

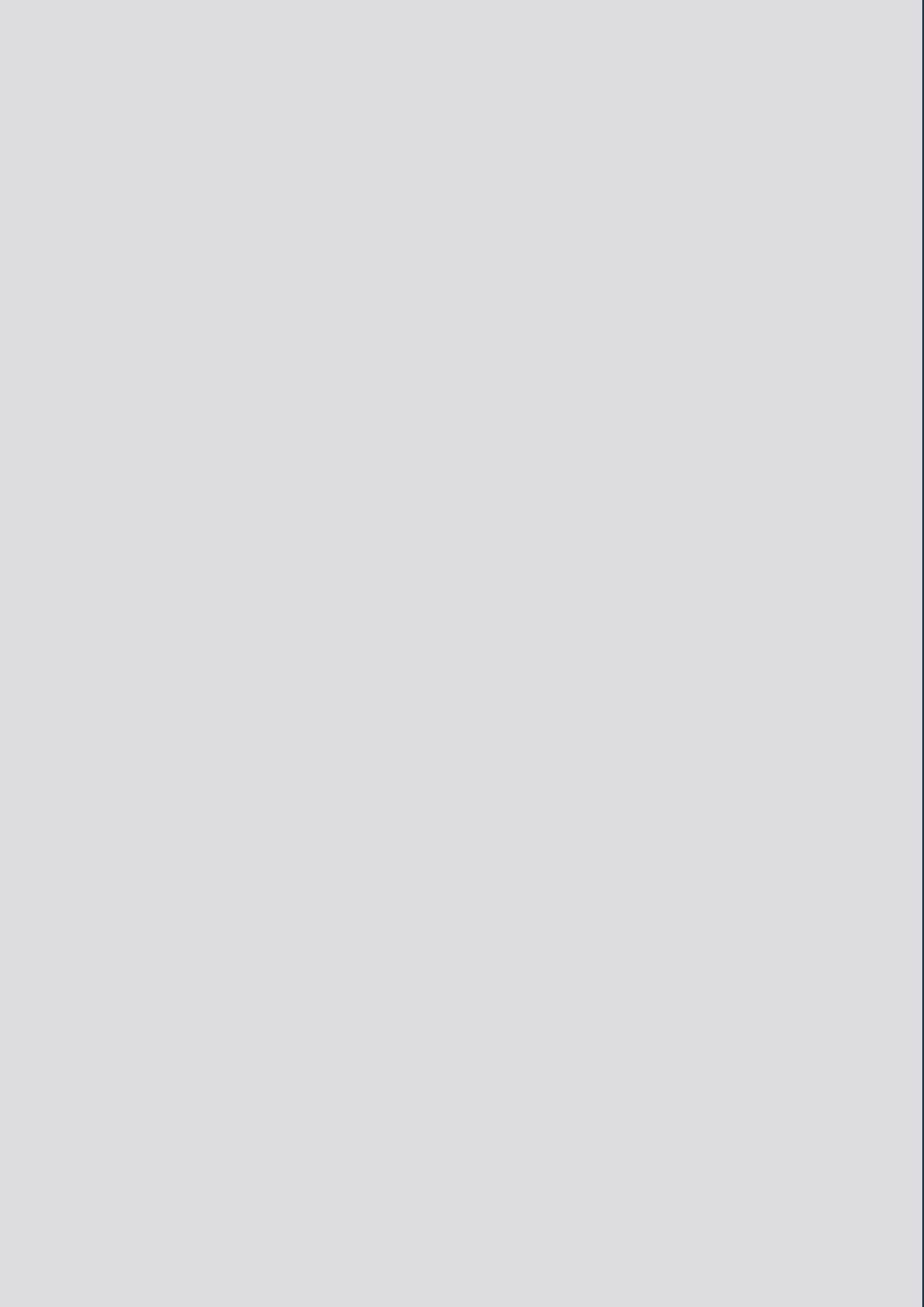
The Report: Morocco Dakhla 2021

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Region Profile

Region and Economic Overview

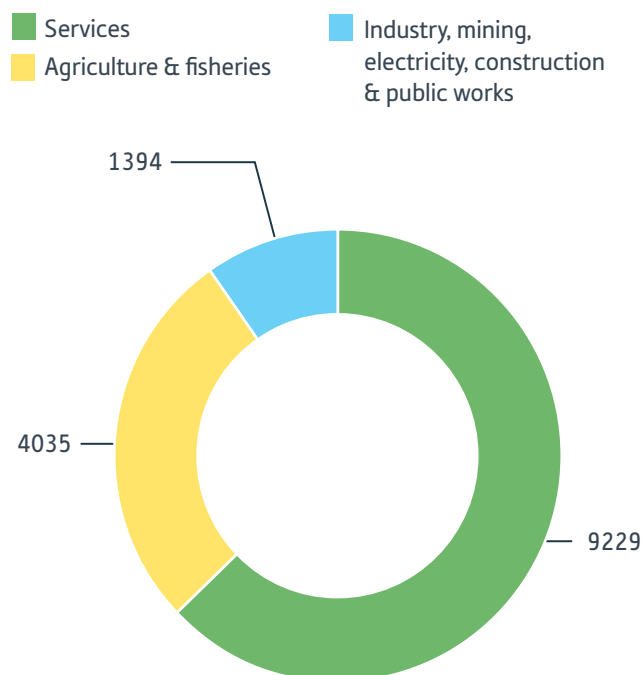
Dakhla-Oued Eddahab is one of 12 regions of Morocco that were established by a territorial division in 2015. Covering 18.4% of the kingdom's area, Dakhla-Oued Eddahab occupies a strategic location in the south, acting as a bridge between Morocco and Europe via the Atlantic Ocean, and Morocco and sub-Saharan Africa through Mauritania. A number of natural resources can be found in the region, including phosphates, salt and sand.

The region's GDP per capita in 2019 was Dh86,166, more than double the national average of Dh32,394, according to the most recent figures from the High Commission for Planning (Haut Commissariat au Plan, HCP). The growth rate of gross income per capita in Dakhla-Oued Eddahab is among the highest in the country, at 5.8% per year. Moreover, the region's contribution to national GDP has grown in recent years, from 1.1% in 2015 to 1.3% in 2019, according to the HCP. While this is a relatively small figure, the region's population of 178,600 in 2020 accounted for around 0.5% of the country's total of 37m, highlighting its outsized impact on the national economy.

"The Dakhla region is one of the most promising economic hotspots in Africa for businesses seeking to strengthen commercial ties between Europe and West Africa," Said Derhem, general manager of Dakhla-based Derhem Seafood, told OBG, "As an entry point into sub-Saharan and West Africa, the region is an influential location for commerce and has strong economic potential."

Dakhla-Oued Eddahab's economic drivers – fishing, tourism, energy, agriculture and infrastructure – have seen robust growth in recent years. According to the Regional Investment Centre Dakhla-Oued Eddahab, fishing alone comprised 27% of the region's GDP in 2020. It was also the region's largest employer, accounting for 43,000 jobs. The authorities have made a concerted effort over the past few years to diversify the local economy and enhance value-added, as well as develop its supporting infrastructure. The flagship Dakhla Atlantic Port mega-project is slated to be finished by 2028 and will feature a deep commercial port, a coastal and deepsea fishing port, facilities dedicated to shipbuilding, and industrial and logistics zones.

Dakhla-Oued Eddahab's GDP by sector, 2019 (Dh m)



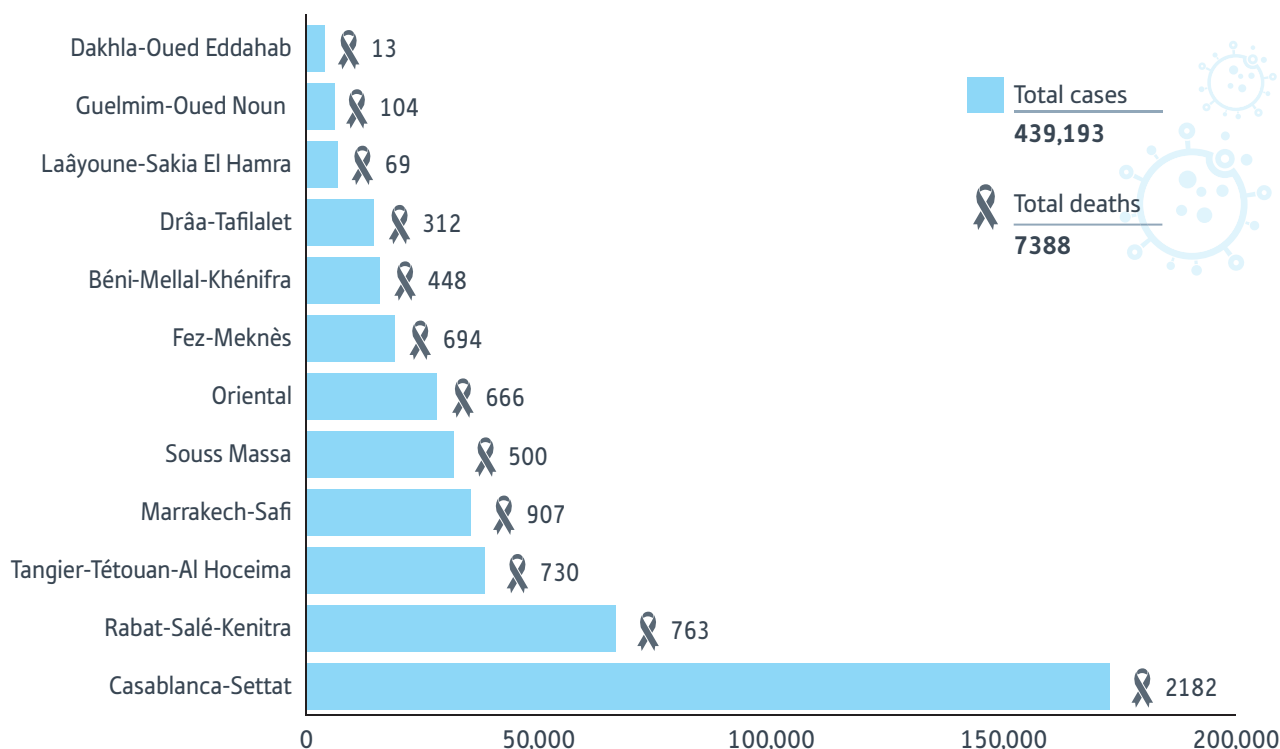
Regional GDP per capita, 2019 (Dh)

Dakhla-Oued Eddahab	86,166
Laâyoune-Sakia El Hamra	51,207
Casablanca-Settat	50,075
Guelmim-Oued Noun	38,858
Rabat-Salé-Kénitra	36,596
Tangier-Tétouan-Al Hoceima	33,367
Souss Massa	27,197
Béni Mellal-Khénifra	26,480
Oriental	24,419
Fez-Meknès	22,057
Marrakech-Safi	20,765
Drâa-Tafilalet	17,971
<i>National average</i>	<i>32,394</i>

Region Profile

Dakhla and the Covid-19 Pandemic

Covid-19 cases & deaths by region as of August 15, 2021



As Morocco has a youthful population – with a median age of 29.5 years old as of 2020 – the country was in a relatively strong position to manage the Covid-19 pandemic. The kingdom was one of the first countries to close its borders and impose a nation-wide lockdown on March 20, 2020, after having suspended all international flights five days prior. The lockdown ended May 20, at which point the economy gradually reopened. During the reopening period the country was split into two zones based on regional caseloads, with restrictions imposed accordingly. Dakhla-Oued Eddahab fell into Zone 1, meaning that cafes, bars and restaurants were allowed to reopen with capacity restrictions, and intra-Zone 1 travel was allowed.

A rise in Covid-19 cases during the summer of 2020 led to tighter restrictions and the implementation of a curfew in Casablanca in October of that year. In February 2021 the authorities embarked on a country-wide vaccination campaign, with the target to vaccinate at least 80% of the population by the end of the year. Four vaccines have been approved for use in the kingdom, namely Sinopharm, Sputnik, Oxford-AstraZeneca and Pfizer-BioNTech.

Dakhla-Oued Eddahab was less affected than its northern counterparts due to the region's smaller population size, relatively fewer local and international visitors, and its youthful demographics: one-third of those living in the region are under 15 years of age. Moreover, Dakhla-Oued Eddahab has a low population density, with 1.1 habitants per sq km, compared to the national average of 42 inhabitants per sq km. This facilitated social-distancing measures and slowed the spread of the virus. Indeed, as of August 15, 2021, the region had 4040 confirmed cases of Covid-19 and 13 deaths out of a nationwide total of 439,193 cases and 7388 deaths.

Although Dakhla-Oued Eddahab was relatively less impacted by the Covid-19 pandemic than the rest of the country, it did face public health challenges. In particular, the region's physical health infrastructure is less developed than other areas of the country, reflected in the ratio of one hospital bed per 2232 people in 2020, compared to the national average of one bed per 1427 people. However, its doctor-to-resident ratio is more favourable, at 1:2178 in the region, compared to 1:2916 across the country as a whole.

Turning point

Lamine Benomar, Wali, Dakhla-Oued Eddahab Region; and Governor, Oued Eddahab Province



What needs to be done to strengthen the region as a destination for foreign investment?

BENOMAR: In order to better position Dakhla-Oued Eddahab as a destination for foreign direct investment, the local and national authorities have been prioritising economic development, as well as promoting the strengths of the region to international investors. Indeed, our region is home to a diverse and integrated set of offerings that are suitable for both local and foreign investors.

We are also working to strengthen the region's infrastructure, and have executed a series of large-scale projects in recent years to help establish Dakhla-Oued Eddahab as a destination for investment. These initiatives have included industrial parks, free zones and transport networks – all of which will not only support the further development of the local economy, but help to establish a favourable climate for private investment from beyond the region.

While these have all been positive steps, it is necessary to outline what we expect for the future of the region, and take into account what framework must be established for its successful transformation into an attractive investment destination. This will help us position Dakhla-Oued Eddahab as a focal point for trade and investment on the continent, and highlight its historical importance as a centre for production, transit, and the trade of goods and services. It is in this context that the national government launched the Southern Provinces Development Programme 2016-21. Included in this framework is around Dh700m for our province, with financing for headline projects such as the construction of the Dakhla Atlantic Port, an agricultural area with saltwater irrigation systems, and trade facilities in Dakhla and El Guerguerat. These infrastructure projects will contribute to giving the region a new dynamic and help lead to greater added value.

How can the private and public sectors boost the capabilities of the local workforce?

