



USAID
FROM THE AMERICAN PEOPLE

MOROCCO ECONOMIC GOVERNANCE STRATEGIC ASSESSMENT

BUSINESS ENVIRONMENTS FOR AGILE MARKETS (BEAM)

SEPTEMBER 2012

This report was made possible by the generous support of the American people through the United States Agency for International Development (USAID). It was prepared by CARANA Corporation.

MOROCCO ECONOMIC GOVERNANCE STRATEGIC ASSESSMENT

BUSINESS ENVIRONMENTS FOR AGILE MARKETS (BEAM)

SEPTEMBER 2012

DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Prepared Under AID-OAA-TO-00044 GBTI II IQC #EEM-I-00-07-00006-00

Submitted by Erin Endean, Chief of Party, Business Environments for Agile Markets (BEAM), eendean@carana.com, 703-778-3211.

CONTENTS

List of Abbreviations	III
Foreword	V
Overview	I
Business Environment Reform: Future Directions	2
Other Strategic Considerations	3
Report Structure	4
1. Morocco's Current Context	5
An Opportune Time for More Meaningful Business Environment Reform?	5
Capitalizing On the Moment	6
2. Development Assistance in Morocco – Challenges and Opportunities	9
Who Are the Reform Leaders?	9
Reform Models to Build On	11
3. The Business Enabling Environment	13
SMEs Face Significant Challenges	13
...But There Are Positive Facets to the Business Environment	19
4. Laws and Institutions Affecting the Business Enabling Environment	21
Framework Laws	21
Implementing Regulations and Institutions	22
Supporting Institutions	22
Political Economy of Reform and the Private Sector	23
5. Conclusions and Recommendations	25
Annex 1: Country Data	29
Annex 2: Organizations Interviewed	39
Annex 3: Sources	43

LIST OF ABBREVIATIONS

AECID	Spanish Agency for International Development Cooperation
AFEM	Association of Leading Women Entrepreneurs
AMDI	Moroccan Investment Development Agency
AMIC	Moroccan Capitol Investors Association
AMITH	Moroccan Association for the Clothing and Textiles Industries
BEAM	Business Enabling Environment for Agile Markets Project
BIC	Business Innovation Center
CBI	Common Business Identifier
CDCS	Country Development Cooperative Strategy
CETIA	Technical Center for Food Industries
CGEM	General Confederation of Moroccan Businesses
CMPE	Maroc Export/Moroccan Center for Export Promotion
CNEA	National Committee for the Business Environment
CRI	Centre Regional d'Investissement, Regional Investment Centers
DRA	Regional Director of Agriculture
E3	USAID's Bureau of Economic Growth, Education and Environment
EGT	Economic Growth and Trade Office
FENAGRI	National Association for Agribusiness
GBP	Groupe Banque Populaire
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
ICPC	Central Authority for the Prevention of Corruption
MEC	Morocco Economic Competitiveness Program (USAID)
MTDS	Morocco Trade and Development Services
ODA	Official Development Assistance
SGG	The Secretariat General of the Government of Morocco
SGMB	Societe General Marocaine du Banque
SME	Small-to-medium enterprise
USAID	United States Agency for International Development

FOREWORD

The United States Agency for International Development Mission to Morocco (USAID/Morocco) is developing a new five-year strategy for its economic growth and trade program. The strategy will be launched in September 2013, and is expected to build off the previous programs incorporating lessons learned and best practices. To provide an independent basis for planning new projects in the field of economic governance, the Economic Growth and Trade Office (EGT) seeks to assess the prospects for expanding economic opportunity, reducing transaction costs, and curbing rent seeking with a focus on small-to-medium enterprises (SMEs).

In order to assist on the development of this strategy, the USAID/Morocco/EGT asked the CARANA Corporation to undertake an assessment under the Business Environments for Agile Markets (BEAM) Project. From July 4 to July 19, 2012, an assessment team conducted interviews with over 50 organizations and individuals from the public, private, and non-profit sectors in Rabat and Casablanca, as well as with numerous international organizations including other development agencies. The assessment team presented a draft report on August 28, 2012, and comments were subsequently received from the mission. This final report is submitted on September 10, 2012.

This assessment examines not only legal and institutional aspects of the business environment, but also the opportunities for reform in such areas and where USAID has a strategic advantage to provide effective solutions and improvements to the business environment. This assessment provides input for the Mission's Country Development Cooperation Strategy (CDCS), which will guide its activities for the next five years.

It should be noted at the outset that Morocco is a nation that has been the subject of international support from many different sources for an extended period. As such, it has also been assessed on numerous occasions, and this literature is readily available. This assessment seeks, therefore, not to re-examine only technical aspects of legal and institutional issues in the nation, but also to put these issues in the context of the political economy that surrounds them.

The report was written by an assessment team comprised of Mr. Wade Channell, Senior Legal Reform Advisor (USAID); Mr. Youssef Fehry Fassy, Private Sector Development Consultant; Mr. James Newton, Independent Legal and Economic Growth Consultant; and Dr. Paul Rivera, Economist (USAID). Ms. Katie Kenworthy provided analytic and research support. It was prepared under the direction of Erin Endean, Chief of Party of the BEAM Project, led by USAID's Bureau of Economic Growth, Education and Environment (E3).

The authors would like to thank the USAID/Morocco EGT team—particularly Mr. Matthew Burton, Director of the EGT office for USAID/Morocco and Ms. Fatine Bellamine of the EGT office—for their guidance and technical support to the assessment team. In addition, they would like to thank Ms. Myriam Alami for her invaluable assistance as interpreter, translator and coordinator. Lastly, they would like to thank the many individuals with whom they met during their time in country.

OVERVIEW

Until recently, Morocco could be appropriately characterized as a limited-access, extractive regime, in which political and economic power is attained predominantly by connections and privilege, not by right or effort. A centralized system of patronage throughout both the public and private sectors has produced an economy clogged by vested interests endowed with monopolies and oligopolies, whose wealth, in turn, allows them disproportionate access to power and opportunity. On the surface, Morocco has not presented a hopeful picture for economic opportunity or for broad-based economic growth in particular.

However, owing to changes in the political economy of the country, USAID now has an opportunity to provide meaningful, transformative assistance to the Kingdom of Morocco in its quest for stable growth.

- USAID generally, and the Mission and its projects, more specifically, are well respected and highly credible with the Moroccan public and private sectors alike.
- The assistance needed is in areas where USAID has deep capacity and experience – business environment reform and capacity building for broad-based, private-sector-oriented economic growth.
- Events of the last two years have put Morocco in a place where such reforms could have a greater impact than previous efforts.

Today, the enabling environment for business in the Kingdom of Morocco is still inconsistent and incomplete. Ranked at 94 of 183 economies on the World Bank's *Doing Business* Report, the mediocre score reflects a statistical mash up of relatively good indicators with some of the worst in the world. Recent reforms under the *Doing Business* framework in Protecting Investors and Paying Taxes merely moved their marks from bad to not quite as bad, but reportedly the improved rankings did not, in fact, reflect any actual improvements in application with respect to those areas.

To be fair, however, Morocco is changing, and a door has opened to fundamental transitions that will determine the prospects for the country's economy over the medium and long terms. A reformist King, a newly-empowered and reformist Prime Minister, and the prospect of Arab Spring instability have created an unusually high level of receptivity to change. Reforms already begun include decentralization of political power through regionalism, a shift toward greater democratic accountability through the devolution of royal power to elected government, and increased economic competition through privatization of significant monopolies coupled with greater empowerment of the competition agency. To date, however, most of these changes – notwithstanding that part of the new Constitution was overwhelmingly adopted last year in a national referendum -- remain largely unimplemented and skepticism is growing in the country that they may not become real.

Amid the negative statistics and uncertainty, however, lies an unprecedented opportunity to make the changes that will lead to greater growth, increased employment, and wider participation in politics and economics. The Government of Morocco has explicitly identified

the need for greater competitiveness and competition, reduced corruption, and more effective governance through a devolution of power to newly redefined administrative regions. The private sector has begun to organize for greater impact through business associations, although most associations are still weak. The press is relatively free. Both domestic and foreign investors see opportunities for greater investment, but only if these changes become real.

BUSINESS ENVIRONMENT REFORM: FUTURE DIRECTIONS

The World Bank's *Doing Business* Project (including *Doing Business in the Arab World 2011*) has provided national-level measures of success for the business environment and, in doing so, has inspired centrally adopted reforms to improve those indicators. Morocco has established, in fact, the National Committee for the Business Environment (CNEA), whose mandate includes a focus on national level reforms that improve *Doing Business* scores. While useful, these activities and measures are incomplete as they fail to measure the business environment with any breadth at the regional or municipal level – where the laws are actually implemented – and therefore do not capture the true state of affairs. In addition, these activities fail to take into full account the priorities of the broader private sector, especially given the ability of vested interests to circumvent or contain reforms at the national level. Something more is needed.

This report unequivocally finds that USAID has the capacity and the opportunity to promote meaningful, effective business environment reforms, but careful choices must be made. One thing is clear: given the significant challenges to actual legal reform, new initiatives should focus on implementation, preferably at the municipal and regional level. To be successful, this will require a number of essential ingredients:

- Meaningful private sector participation, buy-in, and guidance. Economies develop when businesses grow; businesses grow when they are able to assess and navigate the costs and risks of providing goods and services against possible revenues. To date, however, the Moroccan business sector, and particularly the vast majority that are SMEs or not otherwise connected to entrenched spheres of influence in business or politics has played a relatively passive role in improving their ability to make such an assessment. This must change.
- Increased institutional capacity. In both the public and private sectors, institutions related to business need improvement. Business associations have little experience in engaging government effectively for broad-based reforms and often seem content with the state of existing. Government likewise has little experience in eliciting feedback or engaging on the basis of economic rights, versus patronage-based privilege. Both sides of this equation will need institutional assistance.
- Specific performance measures and benchmarks. The complaints of bureaucratic blockage are myriad in Morocco, but they have not been quantified and results of this assessment and the *Doing Business* indicators have added doubt that they are as severe as one would be otherwise led to believe. As the government must begin to implement the regionalism required by the Constitution, there is a unique opportunity to map the authorities and responsibilities of those who will interface with the business community, and come up with measurable performance indicators and benchmarks against which

authorities in the public and private sectors both can measure the implementation of business-friendly measures. This will allow both government and business to identify needs for improvement as well as successes, and continue to monitor reforms in the future. Such measures have the added benefit of providing a basis for competition across the country as well as reducing corruption.

- Improved focus on reforming the entire country. As with any country, not all regions of Morocco are equally attractive to all manner of business and investment. To meet its development challenges, however, Morocco needs to address the business environment for all regions, as opposed to the current central focus in Rabat and already-established business centers such as Casablanca and Tangiers.

Current capacity is incomplete to achieve these goals for a number of reasons. First, few business associations are ready to take the lead and not all government agencies are ready to change their processes. Business associations are plentiful, but the vast majority are not active in the reform process. Many government agencies are part of the reform process, but their efforts are often limited to protecting their own bureaucratic interests.

Another reason for this limited capacity is the current state of the private sector, and more specifically workforce capacity. At the core of this issue is a high level of illiteracy, one of the highest in the world. Women make up barely a quarter of the workforce, another statistic where is among the world's worst. Schools at all levels are not graduating individuals with the knowledge and skills necessary to meet current challenges or adapt to changes in the business environment. Professional training is limited. Problems with labor laws, and labor rigidity more broadly, make maintaining a formal work force cost – and time – prohibitive.

Without improving this capacity, however, reforms will remain centralized and their effectiveness in those areas of the country where reform is truly needed will be more difficult to achieve.

OTHER STRATEGIC CONSIDERATIONS

While the above areas should be the focus of reform efforts, they do not occur in a vacuum and other factors must be taken in account. For example, while any efforts should occur at a national level, a more specific focus might be needed. In that regard, USAID's strategic framework for economic growth provides guidance as it prioritizes reform efforts by recommending, when appropriate, that reformers start with systemic issues (such as business registration, which affects all businesses, not just certain types), catalytic opportunities (such as openings in one sector that will have systemic impact on others), and, finally, sectoral reforms (such as specific needs that only constrain one sector). All approaches can be successful and implementation varies necessarily from country to country depending on specific circumstances.

Through its Industrial Emergence Plan “or, in French, *Plan Emergence*”, the Government of Morocco identified six specific industries for improvement and expansion, with a goal of attracting greater foreign investment: autoparts, aeronautic components, on-board electronics, textiles and leather goods, offshoring, and agriculture and agro-industry. Government efforts have expanded these sectors, and political will and focus in most of these sectors continues.

Relevant to future USAID programs, these sectors could provide a vehicle through which reform activities could be channeled if necessary, to achieve not only reforms to that sector, but also on a national scale. For example, and not unlike aspects of the other sectors, the agriculture sector encompasses everything from rural farms to urban ports, from local markets to grocery stores and from handshake deals to large international contracts. Its value chain touches, therefore, all aspects of the business enabling environment, and reforms to that sector would inevitably achieve reforms on a broader, if not national, scale.

The most important message that Morocco can send to investors is a strong commitment to positive change in accordance with the rule of law. This will attract and stimulate the investments needed to produce jobs for the youth in the country, for whom unemployment is as high as 30%. By linking governance to private sector input, by tying reform to proof of implementation, and by opening the economy for competition, Morocco can be an attractive investment target in numerous productive sectors. Most of the gains will be in the medium to long term; but short-term gains can also be achieved as local investors respond more rapidly to new opportunities and SMEs have a more supportive environment in which to succeed.

REPORT STRUCTURE

This report focusses on issues related to economic governance in Morocco. Broadly stated, economic governance is the environment within which the economy functions. A strong system of economic governance ensures stable, transparent and predictable rules and regulations that encourage business through competition and access to public services. Such a system is achieved through the work of both a country's public sector and its private sector, as they work independently and cooperatively to determine the means by which individuals, enterprises, and/or countries carry out economic transactions.

