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MID-TERM EVALUATION

NEW ENTERPRISE DEVELOPMENT PROJECT

Prepared for the Office of Economic Growth/USAID/Morocco

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LIST OF ACRONYMS

AJED	Association des Jeunes Promoteurs des Doukkala
AMAPPE	Association Marocaine d'Appur a la Promotion de la Petite Enterprise
AMJE	Association Marocaine des Jeunes Entrepreneurs
BCP	Banque Centrale Populaire
BNSTP	Bourse Nationale de Sous-Traitance et ce Partenariat
CA	ESG Cooperative Agreement
CCI	Chamber de Commerce et d'Industrie
CEM	Centre de l'Entreprise du Maroc
CIDE	Centre d'Information et de Documentation (at CEM)
CJEC	Club des Jeunes Entrepreneurs de Casablanca
CNJA	Conseil National de la Jeuness et de l'Avenir
CGEM	Confederation Generale de Entreprises du Maroc
ESG	Ecole Suprieure de Gestion
ESPOD	Association Marocaine pour la Promotion de l'Entreprise Feminine
FAJEM	Federation des Associations des Jeunes Entrepreneurs de Maroc
FOCS	Formation, Organization, et conseil de Societes
GPBM	Groupement des Banques du Maroc
GID	Groupement pour l'Investissement et le Development
GOM	Government of Morocco
MADI	Maghreb Development Investissement
MCIA	Ministre de Commerce, del'Industrie et de l'Artisanat
MCIE-MIE	Ministre Charge de l'Incitation de l'Economie
NED	New Enterprise Development Project
OAR	Organizational and Administrative Reform
RCC	Registre Cetrale de Commerce (MCI)
SAGMA	Societe des Arts Graphiques Maghrebins
SIDI	Societe d'Investissement et de Developpement International
SME	Small and Medium-Sized Enterprise
USAID	U.S. Agency for International Development/Morocco
WIB	Women in Business

EVALUATION REPORT

FOREWORD

Evaluation of this Project presents some perplexing but interesting challenges. First, after three years of activity there are obvious successes in some areas in both the Organizational and Administrative Reform (OAR) and Business Services Advisory (BSC) components, but those successes are more qualitative than quantitative. The Project has been pushing both its reform and grants activities under OAR in directions that have achieved some concrete results and which hold considerable promise for the near future. During the same period, Centre de l'Entreprise du Maroc (CEM) has struggled to establish itself and to determine where its focus should be and how it should be structured. A mid-course correction in June 1994, made the Center more efficient and effective both in terms of its programs and its operations and finances.

Yet, there has been no Government of Morocco (GOM) response to the Project's submission of reports recommending reforms, and there is no guarantee there will be despite growing interest and potential support for reform in the private sector. The full impact of 13 grants made to SME associations is also difficult to assess, although there is evidence that these interventions have served to encourage coalescing of the Small and Medium Sized Enterprise (SME) community around issues of collective interest. The ground-breaking computerization of the Registre Central du Commerce (RCC) stands as an accomplishment that can be clearly measured and counted, and its potential results assessed.

CEM has been able to meet few of its numerical goals and projections of numbers of clients served and is unlikely to do so, nor is it likely to become financially self-sustaining as anticipated. But, with more realistic targets and continued restructuring to reflect demands of the marketplace, there are some elements that should be preserved, enhanced and built upon.

CEM continues to have management problems and a review is now underway to determine its future with the Project. Questions are being raised concerning CEM's appropriateness as an institution to provide small business services.

A third component, the Credit Facility, was never established as first proposed. A pilot program, Credit Wassila, was introduced in recent months but there has been no credit awards to date.

The primary focus, therefore, of this evaluation is to determine if the quantitative and qualitative results of the OAR and CEM are worthy of continuing. Both have made positive contributions to the advancement of the SME sector, but the impact of most of those contributions is difficult to measure in a nascent market.

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SECTION I. EXECUTIVE SUMMARY

A. Goal and Purpose of the Project

To remind the reader of where all this started and what the basic thrust of the NED Project was originally designed to be, its overall purpose and goal - as described in the Project Paper - are laid out in the paragraph below.

"The NED Project consists of activities designed to promote private sector employment. The goal of this new project is to increase employment and output through discrete interventions in the small and medium (SME) sized enterprise sector. Its purpose is to put into place a series of programs intended to increase the numbers of successful new entrepreneurs entering the business sector, and to facilitate existing SMEs in their expansion."

Both this purpose and goal are sound and uncomplicated. The three SME-specific components of the Project; (1) organizational and administrative reform (OAR), (2) creation of a credit facility (CF), and (3) establishment and operation of a small business services center (CEM), could reasonably have been expected to contribute to meeting both this purpose and goal.

B. Organizational and Administrative Reform

Implementation of the first component provided for engagement of an experienced American contractor under a standard USAID contract. Although there has been only limited empirical evidence of success, implementation has been aggressively and intelligently pursued by the contractor in both the reform and grant elements, and it is expected that results of that investment of energy and expertise are likely to begin to be fully realized within the next several months. (See Section II, below).

C. The Credit Facility

This component was never implemented for a series of reasons largely beyond the control of USAID. Its loss has been much lamented, but in light of difficulties with CEM, the decision not to make the funds available may have been inadvertently fortuitous. (See Section III, below).

D. The Business Services Center (CEM)

It has been in relation to the establishment and implementation of this third component that complications have arisen throughout the life of the Project. Most of the issues regarding management, financial accounting, equipment purchases, etc., that have arisen with some frequency appear to stem from

1. A deeply flawed Project design that ignored cultural considerations and imposed unrealistic objectives that necessitated/encouraged an elaborate physical infrastructure, and a budget and staffing that were inappropriate for the tasks assigned;
2. Use of a Cooperative Agreement (CA) as the procurement instrument which denied USAID the necessary control over operations of CEM;
3. Engagement of a single owner private enterprise with only limited experience with the SME sector as Recipient of the CA; and
4. A lack of understanding by USAID or the Recipient of how an entity such as this should have been structured, and what results it could be expected to produce. (See Section IV, below).

E. Credit Wassila

As for the final NED element/component, Credit Wassila (CW) was introduced recently as a pilot project to determine the impact of a limited credit facility on the attractiveness and effectiveness of CEM. While introduction of CW into the Project was intended to entice greater numbers of clients through CEM's doors, the design is again questionable. Questionable, in that CEM - with a vested interest in having its clients obtain credit - was designated to be the decision-maker with Banque Centrale Populaire (BCP) expected to provide virtually automatic approval of those candidates CEM proposed for credit. (See Annex XI).

F. Approach to Evaluation

With that as backdrop, this evaluation addresses the NED Project from perspectives which reflect (See Annex II, Methodology)

1. What the Project Paper (PP) and the Grant Agreement (GA) said it was going to be;
2. What the Cooperative Agreement (CA) and the Chemonics' contract ask for;
3. What the Project has become over the past three and a half years; and
4. The future promise of the Project as a whole and of its discrete components in their present or revised form.

G. Issues of Concern

1. CEM's Failure to Attain Its Numerical Objectives or the Goal of Self-Sustainability

Despite a demonstrable improvement in some aspects of CEM's operations, beginning with the assignment by Chemonics of a new Technical Advisor (TA) in June 1994, there is little, or no, possibility that the more important numerical goals put forward in the PP, GA and CA will be met. The shortfall is significant. (See Annex VIII, for comparison of CA objectives and CEM results).

CEM, in its paper "Centre de l'Entreprise du Maroc 1995 to 1997," projects that it will be the end of 1997 before it will be possible to "ensure self-sufficiency." And, the TA expects a gap to continue between costs and revenues beyond that. (See Annex VII, pps 6/7).

2. The Lack of Feedback from GOM Regarding OAR Proposals

The Project has been unsuccessful in obtaining feedback concerning the status of reforms that have been recommended, and there is no existing mechanism to obtain such feedback. A means must be found to introduce and follow-up on proposed reforms to assure that they are received and considered.

3. USAID Needs to Provide More Appropriate Project Plans

In assessing the current situation, USAID must bear a share of the responsibility for CEM's failure to find its identity and "raison d'être" until the last year or so. Many of the structural and philosophical difficulties encountered in establishing the Center stemmed from a poorly conceived and inappropriate PP.

H. Conclusions

1. Organization and Administrative Reform (OAR)

The OAR component has been as successful in fulfilling its goals and objectives as could be expected within the Moroccan environment and both the association grants and the organization and administrative reform aspects should be continued into Phase Two. Specific caveats for continuing are spelled out below.

2. The Credit Facility and Credit Wassila

In the absence of CEM or a similar USAID program for providing business services support to SMEs, this component should be discontinued. (See Section III, below).

3. Centre d'Entreprise du Maroc (CEM)

The Recipient of the CA, Ecole Supérieure de Gestion (ESG), has failed to fulfill its obligations as spelled out in the Cooperative Agreement (CA) and should be held accountable. The CA should be terminated as quickly as possible in the context of USAID's requirements. Inadequate ESG management has impacted CEM adversely both operationally and financially since its inception. Evaluators consider the objectives proposed by USAID for this component to have been unrealistically high, but the Recipient professed knowledge of the market to be served, and agreed to meet them. ESG has proven to be institutionally inappropriate for the Project and the Center's management continues in disarray.

SECTION II: THE ORGANIZATIONAL AND ADMINISTRATIVE REFORM COMPONENT

A. OAR's Assignment and Current Status

This component, with its parallel efforts to

1. Serve as initiator and catalyst in achieving reform in organizational and administrative provisions, regulations and laws that inhibit efficient treatment of requirements of prospective entrepreneurs and SME owners and operators in starting or conducting business; and
2. Provide direct funding assistance and training to business associations and organizations devoted to the support of SMEs and their interests;

Has proceeded as near on schedule as possible in an environment in which time required for the government to review and act on any initiative is invariably lengthy. So too, it is too much to expect that grants given to SME associations will result in immediate sectoral improvements.

A primary task under OAR is preparing and presenting proposed reforms in existing GOM laws, regulations and practices adversely impacting the SME community. To date, four such reports have been submitted to the Comite de Suivi. They are as follows:

- "Guide Officiel des Formalities de Creation D'Entreprises"
This proposal treats with all official requirements for enterprise formation and their interpretation.
- "Declarations Fiscales Unifees"
Recommends that 10 existing tax forms be synthesized into three forms.
- "Loi-Cadre Relative a les Relations Administration-entreprises"
Recommends a framework for GOM/business relations to facilitate a dialogue and overall competitiveness.
- "Statut Legal Special aux Associations d'Utilite Economique"
Recommends a new status for business associations in terms of their finances and operations.

These reports were prepared by the firm, Formation, Organization, et Conseil de Societies (FOCS) under a sub-contract to Chemonics, and submitted to the Comite de Suivi where the reaction was mixed. Certain members of the Comite believed the reports could be improved upon, and a question was raised concerning their cost. Following a close examination of the proposals with those who prepared them, the Evaluators considered them well-staffed out and appropriate for the purpose for which they were prepared.

Although advocacy was not part of the Comite's mandate, no pro-active steps were taken when the institutional mechanism for proposed vetting under the GA failed to materialize.

B. The Moroccan Environment for Reform

This effort by the Project to address reforms in operational and administrative laws, regulations and practices currently in force in Morocco is considered by Evaluators to be the most significant of the three components proposed in the Project Paper. However, with the exception of the development of the RCC which is discussed at greater length below, there is little evidence that the various arms of GOM - at any level - have implementing reforms high on their priority lists despite admonitions of the King. This lack of movement has led to considerable frustration within the Project. A frustration, it might be added, that is shared by donors across the board.

In assessing the level of success that can be expected in a given time-frame in this setting, account must be taken of differing American and Moroccan perceptions of what is important. Americans tend to assume that everyone would benefit if he could be as much like them as possible, and forget the process that led to specific reforms in the US. The time required was often quite lengthy, with considerable trial and error mixed in. In this instance, it must be recognized that the GOM is being bombarded with all kinds of proposals for "significant" changes, in addition to those the Project is supporting.

Despite the likely time-lag before various reforms are adopted, Project personnel must take every opportunity to sensitize Moroccans with whom they are in contact to benefits that can flow from a more efficient administrative system. For example, the Chemonics Chief Of Party (COP) is well placed as a result of his wide range of contacts in associations and other private sector organizations to discuss these matters with Moroccan entrepreneurs and businesspersons. Until there is greater support both in the GOM and the private sector for proposed reforms, and a mechanism for moving them through the system, OAR initiatives will continue to be overlooked or ignored.

USAID officials have pursued this issue diligently in all GOM circles in which they operate, but to no avail. Nonetheless, OAR reform activities are important and should be sustained while a way is found around the impasse through the creation of a new CC, or a strengthening of the Comite de Suivi.

C. What Else Can be Done to Strengthen this Aspect of the Reform Effort and Increase its Impact

1. Private Enterprise Participation is Needed

If there is any near-term solution to the inertia that seems to block the advance of OAR's agenda, it will probably have to come from the private sector, perhaps from associations trained in analytical advocacy. Project activities among SME-related associations is a step in the right direction. By "assisting" those associations and others to create a critical mass of supporters for reforms sought by SMEs, and continuing to provide guidance as to how their energies can be channeled effectively, some progress may be made.

This is one reason for the suggestion that the Project assess needs of its program and seek out those associations and organizations whose greater influence could move these issues further into the heart of the system. Project efforts to alert Moroccan association leaders to the efficacy of lobbying and advocacy should continue to be supported by the NED Project.

In the recent past there have been encouraging signs that one of the most powerful Moroccan business associations, Confederation General des Entreprises du Maroc (CGEM), is becoming increasingly interested in the Project's activities in this arena. Should CGEM become involved as an advocate -perhaps even as a member of a new Consultative Council (CC) as proposed here - the picture could change significantly.

2. Strengthened SME Associations will assist OAR Efforts

SME associations and other organizations could make substantial contributions to the OAR program, but they can do so only if they are themselves stable. A question is raised about the desirability of these associations being self-sufficient by contributing financially to their own cause, but self-sufficiency is less important than their becoming aware of the role they can play in the Moroccan economy if they are effectively organized. This is an important movement that will need support over the next few years as it establishes its identity and its objectives. In the meantime, grants of the kind the Project is providing will contribute to strengthening associations and federations that show promise of development.

The president of the Young Entrepreneurs Club in Casablanca expressed great concern about the lack of financial means among the associations. He pointed out that few, if any, SME-related associations are able to afford full-time employees (for example, FAJEM has no salaried employees), except as a result of grants from outside institutions.

D. Appropriateness of OAR Success Indicators

No one knew at the outset of the Project that the process of identifying official constraints to SME business activities, articulating how those constraints could be removed or made less onerous, and preparing research needed to support Project recommendations for change would take place in a near void. Nor, could it have been foreseen that although the CC was duly constituted, it would never meet.

The King himself has called for organizational and administrative reform on several occasions and caused a number of committees to be established to promote it. Unfortunately, as do bureaucracies everywhere, some Moroccan ministries and agencies are very slow to change anything that would reduce their authority or range of control. In light of the King's proclamation and the need for the reforms, it was reasonable that five specific actions could be taken in the First Phase under auspices of the CC. And, there is little to suggest that other indicators would have been more appropriate.

Under the best of circumstances, significant changes usually take time, often a long time, in other countries as well as Morocco. Here, as in those countries, change is often seen as a threat.

E. Results of Assistance to SME Business Associations and Organizations

In the opinion of the Evaluators, this component's most significant accomplishments are those that are not apparent to the casual observer. That is, a network of Moroccan and international partners - public and private - has been (or is being) created through the work of the Project in both the reform and grant areas. Together with enabling development of a computerized RCC, and initiating the FOCS submissions, the Project has been responsible for helping raise awareness of SME owners and operators and their associations to their mutual needs and interests. Credit for serving as a catalyst in the formation of certain associations and FAJEM was given to the Project by FAJEM's President. (See Annex XIV, AMAPPE, pps 13 and 15, with attestations of other Chemonics' activities).

As is usually the case with any program seeking to bring about change, a constituency is needed and a way to energize them into action. So has it been with this undertaking. It is impossible to determine the exact extent of the impact of the assistance provided, but there is solid evidence that some of the lessons took firm hold with association and other leaders who participated in visits to the U.S. They are beginning to communicate with each other and to consider matters of mutual concern. Just how far this "cooperation" will reach is difficult to determine, but with a modicum of success in whatever issue they agree to support first, an "interest group" has been born. (See Annex IV).

F. Impact of Institutional Strengthening Grants on the Ability of Associations, etc., to Serve Their Membership and Participate Effectively in Policy Dialogue/Reform Initiatives

This is the area in which these grants may have the greatest potential. As the "trickle down" continues from experiences of leaders of SME-oriented associations and organizations during their trips to the US, awareness of the value of uniting around issues of general interest to the SME community grows. Although there are few numerical measurements to indicate specific successes, there continues to be an increase in the number of associations becoming involved with each other and joining forces with the Federation of Young Entrepreneurs. The message is being heard that there is strength in unity.

In addition, there is growing evidence of new attitudes taking hold and improved approaches to problem solving that were not present before the Project was implemented. SME associations, though still weak by any standards, have begun to make decisions and take actions that reflect a greater appreciation of their potential leverage within the economy.

G. How to Increase the Impact of these Grants in Phase Two

1. Provide Greater Flexibility for Grants

The Project should have greater flexibility in how and at what level grants are provided. For example, two tiers of grants could be established; one up to \$25,000 that would serve individual associations for specific activities. A second tier would be available for use with groups of associations, or federations. The primary purpose of the larger grants would be to enable the Project to assist in efforts such as providing a targeted training effort for a large number of association leaders or members that would cost as much as \$100,000.