BENOMAR: Our region's drive to develop local human resources has been supported by King Mohammed VI, who has paid particular attention to the needs of our youth, as they are the future of Morocco. The government is continuously re-evaluating the requirements of the evolving job market in order to help build upon our human resource capabilities. This will ensure that the skills and knowledge offered by our workforce are in line with the demands of current and prospective employers.

Towards that end, we have implemented a series of technical and academic training programmes to prepare residents for the job market. These include high schools, dedicated faculties, specialised institutes, and centres run by the Office for Vocational Training and Work Promotion. Taken together, these institutions and the opportunities they offer will prepare the region's youth for the future through tailored courses created to meet the needs of local and international companies.

To what extent is it expected that the recognition of the Moroccan Sahara by the US will lead to an increase in investment in the region?

BENOMAR: There has been a noticeable transformation since the US recognition of Moroccan sovereignty over the southern provinces. This action implies a level of support and encouragement for investment, and it is expected that it will help attract more foreign participation. In the months since the announcement several local and foreign investors have expressed interest in doing business in the region. Indeed, we have welcomed delegations from Europe and Africa that came to visit and identify opportunities for investment, especially given the region's geostrategic position.

Region Profile

Dakhla: Gateway to Africa

In addition to promoting Dakhla-Oued Eddahab as a tourist destination, the region's long-term vision anchors on its advantageous geographic position as a North and West African trade and logistics centre, as well as an entry point for regional and continental investment. "Dakhla will be the main gateway to Africa over the course of the next 20 years," Mounir Houari, general director of the Regional Investment Centre Dakhla-Oued Eddahab, told OBG.

The development of two 30-ha logistics platforms at the border posts of El Guerguerat and Bir Guendouz should support the region's efforts to position itself as an access juncture for Africa and an important centre for trade. Dakhla-Oued Eddahab already benefits from being both a strategic stopover for the country's southern provinces and a major commercial centre, particularly due to large-scale infrastructure projects including the Dakhla Atlantic Port, which is scheduled for completion in 2028.

The Dakhla Atlantic Port complex is intended to promote direct trade between Morocco and its growing number of African partners, and is partially inspired by the Tanger Med port, which is located at a highly competitive point between Africa and Europe, and handles more than 50% of Morocco's total exports. The country has already signed more than 55 free trade agreements, which include the African Continental Free Trade Area pact, making it an ideal spot for regional and international

commerce. The construction of the 1650-ha complex began in 2021 at an estimated cost of more than Dh10bn. This includes an area spanning approximately 1000 ha for industrial and logistics zones, which will allow for the complementary creation of the West Africa Free Zone. "Dakhla's growing infrastructure will pave the way for a dramatic transformation over the next decade. In the 2020s Dakhla will increasingly be considered one of the primary routes to African trade," Aziz Eddoubi, regional director of the Dakhla-Oued Eddahab Chamber of Commerce of Industry and Services, told OBG.

Alongside port infrastructure, the 1055-km Tiznit-Dakhla expressway, which is set to be opened by early 2022, will strengthen the connectivity of the Dakhla-Oued Eddahab region. The expressway will better connect the southern region to the rest of the country, and therefore Africa more broadly, and assist the free movement of goods across the continent. It is expected to reduce transit times and costs, and improve traffic through the region.

The US' decision to open a consulate in Dakhla further positions Morocco as an economic gateway in the region. Under the administration of President Donald Trump, the US announced a \$3bn investment in the Dakhla-Oued Eddahab region. This, in turn, should establish Dakhla city as a growth centre for investment from US companies wishing to develop operations in North and West Africa.



Growth potential

Mounir Houari,
General Director, Regional
Investment Centre
Dakhla-Oued Eddahab



What is your outlook on foreign investment in the Dakhla region as Morocco continues with its economic recovery strategy?

HOUARI: The Moroccan government has been investing heavily in infrastructure development in the Dakhla region, which has established the right environment to attract foreign investment. There is a lot of potential for investment in agriculture and agro-industry value-added products. The fishing sector, meanwhile, is one of the most important contributors to the region's GDP. While we want to continue supporting this key sector, we also want to push for diversification and target other activities.

To this end, the Dakhla region is taking advantage of its renewable energy potential. For example, a desalination plant, which is currently under development, will have the capacity to irrigate over 5000 ha and be one of the first in the world to be fully powered by green energy.

The tourism sector also has significant growth potential and can capitalise on the rebound in demand for international travel now that Moroccan borders are starting to reopen, as well as demand for domestic travel from those who prefer to stay in Morocco given travel restrictions abroad.

How is Dakhla strengthening its position as an important trade and investment link between Morocco and sub-Saharan Africa?

HOUARI: The combination of modern transport infrastructure – such as the new \$1.4bn Dakhla Atlantic Port and the \$1bn, 1055-km Tiznit-Laâyoune-Dakhla expressway – and the creation of industrial zones will not only stimulate economic growth, but also enhance the region's position as a trade and investment link between the kingdom and sub-Saharan Africa. This role is bolstered by the African Continental Free Trade Area pact, which increases

the potential for a significant boom in intra-African trade. According to a report published by the UN Economic Commission for Africa in 2018, the agreement will increase trade within the continent by more than 50% by the end of 2022.

The US recognising that the region is indeed part of Morocco is already attracting more foreign investment interest in the strategic location of Dakhla. We have received different delegations of European investors since the end of 2020 and saw increased interest from Moroccan investors.

Through increased foreign investment we can ensure progress over the long term, creating employment opportunities and value in the region.

Looking forwards, what are the priorities for economic development in the region, and what progress has been made so far?

HOUARI: The availability of qualified human resources remains a challenge for investment in the region, but we are currently working on different strategies that can help us to better prepare the youth for the needs of the market.

We are endorsing a proactive attitude and are trying to understand what investors need, working with them so they can access an array of skilled resources once they come to the region.

We are also working closely with private investors to develop schools, universities and hospitals so that we can guarantee workers from other regions in Morocco and other countries that they and their families will have access to good health care and solid education opportunities should they choose to move to Dakhla to work or invest.

Lastly, it is crucial to support small and medium-sized enterprises and entrepreneurs in the region, and ensure that we are providing new businesses with the necessary financing for them to thrive.

International Relations & Investment Outlook

Commercial Ties with the US

In December 2020 the US announced the recognition of Morocco's sovereignty over the southern provinces of Dakhla-Oued Eddahab, Laâyoune-Sakia El Hamra and Guelmim-Oued Noun. At the same time, the US said it would establish a consulate in Dakhla, as well as an office specifically designated to support investment in the region. A virtual presence post – to be in place until the diplomatic mission is inaugurated – was established shortly after to provide information about consular services, cultural exchange opportunities, and US government announcements about programmes designed to promote economic and business development in the region. The US decision to establish a diplomatic mission is expected to create new opportunities for foreign investment and bilateral trade, and bolster the region's

emerging tourism sector. "Opening a consulate will allow the US to take further advantage of Morocco's strategic positioning as a centre for trade into Africa, Europe and the Middle East," David Fischer, then the US ambassador to Morocco, said in a statement in January 2021. "Specifically, it will support and encourage investment and development projects that bring tangible benefits to the region." Indeed, on the back of the announcement that same month, the US International Development Finance Corporation – the development bank of the US – announced it had signed a \$3bn memorandum of understanding with the Moroccan government for investment in Dakhla-Oued Eddahab and other regions of Morocco to support the country's bid to become a centre for commerce on the African continent. The funds are to be invested over a period of four years.



PARTOUT, POUR TOUS

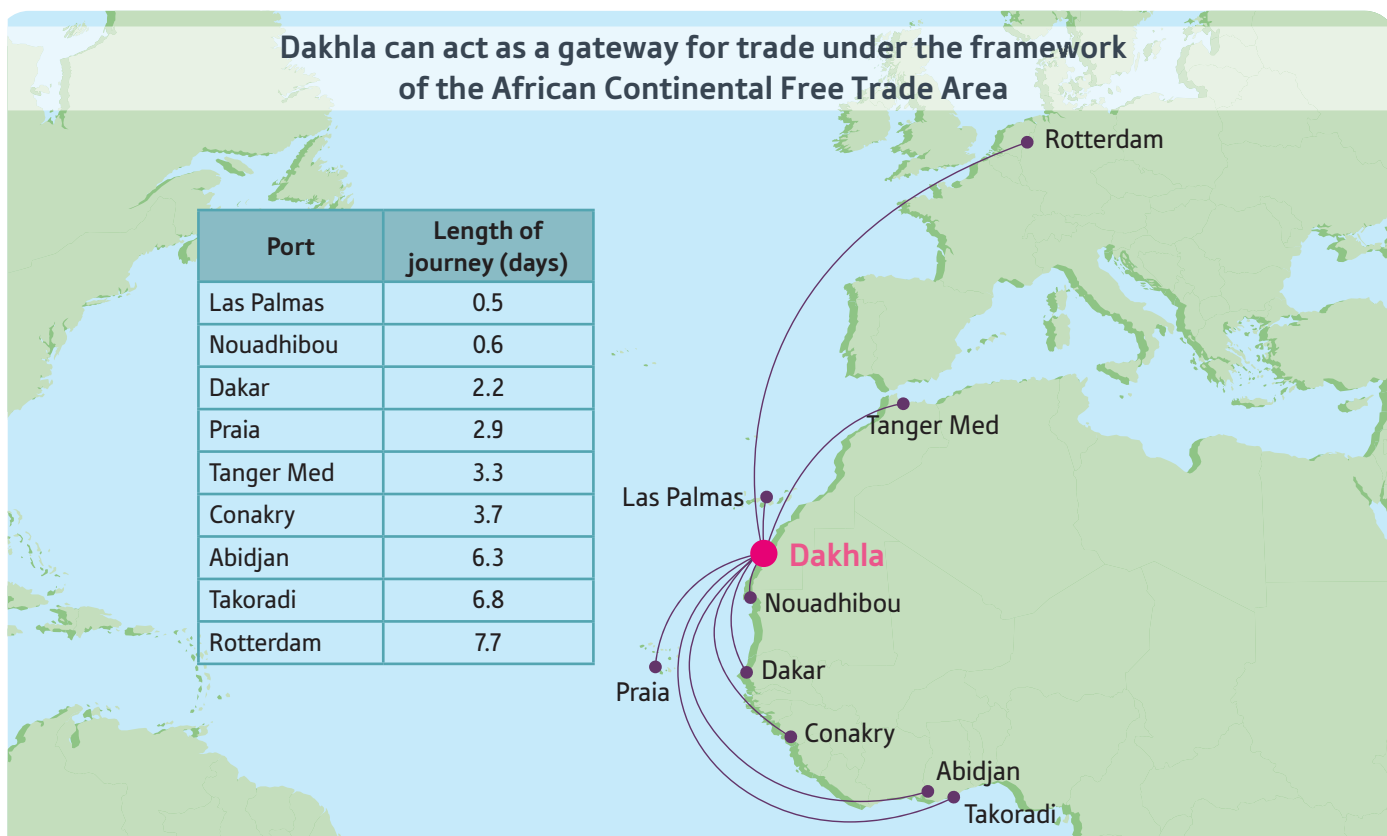
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Engagement with Africa and Beyond

As of late 2021 Dakhla and Laâyoune hosted the consulates of 23 countries, with 16 diplomatic missions established between December 2019 and November 2021 alone – a promising sign for future foreign investment inflows. Among the consulates present in Dakhla are the missions of the Democratic Republic of the Congo, The Gambia, Guinea, Djibouti, Liberia, Burkina Faso, Guinea-Bissau, Equatorial Guinea, Haiti and, most recently, Sierra Leone and Senegal. Laâyoune hosts the diplomatic representations of Jordan, Malawi, Comoros, Gabon, São Tomé and Príncipe, the Central African Republic, Côte d'Ivoire, Burundi, Eswatini, Zambia, the UAE and Bahrain. These outposts highlight growing recognition of the region's potential for investment, trade and future economic growth, and supports King Mohammed VI's goal of transforming the southern provinces into "an engine of development at the regional and continental levels".

The relatively high concentration of African foreign missions is especially important given the January 2021 launch of the African Continental Free Trade Area

(AfCFTA), composed of 54 of the 55 members of the African Union. AfCFTA aims to facilitate intra-African trade; create a single market for goods, services and the movement of people; liberalise trade policies; and enhance members' competitiveness on a global scale. This is especially notable as approximately two-thirds of Moroccan foreign direct investment is focused on markets in Africa, and the kingdom invested \$3bn in the continent between 2008 and 2020. As Dakhla-Oued Eddahab is situated in Morocco's south, it can act as a gateway for intra-African trade between Morocco and its sub-Saharan neighbours under the framework of the agreement. Countries beyond Africa are strengthening their ties with the region as well. Haiti's November 2020 announcement to open a consulate in Morocco's southern provinces saw it become the first non-Arab and non-African country to do so. In February 2021 M'jid El Guerrab, a member of France's Parliament, called for the creation of an Institut Français, the country's cultural institute, in Dakhla. Morocco is home to the largest network of such institutes in the world, with 12 in cities such as Fez, Rabat, Tangier and Marrakech.



Economic Snapshot

Reforms Lay the Groundwork

Recent reforms have supported the development of the local economy and helped Dakhla-Oued Eddahab navigate the economic impact of the pandemic. King Mohammed IV launched a series of regional development plans in 2015 to revitalise local economies, strengthen infrastructure and encourage innovation. The Southern Provinces Development Programme 2016-21 (Programme de Développement des Provinces du Sud, PDPS) laid the framework for sustainable development in Guelmim-Oued Noun, Laâyoune-Sakia El Hamra and Dakhla-Oued Eddahab.

The Dh77bn plan for the three provinces included Dh25bn for Dakhla-Oued Eddahab and targeted the creation of 120,000 jobs. The PDPS aimed to foster sustainable development by strengthening infrastructure, with a focus on ecological tourism, agriculture, fishing and phosphates as engines of growth. Included in the funding earmarked for Dakhla-Oued Eddahab was Dh1.9bn for a desalination plant that will produce 100,000 cu metres of water per day; Dh4bn for fishing projects with the goal of creating 8000 jobs; Dh10bn for the Dakhla Atlantic Port; and Dh2.4bn to connect the region to the national electricity grid.

The authorities are working to leverage momentum from the programme's initiatives to transform the region into a gateway to the rest of the continent. "Dakhla-Oued Eddahab has the potential to become an entry point to African markets for local and international companies,"

Mounir Houari, general director of the Regional Investment Centre Dakhla-Oued Eddahab, told OBG. "The speed at which we are able to complete projects and the sustained emphasis on improving the business environment make the region an attractive option for investors."

