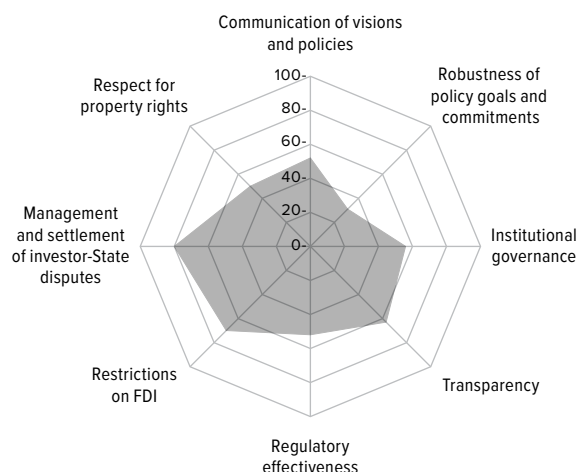
RISK LEVEL



INDICATOR PERFORMANCE



SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The National Energy Strategy 2009 sets out the policy direction for the energy sector of Morocco. In 2009, Morocco launched its National Renewable Energy Strategy for 2030.

Morocco ratified the Paris Agreement in 2016 and submitted its first NDC.

STRENGTHS

One of the key priorities for Morocco's energy sector is reducing dependence on imported carbon-based resources. For this reason, considerable efforts have been made to step up the integration of domestic renewable resources in the energy mix. Morocco is on track with its 2020 targets in this regard and it has developed one of the world's most ambitious solar plans. Considerable reforms have been introduced to improve the competitiveness of the electricity market. The Government has also set definitive targets for increasing energy efficiency and is working towards their implementation.

Monitoring and evaluation functions are vested in the Ministry of Energy, Mines and Sustainable Development (MEMDD), the Ministry of Economy and Finance and the Ministry of Industry, Investment, Trade and the Digital Economy. Apart from these, there are governmental agencies and directorates that monitor specific indicators and targets. For instance, the Moroccan Agency for Sustainable Energy gathers and monitors data on renewable energy. Data on the energy efficiency indicators is collected by the Directorate of Observation, Cooperation and Communication under the MEMDD. The National Agency for Energy Efficiency (AMEE) implements the Government policy for reducing energy dependence, through the democratisation of renewable energy. It also monitors and coordinates energy audits.

AREAS FOR IMPROVEMENT

To effectively meet the renewable targets, sectoral policies should be updated. The current Energy Strategy 2009 provides a strong framework but new measures and policies are needed to meet the evolving needs and strategic direction of the country. Accompanying action plans should also be developed to ensure the implementation of the energy strategy.

Measures should be taken to improve the monitoring and evaluation of the energy indicators. Currently, monitoring activities are undertaken by various ministries and governmental agencies. To avoid conflicting outcomes, the roles of the different authorities should be defined. The strategy document should specify which authority will be held accountable for the progress made, which bodies will provide support, and how activities will be coordinated between them. Finally, the rules of data collection should be systematised and ideally incorporated in a law.

Management of decision-making processes

QUICK FACTS

Morocco is a constitutional, democratic, parliamentary and social monarchy. The King is the Supreme Head of the country.

MEMDD has the primary responsibility of framing the country's energy policies. The Ministry of Interior supervises the performance of the public entities in charge of distributing power in large urban areas.

The Ministry of Economy and Finance exercises oversight on the financial aspects of the energy sector. It is responsible for granting approval to the investment plans and activities of State-owned energy enterprises and utilities.

AMEE is in charge of implementing Morocco's energy efficiency policy.

Law no. 31-13 "On the Right of Access to Information" was adopted in February 2018. It establishes for the right to access information held by the public administration, the elected institutions and the organs vested with missions of public service.

STRENGTHS

Although there are a number of ministries and public agencies involved in framing energy sector policies, efforts are made to ensure that their roles and responsibilities are coordinated. Consultations take place under the supervision of the MEMDD. The Moroccan Investment Development Agency was established in 2009 as the national body in charge of promoting and developing investment in Morocco. It facilitates the completion of procedural requirements that are necessary for undertaking business activities. It also puts potential investors in contact with the relevant authorities in the energy sector.

The Law "On the Right of Access to Information" states that all public organisations and agencies are obliged to publish maximum information by all means, including electronically via national websites. This includes enacted and draft laws, regulations, proposals to the Parliament and the budget of the territorial collectives. The Constitution stipulates that all laws must be published in the Official Bulletin of the Kingdom within a maximum period of one month from the date of their promulgation. Interested individuals can obtain printed copies of the Official Bulletin and also have access to electronic copies from the website of the General Secretariat of the Government.