2. Help Establish a Stable SME Foundation

Consideration should also be given to providing support (covering both direct and indirect costs) for at least one SME federation in order to provide a stable entity around which other associations could gather and from which services could be obtained. This could be a modest initiative, with support for perhaps two professionals and administrative support for a two year period. An initiative such as this could be in parallel with the continuation of the Business Services Center.

H. Relate Inputs of Resources Through Grant Funding, Long and Short Term Technical Assistance and Training to Outputs

Outputs in areas such as this are by nature "soft," which means that any method of measurement must be more sensitive to qualitative results. For example, the growing acceptance of the importance of the SME sector within the economy and consequent changes

have been brought about by a number of different influences. One of those influences can be traced to this Project as the result of judicious contributions both through grant and educational activities. Change, though rarely dramatic, has been reflected in increased interest in associational activities and membership; the formation of a federation of SME associations (FAJEM), which is attributable to OAR interventions; inter-associational cooperation; improved management of associations through Project-provided training; and inclusion in the councils of the nation's power brokers (FAJEM is now a member of CGEM). (See Annex IV, Costs and Purposes).

Training provided under the OAR component has clearly made an impact on those who participated. The impact of one of those tours on the president of FAJEM was dramatic, and therefore measurable in that he has begun to share his new understanding with heads of associations in the federation. In addition, impressions were made on one of CGEM's leaders that led him to enlist the Project's assistance in promoting organizational and administrative reforms.

Under any circumstances, a good start has been made by the Project in this field, and it is important that it be permitted to continue into the Second Phase. The emphases and approach appear to be appropriate to the needs of the SME sector, and the availability of Technical Assistance is key to further progress in this area. By the end of the Second Phase, evidence of what this activity has accomplished should be easily quantified.

I. Secondary Benefits Stemming from OAR Activities

1. Impact of the RCC Project

It would not be too far wrong if the Registre Central du Commerce (RCC) and Project-financed computer data entry was described as the most significant accomplishment under the OAR component in the First Phase. It was an impressive achievement, not so much because of the task itself, but because it was precedent setting.

In successfully championing computerization of the RCC, the Project's initiative is likely to have an impact far beyond the sponsoring ministry. This is particularly true in light of the long and unsuccessful effort to produce the registry in-house, using government employees. Nearly two years were consumed in those efforts.

The primary obstacle for the Project to overcome was GOM's reluctance to engage private firms to perform tasks that had traditionally been done in-house. Ministry officials knew something needed to be done to rationalize their data system, but were stymied by the massive size of the task. It is to their credit that despite traditional dependence on government employees to do government work, they decided to depart from past practice in search of a solution.

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The Project, together with support from various business associations, guided GOM in the selection of a private firm through a competitive tender using NED Project funds provided for this purpose. A crucial point in this process was when the contractor, Societe des Arts Graphiques Maghrebins (SAGMA), was able to demonstrate to the ministry that its product was significantly more accurate than the ministry's own employees had been in the previous two years. In fact, SAGMA was 100% accurate in entering the data.

The immediate benefits from the RCC are as follows:

- a. The first step of registry is speeded up to a matter of hours rather than days, as the system is more efficient.
- b. The database is available to all SMEs for market research.
- c. These data are available for research by GOM and others interested in developments within the SME sector.

2. Contracting Out

As a result of excellent work on the RCC and the computerization, GOM decided to proceed in the same manner to enter data on corporations. But, perhaps more important, the ministry agreed to enter into a sub-contract with SAGMA for maintenance of the database at the ministry's expense.

With successful entry of two registries, it is probable that other ministries will be enticed to consider "contracting out" to private firms to handle some of their heretofore insoluble problems. Computerization of this one extremely important database - and its care and keeping - may serve as a prototype for similar activities in other ministries.

J. Relationship Between Reform Proposals Made by the Project and The Reforms Adopted

1. The Current Situation

Implicit in this element in the Scope of Work is that there is some relationship between reform proposals by the Project and reforms adopted. From all evidence the relationship between the two is now very tenuous. Some channel for effectively vetting and promulgating OAR reforms must be developed.

The very act of identifying and recommending change in specific laws and regulations is a reasonable and constructive exercise, and an important step forward. Some Project OAR proposals are in high priority areas identified by both public and private

sectors, and in good position to find champions. The problem is that the promulgation process is too haphazard.

There is also an implicit understanding that in an environment in which change is looked upon as something that is done after long and careful thought, if at all, the Project can actually "cause" change to take place. The best response to that view are the words of a member of the Comite de Suivi, who correctly stated that,

"The role of Chemonics is to identify those organizational and administrative provisions that need to be reformed, prepare a report with all the particulars regarding the suggested changes, and submit that report to the Comite. It is our job (pointing to himself) to take that recommendation and push it through the ministries."

In addition, the Grant Agreement (GA) specified that the NED Project

"Would not be concerned with adoption of recommendations by the Moroccan Government (because) it will be the government's responsibility alone to adopt or not to adopt the recommendations."

However, the process for actually vetting recommended reforms, promulgating and implementing them is unclear and subject to political will which seems lacking.

2. Possible Cooperation with CGEM

In recognition of the absence of a defined process for vetting OAR reforms and moving them through the respective ministries, CGEM would be a good candidate to promote and lobby for specific actions needed. If initial cooperative efforts are successful, CGEM or other private sector groups may ask the Project for research and related support in addressing issues of particular interest.

It was important in this context that the Project had continued to do its job of identifying changes needed, and preparing and disseminating supporting documentation even though it was not possible to see any specific progress. By having done so, the reports were ready when CGEM and others became receptive to reviewing them.

K. CGEM as Possible Champion of Reform

Experience has shown that reform proposals and their promotion before appropriate decision makers needs a champion with sufficient leverage in government circles to be heard. CGEM offers that possibility, and the Project might be able to play a key role in providing necessary analytical and methodological skills for reform advocacy by training designated individuals from agencies or associations that could benefit from such training.

If CGEM or another private sector advocate develops its role as catalyst in the reform effort, much of what the Project produces would be for its sponsorship. In this arrangement, the Project would become a kind of secretariat geared to respond to requests from CGEM for reference to GOM. At the same time, the Project would continue to identify those laws, regulations and practices that need revising or revoking and preparing reports as appropriate.

L. Effectiveness of Chemonics' Project Management

Chemonics has generally done an excellent job of project management with the most obvious exception being the initial appointment of the Technical Advisor to work with CEM. A GOM official also criticized the firm for letting CEM drift for nearly 18 months before corrective measures were recommended or taken. And finally, Chemonics' short term consultants who came under the Project in its earlier stages, were seen by this official to have provided little or no added value. "Reports, but no follow-through," was the comment.

1. FOCS Organization and Administrative Reform Sub-contract

This sub-contract under Chemonics is designed to engage FOCS in the task of identifying and articulating the need for reform in laws, regulations and practices that impact the activities of the SME community. Preparation to select those areas in which reform was most needed included both the public and private sectors in a series of sessions to assure that there was agreement on where FOCS' energies should be focused. The final result was a mutually agreed list of priority targets presented in the order of importance. FOCS has already presented proposals with supporting research on the four of the most important.

Evaluators examined the reports prepared by FOCS and considered them appropriate and sufficiently detailed for the purpose for which they were prepared. Four man-months of effort were devoted to the preparation of the "Guide Officiel des Formalities de Creation d'Enterprise," which provides specific guidance for creating an enterprise.

2. Association Grants

This was a particularly difficult area in which to assess Chemonics management because the grants were provided for activities that were nearly all transitory in nature. That is, an association wished to put on a program and turned to Chemonics for funding. Following acceptance of the proposed program, Chemonics would provide agreed upon funding. Specific results are not quantifiable in terms of lasting benefit beyond that of those who attended some of the programs presented. An audit of these grants would be useful in assessing their enduring value and impact.

In terms of fulfilling its assignment, Chemonics provided 13 grants as it was obligated to do. There was little opportunity to observe exactly how the grants were supervised, nor to determine how results were/should be measured.

However, the latest educational trip by association leaders to the US can be offered as testimony to the value of at least some educational grants. The president of FAJEM had a very positive reaction to what he learned in the US and how it would impact his organization. For example, he, together with other Moroccans, had an opportunity to witness the effectiveness of collective lobbying by groups within the SME sector, and - when Evaluators spoke with him - he was considering the best way to convey to his federation's members lessons he had learned. (See Annex IV, for Grant Activities)

3. Centre de l'Entreprise du Maroc (CEM)

Although some responsibility for CEM is included within Chemonics' contract, it has no direct authority over the Center's activities. This means that it is primarily through the firm's Technical Advisor (TA) to CEM that influence can be brought to bear. This nominal responsibility without any direct means of controlling CEM has been a source of frustration because of difficulties being encountered currently and the lack of progress throughout much of the Center's three year history.

Ideally, CEM would be supportive of initiatives that could improve the administrative and operational environment for SME owners and operators, but to date there has been neither support nor communication on such matters. Efforts by Chemonics to encourage CEM participation in OAR sponsored events have been either declined or ignored.

Since his arrival in mid 1994, the TA has orchestrated the downsizing of CEM's staff and redirected its focus toward more marketable products. His has been an especially adroit performance in that he has no control, or authority over funding, check-signing, hiring-firing, or contractual arrangements of the company. Nor, has he been a participant in internal company discussions.

4. SAGMA/RCC

The full impact of this sub-contract is reflected in the computerization of the RCC. As with FOCS, this relationship has been professional and fruitful and well managed.

M. Relations Between Chemonics, FOCS and their Moroccan Counterparts in the Ministries, Associations, the Comite de Suivi, and Elsewhere

1. The Working Environment

Attendance by Evaluators at a meeting of the Comite, and discussions with three of its members revealed problems of assuring full participation of all members, developing more effective communication among partners, and clarifying the expectations of each. These should be addressed if the OAR component goes forward.

N. Suggestions for Change

1. Given the pace of development under the Project's components and the press of time for all Comite members, quarterly meetings would probably be more appropriate, with interim meetings with the Ministry, USAID and the Contractor when needed.

2. In preparing and distributing the agenda for each meeting - as well as any reports that are to be given or submitted - the Project should assure that Comite members have copies well in advance, and their comments solicited.

O. Chemonics Contract and Performance in Terms of Deliverables, Reports and Fulfillment of Assigned Tasks

The Chemonics' contract with USAID is direct and businesslike, with clear and reasonable "Deliverables and Reports" and "Specific Tasks." The firm's adherence to that contract has been meticulous, its deliverables and submissions done professionally and in a timely manner.

1. Deliverables and Reports specified in the contract on a one-time basis are as follows:

- a. Draft grant, draft grant procedural manual, and qualifications guidelines for Association Grants within six months of signing the contract.
- b. Draft award documents, draft procedural manual, and qualifications guidelines for the Development Fund within six months of signing the contract.
- c. The strategic three year plan for the Moroccan Business Center (CEM).
- d. Operations and procedures manual for CEM within five months.

2. The following deliverables are required to be submitted to USAID and to the Coordinating Committee on a recurring basis.
 - a. An annual work plan of activities and budgets for Tasks 1 through 8 will also include updated training, procurement and environmental awareness plans, and a pipeline analysis of costs incurred and projections of costs for life of the contract. The first work plan will be due 60 days after the arrival of the Chief of Party (COP) in Morocco. (See Annex V, Chemonics Second Semester 1995, Work Plan).
 - b. For Year One of the Project, quarterly reports of overall project activities including progress in the three components, personnel status, project tracking activities, services delivered, and projections for the following quarter.
 - c. A training plan will be completed within eight months of the arrival of the COP in Morocco. The training plan will be updated in each work plan.
 - d. A procurement plan will be completed within three months of the start-up of operations of CEM. The procurement plan will be updated in each annual work plan.
 - e. An environmental awareness plan will be completed. The environmental awareness plan will be updated in each annual work plan.

A review of the required documents, plans and reports, revealed no outstanding issues with Chemonics, and USAID is satisfied with the firm's performance.

As its COP, Chemonics has chosen well. He has - in the opinion of virtually everyone familiar with his performance - a sound, professional outlook on doing business in Morocco. He works easily with his Moroccan counterparts in most instances.

P. Effectiveness of the Management Design for the Project

This a non-sequitur in some facets of the Project in that much of what is currently in operation was neither designed nor planned from inception. This is especially true of Joint Management Committees, which have finally come down to a Comite de Suivi, whose purpose should be reviewed and reconstituted.

1. Joint Management Committees

Every project dependent on mutual support of both the donor agency and the host government requires certain organization that are specifically designed to assist in attaining the Project's objectives. In the NED Project, the Consultative Committee (CC) as originally conceived was just such an organization for it was expected to have the key role in validating and promulgating the recommended reforms.

Failure to establish the CC has detracted significantly from the Project's capacity to accomplish its objectives.

a. Consultative Committee

"In order to balance the intervention between the public and private sectors, the Project will create a high-level joint public/private sector Consultative Committee charged with important and complex tasks. . . . The viability of this component will depend in large degree on the identification of key private and government leaders who will be asked (and must agree) to commit their time to the effort."

"(The Committee) will have a significant role in decisions affecting project expenditures . . ."

"During the first part of Phase One, the Committee will receive proposals for policy analyses through public and private institutions, rank them and refer them to technical commissions for analysis." It was projected that five such analyses would take place in the first three years.

In the absence of the CC, certain activities were assigned elsewhere or nowhere. With the point of reference for the NED Project being the Comite de Suivi, which has not been active in pursuing the reforms submitted, consideration should be given by USAID and the Moroccans to an arrangement which would engage a GOM ministry more directly concerned with pursuing reform than the Ministre Charge de l'Incitation de l'Economie (MIE).

The PP noted that initiatives for administrative or operational reform would be vetted and championed by the CC and even assigned a specific number of successful actions to it. It is unclear whether such a committee would have had any more success than the Comite de Suivi in moving OAR recommendations through the system, but at least a process for validation and promulgation would have been available had the private sector been engaged - and energized.

b. Steering Committee/Coordinating Committee

These Committees are essentially the same with respective USAID and Moroccan names. Initially, this Committee was composed of five to seven key businessmen and representatives from the Ministries of Finance and Commerce and Industry.

c. Comite de Suivi

Unanticipated at the time the Project was designed, this Comite came into being in the absence of other oversight entities for the NED Project and became a successor to the Coordinating Committee which apparently was discontinued in 1994. Meeting once a month, this Comite is headed by an official from the MIE. The agenda for Comite meetings is established by Chemonics, with the MIE representative serving as chair. In the meeting the Evaluators attended discussions were led or guided by Chemonics' COP.

Following discussions with several members of the Comite, as well as USAID and Chemonics, there is a feeling that the Comite's role needs to be more clearly defined. Chemonics is looking to the Comite to be an advocate for its reform recommendations, but its Chair does not feel that is an appropriate role for him. Thus, no one is serving to pursue these initiatives.

Q. Resource Allocation Within the Project

1. Inputs of Resources through Grant Funding Related to Long and Short Term Technical Assistance and Training Outputs.

a. OAR

(1) Strengthening Business Associations

Allocation of grant funding in this component was consistent with objectives to be attained, and outputs to be realized. Because the Project was operating in a largely unknown and undeveloped field with embryonic associations and organizations, it was necessary to determine the most effective way to provide grants and other assistance. Thus, the decision that funds were to be provided as a cost reimbursement for projects actually underway.

Because there were limited funds for associational grants in a highly fluid environment, the Project had to proceed with more caution in approving grants and making efforts to assist than might otherwise have

been the case. From all indications, grants were carefully considered, payments justified and results fully monitored.

(2) The Technical Assistance Element

The Chemonics' COP was the primary source of TA which was vital to the success of this activity in that he provided leadership in developing criteria and processes for grant selection. In addition, he was effective in exposing participants on trips to the US to activities and programs with relevance in Morocco. "Educational" visits are notorious for their lack of direct applicability, but lessons learned on some of these trips (such as the value of lobbying and what is necessary to make it possible) are taking root here.

b. CEM

The technical assistance provided alongside the grant was a major factor in bringing some order from near chaos at CEM. The Technical Advisor finally got CEM to begin following its own procedures. In fact, he was instrumental in providing some of the few bright spots in its activities.

c. Credit Facility

Money to be allocated to provide credit was never made available to USAID. The Evaluators' perception is that this component was almost an add-on when USAID believed it was to receive additional funds and needed to assign them somewhere. Although there are examples of limited success with credit programs, USAID should probably be grateful that funding fell through. To have had CEM charged with serving as the entry point to these funds might have made the current picture worse than it is.

2. Suggestions for a More Realistic Approach to Resource Allocation.

a. Know the Sector a Project will be Addressing

With CEM, USAID was operating almost entirely in the dark in terms of familiarity with the market, what the competition might be, and what kind of results could reasonably be expected from a SME support center. Often, too large of front-end funding allocations are as deleterious to a project as beneficial.

b. Seek Success over an Adequate Period of Time

In seeking organizational and administrative reform it should have been recognized that the time-frame for results was likely to be in terms of years and not months, which makes it possible to seek more reasonable objectives.

c. Retain Control, Whether Exercised or Not

By divesting itself of adequate control over CEM at any level, USAID was unable to provide guidance that could have prevented some of the management and other difficulties.

d. American Techniques are Best Taught by Americans/ Canadians

In turning CEM over to a closely held Moroccan company to make major operational decisions, benefits of American know-how in establishing SMEs was greatly diminished. Technical Assistance is a one of the most valuable ingredients in a project such as this one.