This report describes the state of economic governance in Morocco by exploring the opportunities and challenges of various segments of the business enabling environment. Chapter 1 of this report describes the current context in Morocco, particularly in the months since the start of the Arab Spring process, which in Morocco is ongoing. Chapter 2 investigates Official Development Assistance (ODA) to Morocco, and discusses some recent programs the US Government has supported in the business environment area, drawing lessons and recommendations for future assistance. Chapter 3 provides an overview of Morocco's business enabling environment, particularly as it relates to small and medium-sized enterprises (SMEs). Chapter 4 looks at the laws and institutions underlying Morocco's commercial legal environment and Chapter 5 recommends possible areas of reform and donor support to benefit SMEs.

I. MOROCCO'S CURRENT CONTEXT

This assessment report examines Morocco's current challenges and opportunities with respect to the business enabling environment and more specifically how these challenges and opportunities relate to small and medium enterprises (SMEs), taking into account the Arab Spring, as well as other historical and current political influences. The importance of SMEs in Morocco cannot be understated. Over 90% of all Moroccan businesses are SMEs, and while estimates vary, these businesses are reported to contribute almost 90% of the country's GDP. There is little doubt, however, that the path to succeed as an SME in Morocco is more challenging than it should or needs to be. As a result of the Arab Spring and an already reform-minded King, Morocco is at a once-in-a-lifetime moment to achieve real and lasting change.

AN OPPORTUNE TIME FOR MORE MEANINGFUL BUSINESS ENVIRONMENT REFORM?

"Morocco, of all the North African kingdoms, has always maintained its independence, and in spite of changes all around, continues to live its own picturesque life."

From *LIFE IN MOROCCO AND GLIMPSES BEYOND*, by Budgett Meakin (published 1905)

Regardless of the specific topic, be it the business environment or sport, it is impossible to discuss any country in the Middle East and North Africa Region (MENA), let alone Morocco, without doing so in relation to the events of the on-going Arab Spring. That Morocco was a part of the wave of protests in the region is obvious. Beyond that, however, the experience of the country's over 35 million inhabitants was and is significantly different from that of many countries in the region. There was no overthrow of the government, the level of violence was far lower, thankfully, than in many other MENA countries, and events subsequent to the peak of Morocco's version of the Arab Spring have been relatively benign, including that the main opposition group, the 20th of February Movement, has ceased most organized protest activities.

Specifically with respect to commerce, the business environment, and SMEs, much of Morocco now maintains a surprisingly patient wait-and-see approach to promised changes resulting from the events of recent months. The vast majority of the changes, however -- such as the creation and empowerment of an anti-monopoly competition council (meant to resemble the Federal Trade Commission in the United States) or the launch of an independent body to monitor and help in the fight against corruption -- remain in the doldrums of a poorly defined discussion and approval process within complex and confusing governmental structures. Despite growing skepticism that the changes will not rise to the needs or demands of the people, or even to the level of the promises of the King, the population at large has done relatively little to push the process.

The opposition movement and the reforms to the business environment have not maintained consistent momentum. This is not overly surprising, however, given Morocco's history. Monopolies and cartels within political and business spheres, be they at a national, regional, or local level are commonplace, along with accompanying corruption. As a result, the vast majority of those interviewed for this assessment (outside of government officials) perceived little incentive to participate in commerce beyond providing for their own subsistence, and success stories for SMEs were rarely heard.

This is not to say, however, that there is no hope. Since his accession to the throne in 1999, His Majesty King Mohammed VI has introduced reforms to modernize the nation, such as giving women greater rights and protections with respect to marriage and divorce. In the face of last year's protests, the King quickly enacted reforms to cede, *prima facie*, some of his powers to the elected government and also to the regions of the country. As a result, and despite the fact that to this point few reforms have been put into place, Mohammed VI remains popular, and the monarchy in general is viewed with much reverence.

The reform process has been inconsistent. While the constitutional reform process included public participation, there has been criticism that it did not allow for enough substantive participation. Moreover, while steps toward greater public participation in the legislative and regulatory processes have taken place, greater openness in the process, and public education regarding how to participate in the process, is needed. Even so, the reforms, while incomplete, are not simply theoretical. They have been adopted and approved as part of the new constitution and as a result, *de facto* and *de jure*, carry actual legal weight as well as create weightier expectations. It is against this backdrop that Morocco is arguably at a different and perhaps more legitimate opportunity for change than at any other moment in its recent history.

CAPITALIZING ON THE MOMENT

Economic growth is not only a result of carefully drafted laws, but arises from good governance; that is, a system of government that encourages broad-based economic activity, be it through simply staying out of the way of commerce, by selectively using its position as an actor in commerce, or by helping to structure how commerce is conducted, depending on the situation. In Morocco, all indicators have pointed to a government that has controlled and repressed investment, inhibited formal business activity to the point of making it irrelevant to all but the best positioned, and discouraged broad-based growth. Today, there is a growing expectation – if not insistence – for government to shift its paradigm from control to facilitation, and other factors, such as the recent constitutional reforms, support this shift.

Devolution of Authority

The most obvious cause leading this current opportunity for change is the Arab Spring. While not as wide-ranging as in other MENA countries, the changes are real, being entrenched in the newly passed Constitution. These include a shift of governing power away from the King: at the national level to the Parliament and the Prime Minister, and at the subnational level to 12 newly created administrative regions (down from the current 16). Admittedly, the changes at the national level of government may not have a great effect on economic growth reform opportunities related to SMEs. The bureaucracy remains as entrenched as ever and there is limited evidence of that significantly changing.

That the regions will have more autonomy is, however, of greater interest. Moving some of the functions of government, and therefore commerce, away from the center will allow the regions to act in greater accord with the needs of their citizens. Moreover, it will create a kind of healthy competition between the various regions as they each attempt to attract business to their regions – a competition that has heretofore been relatively nonexistent, but which has been shown to be of benefit in other nations. This idea of greater regional autonomy is of

interest also because economic growth-related reforms at a regional level have tended to have greater success than at the national level.

These hopes are not, unfortunately, without challenges. The process for changing the number of regions from the current 16 to 12 is not yet clearly defined and it remains unclear what powers and processes will change. In addition, this is the third such national reorganization of the regions in the last 15 years, as they have gone from seven to 16 in 1997, and now back to 12. Such large scale bureaucratic restructurings are notoriously complicated wherever they occur, and particularly in a country with a well-entrenched bureaucracy like Morocco.

New and Needed Government Bodies

The Constitution also restructured and more greatly empowered two bodies that are needed if Morocco is to advance its present situation: a fully empowered competition agency, and an agency to deal with corruption. The specific inclusion of the competition agency in the constitution shows a commitment to bringing these efforts to fruition. Unfortunately, it will likely be three to five years before the new Competition Council, as it is known, is fully operational. The intervening period, however, may provide a window of opportunity to provide much-needed education on competition policy, as understanding of the concept is reportedly weak, particularly in the private sector. Regardless, it is significant that the process is underway and being led by a highly competent and professional staff.

Regarding corruption, the body created to deal with that issue, the Central Authority for the Prevention of Corruption (ICPC), regrettably does not include any enforcement powers. Its creation, in and of itself, however, is a significant step as it is a tacit acknowledgement by the central government that corruption is a problem, something that has not previously been so openly acknowledged. More generally, even before (but further bolstered by) the Arab Spring, Morocco has made inroads from privilege-based authoritarian controls in four key aspects that contribute to an open society:

- **Participation:** Morocco has increased citizen participation through meaningful voting, and is beginning to seek input from citizens – including business organizations – on policy development and legislative reforms. So far, this participation is limited and based more on the goodwill of a few officials than on an institutional commitment to change.
- **Inclusion:** Morocco has made strong commitments to a more inclusive franchise through explicit grants of rights to women. Away from urban centers, however, women will need assistance to take advantage of those rights. The regionalization reforms should help in this process.
- **Transparency:** Moroccan government officials are beginning to adopt new standards of transparency through publication of laws, policies and procedures through the media and relevant websites (although efforts to use greater internet-based resources are far from fully implemented). This initiative from the top now needs to be picked up at the bottom – e.g. in offices that interface with the private sector, such as the property registry (and others). A relatively free press is helping to maintain some level of

transparency, but much more transparency is needed with regard to law, regulation, enforcement, and internal processes of governmental decision making.

- Accountability: Recent arrest and conviction of upper-level officials for corruption sends the message that the government is willing to begin a process of introducing accountability into its own ranks. But accountability also requires performance standards beyond issues of corruption – benchmarks or indicators of success and failure – and these have yet to be sufficiently developed.

The combination of changes in governance and the recognition that most business environment changes follow regime change – such as the election of a reformist political party – indicate a unique opening for the reforms needed to support growth. Latent dissatisfaction with the status quo provides impetus for the political will needed to open the economy. That these factors are present, together, right now, in Morocco suggests the time for a new approach is upon the nation, and that it may be more welcome than ever before.

2. DEVELOPMENT ASSISTANCE IN MOROCCO – CHALLENGES AND OPPORTUNITIES

With its geographic proximity to Europe, its ties to the Arab world, and its position as gateway between the Atlantic and the Mediterranean, the Kingdom of Morocco has always been a part of more than North Africa alone. Moreover, throughout its 12-century long history as Morocco, the country has managed to maintain its independence (even if only technically during much of the 20th century when it was a French Protectorate) and has avoided many of the kind of entanglements and conflicts that have ravaged much of the African continent. Even its version of the Arab Spring demonstrated a level of calm, restraint and compromise that eluded much of the rest of the Arab world. It is this historical and current ethos that made and still today draws the fascination of many a world traveler to Morocco.

It is also against this backdrop that Morocco has been a large recipient of official development assistance (ODA), from multiple nations and international organizations, for an extended period. That trend continues today as Morocco received just under US\$1 billion in ODA in 2010, and has averaged approximately US\$1.2 billion in ODA annually over the last five years.

As to the kinds of projects pursued by international donors, both bilateral and multilateral, they have and continue to run the gamut, with decidedly mixed results. To map the full array of ODA-funded projects related to the business enabling environment alone would be an assignment worthy of a separate report. For purposes of future USAID programmatic choices, it is sufficient to say that inquiries should be made during program development to ensure that projects are well coordinated across agencies in the specific area in question.

Despite the large and broad investment, however, it is hardly controversial to state that the returns on this investment have not necessarily reached desired levels. For example, Morocco is the first county where members of the assessment team had heard of two separate, funded, and needed programs to reform the same section of commercial code that were abandoned for want of real prospects for success. The specific reasons for this are beyond the scope of this assessment, but the mere fact that efforts at reforms – reforms broadly acknowledged as necessary and supported by international donors – could not gain any real momentum is indicative of the challenges found with respect to ODA specifically and the reform process more generally.

WHO ARE THE REFORM LEADERS?

One recurrent theme that emerged during the assessment process was a lack of clear leadership in the reform process. Many interlocutors struggled to describe who, if not themselves, they looked to as champions for reform.

The recently established National Committee for the Business Environment (CNEA), created in part through ODA, was the organization most-often cited as a leader in reform. Among other successes, it has led reforms that have improved Morocco's standing with respect to the World Bank's *Doing Business* rankings. Moreover, by promoting greater interaction between

government ministries, it has created healthy competition between those bodies to show improvement.

In a significant development, the CNEA and other governmental offices have begun to incorporate private sector participation into lawmaking and rule making. This increases transparency and lays a foundation for increased accountability, but a great deal more work is needed to move the goal of government from rent-control to facilitation of commerce and protection of economic rights.

Despite its positive reputation and popular mandate, CNEA still struggles owing to limited funding and a lack of authority beyond that of an advisory body. This is not an unimportant role, but it is well known that more is needed. In fact, many expressed concern that CNEA was at risk of being co-opted by vested interests, especially if it were to push a strong reform agenda.

With respect to the private sector, the General Confederation of Moroccan Businesses (CGEM) was the most often-cited body with the ability to lead reform. This organization acts as a central voice of the private sector, and works in large degree to support SMEs. For example, it recently reached an agreement with Groupe Banque Populaire (GBP) to improve access to finance for SMEs. Unfortunately, many interviewees expressed concern that CGEM was as concerned with its own position in relation to the government as it was with truly representing the private sector.

After these two organizations, however, the list of reform-minded champions was short. While a broad array of business associations exist, the predominant opinion was that the vast majority not only lack true ability to be important parts of the reform process but in many cases are hesitant to participate for fear of repercussions. Nonetheless, that these organizations already exist may allow for greater opportunity in the current reform climate.

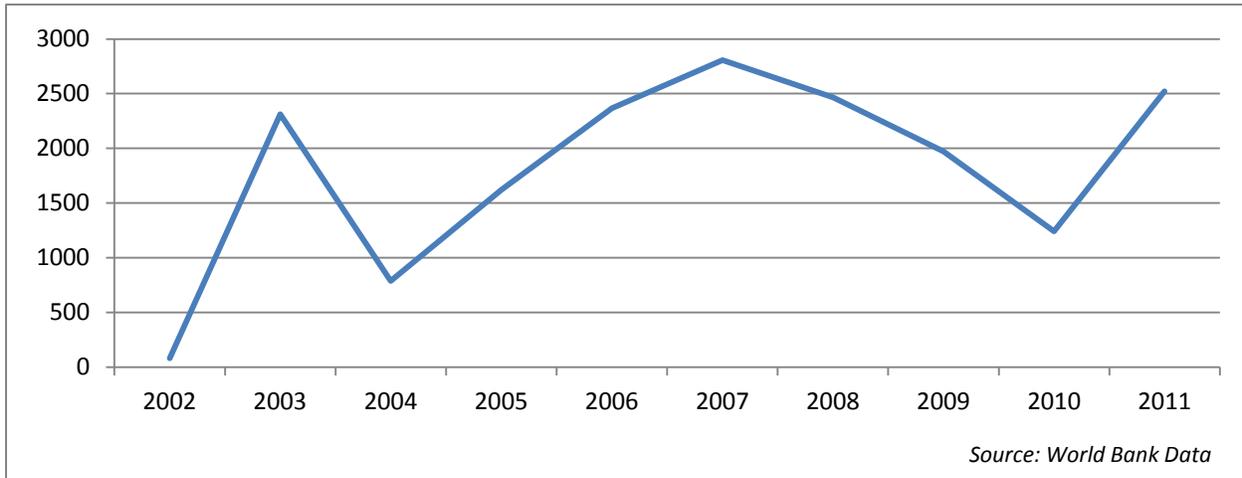
REFORM MODELS TO BUILD ON

Outside of the central government, there have been tangible, if limited, successes. The 16 Regional Investment Centers (CRI, Centre Regional d'Investissement), created in 2002, aim to make foreign and domestic investment easier through the centralization of all concerned administrations, and compared to the situation before their existence, they have.

