



# "Socially Responsible Investment and Impact on SD"

YOUSSEF AZIZI , MOHAMMED OUDRHIRI SAFIANI

## Summary:

Socially responsible investment (SRI) is asserting itself as a strategic lever for the achievement of the Sustainable Development Goals (SDGs), by directing financial flows towards projects with a positive environmental, social and economic impact. This study examines Moroccan public policies on SRI, their effects on sustainable development and their contribution to the transition to a responsible economy. By combining a systematic literature review of institutional reports, academic studies and legislative texts, this review highlights the strengths and weaknesses of the mechanisms in place. It also proposes recommendations aimed at strengthening synergies between public and private actors for a better integration of SRI into national sustainable development strategies.

## Keywords

Socially Responsible Investment (SRI), Sustainable Development, Public Policy, Sustainable Development Goals (SDGs), Green Finance, Regulation, Morocco, Energy Transition

## 1.Introduction :

SRI is therefore part of Morocco's mission to direct financial flows towards socially and environmentally sound projects. In Morocco, the country faces major challenges, including sustainable agriculture, the energy transition, and reducing inequality. Moroccan national policy therefore requires appropriate policy measures to redirect investments towards the energy transition and inclusive development. For several decades, sustainable finance has emerged as a central pillar of economic transformation, directing capital flows towards projects with a positive environmental and social impact (Ziolo et al., 2020). Among its components, socially responsible investment (SRI) stands out for its ambition to align financial decisions with non-financial criteria, such as environmental, social and governance (ESG) issues (Chiadmi, 2017). SRI, which began as an initiative motivated by ethical and religious beliefs in the eighteenth century, became a more structured approach in the 1980s, with the emergence of the concept of sustainable development.(Schoenmaker, 2017). Today, SRI embodies a strategic response to global challenges, such as climate change, social inequalities or corporate governance, while seeking to reconcile economic performance and social responsibility (Fily, 2019). The evolution of SRI is based on various theoretical foundations. **Markowitz's** modern portfolio theory posits that investors seek to optimize the risk-return ratio. However, integrating ESG criteria into decision-making can reduce short-term investment opportunities. In the Moroccan context, for example, the integration of environmental and social criteria has been perceived as a challenge by investors, especially in traditional sectors such as agriculture. However, recent studies show that these constraints can be transformed into long-term benefits, for example by attracting international financing for energy or social projects aligned with the SDGs (Chiadmi, 2017).(Barnett & Salomon, 2006). However, the integration of ESG criteria complicates this equation, initially reducing investment opportunities and potentially affecting short-term returns (Cummings, 2000). Nevertheless, subsequent studies point out that these constraints are transformed into long-term competitive advantages, thanks to better risk management and the valuation of intangible assets, such as

reputation or innovation (Kurtz, cited in Vermeir & Friedrich, 2006). This perspective is in line with the "information effect" theory, according to which SRI generates value by revealing a proactive mastery of ESG challenges by companies (Barnett & Salomon, 2006). Thus, far from being a simple renunciation of profitability, SRI represents a sustainable investment strategy, capable of exceeding the performance of traditional models over the long term (Revelli, 2012).

At the same time, sustainable finance is based on three major axes: green finance, focused on the ecological transition; solidarity finance, dedicated to social projects that are not necessarily profitable; and responsible finance, which integrates ESG criteria into the evaluation of investments (AMF, 2015). These categories reflect a diversification of financial tools, ranging from green bonds to impact funds, to channel savings into priority sectors for sustainable development (Boiti & Souiri, 2020). For example, green finance, supported by incentive regulations, encourages financial actors to divest from polluting industries in favor of renewable energies (Chiadmi, 2017). These mechanisms illustrate how sustainable finance goes beyond the simple logic of the market to become part of a systemic vision, where financial performance is enriched by societal and environmental contributions (Juana et al., 2021).