R. Proposed Extension of OAR

1. Recommended Actions in Preparation for Phase Two

It is recommended that extension of this component into Phase Two be limited to one year pending evidence that the following conditions will be met.

a. Establish a Consultative Committee (or something similar) composed of both government and private businessmen as originally conceived to vet and serve as advocates for proposed reforms by the Project. Representation on the Committee of an organization such as CGEM would be highly desirable and should be explored. Use of an already existing committee might serve this purpose.

b. Secure a commitment by the Moroccan Government to develop a process to vet and provide feedback to reform proposals prepared by the Project within a reasonable period of time. That is not to say that GOM should agree to accept any or all suggested reforms, but GOM should be willing to commit to providing "progress reports," and some assessment of their merit, on a regular basis. In meeting this commitment, GOM could:

- Identify a "control officer" on the Moroccan side to whom the Project could refer with assurance that he would be able to provide guidance regarding acceptability of each proposal's content and packaging before its submission to relevant officials.

- Make that "control officer" a member of an effective *Comite de Suivi* or Consultative Committee if that is preferable, but he/she would have to be empowered to advocate and pursue OAR submissions without prejudice.
 - Consider the desirability of moving responsibility for the Project to a more appropriate ministry.
 - Assure that the *Comite de Suivi* or its successor has some leverage with the ministries represented.
- c. Establish an understanding that Moroccan counterparts, in whatever capacity, are partners in this project and encouraged to participate actively.
- d. Assure that all reports submitted are professionally prepared and in sufficient detail and depth to satisfy needs and sensibilities of the committee being addressed.
- e. Assure that members of the *Comite de Suivi* (or its replacement) will be kept abreast of whatever work is ongoing, and that they have more than adequate time to vet work plans, and to provide their points of view. Seminars and conferences held with all those involved in the Project might be helpful in this regard.

SECTION III THE CREDIT FACILITY

A. The Financial Components of the Project

1. Impact of the Virtual Elimination of the Financing Component on CEM Institutional Development and on Overall Project Objectives

To the specific question regarding the overall impact of the failure to establish the Credit Facility; it undoubtedly greatly diminished the number of clients who sought to use CEM's services. At the same time, serving those whose first and often only priority is credit is not necessarily the most effective way to provide business services to the SME community. In addition, given the difficulties CEM had in coping with entrepreneurs who did show up during the first year and a half, it is probably fortuitous that credit was not readily available. If financial corners were cut with the regular budget, there might have been even greater problems if CEM had been the designated threshold to credit.

However, had a credit facility of any size been introduced as discussed in the First Phase and had CEM been considered to have the inside track to the USAID provided funds, the impact would have been dramatic in terms of the numbers of clients drawn to CEM, and to the BCP as well. CEM would probably have become a "captive" of the credit facility, to the disadvantage of its other objectives. Even without a CEM, the credit would have been readily received and consumed by the market which is starved for softer terms. However, management of a program of that kind would require considerable expertise and fool-proof controls.

As for overall Project objectives, the availability of money on easy terms is a sure winner. At the same time, if providing easy credit is the most effective way to assist SMEs and to help grow the economy, a lot of money has been wasted on providing technical assistance, training entrepreneurs and trying to change the mind-set of those in the SME community.

CEM had every opportunity to become a successful deliverer of services to aspiring entrepreneurs and those already in business. It was not the absence of a credit facility that caused the Center to fall short of virtually all its objectives, but rather the lack of vision by its management, and all the other reasons discussed at length above. The availability of credit would have been helpful in stirring up interest, but the success of CEM did not hinge on that factor.

2. Credit Wassila, its Impact and Ways to Improve its Efficiency.

There is as yet no evidence that the Credit Wassila plan provides sufficient funds or will be handled with enough efficiency to have an impact on the Project in the near

future. Although practice has proven otherwise, with a full USAID guarantee BCP should have had little incentive to provide anything more than cursory oversight in reviewing loan applications. To date, only four credit proposals have been submitted to committee, of which two were approved and one is pending. The bottom line is that funds provided to Credit Wassila remain untouched.

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SECTION IV. THE CENTRE DE L'ENTREPRISE DU MAROC (CEM)

A. The Perception of ESG/CEM Within USAID

While the sentiments of USAID staff are not always relevant to an evaluation such as this, there is an overwhelmingly pessimistic view regarding ESG's capacity to guide CEM management, abet product development, and provide internal controls. Concerns within USAID regarding financial transactions, high costs, inadequate management, and the current in-fighting between the Recipient and the Director of CEM should be known to and considered by an Evaluator. Unfortunately, CEM's reputation is often tarnished by ESG shortcomings, although they are quite different entities.

B. Results that Can Reasonably be Expected From Small and Medium-Sized Enterprise (SME) Support Projects

1. Needs Versus Demands for Business Support Services

Experience with the inadequacy of support systems for SME communities in developing economies has shown that there are inevitably demonstrable needs for better information, and for knowledgeable guidance and instruction. That same experience has shown that those needs are rarely reflected in the level of active demand for ways and means to meet them. Consequently, organizations such as USAID frequently identify needs, fail to determine demand, and then overestimate the impact any project introduced into this arena is likely to have.

In many instances there is insufficient awareness on the part of aspiring entrepreneurs and SME owners and operators of the availability of assistance, or even exactly what kind of assistance they need. In others, the available assistance is considered too expensive or too difficult to access for numerous reasons. In Morocco, all of these factors, and others, are operative in holding down demand for business services. (See Annex III, listing primary constraints to SME development).

2. Donor-Sponsored Business Support Programs

Overall economic benefits from donor-sponsored SME support programs are usually modest, at best. Nonetheless, in addition to specific services provided to SME owners and operators which are the primary goal of such programs, there are larger objectives that may be achieved. Those are:

- a. Alerting host national and local governments to a need for, and demonstrating benefits that can accrue from, such an effort;

- b. Creating a market in the economy for high quality private business support services; and
- c. Setting a standard for delivery of those services. Once there is sufficient demand to warrant establishment of for-profit enterprises, entrepreneurs will usually respond and meet the upper (paying) end of the market while lower end needs will continue to be met as a "public service."

Such programs should be encouraged to be as self-supporting as possible, but the primary purpose of creating an activity of this kind should not be to make the service provider a private business. Ideally, these programs would be under the local sponsorship of an entity (such as a chamber of commerce) whose interest is, first of all, to see SMEs created and thrive in hopes of achieving micro- and macro-economic benefits.

C. The Project Paper and the CEM

1. NED Project Paper Regarding CEM Reviewed

The NED PP reflects little understanding of the Moroccan SME market for business services. Consequently, there are innumerable projections and extrapolations that are ill-conceived and in many instances impossible to achieve within the time-frame of the Project, or, for that matter, in any time-frame.

For example, one of the assumptions made is that the 300 "beginning entrepreneurs" scheduled to receive assistance in the initial period would employ, on average, 16 people, and have beginning production levels of DH 3,000,000. Furthermore, on the same page the writer speculates that assistance to be provided by a group of relatively untried advisors in the CEM "could result in 12,000 new jobs" within the First Phase of the Project. This thinking led to the imposition of unrealistic targets and objectives on CEM that were beyond reach from the first day.

In a country with an economy that can falter due to the lack of rain, has sharply skewed income levels between urban and rural areas, suffers chronic unemployment, experiences rapid population growth, is handicapped by a low literacy rate, and has limited natural resources; any SME-oriented program that could produce the numbers of jobs discussed would have been warmly welcomed. Replication would have had many aspiring sponsors.

Although there is a need for the kinds of assistance CEM was to provide, to have predicated the Project's approval on projections such as those noted above and other similar (but more restrained) ones in the CA brings the integrity of the PP into question. Consequently, although PP "indicators of success" are addressed and

assessed for purposes of this evaluation, CA numbers are being used by Evaluators to determine if CEM met its objectives.

2. USAID's Lack of Understanding of the Sector to be Served by CEM

The most basic problem in preparation of the NED Project was that the designers did not fully understand (or know) the dynamics or size of the community it was created to serve. Consequently, the PP proposed an infra-structure that was much too large (a nicely furnished three story building and a staff of 31) and provided too much funding for a Project that still had to establish itself. There was a general understanding by CEM managers that there was a great need for the kinds of services to be offered, but virtually no understanding that there was so little demand. With only a small percentage of aspiring entrepreneurs or SME owners and operators utilizing professional services, the difficulty of establishing a self-sustaining center was going to be far greater than first assumed.

Perhaps the least explicable of the objectives for CEM was that it was to be self-sustaining within the First Phase, when there was no evidence that attaining such a goal was likely, especially in a business services market as undeveloped as Morocco's. Together with that objective went unrealistic targets for the numbers of visitors the Center could expect, the numbers of SMEs that would be created, and others, equally unattainable.

The Director General of CEM pointed out to the Evaluators that one of USAID's greatest mistakes was requiring CEM to retain a staff that was much too large. That was particularly true in light of CEM's (and USAID's) lack of knowledge about the target market. Further, he suggested that the appropriate procedure for the start-up would have been to spend a period of time testing the market before determining how CEM should have been configured. He failed to mention, however, that it was the Recipient - for whom he was the leading spokesman - who professed to know the SME market for business services in Morocco and how to address it.

D. The Cooperative Agreement and CEM

Most apparent in comparing the PP and the CA is that many of the most questionable objectives and indicators contained in the PP were omitted from the CA, perhaps in recognition of their lack of reality. Furthermore, the Grant Agreement (GA) was more demanding of the Center than was the CA. These differences caused Evaluators some concern in determining which of the three documents CEM's performance should be measured against, until it was clear that irrespective of the yard stick used, this component failed to attain most of the objectives set out in the CA. Unfortunately, after three years it is apparent that the creation of CEM has had virtually no measurable impact on the SME sector.

As noted throughout this Evaluation, CEM has seldom attained even 50% of its quantitative annual objectives throughout its existence, including the latest periods. A summary is attached of the activities of CEM through the First Phase. (See Annex VIII, "Comparison of CA Objectives and CEM Results," which provides a picture of CEM's activities).

Aside from the relatively uncomplicated tasks of establishing the Center and its various elements, staffing and equipping it, employing the media, meeting targets for employing women and addressing their needs as entrepreneurs, and meeting certain activity targets, there were few identifiable successes. The most evident recent improvements - which are specifically addressed elsewhere - are related to increases in revenues and broadening of the client base over the past several months.

1. Objectives and Indicators of Success in the Cooperative Agreement

Among the key targets in the CA, CEM was directed to "assist in the creation of 300 enterprises and in the expansion of 300 others." To meet its target in the first instance CEM would have to be able to identify 300 successful start-ups to which they contributed by helping the client to complete all registration formalities. No records exist at CEM that track the success or failure of any single "contact" in actually establishing a business and beginning operations - unless a consulting contract is signed.

A second crucial indicator of success is the requirement to assist in the expansion of existing enterprises. This means 300 existing firms aided by CEM need to be identified somewhere in the records and their expansion shown. CEM has had no tracking mechanism for data of this kind.

Given the few SMEs that use services of centers such as CEM, (even free services) the actual figures in each of these categories is probably (at most) in low double digits in the first instance, and no more than the number of consulting contracts in the other (39). CEM's figures show 366 initial consultations with start-up enterprises and 286 with existing firms up until the end of June 1995.

And finally, perhaps the most telling of all is the great shortfall in total "contacts and requests for information or assistance" (4,783 since January, 1993) by or through the Center. Initially, 40 to 100 direct and indirect (phone, etc.) contacts were called for in Article 4 of the CA, for each day's operations. Had CEM met its target it would have had no less than 40,000 contacts during the period under review as anticipated in the CA. (See Annex VII, for full detail on CEM from 1995 to 1997).

2. Other CEM Requirements Under the CA

- Conduct 4 Round tables, seminars and workshops annually with 14 to be given over a 3 1/2 year period. (10 completed).

- Develop and maintain a well organized SME data bank. (Done).
- Put in place an expanded policy and procedures manual for the Center. (Done).
- Provide complete support services for the creation of Center "branch" operations in other regions of Morocco. (Not done).
- During the period of the agreement, up to 50% of direct costs of for-fee operations will be absorbed by the Project during the first year, up to 25% the second year and then a break even point by the end of the third year when income flow is approximately equal to direct costs. (Not done).
- Obtain from each client a simple evaluation form which rates the quality, relevance and appropriateness of cost of the activity. (Done).
- Track Center activities to maintain an entrepreneurial development data bank. (In process).
- Demonstrate by the end of 3 1/2 years that the Recipient will be in a position to maintain a center operation without further external funding support. (Not done). (See Annex VII, pps. 6/7).

3. The Issue of Control Under the CA

In assessing the CA and its use as the procurement instrument for providing oversight for CEM, the most apparent flaw is that USAID retained virtually no authority over key elements in this component. In contrast, once it was determined that the current TA's predecessor was not appropriate for the position, Chemonics was able to replace him in a short period of time.

4. How Could CEM's Objectives have been Improved

In the absence of a much better feel for the nature and size of the market for services that "should" have been offered by CEM, improving the Project's generic objectives was problematic at best. However, numerical projections in nearly every instance should have been more realistic and the start-up of the Center should have been incremental.

Experience over the first three years has shown that the ways and means chosen to attain those objectives (use of the CA, engagement of a school as the Recipient, over-elaborate infrastructure, multiple emphases, excessive staffing, changing focus, etc.,) were ill-conceived, much more so than the objectives themselves. The objectives

were set much too high, but essentially they were the kinds of objectives such a project should seek to attain.

E. Effectiveness of the CEM as a Delivery Mechanism for Business Support Services to SMEs, for Information, Consultation and Training

1. A Reality Check

In time, with structural changes, reduction of staff, assumption of authority for CEM activities by a more knowledgeable director, and a further refinement of the product line to reflect needs and demands of target SMEs, the Center would probably be able to provide the required services, information, consultation and training in a reasonably effective manner. If the question is, "Has CEM been the most effective mechanism to deliver such services over the past two or three years?" the answer is a resounding "no".

There are some bright spots in CEM's performance and they should not be overlooked. Primarily the result of the TA's ability to "enlist" the Recipient in making modifications, these bright spots have improved the financial position of CEM considerably. However, "considerably" is measured against a bleak past performance record. (See Annex VIII, for projections through November 1995).

Although CEM's performance has fallen far short of expectations reflected in any of the operative documents, it must be acknowledged that it is a particularly difficult market to be selling into. There is little precedent for aspiring entrepreneurs to pay for business support services (according to the PP about 8% of the SME community have engaged professional assistance).

To illustrate the dimensions of the difficulty, the head of CEM's training staff developed a program he wished to market called, "Programme Accelere de Creation d'Entreprise." It was to offer 160 hours of instruction which should have been attractive to at least a few ambitious individuals. Ten thousand fliers were distributed among the SME community with a minimum of 20 takers required to establish a class.

Initially, the cost was to have been around \$1,000, but was subsequently cut to less than half of that. A maximum of three or four takers were identified and the course was never given. Although some inroads are being made, the market is far too soft to believe such a facility could be self-sustaining under the best of circumstances.

Evaluators were told at CEM that a course with a similar theme was being offered without charge by another organization, which explained in part why there were no takers. But, it does not explain why CEM was not aware of competing offerings

before the expenditure of funds to advertise, or why the market was not more thoroughly tested.

2. Resource Allocation under CEM

The Project Paper and Cooperative Agreement called for an overly ambitious infrastructure with expectations of multiple initiatives. To address those expectations, CEM engaged an initial staff of 31 (with USAID approval) and many times the space customarily needed to establish a small business (which CEM should have been). The inflated budget in the CA encouraged the furnishing of quarters in a much more elaborate manner than appropriate to accomplish CEM's tasks, and provided excessive computer and other equipment, including an automobile. The CA also provided USAID with inadequate controls and accountability, which suggested considerable latitude to operate as a "private enterprise" with less strict control of expenditures than would otherwise be expected.

From its inception, CEM's allocation of its resources has been a matter of concern to USAID. In addition to the excessive numbers and cost of the Center's staff, questions were raised early about a number of expenditures made by CEM.

Evaluators were not interested in more specific details regarding financial transactions questioned in the USAID audit. However, numerous ESG actions indicating poor understanding of USAID accounting standards, coupled with sloppy record keeping served to cast doubt upon the Recipient's capacity to continue in its present role.

As much from a lack of experience in this particular field as anything, USAID let CEM - as a "private business" - have greater leeway in its operations than would generally have been the case. In turn, CEM managers and the owner misconstrued the apparent freedom being permitted, and took some liberties that were inconsistent with those operating under USAID funding. Consequently, mistakes were made on both sides that led to some misunderstanding and tension.

By decisive action, USAID reestablished firm control over CEM's financial activities. A full audit is now underway with results expected soon.

3. A Look at Specific CEM Activities

One issue that arises is what USAID would consider a CEM "success." For example, there are products earning money for the Center that are too expensive for many SME owners and operators. If the primary objective is to make the Center self-sustaining, those products must be considered successful. However, if success is to provide assistance to the greatest number of SMEs, then one's conclusion is likely to be otherwise. In the opinion of a few individuals (non-clients) interviewed in Casablanca, CEM's courses are "the most expensive in the area," but a decisive

majority of CEM's clients interviewed in a CEM-funded survey gave the Center good marks. In addition, a cross-check by Evaluators with other suppliers of services CEM is providing showed that, if anything, CEM's costs are on the low side.