In addition to building physical infrastructure, the PDPS works to bridge gaps in public services. For example, the desalination plant is part of a greater effort to boost the southern regions' water supply, as their total production capacity will need to reach 185,860 cu metres per day by 2027, compared with almost 60,000 cu metres in 2020. The PDPS also aimed to improve public health infrastructure – the importance of which was underscored during the pandemic – with Dh2.6bn for health services in Guelmim-Oued Noun, Laâyoune-Sakia El Hamra and Dakhla-Oued Eddahab. Among the health-related initiatives is the redevelopment and expansion of Dakhla Regional Hospital.

As of December 2020, around 70% of the programme's targets had been met, and the total budget increased to Dh85bn in light of new funding. While some projects associated with the plan were delayed because of the pandemic, 179 projects valued at a combined Dh13.2bn were completed, while 336 projects valued at Dh46.9bn were under way. Included in the ongoing projects were the desalination plant; the Dakhla Atlantic Port; and the 1055-km expressway connecting Tiznit, Laâyoune and Dakhla.

The Dh77bn Southern Provinces Development Programme 2016-21 contained:

Funding for the Tiznit-Laâyoune-Dakhla expressway, health services and

Dh25bn for projects specific to Dakhla-Oued Eddahab. This included:

Dh10bn for the Dakhla Atlantic Port;

Dh2.4bn to connect the region to the national electricity grid; and

Dh1.9bn for a desalination plant.



Economic Snapshot

Improving the Business Ecosystem

International investors have increasingly come to recognise Dakhla-Oued Eddahab as a region with long-term growth potential, especially on the back of country- and region-wide efforts to improve the business environment and support the development of key sectors. Morocco has invested significantly on a national level to improve its digital ecosystem. In March 2020 the Agency of Digital Development released a guidance note for digitalisation under Horizon 2025, a Dh5bn roadmap that works to alleviate the digital divide, facilitate digitalisation and accelerate the development of the digital economy.

Online and digital tools have also been used to attract investment. DakhlaConnect.com, a central online platform, was launched in 2018 to bring regional companies, investors, customers and potential suppliers together by streamlining communication and providing tools such as a networking directory. The platform is the first of its kind in Morocco to use dedicated territorial marketing, employing the technology to highlight assets, specific opportunities

for investment, geolocation data and interactive city maps. More recently, regional authorities have taken steps to digitally transform Dakhla, the region's capital, by deploying new technological solutions. Representatives from Chinese tech giant Huawei visited the region in May 2021 as part of a collaboration with local government bodies on initiatives such as Dakhla Smart City and the launch of intelligent video security systems. These efforts aim to support the creation of a more vibrant business ecosystem based on next-generation technologies.

Horizon 2025 aims to facilitate a widespread shift towards e-governance, establish Morocco as a digital and technological leader in Africa, oversee the creation of 2500 start-ups over the five-year period, and build a more inclusive society through training programmes and bridging the digital divide.



Case Study

AQUAFINA®

Varun Beverages Morocco is a subsidiary of RJ Corp, the second-largest bottler of PepsiCo in the world. The parent company has more than 16,000 employees around the globe, and 36 factories in Africa and Asia. Meanwhile, Varun Beverages Morocco has over 900 employees managing seven brands across the kingdom.

Since its establishment in the kingdom in 2011, Varun Beverages Morocco has been producing and distributing a variety of well-known brands, namely Pepsi, 7UP, Mirinda, Evervess Lipton and Aquafina. The company's distribution network covers roughly 85,000 sales points all over the country, including in cities such as Dakhla, Laâyoune, Tan Tan, Akhfenir, Es Semara, Boujdour and Guelmim, which are all located in the southern regions.

Varun Beverages Morocco invested Dh100m in a 20,000-ha factory located in Bouskoura in the suburb area of

Casablanca, which was launched in late 2018 to produce Aquafina water. In 2020 the company reinvested Dh100m in a new production line to increase its capacity, introduce 5-litre bottles and support the market's evolution.

"Our goal is to triple this production line. Morocco is a key market for us due to its stability, local potential and access to sub-Saharan Africa," Salahaddine Mouaddib, CEO of Varun Beverages Morocco, told OBG.

"The development of maritime connectivity – especially to the rest of Africa, as well as Europe – is essential for the economic growth of the Dakhla region. Additionally, an internal maritime line between Dakhla-Oued Eddahab and Casablanca would do much to boost the former's economic development, as well as bolster its potential to export goods to other African countries such as Mauritania, Mali, Niger and Senegal," Mouaddib added.

Large Infrastructure Projects

Transport Initiatives and Logistics Zones

The region's reverse osmosis desalination plant (see Agriculture section), the Dakhla Atlantic Port complex and renewable energy projects fall under the umbrella of the Dh85bn Southern Provinces Development Programme 2016-21, which was approximately 70% complete as of early December 2020. As part of this overarching strategy, the national government expects that public companies will invest a total of Dh4.5bn in the southern provinces in 2021 alone through various projects.

A master plan for logistics zones in Dakhla-Oued Eddahab was unveiled in February 2021 with the goal of strengthening the region's economic attractiveness. The master plan includes an urban logistics zone on the road leading to the city's port and industrial zones, and another logistics zone within the port complex.

Another two logistics zones to be built in Bir Guendouz and El Guerguerat, each covering 30 ha, will offer 150 lots from 1000 to 5000 sq metres for commercial and industrial activities. The zones will be open to private investors and the project is estimated to mobilise investment of Dh160m.




Priority has been given to a large infrastructure agenda for the logistics sector due to the significant increase in commercial passenger flights and air freight in recent years. While still in its early stages, El Argoub Aerocity is a 50-ha project that comprises the construction of housing, hotels and health facilities, among various other

infrastructure, in the bay of Dakhla. It is scheduled for completion by 2030. With the goal of improving links to the region, El Argoub Aerocity will facilitate Dakhla's vision of becoming a regional transport centre.

Road transport is the primary means of shipping and distributing goods in Morocco. To connect the vast southern region to the rest of the country, the Dh10bn, 1055-km Tiznit-Dakhla expressway project was launched in 2015. In mid-August 2021 Abdelkader Amara, the minister of transport, told international media that the project was on track for completion by the end of the year. It is expected to cut transit times and costs, as well as improve traffic through the region. Morocco's southern provinces have a 9300-km network of paved roads, including 4400 km of national roads. For comparison, in 1975 the region had only 350 km of roads.

The 555-km section connecting Tiznit to Laâyoune is expected to be completed in 2021. As of December 2020 the 22.6-km Guelmim-Zerouila section was 98% complete, while the 57-km Tarfaya-Doura section was 90% complete. Not only will the improved road infrastructure reduce travel times and costs, but it will facilitate the transport of goods between southern cities and major production and distribution centres. Ultimately, the gradual development of infrastructure of all types in the south's urban centres will allow for more economic opportunities to support the overall growth of the Dakhla-Oued Eddahab region.

Road traffic at El Guerguerat border

		H1 2020	H1 2021
	Number of transport trucks	15,532	18,553
	Volume of goods transported (tonnes)	350,000	380,000
	Value of goods transported (Dh bn)	3.6	4.2

Large Infrastructure Projects

Robust Pipeline Drives Construction Activity

The region's current portfolio of large-scale infrastructure projects includes Dakhla Atlantic Port, the West Africa Free Zone, a desalination station designed to service the agriculture sector, two large logistics platforms located near the southern border, the transformation of the Dakhla port into a leisure marina and ongoing expansion of the regional road network – notably the Tiznit-Dakhla expressway.

In line with Dakhla's strategy to develop the tourism sector, the National Ports Agency began to invite consultancy firms to submit bids to convert the current Dakhla port into a leisure marina in February 2020, shortly after construction began on Dakhla Atlantic Port. The redevelopment of the port and an accompanying leisure complex – allowing the area to host water sports ranging from sailing to kitesurfing – will help the region consolidate its fishing potential while also building on the growing success of its tourism sector prior to the pandemic. "Dakhla is already well established in the

windsurfing and kitesurfing circles as a sought-after destination, but it remains niche and largely unexplored by European tourists," Sébastien Deflandre, owner of the Ocean Vagabond Hotel, a surfing destination in Dakhla, told OBG. "In developing a leisure marina, the region is broadening its appeal and opening itself up to new clientele who may be interested in tourism in southern Morocco." Indeed, the region is increasingly being seen as a largely undiscovered tourism gem: Intrepid Travel, an Australia-based small-group adventure tourism company, listed Dakhla among its top-10 most underrated destinations in the world for 2020, citing its natural beauty and fresh seafood (see Tourism section).

Dakhla was cited as one of the top-10 most underrated destinations in the world for 2020



Case Study



The National Ports Agency (Agence Nationale des Ports, ANP) is a public institution under the authority of the Ministry of Equipment and Water. It supervises all of Morocco's ports, except for Tanger Med.

The ANP's mission is to regulate port activities and operators, develop port offerings, maintain and upgrade port infrastructure, and provide security and environmental protection to port facilities.

The ANP ensures the continuous improvement of the competitiveness of port transit through several levers, including the supervision of terminal operations, port pricing and the regulation of operational processes. It is also responsible for the initiation of community projects such as the single window for foreign trade called PORTNET and the Competitiveness Observatory, both of which provide port users with value-added services.

The current Dakhla port is crucial for fishing activity and other economic activities related to the hinterland of Dakhla-Oued Eddahab. It hosts an industrial zone that extends over 270 ha of land, underscoring the logistical potential for traffic transiting through this port. The port's operational activities are in line with its berthing specialisation for coastal and deepsea fishing activities – with an annual volume of 384,000 tonnes of pelagic fish – and various other forms of commercial traffic.

The construction of the new Dakhla Atlantic Port – one of the recommendations of the National Port Strategy 2030 – will support the development of the wider Dakhla region. This project is one of the cornerstones of the Southern Provinces Development Programme 2016-21. This programme will allow the region to exploit its geostrategic opportunities and the development of new trade ties with Morocco's partners in sub-Saharan Africa.

Large Infrastructure Projects

Dakhla Atlantic Port

As part of a swathe of new projects for 2021, the Dakhla Atlantic Port complex is an important component not only for the region's development, but also for national GDP growth. The 1650-ha facility under development in N'Tireft will require an estimated investment of more than Dh10bn. While the agreement for the port's development was signed in 2016, progress has been slow and challenging given the Atlantic Ocean's rough seas and strong tides. The Dakhla peninsula is considered windy for over 330 days each year, making it a difficult construction zone. "Sometimes large-scale infrastructure projects hit the ground running too quickly, growing rapidly in the initial six months by taking shortcuts and making snap decisions," Roger Sahyoun, CEO of Somagec, one of the companies leading the Dakhla Atlantic Port construction, told OBG. "Rushing the early stages of projects can hinder later-stage construction due to poor planning. However, in the case of Dakhla Atlantic Port, the high winds and strong swells gave us extra time to pore over the preliminary buildout stages. As we look to the end of

the project, we expect to finish on time and under budget." In late 2020 a technical feasibility study for the port project was completed, and as of August 2021 Somagec and another local firm, SGTM, were preparing to begin construction. The project seeks to establish an industrial fishing zone and strengthen land and sea transport links in the region, among other objectives, and forms part of both the 2030 National Port Strategy and the Southern Provinces Development Plan 2016-21. Construction is expected to be completed by 2027. The Dakhla Atlantic Port is estimated to facilitate more than 2.2m tonnes of traded goods, including over 950,000 tonnes of seafood, within its first year of operation.

Dakhla Atlantic Port is estimated to facilitate more than 2.2m tonnes of traded goods within its first year of operation

Case Study



Marsa Maroc, founded in 2006, is a port operator in Morocco with a large presence across the country's commercial ports. At the Dakhla port facilities, Marsa Maroc processes around 700,000 tonnes of solid and liquid bulks, and general cargo each year. The company offers facilities dedicated to the development of the region's natural resources, which are made up of pelagic products (67% of traffic) and hydrocarbons (26%).

Although Marsa Maroc's Dakhla activities are heavily concentrated in the transit of fish, nationally the group's traffic is highly diversified, providing a cushion to absorb the economic shock caused by the Covid-19 crisis. As the continuation of supply chain and logistics activities is fundamental to the Moroccan economy, work carried out by Marsa Maroc was made a priority during the pandemic – both to ensure that necessary supplies were distributed to economic operators across the country and to prevent

global supply chain disruption. As a result, by the end of December 2020 the group recorded a turnover of around Dh2.8bn, representing a decrease of just 5% compared to the same period the previous year.

The pandemic has accelerated the implementation of existing digitalisation projects, particularly a digital platform that allows customers to pay invoices online.

As part of a series of new digital solutions and projects, Marsa Maroc also launched an online portal dedicated to the tendering process. Beginning in June 2020 suppliers from all port departments were able to take advantage of the online bidding process. "Modernisation of the port and logistics sector is an important strategy for boosting economic development," Mohammed Abdeljalil, CEO of Marsa Maroc, told OBG. "Efficiency gains in the transit of goods have a positive impact on corresponding sectors."

Large Infrastructure Projects

Dakhla Atlantic Port

The Dakhla Atlantic Port complex includes 1000 ha for various industrial, logistics, administrative and storage activities. This area will be complemented by the new West Africa Free Zone, which will provide a supply of logistics real estate for private operators.

The port and its commercial outlets will consume a large amount of electricity, providing opportunities for public and private investment in renewable energy. The port will also have direct services connecting it to the main stations in the region, including Casablanca, Tangier and Las Palmas. Furthermore, following the creation of the port's integrated activity zones and given the existing maritime

assets on which Morocco seeks to capitalise, the growth at Dakhla Atlantic Port will create job opportunities and generate added value for the local population.

Importantly, the maritime facility is expected to play a significant role in promoting and facilitating African trade, especially with the anticipation of increased local and foreign investment under the African Continental Free Trade Area agreement. The Dakhla Atlantic Port is expected to position the region as a gateway to West Africa and the continent more broadly, boosting economic development in the region – particularly in the fishing and aquaculture sector, as well as in hospitality and tourism.

Dakhla Atlantic Port



Large Infrastructure Projects

West Africa Free Zone

The final puzzle piece of Dakhla's current large-scale infrastructure planning is the consolidation and relocation of its free zone from the centre of Dakhla to the outskirts of the city. The free zone was initially conceived in 1995, as part of Law No. 19-94, to create a Customs territory where authorised businesses, commercial export activities and industrial practices could be exempt from Customs regulations as well as foreign trade controls.

While it was originally designated as an agricultural and fishing zone, in light of the region's subsequent investment and growth, it swiftly expanded into several other sectors. Although processing and freezing seafood and agricultural products remains its focus, the zone is also home to firms specialising in textiles and leather; metallurgical industries; mechanical, electrical and electronics goods; plastics and packaging; and shipbuilding and repair.