AREAS FOR IMPROVEMENT

Steps should be taken to enhance stakeholder dialogue. At present, there is no legal provision that requires mandatory public consultation on draft legislation, policies and regulations. The currently informal solicitation of stakeholders' feedback must be institutionalised. Setting out legal provisions on the process and the timeframe for public consultation would be a step in the right direction.

Regulatory environment and investment conditions

QUICK FACTS

The National Office of Hydrocarbons and Mines, under the MEMDD, manages upstream hydrocarbon resources. The Ministry of General Affairs and Governance oversees price and competition matters, including the pricing policy for electricity and fuel.

The National Office of Electricity and Drinking Water is a vertically integrated State-owned company. It is a single buyer of the power generated by different parties (except for renewables generation).

The open segment of the electricity market (renewable and self-generators) is regulated by the National Authority for Electricity Regulation (ANRE) which was established in 2016.

STRENGTHS

ANRE was established as a step towards making the electricity market competitive and open. It is subject to minimal control of the Government in term of its operations. It is mandated to prepare an annual report on its activities which is debated in the Parliament. The execution of its budget is reviewed by the Court of Auditors. The Director of ANRE was appointed in 2018 and the decision was made publicly available. Morocco is also seeking collaboration on an international level to improve its energy regulation. For instance, the EU twinning programme has been launched to bring, among other things, alignment between Morocco's regulatory regime and the EU *acquis*.

The Government has taken steps to promote and facilitate private investors, particularly in renewable energy. Licensing and permitting procedures have been simplified and the legal regime has been updated to improve investment conditions. Holders of oil titles and their contractors and subcontractors are exempted from all duties and taxes on the importation of equipment, materials and consumable products intended for use in the survey, exploration and exploitation of hydrocarbons, and in activities ancillary to it. There are no specific obligations upon operators to prefer or use a minimum amount of locally sourced goods or services.

AREAS FOR IMPROVEMENT

Morocco has taken commendable measures towards liberalising its electricity sector. To build on the work done, ANRE should be made fully functional and empowered to carry out its functions. In particular, the budgetary independence of ANRE should be given attention. Moreover, to make the electricity market truly competitive, the Government must progressively expand the mandate of ANRE to include all operations on the generation, transmission and distribution side and also allow it to set tariffs on the three levels.

Rule of law

QUICK FACTS

Morocco ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1967.

Morocco acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1959.

STRENGTHS

Arbitration and mediation are promoted as means of alternative dispute resolutions under the Code of Civil Procedure. Morocco has a regional centre for arbitration, the Casablanca International Mediation and Arbitration Center. It aims to usher a modern and streamlined alternative dispute resolution system so that Morocco can become a popular destination for arbitration in Africa. An ombudsman institution is established under the law. Its primary purpose is to examine complaints and grievances of citizens related to administrative decisions and acts found to be contrary to the rule of law and principle of equity. The Constitution prohibits the retroactive application of laws.

The Constitution states that no expropriation can take place except in certain cases provided by law. Intellectual property is recognised and protected under Moroccan law. The Law no. 7-81 "On Expropriation for Public Purposes and Temporary Occupation" sets out the process for the determination of compensation in the case of expropriation. It also details a set of rules domestic courts must follow when determining the amount of compensation. There are no restrictions imposed on the transfer of technology. Tender documents may indicate the need for encouraging specific technologies such as renewable energies.

AREAS FOR IMPROVEMENT

The Government may consider setting up a foreign investment ombudsman dedicated to the resolution of conflicts between investors and public authorities. The investment ombudsman should have the mandate to impartially process the complaints received from private companies regarding decisions, actions or omissions of the public administration. Alternatively, the mandate of the Ombudsman Institution, established under the Constitution, could be expanded to include this function.

The national laws provide investors a degree of protection against expropriation. However, this can be fortified further through the inclusion of detailed legal provisions, such as on the timeframe for the payment of compensation. Moreover, Law no. 7-81 "On Expropriation for Public Purposes and Temporary Occupation" has a broad understanding of situations in which expropriation can occur legitimately. The Law also allows the State to delegate its right to expropriate but does not stipulate a criteria for when or to whom such delegation is possible. It is recommended that unambiguous and defined legal provisions on these issues should be set. This will give investors greater security in relation to the expropriation regime.