

AFRICA RISK CONSULTING

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The Moroccan government increases its security measures and takes action against Islamist extremists following the attack on the Musée Bardo in Tunis on 18 March. The interior ministry speeds up the implementation of a new counter-terrorism strategy, Plan Hadar. The interior minister announces \$600m of public-private-partnership investment with Moroccan businesses in the northern region of Western Sahara. The ministry is trying to attract international investment to the region and the government holds the Crans-Montana forum there to showcase Western Sahara's economic potential. The Moroccan Agency for Solar Energy (MASEN) launches the tender for Noor IV, the latest part of the world's largest solar park they have funded in the southern city of Ouzarzate. Agence Nationale de Réglementation des Télécommunications (ANRT) grants 4G licences to the three largest telecoms operators in the country. Morocco will spend \$22 billion on defence from 2015-2019.

Tunisia attack prompts increased security measures

The government of prime minister **Abdelilah Benkirane** (2011-present) has reviewed its security procedures and announced increased security measures following the **Islamist** terrorist attack on the **Musée Bardo** in **Tunis**, which claimed 22 lives on 18 March. The government is keen to show that it is not as vulnerable as its neighbours to attack, and is protecting its tourist industry.¹ Tourism is a vital source of foreign exchange and employment and the tourism ministry has been driving a campaign in **France** and the **United States (US)** to boost tourist numbers in the first half of 2015. Interior minister **Mohammed Habbal** had already introduced a revised counter-terrorism plan, the *Plan Hadar*, in October 2014. Hadar involves strengthening the security services to counter more diverse terrorist threats; new legal powers to act pre-emptively against suspected terrorists; improving guidance in mosques to fight the cultural and religious drivers of extremism; and improving international cooperation on counter-terrorism. Following the Tunis attack, the government also pledged to revisit deployments of police and military personnel around major tourist attractions.²

The Moroccan intelligence services have also increased their public visibility activity following the Tunis attack. The **Bureau Central des Investigations Judiciaires (BCIJ)** broke up a terrorist cell, which it claimed had sympathies to the **Syria-Iraq** extremist group **Islamic State (IS)**, on 22 March. The BCIJ said that the cell was planning to create an Islamic region within Morocco, called the **Islamic State in the Extreme Maghreb**. The plan reportedly included attacks against political figures and raids on police facilities for weapons. The BCIJ seized firearms and arrested 13 members of the cell in the tourist centres of **Agadir** and **Marrakesh** and across other southern cities. The arrested men had all reportedly pledged allegiance to IS leader **Abu Bakr al-Baghdadi**.³ It remains unclear whether this group represented an actual threat or if the BCIJ move was designed to reassure the public. The security forces are active in monitoring Moroccan citizens suspected of fighting for IS in Syria and Iraq whom they see as a major terrorist threat.

The government has also reached out to moderate regional allies to coordinate counter-terror strategies. King **Mohammed VI** (1999-present) and King **Abdullah II** (1999-present) of **Jordan** stated their intention to enact a joint approach to security in a meeting on 11 March. The two governments will target security, religious and social dimensions in combating mutual threats. Specifically, the joint strategy will engage key Muslim thinkers to tackle the ideological roots of violent extremism. The two sovereigns urged *ulema*

¹ Le Matin, 22 Mar 2015.

² Jeune Afrique, 20 Mar 2015

³ L'Economiste, 23 Mar 2015

(religious scholars) and intellectuals to promote a reasoned and clear religious discourse, based on moderation, openness, tolerance and dialogue.

*"Defeating the causes of terrorism is the only way in which **Rabat** can ensure long-term security – the ability to strike down (immediate) threats is fine but stopping the long term causes is the major problem. Morocco and Jordan are among the few that understand the holistic, soft drivers of violence."*⁴

Morocco has strong ties with the US and is a key burgeoning strategic ally of the **North Atlantic Treaty Organisation (NATO)**. NATO officials said on 20 March that they wanted to deepen and improve their relations with the country as a key partner for stability in the region.⁵ Morocco has a large defence budget by African standards and one of the largest armies in the region, with 175,000 standing members of the armed forces compared to Tunisia's 37,000⁶ (though the Moroccan force size is much smaller than its main regional rival, **Algeria**). Like Algeria, Morocco deploys its armed forces regularly in counter-terrorism efforts. The Hadar plan involves **Forces Armées Royales (FAR)** personnel deploying permanently around government, infrastructure, and major urban and tourist sites. FAR equipment and logistical support are also used in counter-terror operations.⁷

Separately, the defence ministry has announced that it will spend \$22 billion on the armed forces from 2015-2019. The expenditure will cover aircraft maintenance and repair, naval vessels, and surveillance equipment. Morocco has also announced that it will spend \$2.6 billion over the next four years on homeland security.⁸ Both budgets feed into counter-terrorism efforts.