The Regional Council of Dakhla-Oued Eddahab has earmarked Dh8bn to move the zone's factories and industrial operations away from the city centre, creating the West Africa Free Zone some 40 km from Dakhla to preserve the touristic appeal of the city. The new zone will complement the existing trade and logistics cluster that is part of the Dakhla Atlantic Port complex, and constitute a significant lever for regional development by helping to boost commercial activities and keep the region on a path towards greater industrialisation. It contains a specific area for container, distribution and logistics subcontracting activities in collaboration with the French Chamber of Commerce and Industry of Morocco. "The Dakhla Atlantic Port will be complemented by the West Africa Free Zone industrial and logistics park, offering an attractive



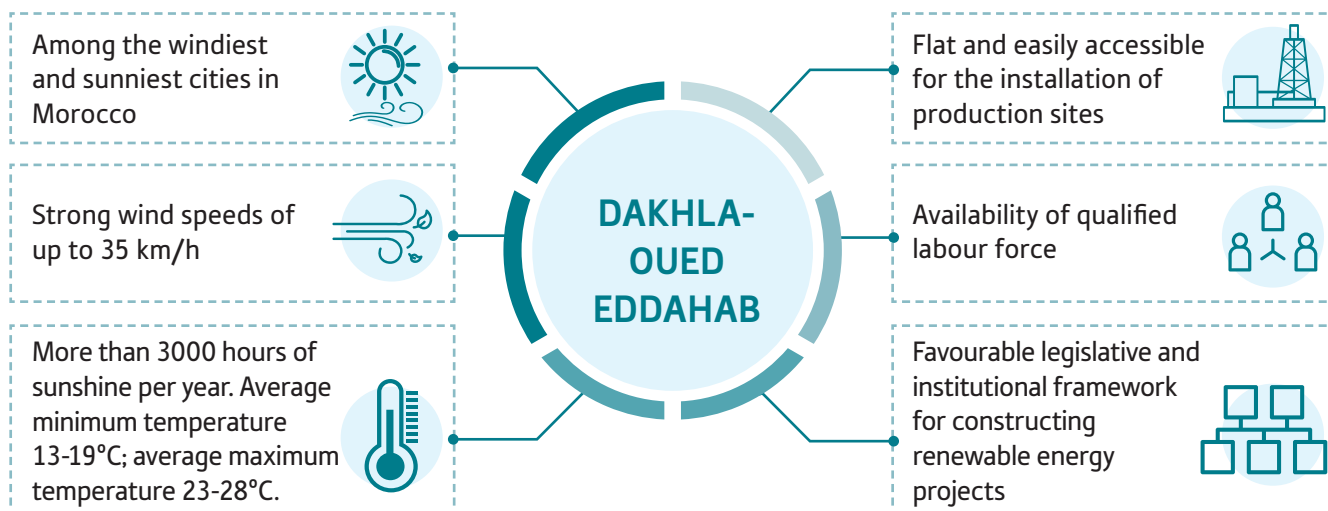
alternative to ground transport of goods bound for West Africa and further afield," Mounir Houari, general director of the Regional Investment Centre Dakhla-Oued Eddahab, told OBG. Calls for tender for the project were scheduled for January 2021, and construction of the new zone is expected to last eight years.

In conjunction with the relocation efforts, property laws have been relaxed to streamline the bureaucratic process of buying and selling land in the region. Previously, a foreign investor had to wait more than 100 days to acquire a plot of land in Dakhla; with the most recent legislative changes, however, projects can start in as little as 28 days, and the application process has been fully digitised.



Renewable Energy

Promoting Sustainability



Morocco is working towards energy independence and aims to have renewables account for at least 52% of its electricity capacity by 2030, up from roughly 35% in 2019. By 2050 the country plans to have 100% of its electricity come from renewable sources. According to Tarik Hamane, head of the development department at the Moroccan Agency for Solar Energy, Morocco is set to achieve the first target by 2024, six years ahead of schedule. Given its wind and solar energy potential, Dakhla-Oued Eddahab is primed to play a key role in helping the country meet energy goals.

The kingdom's Atlantic coast is known for strong winds, and has the potential to power both wind and tidal energy generators, while the inland Sahara region is a suitable location for solar energy projects. Dakhla-Oued Eddahab regularly records wind speeds of up to 35 km per hour and offers more than 3000 hours of sunshine per year, which is an irradiation in excess of 5 KWh per sq metre for an average day. The capacity-to-production ratio for solar is 1 MW:2.5 GWh per year, which can be enhanced with solar thermal technology. The ratio for wind is similarly promising, at 1 MW:3.3 GWh per year. Moreover, given that the region is flat and easily accessible thanks to newly built expressways, installing large-scale production sites is becoming increasingly feasible.

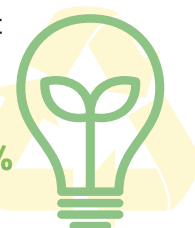
Challenges such as the instability and intermittency of renewable energy have been mitigated by recent advances in technology and energy storage solutions. Furthermore, given that the region's development will also be driven by agriculture and desalination projects, the rising tide of investment and various large-scale initiatives is expected to

lift all sectors of the economy – and contribute to a thriving and sustainable energy industry.

For the time being, however, the energy sector in the south remains small and underdeveloped compared to the north, but more renewable energy projects are expected by the end of the decade. Interestingly, although the wind farms in the north far outnumber those in the south, southern wind farms are more productive and powerful. The southern provinces of Morocco account for 58% of the country's total installed wind power generation capacity.

There is significant untapped potential in the renewable energy segment in the country's southern provinces, and investments in Dakhla-Oued Eddahab would create more job opportunities and provide skilled work for the local labour force. The three wind energy projects under way in Dakhla will service the local electricity network as well as promote the application of new technologies. The objective of transitioning Dakhla into an eco-city dovetails with the UN's Sustainable Development Goals, a framework for a more economically fair and environmentally friendly future.

Morocco aims to meet at least **52%** of its electricity needs with renewable energy by **2030**, and is targeting **100%** renewable energy by **2050**



Renewable Energy

Development Strategy

Morocco's renewable energy regulations offer various incentives for the construction of large-scale projects, allowing producers to sell power directly to customers. The energy sector's legislative and institutional framework makes it possible to streamline the implementation of renewable energy projects, and offers tax incentives as well as a dedicated investment promotion fund, which offers partial coverage of certain expenses such as land acquisition and vocational training for employees.

In light of these policies, and given the untapped potential of renewable power sources in the region, Dakhla-Oued Eddahab's energy sector is poised for growth. Indeed, a number of large investors have already moved to take advantage of these favourable conditions.

Soluna Technologies, a US start-up, is developing a 900-MW, \$2.5bn wind park in the city of Dakhla. Backed by German, US and Moroccan investors, the Harmattan project covers 10,000 ha and will generate low-cost energy for artificial intelligence technologies and blockchain computing. Not only will the wind farm promote the resources of the south of the kingdom, but as one of the largest wind parks in North Africa, it will likely attract more investment to the region. Construction for the project is scheduled to wrap up by 2026.

"Dakhla is an exciting region for energy development," Larbi Loudiyi, chief power officer at Soluna, told OBG. "Ultimately, with the right energy infrastructure in place, the kingdom will be in a position to connect Mauritania with Europe with over 2000 MW of renewable energy."

Soluna will invest 1% of its revenue in local development, including in education, vocational training and health initiatives, as well as create 400 direct, highly skilled jobs.

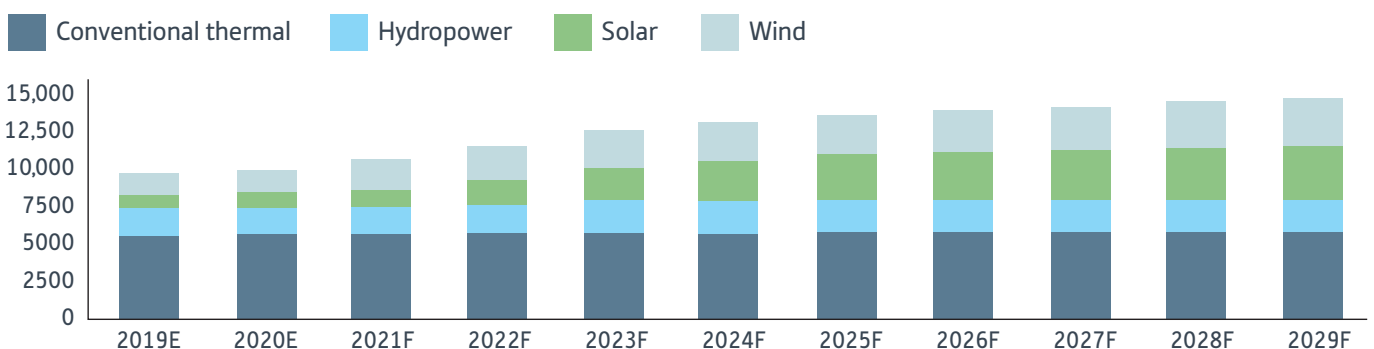
Other renewable energy companies are also helping to address socio-economic challenges in nearby towns. Boujdour wind farm, for example, is located in a disadvantaged, rural area about 350 km north of the city of Dakhla. In September 2020 Siemens Gamesa announced that it had won a contract to supply the farm with turbines for a combined capacity of 301 MW. As well as creating employment and training opportunities, the company provided food, clothing and essential products to local communities in Boujdour and the surrounding areas as part of its response to the Covid-19 crisis. The plant is expected to come on-line in the third quarter of 2022 and is the first phase of the larger 850-MW Integrated Wind Project. The project also includes the 180-MW Midelt park, the 200-MW Jbel Lahdid park near Essaouira, the 100-MW Tiskrad park in Tarfaya and the 70-MW Tanger II park.

Dakhla-Oued Eddahab can learn from successful large-scale renewable energy farms elsewhere in Morocco, too. For example, the 580-MW Noor Ouarzazate Solar Complex, located 10 km north-east of the city of Ouarzazate, is the world's largest concentrated solar power project.

To help meet the growing need for energy in the southern provinces, the National Office of Electricity and Drinking Water (Office National de l'Electricité et de l'Eau Potable, ONEE) mobilised a Dh2bn investment to bolster the security of the energy supply and improve renewable output from the El Haggounia wind substation.

In the summer of 2021 ONEE finalised tests to connect the city of Dakhla to the national grid, with varying degrees of success. The overall cost of the project is Dh2.4bn, with ONEE financing 63% of the total, and the region and private partners to fund the rest. The project is expected to enhance the potential of renewable energy in the region.

Morocco's energy mix, 2019E-29F (MW)



Green future economy

Said Mouline, CEO, Moroccan Agency for Energy Efficiency (Agence Marocaine pour l'Efficacité Energétique, AMEE)



What are the main challenges that Morocco and the southern regions in particular face in making the economy more environmentally sustainable?

MOULINE: One of the key issues that the kingdom faces – and an area in which Morocco is currently leading the way relative to other countries – is decarbonising its industrial processes. Efforts to ensure clean industrial processes will play an increasingly important role in Dakhla as it enhances its infrastructure over the medium and long term. As a result, AMEE's involvement in the region will grow in strength and depth in terms of facilitating green projects. It is paramount that the preservation of the environment remains central to Dakhla-Oued Eddahab's development, and that the region adopts a holistic approach to promoting the green economy.

How would you evaluate the attractiveness of Dakhla's green economy in 2021?

MOULINE: Dakhla offers an attractive opportunity for growth in renewable energy. Wind is abundant in the region – hence why Dakhla has become the capital for windsurfing and kite surfing on the Atlantic coast – while the sun shines over the Sahara more than 320 days each year. Renewable energy projects in wind and solar are rising in number, not only to provide energy for Dakhla's growing industrial footprint, but also to power new areas of technology such as blockchain, mining and data centres. US company Soluna, for example, recently made plans to invest in the region in this domain. Other business that consume large amounts of energy are incentivised to follow suit, as renewable power prices per KWh can be attractive. It is important to note that Morocco already offers the lowest KWh price for wind power due to its well-organised governance structure and its expertise in the renewable energy space. The kingdom has approached renewable energy projects under a

public-private framework, and due to the fact that it does not have considerable oil and gas reserves, Morocco has historically attracted more interest and investment in alternative power-generation projects.

Dakhla is well positioned not only to tap into this energy expertise and experience, but also to take advantage of the existing national supply chain – which is particularly important at a time when supply chain constraints have impacted industrial operations around the world. The parts Morocco requires for the construction of wind turbines are increasingly coming from workshops located in the kingdom, meaning that external supply shocks are less likely to impact the southern region's economy. A robust local supply chain allows Dakhla to avoid the logistical challenge of importing wind turbines and masts, which can be upwards of 80 metres in length.

To what extent can the energy sector act as a catalyst for increased regional cooperation?

MOULINE: Over the long term the African energy sector will be more akin to the EU energy structure, in that selling back to the network will be easier, and energy-sharing agreements and supply will be more commonplace. Dakhla will have a place at the table in sub-Saharan Africa due to its social awareness, its expertise in renewable energy and, to a greater extent, the international financiers supporting its energy projects. I foresee a future in which Nouakchott, Dakar and other sub-Saharan centres will all be interconnected with Dakhla. In nearby Laâyoune the university is growing its attendance and the number of energy-focused courses on offer, and Dakhla's burgeoning tertiary education sector will be a key source of human capital. Combined with the new Dakhla Atlantic Port, expressways and an airport for logistics, the southern region has all the ingredients to become a green powerhouse for the whole region.



Go green

Michael Toporek, Managing General Partner, Brookstone Partners

In what ways can private investment facilitate the development of renewable energy sources in Dakhla-Oued Eddahab?

TOPOREK: As Morocco's economy rebounds during the post-pandemic recovery, it is anticipated that the availability of domestic sources of electricity will increase in order to meet rising demand. This will present an opportunity for private investment, especially considering the development of a subsea cable linking Morocco to the UK via Portugal, Spain and France. This will connect a 10.5-GW, wind-solar complex in Guelmim-Oued Noun to the UK's grid. The project is part of wider efforts by the kingdom to sell power – especially from renewable sources.

Aside from the subsea cable, there are two additional ways to export the region's renewable energy. The first is to send power through the traditional transmission system. The second is to use renewable energy and resources found in the sea to create green ammonia and green hydrogen. Players such as OCP Group can use this technology to make green products for markets both at home and abroad.