The primary criterion in assessing the value of a particular CEM course or product would usually be its marketability, because the Center was told to be financially viable and any steps in that direction have to be applauded. The most successful (i.e., the most profitable) of CEM's activities are its Training Services, followed by Consulting. However, included under those services is a Masters Degree program sponsored by the University of Quebec even though many (Evaluators included) consider it out of place in a SME business services center.

This Masters Program is considered out of place because it addresses few, if any, of the basic requirements of the SME community. Furthermore, to advertise it, arrange for its presentation and provide financial oversight demands time and energy that could/should be devoted to core activities. This course is being offered in order to fill chairs, i.e., to make money, apparently without reference to whether it is in line with the primary objectives of the Center. Whether or not the unconventional nature of CEM justifies developing products that are marginal to its main purpose is a question that needs to be answered if this component is continued.

There is no longer a separate information division whose primary customers were expected to be aspiring entrepreneurs. This division had so little use that the director was dismissed on December 1, and its functions dovetailed with the counseling division. According to the former director of the information center, "active businessmen have no time to come in and see what is here." And, incidentally, there would have been little of interest had they come because the material available was only marginally relevant to needs of an aspiring entrepreneur, or to someone whose business was already underway.

In many cities, SME centers are focal points for activities of all kinds. By contracting all instruction out rather than having the staff directly involved in giving some of the basic courses and seminars to those who are unable to pay, the Center fails to become a point of reference for its clients, or those who need assistance. In five lengthy visits to the Center, Evaluators saw no more than one or two visitors other than themselves.

Specifically, results in the various areas of activity are as follows:

- Under Program 1, Support for the creation of new enterprises fell far short of expectations.

- Under Program 2, Providing assistance in expanding existing enterprises was also far short of the objective, although the number of contracts signed was 63% of the target.
- Under Activity 2, Credit Wassila was launched.
- Under Activity 3, CEM staff was engaged.
- Under Activity 4, CEM averaged 8 visitors a day rather than the predicted 20 to 50.
- Under Activity 5, CEM opened no new "branch" offices, so were not called upon for their "full support."
- Under Activity 6, A policy manual was completed.
- Under Activity 7, Media coverage has been assured.
- Under "E" Women, CEM has exceeded its goals to attract women to its programs by 10%.

In assessing CEM's inability to meet more than a few of the milestones laid out for it, the following must be acknowledged. The Center began handicapped and its handicaps were exacerbated by a faltering economy, inadequate leadership, unattainable "indicators", a highly questionable objective to become self-sustaining, an owner disinterested in its basic purposes, and perhaps worst of all, mixed signals coming out of USAID from the PSC Project Manager and those charged with financial responsibilities for the overall USAID Program.

5. Overall Impact and Synergy

Because CEM took so long to find its footing, the first two years provided few positive contributions in terms of impact or synergy with other elements of the Project. However, since June 1994, progress has been made on several fronts including establishment of a sound and improving database to enable the Center to track its operational and financial activities.

An opinion poll taken by a firm engaged by CEM determined that the Center is reasonably well known in the area, and generally perceived positively (about 75% favorable to 25% unfavorable). However, discussions with the head of two Young Entrepreneurs associations, were more critical, saying: first, training and counseling services are too expensive for the aspiring entrepreneur; second, the staff which is "good" comes and goes too quickly, and third, one rated the Center and its capacity to make an impact as "two on a scale of 10."

In contrast, Evaluators talked directly with 13 present or former clients (selected by the Evaluators) of CEM and all of them gave the Center positive ratings. Furthermore, a cursory look at a file drawer full of ratings by clients of the classes, courses, consultation, received at CEM revealed nearly unanimous approval.

As for synergy, the Center has been too busy scrambling for paying customers to have time for broader, synergistic concerns. Earlier in this paper, it was commented that the OAR component had attempted on several occasions to stimulate CEM's interest in joint activities, to no avail.

F. Recommendations and Presentation of Alternative Options for the Business Services Component

1. Recommendations

a. It is recommended that the SME business services component be continued with consideration given to the various options provided below. Under no circumstances is it recommended that USAID develop a specific institution with ESG.

Whatever is done to continue this activity, a contract should be the operative document. If there is an alliance with a Moroccan association as suggested below, the contractor would have the final word on all functions of the business services facility, control its expenditures, engage and train personnel, establish curricula, and determine course changes, etc.

At the same time, the contractor would be charged with bringing the local partner into the management role over a period of two years. The ideal result would be that the facility proves itself to be in line with the SME community's needs and support for its continuation beyond USAID's support would arise from various other sources.

2. Options for Continuing the Business Services Component

a. Establish a Business Services Facility in Cooperation with a Moroccan Association (hopefully retaining the CEM logo)

Ideally, the association would already have a place where services could be provided, but, failing that, an overture should be made to the municipal government to donate adequate space for both the NED component and offices of the association. Any renovation and refurbishing would be done by the Project. If that was unsuccessful, other quarters would be found.

Such a facility would be built around a staff of perhaps three professionals and one or two support personnel who would focus on:

- Providing information and direct assistance to aspiring entrepreneurs seeking to start their own businesses;
- Assisting aspiring entrepreneurs and owners and operators of existing SMEs develop their own business plans;
- Conducting (independently and in cooperation with consultants) workshops and symposia both in the home office and in remote areas.
- The goal would be to assist the facility to be self-perpetuating, and some cost recovery would be expected. However, the primary target would be provision of services to those aspiring and already established SME owners and operators who need assistance at crucial times in their effort to establish themselves, or to expand their operations.
- The budget - near full subsidization at the outset, with no more than 50% of costs ever recoverable from fees to clients - would be commensurate with the tasks to be accomplished. These efforts are not cheap, but the results can be very satisfying.

In-house professionals (including the director) would be provided training as necessary to become conversant in areas of management of such a facility, and substantive matters to be shared with the facility's clients. Everyone on the staff would be expected to work with clients on a full-time basis. Some categories of clients would be served free of charge and a determination would have to be made concerning fees for other services that would provide no competitive advantage over other donor-sponsored entities.

In addition, other products such as short courses in the various skills and techniques required for managing and operating a SME would be offered through sub-contracts the facility would maintain with proven experts in the field. And, if some of the contracts arranged through CEM were carried forward, they could be contracted out to appropriate experts as they are now.

There would be greater receptivity for an initiative such as this in smaller cities and towns, since most donor initiated projects of this kind tend to be centered in larger cities.

Positive aspects of this approach are that the Project would be able to not only provide services that are needed in the SME sector, but a SME focused association or organization would be strengthened and prepared to be home of the Project developed business services facility at the conclusion of its sponsorship.

An activity of this kind could create considerable synergy among the "Grants Program," the business services component, and the reform effort as the association groups become more involved and more influential in assisting their peers.

b. Projectize Services

Assign the contractor the task of setting up a facility in which it would receive requests for services of all kinds, from the simplest to the more complex. One or two Moroccan professionals - fully familiar with the identity and qualifications of private enterprises providing business services - would serve as middlemen in putting the client together with the most appropriate supplier of the services requested. There are apparently a large number of fully competent service providers in business.

Initially, the cost of this project would be reflected through the contractor engaged to set it up. Until the activity developed a clientele and began to realize some return from referrals and other services, it would be subsidized. Experience suggests that this would also require some subsidization (by the municipality, the GOM, other donors, etc.) throughout its existence.

c. Find New Partners such as a Bank or Large Association to Take Over in ESG's Place

While unlikely, if a large association should decide to assist smaller organizations in the interest of general economic and social good, it would be possible for the Project to operate within that environment. And, (b) and (c) above, could be combined.

Such an arrangement would not meet the desired features of "a" above, but it could be quite workable. With a solid base and strong support, and a continuation of the Chemonics' Technical Advisor's service, it might be possible to create some remote outlets either electronically or directly.

d. Close Down the Component Entirely

There are a number of reasons why this option should be considered seriously. First of all, it is always costly to launch or relaunch a project of this kind, and

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it is often difficult to determine what is lost in the transition until it is too late. For example, the cost in credibility if the CEM Cooperative Agreement is abrogated and CEM disappears as a logo. Momentum which is building now in training and counseling services is likely to be lost and never regained. Moving and refocusing the program may preserve some interesting products, but certainly not without a relatively high cost.

A question should be asked if this is an appropriate arena for the Project to be in at all in light of the considerably larger project to be implemented by the European Community in the same field. (See Annex XII). There is virtue in this activity continuing, but not under all conditions.

As a final admonition, no project should be undertaken in this field without a Moroccan organization as a co-sponsor. Only in this way could the program perpetuate itself.

G. Why and How Select SME Activities Begun by CEM Should be Maintained

1. Positive Developments

Despite numerous imperfections in the design of the CEM component, mismanagement of the Center by ESG, and spotty and often ineffectual oversight by USAID, there have been some positive developments in the small business support activities that may be worth retaining and building on. In addition, the management crisis at CEM may provide an ideal opportunity to move away from the CA without unduly difficult repercussions. Although the Evaluators were initially tempted to simply recommend that USAID "pull the plug" on the entire business services component, closer investigation revealed some positive factors in favor of USAID remaining in the SME support arena.

For example,

- The market to be served is now more thoroughly understood than at any time in the past, and the structure and programs of the Center are being tailored to address it.
- The capacity and willingness of some elements of the SME community to pay for selected training and counseling is now factored into the Center's plans to develop and offer courses.
- A core of skilled consultants is being developed with a much better concept of what a "skilled" consultant needs to perform his/her task more professionally.

- A constituency has begun to be developed with a growing demand for repeat assistance, and an appreciation by those outside the Center of its competence.
- With 59 signed consulting agreements, the Center has entered into commitments with a representative group of SMEs, and a number of others are under discussion at the present time.
- Revenues are climbing at an encouraging rate, with the covering of direct costs within reach in certain Center components.
- The Center staff is being retrained and refocused to respond to the revised emphasis on the preparation and promotion of business plans.
- Although the call to be self-sustaining is still considered an ideal, if unlikely, objective, the curriculum and activities of the Center are no longer to be distorted to accommodate that objective.
- With the abrogation of the CA, steps could begin immediately to start downsizing, relocating and reorganizing management of the Center.
- The Technical Assistant's performance has been exemplary during the year and a half he has been at the Center. Hopefully, he would be available to assist in the transition of CEM to a more tightly focused and actively managed SME support facility.

H. How Would a Revised and Revitalized SME Support Center be Structured, What Would be its Goals, and Where Would it be Housed

1. Infrastructure

To determine at this distance exactly how the restructured entity would be configured is, of course, impossible, because it cannot be known exactly how much of the business currently under contract to CEM would be assumed by or available to the new enterprise. Or, what portion of those contracts would be suitable to the revised objectives still to be determined. In addition, considerable work remains to be done determine the most appropriate focus, and the resources to be made available by USAID. Therefore, what is projected below will serve as an additional input into discussions on the future of the Business Services component.

The assumption for this scenario is that the CA will be abrogated and a contractor asked to assume responsibility for the whole project. It also assumes that the contractor would be free to keep personnel working at CEM.

a. Personnel would be limited in number to those trained professionals and support personnel required to interface with clients to determine their needs, respond to those needs themselves, or engage consultants from outside the Center. Depending on the workload brought forward from CEM, that number could vary from two to four professionals, a working director, and one or two support persons.

b. All personnel would undergo an intensive training program overseen by specialists familiar with the Small Business Development Centers program in the US and Canada. It is crucial that all personnel have a firm understanding of what the Center is designed to do, and that they become proficient in delivering the services. One of the goals of training staff and providing an attractive salary scale would be that there would no longer be the frequent turnover of Center staff that has plagued CEM.

c. The Center would be housed in attractive, but relatively modest offices with sufficient space for staff; room for storing relevant information, "how-to" brochures, sample business plans, directions for registration, and communications equipment; and a conference room capable of handling about 15 people for small workshops, advisory sessions, etc.

(1) Ideally, space for the Center would be furnished by the municipal government or an organization such as the chamber of commerce with which the Center would make common purpose. All refurbishing, etc., would be done by the Project.

(2) Further, it would be hoped that the municipality or other interested entities might provide other assistance in-kind or in services, legal, for example.

d. USAID could reasonably consider an extension through a limited "trial" period. Such a decision would be supportable in light of the growing value of SME assistance, and would probably provide USAID with a new start or a more graceful exit.

SECTION V. LESSONS LEARNED

A. For USAID in Relation to OAR

1. To obtain firm assurance of Moroccan support for all aspects of the Project and its objectives and goals.
2. To sensitize those with whom USAID and its contractors are working regarding the broader objectives of the Project. Evaluators received the impression that there is only a limited appreciation in some quarters for the potential far-reaching impact of successful organizational and administrative reform.

B. For USAID with CEM, the Project Design and ESG

1. To avoid allocation of funds to projects just because the funds are available and will return to Washington if they are not spent.
2. To avoid entering sectors about which so little is known as was done at the time NED was designed and launched. The Ernst & Young study did not provide sufficient grounds for committing to a \$25 million effort with SMEs.
3. To avoid Project Designs directed toward the private sector that are not based on a thorough knowledge of the market to be served. One effective way to avoid over-stretching in the absence of satisfactory information is to move the Project forward in stages. For example, CEM should have been launched with a staff of as few as three people (at least three small centers could have been started in different cities with the funds committed to this one).
4. To avoid private sector oriented projects that require a modicum of risk-taking if the mission is not prepared to take a risk.
5. To avoid use of a Cooperative Agreement as the procurement instrument in projects over which USAID wishes to exercise reasonable control.
6. To avoid unrealistic projections for projects being put forward for approval. A vivid example of such projections in the NED Project was the estimate in the CA that between 20 and 50 people would visit the Center each day, with an equal number of contacts by phone or other means to request information. That means between 22,000 and 52,000 contacts -split 50/50 between in-person and in-kind - were to have been made with people at CEM in the first two years. The actual number of contacts in nearly three years was around 5,000 according to CEM figures.

7. To be willing to cut losses at a much earlier point in a project's life. This evaluation was not necessary for USAID to understand that CEM was performing far below what would be considered an acceptable level.
8. To assure that any substantive changes of direction introduced during a mid-course correction become part of the written record of the Project.
9. To avoid inconsistencies between and within contracts and other procurement instruments. For example, the CA has numerous contradictions regarding the target and what was to be accomplished within a given time period.
10. To avoid the use of terms such as "self-sustaining" when the real goal is for the activity to be "self-perpetuating."

ANNEX I - SCOPE OF WORK

ARTICLE I. TITLE OF DELIVERY ORDER

Mid-term evaluation of the Morocco New Enterprise Development Project (608-0204)

ARTICLE II. PURPOSE OF THE EVALUATION

The NED Project is divided into three components, providing business support services, innovative financing for SMEs, and policy reform. There are two separate implementing entities, each with its own technical advisors under the oversight of an overall project monitoring committee and a separate steering body.

The purpose of this delivery order is to undertake a mid-term evaluation of the New Enterprise Development Project. The period to be evaluated corresponds with Phase I of the project (10/92 to 11/95), and the evaluators will examine all components, including the business support services component, the policy reform element, and the innovative financing pilots. This evaluation has the following major objectives: 1) to determine to what extent project objectives and projected outputs have been realized, 2) to assess the effectiveness of the activity in light of the project design and of actual events since inception, 3) to assess the impact which NED is having both on the economy and on USAID's Strategic Objectives, 4) to detail lessons learned to date, and 5) to make recommendations for changes to enhance future impact and for addressing targets of opportunity under the Phase II follow-on (12/95-7/97).

ARTICLE III. BACKGROUND

A. ECONOMIC DEVELOPMENT IN THE KINGDOM OF MOROCCO

Economic development in Morocco is constrained by a combination of demographic and economic factors. Among them are: 1) the high population growth rate, particularly in urban areas; 2) low employment creation rates within the public and private sectors; 3) market imperfections in provision of services for small enterprises; and 4) burdensome administrative procedures created by policies developed to regulate rather than stimulate growth.

Since the royal letters on the subject were published in 1989, there has been a dramatic increase in GOM concern to boost industrial employment and production through an expansion of small and medium enterprises. The trend to become more involved and provide assistance to the sector has caught the imagination of private financing and training institutions, chambers of commerce, professional associations and private business, as well as international donors and Moroccan government entities.

B. PROJECT DESCRIPTION

USAID's New Enterprise Development Program (608-0204) was initiated on August 16, 1991, with the signing of a Grant Agreement with the Ministry of Economic Affairs (now

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Economic Incentives). The project is designed to stimulate the growth of the small and medium enterprise (SME) sector. It aims to address key constraints affecting the creation and expansion of SMEs with the ultimate objective of accelerating the rate of economic growth and employment in Morocco. The project has three components:

1. A business support services component provides information, training, and consulting services to both new and existing SMEs through the Centre de l'Entreprise du Maroc (CEM). The CEM operates as a business in its own right under a cooperative agreement which was signed with the Ecole Supérieure de Gestion (ESG) in December 1992. Except for basic information services and generic promotion, the clients are charged for CEM services, with the goal of developing a financially sustainable market in SME business advisory and training services.
2. Organizational and Administrative Reform (OAR). This component strengthens the organizational structure and business environment of SMEs and produces proposals for changes in laws, regulations and procedures constraining SME development. A mixed private/public Consultative Committee was to be established as the implementing agent for the component. The tasks envisaged in the OAR process are: 1) identification of issues and reform measures needed to address them; 2) in-depth studies of the feasibility of such measures and recommendations for implementation; 3) adoption of recommendations by the Moroccan Government; and 4) follow-up to support implementation of adopted recommendations. The NED Project is concerned only with points 1, 2, and 4. The component also provides grants to private organizations, such as business and professional associations, to enhance their capacity to serve their membership and to affect policy change relevant to SMEs.
3. SME Financing: This component was designed to increase financing available to SMEs. However, it has not yet been authorized and funding on a scale foreseen in the Project Paper is no longer available. Pilot activities of Credit Wassila and venture capital via a company called MADI are functioning and need to be analyzed as part of the evaluation.