In these centers, CRI representatives act as a conduit between the businesses and the various ministries; they do not have the authority, in-house, to act on behalf of individual ministries for purposes of business registration – as is the case in “one-stop shop” centers in a number of other countries. In addition, they work closely with the *walis*, or regional leaders, who are appointed by the King, and despite a desire to improve the CRIs further, efforts have not progressed (see sidebar). Nonetheless, the positive effect of the CRIs seems undeniable, as foreign direct investment has increased from US\$79 million at the creation of the CRISs in 2002 to US\$2.5 billion in 2011.¹

¹Morocco's principal investors have traditionally been France and Spain; France alone accounts for half of Morocco's stock of FDI. Investment inflows were substantially affected by the global economic crisis in 2008 and 2009, which continued to depress investment in the first half of 2010. New investments signed the second half of 2010 were strong, however, and enabled

FOREIGN DIRECT INVESTMENT, NET INFLOWS (CURRENT US\$ IN MILLIONS)



Another regionally focused reform effort currently underway is USAID's Morocco Economic Competitiveness Program (MEC), a multi-year project working in the Oriental and Doukkala-Abda regions. While still relatively early in the project, MEC has worked to streamline important businesses processes at the regional level and to establish regional business environment committees. Recently, MEC awarded a grant to Endeavor Global, a non-profit organization focused on supporting businesses and entrepreneurs with exceptional, high-impact potential in emerging markets. More specifically, MEC has worked with the CRIs to streamline processes related to the issuance of construction permits and business registration in the two regions. According to those closely involved with the project, the positive potential of these reforms is so readily apparent that word has filtered back to CNEA. In turn, CNEA is pushing for the reforms to be undertaken nationally. Back in the regions, however, and despite prodding from a variety of sources, official approvals from the royally appointed *walis* in the region – approvals needed to move the reforms forward - have not been given, without any indication as to why they have been stalled.

Nonetheless, the CRIs and the MEC provide two concrete examples of the viability of reform efforts at the sub-national level. Given the mixed results and drawn-out processes of reform projects that a focus on the national, central government, this approach may provide a model for future reform efforts.

Morocco's FDI inflows in 2011 to recover to near pre-crisis levels -- in spite of the "Arab Spring" that swept North Africa in early 2011.

3. THE BUSINESS ENABLING ENVIRONMENT

The enabling environment for business in the Kingdom of Morocco can fairly be characterized today as inconsistent and incomplete. Ranked at 94 of 183 economies on the World Bank's *Doing Business* Report, the mediocre score reflects a statistical mash up of relatively good indicators with some of the worst in the world. Recent reforms under the *Doing Business* framework in Protecting Investors and Paying Taxes merely moved their marks from bad to not quite as bad, but reportedly the improved rankings did not, in fact, reflect any actual improvements in application with respect to those areas.²

Many assume that improvements in regulatory indicators such as *Doing Business* increase the amount of overall investment in a country. This is not entirely accurate. Countries that have a record of investment-friendly, stable, predictable investment regimes have, over the years, attracted a great deal of investment, and indicators for these countries are generally at the top of the *Doing Business* rankings. However, short-term changes in these indicators through amendments to laws or adoption of policies should not be confused with evidence of predictability, stability, or openness, nor of investment friendliness. Orchards produce apples; importing apples does not necessarily produce orchards – good investment regimes produce good indicators; good indicators alone may not produce a good investment regime.

SMES FACE SIGNIFICANT CHALLENGES

The business environment in Morocco presents significant challenges, particularly for small-to-medium enterprises. While each of these issues is significant, and in contrast to the assessment team's experiences in other developing nations, no one or two of these issues stands out as an obvious roadblock to growth that, if changed, would lead to clear and positive results. While

ENTREPRENEURSHIP AS A DRIVER OF CHANGE?

According to the Harvard Business Review, start-ups are an important source of employment. But start-ups require an “entrepreneur-friendly” economy, which in turn requires “a skilled population with an appetite for risk and the ability to spot opportunities, and a minimum of red tape and other procedural hurdles.” Morocco has expressed interest in promoting entrepreneurship; if serious, there is much work to be done in creating an environment where entrepreneurs can flourish.

Quotes from Harvard Business Review, September 2012, p. 30.

² Morocco's ranking on two of the *Doing Business* indicators jumped substantially from 2011 to 2012. For the protecting investors indicator, Morocco moved to 97th place from 153rd. But this should not be construed to reflect a substantially better investment environment today than was the case a year ago: Morocco strengthened investor protections by allowing minority shareholders to obtain any non-confidential corporate document during trial and by requiring greater disclosure in companies' annual reports. And its ranking on paying taxes (Morocco moved from 148th to 112th place) reflected a reform to permit enhanced electronic filing and payment of taxes – not a reduction in tax rates. Morocco's labor tax and contributions, at 22.7% compares to 16.9% in other Middle East and North African countries and its profit tax of 25.2% compares with just 11.2% in other MENA countries.

success stories exist, they are far too few and have failed to provide a backdrop against which further reforms can be built.

In a way, this is reflected in Morocco's rankings with respect to various international measures, such as the World Bank's Doing Business rankings (94/183), the Heritage Foundation's ranking of economic freedom (87/179), and Transparency International's Corruption Perceptions Index (80/183). In each case, Morocco sits somewhere in the middle of all countries ranked, whether the rankings are global in scope, or are looking only at the MENA or Africa region; it is as if to say that nothing is all that bad, but it is not really that good either.

These seemingly average and unremarkable statistics conceal what is in truth a complicated environment to provide development assistance in Morocco. The issues in need of reform are both systemic and specific; they are within the public as well as private sectors; they are fed by large businesses and SMEs alike; and the problems are well known but have proven resistant to change. Moreover, until recently, there has been limited sustained interest in change; and, even though that attitude is itself now changing, a belief that the costs of advocating for change would or could outweigh the benefits is still common.

With recent events, there are now new attitudes and energies in the country, and so the time may be right to break the cycle of stagnation and resignation.

Corruption

At the highest levels, perhaps the most pervasive and commonly cited detriment to a business enabling environment that facilitates growth in Morocco is corruption. It exists at every stage of the business life cycle, be it in public-private interactions, such as with administrative and regulatory bodies or the judicial system, or in private-private relationships, when one business in a superior position, be it in opportunities it can offer or in its relationship to the *makzhen*, uses that position for rent-seeking purposes.

Corruption in Morocco is somewhat different, however, from the common image of conspiratorial policies that can pervade a system. Much of the corruption is perceived as petty – “*baksheesh*” or “gifts” to petty officials for petty purposes, such as obtaining an official form or avoiding a fine. The cost of these small bribes is not considered significant, and, where bureaucracy is thickest, bribes are frequently perceived as useful “speed money” to make sure that applications or requests move along at a better pace; in a way it is accepted as a part of doing business and in some industries, this is tolerated and tolerable. But this is not always the case. One investor in a rental business, for example – a service that is an important component of Morocco's tourism industry – reported selling his company when the constant bribe seeking of police and other authorities hit an economic and psychological tipping point. According to interviewees, this corruption exists in every aspect of the system, from courts to registries to transactions in the marketplace.

Poor Access to Finance

SMEs generally report that they have a difficult time getting access to the credit they need to expand their businesses. In contrast, large commercial enterprises are better served by the financial system. Two principal reasons have been offered for this SME credit gap.

On the one side, many feel that SMEs themselves are the problem in that they do not have the internal capacity and professionalized corporate governance structures to present a credible loan application. Moreover, because they are often doing business informally, SMEs shy away from seeking loans when faced with having to choose between formalization and receiving financing, either as a loan, or even as a grant (see sidebar). Traditionally, Moroccan firms are structured as family ventures that commingle personal and corporate assets, and show poor financial management. Ownership of the business and assets can be difficult to show as the property has passed from family member to family member, from generation to generation, without updating official records. Corporate books and accounting are not altogether trustworthy, due to high levels of tax evasion through understatement of assets and revenues, and while this may lower tax assessments, it also undermines a company's ability to get a loan based on financials. Moreover, more than one banker commented to us that many SME operators do not understand the process of applying for a loan, and when the banks ask for greater – and reasonable – information, the business operator become uncomfortable and shies away.

Not surprisingly, since banks are legally constrained by fiduciary duties to ensure a certain level of financial transparency and health as the basis for loans and loan rates, they reject many, if not most, loan applications. Banks are, after all, businesses themselves and must take precautions to ensure their survival. Informal, or even partly formalized SMEs, present too great a risk.

The other reason noted for SMEs' insufficient access to affordable finance is structural. There are still gaps in the financial architecture that make it difficult to ascertain credit information and to secure loans. The private sector has recently produced credit information services, but these services are still new and thus limited in scope and depth. Most collateralization of loans is through real estate, and real estate is problematic. Ownership of real property is

THE HIGH COST OF FORMALIZING

A farmer south of Casablanca was interested in expanding his business and applied for a US\$160,000 grant through an international project and the Ministry of Agriculture. A Ministry representative on the grant review panel initially insisted that the farmer formally register his business in order to receive the grant. The Ministry relented, requiring only that the farmer engage in discussions with the Regional Director of Agriculture (DRA) regarding the pros and cons of formal registration.

When first told of this, the farmer thought he was being told that he must register his business and said he was withdrawing his request for the \$160,000 grant, despite knowing it had already been provisionally approved. Only after he understood that the only requirement was a "discussion" with the DRA about formalization did he accept the grant.

A happy ending, but a telling tale as an entrepreneur was willing to forego a US\$160,000 grant instead of formalizing his business.

concentrated, registration of property is overly complex and insufficiently robust, and the legal framework makes the use of mortgages problematic for apartments or subsets of buildings. The only other means for collateralization of a loan is through government bonds, and few SMEs understand or can afford them. Fortunately, the World Bank has recently begun a project working with the Government of Morocco to introduce secured lending based on movable and intangible assets, which should open up new avenues for finance of SMEs, as well as vastly increasing access to finance for women.

It should be noted, however, that the situation for SMEs has potential for improvement. The Central Bank is well structured and well run, providing adequate supervision of the banking sector in accordance with the various Basel standards. There is still significant state involvement in some banks, but privately owned banks are proliferating, with likelihood of competition increasing. Moreover, members of the banking sector repeatedly stated that they want to loan to SMEs as they represent a large portion of their potential customers; that they have the money to lend, but that they needed SMEs to meet loan requirements. They bemoaned the lack of bankable, creditworthy projects to finance, whether through credit or equity.

A Lack of Competition

A third systemic issue that undermines business is an environment that does not encourage true competition. Centuries of a centrally controlled economy have created an economy run predominantly by those closest to the center and a general population that has come to accept living under such circumstances, lest they risk failure or engendering unwanted attention from those above them. This problem is furthered because of a lack of knowledge throughout the country of what competition policy is and how it can benefit all parts of an economy.

Morocco's economic growth has been severely constrained by anti-competitive behavior. As one interviewee noted, "if you can put it in a box, there's a monopoly on it." Numerous productive industries are subject to monopolies, cartels, and other anti-competitive arrangements. Even foreign investment has been carefully orchestrated to avoid competition with existing entrenched industry arrangements. Lacking a level playing field, much of Morocco's business sector – between 30%-50% of overall Gross Domestic Product (GDP) -- chooses to remain informal to avoid what would be the compounding challenges of an anti-competitive environment and overly burdensome regulatory requirements. This informality limits growth, and limits government revenues needed to provide broad-based public goods and services, such as meaningful education.

The Government of Morocco and the King have begun, however, to open the economy. Recent privatization of royal holdings and removal of government subsidies in key sectors suggests that at least some new areas will be opened for competition. In addition, the Competition Council will, at some point, be fully functioning, although the exact timetable is unclear. It is already staffed by highly competent professionals who wait patiently for the law empowering them to be passed. While the system seems ready, *de jure*, to permit the promotion of competition and to allow the break-up of anti-competitive practices, it remains to be seen if and when, *de facto*, that will occur. Given the strength and historical depth of vested interests, change will be gradual at best, but change is underway.

On a further note, while the Competition Council will have an important role to play with regard to traditional anti-competitive practices such as price-fixing, consumer protection, excessive integration, and abuse of dominant positions, it will not necessarily have the same role in an even greater anti-competitive institution: bureaucracy. Low-ranking bureaucratic officials have been noted as a principal reason for low investment and even disinvestment. This situation, however, does not present similar or significant barriers for vested interests or larger businesses with the means to circumvent such obstacles.

The effects of these less obvious anti-competitive barriers are no less consequential. For example, one Moroccan businessman abandoned his attempts to build a tourism support enterprise due to constant harassment by officials for minor payments. This does not bode well for enhanced growth of tourism, an important industry for the employment of small operators essential for the industry.

Strategically, the long-term health of Morocco's economy mandates immediate attention to competition issues. This is a difficult path as successful competition laws require not only laws and institutions, but in most cases, a change in culture, something that will obviously take time.