Dakhla-Oued Eddahab became internationally competitive because the region offers low-cost renewable sources of power. Moreover, the development of the Dakhla Atlantic Port will drive a fair amount of commerce, which will in turn increase demand for electricity. The region's renewable infrastructure will include not just a wind farm, but an entire industrial complex aimed at meeting both domestic and international power needs.

What must be done to further support foreign direct investment (FDI) in the region?

TOPOREK: It will be necessary to work hand in hand with regional and national authorities to help

Dakhla-Oued Eddahab attract both FDI and technical expertise. One thing that would be particularly helpful in meeting these goals is the implementation of programmes targeting engineers and other highly skilled personnel. This will ensure that the region has a strong human resource base, while at the same time raising income and education levels.

Although staffing is currently a challenge, the wider community stands to benefit once these issues are addressed. Therefore, it will be necessary for the private and public sectors to work together to catalyse opportunities, and doing so is a matter of putting together the right ingredients, including adequate capital, the proper permits and reasonable timelines.

The role of the government in this endeavour will be to reduce the time lag between the creation of a business plan and the deployment of capital. The local authorities have been very helpful in this regard, galvanising resources for the development of our Harmattan wind farm and facilitating industrial development. Thanks to these efforts, private investors have added incentive to invest in Dakhla-Oued Eddahab and are more likely to inject capital.

How can the US recognition of the Moroccan Sahara help attract foreign capital?

TOPOREK: The decision by the US government to recognise Moroccan sovereignty over the region was important for many reasons, including that it will help attract capital from US investors to projects across the southern provinces. While the region was not blacklisted per se before this recognition, foreign investors faced uncertainty regarding risk and visibility. This created hesitancy on behalf of project managers, who today can see the clear benefits of investing in the region.

Agriculture

Sector Overview

Agriculture is an established growth driver for emerging markets and a strong source of job creation – especially higher-yielding irrigated operations. While irrigated agriculture covers 17% of Morocco's total arable land, it contributes roughly 45% to the sector's value added and produces 75% of agricultural exports. Localised irrigated acreage in Morocco grew from 160,000 ha in 2008 to 585,000 ha in 2019. Irrigation is paramount in the Dakhla-Oued Eddahab region, as the area receives an average of just 50 mm of precipitation per year.

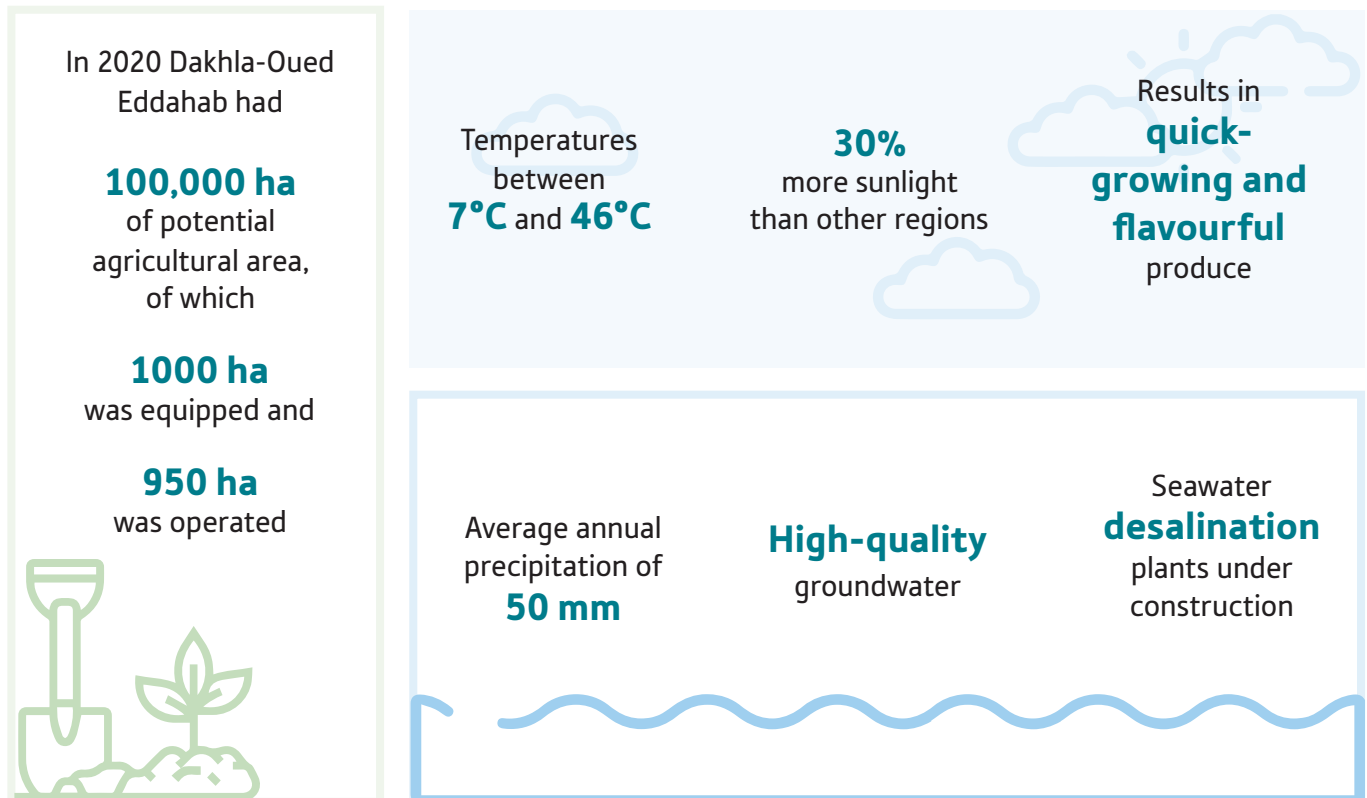
According to the regional government, Dakhla-Oued Eddahab includes approximately 12.9m ha of rangeland, of which 100,000 ha is classified as potential agricultural area, or land where growing is possible. In 2020 roughly 1000 ha of the potential agricultural area was equipped and 950 ha was operated. Agriculture in the region has made considerable strides in the last two decades. In 2003-05 there were roughly 150 ha of plantations, and by 2010-12 this figure had increased more than five-fold to 841 ha. In 2016 an estimated 963 ha of arable land was in use.

Although the region offers significant potential, participation and investment in the agriculture sector has

been muted. However, a tailored strategy, coupled with advances in agriculture and aquaculture technology, has created a promising economic model. The development of a new agricultural zone of over 5000 ha has been under development since the project was announced by the national government in September 2017. Plots are available to both industrial growers, who typically produce export-oriented goods in greenhouses, and small-scale farmers.

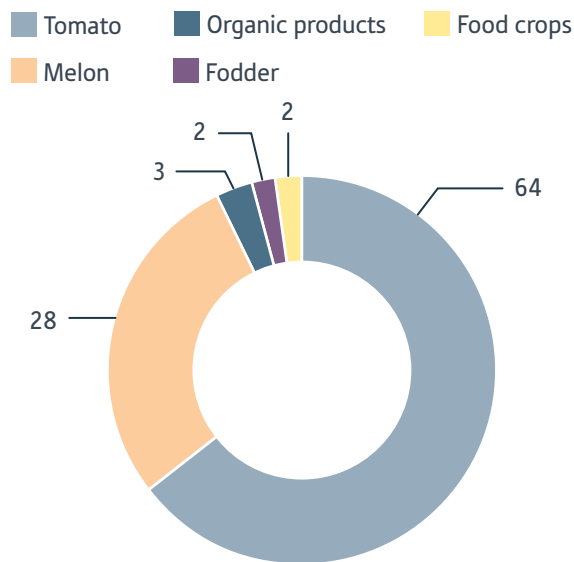
A large share of agricultural activity in Dakhla-Oued Eddahab uses hydro-agriculture infrastructure, where large irrigated basins supply water to greenhouses. However, although the temperature range of 7-46°C allows for year-round production, scarce water resources is a concern.

Tomatoes and melons thrive in the region, with cherry tomatoes – which yield around 120 tonnes per ha – accounting for the majority of output. Cucumbers, sweet peppers and blueberries are also grown in Dakhla-Oued Eddahab. Farmers in the area benefit from quick turnaround times: the intense sunlight allows them to bring their produce to market two to three weeks earlier than in other parts of the country. Exports are primarily destined for Europe, and up to 90% of all produce is sent abroad.



Support for Farmers

Agricultural production in Dakhla-Oued Eddahab by volume (%)



There are five main agricultural operators in the region: Italy's Rosa Flor; French-Moroccan company Sofropel; France's Azura; Les Domaines Agricoles, part of the holding company of King Mohammed VI; and the local company AJIDA. The US' recognition of Morocco's sovereignty over the southern provinces in December 2020 is hoped to lead to increased foreign interest and attract greater participation from international agro-industry players.

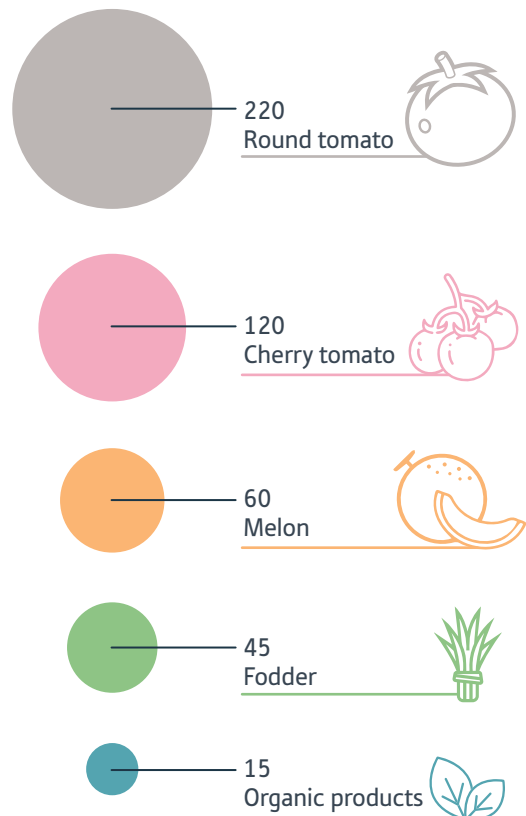
According to the Agriculture Chamber of Dakhla, aid and incentives available to investors include financial assistance under the Agricultural Development Fund, agricultural insurance, easy access to credit and export avenues. One success story is the Agida farm. In 2017, 15 people pooled their savings and took out government loans to set up an 80-ha private cherry tomato plantation. Fouad Zouhir, one of the members of the group that established the farm, said he and other founders took a training course provided by the Ministry of Agriculture before erecting greenhouses. The farm now exports nearly all of its cherry tomatoes, mainly to France. This example of young people taking initiative to start a business and carve out jobs in the agriculture sector is a cornerstone of the country's national Green Morocco Plan, which was launched in 2008.

Attracting operators to the region also means providing the basic resources they need to be successful. The

artesian water table, at 300-600 metres below ground, is of high quality and low sulphur content, at 1.3 grams per litre. The water is used to supply vast basins that serve greenhouses for fruit and vegetable cultivation across the region. Meanwhile, the government is investing in saltwater desalination to address natural water resource concerns and support future expansion of the agriculture sector. As of mid-2021 five desalination plants were planned or under construction in Morocco as part of the National Programme for Drinking Water Supply and Irrigation 2020-27, with one located in Dakhla-Oued Eddahab.

Through a strategy of investment and government support, agriculture is now the second-largest employer in the region. Facilitating future growth over the decade is the new national Generation Green 2020-30 roadmap, which prioritises the human element and aims to create a generation of young farming entrepreneurs to boost rural employment and income. The second tenant of the strategy focuses on sustainable agricultural development.

Average yield of main products (tonnes per ha)



Innovation, Digitalisation and Diversification

The region's agricultural potential is heavily dependent on the proper management of water supplies. The government understands the need for a sustainable policy in this area, especially as groundwater resources are finite and slowly depleting, and the water is in some cases too dirty or fossilised to be suitable for irrigation.

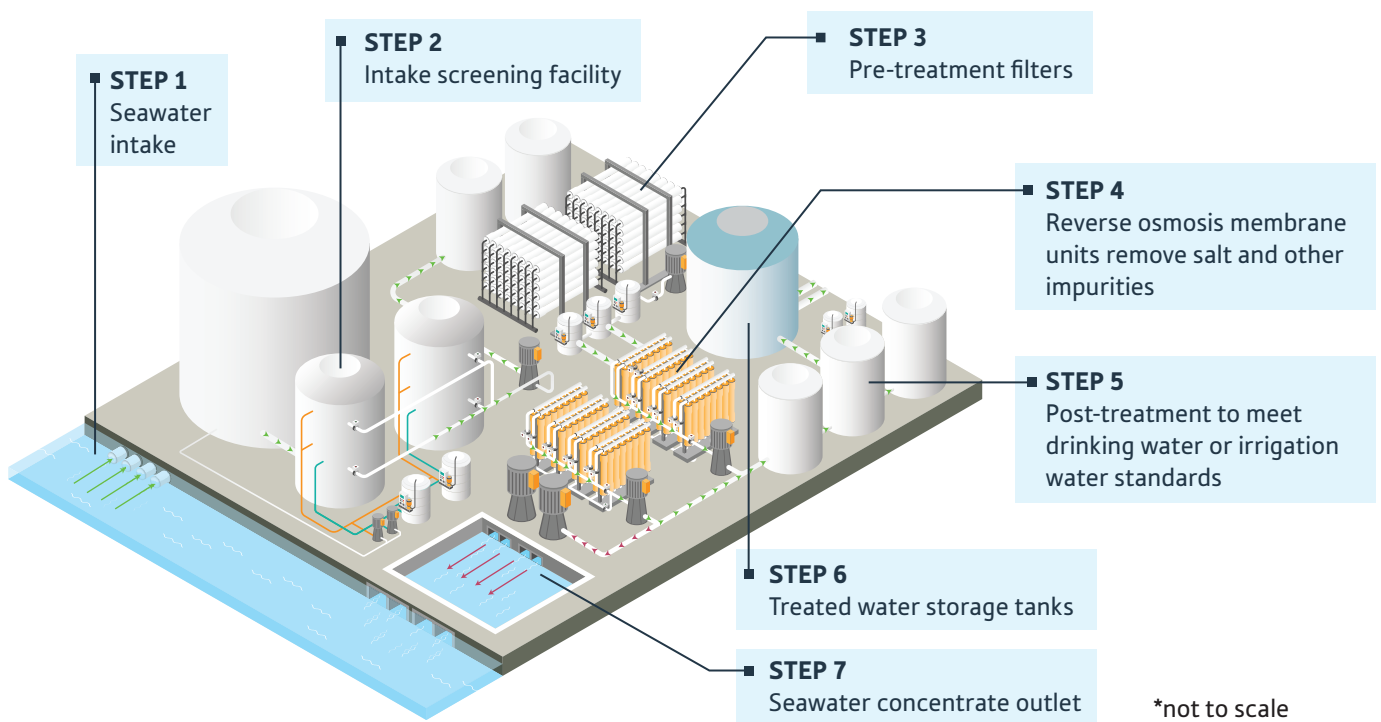
In response, and as part of the Dakhla region's wider infrastructure overhaul, a large reverse osmosis seawater desalination plant and 115-km irrigation network was announced in 2016, with construction beginning in late 2019. The Dh1.6bn public-private partnership project is scheduled to be fully operational by early 2022. The desalination plant will process 90,000-100,000 cu metres of water per day and be serviced by renewable energy – namely, a 40-MW-capacity wind farm. It will support Dakhla-Oued Eddahab in its drive to expand operational agricultural land from 950 ha to 5000 ha. Located in Bir Anzarane some 120 km north of the city of Dakhla and 1 km from the coastline, the project is envisioned to be a source of many new jobs, both at the plant itself and through the farming operations that it will support.