SRI also plays a key role in the sustainability of public finances. By directing capital towards projects that generate positive externalities, it helps reduce the costs related to environmental degradation or social crises, while creating new tax revenues (Ziolo et al., 2020). This synergy between sustainable finance and public policies is essential to achieve the Sustainable Development Goals (SDGs), especially in national contexts such as Morocco, where agricultural cooperatives illustrate the impact of inclusive business models (Erguibi, 2023). However, this interdependence raises regulatory and incentive challenges, requiring increased coordination between public and private actors (Bensidoun & Coupepy, 2023).

## 1.1. Problems and research questions

Public policies play a decisive role in the transition to a sustainable economy. By creating a favourable regulatory environment and encouraging economic actors to adopt more responsible practices, public authorities can accelerate the development of SRI. Aligning public policies with the SRI goals is therefore essential to achieve the SDGs and build a more sustainable future. Beyond that, this observation raises our main research question: How can Moroccan public policies promote the development of SRI in key sectors such as agriculture and energy, to accelerate the achievement of the SDGs?

This central question generates several sub-questions:

What types of public policies can encourage socially responsible investment (SRI) (tax incentives, ESG standards, labels, etc.)?

How can financial regulations be aligned with the Sustainable Development Goals (SDGs)?

What role can financial regulators play in promoting SRI?

## 1.2. Objective of the research

This study proposes to analyze in depth the various public policies implemented in Morocco, by assessing their impact on sustainable development and socially responsible investment. The main objective of this study is to assess the effectiveness of current public policies in Morocco in promoting SRI, with a focus on their impact in key sectors such as energy and agriculture. Through an analysis of government reports, legislative texts and case studies, the study aims to propose practical recommendations to strengthen synergies between public and private actors.

## 2. Methodology

This study is based on a **systematic literature review** aimed at exploring the links between public policies, Socially Responsible Investment (SRI) and the Sustainable Development Goals (SDGs). An in-depth review of academic sources, institutional reports (United Nations, OECD, World Bank) and national and international legislative texts was conducted. The documents analysed include peer-reviewed articles, formalised public

policies, sectoral case studies and statistical data published between 2010 and 2023. A thematic approach was used to identify incentive mechanisms (green taxation, regulations), public-private partnerships and normative frameworks promoting SRI. The work of researchers such as Eccles et al. (2014) on ESG integration, as well as the OECD reports (2021) on the alignment of economic policies with the SDGs, have enriched the critical analysis. This method makes it possible to compare transnational strategies and assess their empirical effectiveness, while highlighting gaps and opportunities for public decision-makers.

This review consisted of the reading of 50 articles, from various academic databases such as SCOPUS, Web of Science, Google Scholar, as well as institutional reports (World Bank, OECD, AMF, etc.). The documents were selected according to strict relevance criteria, focusing on the impact of Moroccan public policies on SRI and their alignment with the SDGs. Academic sources have been privileged, but institutional relationships have also been used to cross-reference theoretical and practical perspectives. The selection of these documents was based on the criterion of relevance to the issue of SRI and the SDGs. The study favors the content of academic publications and institutional reports, which means that all contradictory texts, documents not related to the issue of socially responsible investment or those that do not bring new perspectives on the analysis of Morocco's public policies, are not included here.

## 2.1. Data sources

This study is based on a diverse dataset, drawn from both internationally renowned academic sources and official national databases. Specifically, the data comes from research platforms such as Scopus, Web of Science, and Google Scholar, which offer a wide range of relevant scientific publications and research. In addition, the study uses data available on the official websites of Moroccan ministries and other national institutions to gather factual information and official statistics on public policies implemented in Morocco. This combined approach makes it possible to guarantee the rigour and reliability of the analyses carried out, by cross-referencing data from different sources and taking into account the specificities of the Moroccan context.