Morocco pushes for major economic development in Western Sahara

The government has partnered with business on a major drive to improve infrastructure, create jobs, and encourage investment into the contested region of **Western Sahara**.

The interior ministry and the **Confédération Générale des Entreprises du Maroc (CGEM)**, a business group, announced Dh6 billion (\$600m) of investment in **Laâyoune** province, the northern and most populous region of Western Sahara. The investment has been framed as a public-private-partnership (PPP) to upgrade the region's infrastructure and create 10,000 direct jobs. It is unclear how the investment will be split between the state and private interests, but a number of major contracts have already been awarded, all to Moroccan businesses. The **Addoha** group won a Dh2.5 billion (\$250m) contract to build 10,000 housing units in Laâyoune and **Al-Marsa**. Construction is due to begin in the next few weeks. **Anouar Invest**, the fourth largest construction company in the country, won a Dh300m (\$30m) contract to build a cement plant with a 500m-tonne annual capacity in **Foum El Oued**. **HMB Environnement** won a Dh200m (\$20m) contract to construct a used-tyre processing plant outside **Dakhla**. **Sanam Group** won three agricultural contracts totaling \$23.5m, and **Zine Capital Invest** won \$12.7m in other agricultural contracts.⁹

The government also convened the 25th **Crans Montana Forum** in the Western Saharan town of Dakhla, from 14-16 March. The forum attracted 800 representatives from 122 countries. Mohammed VI, opening the conference, said that Morocco hoped to build the underdeveloped Western Sahara into a cooperation hub between northern and **sub-Saharan Africa**.¹⁰ However, any such efforts will remain controversial: Moroccan overlordship in Western Sahara is not recognised by the **United Nations (UN)**, the **African Union (AU)** or the wider international community, even if key allies like the US and **France** do not actively challenge its position there.¹¹

⁴ Source, senior independent energy lawyer and Middle East expert, London

⁵ Morocco World News, 20 Mar 2015

⁶ Jeune Afrique, 20 Mar 2015

⁷ Source, military analyst, London

⁸ Morocco World News, 16 Mar 2015

⁹ L'Economiste, 26 Mar 2015

¹⁰ Jeune Afrique, 17 Mar 2015.

¹¹ Jeune Afrique, 17 Mar 2015.

“International companies have avoided Western Sahara because of the political problems there. By showing them it is safe to operate, and putting money into the region, the government is trying again to attract investors back to the region. This strategy will fare no better than previous incarnations.”¹²

The Frente Popular de Liberación de Saguía el Hamra y Río de Oro (Polisario), the resistance movement that has opposed the Moroccan occupation of Western Sahara since 1975 and which the AU recognises as the legitimate government in the territory, called the conference and all agreements made there, illegitimate.¹³ **Mustapha Khalfi**, the official Moroccan government spokesperson, said that the forum was partly held in response to “provocations” from Algeria – a key ally of Polisario – which has made a number of pro-Polisario declarations on Western Sahara in the last few months.¹⁴

“The parliament and the palace are looking for ways to solve the Western Sahara issue permanently... It damages Morocco’s international reputation... (They hope that) development and jobs will give indigenous Western Saharans more reason to vote to integrate if a referendum is ever held.”¹⁵

Tender launched for Noor IV solar project

The **Moroccan Agency for Solar Energy (MASEN)** launched a tender for the **Noor IV** solar project on 18 March. It is the latest in a series of renewable energy tenders that form part of the government’s 2008 **Plan de développement des énergies renouvelables et de l’efficacité énergétique** (Renewable energy and energy efficiency plan). The plan includes building four gigawatts (GW) of renewable energy capacity by 2020 that will ultimately contribute 42% of total electricity generation.¹⁶ Noor IV consists of a 50-70 megawatt (MW) solar park near the southern city of **Ouazazarte**. The tender also includes the **Noor Laâyoune** and **Noor Boujdour** sister projects in the Sahara region, each with a capacity of 50MW.