According to the Ministry of Equipment, Transport, Logistics and Water, the desalination plant is significant

because it is a combined drinking water and agriculture project, and because it is powered by wind energy. During an official visit to the region in August 2021, Abderrahim El Hafidi, the director-general of the National Office of Electricity and Drinking Water, underscored the importance of managing water in Dakhla-Oued Eddahab. In addition to desalination, he noted that wastewater should be treated and used for watering green spaces in Dakhla city.

Meanwhile, digitalisation – which moved to the top of the agenda amid movement restrictions due to the Covid-19 pandemic – has disrupted practices across sectors, and agriculture is no exception. A national electronic single window dedicated to the submission of agricultural subsidy applications and other paperwork has been established by the Ministry of Agriculture, Maritime Fisheries, Rural Development, Water and Forests. Farmers in Dakhla-Oued Eddahab can now submit requests for subsidies via a dedicated online interface, saving time and costs when building out their projects. The pandemic has accelerated Morocco's digital transformation, and a target of the Digital Development Agency's master plan is to increase the number of young people working in education, agriculture, health and handicrafts by 50,000 by 2025 via training and enhanced digitalisation of those economic areas.

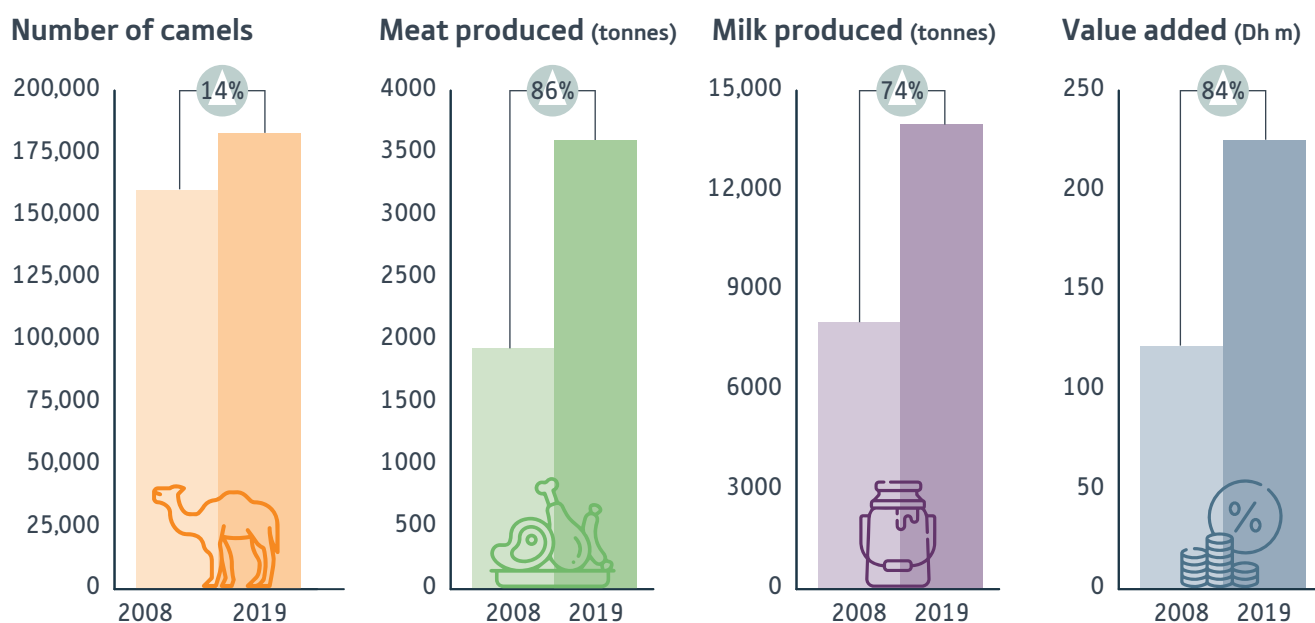
Basic steps of seawater desalination*



Agriculture

Innovation, Digitalisation and Diversification

Morocco's camel industry is **90%** concentrated in the southern regions of Guelmim-Oued Noun, Laâyoune-Sakia El Hamra and Dakhla-Oued Eddahab



Alongside the more established operations of vegetable and fruit cultivation, camel products is a budding area for investment and job creation. As a diversification axis in the country's agriculture sector and a key element of the Generation Green 2020-30 roadmap, the camel industry is a small but significant growth area. With an emphasis on agriculture in the southern provinces, the Green Morocco Plan set the goal of increasing the national production of camel meat to 4860 tonnes and camel milk to 10,455 tonnes by the end of 2020 – the latter of which was met.

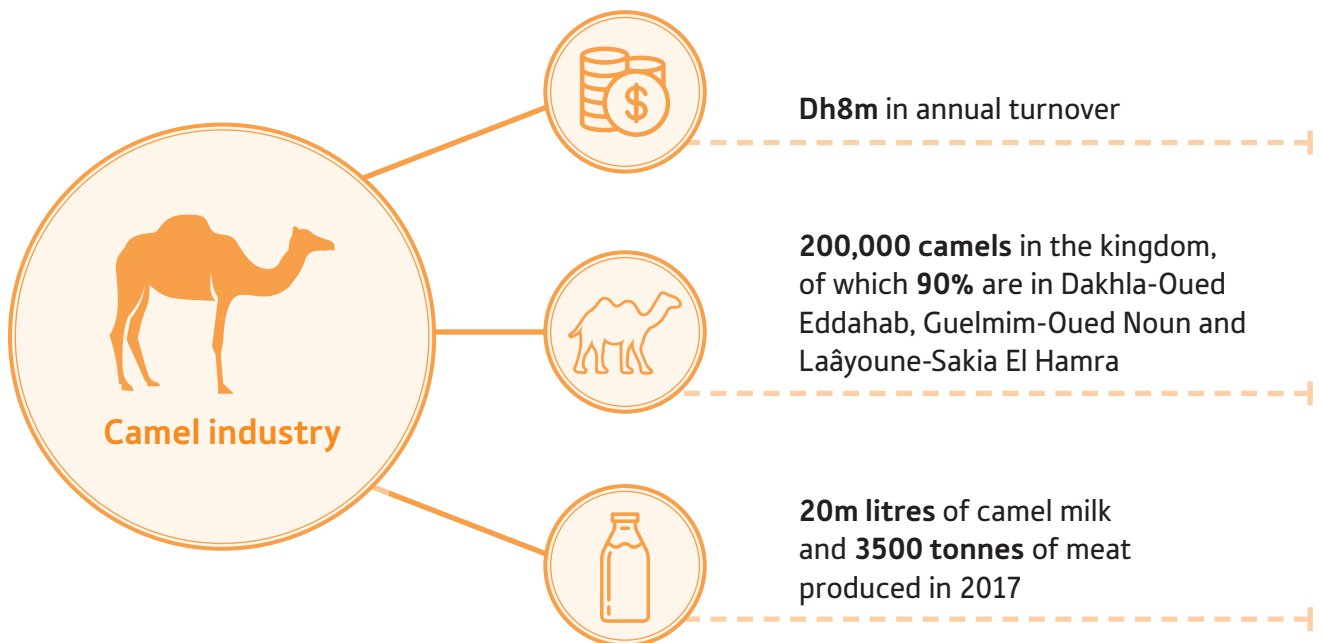
The segment will be bolstered by the July 2020 decision by the regional government to allow Saghrou, a Casablanca-based construction company, to build the southern provinces' first camel meat cutting and packaging facility in Dakhla at a cost of Dh5.5m. The camel is emblematic of the Sahara and has historically served as an important source of income and transportation for people living in the desert. Dakhla-Oued Eddahab had over 25,000 camels in 2017 and leads Morocco in terms of camel breeding.

At the same time, Derhem Holding, a Moroccan conglomerate, is exploring the rearing of rare animals

in the desert with an ostrich farm. Spread over 2 ha, the farm houses some 200 birds for meat production or to be sold to amateur farmers for breeding. The farm has proved to be a tourist attraction and the operators charge around Dh10 per visit. In addition to meat and eggs, ostrich by-products such as leather, feathers and oil from fat are used for textiles, bedding, decoration and wellness products. However, there is not yet an industry for ostrich by-products in Morocco, and the domestic consumption of ostrich meat is currently very low.

Interest in Dakhla-Oued Eddahab is growing thanks to the regional government hosting the International Agricultural Fair of Dakhla since 2016. The fair invites participants from around the world to learn about local opportunities and work on improving trade. The region's Chamber of Agriculture has also taken part in agricultural fairs in France. "Investment in the desalination plant, innovation in agricultural practices and new growth areas such as livestock create an attractive and dynamic sector," Mounir Houari, general director of the Regional Investment Centre Dakhla-Oued Eddahab, told OBG. "Agriculture could be the catalyst that creates more growth in the region."

Camel Industry



The camel industry plays an important socio-economic role in Morocco, and camels are an essential part of the heritage of the southern provinces.

Camel farming in Morocco is concentrated in three main areas: the southern region, which includes Guelmim, Tata, Tan Tan, Assa Zag, Laâyoune, Smara, Boujdour and Dakhla; the central plateau, including Chaouia, Abda, Doukkala and Tensift; and the south-eastern region, including Ouarzazate, Tafilalet, Figuig and Taroudant.

Together, Guelmim-Oued Noun, Laâyoune-Sakia El Hamra and Dakhla-Oued Eddahab manage approximately 90% of the kingdom's camel population. With an estimated annual turnover of Dh8m and with a total national herd of some 200,000 camels – a significant increase from around 3000 in 1976 – the camel industry is another source of revenue for Dakhla-Oued Eddahab's diversifying economy, particularly for the agriculture sector.

In 2010 the camel industry produced 6m litres of milk and 3250 tonnes of meat. By 2017 these figures had increased to 20m litres and 3500 tonnes, respectively.

Camel breeding is an important source of job creation in the region after fishing, crop farming and tourism. More

than 600 camel breeders work in Dakhla-Oued Eddahab, and they generate approximately 2000 secondary jobs.

Camel by-products are varied and include milk, meat, wool, cheese and, more recently, cosmetics. Under the Green Morocco plan, a geographic label was first allocated to milk – and then fromage frais, a type of creamy soft cheese – from the Dakhla region in 2016. Milk from Dakhla and the surrounding area is officially labelled as "Lait de chamelle du Sahara", or "Milk from Saharan camels". In 2018 the label was requested by a cooperative located in Dakhla that produces cheese made exclusively from camel milk. Camel cheese is rich in Omega 3 and vitamin C, while camel meat constitutes one of the main food resources for families living in the south of Morocco.

The production of red meat from camels is estimated at 1500 tonnes per year, and the production of wool from camels at approximately 2.5 tonnes per year. Camel meat is highly regarded in Morocco given the taste and the quality of the grass the camels feed on.

In terms of the recent expansion of camel products into the field of cosmetics and remedies, local cosmetic start-ups have developed health and beauty products such as soap and moisturising cream made from camel fat.



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Sector Overview

Tourism is the second-most important strategic sector of Dakhla-Oued Eddahab, after fisheries and aquaculture, and has been one of the region's most dynamic investment areas since 2014. The past decade has demonstrated promising growth, with a rising number of accommodation options. For example, in 2018 a total of 1471 beds and 692 rooms were developed in the city of Dakhla alone.

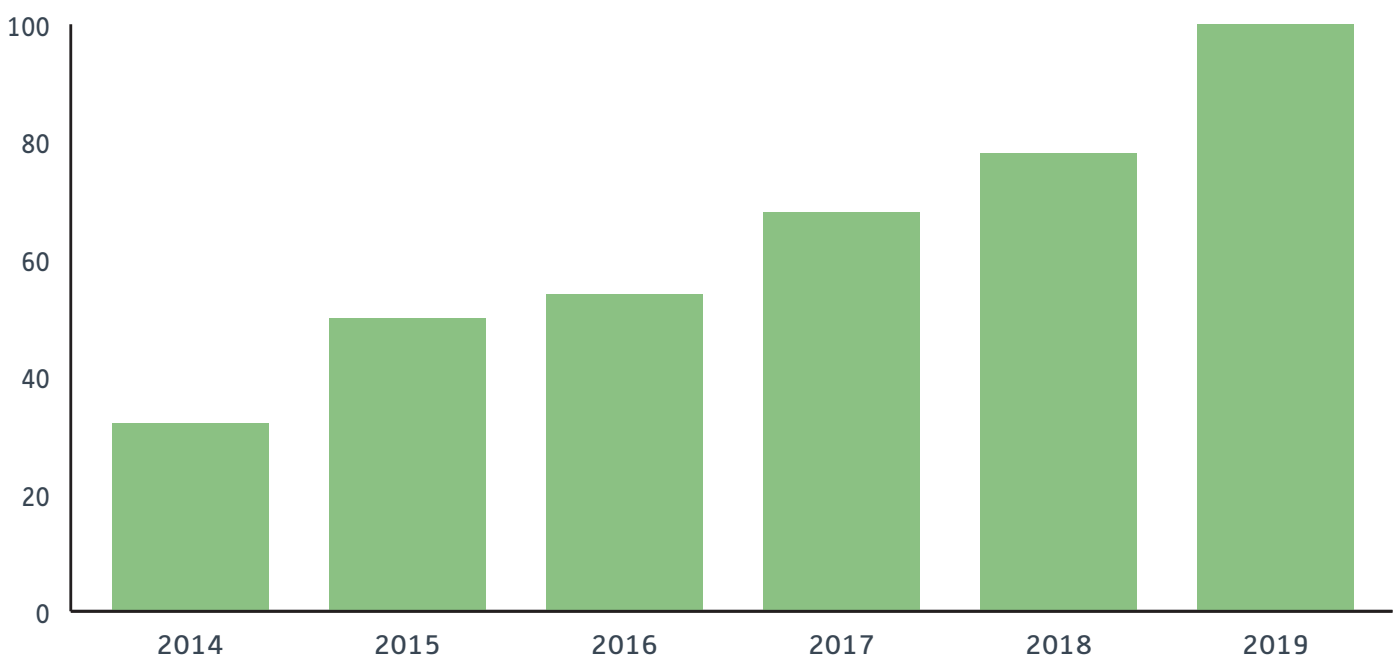
Located on a narrow peninsula on the Atlantic coast, the city of Dakhla attracts a large number of surfers, windsurfers and water sport enthusiasts due to its strong winds and favourable waves. The Saharan city is known by Moroccans and foreign tourists alike for Dragon Island, alternative water sport activities and as the site of the Global Kitesports Association's Kite-Surf World Cup, which took place at the end of October 2021. The Dakhla-Oued Eddahab region has been ranked as one of the top locations for water sports worldwide and has hosted many competitions in recent years. In 2019, for example, Dakhla hosted the first African Kiteboarding Championships and windfoiling and windsurfing events.