C. PROJECT STATUS BY COMPONENT

1. OAR (Organizational and Administrative Reform): The project promoted the USAID program outcome for "improved policy, regulations and institutions for enterprise creation and expansion" by submitting reform proposals to Ministry of Economic Incentives. The prime contractor and Moroccan subcontractor assisted the MEI in developing a proposal for the creation of a "Commission Interministerielle pour la simplification des formalités assignées aux entreprises" (COSIFE) to promulgate administrative streamlining for business; they also worked with various government agencies in developing investment laws for young entrepreneurs. Working with the Ministry of Commerce and Industry, the project facilitated business registration via computerized operation of the Central Business Registry (RCC). A subcontracted medium-sized enterprise entered the data, and the Ministry of Commerce and Industry has

agreed to continue to maintain the RCC's computerized database after the completion of the RCC data entry at 1995. The project also developed and submitted to the MEI proposals for an official guide to business creation formalities and for a unified tax form for small business. It is now preparing proposals for organizational changes in the legal framework for business associations and a general law concerning business-Government relations. The project strengthened small business and professional associations by awarding association grants; it completed a pre-feasibility study for an SME services zone in the industrial zone of El Jadida. It also facilitated the coordination of funding efforts to support Moroccan small business and professional associations with the European Union, the World Bank, the Center for International Private Enterprise (CIPE), the Peace Corps, and the Société d'Investissement et de Développement International (SIDI).

2 The CEM: The NED project also enhances the program outcome of developing a specialized institution for creation and expansion of SMEs (program outcome one), increasing SME access to finance (program outcome two), and improving competitiveness of employment generating firms (program outcome three). The CEM was significantly restructured in 1995 to enhance performance and increase revenues. The statistics for the first half of 1995 indicate that the CEM is continuing to strengthen new and existing small enterprises, as well as to enhance the private sector capacity to provide better business support services. Credit Wassila is operational on a pilot basis for provision of credit to SMEs.

3 The project's financing activity has had positive developments: Credit Wassila, the revolving fund providing small loans to first time SME borrowers, began operations. This is managed through the CEM under agreement with the Banque Central Populaire (BCP). SMEs have submitted feasibility proposals for consideration to CEM, which analyzed them and recommended the first awards to the BCP.

The Maghreb Development Investment Company (MADI) received a challenge grant to implement its restructuring and recapitalization plan. This grant was awarded to cover some operating costs over a one-year period while the company reorganized and searched for new sources of capital.

ARTICLE IV. STATEMENT OF WORK

In order to evaluate the impact and the effectiveness of the New Enterprise Development Project, the contractor shall assess all components of the project, including the deliverables provided under both the Chemonics contract and the ESG Cooperative Agreement (CA), the synergy between elements, the sustainability of activities, and the impact of the project interventions on Moroccan SMEs and USAID program outcomes. A few, but by no means all, of the areas to be addressed include:

1. The effectiveness of the Centre de l'Entreprise du Maroc (CEM) as a delivery mechanism for business support services to SMEs: information, consultation, and training. This shall include examination of existing documents and studies (e.g.,

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workplans, reports, assessments, and audits), as well as soliciting feedback directly from clients and non-clients in the business community. The contractor shall make recommendations to increase CEM effectiveness in reaching the small end of its target clientele with appropriate products on a self-sustaining basis.

2. The soundness of the assumption that a local consulting firm can deliver business support services to the SMEs at market rates and cover its costs, and the readiness with which Moroccan SMEs will pay for and follow business advisory services (i.e., the state of the market). Using this analysis, the evaluator shall advise as to what constitutes sustainability for this component.

3. The impact of CEM business services on increased SME creation/expansion and employment. The contractor shall analyze whether the CEM is undertaking appropriate activities to achieve its performance indicators. The contractor shall also examine the current impact indicators of this component, assess their validity, and recommend any necessary changes to adopt more appropriate indicators. The evaluation will distinguish between clients creating a business and those expanding an existing business. The contractor shall assess the survival rate of assisted SMEs and the efficiency of capital support to them versus a control group that did not get CEM help. Other indicators include success at obtaining bank financing, employment changes, variations in annual turnover, productivity gains, etc., versus control groups.

4. The need and advisability of CEM participation outside Casablanca in branch institutions delivering CEM "franchised" services to their members and clients and their potential for operating business services programs independently once their CEM affiliation is ended.

5. The effectiveness of the financing and administrative reform components in providing SMEs with the types of support and services they need. The contractor shall assess the process for vetting reform proposals and make recommendations for the most effective participation by all interested parties in vetting the reforms. It shall assess Credit Wassila and make recommendations on improving efficiency. The evaluation will address the following questions. What has the impact of the OAR component been? Are the right activities being undertaken to achieve the desired impact, as defined by impact indicators? What more appropriate performance indicators might be adopted? What is the best strategy for this component to become sustainable?

6. Through the project paper, the contract, the cooperative agreement, and annual workplans, performance indicators have been established for the NED Project implementors. As in point 3, the evaluation will address the following questions. How does the quality and quantity of such indicators and related deliverables under both the Chemonics contract and the ESG Cooperative Agreement compare with agreed upon targets? Are the implementors completing the required tasks, and if not, why? Are the costs for achieving them reasonable? Are the targets still valid, and if not, why?

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7. The evaluation shall address the need to readjust project content, format, and cost to increase the client base in small business and to meet USAID strategic outcomes. The evaluator should examine this in terms of the current profile of Moroccan small business (language, growth sectors, networks, technology, organizational and administrative constraints, access to information and finance, protection of property rights, etc.). For the CEM in particular, the evaluator shall provide specific recommendations on maintaining a balance between market development with a small enterprise clientele and CEM financial self-sufficiency.
8. The contractor shall examine the relationship between reform proposals made by the project (both directly and indirectly) and the reforms adopted. It shall draw conclusions on how reforms are adopted in Morocco and make recommendations for modifications in project approach. It shall evaluate the reform process and results in terms of USAID program objectives.
9. The evaluator shall assess the degree of involvement by banks/financial intermediaries in the project and the extent to which there has been an alteration in the collateral requirements for SME lending operations. The contractor shall evaluate the effect of the virtual elimination of the financing component on CEM institutional development and on overall project objectives.
10. The impact of institutional strengthening grants on the ability of private sector organizations to serve their membership and participate effectively in policy dialogue/reform initiatives needs to be measured. The contractor shall advise on possibilities for strengthening impact under Phase Two and on realistic program indicators to reflect this impact.
11. The contractor shall examine the effectiveness of the Steering and Consultative Committees as compared to what the project expected of them and address the following questions. How can project oversight be streamlined, strengthened and transformed into a more participatory framework? The evaluator shall look at alternatives to the structures and make recommendations for the most effective means of achieving Committee objectives in Phase Two.
12. Using available data, the contractor shall examine the relative impact of the project components on men versus women.
13. The evaluation shall examine the Logical Framework assumptions made during project design and determine whether they were valid during the first half of the project. Evaluators shall identify the most successful elements of the project and recommend methods for replication. They shall examine why certain elements were successful and draw from this experience to make recommendations on how the least successful elements can be improved.

14. The evaluation shall examine if other donor initiatives for small business (e.g., the World Bank, the European Union, the Canadians, etc.) are complementary or duplicative with NED. The evaluators shall recommend how coordination can best be achieved among the various donors.

ARTICLE V. METHODOLOGY AND TIMING

The evaluation team shall spend a five-week period (ten-person weeks) in Morocco during the months of November and December 1995 and meet with all necessary individuals associated or involved with New Enterprise Development. The work will be conducted with, but not necessarily limited to, the private sector, the Ministry of Economic Incentives, the Ministry of Commerce and Industry, the Ministry of Finance and Foreign Investment, USAID, Chemonics, FOCS and CEM.

The team shall interview the management and selected workforce of several of the SMEs and associations to determine the impact which NED has had at the firm and association level. It shall have access to all relevant documentation and records maintained by contractors, the Ministry, or USAID.

The evaluation team is expected to start 14 November 1995 and to complete its work by 31 December 1995.

ARTICLE VI. TEAM MEMBERS OF THE EVALUATION

The evaluation team will be composed of two principal members, a team leader, who will be an expert in SME programs, and a high-level Moroccan consultant. The team leader shall have a record of successful prior experience in conducting project evaluations, including work as a team leader. It is hoped that he or she will have had previous experience in Morocco. The Moroccan consultant must have relevant business skills and demonstrated expertise in projects involving technical assistance to SMEs. These consultants cannot have been involved with previous bids to implement any portion of the project. These individuals must be approved by USAID/Morocco prior to arrival.

All team members must have a minimum French language ability at the Foreign Service Institute (FSI) S4/R4 level. The Moroccan consultant must have FSI S3/R3 English, with very good writing skills.

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ANNEX II - METHODOLOGY AND PROCEDURE

METHODOLOGY AND PROCEDURE

The Evaluators' approach was essentially divided into four discrete, but overlapping stages/steps. In each stage or step, attention was given equally to qualitative indicators and quantitative indicators.

Those stages/steps were:

1. What the Project Paper (PP) and the Grant Agreement (GA) said the Project and its three components were going to be:
 - Conferred with Project Officer regarding sources of information, the Scope of Work and other items of interest.
 - Reviewed background studies, such as Ernst & Young's needs assessment.
 - Reviewed PP and GA in some detail.
 - Divided responsibilities within the Evaluation Team.
 - Discussed this subject with several senior USAID officials who had some direct connection with NED.

2. What the Cooperative Agreement (CA) and the Chemonics' contract ask for:
 - Reviewed basic documents, including:
 - . CA and Chemonics contract
 - . Discussed with Chemonics Chief of Party and CEM Technical Advisor their perception of their assignment.
 - . Discussed with CEM Director General his perception of what he had been asked to do.
 - . Discussed with the Program Officer on several occasions the project and its activities.
 - . Discussed the issue with members of the Comite de Suivi
 - Submitted draft outline for the paper within a week after arrival which was accepted.
 - Sought clarification of the operative document for the evaluation, the Project Paper, the Grant Agreement, or the Cooperative Agreement

3. What the project has become over the past three and a half years:

- Sat in on a meeting of the Comite de Suivi.
- Reviewed reports and correspondence prepared by principals in communicating among themselves.
 - . Chemonics
 - . The Business Center
- Reviewed standard periodic reports of the contractor to USAID.
- Reviewed periodic reports made to the Comite de Suivi by the Business Center and Chemonics.
- Reviewed internal files regarding performance, plans, etc.
- Reviewed profile study commissioned by CEM.
- Held continuing discussions with Chemonics COP, and CEM Technical Advisor.
- Discussions with three Moroccan members of the Comite de Suivi.
- Discussions with those individuals with Chemonics sub-contractors directly involved in and responsible for implementation of various aspects of the Project.
- Discussions with clients of the Business Center.
- Discussions with applicants for a grant from Chemonics.
- Discussions with five members of the Center staff.
- Gave a self-evaluation questionnaire to Center's staff.
- Discussions with Price Waterhouse, and sitting in on one of their reports to USAID.
- Discussions with Casablanca chamber of commerce and other Moroccan organizations.
- Discussions with recipients of grants from Chemonics
 - . President of the Federation of Young Entrepreneurs
 - . Director of the Club of Young Entrepreneurs
- Submitted very preliminary draft of the Final Report to reveal what Evaluators were hearing and seeing to obtain his views. Began working toward a final draft.

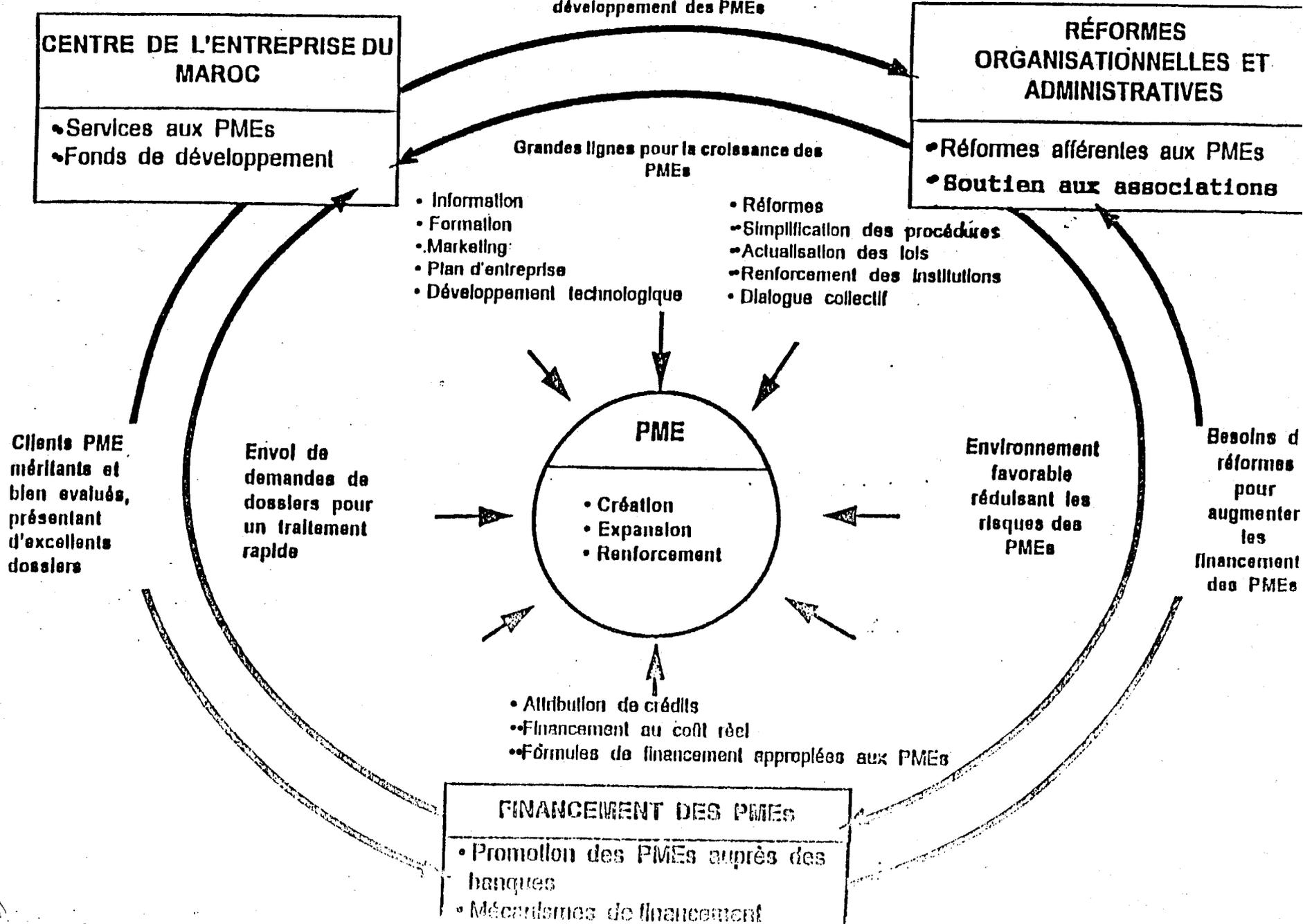
4. The future promise of the project as a whole and of its discrete components in their present or revised form.

- Continued discussions with Chemonics COP, CEM Technical Advisor, and USAID Project Officer.
- Reviewed all documents prepared by CEM and Chemonics in which future projections were being made, and regarding the vision for OAR.
- Spoke at length with Assistant Director of CEM on this subject.
- Reviewed on a day to day basis with the Program Officer the development of the Final Report and current activities in the Project that would have long term impact.
- Submitted the Final Draft of the Evaluation, together with two other deliverables required by the Scope of Work.
- Reviewed the Final Draft in light of comments from all concerned with the Project, and submitted the revised version as required.