## 3. Results

Morocco has deployed ambitious policies structured around three major axes to reconcile sustainable development (SD) and socially responsible investment (SRI), in particular advanced regionalization and energy transition. For example, emblematic projects such as the **Noor solar power plant** in Ouarzazate have not only helped to reduce dependence on fossil fuels, but have also helped position Morocco as an African leader in the field of renewable energy. However, technical challenges, such as water management and infrastructure maintenance, as well as socio-environmental issues related to these projects (population displacement, land artificialization), raise questions about the long-term sustainability of these initiatives (Guemouria et al., 2023). Advanced regionalization and reduction of disparities, Organic Law No. 111-14 (2015) established a decentralization model aimed at strengthening the financial and decision-making autonomy of local authorities. This framework provides for the transfer of competences and resources from VAT, corporate tax and interregional solidarity funds, with the aim of reducing socio-economic inequalities, particularly in rural areas (Jiraoui & Elgraini, 2020). However, the effectiveness of this policy remains limited by a persistent dependence on state subsidies and a low mobilization of local resources, as highlighted by the Court of Auditors (2018). An Energy Transition, Morocco has adopted structuring programs such as the Solar Plan (2009) and the Integrated Wind Program (2010). These initiatives have made it possible to reduce dependence on fossil fuels (from 90% in 2009 to 68% in 2020) and to position the country as an African leader, thanks to emblematic projects such as the Noor power plant in Ouarzazate (MASEN, 2014). However, technical (water management, maintenance) and socio-environmental (population displacement, land artificialization) challenges raise questions about long-term sustainability (Guemouria et al., 2023). Green finance as a framework under construction, the country has made progress in the regulation of green markets via Law 47-09 on energy efficiency (2011) and guides on green bonds published by the AMMC (2016). Nevertheless, the lag in ecological taxation (5% compared to 70% in Spain) and the low integration of ESG criteria by local companies are slowing down the growth of SRI (General Directorate of Local Authorities, 2017).

To improve SRI and alignment with the SDGs, regulatory alignment and tax incentives are needed, and a reform of green taxation, inspired by models such as Spain or India (IFSCA framework for green bonds), could stimulate investment. Targeted subsidies and tax reductions for low-carbon projects are essential, as demonstrated by Tran et al. (2020). Strengthening institutional capacity through improved transparency, data

collection (including on Tier II/III indicators), and inter-institutional coordination is crucial, building on the four key capacities identified by Salvador and Sancho (2021): strategic, analytical, managerial, and collaborative. Public-private partnerships (PPPs) promote eco-entrepreneurship and could support innovative SMEs in renewable energy or sustainable agriculture, as recommended by the OECD (2021). A Management of Negative Externalities, The Case of Iran (Taghvaei & Arani, 2023) offers lessons on reducing fossil fuel subsidies and modernizing infrastructure, combined with transparent governance.

## 4. discussions

The results of this study reveal that Morocco has adopted a multidimensional approach to integrating SRI into its sustainable development strategy, with notable advances in regionalization, energy transition and green finance. These efforts are part of a global dynamic where public policies play a key role in directing investments towards sustainable projects, as highlighted by Eccles et al. (2014) and the OECD (2021). However, the challenges identified—such as dependence on state subsidies, gaps in green taxation, and technical barriers—reveal gaps between policy ambitions and their actual implementation. These findings are in line with the work of Ziolo et al. (2020), who emphasize that institutional coordination and transparency are key factors for the success of SRI policies. Comparison with foreign models, such as Spain and its **advanced ecological taxation system**, or India and its **IFSCA framework for green bonds**, underlines the importance of adapting incentive mechanisms to local contexts. For example, in Spain, green taxation has stimulated investment in low-carbon projects through attractive tax reductions. In Morocco, a similar framework could strengthen tax incentives for SRI investors, but it is crucial that local policies are adapted to the needs and constraints of the Moroccan market. For example, the tax reductions for low-carbon projects, proposed by Tran et al. (2020), could strengthen the attractiveness of SRI in Morocco, provided that they are accompanied by strict controls to avoid abuses. Similarly, public-private partnerships (PPPs), recommended by the OECD (2021), could catalyze ecopreneurship, but require a clear legal framework to balance risks and benefits. Finally, the management of negative externalities, illustrated by the Iranian case (Taghvaei & Arani, 2023), reminds us that the transition to a sustainable economy requires structural reform of fossil fuel subsidies and inclusive governance. These elements are essential to align Moroccan SRI with the SDGs, including SDG 7 (clean energy) and SDG 13 (climate action).