The region has evolved rapidly due to the development of various hotels and surf camps, while efforts are being made to diversify the broader tourism offering. Aside from kitesurfing and other water sports around the

lagoon, the region offers unique wild beach landscapes such as Portorico beach and la dune blanche, and the Asmaa thermal spring. Thanks to year-round sun and the combination of sea and desert, thousands of motorhomes also descend on the region from all over Europe every winter. The development of Dakhla-Oued Eddahab's seaside resorts was overseen as part of Plan Azur, a country-wide investment project first initiated in 2001 under the umbrella of the Vision 2030 development strategy to expand the country's beach tourism offering and attract international visitors. The region is being developed as an eco-tourism destination only and local authorities work to protect the natural environment.

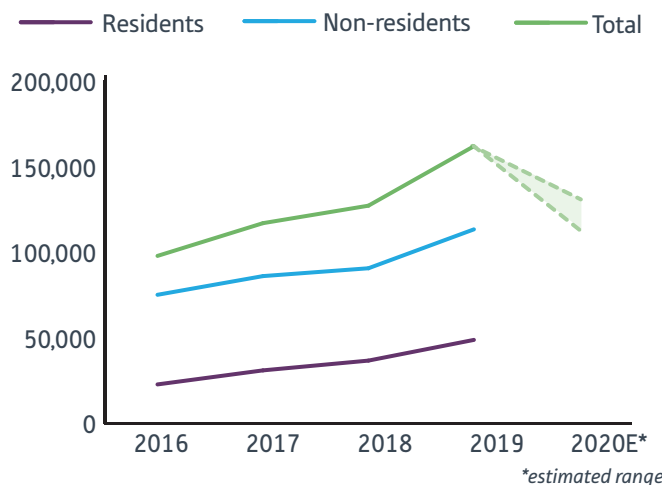
Passenger arrivals to the region were steadily growing prior to the Covid-19 pandemic, as Dakhla added new international flight routes as well as increased the frequency of domestic flights. In the lead-up to the pandemic, domestic air traffic grew at a rate of 11.2% in 2019 and the south of the country was a strong benefactor of this. According to the Moroccan Airports Authority, Dakhla's total passenger numbers grew from 202,741 in 2018 to 256,975 in 2019. This saw the region post one of the highest growth rates in the country, at 26.8% in 2019, surpassing major airports including Marrakech (21.1%), Casablanca (5.9%) and Tangier (20.1%).

Tourism GDP growth in the Dakhla region, 2014-19 (Dh m)



Covid-19 Consequences

Overnight stays in the Dakhla region, 2016-20E



As Covid-19 cases first emerged in North Africa in March 2020, Morocco suspended all international travel. While the decision was intended to prevent the spread of the virus, it significantly impacted not just the tourism sector but the wider economy as well. Following a period in which the only permissible air travel was repatriation flights for Moroccan nationals stranded abroad and foreign residents wishing to return home from Morocco, in July 2020 the borders re-opened for personal travel. By September 2020 Morocco permitted the entry of tourists from visa-exempt countries as well as businesspeople with invitations from Moroccan companies. The kingdom also began gradually allowing non-Moroccan airlines to resume activity in the country, and Covid-19 testing requirements were eased.

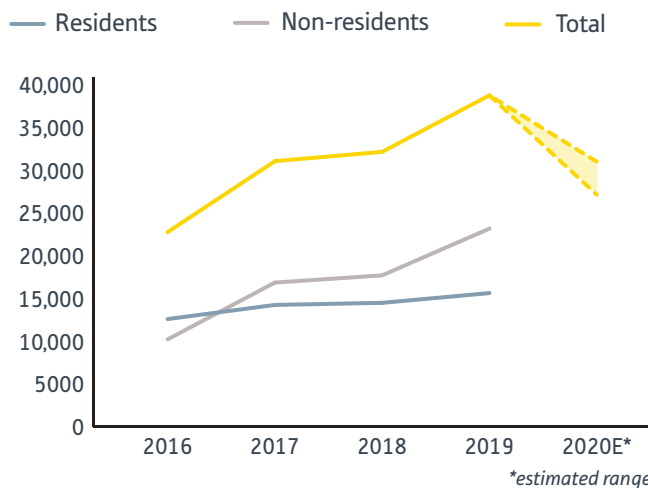
While the country has been under a state of emergency since March 2020, Morocco has been ramping up efforts to boost tourism and business. International flights to Morocco reopened on June 15, 2021, with travel dependent on number of conditions. Typically, tourists are permitted to enter with a valid vaccination certificate or a negative PCR test taken at least 48 hours before entry to the country. Travel to and from Morocco remains restricted, and countries are classified under two lists, A or B, depending on the rate of infection.

As a consequence of the lockdowns, border closures and difficulties presented by the pandemic, both international

and domestic tourism slowed dramatically in 2020 and the first half of 2021, as reflected in total passenger arrivals. According to the Moroccan Airports Authority, in the first six months of 2021 total commercial passengers numbered 2,473,988 in the country, compared to 11,669,548 during the same period of 2019, a decrease of around 78.8%. In terms of domestic passengers, the total for the first half of 2021 was 652,147, a decline of around 53.7% compared to the same period in 2019. International commercial air traffic, meanwhile, was down 82.3% compared to the first half of 2019.

Nonetheless, according to the Regional Investment Centre Dakhla-Oued Eddahab, domestic tourism made up much of the shortfall in the 2020 season and the first half of 2021, and occupancy rates at hotels did not fall below 80%. According to the Moroccan Airports Authority, the Dakhla region saw 90,165 arrivals at its airport in the first half of 2021, up approximately 70% compared to the same period of 2020 but down 26.3% from the first half of 2019. In August 2020 hotel occupancy rates in the region reached 90% as Moroccan tourists who would normally have travelled abroad visited local destinations. Many of the domestic tourists who chose to holiday in Dakhla extended their stays, typically booking for four to five days and some staying longer. Unfortunately, given travel constraints and new variants of Covid-19, passenger numbers were down 40% year-on-year in November and December 2020, respectively, and fewer vehicles arrived to Dakhla to take advantage of the region's windy season.

Hotel check-ins in the Dakhla region, 2016-20E



Crisis Response and Airline Expansion

In response to the crisis, a number of policies were established with the goal of guaranteeing sanitary conditions in tourist establishments across the Dakhla-Oued Eddahab region, including strict adherence to Covid-19 safety guidelines. Then-minister of tourism, Nadia Dettah Alaoui, also intervened, outlining on a visit to the region in July 2020 that Covid-19 measures had to be followed, and that the staff of hotels and tourist establishments must strictly comply with measures.

On December 3, 2020 a delegation from the Moroccan National Tourism Office (Office National Marocain du Tourisme, ONMT) began a country-wide tour to meet with sector professionals and discuss future challenges for the industry as the pandemic continued. With the support of the Ministry of Tourism, Air Transport, Handicrafts and Social Economy, as well as the National Tourism Confederation, the ONMT set out a recovery plan for the sector amid the pandemic. The national tour began with a visit to Dakhla-Oued Eddahab, highlighting the importance of not only the area as a whole, but also the city of Dakhla, as important destinations for domestic seaside tourism.

According to Alaoui, the national tourism campaign – known as Ntla9awfbladna, or “Let’s Meet in Our Country” – has been a success in the Dakhla region. The omni-channel marketing strategy, which began in the spring of 2020, was created in order to attract international tourists, especially Moroccans living abroad in Europe, and encourage domestic tourism. The minister noted that the strategy helped spur an increase in “staycations”, while surfers

arrived from Western Europe, in particular, in the second half of 2020. As a serendipitous consequence of the crisis, Moroccans are now more aware of holidays on offer in Dakhla – a good signal for the future – and the potential for international visitors has also increased: Dakhla’s airport welcomed more flight routes domestically and internationally in 2021, and has been gaining relevance as the centrepiece for tourism in the south of the country.

“When a low-cost company connects an area such as Dakhla, in the very south of the country, it not only helps bring tourists in, but it also boosts socio-economic development,” Laila Mechbal, CEO of Air Arabia Maroc, told OBG. “We are optimistic about the number of visitors to the Dakhla region, which is expected to grow by around 50% with the establishment of the new air connections.”

A new Dakhla-Paris flight is the first direct air connection between Europe and the Dakhla-Oued Eddahab region, initially starting with two flights per week in 2021. Its inaugural flight took place in June of that year. The ONMT stated that the flight route would bolster international tourism in the region and would provide a “Moroccan experience” upon boarding in Paris. Moreover, in December 2020 Royal Air Maroc (RAM) increased the number of flights between Casablanca and Dakhla, expanding to three flights per day for 2021. Additionally, along with the new flights out of Marrakech and Agadir, Morocco will increase the frequency of RAM’s Marrakech-Paris route from four to 10 weekly flights, while serving greater France, Germany, Spain, Italy, Belgium and the UK with direct flights.

Dakhla-Oued Eddahab’s efforts to facilitate tourism amid Covid-19



Set up a regional tourism hygiene office to ensure sanitary conditions at tourist establishments



Ensure the presence of medical experts at large accommodation and tourism spots



Create a label with international scope called Green & Safe that establishes health procedures and standards, and ensures their strict application



Require mask-wearing and the availability of hand sanitiser at hotels, common areas and restaurants



Continue to promote and facilitate air links through Royal Air Maroc



Safeguard jobs and tourism businesses via public support and government subsidies



Launch digital marketing tourism campaigns that target the domestic market and Moroccans living abroad



Blue skies ahead

Abdelhamid Addou, CEO,
Royal Air Maroc (RAM)

How would you assess the performance of the domestic and international airline industry since the start of the Covid-19 pandemic?

ADDU: Dakhla-Oued Eddahab is an up-and-coming tourism destination and among the most attractive locations in Morocco's southern regions. Indeed, the local authorities have worked to position the region as a tourist area, efforts which have been supported by its reputation for kitesurfing and surfing. The impact of the pandemic on the region was less pronounced than in other areas of Morocco not only because of its emerging status, but also because there are fewer flights going to and from Dakhla-Oued Eddahab than its northern counterparts.

On a global level, the airline industry was among the most affected economically by the pandemic. It is important to emphasise that even 20 months after the onset of the health crisis – and despite successful vaccination campaigns around the world – airlines continue to struggle due to reduced travel, health-related restrictions and a slow return to normal.

Fortunately, there were improvements in 2021. That year proved to be a positive one for the Moroccan industry, largely due to a rebound during the summer holidays. During the summer months, tariffs were reduced and some flight routes were proposed with promotions in an effort to spur recovery in the industry. These helped to incentivise holidaymakers looking to make their first trips abroad in over a year, and encouraged Moroccans living abroad who had spent the previous year overseas to return to the kingdom to visit friends and family.

What measures have been taken in recent years to support the expansion of Dakhla-Oued Eddahab's tourism infrastructure?

ADDU: There has been a concerted effort since 2016 to increase the number of flights to and from

the region. Indeed, over this period flight capacity has grown from five flights a week to two a day. Today there are direct flights from Dakhla to Paris, Agadir, Laâyoune and Casablanca, connecting all to the RAM international network. The Paris route is especially significant, as it is the fastest connection to Europe. Holidaymakers, athletes and businesspeople can now fly from Europe to Dakhla in only three hours.

It is easy to see why Dakhla-Oued Eddahab's tourism sector has grown so quickly: it is a culturally significant destination that caters to those seeking an authentic adventure in Morocco. While its watersports offerings are well known, the region also boasts wellness tourism, desert activities and luxury stays. Due to efforts to develop the region, the tourism industry is burgeoning. It has managed to avoid the mass tourism and package-stay offerings that are common in other parts of the world. Indeed, sustainable social and economic development – particularly tourism – is key for a thriving economy.

In what ways are environmental, social and governance (ESG) principles shaping domestic and regional airline development?

ADDU: While emerging markets such as Morocco have contributed less to climate change than developed economies such as the US or those in Europe, it is expected that in the coming years Africa will be more affected by environmental deterioration. Ultimately, the airline industry is committed to upholding ESG standards and is optimistic about the future of sustainable travel. Our role is to help customers and other players in the industry meet their ESG goals. Carbon offsetting is a primary objective in terms of the environment. Until the airline industry is able to effectively use hydrogen fuel or electric planes for short-haul flights, compensating emissions by funding an equivalent of CO₂ elsewhere is a priority.