Labor Policy

Morocco's existing framework for labor flexibility is one of the worst in the world. Until reformed, the incidence of *formal* labor will be deeply constrained. Today, even high profile formal firms must resort to informal labor arrangements, or to less efficient temporary labor contracts, in order to manage the costs and risks of hiring imposed by the law. For SMEs, formalized labor agreements, i.e. formal employees, poses an insurmountable risk. Once hired – in a formal sense – the ability to fire an employee is both time-consuming and costly, with an average of over seven weeks notice and 13.5 weeks severance pay for dismissal of an employee.³

At the same time, the labor code promotes the wrong structural approach to investment. It incentivizes capital-intensive investment that is less dependent upon local labor and the stultifying conditions of Moroccan labor contracts. As a result, changes elsewhere in the investment environment will help to attract investment, but may not necessarily attract labor-multiplying investment. The Government must eventually choose between reforming the labor code or being satisfied with a high incidence of informal, unprotected workers. In a competitive international market, Morocco does not have the luxury of utopian labor protections. Such reforms are outside of the present manageable interests of foreign donors, but well within the concerns of existing and future investors. Simply put, the reforms pointed out in this study are all necessary, but reforms to the framework surrounding labor is critical.

Limitations of the Workforce

Quality education and training is crucial to the development of a strong workforce. For economies that want to move up the value chain beyond traditional productive sectors and products it is an absolute necessity. With respect to regulations and the business environment, a strong workforce is more adept at being an efficient end user of a system of economic

³ Morocco ranks 136th of 142 in Labor Market Rigidity in the World Economic Forum's 2012 Global Competitiveness Report.

governance, is more readily adaptable to changes to the business enabling environment, more capable of perceiving what changes are necessary to create greater efficiencies in the market and more capable of providing a meaningful contribution to the direction of those changes.

From a business perspective, a workforce trained and capable of making a significant contribution to increasing productivity and profitability is nothing but an asset toward increased economic growth. The quality and composition of the labor force in Morocco, particularly with respect to those who are most likely to be part of SMEs, is generally under-educated and ill-prepared for the provision of modern goods and services.

With respect to education, the literacy rate in Morocco is one of the world's worst. According to the United Nations Development Program (UNDP), the overall literacy rate is 56.1% -- *12th worst in the world* (as of 2009) -- and it is only 43.9% for women. These numbers, troubling in and of themselves, fail to tell the whole story, however, as the population must shift between the three official languages – Moroccan Arabic, French, and Berber – depending on the counterpart and circumstance. This adds a significant layer of challenges with respect to basic communication, let alone business communications and transactions.

Along with their lower literacy rate, women in the workforce must overcome additional hurdles. According to the World Economic Forum's Global Competitiveness Index, Morocco ranks 134th of 142 nations with respect to the ratio of women to men in the workforce. Interviewees, including those with specific knowledge of the issue, stated that while business opportunity is not overtly inhibited for women, history and tradition put more subtle limits on their opportunities. It should be noted, however, that provisions of the new constitution make specific efforts to ensure gender equality, which may create an opening through which reforms to assist women in business could be pursued.

There is an exception to the pervasive workforce quality problem: Morocco currently graduates about 2000 engineers annually. These better educated professionals could certainly serve as a valuable resource in a number of industries. Unfortunately, labor rigidity represses wages, so that many of these young people are, in reality, being trained for jobs in Europe. This brain drain is the natural consequence of Morocco's business enabling environment – and in particular its labor policies

With respect to training of the workforce, through its *Plan Emergence*, the Moroccan government has established vocational schools for training in the six sectors identified for expansion in the *Plan*. By all accounts, these vocational schools have proven successful at providing workers needed skills and have played a part in the successful expansion of most of those sectors. While somewhat limited in scope, the success of these schools is encouraging.

The role of the private sector in terms of developing its workforce, however, is not as encouraging; simply put, too few of the business associations assist with workforce development, be it skills training, basic education, or business operations. Given the current opportunity, the time may be ripe to change this dynamic. Until improvements are made, however, much of the private sector starts off without the basic knowledge and many of the basic skills needed to not only succeed in business but simply to operate a business on a day-to-day basis. In addition, this situation also carries with it a limited ability to navigate business

regulations, leading many SMEs to choose, understandably given the circumstances, the path of least resistance: to operate in the informal sector, a result that engenders additional challenges for all parties.

Job growth results from business growth and businesses grow only when they can profitably compete in their chosen markets by providing affordable goods and services. One of the factors driving costs (which determine prices) is the cost and quality of labor. Unskilled or low-skilled labor is normally inexpensive, but it is also less productive than skilled labor. Cheap labor can attract investment in labor-intensive industries such as textiles and construction, providing low-paying jobs, but also providing growth. Where labor costs are high, investors will shy away from a large workforce in favor of equipment-intensive production: machines, robots, and technological systems that require only a few higher skilled workers to run them. Unskilled labor is not attractive to investors, except for manual labor.

But labor costs are more than salary. Benefits and employment flexibility can add to the costs – and risks – of hiring. When it is difficult to discharge workers due to economic downturns, or for incompetence, investors factor these restrictions into their risk calculations, and either supplement their labor supply with informal (unregistered workers) or shift their investment strategy away from laborers and toward machines. Either way, labor rigidity leads to fewer formal jobs.

Morocco has the worst of both worlds. The workforce is generally under-educated for provision of modern goods and services, and the labor market is very rigid. The result: Investors most likely to employ low-skilled labor cannot afford to hire or fire. This combination repels investment generally, but for those who find profitable possibilities available, the incentives point toward equipment-intensive investment and minimal formal jobs.

...BUT THERE ARE POSITIVE FACETS TO THE BUSINESS ENVIRONMENT

While the above paints a challenging picture for Morocco's SMEs, there are aspects of the business environment that are in generally good condition specifically with respect to trade facilitation and policy.

For example, Morocco's trade policy regime is generally good, in that the country is a member of World Trade Organization (WTO), has regional agreements for reduced tariff and non-tariff barriers within the region, and is party to a number of important bilateral trade agreements with Europe and, since 2006, with the United States. According to the U.S. Trade Representative, in 2005 (i.e. before the US-Morocco FTA entered into force), U.S. exports to Morocco were US\$481 million; in 2011 that number had increased almost six fold to US\$2.8 billion. Over the same period Moroccan exports to the U.S. rose from US\$446 million to US\$995 million.

In terms of trade facilitation, i.e. the moving of goods from producers to consumers in other countries (or from producers in other countries to Morocco), most traders interviewed are generally satisfied with the speed and quality of import/export processing, including by Customs. However, stories abound of rent-seeking behavior in which shipments are delayed without appropriate cause in order to extract additional, unofficial charges from the shipper.

While this may not afflict all or even most importers or exporters, it poses an anti-competitive risk to some, enabling vested interests to manipulate the system in order to protect their non-competitive margins.

Over the past ten years, Morocco's performance on the Trading Across Borders subset of the *Doing Business* indicators has generally been mediocre, placing the country 15th out of 20 MENA countries. Slight improvements in cost and speed of export in the 2009 rankings years ago were useful at the time but have since stagnated and anecdotal accounts suggest that the attainment of these benchmarks is not equally available to all: larger, connected companies tend to get better treatment. There is a great deal of room for improvement still.

The best news in the Moroccan business environment is infrastructure. Improvements to roads over the past ten years have been significant. Physical quality of ports is also generally good and improving, while rail systems serve the business sector at least adequately, if not well. Electricity is dependable, but is currently too expensive, increasing costs and reducing competitiveness of industries with high energy inputs. While the physical infrastructure is relatively sound, issues related to infrastructure remain, however. In July 2012, for example, the government unilaterally increased fuel prices in order to offset budget deficits caused by, none-too-coincidentally, a government subsidy related to fuel prices. Such actions, particularly without warning, put those SMEs who depend on infrastructure, e.g. truckers and other shippers, in a precarious situation.

4. LAWS AND INSTITUTIONS AFFECTING THE BUSINESS ENABLING ENVIRONMENT

While performing a full technical assessment of the laws and institutions relevant to the business enabling environment is outside the scope of this assessment, aspects of these issues bear further discussion. Through an examination of the framework laws, implementing regulations and institutions, supporting institutions, and the political economy that surrounds these issues, the picture that emerges is at best mixed, but not without reasons for hope.

FRAMEWORK LAWS

Generally speaking, the primary business laws in Morocco are adequate if not in need of an update to modern standards. As a starting point, the recent constitutional amendments help to solidify a number of important rights to engage in commerce, and are outwardly gender neutral, giving women the same rights as men. The constitutional devolution of power from the monarchy to elected officials is an important evolutionary step, both in the short and long term, toward greater participation by all facets of society, including with respect to the right to compete in the economy. The specific frameworks for most areas of economic activity, according to a wide range of private investors, are generally in accordance with international practices and, if implemented properly, would provide a stable and attractive investment climate.

Many of the laws necessary for business are based on early-to-mid-20th century French civil code. These laws, while adequate at the time of their inception, do not comport well with the exigencies of modern business. For example, rigid labor laws make hiring and firing of employees a risky proposition. Once hired – formally – numerous interviewees described great difficulty and expense to let an employee go, an assertion supported by the analyses of various international bodies. This has the effect of pushing businesses to hire informally or only seasonally, at a detriment to all parties in the process.

Laws regarding leasing of commercial spaces similarly put one party at too high a risk, in this case the lessor. In short, the law makes it unreasonably difficult to remove a tenant who does not meet the obligations of a lease. In order to compensate for that risk, commercial property rental rates are higher than most SMEs can afford, so property remains empty.

It is worth noting that the legislative process is also not without challenges. Most laws, no matter how well intended or needed, become trapped at some stage of the legislative process. Multiple interviewees for this assessment cited the Secretariat General of the Government of Morocco (SGG) as the most common place where legislation would stop for unclear reasons and for indeterminate periods. The SGG was not, however, the only part of the legislative process singled out as a roadblock. While such machinations are certainly not uncommon in politics, it almost seems expected and met with resignation when it occurs in Morocco. Simply put, however, the law must be adaptive to changes in how business is conducted with some alacrity or the market will not behave properly or fairly.

IMPLEMENTING REGULATIONS AND INSTITUTIONS

Unfortunately, framework laws do not implement themselves, but require implementing regulations, policy guidance, directives and other instructive instruments for the intended outcomes to become a reality, as well as institutions with the competence to understand this material and apply the law and regulations impartially, consistently, and appropriately. At this level, the structure and substance is weak, with numerous gaps in regulation and even more in implementation. For example, the Competition Council has been (and will remain until amendments to the relevant laws are passed) a paper tiger with useful primary legislation purporting to promote competition on the one hand, but no investigatory or enforcement powers on the other. Although new regulations have begun to empower the agency to address these problems, that is not true across the board for those government entities involved in creating an attractive investment environment. There is much work to do at the level of regulation.

With respect to the process of applying laws and regulations, government institutions were consistently characterized as lacking. There are several reasons for this. First, as noted, many of these institutions, especially those created in the past ten years, are not sufficiently supported with appropriate implementing regulations, thus they have insufficient authority to perform the functions for which they were intended.

For those with authority, there is a second issue: capacity. Overall, government agencies that interface with the business community were reported to lack a customer-service ethos and the proper staffing, orientation, and training to fulfill their functions effectively and efficiently. Not surprisingly, the assessment did not encounter a great deal of monitoring and evaluation of official performance. Aside from creating a lack of incentive to perform one's job well, rent-seeking behavior is common among many agencies, driving down the reliability of service and raising costs and risks for investors. The property registries, for example, have a reputation for highly opaque, unreliable service. The courts are another unreliable body for want of consistent and appropriate interpretation and application of laws, as well as the resolution of disputes in a timely manner.

Property and contract integrity are fundamental for business growth and stability; some would argue, in fact, that these two systems, i.e. courts and property registries, and their failings, bear significant responsibility for slow growth, unemployment and informality in Morocco. That reform is needed, however, is not a new finding discovered in this assessment. What does merit emphasis is that any reforms should be undertaken in great part to meet the needs of business and to encourage investment. Unfortunately, few governmental units currently have mechanisms to elicit and incorporate feedback from the private sector on performance, and the private sector – outside of those closest to power – has limited ability, incentive, or opportunity to provide this feedback. This is an issue that must be addressed.

SUPPORTING INSTITUTIONS

Healthy business environments include a number of organizations that can help to aggregate the voice of private sector concerns into coherent requests for reform, further discussion about what those reforms should be, as well as provide services to their members that further the

business capacity of the firms. Morocco has a large number of associations, but most are relatively new and most are considered ineffective. In addition, the spread of such institutions is inconsistent. Not surprisingly, these associations form close to focal points of business and policy, i.e. Casablanca and Rabat. From there, few of the stronger associations expand much beyond the urban centers, and they remain primarily focused on national issues. Regional or municipal associations of businesses or professionals were reported to be somewhat disconnected from the larger groups, limiting their ability to serve their member's interests.

Those supporting institutions that are more effective at the national level, however, are increasingly involved in promoting reform, a clearly positive development. For example, during discussions of the draft constitution, a number of associations were invited to provide input, and did so. Notably, the Association of Leading Women Entrepreneurs (AFEM) provided significant comments on the draft, and its suggestions have been incorporated.

Morocco may have a small number of effective groups, but there exist enough to serve as a foundation for private-sector-led reform. Even so, assistance is needed to strengthen this foundation and grow the number and quality of effective private sector organizations, whether business associations, bar associations, or even educational institutions.

POLITICAL ECONOMY OF REFORM AND THE PRIVATE SECTOR

In static terms, Morocco can accurately be described as a limited-access regime in which participation in economic and political activity is more a privilege than a right. A patronage system – in place for decades, if not centuries – has channeled much economic activity into a few hands, so that economic and political power is highly concentrated through monopolies and oligopolies, at least as relates to trade in products.

But a static picture does not capture the critical juncture of change underway in the Kingdom, and this change presages well for positive reforms. Most Moroccans interviewed characterize the King as a reformer: well before the Arab Spring, he worked to open the economy and to recognize a wider range of rights, including for women. The press is far freer than it was fifteen years ago, and regularly criticizes official failings and foibles. Some high-level politicians have been charged, tried and imprisoned for corruption.