ANNEX III - CONSTRAINTS ON SME DEVELOPMENT

PROCESSUS DU PROJET DYNA-PME

Informations sur les contraintes pesant sur le développement des PME



ANNEX IV - GRANT ACTIVITIES, COST AND PURPOSES

	Grant	Association	Approved (Dirhams)	Disbursed (Dirhams)	Results Achieved/ Expected
	3.1.3 Association Grants				
1)	SME/large business 'Mentoring' Convention (11/93)	CJEC	70,000	70,000	6 mentoring / business agreements signed between small businesses and large companies
2)	SME advisory services and training (2/94)	AMAPPE	155,190	123,053	Assistance provided to 150 micro- and small-enterprises; 20 feasibility studies for micro- and small-enterprises completed; 10 training sessions performed; 4 micro- and small-business fora held
3)	SME Association Training (3/94)	AMJE	175,485	167,766	65 representatives of 20 small business associations benefited from training in association management, accounting, and its legal framework
4)	SME Association Newsletter (5/94)	CJEC (representing 13 SME associations)	133,140	66,003	2000 copies of each issue of "Réseau," a Small Business Association Magazine, distributed to associations, and public and private sector partners

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	Grant	Association	Approved (Dirhams)	Disbursed (Dirhams)	Results Achieved/ Expected
5)	Regional Business Directory for Khénifra (5/94)	AJPEK	110,000		Development and distribution of a business directory of all enterprises in the semi-rural region of Khénifra
6)	Commercial Database for garment/textile SMEs (6/94)	AMITH	237,000		Development and installation of a commercial and technical database for AMITH's 900 members, of which 70% are small businesses
7)	Training in Association Management and Communications (1/95)	AJER	30,000	15,999	Training provided for 20 members of association in strategic planning and communication techniques
8)	Feasibility Study for El Jadida SME Industrial Zone (2/95)	AJED	222,500	3,543	Pre-feasibility study presented by AJED to partners in El Jadida, including regional and local authorities, industries, universities and small businesses
9)	Professional Bulletin (4/95)	FNBTP	200,000		Development and distribution of professional bulletin for FNBTP's 1,500 members, of which 90% are small businesses

	Grant	Association	Approved (Dirhams)	Disbursed (Dirhams)	Results Achieved/ Expected
10)	SME Advisory Services (5/95)	ACAET	91,000		Micro- and small-business advisory services to be developed and provided to rural business promoters and entrepreneurs, as well as regional associations
11)	Survey and Preparation of Regional Business Directory (6/95)	CCI/CAC El Kelâa	60,450		Development and distribution of a business directory of all enterprises in the semi-rural region of El Kelâa des Sraghna
12)	Directory for Professional, Trade and Small Business Associations	BNSTP (representing 10 business associations)	220,000		Development and distribution of the first National Business Association Directory to all professional and small business associations, investors, and public agencies
13)	Survey of SME associations	FAJEM	200,000		Undertaking of the first comprehensive survey of all small business associations and their members
14)	Training in Association Marketing and Management*	AMITH (representing 10 business associations)			Implementation of training for at least 10 professional and small business associations in strategic planning, management, and marketing

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	Grant	Association	Approved (Dirhams)	Disbursed (Dirhams)	Results Achieved/ Expected
15)	Training for Chambers of Commerce in development of member databases and regional business directories*	FCCIM			Development of training for all chambers of commerce in business surveys, membership databases, and preparation of regional business directories
16)	U.S./Morocco Export Database (IBEX-U.S. Chamber of Commerce)*	AmCham			Development and connection to U.S. Chamber of Commerce database for U.S. export opportunities with Moroccan businesses
17)	Association management training*	CJI			Development of training association management
	TOTAL		1,904,765	446,364	

* Applications having only received an agreement in principle from the Internal Grants Committee.

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Last Update					
October 31, 1995					
ASSOCIATION GRANT SCHEDULE					
Association	Montant du Don	Montant déboursé*	Déboursement restant	Budget nov	Dépensé nov
CJEC 1	70,000.00	70,000.00	0.00	0.00	
CJEC 2	133,140.00	66,003.50	67,136.50	11,100.00	
AMJE	175,485.00	167,766.00	7,719.00	0.00	
AJER	30,000.00	30,000.00	0.00	0.00	
AJED	222,500.00	141,061.60	81,438.40	0.00	
AMAPPE	155,190.00	130,015.70	25,174.30	23,037.75	
AMITH	237,000.00	0.00	237,000.00	165,000.00	
AJPEK	110,000.00	0.00	110,000.00	0.00	
GID	215,000.00	94,487.23	120,512.77	36,000.00	
FNBT	200,000.00	0.00	200,000.00	150,000.00	
ACAET	91,000.00	55,064.50	35,935.50	14,935.50	
FAJEM	200,000.00	0.00	200,000.00	50,000.00	
BNSTP	220,000.00	0.00	220,000.00	41,000.00	
CAC Kalaa	60,450.00	0.00	60,450.00	0.00	
TOTAL	2,119,765.00	754,398.53	1,365,366.47	491,073.25	0.00
		*includes "Dépensé cette mois"			

**FONDS DE SOUTIEN AUX ASSOCIATIONS
ACTIVITES SOUTENUES**

	Dossiers agréés	Association	Résultat réalisé ou attendu
1)	Espace Parrainage	CJEC	-Signature de 6 conventions entre PME et grandes entreprises
2)	Accueil, formation et information PME	AMAPPE	-Soutien de 150 PME -Réalisation de 20 études de faisabilité en faveur des PME -Réalisation de 10 sessions de formation en faveur des PME -Organisation de 4 forums de PME.
3)	Formation associations PME	AMJE	65 responsables de 20 associations ont profité de formation en gestion, financement et environnement d'associations
4)	Annuaire	AJPEK	Annuaire des entreprises de Khénifra
5)	Revue associations	"CJEC"	Tirage de 2000 exemplaires par numéro profite aux associations PME et adressé aux différents partenaires

**FONDS DE SOUTIEN AUX ASSOCIATIONS
ACTIVITES SOUTENUES**

	Dossiers agréés	Association	Résultat réalisé ou attendu
6)	Banque de données	AMITH	Une banque de données technique et commerciale profitant à 900 adhérents dont 70 % PME.
7)	Etude de faisabilité pour une zone de services PME dans la Zone Industrielle d' El Jadida	AJED	Etude présentée aux partenaires au niveau d'El Jadida
8)	Bulletin de liaison	FNBTP	Bulletin à profiter à environ 1500 entreprises
9)	Formation	AJER	Deux séminaires de formation (techniques de réunions et planification)
10)	Formation et conseils	ACAET	Soutien des PME et des associations régionales

**FONDS DE SOUTIEN AUX ASSOCIATIONS
ACTIVITES AYANT RECUES
L'ACCORD DE PRINCIPE**

	Dossiers agréés	Association	Résultats attendus
11)	Annuaire des Associations à caractère économique	BNSTP	Un outil de travail pour toutes associations et tous les investisseurs
12)	Formation pour les chambres de commerce et de l'industrie	FCCI	Réalisation ultérieure par les CCI d'annuaires d'entreprises
13)	Formation associations	AMITH	Renforcement des associations
14)	Annuaire El Kelâa	CAC El Kelâa	Un outil de travail
15)	Formation	CJI El Jadida	Renforcement du Club des Jeunes Investisseurs
16)	Banque de données	AMCHAM	Un outil de travail essentiellement pour la PME
17)	Enquête	FAJEM	Connaître l'importance des associations PME

**FONDS DE DEVELOPPEMENT
REALISATIONS**

	Dossiers Agrées	Bénéficiaire	Résultat attendu
1)	Informatisation du RCC	RCC	Une base de données complète de toutes les entreprises marocaines
2)	Etude de faisabilité d'une pépinière	GID	Réalisation d'une pépinière avec l'Ecole Mohammadia d'Ingénieurs à Rabat

ANNEX V - CHEMONICS ANNUAL WORK PLAN

2.2 OVERALL OBJECTIVES AND STRATEGY FOR REVISED 1995 WORK PLAN

DYNA-PME's overall objectives and strategy remain the same for the second semester of 1995. These objectives are being met with the following key actions, among others:

2.2.1 Overall Objectives:

- Encourage and stimulate a genuine GOM commitment to small business reform:
 - ☛ COSIFE
 - ☛ Public and private panels on small business reform.
- Help establish and communicate a broad consensus (including government, private sector, media and general public) on the key role of small businesses in Morocco's economic development:
 - ☛ National Small Business Week ("Semaine de la PME")
 - ☛ Small business incubator in the El Jadida Industrial Zone
 - ☛ Private small business incubator with GID at EMI.
- Assist in developing and communicating a logical, coherent strategy for the promotion of small enterprises (and business reform):
 - ☛ Reform proposal for a "General law concerning business-government relations."

Motivate through training and study tours GOM officials capable, willing, and able to implement business reforms:

- ☛ Study tour for business association leaders and officials to see U.S. associations and government organizations promoting small business reform
- ☛ Study tour for entrepreneurs, public sector and university officials involved in business incubators, technology parks, and industrial zones.

2.2.2 Updated Strategy:

- Continued increased involvement of USAID, the Ministry of Economic Incentives, and the Ministry of Commerce and Industry in the reform program;
- Continued increased leveraging of project resources with international donors and organizations;
- Enhanced communication program with associations, media, GOM and USAID;
- Expanded study tour/training activities with government officials, as well as private entrepreneurs, university directors and association leaders, to strengthen public-private partnerships.

2.3 KEY ISSUES

Several key technical and contractual issues need to be reviewed at this time, so that appropriate measures can be planned and implemented in the second quarter of 1995. These were also highlighted in the 1994 End-of-Year Report, but no conclusive actions have been taken to date. These include:

- *Creation and implementation of the Commission Interministerielle de Simplifications des Formalités Assignées aux Entreprises (COSIFE) by the MCIE:* COSIFE, a broader government reform committee proposed by the MCIE to replace the project's original public-private Consultative Committee, has yet to be officially constituted. Questions concerning the appropriate role and input of DYNA-PME into a strictly public-sector commission aimed at promoting business reforms need to be resolved.
- *Status of the Small Business Financing component:* DYNA-PME continues without a full-fledged financing component, as originally envisaged for the project. As long as the focus, strategic plan, and funding for this component remain undefined, only limited actions, with limited results, will occur. A possible option may be to seek funds for an expanded financing component from USAID's loan guarantee funds.

● *Extension of the Chemonics Contract:* funding for the contract currently ends in June 1996, while the contract end date is June 1997. Chemonics has submitted a proposal to USAID for an extension through June 1997 in line with USAID's strategic objectives for economic growth. Of particular question for the extension are:

- Increase in amount of short-term level of effort, given its use at a higher rate than anticipated in the project design (see Annex A)
- Increase in funds for Association and Development Fund Grants, given significant results and increasing demand for assistance to business support organizations (see Annex B)
- Status of long-term technical assistance for Small Business Financing expert.

● *Extension of the USAID/CEM Cooperative Agreement:* discussions have been underway with USAID since April 1995 concerning a no-cost extension for CEM through June 1997, and the revision of the Cooperative Agreement to reconcile objectives that target both private and public sector goals for CEM.

ANNEX VI - CHEMONICS STRATEGIC ACTION PLAN

DYNA-PME

Strategic Action Plan
Organizational and Administrative Reform

Phase I Actions	Phase II Actions and Outcomes	Ultimate Impact
<p>USAID/Morocco Strategic Objective No.3: Expanded Base of Stakeholders in the Economy, Targeting People of Below-Medium Income</p> <p>Program Outcome No. 3.1: Improved Policies, Regulations and Institutions for Creation and Expansion of Enterprises</p> <p><u>Specific Results:</u></p> <p>1. Reduced average amount of time required for small and medium firms to obtain business licenses. 5. Increased strength of business associations.</p>		
<p>1) Observation Study Tour (OST)-- Association and Government Leaders</p> <p>2) Reform proposals: --"Guide Officiel des Formalités" --Simplification of tax forms</p>	<ul style="list-style-type: none"> ● Centre des Formalités des Entreprises (CFE) established: --Pilot project for CFE set up in 1-2 chambers of commerce (unique interface between businesses and government agencies responsible for business registration) --Reform proposals for unique business number and single business registration form 	<ul style="list-style-type: none"> ● Reduction in time/costs necessary for the creation/expansion of small enterprises = Increased competitiveness of small enterprises
<p>3) Registre Central de Commerce (RCC) --computerized database --decentralized RCC operations</p>	<ul style="list-style-type: none"> ● Comprehensive database on creation and development, success and failure rates, of Moroccan enterprises set up: --Database project linking: a) RCC business registration data, b) Tribunal data on changes in business status, c) Tax data on business activity, d) CNSS employment data 	<ul style="list-style-type: none"> ● Establishment of permanent small business monitoring unit = Improved government policy- and decision-making regarding small business

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Phase I Actions	Phase II Actions and Outcomes	Ultimate Impact
<p>4) Reform proposal: -General legal framework concerning business-government relations</p>	<ul style="list-style-type: none"> ● Improved framework, systems, and procedures for developing dynamic administrative environment for small business established: -Systematic and methodological public/private collaboration on all business-government issues -economic impact analyses and administrative assessments of all business-related laws, regulations, and administrative procedures 	<ul style="list-style-type: none"> ● Simplification, reduction, and elimination of complicated, costly, and unnecessary administrative requirements for business ⇒ Enhanced business-government partnership accelerating economic growth and business competitiveness
<p>5) OST-Association Leaders</p> <p>6) Reform Project: -Law concerning economic (business) associations</p> <p>7) Association Grants</p>	<ul style="list-style-type: none"> ● Legal framework for economic (business) associations approved. ● Policy analysis and advocacy units established in business associations: --Pilot project to transfer DYNA-PME practical approach, and policy methodology to key business associations ● Trained, experienced, full-time association professionals: -Training for association executives and professional staff --Creation of professional association for managers and executives of associations 	<ul style="list-style-type: none"> ● Increased effectiveness of business associations (credible, dynamic, and sustainable) as service providers and business advocates ⇒ Expanded role of business associations (not-for-profit organizations) as key intermediaries between public and private sectors, and local and national interests

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Phase I Actions	Phase II Actions and Outcomes	Ultimate Impact
<p>8) OST-Small business incubators, technology parks, and industrial zones</p> <p>9) Association and Development Fund Grants for small business incubators with GID/EMI and in El Jadida</p>	<ul style="list-style-type: none"> ● Private/public development of business support facilities undertaken: <ul style="list-style-type: none"> --Mixed public-private oversight of small business incubators, business parks, and industrial zones --Private management of such facilities --Leveraging of public and private funding for development and construction of such facilities --Reformed legal framework for rental and leasing terms 	<ul style="list-style-type: none"> ● Increased opportunities for dynamic small businesses to set up in business incubators, parks, and zones ⇒ Increased competitiveness of small enterprises
<p>10) OST-RCC Director and SAGMA computer expert to similar organizations in France</p>	<ul style="list-style-type: none"> ● Full service, computerized, on-line RCC registration service and database: <ul style="list-style-type: none"> --Real-time delivery of 'Certificat négatif' --On-line consultation of RCC database by enterprises, consultants, government services 	<ul style="list-style-type: none"> ● Financially self-sustainable database (and model government service) offered to business and government ⇒ Improved performance of government services to enterprises

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ANNEX VII - CEM 1995 TO 1997 REPORT

INTRODUCTION

In mid-1994, after 1½ years in operation, CEM began seriously to examine its performance, which resulted in the strategy approved by USAID in October, 1994. This strategy outlined a logical stepwise approach to achieving both, financial self sufficiency and the developmental objectives that were undertaken in the CA. The key points of this strategy were to refine the approach on a product by product basis, to monitor performance at all levels, to accept responsibility for all direct costs associated with the fee generating activities and to report to USAID in a regular and efficient manner. This simple and straightforward method of operation has allowed CEM to make critical and difficult decisions to ensure that the objectives will be met. These decisions have included a continual assessment of the target market, a "right-sizing" of the institution and a streamlining of the product line, all while keeping a vigil on the "bottom line". What is presented herein is a logical extension of that strategy.

Despite all of the problems and challenges that have surrounded CEM since its inception, the results vis-à-vis the objectives outlined in the CA are positive. CEM has either already surpassed major objectives or is in line with completing the objectives by the end of the present CA. **To reinforce the already favorable results and steady progress made towards achieving self sufficiency, CEM is making the hardest decision that it has made to date - a major staff reduction.** It has become obvious that despite good performance vis-à-vis the CA's objectives, the impact upon the CEM's "bottom line" has not been sufficient to sustain the institution at its present size. In particular, its efforts at stimulation and promotion of the market have not been felt on the bottom line and have drained heavily upon the institution's resources leaving less to focus on the objective of self sufficiency. **This reduction will lead to the economization of resources and will leave more than sufficient USAID funds to permit a no-cost extension of the present CA.** This extension will allow CEM the time required to make the institution self-sufficient.

CEM also realizes the benefit of having additional partners, not only to provide a greater network, but also a clear vision and additional capital. This is a difficult decision for a private firm to make and any discussion of details of such an action can only take place once potential shareholders are found. Given USAID's interest and investment in the project, CEM sees USAID playing a leadership role in the search for additional partners and also to be prepared to negotiate once potential investors are identified.

It is important to note that CEM has undertaken the decision to "right size", not only to become self sufficient, but also to leave itself less vulnerable to a reduction of funding from USAID. At the end of this paper, CEM has outlined the issues that will need to be negotiated (along with CEM's assessment of the consequences of such an action) should the decision not to extend the present CA be taken.

2. ACHIEVEMENTS

2.a. 1st Semester 1995 ¹

CEM's results for the first semester of 1995 reflect those of an institution that needs to reassess its approach to a somewhat difficult market. CEM achieved only 25% of annual income projections in the first 6 months, however, this figure is equal to the total income figure entire 1994. At the end of 1995 revenues should be around 60% of projections and

¹ For a more detailed discussion see Annex 1, 1st Semester Report and for financial results, see page 11 of Annex 4

more than double 1994 revenues. Expense-wise, CEM is about 40% of projections, reflecting the high overhead and promotional activities and has only used 37% of USAID funds projected to be used.

Consulting activities focussed on fulfilling the financial planning needs for SMEs. After a slow start, activity picked up in the second quarter and resulted in an increase from 4 to 31% of the target number for contracts signed for 1995. Although only 9% of projected income has been realized when including work in progress, 28% of the annual objective is already in process or has been collected. Important achievements in converting proposals to contracts were realized in the last quarter and this effort, through a part-time incentive based sales force, will become an integral part of the consulting activities. In addition, CEM prepared 81 proposals for 498,000 Dh and provided 130 free consultations.

Despite covering only 20% of its direct costs for the first half of the year, consulting should cover 50% or more by the end of 1995, including paying for a sales staff and covering all expenses incurred in the proposed staff reduction. **Billing rate moved upwards from 23% at the end of the first quarter to 66% at the end of the first semester, getting closer to the 75% target for 1995.** This portion of the operation should break even during the first half of 1996.