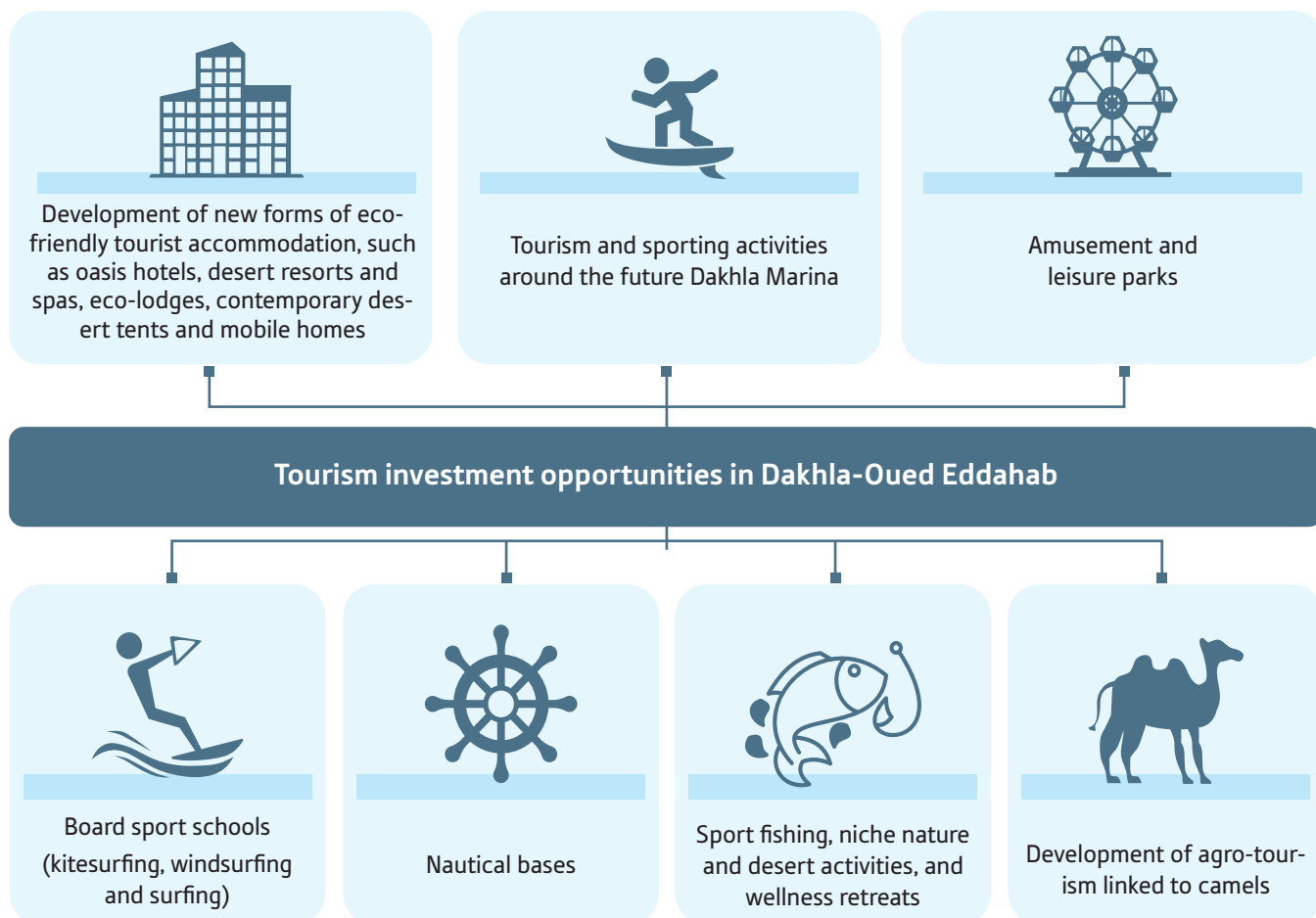
Diversification

Efforts are under way to diversify the region's tourism offering, improve Dakhla's digital footprint and reorganise the available land around Dakhla city. A 2020 report by the High Commission for Planning in Morocco suggested that by accelerating the deployment of digital tools, such as a platform allowing for easy labelling of establishments, the pace of the region's post-Covid-19 revival could quicken. By tapping into influencer networks on social media platforms, Dakhla would also be able to promote its online image internationally, leveraging its communication strategy to cement a longer-term reputation as an attractive destination. In a similar strategy for investment promotion, DakhlaConnect.com, an online investor platform created by the Regional Investment Centre, promotes the region as an attractive destination for investor projects.

Archaeological sites and historical monuments, including Spanish churches and funeral grounds, have been put

forward as part of a more niche offering for cultural tours. Longer term, the tourism office is exploring areas such as camel racing, agro-tourism, wellness tourism and desert tourism, and targeting investors to take part in innovative construction projects. Financial aid and incentives for investors in the tourism sector are attractive, including a total exemption from value-added tax on goods for three years and reduced corporate tax rates.

Lastly, to enhance its tourism appeal and convert the Dakhla region into one of Morocco's ecological tourism centres, the region's council set aside Dh8bn to move factories away from the city, including fish processing centres, and create the West Africa Free Zone 40 km from Dakhla city as part of the Regional Development Plan worth Dh17.7bn. The Regional Development Plan also seeks to create an environmentally friendly tourism sector that avoids mass tourism and respects the region's countryside.



Fisheries & Aquaculture

Performance

Morocco's commercial and artisanal fishing production stood at 1.35m tonnes worth Dh6.7bn in 2020 – down 7% in volume but up 8% in value. In 2019 national production rose by 2.3% in terms of quantity and 7.2% in terms of value. The industry is highly export-oriented, with 85% of fish production exported to 100 countries on five continents, while nearly 70% of catches are used in value-added processes. Nationwide, the fishing sector represents 50% of agro-food exports and 12% of total exports. Despite the challenges of 2020, national fisheries and aquaculture exports generated Dh15.3bn in the first nine months of the year. The total exported volume amounted to 570,000 tonnes, up 7% on the same period of 2019.

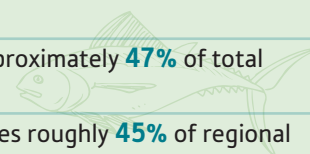
Dakhla-Oued Eddahab is a vital contributor to national fish stocks, accounting for 47% of total Moroccan production. The Bay of Dakhla contributed Dh15m and 398 tonnes to the national fishing sector's value and volume, respectively, in 2019. That year the Port of Dakhla handled 605.3m tonnes of fish worth Dh2.3bn, up 0.82% and 2.93%,

respectively, compared to 2018. Indeed, fishing is one of the most important sectors and the primary employer in the Dakhla region. It accounts for around 45% of regional GDP, and directly and indirectly supports the livelihoods of over 60,000 people. The region benefits from a favourable climate that complement its geographical advantages. The upwelling phenomenon, whereby cold, nutrient-rich water rises to the surface, is present along the coast, creating a zone that offers among of the richest concentrations of fish in the world. Its coastline has plentiful fish stocks, providing opportunities for value-added activities such as canning, packaging and freezing seafood products.

The Port of Dakhla handled **605.3m tonnes** of fish worth Dh2.3bn in 2019

The region accounts for approximately **47%** of total Moroccan fish production

The fishing sector constitutes roughly **45%** of regional GDP and employs some **60,000** people



Case Study



Derhem Holding is a Moroccan investment and holding company created in 1998. It is active in seven business lines: fuels and lubricants, gas, mining, transport and logistics, real estate, seafood products and restoration. In the fishing industry, the group has a presence in all aspects of the value chain, from catching to exporting. The waters of Dakhla-Oued Eddahab are among the most abundant in Africa when it comes to fishing resources. Indeed, the region's expansive coastline makes it one of the most dynamic fishing sites on the continent.

Derhem Holding specialises in acquiring stakes in existing companies and developing new activities with high added value and return on investment. Building on the company's decades of experience across a range of sectors, it has increased its levels of investment in recent years in the southern provinces and the wider kingdom. It is a key

distributor in Dakhla-Oued Eddahab for critical products, tapping its large network of stations and distribution centres. It also manages large-scale storage facilities that have capacities of up to 100,000 cu metres. Importantly, Derhem Holding developed its own maritime shipping vessels that are specially equipped to ensure a reliable supply of hydrocarbons to itself and its partners.

"It is a very positive move that the region is strengthening its infrastructure, which will in turn boost its competitiveness. Given that these changes will be completed in a short period of time, they will facilitate the further development of activities across a range of sectors, but especially in logistics and hydrocarbons. Indeed, the region could become a key centre for storage and distribution for sub-Saharan Africa," Ali Alaoui Mdaghri, CFO of Derhem Holding, told OBG.

Challenges and Solutions

Morocco's steps towards a blue economy

Develop pilot projects to boost resource efficiency in the fish and seafood processing value chain by 2023 in collaboration with the UN Industrial Development Organisation as part of the EU-funded SwitchMed Blue Economy component

Partnership with the World Bank's Wealth Accounting and the Valuation of Ecosystem Services programme to establish natural capital accounts for the supply and use of fisheries, from catch and harvest volume, to household consumption and trade value

First national training course on marine spatial planning and the sustainable blue economy held in Rabat in late 2019

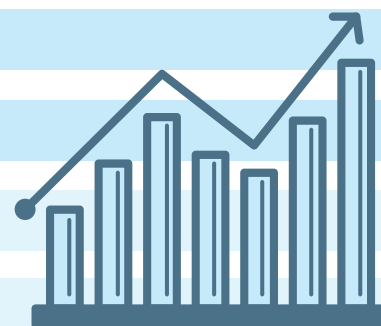
Development of three-dimensional approach to marine and coastal issues: natural capital, produced capital and human capital

Establishment of three marine protected areas for fishing

Development and extension of Halieutis Plan

Creation of National Aquaculture Development Agency

Launch of the Blue Belt Initiative



The acceleration of the pandemic coincided with the low season, which is typically March and April of each year. As half of all factories, including industrial fishing units, were idle as part of the usual period of maintenance, the reduced workforce was able to carry out activity while adhering to social-distancing measures. However, when peak fishing season approached, factories were running at a capacity rate of no more than 50-60%, which ultimately resulted in a significant decline in overall production. King Pelagique, for example, cut output by as much as 40%.

Due to the surge in local holidaymakers arriving to Dakhla in the summer and autumn of 2020, Covid-19 transmission rates were high those months and led to an outbreak

between July and November. The highest number of daily cases that year was recorded on November 12, at 6195. Factories were threatened with closure to slow the spread of the virus, despite the importance of fishing-related activities to the livelihoods of Dakhla residents. Furthermore, the Covid-19 pandemic highlighted the region's over-reliance on foreign personnel to captain fishing vessels. Consequently, Dakhla's human resources pool was under strain during border closures and federal government initiatives to restrict international travel. "Although the coastline of Dakhla provides an abundant source of fish and seafood, recruiting experienced fishermen from the local area remains a challenge," Mohamed Maghrabi, CEO of Sanam Holding, told OBG.

Fisheries & Aquaculture

Challenges and Solutions

The authorities have taken steps to remedy the weaknesses exposed by the Covid-19 pandemic. The federal Department of Maritime Fisheries, headed by Younes Ayouch and within the Ministry of Agriculture, Maritime Fishing, Rural Development, Water and Forests, has developed advanced scientific prospecting campaigns, strategies to monitor stocks and handle supply spikes, and guidelines to train personnel.

Investment in secure storage units would help the fishing industry avoid damage to equipment such as engines and nets. In August 2021 more than 60 fishing cabins caught fire in the village of Bourida, located to the south of Dakhla city. A combination of strong winds for which the region is renowned and fuel canisters stored in the fishermen's cabins caused the fire to spread rapidly and overpower the efforts of local firemen. Fires in the region are not uncommon: La Sarga, a neighbouring fishing village, lost 200 cabins to fires in the previous month.

The development of Dakhla-Oued Eddahab's maritime industry is at the heart of King Mohammed VI's vision for a blue economy, which aims to promote fishing and invest in water desalination projects, among other objectives. During the 45th anniversary of the Green March on November 6, 2020, King Mohammed VI said that the southern Atlantic coast of the kingdom will reinforce its position as a maritime centre of economic integration, and a nexus of continental and international influence.

“The southern Atlantic coast of the kingdom will reinforce its position as a maritime centre of economic integration, and a nexus of continental and international influence”

Excerpt from the speech by King Mohammed VI delivered on November 6, 2020 for the 45th anniversary of the Green March

Case Study



KING PELAGIQUE GROUP

King Pelagique Group has over 30 years of experience and covers the entire fishing value chain, from fishing boats equipped with refrigerated seawater systems, to the processing of fish into different products – namely frozen, canned, pre-cooked and surimi, fishmeal and fish oil.

The company provides staple goods for households in various countries under different brands. Roughly 32% of King Pelagique's fish products are sold to Africa, 40% to Europe, and 28% to the US and Latin America.

As an affordable and easily stored source of protein, fish products were in high demand throughout the Covid-19 pandemic, especially during lockdown periods.

Meanwhile, by-products like fish oil – which is rich in Omega-3, a fatty acid that may lower the risk of some cardiovascular diseases – are becoming increasingly

popular in developed countries. This also contributed to the heightened demand for fish products in 2020.

The most pressing concern for King Pelagique during the pandemic was managing the surge in Covid-19 cases among its employees after the summer holidays in 2020. To contain the spread of the virus, the company allocated six buildings for the isolation of infected staff and ensured a safe working environment, limiting its operational capacity to 60%, while at the same time working to meet the increased demand for fish products.

“Fishing is a key economic sector in Dakhla-Oued Eddahab and accounts for roughly half of the region's GDP,” Réda Chami, general manager of King Pelagique, told OBG. “As such, there was never really a question of whether the company would close temporarily, neither due to the pandemic nor any other unforeseen external shock.”

6 Key Takeaways

1

Dakhla-Oued Eddahab is home to plentiful natural resources, such as phosphates, and has a strong fisheries sector. Its GDP per capita in 2019 was Dh86,166 – more than double the national average of Dh32,394. Economic reforms and infrastructure projects are laying the groundwork for more diversified future growth.

2

Dakhla-Oued Eddahab has one of the world's richest concentrations of fish and accounts for 47% of all fish production in Morocco. The authorities have developed campaigns and strategies to bolster the industry, in line with King Mohammed VI's vision for a blue economy, while making progress on the Dakhla Atlantic Port.

3

As the region's second-most important strategic sector, efforts are under way to diversify Dakhla's tourism offering, improve its digital footprint and reorganise the available land around Dakhla city. Longer term, the tourism office is exploring areas such as camel racing, agro-tourism and wellness tourism, and targeting investors to take part in innovative construction projects.

4

Export-oriented fruits and vegetables thrive in greenhouses in the region, where there is favourable weather and quality groundwater. For sustainable future development, water management projects such as desalination plants need to be prioritised, as does expanding equipped agricultural area and encouraging young people to take up farming.

5

The region's wind and solar power projects will play an important role in helping Morocco meet its target of renewable energy accounting for 52% of electricity capacity by 2030. Other development initiatives include a master plan for logistics zones, which was unveiled in February 2021 and will help position Dakhla-Oued Eddahab as a regional transport centre.

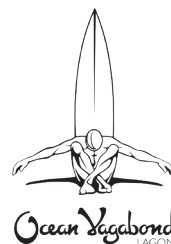
6

The December 2020 announcement that the US would open a consulate in Dakhla is expected to create new opportunities for foreign investment and bilateral trade, and bolster the region's emerging tourism industry. Morocco's southern regions hosted 23 diplomatic missions as of late 2021, with 16 consulates opening between December 2019 and November 2021.

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