The current opening may have begun ten or more years ago, but the fuel for reform comes from the Arab Spring. Revolutions throughout MENA did not take hold in Morocco at the same level, in part because change was already underway, but also because the government pre-emptively brought about changes. That fear, while lessened given the collapse of organized opposition, is still a motivator for continued reforms. The question becomes how the change is pursued.

Many Moroccans advocate evolutionary change, or what is becoming more commonly known as the 'third way,' i.e. neither top-down nor a grassroots movement, but a partnership between both factions. This, however, begs the question of who will represent those not part of the government and other closely associated interests, both broadly speaking, but also with respect to issues related to the business enabling environment.

In many ways, the private sector lacks strength throughout its many different forms and levels. While numerous business associations exist, representing a wide range of industries and business interests, both foreign and domestic, few have impact beyond maintaining their own existence. For example, one prominent national business association stated openly that one of its goals was to be the sole voice of the private sector with respect to government relations. This arguably creates a conflict of interest for that organization as it places its own interests ahead of those of its members. Among Moroccan business associations, however, such a thought process is not uncommon. Inevitably, this attitude weakens their ability to effect actual change: these representative organizations spend too much time on their own survival as opposed to advocating a reform agenda on behalf of their members or constituents.

Another section of the private sector that is often counted upon with respect to driving reform is academia. Unlike experiences in numerous other countries, however, and while many universities in Morocco are respected centers of higher learning, the assessment team found that few in this section of actors were engaged in assisting with business environment reforms. Moreover, more than one interviewee expressed frustration that universities were failing to graduate professionals with the skills necessary to succeed in business, that the universities were only truly available to a small segment of Moroccan society, and that the number of graduates was not enough to support and further economic growth. As such, institutions of higher learning were falling well short in providing their graduates with marketable skills and knowledge.

Business training is not completely lacking, however. Through the *Plan Emergence*, the government identified six industrial sectors as priorities for expansion. As part of this effort, it created vocational schools for each of the sectors. These schools have proven successful in providing graduates ready to contribute to the workforce. Unfortunately, many of these workers still lack a basic understanding of business operations, and so they are unable to succeed much beyond subsistence living.

Lastly, many interviewees, particularly from the public sector, stated that the private sector must innovate, and government-sponsored programs have been established to support this effort. It bears repeating, however, that the literacy rate in Morocco is one of the lowest in the world. Without basic education – without the ability to read and write – the odds of being innovative are diminished. Accordingly, it is also unlikely that these persons would be able to create and maintain a business of their own, let alone be a part of any larger reform process. All of these factors lead to a weak private sector and a workforce in need of development.

Whatever the method, or whoever the parties participating in reform, however, the recent devolution of monarchical power, decentralization of federal power through regionalization, and creation of needed institutions, all at a constitutional level, suggest that there is a very real opening to increase economic and political pluralism which, over time, will lead to greater investment opportunity and growth. Social forces may be complex in Morocco today, but they point toward reform.

5. CONCLUSIONS AND RECOMMENDATIONS

The Government of Morocco and the King have made moves to open the economy for greater formal growth and investment by SMEs. The reforms are welcome, but are incomplete and inconsistent. Too often they are top-down, without sufficient engagement of those who will be most affected, whether businesses or bureaucrats. Even so, the legal framework in place at the level of constitution and primary laws will be sufficient to promote growth and open competition, *if it is implemented*. This requires the development of accountable government institutions and effective private sector organizations that can monitor progress toward appropriate implementation. The accountability structure must change, however: providers of public goods and services should be accountable *to the public*, which requires a system of feedback loops and a set of measures to determine success. This structure would promote healthier public-private interaction in support of formal growth.

USAID is well situated to provide effective assistance. The efforts of other donors – focusing on issues of finance, additional “Doing Business” reforms, and development of various industry sectors – allow USAID to focus and concentrate its scarce resources for greater impact.

It is understood that minor and piecemeal reforms in the business environment are unlikely to greatly affect the fortunes of SMEs over the longer term. It is also clear that some requirements – such as workforce development – are not short-term in nature, and must be connected to business environment reforms to create dividends. (Otherwise, Morocco will simply be upgrading its labor for export to other labor markets.) Consequently, there is both time and opportunity for assistance that will produce long-term, measurable impact while achieving short-term measurable results.

USAID’s strategic framework for economic growth provides guidance as it prioritizes reform efforts by recommending, when appropriate, that reformers start with systemic issues (such as business registration, which affects all businesses, not just certain types), catalytic opportunities (such as openings in one sector that will have systemic impact on others), and, finally, sectoral reforms (such as specific needs that only constrain one sector). All approaches can be successful and implementation varies necessarily from country to country depending on specific circumstances.

Based on the findings of this assessment, this report recommends the following approaches to future programming:

- **Establish benchmarks.** The MEC project has begun a process of identifying local-level, tailored indicators that can be used to measure progress toward better regulation and implementation of rules affecting business. Such measures guide reforms, but must in turn be guided by the priorities of the private sector and the appropriate limitations of government bureaucracies. Thus, the benchmarks underway need to be vetted, tried and refined through joint participation of public and private sector stakeholders. Note: the voice of women should be explicitly included as well, to ensure that otherwise gender-neutral reforms do not result in discrimination in practice.

- Strengthen the reformers. A number of existing institutions are actively promoting reform, but do not all have sufficient capacity for their mandates. USAID can support the work of CNEA, for example, by working closely with them as the national champion for business environment reform, while also working with multiple other agencies and private sector organizations to strengthen their ability to absorb and promote change. This requires promotion of competing voices as well – at least one national business organization has explicitly stated that it wishes to be the *sole* voice of the private sector before government, and such concentration of power should be fought at every turn by providing assistance to a variety of private sector associations.
- Create common goals and common efforts. It is easy to vilify inefficient bureaucracies or overreaching investors, but it is not constructive. The problems of business growth are a challenge for all Moroccans, since it, above all, impedes job and wealth creation. Thus, what is needed is a concerted, combined effort to identify, analyze, address and implement reform needs. Future projects should join public and private sector stakeholders together on common issues to create and reach common goals. This will require a great deal of public-private dialogue, but will also require assistance so that those involved in the dialogue can participate effectively in it. Openness is new in Morocco, and provides one of the great opportunities for fundamental change.
- Work regionally, and be national in scope. Dissatisfaction fueling the Arab Spring protests cannot be reduced by improving the lot of a few, discrete regions. Reforms can be approached on an industry basis, rather than on a systemic, national basis, but care should be taken that the impact is national in scope. For example, support for business environment reforms in the automotive industry will promote Tangiers, whereas reforms along the agricultural value chain will benefit the entire country.
- Develop the private sector, writ large. Starting with elementary education, all the way through to negotiating reform agendas at the highest national levels, the private sector is not achieving all that it could or should. Simply put, this must change. Much of the Arab Spring was brought about by disaffected youths in the MENA region who were struggling to find not only employment, but relevance in their societies. With too few economic opportunities, frustration grows. But this issue has, in fact, two sides. While the government of Morocco must not fail in its obligation to create and support a strong business enabling environment, the private sector must also live up to its responsibility to be fully prepared for the world of commerce, to seek out new opportunities, and to conduct business in a professional manner. At present, much of the Moroccan private sector is largely incapable of such activity. USAID should, therefore, use future programs to incorporate and encourage workforce development, including basic education, business education (both with respect to business operations and governance, as well as with respect to creativity and innovation), vocational training, assistance with developing effective and improving already existing business associations, and helping universities to graduate students ready to meet the challenges of modern business. Numerous business associations already exist to support such an effort.

Programs that bring public and private stakeholders together to promote achievements against measurable standards have been shown elsewhere to be very effective, especially when implemented at the local municipal or regional level. The ingredients are in place in Morocco to promote changes that will open opportunity for foreign and domestic investment, and allow SMEs to succeed.

ANNEX I: COUNTRY DATA

Included in this annex is a collection of data from a variety of sources used throughout the assessment process. It is organized to follow the organization of the report.

I.1 MOROCCO'S CURRENT CONTEXT

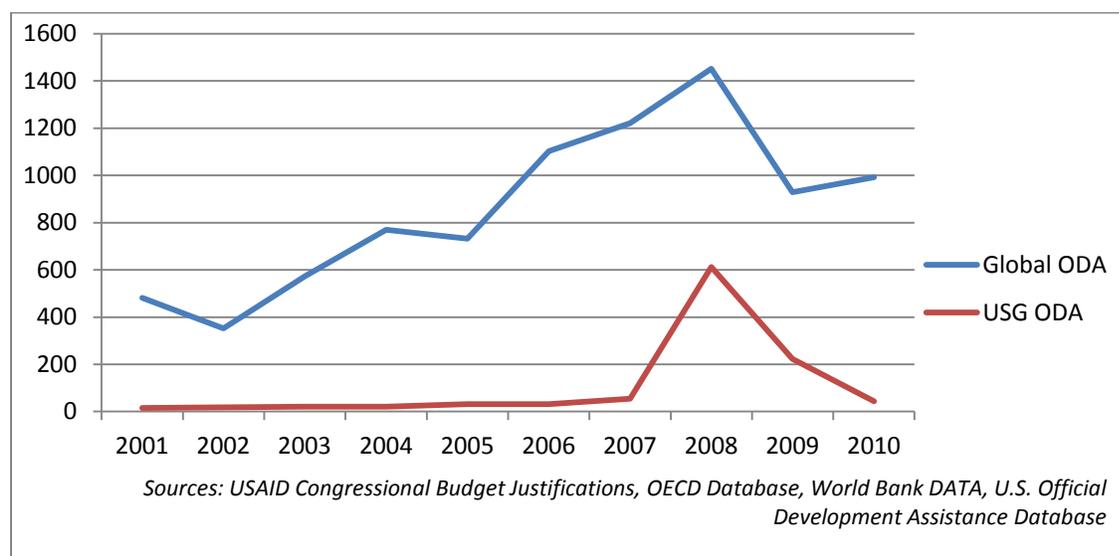
Overview Benchmark Data on the MENA region

Country	GDP Per Capita PPP	Population	Literacy Rate	Unemployment	Competitiveness Ranking	Doing Business Ranking
Algeria	\$8,715	46.9	70%	11%	87	148
Egypt	\$6,324	82.5	72%	9%	94	110
Jordan	\$6,007	6.2	92%	13%	71	95
Lebanon	\$14,709	4.3	87%	9%	89	109
Morocco	\$4,986	30.5	56%	10%	73	94
Tunisia	\$9,415	10.7	78%	14%	40	46
Yemen	\$2,349	29.3	64%	15%	138	99

Sources: World Bank Data, World Economic Forum Global Competitiveness Report 2012, and World Bank/IFC Doing Business 2012

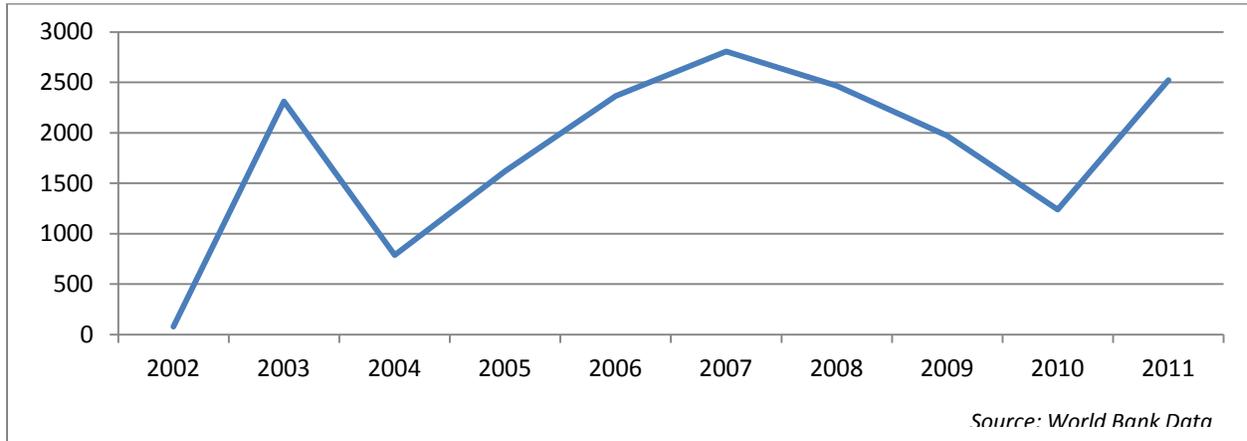
I.2 DEVELOPMENT ASSISTANCE IN MOROCCO – CHALLENGES AND OPPORTUNITIES

Overseas Development Assistance to Morocco (USD Millions)⁴



⁴ The 2008 increase is a result of the start of the Millennium Challenge Corporation's Compact with Morocco.