Crédit Wassila (CW) was launched in the first part of 1995 and is being used as a support product to the consulting operations. Any other use, such as a promotional credit product would only serve to confuse CEM's role with that of a financing institution. To date some 33 requests have been received and 8 contracts for business plans have been signed. 2 requests had been presented by the end of the semester and were refused by the committee based on questions of viability. Management is constantly monitoring this product and its objective is to see it used in the manner in which it is was conceived and to protect the fund from any undue risk. CEM has had several meetings with our partner, Banque Populaire (BP) and has been informed that demand for all loans is soft and that the BP is very liquid, which will result in their financing the lower risk clients from their own funds before referring them to CW. They readily and openly acknowledge that CW is not attractive enough, ie. interest rate not subsidized, no freebies, so as a consequence CEM finds itself in the position of **sensitizing the bank to market based rates of interest and sound enterprise creation practises.**

Training activities covered 87% of their direct costs - salaries, including expat, seminar fees and consultants - and covered 80% of all costs including publicity. By the end of 1995, training should cross the line and be self sufficient. UQTR will guarantee future cashflow as 15 new candidates have been taken on at a the new rate of 110,000 Dh vs 80,000 Dh for the first 21 candidates. Signed contracts and proposals in progress for Intra training seminars add to the stability of the cashflow of this activity. Statistically, CEM achieved 33% of target revenues, 38% of numbers of training sessions and 21% of participants (222 persons paid to receive training from CEM).

To improve CEM's ability to attract clients to the lucrative Intra-seminars, CEM underwent training to develop its capacity in training needs assessment and to date this has resulted in one contract being signed. In addition to making gains in the volume of Intra-seminars, Inter-seminars were used to attract other clients, and although the frequency was not as projected, money was not lost. Finally, as planned, two new products were launched PAGE and PACE, targetting smaller SME's and creators. PAGE was successful in that 28 candidates bought the product, however, losses are still being incurred and it is simply a question of ensuring that sufficient participants are registered before going ahead with the courses. PACE was launched with no success and at present the strategy is to reserve this product for institutions and support groups that desire to train and expose young

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entrepreneurs to enterprise creation, ie. Ministry of Commerce, Chambre de Commerce, etc., and are prepared to bear the full costs. Regarding market promotion, CEM was very active in contacting directly its target market. 432 small enterprises, 118 medium enterprises and 76 repeat calls were made to SMEs' places of business. In addition, 646 SMEs contacted the CEM, 992 requests for information were fulfilled, 23 articles were produced for the weekly l'Economiste and 3 Lettre PME were mailed to 1,650 enterprises. 4 Round Tables were held - new financial law, training needs assessment, information within the SME, communicate with your banker - and a total of 226 persons attended. WIB saw 3 Matinées IFA - marketing products, determining markets, financing - and 100 women entrepreneurs participated. In addition, IFA is now managed by a committee, is paid for by the women attending and has generated 3 consulting contracts.

Regarding outreach, CEM undertook 2 training operations in Benguéir with the Club de Jeunes Entrepreneurs de Benguéir, spent a weekend at a fair promoting enterprise creation in Safi and undertook with the Ministry of Commerce a day of training in Fés. Unfortunately the latter was not that successful, but 3 out of 4 ain't bad.

2.b. Since Project Inception ²

CEM has fulfilled or will fulfill all of the objectives set out in the CA (Table 1). In critical areas such as paid-for consultancies for existing enterprises, management training cycle, paid-for training seminars and women in business, CEM has already by-passed the

TABLE 1. RESULTS VS CA OBJECTIVES		
COOPERATIVE AGREEMENT OBJECTIVES	RESULTS AS OF JUNE 30, 1995	% OF OBJECTIVES
ENTERPRISE CREATION		
Establish a Business Information Center	Completed, 3,300 requests for information fulfilled 4783 contacts received	100%
Ateliers de Démarrage - 30 over LOP	5 Ateliers organized	17%
Paid consulting - 75 over LOP	39 assignments completed	52%
Assist in the creation of 300 enterprises	Consultations - 366; Consulting Propositions - 185	118% / 62%
SUPPORT FOR ENTERPRISES		
Management Training Cycle	Commenced spring 1994, 21 participants, 35 for fall 1995	100%
Round Tables, Inter company seminars, Intra company seminars - 14 min. LOP	10 Round Tables, 23 Inter seminars and 20 Intra seminars	335%
On-the-job consulting - 30 min. LOP	53 paid consulting contracts	176%
Assist in expansion of 300 enterprises	Consultations - 286; Consulting Propositions - 112 • 1,600 Enterprises receive Lettre PME • Weekly column in l'Economiste • 1,232 entreprises visited	95% ; 38%
SELF-SUFFICIENCY		
50% of direct costs on for fee operations covered in year 1, 25% in year 2 and B/E in year 3. CIDE will not be considered in self-sufficiency analysis	100% of all costs were reimbursed in years 1 and 2. No direct costs reimbursed in year 3. Consulting covers 20% of direct costs Training, 87% of direct costs	20% 87%
Staffing - 6 full-time	Initially CEM went to over 30 full time, now at 26 (including support staff) and projected to be at 14 (including support staff) at end of 1995	
WOMEN IN BUSINESS		
Assist NED to attain 7% participation of women	Intégration de Femmes en Affaires : 5 workshops, 233 participants Consultations and propositions - 12% Training - 30%	171% 428%
CEM FRANCHISE		
Franchising plan established - 14 months after signing of CA	CEM is not yet ready to be franchised	0%
3 franchises established - LOP		
Consultant network	35 consultants have been used by CEM	na

² See Annex 2 for a detailed presentation of results vs CA objectives

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objectives. In addition, CEM has trained 480 owners, managers and employees of SMEs or promoters of projects on a broad range of subjects and has visited 1,232 SMEs promoting their services. All of this was accomplished with less funds than originally planned.

CEM has not made any plans for franchising itself and for obvious reasons. CEM has begun, however, to timidly and selectively and working through other organizations conduct training sessions outside of Casablanca and will also conduct its first paid-for training programs outside of Casablanca in the 3rd quarter 1995.

Finally, two surveys recently conducted one internal and one external, have concluded that among the Consulting clients, 67% of the people surveyed indicated a high level of satisfaction with the product delivered. Both surveys supported the fact that the CEM is well known - 60% of a random survey -, however, it was not clear what CEM does. In addition the survey supported the recent decision to sell tailor-made seminars to sectors or groups with the same interests. Finally, the Bank Al Amal (BAA), whose target are Moroccan diaspora (RME), use CEM's material to inform their clients on the Moroccan opportunities and how to create a business in Morocco. CEM is presently cooperating with the BAA to reproduce its support material in several languages for distribution to other countries and to staff an information booth at the BAA headquarters, in Casablanca, to address questions from visiting RME's during the vacation season.

3. 1995 to 1997

3.a. CEM'S Vision and Mission

Management has taken it upon itself to continue to aspire to fulfill the mission for which CEM was created - to significantly contribute to the creation and development of SMEs. CEM will continue to undertake its actions of consulting and promotion of SME's, as it considers that the SME's capacity to grow, create wealth and jobs, is a *sine quo non* in the struggle towards economic democratization and against poverty and underemployment. Motivated by performance and profit, CEM must play a leading role in assisting SME's - a market that is presently dominated by a public sector approach. These factors will guide CEM in its strategic orientations of the future.

CEM plans to achieve national coverage and will position itself as a reference point and a center of excellence for SMEs. The inclusion in its Board of Directors persons and institutions that share its' vision, a network of expertise in cities throughout the Kingdom, its experience and its comprehension of the needs and expectations of SMEs, will position CEM as the privileged partner of SMEs.

3.b. An Integrated Approach³

Although CEM will fall short of 1995 targets, it is more important and significant to look at the tendencies and progress made in critical areas. It is significant that CEM respected the process that was embarked upon in late 1994 and that has now led management to make the difficult decision to substantially reduce overhead, by reducing staff almost 50%. This decision to "right size" has been led by a desire to continue to develop a synergy between all operations of CEM, the result being a smaller and more horizontal institution better able to respond to the needs of the SME.

The major change being affected at CEM is the removal of the boundaries between the consulting, training and information departments. This change is important to better respond to the needs of SMEs. In essence a smaller and flatter structure is required and

³ See Annex 3, Discussion du Marché for a more detailed analysis of CEM's market

along with a modified approach, a clearly defined target market by product and a polyvalent staff, CEM, will be able to better respond to the limited demand, meet the objective of sustainability and offer more direct assistance to SMEs.

SME Assistance

CEM's experience indicates that SME's have difficulty in identifying their problems and are more often related to financing. Problems related to a lack of market information or managerial capacity (training) are frequent. CEM has to develop an approach that will be more holistic and that would combine training and consulting and/or information and consulting. The demand for tailor made training is large as is the demand for specific information.

When advising clients, the consultants will have to be able to mix their product line with training, information and punctual advice. In addition, the consultants will have to do a good portion of their own business development. They will participate in promoting the CEM, representing the CEM at the BAA, salons, fairs, etc., and also conduct repeat visits to evaluate the impact of their intervention and develop repeat client business.

Training

This activity will see little change. Considered as the more profitable of the two activities, a continued reflection as to how better communicate the activities and use the existing facilities is required. Competition in the area of continuing education is strong especially from the several professional schools in the area. CEM can and has already started to differentiate itself - competitive advantage - by carrying out training needs assessments of client firms and by completing a post training impact evaluation. The training needs assessment can be carried out by the training rep in conjunction with a consultant so as to seize cross selling opportunities. As supported by the survey results of our training clients, CEM will step up efforts to prepare and promote specialized training modules on a sector or group basis. All of these actions create value added and are more pertinent and profitable for the client.

As already mentioned, this integrated approach will require a staff that is polyvalent. To create synergy between the consulting and training operations, consultants will be used to deliver certain trainings to better exploit their expertise and attract more clients to cross sell.

3.c. L'ORGANIGRAMME

Responding to the terms of reference of the project, CEM established a hierarchical and departmental structure (5 departments, each with a head). This structure has proved itself inefficient due to operational boundaries that existed and resistant to developing synergy.

This integrated approach will remove all departmental structures and the leitmotiv guiding this strategy will be to operate with the absolute minimum of quality personnel. This group will be made up of the top performing employees presently at CEM and who will use outside assistance as much as possible. So, the org chart will have two centers of activity :

SME Assistance with the following activities:

- Pre-consulting - consultations, information: Guides, Lettre, PME, Publique CEM, dossier Thématiques, BDS, enquêtes et études
- Sales Force - contacts, product promotion and marketing, quality control, punctual assistance to beginning entrepreneurs
- Consulting - Business Plan, financing requests, Crédit Wassila, Enterprise Analyses - all employing a more personalized and field approach

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Training with the following activities:

- training needs assessment - diagnostic
- training - intra seminars, inter seminars, PAGE, UQTR
- training impact assessments

The advantages of this improved structure is a substantial reduction of employees from 26 to 14, more synergy and more flexibility :

- Each consultant will be polyvalent and this will be reflected through their job description
- Synergy will be more easily realized as their will be less authoritarian and more functional roles, favorising a more participative management approach

3.d. ADMINISTRATON

To reinforce its mission, one that has a quasi public dimension and to ensure its survival, CEM will try to attract other partners to assist in fulfilling the following :

- to define, guide and support strategic orientations
- to continue to furnish feedback on the market needs
- to increase market share
- to meet financial needs

To assist in the search for partners, CEM will ask a private firm to conduct an evaluation of its assets and its performance. **The Board of Directors of CEM confirm that they are open and willing to opening the capital of the company in the interests of ensuring its survival and preserving its mission.**

The target market for potential partners includes :

- Financial institutions and/or the GPBM (as the representative of the sector)
- Other SME support institutions - MADI, AMAPPE
- Associations of SMEs - AMITH, FIMME, FAJEM
- Other international donors - SIDI, CFD (credit lines)

The enlarged Board will fulfill the role of increasing CEM's network and will obviously be more motivated if they participate in the capital of the company. The size of this participation will depend upon CEM's capacity, as a private for-profit company, to respond to the needs of the potential partners and most importantly to produce a profit that can result in a return on investment.

3.e. FINANCIAL PROJECTIONS⁴

The fundamental objective during the 1995 to 1997 period is to bring together all of the conditions to ensure self sufficiency by the end of 1997. **It should be noted that the reduction in expenses brought about by the reduction in staff is a "faite accompli" and will be realized by July, 1995, and this, independent of USAID's decision to extend the CA. The assumptions :**

- that the consulting activities generate sufficient revenues to break-even
- that the ever growing margin on training operations progressively covers a portion of the administration and promotional costs
- that the financial support of USAID continue until mid-1997

⁴ See Annex 4 for a detailed presentation

Despite all of the above, at the end of 1997, a gap of 1.4 million dirhams⁵ will still exist and is a result of the administrative and promotional charges, however, the gap will be offset by an increase in the client account - working capital. In addition, this gap does not reflect efforts that can and will be made to reduce administrative and overhead expenses, and options to develop other sources of income, such as:

1. Business Center: a unit that can offer logistical business services to international and national entrepreneurs
2. Informational SME data bank, along the lines of what the BP and Centre Marocaine de Conjuncture have developed. CEM will request technical assistance from Chemonics for this major undertaking
3. Business Incubator Units : logistical assistance to start up enterprises
4. A CEM network via one or two groups in other parts of the country that wish to extend their services to SMEs

The formula employed to calculate USAID's subsidy (Page 4, Annex 4) does not change from the present one, that is no support for all direct costs associated with the for-fee activities and all non-eligible expenses such as taxes and finance charges. If the projections hold, then there will be some 4 million dirhams remaining at the end of the extended CA and 1.3 million dirhams in the client account, sufficient to continue to cover CEM. The last quarter of 1997 will produce a marginal loss of 78,000 Dh. Thus it would seem that the CEM without including any of the aforementioned factors will be in excellent shape to continue its mission without USAID assistance.

Consulting⁶

Activity in the consulting area will increase slightly from present levels 59 contracts in 1995 to 86 in 1997, and will only have 1½ persons attached, not including the ½ person in the form of the Deputy General Manager. Slight increases in efficiency are required and fully expected given the focus on one product, the Business Plan. In addition, as this efficiency increases, selection of contracts will be on the basis of price, tending upwards. Margins will increase from a - 61,000 Dh in the 3rd quarter and stabilize at around 80,000 Dh in the 2nd quarter of 1997. The time available to complete the contracts is negative, however, this reflects a desire to work at more than 100% billing and is a necessity to increase the efficiency. As a backup, staffers from the Preconsulting section can fill in to help to complete the contracts. Finally, consulting will be assisted by a part-time sales person to not only pursue propositions prepared, but also prepare propositions.

Training⁷

Training operations will not vary that much. The present level of operations is sustained by a two person team, supported by a sales force and will see more involvement from the General Manager, now that the administrative load will be substantially reduced. This is his area of expertise and the activities should profit from this experience. The number of training sessions, revised downward for 1995, will rise slightly from year to year, 53 in 1995 to 71 in 1997, coming mostly from Intra and Inter seminars. UQTR will guarantee a good portion of the cashflow of this activity. Income will rise from a revised 2.1 million in 1994 to 4.5 million in 1997 and quarterly margins from a negative 131,000 Dh in 3rd quarter 1995 to a plus 583,000 Dh in the 4th quarter 1997.

⁵ See Page 4, Annex 4

⁶ See Page 6, Annex 4

⁷ See Page 7, Annex 4

Promotional Activities⁸

The promotional activities retained will be the Lettre PME at 4 times per year, the Dossier Thématiques which are a big help to the consulting operations and are at the same time increased through their activities, the Banque de Données Sectorielle and the Cahiers. As has already been mentioned, the BDS is an original CA objective, but is proving difficult to maintain. Additional thinking with the assistance of a BDS expert will be required to create the value added that the SME will pay for. As a result, the number of "PME Touchées" will flatten out over time (See graph on page 2 of Annex 4). The department is being reduced from 6 persons to three and an effort to start making SMEs pay for the information will be made. A salesperson will be attached to this operation and will sell the CEM's services directly to SMEs. The staff retained are all polyvalent and close to being consultants. This activity will be wholly supported by USAID funding.

Administration

Administration is being cut down from 13 to 8 employees (including support staff). One of the computer experts will be replaced by a service contract with a firm to maintain the network, after modifications planned for 1995, are completed. The flattening of the structure will allow both the General Manager and Deputy to become more involved in marketing and public relations to extend the CEM network. No salary increases are planned for the period, however, a system of incentives for the better performers will be paid for out of the client fees, if performance is achieved.

3.f. CEM and USAID's New Country Strategy

Here we will state the obvious. CEM can play a major role in USAID's new country strategy for Morocco. The fact that CEM's results are improving, that the institution is maturing and that it is recognized as one that can assist SME's, are factors that can ensure the realization of objectives that are compatible with those established by USAID, such as:

1. **Sustainability** : CEM generates revenues and as can be seen from the recent results and decisions, CEM is an institution that will be here after the departure of USAID from Morocco ... self sufficiency has been our objective since 1993
2. **Economic Growth** : CEM already.....does it.....
 - increases the number of SME's obtaining financing
 - assists entrepreneurs to create enterprises
 - contributes to job creation through the creation of enterprises
 - saves jobs by reinforcing the competitiveness of SME's through advice, financing, training
3. **Transfer of american methods, knowledge and approach**
 - Through its training seminars, CEM transfers american concepts or relationship selling; training needs assessments, cost accounting, quality control, etc., etc., etc.