## 5. Limitations

This research has several limitations. First, the methodology relies primarily on a literature review, which limits access to primary and empirical data. A field study, including interviews with key players (investors, regulators, companies), would provide a better understanding of the operational realities of SRI. Second, although the study focuses on the Moroccan context, the generalizability of its findings can be limited to other emerging countries with distinct socio-economic dynamics. In addition, the available national statistical data are sometimes fragmented or outdated, especially with regard to sustainability indicators (Tier II/III), which may have limited the scope of the analysis.

The results could be enriched by interviews with key players (companies, regulators) to better understand operational realities. Second, the study focuses on the Moroccan context, which reduces the generalizability of the findings to other emerging countries with distinct socio-economic dynamics. Third, national statistical data, although reliable, are sometimes fragmented or outdated, particularly on sustainability indicators (Tier II/III). Finally, source selection bias—prioritizing academic and institutional publications—may overlook critical or alternative perspectives present in the grey literature.

## 6. Conclusions

This study shows that SRI is a strategic lever to accelerate the achievement of the SDGs in Morocco, provided that synergies between public policies, financial regulations and private initiatives are strengthened. Progress in regionalisation, energy transition and green finance illustrates a strong political commitment, but their impact remains limited by structural shortcomings (ecological taxation, institutional capacities). The proposed recommendations—regulatory alignment, targeted tax incentives, PPP promotion, and proactive management of externalities—offer a roadmap for overcoming these obstacles.

To sustain these efforts, continuous evaluation of policies, coupled with adaptation to global challenges (climate change, social crises), is essential. Finally, this research calls for future studies integrating empirical and comparative data, in order to measure the evolution of SRI in Morocco and its alignment with international agendas. Ultimately, Moroccan SRI, although in the maturation phase, embodies a transformative potential to reconcile economic growth and sustainability, provided that it is made a cross-cutting and inclusive priority.

## Bibliography:

- AMF. (2015). AMF report on socially responsible investment (SRI) in collective management. Autorité des Marchés Financiers.
- Bensidoun, I., & Couppey, J. (2023). The global economy. z-lib.org.
- Boiti, M., & Souiri, M. (2020). The profile of socially responsible investors in Morocco. *Control, Accounting and Auditing Review*, 4(2), 676-701.
- Chiadmi, M. (2017). Sustainable Finance and SRI at the Service of a Sustainable and Responsible Economy: What Dynamic in MOROCCO? *European Scientific Journal*, 13(31), ISSN: 1857 7881 (Print) e-ISSN 1857-7431.
- Erguibi, H. (2023). Contribution of the agricultural cooperative model to sustainable development in Morocco: the case of saffron production and marketing cooperatives. *AME Review*, 5(3), 579-601.
- Eccles, R.G., Ioannou, I., & Serafeim, G. (2014). The Impact of Corporate Sustainability on Organizational Processes and Performance. *Management Science*, 60(11), 2835-2857.
- Guemouria, A., et al. (2023). The challenges of the energy transition in Morocco: The case of solar and wind projects. *Moroccan Journal of Commerce and Management*, 2024.
- Jiraoui, I., & Elgraini, M. (2020). The contribution of advanced regionalization in Morocco to the sustainable development of local authorities. *International Journal of Management Sciences*, 3(2), 499-519.
- Ziolo, M., Bak, I., & Cheba, K. (2020). The role of sustainable finance in achieving sustainable development goals: does it work? *International Journal of Sustainable Development*, 15(2), 121-134.