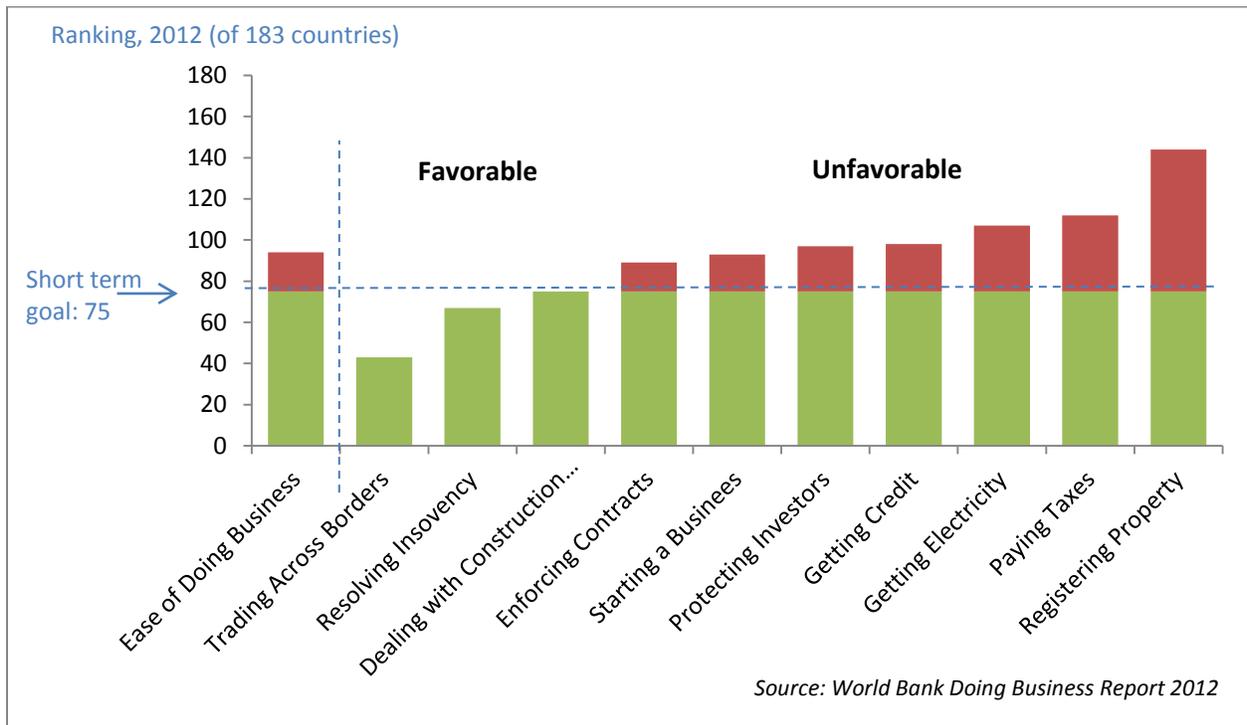
Foreign Direct Investment, Net Inflows (USD Millions)



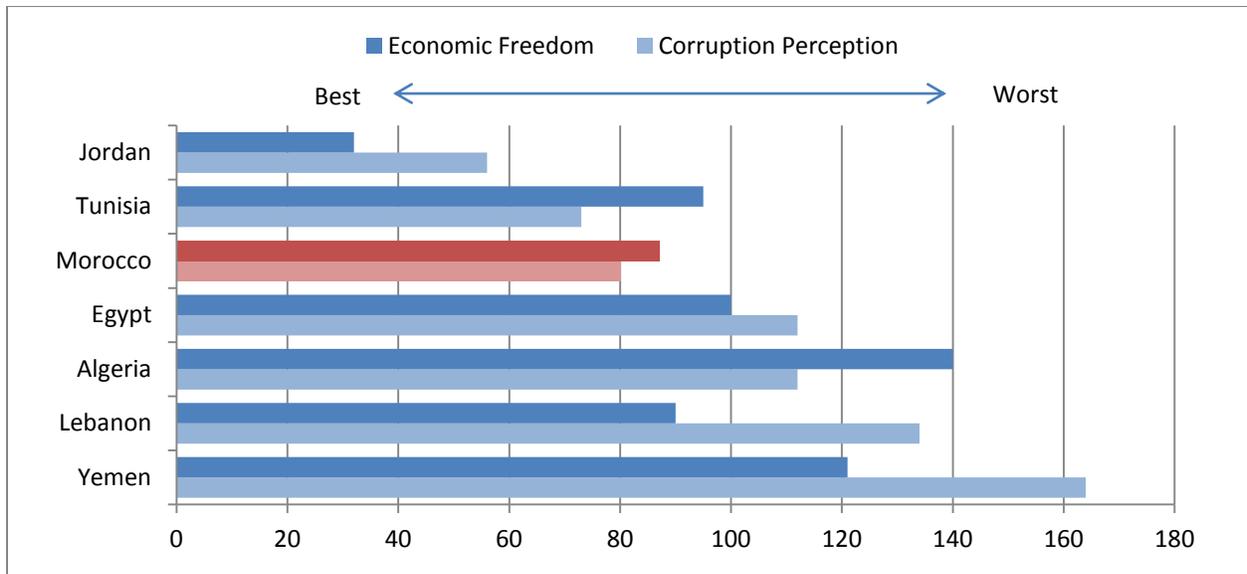
I.3 THE BUSINESS ENABLING ENVIRONMENT

I.3.1 Overview of the Business Environment

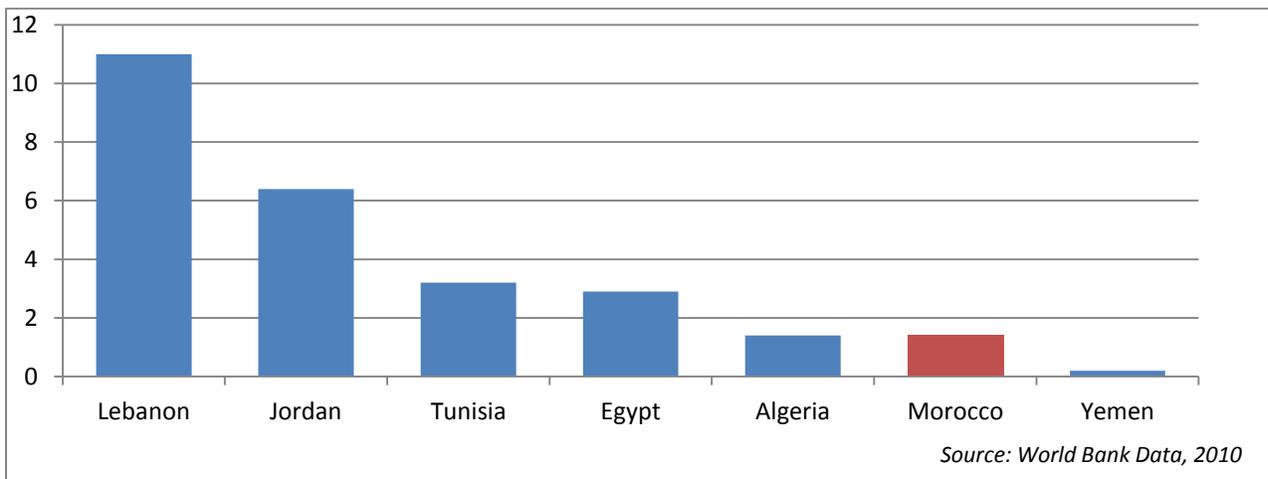
Doing Business Scores from the World Bank, 2012



Transparency International's Corruption Perception Index and Heritage Foundation's Economic Freedom Index, relative to other MENA countries

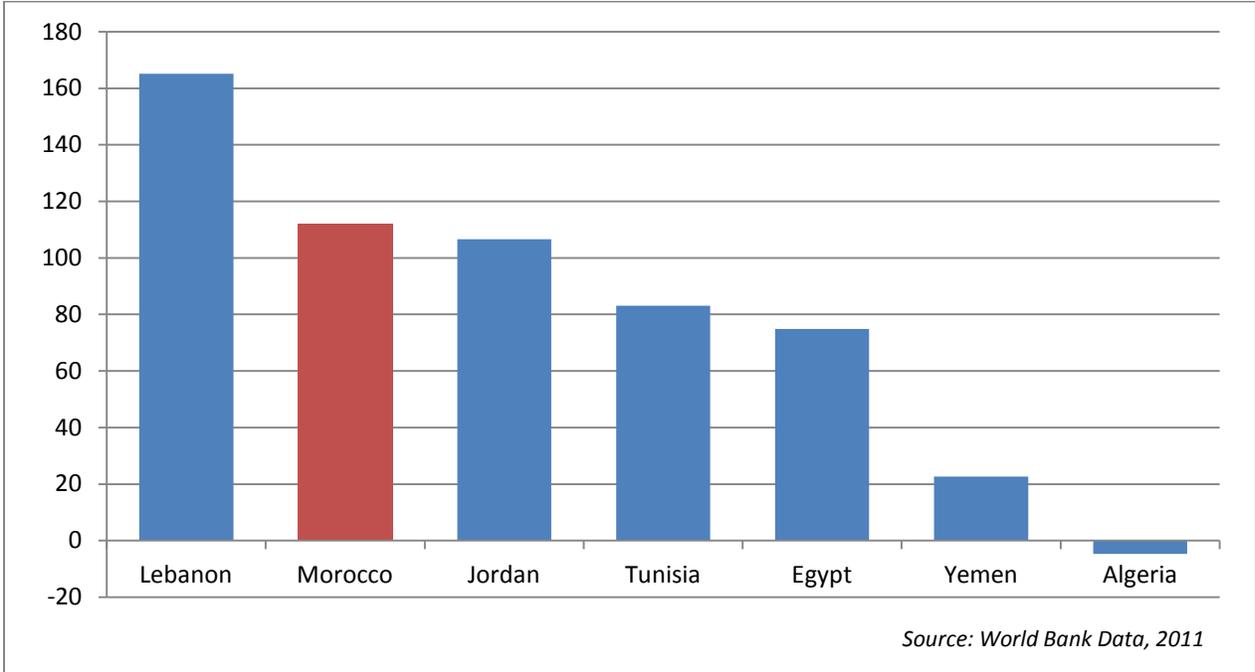


Foreign Direct Investment as a Percentage of GDP, relative to other MENA countries

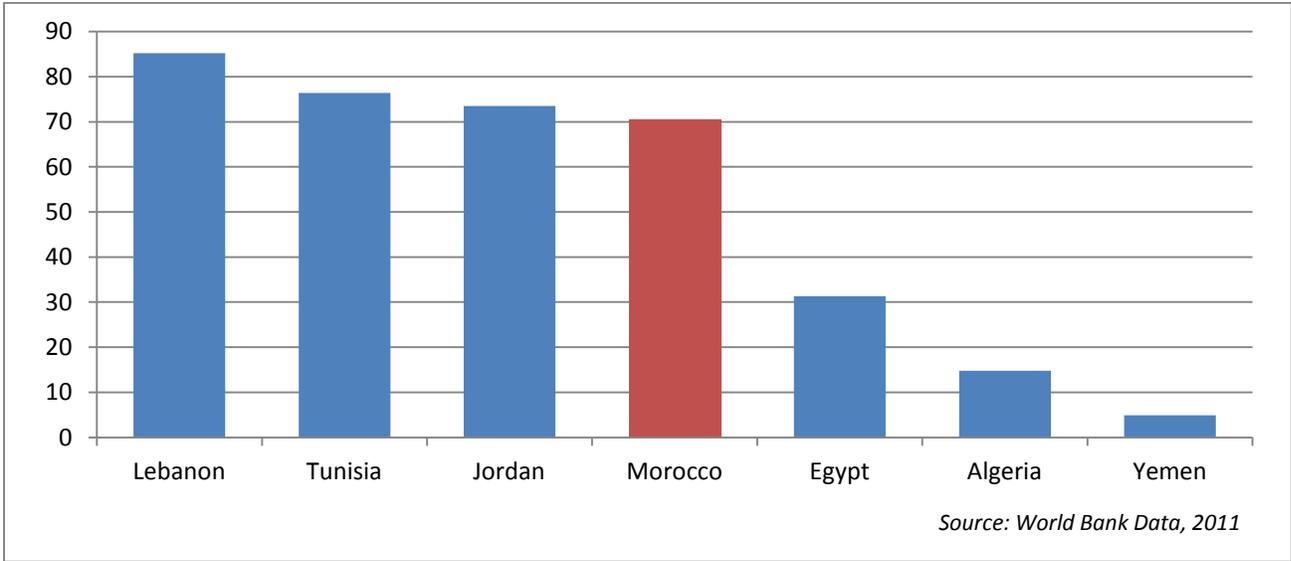


I.3.2 Access to Finance

Domestic Credit Provided by Banking Sector (% of GDP), relative to other MENA countries