Noor IV is the latest stage of the world’s largest solar energy project: the **Noor Solar Power Project**, which aims to produce 2GW of solar energy by 2020. **Noor I**, the first 160MW part of the project, is due to come online in October 2015. The **Office National de l’Electricité et de l’Eau Potable (ONEE)** connected the site to the high voltage grid on 30 March, meaning that the final testing phases can begin.¹⁷ A **Saudi Arabia**-based consortium, **ACWA Power International**, won the **Noor II** and **Noor III** tenders in January 2015 to develop 350MW of power at the site. The Moroccan government has raised \$1.7 billion from development finance institutions to fund Noor.¹⁸ This has included loans of \$519 million from the **World Bank**, 654 million euros from **German** state-owned bank **KfW** and the rest from the **African Development Bank (AfDB)**, the **European Commission** and **European Investment Bank (EIB)**.¹⁹

Moroccan telecoms operators granted 4G licences

The **Agence Nationale de Réglementation des Télécommunications (ANRT)** has granted 4G operations licences to Morocco’s three largest telecoms operators, **Maroc Telecom**, **Medi Telecom** and **Wana Corporate**. The auction raised \$200m. Maroc Telecom, owned by **United Arab Emirates (UAE)**-based **Etisalat** won the most desirable frequencies, paying over \$100m, while France-based **Orange** subsidiary Medi Telecom and Wana Corporate, which the royal family owns, paid \$50m each for the remainder.²⁰ All three companies offered development of telecoms infrastructure as part of their bids. The 4G auction raises valuable capital for government to upgrade and maintain telecoms infrastructure and represents a technological step forward for a country vying to be a global business destination for African investments.

¹² Source, academic, Rabat

¹³ Jeune Afrique, 17 Mar 2015.

¹⁴ Al-Arabiya, 15 Mar 2015.

¹⁵ Source, political journalist, Rabat

¹⁶ Morocco World News, 18 Mar 2015.

¹⁷ L’Economiste, 30 Mar 2015

¹⁸ L’Economiste, 15 Jan 2015

¹⁹ Morocco World News, 18 Mar 2015

²⁰ Jeune Afrique, 19 Mar 2015.

"By joining the 4G club Morocco is keeping up technologically with Europe, and the presence of the European and Middle Eastern market leaders in the country is also a healthy sign for the sector."²¹

Implications

Morocco is using the cash windfall from the slump in oil prices since 2014 (it is a net energy importer) to address its three main strategic vulnerabilities: terrorism (and tourism), defence and Western Sahara, and power generation. The main risk from the attack in Tunis for Morocco will be the tourist industry. While the country has managed to avoid casualties due to terrorist attacks since 2011 (in 2014 Algeria had 260 deaths and Tunisia 55) any extremist activity against tourists would have an immediate impact on foreign visitors, foreign exchange and employment. The widely publicised arrests of 'terrorist cells' are partly a PR campaign to show that the country is acting pre-emptively to tackle risks.

The investment campaign in Western Sahara is as much a statement to the Polisario and its allies that Morocco is not going to loosen its grip, nearly forty years after it annexed the territory. Any professed attempt to win hearts and minds locally, and stimulate interest in a negotiated solution (involving limited autonomy for the region under Moroccan sovereignty) will meet the same fate as previous attempts. International investors will continue to shun the territory due to the high political risk.

Morocco's vast solar project could become an international benchmark for renewables. If the government manages to hit its 42% renewable generation target by 2020, in a financially-efficient and sustainable manner, then Noor will also insulate Morocco against hydrocarbon price volatility and provide a massive boost to manufacturing, social development and the key agriculture sector (the biggest employer and in much need of modernisation).

The development of the 4G network shows Morocco again leading the regional technological pack, which will boost all sectors from tourism to banking and position the country as a hub for global investors in both north and west Africa. With high phone ownership and an ageing network, Moroccan telecoms companies have seen the competition creep up in the last five years. The \$550m government investment in the sector, most of it in contracts to domestic companies, is key to opening the gap again. Moroccans may not get to use 4G technology for another three years, but investors will be factoring it into their calculations now.

²¹ Source, telecoms analyst, London

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

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