

## EUROMED, WORKSHOP ON BETTER REGULATION

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### **SUMMARY OF MOROCCO'S EXPERIENCE WITH POLICIES TO PROMOTE MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**

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The promotion of micro, small and medium enterprises (MSMEs) is a central concern of the Moroccan Government in view of the fact that the sector accounts for 95% of the country's business structure (over 80% of firms are micro enterprises) and also because of the important socio-economic role that MSMEs play in creating growth, jobs and wealth (social and economic inclusion).

With regard to the overall business environment, and that of companies in particular, an innovative system for the governance of reforms in the business climate was introduced in 2010 under a decree issued by the Head of Government aimed at bringing together all public and private stakeholders in a clearly defined annual plan of action.

#### I- **Establishing an official agency under the authority of the Head of Government (National Committee for the Business Environment - CNEA)**

The main objectives are to:

- Provide co-ordination and follow-up for actions to improve the business climate (annual plan of action and priority measures to be rolled out);
- Institutionalise the partnership between the Government and the private sector;
- Bring lasting improvements to the competitiveness of the business environment in Morocco;
- Assist companies at every stage of the business cycle (from start-up to development).

<b>2010-2011: <u>4 PRIORITY LINES OF ACTION</u></b>
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#### **Action No. 1: SIMPLIFYING AND IMPROVING THE TRANSPARENCY OF ADMINISTRATIVE PROCEDURES**

##### **Achievements**

- Standardising and certifying 30 administrative procedures for businesses;
- Simplifying the procedure for starting a business (reduction and abolition of the minimum capital requirement for setting up a limited liability company (SARL), initially from MAD 100 000 to 10 000 and now to zero);
- Introduction of the Uniform Commercial Code (*Identifiant Commun de l'Entreprise*);

- Implementation of “STOP CORRUPTION” (a whistleblowing mechanism to combat the bribery of public officials), placed under the independent authority of the *ICPC* (Central Agency for the Prevention of Corruption).

### **Outlook**

- Setting up businesses online.

## **Action No. 2: MODERNISING THE LEGAL ENVIRONMENT FOR BUSINESS**

### **Achievements**

- Adoption of the law and enabling decree with regard to payment deadlines;
- Amendment of the law on joint stock companies (*sociétés anonymes – S.A.*);
- Adoption of the decree on public procurement;
- Amendment of the Investment Charter.

### **Outlook**

- Amendment of the SME Charter;
- Adoption of the legal framework for micro enterprises;
- Business transfers;
- Simplification of the procedure for setting up economic interest groupings (*groupements d'intérêt économique - GIE*).

## **Action No. 3: IMPROVING PROCEDURES FOR SETTLING COMMERCIAL DISPUTES**

### **Achievements**

- Reform of the Commercial Code for companies in difficulty;
- Promoting the use of mediation and arbitration.

### **Outlook**

- Adoption of the law on court mediation.

## **Action No. 4: IMPROVING DIALOGUE AND COMMUNICATION ON REFORMS**

### **Achievements**

- Monitoring international reports and Morocco's international image (*Doing Business* and *WEF*);
- Strengthening dialogue with the private sector for the design and follow-up of draft reforms.

### **Outlook**

- Developing a communication strategy for promoting reforms to the business environment.

## 2011-2012: 2 ADDITIONAL LINES OF ACTION

### Action No. 5: FACILITATING AND SIMPLIFYING PROCEDURES FOR ACQUIRING LAND

#### Achievements

- Removing barriers to land purchases and simplifying the procedure for granting construction permits from the filing of applications to the granting of permits (e.g. electronic filing, fewer on-site inspections).

#### Outlook

- Setting up a one-stop shop at the urban development agencies (*Agences Urbaines*) to simplify the project submission stage;
- Facilitating the transfer of ownership (e.g. shorter deadline for obtaining a tax discharge, fewer procedures).

### Action No. 6: IMPROVING THE BUSINESS CLIMATE IN THE REGIONS

#### Achievements

- Strategy to reposition the Regional Investment Centres (*Centres Régionaux d'Investissement - RCI*) through a civil service campaign to provide better quality service for entrepreneurs/investors;
- Implementation of the "e-regulations" system in the RCIs for the region of Oriental and Rabat;

#### Outlook

- Establishment of Regional Business Environment Committees (*Comités Régionaux d'Environnement des Affaires - CREA*).

## 2012-2013: 3 ADDITIONAL LINES OF ACTION

### Action No. 7: ENCOURAGING ENTREPRENEURSHIP AND START-UPS

- Establishing a legal and fiscal framework that is adapted to micro enterprises and self employed entrepreneurs.

### Action No. 8: FACILITATING ACCESS TO CREDIT FOR MSMEs

- Reforming the property security law;
- Encouraging access to credit for MSMEs;
- Improving risk management procedures in banks and financial institutions;
- Developing alternative financing methods: amending the banking law to introduce Islamic finance instruments.

### Action No. 9: EVALUATING AND IMPROVING PUBLIC SERVICE DELIVERY FOR BUSINESSES

- Implementation of systematic evaluation tools to measure the efficiency and effectiveness of public service for businesses (e.g. time limits for VAT refunds, public procurement payment deadlines, deadlines for the enforcement of legal judgments).

## **II- Outcomes and impacts**

All the reforms and measures taken have enabled the domestic business structure to address the difficulties resulting from the international economic climate and the turbulent regional context and have given the Kingdom a certain degree of resilience. Admittedly, Morocco has been affected by this turmoil but is not experiencing a crisis in its growth rate (forecast at 3.4% for 2012).

Also, the *Doing Business* report sees Morocco as the most reform-minded country, having seen it jump 21 places in its rankings from 115<sup>th</sup> to 94<sup>th</sup> out of 184 countries.

Similarly, the *WEF Global Competitiveness Report* ranks Morocco 70<sup>th</sup> out of 144 countries (the 2<sup>nd</sup> Arab country to improve), i.e. a rise of three places from last year.

While Morocco has made significant progress over the past decade, however, many challenges still lie ahead.