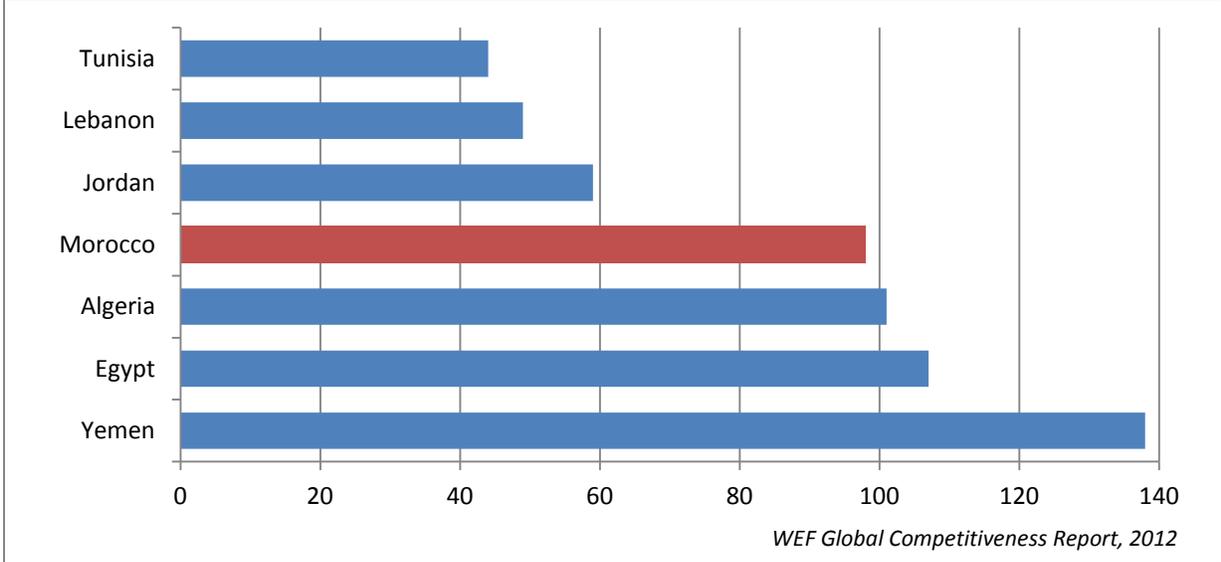


Domestic Credit to Private Sector (% of GDP), relative to other MENA countries

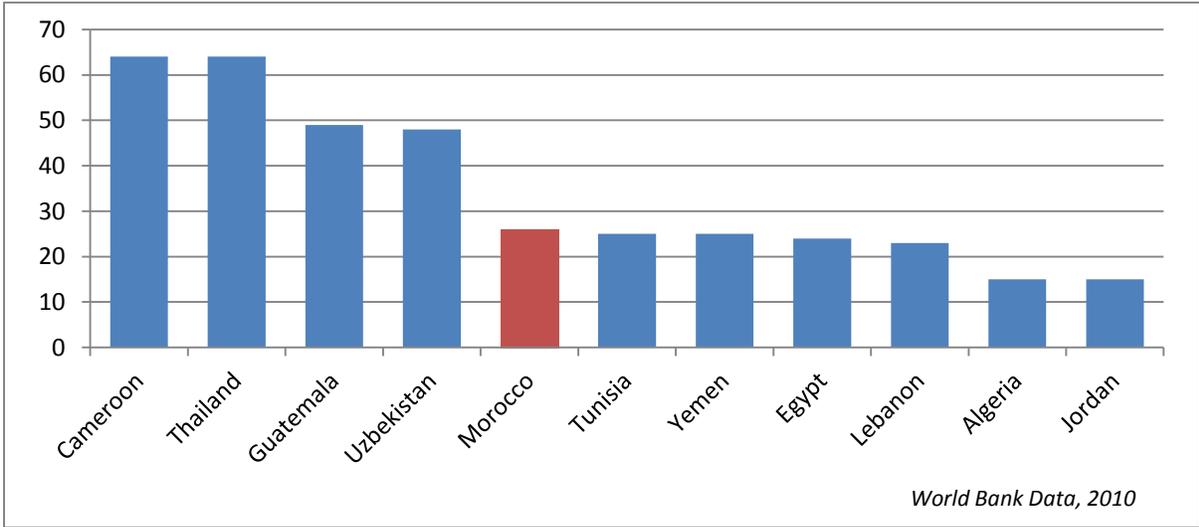


I.3.3 Limitations of the Workforce

Higher Education and Training Ranking, relative to other MENA countries

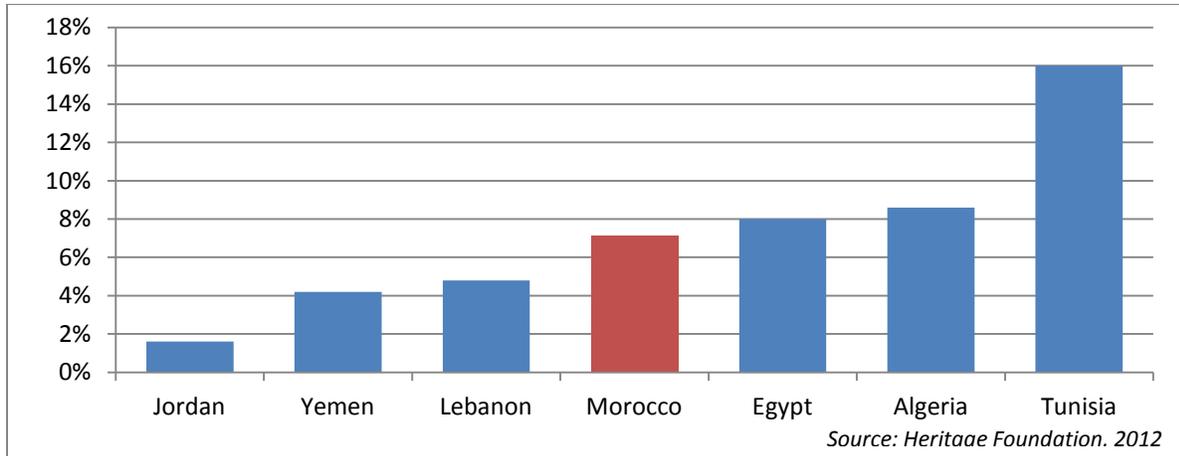


Female Participation Rate in the Workforce, relative to countries with similar populations, and/or per capita GDP

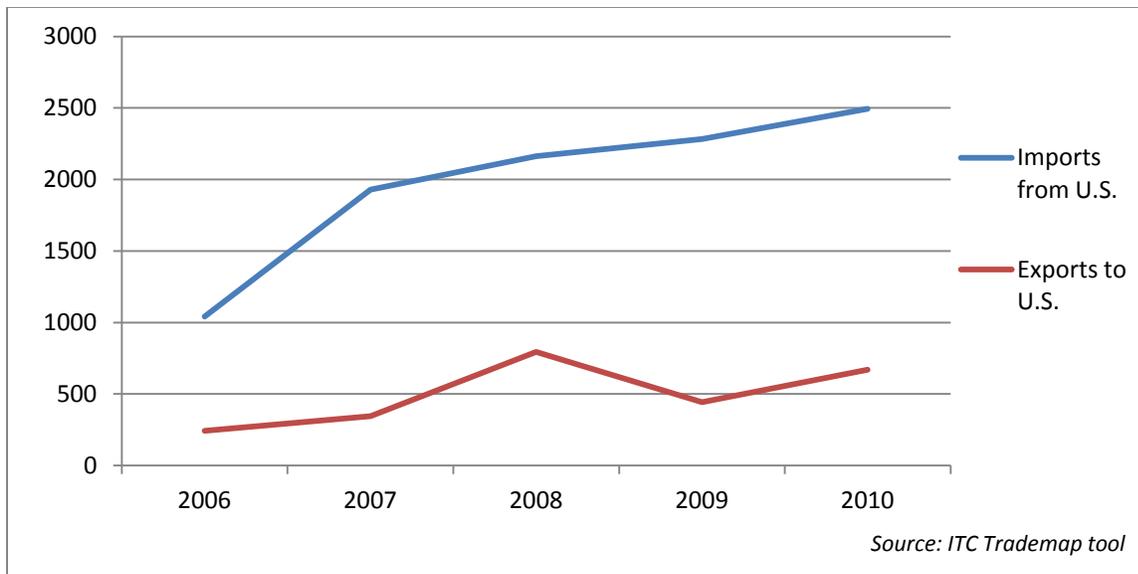


I.3.4 Positive Facets of the Business Environment

Average Applied Tariff Rate, relative to other MENA countries

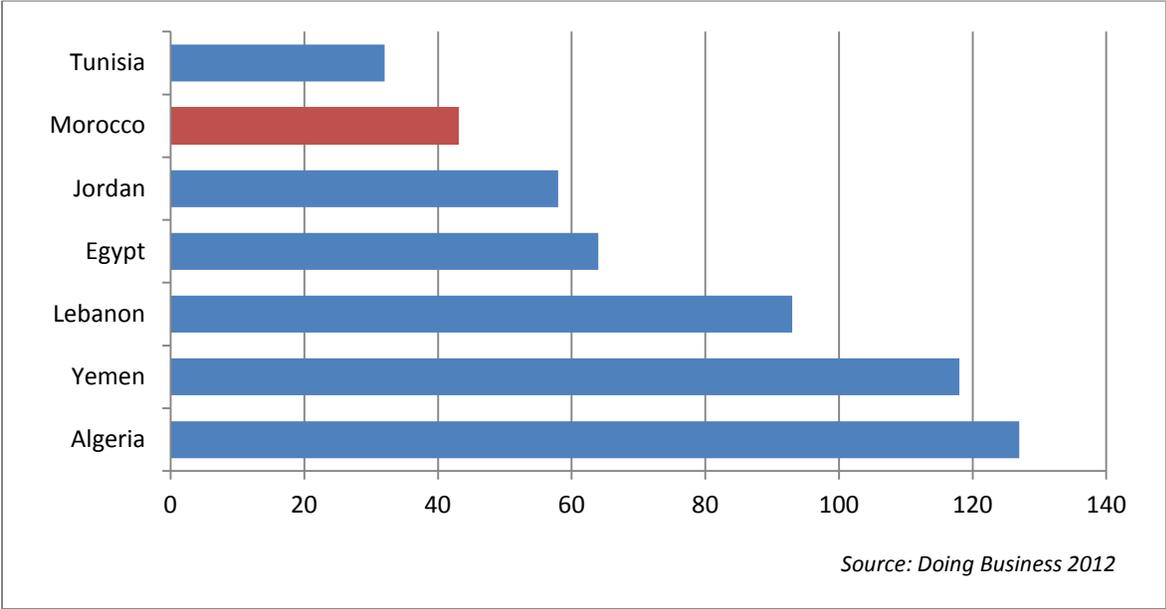


Moroccan Trade with the United States Since US-Morocco FTA (in USD, millions)*

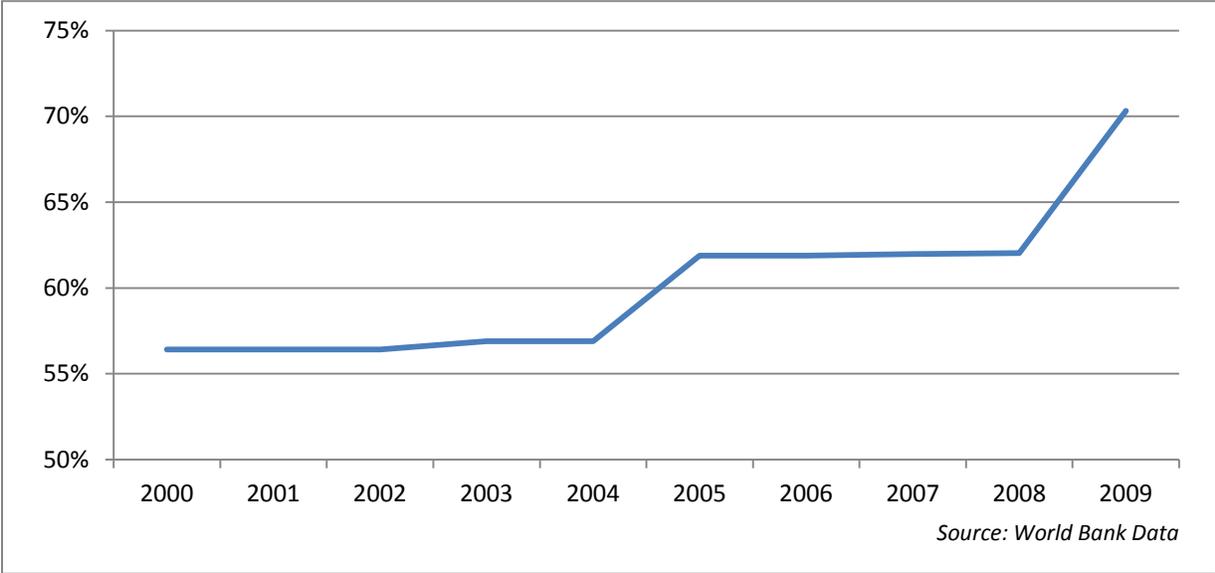


*N.B.: The US-Morocco FTA agreement was negotiated in 2004 and came into force in 2006.

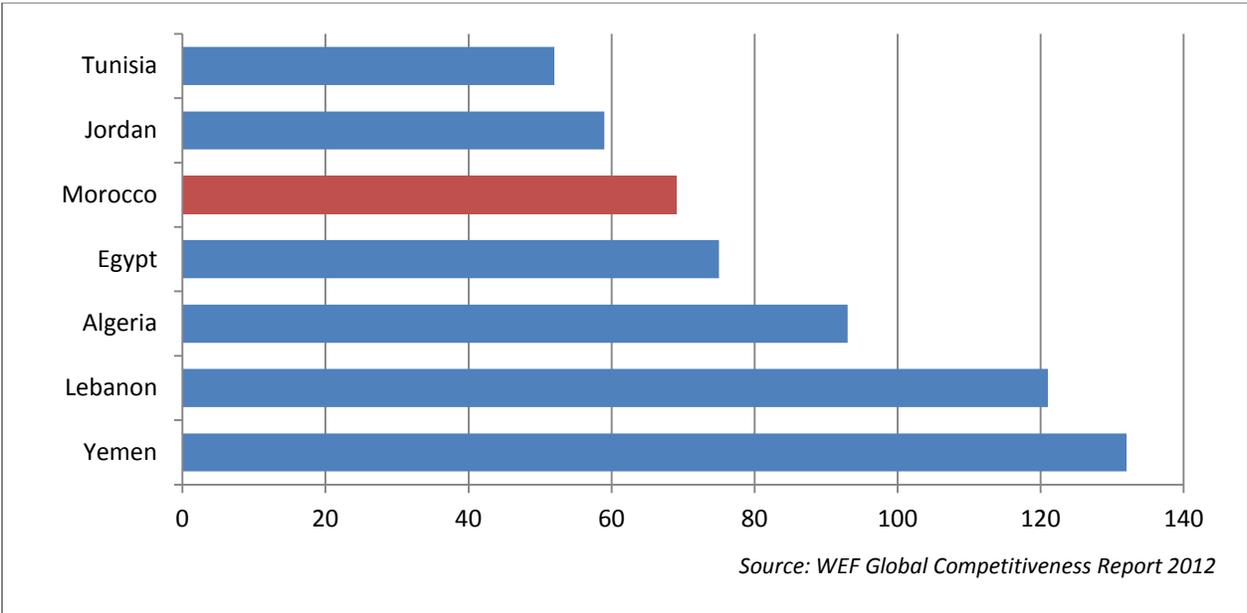
Trading Across Borders Ranking, relative to other MENA countries



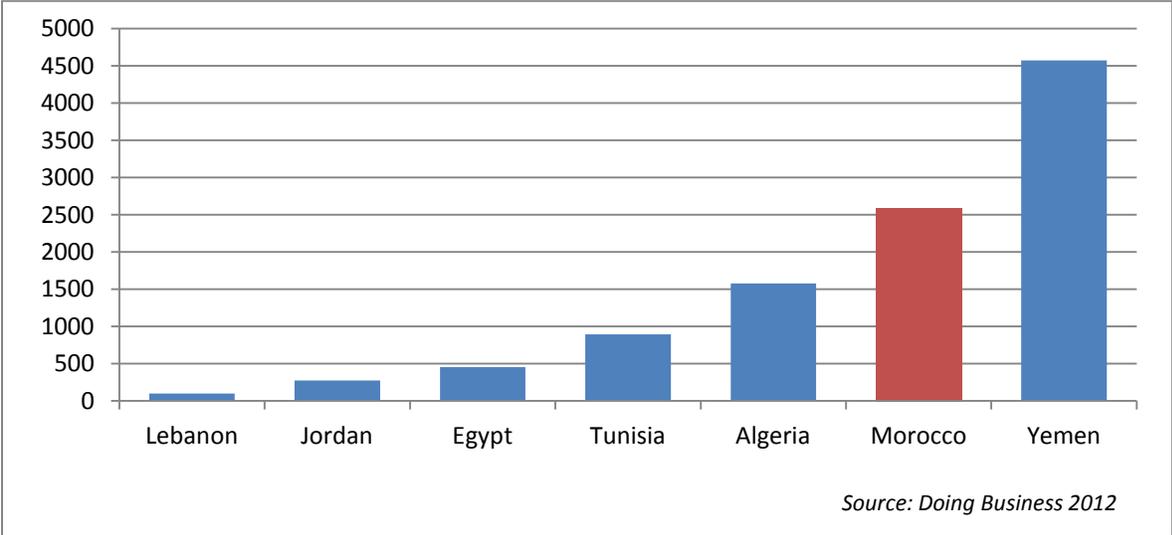
Percentage of Roads Paved in Morocco



Infrastructure Ranking, World Economic Forum's Global Competitiveness Report, 2012

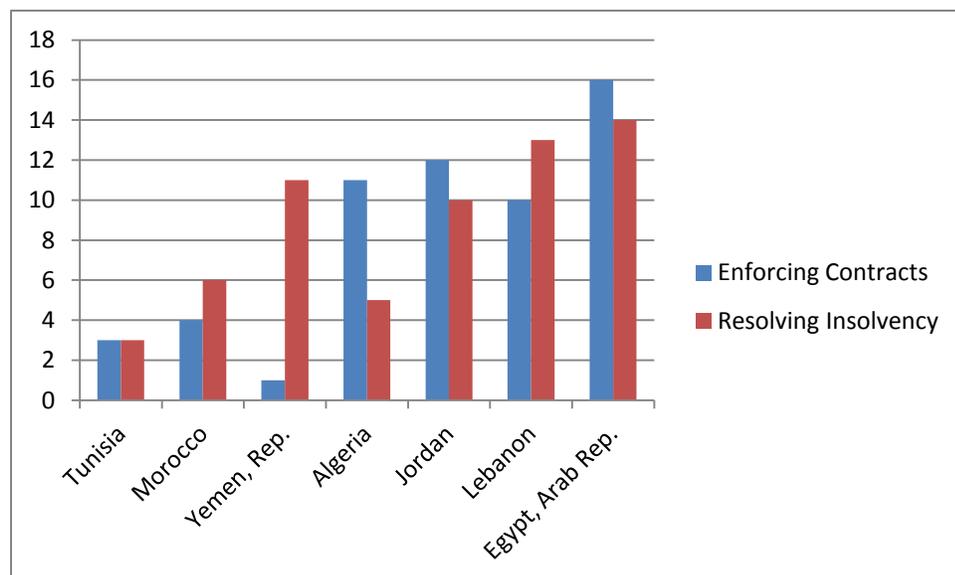


Cost of Electricity (as a percentage of income per capita), relative to other MENA countries



I.4 LAWS AND INSTITUTIONS AFFECTING THE BUSINESS ENABLING ENVIRONMENT

Enforcing contracts and Resolving Insolvency (World Bank *Doing Business* rankings) relative to other MENA countries



Enforcing a Contract, World Bank *Doing Business* (2012), relative to other MENA countries

	TIME (DAYS)	COST (% OF CLAIM)	PROCEDURES (NUMBER)
MOROCCO	510	25.2	40
YEMEN, REP.	520	16.5	36
TUNISIA	565	21.8	39
ALGERIA	630	21.9	45
JORDAN	689	31.2	38
LEBANON	721	30.8	37
EGYPT, ARAB REP.	1,010	26.2	41
BASELINE FOR THIS REGIONAL SUBSET	658	23.6	44

ANNEX 2: ORGANIZATIONS INTERVIEWED

(Note: further contact information is available upon request. Please inquire with USAID/Morocco/EGT)

1. AlShall Morocco Consulting & Investments (<http://alshallmaroc.com/>).
2. American Chamber of Commerce in Morocco (<http://www.amcham-morocco.com/>).
3. Association of Female Business Leaders in Morocco (AFEM) (www.afem.ma).
4. Bab Al Bahr Development Company (www.babalbahr.ma).
5. Banque Populaire, Office of the Director General (www.gbp.ma).
6. Central Authority for the Prevention of Corruption (ICPC) (<http://www.icpc.ma>).
7. COFACE Service Maghreb (<http://www.coface.ma/>).
8. Competition Council of Morocco (www.conseil-concurrence.ma).
9. Credite Agricole du Maroc (www.creditagricole.ma).
10. E-Commerce Counsel (<http://ecommerceconseil.com/wp/>).
11. Ernst & Young Morocco (www.ey.com).
12. Ethix Consulting (Casablanca, Morocco).
13. European Union Delegation to Morocco (eeas.europa.eu/morocco/index_en.htm).
14. European Union-Moroccan Association Agreement (Twinning Program), Office of the Resident Counsellor (EU), Ministry of Economy and Finance, Office of Public Enterprises and Privatization (www.finances.gov.ma).
15. Federation of Moroccan Chambers of Commerce, Industry and Services (www.mcmcis.ma).
16. Fellows Consulting (Casablanca, Morocco).
17. Fibad Law Firm (www.fidab.ma).
18. General Confederation of Moroccan Enterprises (CGEM) (<http://www.cgem.ma/>).
19. German Agency for International Cooperation (GIZ) (www.giz.de/maroc).
20. Grant Thornton Morocco (www.fidarocgt.com).
21. Kettani Law Firm (Rabat, Morocco).
22. KPMG – Maroc (<http://www.kpmg.com/ma/>).

23. Law and Justice Association (www.droitjustice.org).
24. MB Holdings (www.mbholding.ma).
25. Millennium Challenge Corporation (www.mcc.gov).
26. Ministry of Industry, Trade and New Technologies of the Kingdom of Morocco, Office of the General Secretary (www.mcinet.gov.ma).
27. Ministry of Economy and Finance, Office of Public Enterprises and Privatization (www.finances.gov.ma).
28. Ministry of General Affairs and Governance, Office of Cooperation (www.affaires-generales.gov.ma/).
29. Ministry of the Interior, Regional Investment Center for Rabat-Sale-Zemmour-Zaër, Office of the Director and Office of the Manager for Cooperation and Coordination (www.rabatinvest.ma).
30. Marocinvest, Office of the Director General (www.marocinvest.com).
31. Moroccan Association for the Clothing and Textiles Industries (AMITH) (www.textile.ma/portail/).
32. Moroccan Capitol Investors Association (AMIC) (amic.org.ma).
33. Maroc Export/Moroccan Center for Export Promotion (CMPE) (<http://www.marocexport.ma/>).
34. Moroccan Investment Development Agency (AMDI) (www.invest.gov.ma/).
35. Morocco Economic Competitiveness Program (USAID) (www.programmemec.ma).
36. Morocco Trade and Development Services (MTDS) (www.mtlds.com).
37. National Agency for the Promotion of Small and Medium Enterprises, Directorate General and Division of Studies and Cooperation (www.anpme.ma).
38. National Association for Agribusiness (FENAGRI) (www.fenagri.org/).
39. National Commission for the Business Climate (CNEA) (climatdesaffaires.ma/).
40. Oulamine Law Group (www.oulaminelegal.com).
41. Societe General Marocaine du Banque (SGMB), Office of the Director and Office of Commercial Markets for SMEs (www.sgmaroc.com).
42. Salah Aisse Management Consulting and Accounting (Casablanca, Morocco).
43. School of Governance and Economy of Rabat (www.egerabat.com).
44. Spanish Agency for International Development Cooperation (AECID) (<http://www.aecid.es/en/index.html>).

45. Technical Center for Food Industries (CETIA) (cetia.ma).
46. Transparency International – Maroc (<http://www.transparencymaroc.ma/index.php>).
47. U.S. Commercial Service (www.export.gov).
48. The World Bank (www.worldbank.org).
49. Women in the City (www.womeninthecity.co).

ANNEX 3: SOURCES

OVERVIEW

Arab World Competitiveness 2011-2012, World Economic Forum.

Improving the Business Climate in Morocco (IBCM) Project, Annual Reports, 2006, 2007, and 2008.

Moroccan Economic Competitiveness (MEC) Project:

Project Highlights on E-invest and Fancy Foods (2012),

Quarterly Reports, 2010 through 2nd quarter of 2012

First Survey on the Business Climate of the Doukkala-Abda Region, March 2011

First Survey on the Business Climate of the Oriental Region, March 2011

Research Triangle Innovation Study Tour, Technical Trip Report, June 2011

WAMDA: Inspiring Empowering and Connecting Entrepreneurs – Morocco,
http://www.wamda.com/country/info_center/Morocco/galance

Economic Governance and Its Importance for USAID/LAC (White Paper on Rural Prosperity, by Clarence Zuvekas, Jr. (Chemonic International), January 2002,
http://pdf.usaid.gov/pdf_docs/PNACU570.pdf.

CIA World Factbook – Morocco, <https://www.cia.gov/library/publications/the-world-factbook/geos/mo.html>.

I. MOROCCO'S CURRENT CONTEXT

Morocco: Rise and Fall of the February 20th Movement, by Ahmed Benchemsi, July 17, 2012,
<http://www.moroccoboard.com/viewpoint/126-mohamed-r-benchemsi/5658-morocco-rise-fall-feb20-protest-movement>.

Morocco Implements a New Constitutional Phase, Continuing to Move Ahead of Trends, November 24, 2011, <http://morocconewsagency.com/morocco-new-phase-11-24-2011.html>.

Projet de Nouveau Decoupage Regional-Atlas Cartographique, Royaume du Maroc, Commission Consultative de la Rgionalisation,
<http://www.regionalisationavancee.ma/PDF/Rapport/Fr/regionFr.pdf>.

How Morocco Dodged the Arab Spring, by Nicolas Pelham, July 5, 2012,
<http://www.nybooks.com/blogs/nyrblog/2012/jul/05/how-morocco-dodged-arab-spring/>.

Morocco Avoids Arab Spring Violence, but Progress is Mixed on Reforms, by Ray Suarez, December 11, 2011, <http://www.pbs.org/newshour/rundown/2011/12/morocco-avoids-arab-spring-violence-but-progress-is-mixed.html>.

Corruption Perception Index, Transparency International, <http://www.transparency.org/>.

The Perverse Effect of Good Governance: Lessons from Morocco, by Abdeslam Maghroui, Middle East Policy, Volume 19, Issue 2, pages 49-65 (summer 2012).

2. DEVELOPMENT ASSISTANCE IN MOROCCO – CHALLENGES AND OPPORTUNITIES

National Business Environment Committee (CNEA):

2011 Action Plan

Presentation of Committee Priorities and Goals, May 2012

The Role of Foreign Direct Investment in Morocco's Economic Development, Organization for Economic Cooperation and Development (OECD) Investment Policy Review, Morocco 2010, http://www.oecd-ilibrary.org/finance-and-investment/oecd-investment-policy-reviews-morocco-2010/the-role-of-foreign-direct-investment-in-morocco-s-economic-development_9789264079618-3-en.

3. THE BUSINESS ENABLING ENVIRONMENT

Foreign Direct Investment in Africa: Performance and Potential, United Nations Conference on Trade and Development, <http://unctad.org/en/docs/poiteiitm15.pdf>.

Women, Business and Law: Creating Economic Opportunity for Women – Morocco, The World Bank, <http://wbi.worldbank.org/data/exploreconomies/morocco/2011/#going-to-court>.

The Global Competitiveness Report, 2011-2012, The World Economic Forum, http://www3.weforum.org/docs/WEF_GCR_Report_2011-12.pdf.

Morocco on the Move, <http://moroccoonthemove.wordpress.com/>.

Moroccan American Trade and Investment Council, <http://www.moroccanamericantrade.com/morogov.cfm>.

Moroccan Numeric Fund, <http://www.mnf.ma/>.

Informal Sector Flourishing in Morocco, November 12, 2009, <http://www.morocobusinessnews.com/Content/Article.asp?idr=18&id=1296>.

Morocco: Banque Populaire and CGEM sign Deal for SME Development, Making Fiance Work for Africa, January 13, 2012, http://www.mfw4a.org/news/news-details/2557/morocco-banque-populaire-and-cgem-sign-deal-for-sme-development.html?tx_ttnews%5BpS%5D=1325372400&tx_ttnews%5BpL%5D=2678399&tx_ttnews%5Barc%5D=1&tx_ttnews%5Bpointer%5D=3.

4. LAWS AND INSTITUTIONS AFFECTING THE BUSINESS ENABLING ENVIRONMENT

Doing Business: Measuring Business Regulations - 2012, The World Bank, <http://www.doingbusiness.org/>.

Jurist Legal Intelligence – Morocco, University of Pittsburgh School of Law,
<http://jurist.law.pitt.edu/world/morocco.htm>

Morocco Justice System: Justice Can Be Bought, Associated Press, December 8, 2011,
http://www.huffingtonpost.com/2011/12/08/moroccan-justice-sold-to_n_1135895.html.

Morocco: Legal and Justice Sector Assessment, Legal Vice Presidency of the World Bank, June 2003, <http://siteresources.worldbank.org/INTLAWJUSTINST/Resources/MoroccoSA.pdf>.

American Chamber of Commerce in Morocco, <http://www.amcham-morocco.com/>.