By extending the CA to mid-1997, USAID will earn itself an excellent return on investment, with little marginal cost.

4. THE STRATEGY IN THE EVENT OF NO EXTENSION OF THE CA⁹

The CA between USAID and CEM expires in June 1996. In the event that the CA is not extended, CEM's management has already taken actions that will reinforce and ensure its

⁸ See Page 10, Annex 4

⁹ This portion was written in French and given the seriousness of the content, the original french version is attached as Annex 5

survival. Given the personal investments made by the partners and managers of CEM, we ask for USAID's total collaboration in the execution of the proposed plan.

USAID's contribution, both moral and physical, is a *sine quo non* to ensure CEM's credibility in the marketplace. In effect this enterprise, which has existed for 2 or more years along with all of its difficulties and complexities, has three associates - USAID, ESG and MCA. Together, we have to find the ways and means to achieve the objectives described herein, and failing to do so, in our opinion, will be "désastreuses" for all parties concerned, including our clients, the staff, the consultants and all other implicated third parties. Any abrupt closure or unanticipated actions would constitute an enormous discreditation of the managers of CEM.

Management is confident of the future of this enterprise and is responsible for finding the solutions to put into place the action plan, regardless of the decisions taken by either of the parties involved. In the case that the decision is taken not to go ahead with the extension, it is necessary to discuss the following points in the immediate future :

- financing of the CIDE's activities (see CA)
- utilisation of the remaining funds - objective, term, conditions, follow-up
- Crédit Wassila deposit in the BP
- laying off of the remaining staff members after those already programmed to leave
- engagements taken that implicate CEM after June 1996

Management, based upon the arguments and projections presented herein - conservative and based upon established tendencies - firmly believe in CEM's potential and in the realization of self sufficiency within the proposed extended term of the CA.

All other alternatives, especially those that would propose an accelerated wind down of activities before June 1996, in the present negative economic environment, would seriously place at risk, CEM's fragile balance.

**ANNEX VIII - COMPARISON OF COOPERATIVE AGREEMENT
OBJECTIVES AND CEM REVENUES**

ANNEX. 2 COMPARISON OF CA OBJECTIVES AND CEM RESULTS

CA OBJECTIVES

Activity 1. The Recipient will establish a dedicated division which will plan, organize and manage day-to-day business support services to SMEs.

Creation of CEM either as an expansion of or newly created division, with proof submitted to USAID that the Board of Directors approves CEM and its corporate structure. Annual plans will be submitted and operations will be organized to serve two types of clients:

Program 1: Support for New Enterprises

3 types of services, information, workshops for training and business advisory through consultancies

- Establish a business information and orientation center
- 8 "enterprise set-up" workshops per year, fee basis, minimum 30 over LOP
- 75 over LOP, fee basis new enterprise consulting assignments, to the point of first sales
- Assist in the creation of 300 enterprises

Program 2: Support for Existing and Expanding Enterprises

Combination of business advisory services, seminars, round-tables and workshops, all being offered on market rate basis.

- Management Training Cycles: Orient clients to existing outlets or sub-contract (USAID approval required) with institutions to provide this training, in the event that the demand is not fulfilled
- Round Tables (Intra), Seminars (Inter), Workshops (Table Ronde): 4 activities per year, minimum 14 over LOP, project bears costs, participation at market rate
- On-the-job-consulting: Majority of on-the-job consulting to be sub-contracted on as-needed basis. CEM will have several well qualified business advisors on staff to attend to immediate requests. Semi-annual marketing programs will be launched to promote these services. 30 consultancies minimum over LOP
- Assist in the expansion of 300 enterprises
- Responsible for receiving applicants to the Development Fund

Program 3: Innovative Financing Mechanisms (Amendment 1)

- Manage Crédit Relais program
- Disburse MADI funds

Activity 2. Within CEM, the recipient will create a SME Business Information and Orientation Center (CIDE)

Operated as a separate entity within CEM, the CIDE's primary role is to develop a clientele base for the project, without the same profitability constraints as CEM's other components, despite that it is considered a major component of the project. Services offered will be free, however cost recovery efforts should be made. Before end of CA, a decision will be made to transfer the CIDE to another organization. The major activities will be:

CEM RESULTS as of June 30, 1995

Activity 1. CEM was incorporated as a wholly owned subsidiary of ESG/Maroc, and is reflected in the 1st amendment.

Program 1.

- CIDE was set up and began operations in January, 1993 and presently dispenses the following products: weekly article in L'Economist, a bi-monthly newsletter sent to 1600 SMEs, a library of books and periodicals, a database of macro and micro economic information for SMEs, a computerized listing of legal procedures involved in setting up and operating SMEs, a partnership brokering service, sectoral information, press clippings
- 5 Ateliers de Démarrage given to date (17% of objectives)
- 39 consulting contracts to new enterprises (52% of objectives)
- 366 consultations and 185 consulting propositions (118% or 62% of objectives)

Program 2.

- Management training cycle started, sub-contracted to UQTR, formal approval from USAID not received
- 10 Round Tables, 23 Inter and 20 Intra Seminars, the latter paid for by participants
- 53 of contracts signed with existing enterprises (176% of objective)
- 286 consultancies and 112 consulting propositions for existing enterprises (95% or 38% of objective)

Program 3. Crédit Wassila program put in place and operational Februray, 1995. First applications presently being processed. MADI challenge grant, second portion accorded.

Activity 2. Beginning 1994, cost recovery began in the CIDE.

ANNEX. 2 COMPARISON OF CA OBJECTIVES AND CEM RESULTS

CA OBJECTIVES

- Develop an active information campaign to stimulate potential new entrepreneurs, with national coverage and using multi media. Topics should include: how to start a business, how to operate and how to prepare financing requests, establish benefits of operating a business over searching for employment and should target women and diaspora
- Develop and maintain an a well organized and on-line SME technical information databank
- Produce a newsletter

Activity 3. Provide personnel to manage, administer and execute the activities defined in the CEM's 2 principal programs and CIDE.

6 Full time personnel:

- Director
- Assistant Director, SME Programs and Planning
- Business Information Specialist
- Administrator
- Workshops and Seminars
- Consulting Services
- Support staff

Part time positions will include Business Consultants and Communications and Marketing

CEM will monitor performance of all its staff, full or part time and will give attention to the hiring of qualified women. Salaries for the positions will be supported by the project.

Activity 4. CEM will provide space and all logistical support required to implement the programs.

- CEM has the capacity (space) to launch the initial activities and the ability to acquire additional space as the need arises
- Can expect a walk-in traffic of about 20 to 50 clients per day and an additional load equal in number for the assistance from clients requesting information and advice through mail, telephone and fax
- Capacity to provide logistical support as well as record and inventory tracking
- Possess adequate office equipment and computers to support the initial phases of the program and related administrative responsibilities and that it has the experience to manage an expansion of these properties as the program expands

In addition, CEM should have separate areas for reception, CIDE, workshops and consulting, administration and all conveniently located at the same address.

CEM RESULTS as of June 30, 1995

- Support material developed, including Cahiers, Guide d'Entreprises and ad campaign developed to establish image of the CEM and sensitize to services (generally)
- To date, 1232 SMEs have been visited, 3,278 requests for information have been fulfilled and 4,783 SMEs have contacted the CEM
- Completed, with ongoing work as to how best - efficiency - keep the database up to date
- Completed. 12 editions sent out to date to 1600 SMEs

Activity 3. Initially, CEM grew to over 31 full time personnel and support staff. The number is presently at 26. This number is projected to reduce to 14 (including support staff) by the end of 1995

Monitoring of staff has been sporadic but this is improving with time.

Activity 4.

- Adequate space was provided
- 4,783 contacts and requests for information were received by CEM since January 1993, amounting to an average of 8 per day
- Capacity exists
- Adequate office equipment is on site. Additional purchases require USAID assistance as funds from profitable operations have yet to cover direct costs

Fulfilled. 3 training rooms are presently equipped, a reception area and CIDE are also located at the same address

ANNEX. 2 COMPARISON OF CA OBJECTIVES AND CEM RESULTS

CA OBJECTIVES

Activity 5. CEM will provide complete support services for the creation of branch operations in other parts of Morocco.

The CEM will carry out an outreach program with the assistance of the U.S. technical assistance contractor.

- within 14 months after the signature of the CA, CEM will submit a plan to establish and support 3 branches by the third year of the agreement
- request assistance as needed to establish these branch operations
- solicit and receive applications from local institutions to develop these branches
- conclude agreements with qualified firms to provide services

These branches should be operated as autonomous profit centers with logistical support from the CEM and should the CA be extended, 2 additional branches should be established. Project will cover initial set up costs, but will not include office and employee costs of the branch operations.

Activity 6. CEM will put into place an expanded policy and procedures manual.

If the existing ESG manual does not cover the aspects of this project, the CEM shall within 5 months after the signing of the agreement, with the help of the Technical Assistance Contractor and after reviewing USAID manuals and handbooks submit to USAID for their approval (within 8 months after the signing) a procedures manual. In the interim, the accounting and procurement systems may be contracted out.

Activity 7. CEM will assure media coverage and promotion of all activities.

Outlines the importance of a marketing program, that needs to be planned and subcontracted.

OTHER ACTIVITIES:

A. Audits & Evaluations

1. Financial audits by an auditing firm, 2 within 2 years of the signing of the CA and 1 at the end
2. Program evaluations 2, 1 within one year of operations and another after 3 years

B. Project Monitoring

1. Ongoing: valuations by participant/client after receiving service
2. Entrepreneurial data bank: collect information from clients that will serve to establish an SME databank
3. Consultative Committee: system to feed information to this committee for policy related constraints experienced by SMEs

CEM RESULTS as of June 30, 1995

Activity 5.

- Not completed
- Not requested
- Not completed

- Not completed

Due to the difficulties encountered in increasing self sufficiency, the management of CEM are not yet ready to transfer the model nor to digress from the primary objective of making the present model more self sufficient. However, several punctual interventions have been realized to date: Atelier de Démarrage - Ben Guerir, Fés - , Intra seminar Tadla, etc.

Activity 6. A procedure manual was completed and submitted to USAID for approval.

In addition, this manual was reformulated and improved in 1994. Systems are in place or are being improved to provide management with daily data on almost all operations, including an accounting system that measures performance by product.

Activity 7. CEM prepared and had aired a national institutional marketing campaign in 1993 and 1994. In addition, product marketing has seen both radio and press coverage: PAGE, PACE, Inter-seminars, UQTR and Conseil.

OTHER ACTIVITIES:

A. Audits and Evaluations

1. CEM has had one financial audit covering until March 31, 1994 of the CA.
2. CEM had an internal (USAID) evaluation in the fall of 1994

B. Project Monitoring

1. CEM has ongoing evaluations of all of its training sessions on an on-going basis.
2. CEM is considering a system to funnel information from the Consulting activities to its BDS.
3. To date CEM has participated, however formal feeding of data has not yet been accomplished.

ANNEX. 2 COMPARISON OF CA OBJECTIVES AND CEM RESULTS

CA OBJECTIVES

C. Fees

CEM will establish and implement a fee collection system for the services described in Activity 1. The Recipient agrees to work closely with USAID and the US contractor to develop a fee structure so that within three years the CEM will produce a positive cash flow position on its for-fee operations. During the period of the CA, up to 50% of direct costs of for-fee operations will be absorbed by the project during the first year, up to 25% during the second year and then a break-even point by the end of the third year when income flow is approximately equal to direct costs.

D. Environmental Activities

CEM's environmental activities will be developed through assistance with a USAID contractor.

E. Women as Entrepreneurs:

CEM will assist the project to reach a 7% level of representation for women and agrees to work with USAID and the technical assistance contractor to reach these objectives.

F. Close collaboration with the US technical assistance contractor, USAID/Morocco, other parties of the project and the Ministry of Economic Affairs:

- CEM will fully integrate the participation of the US technical assistance contractor to assist in developing all functions of the CEM
- Will provide office space for the long term SMES and that he/she will attend all CEM meetings
- CEM will demonstrate its willingness to cooperate with the other entities of the NED project
- CEM will submit quarterly reports to USAID and MCIE, that its Director attend the Project Coordinating Committee meetings and that once each quarter the CEM will send to the aforementioned committee administrative reform issues that have been expressed by their clients

At the completion of the CA, USAID/Morocco will have no financial obligation to CEM and CEM agrees to maintain an active involvement in the provision of SME support services as long as these are financially viable.

FINANCIAL AND ACCOUNTING CONSIDERATIONS:

A. Separate accounts will be kept to track the two income streams, USAID assistance and client fee income.

CEM RESULTS as of June 30, 1995

C. **Fees:** Fee structure was established and since January 1995, all direct costs, except publicity, for the Consulting and Training operations are no longer subsidized by USAID. Training revenues for the first 6 months of 1995 covers, 80% of all costs and 87% of all direct costs. Consulting revenues cover 20% of the direct costs.

D. **Environmental Activities:** CEM's ability to deliver environmental services was reviewed by PRIDE and the conclusion was that as market acceptance for these services by SMEs was limited, it was more efficient to concentrate CEM's activities on other areas. In any event, CEM assisted the Je Recycle association with office space and operational costs, had a round table on the subject and prepared a business plan for a women entrepreneur wishing to start recycling services.

E. **Women as Entrepreneurs:** CEM has vigorously pursued the IFA program

- 5 Matinées IFA on various subjects, 233
- In the Consulting consultations and propositions, women make up 12% and in contracts signed 16%
- In training, 30% of the participants are female

F. Close collaboration with US technical assistance contractor, USAID/Morocco, other parties of the project and the Ministry of Economic Affairs.

- TA fully integrated into the affairs of the CEM
 - Office space provided
 - CEM has cooperated with all other aspects of the project
- Quarterly reports submitted, monthly since the beginning of 1995

CEM is struggling to maintain its initial objectives and the institution is being restructured to more quickly meet the self sufficiency goal

FINANCIAL AND ACCOUNTING CONSIDERATIONS

A. Separate accounts have been held. Since January, 1995, the client account has been used to pay direct costs associated with fee generating operations. A third financing source, ESG, is included in the USAID account.

ANNEX. 2 COMPARISON OF CA OBJECTIVES AND CEM RESULTS

CA OBJECTIVES

B. The USAID fund account will also record all expenses for the CEM's operation. USAID will establish accounting procedures prior to initial disbursement and will monitor closely the use of these and other project related funds. Accounting procedures will be used to separate the costs of operating the CIDE.

C. All income generated from fees-for-services will be deposited into a second account subject to audit by USAID/Morocco and may be used only upon the prior approval from USAID. Accumulated income, including interest, will be periodically applied to cover a portion of CEM's costs. Initial project projections show that income will increase each year and progressively cover a higher percentage of the CEM's operational costs, with the goal that a break-even point will be reached within the 3½ years period of the CA.

D. Progress toward achievement of financial self-sufficiency will be among the more important measures of the CEM's success in implementing the CA. By the end of the CA, the CEM will demonstrate the financial profitability of providing SME business services to a broad array of men and women owned enterprises to the degree that the CEM will be in a position to maintain a CEM operation without further external funding support.

E. The program will benefit from project-funded support, such as technical assistance and one-time procurement of commodities, which will not figure in determining the CEM's self sufficiency. The assistance will be provided to the CEM by the US technical assistance contractor and will consist of:

- one long term expatriate advisor for a period of three years
- approximately 15 person months of short term expatriate advisors
- short-term training and in-country workshops for CEM staff and other organizations participating in CEM programs
- SME surveys and research projects based on CEM requests
- participation in the offshore procurement of selected equipment / computers which CEM requires to operate the CEM expansion

F. Basic business information assembled and produced by the CEM for use in providing orientation services to SME's will be provided without charge to clients. Such information, i.e., brochures describing the process for enterprise creation, descriptions, of available SME financing programs, information about other SME support institutions, agencies and services, model business plans which are non-specific to a particular client, will be made available to all interested parties on a non-discriminatory basis. The cost of these services will be covered by the project, and these costs will not be considered in measuring progress toward financial self-sufficiency.

G. While focussing on the principal objectives of delivering business support services, the CEM will share information it has collected under project funding with other implementing agents in the project, ie. Consultative Committee, banks, other financial intermediaries participating in the SME Financing component and the Project Coordinating Committee.

CEM RESULTS as of June 30, 1995

B. USAID account has recorded all expenses (reimbursable and non-reimbursable, the latter covered by an operating credit negotiated between ESG and a Wafabank) except for above. CIDE through the accounting system can be easily identified.

C. All client fee income has been deposited into a second account, which up until the beginning of 1995 was not used and since then has been used to cover direct costs associated with the fee generating operations, as well as a portion of non-reimbursable costs.

D. Progress towards self-sufficiency has improved in the last year, however, further cost reduction is required to compensate for soft demand

E. US technical assistance advisor.

- long term expat provided, with a change in Job Description in June 1994
- 11 months of short term assistance has been provided to CEM
- 6 short term training sessions have been received by CEM
- CEM has made no requests of surveys and research projects
- Contractor has fully participated in the off shore procurement of vehicles, office equipment and computers

F. CIDE has fulfilled this role as per previous comments.

G. CEM has cooperated fully with the other participants in the project and this transparency has increased with time.

ANNEX IX - BIBLIOGRAPHY OF DOCUMENTS CONSULTED

BIBLIOGRAPHY OF DOCUMENTS CONSULTED

1. USAID New Enterprise Development Project Paper
2. Project Grant Agreement between The Kingdom of Morocco and the United States of America, signed August 16, 1991
3. The Cooperative Agreement between USAID and Mr. Jacques Knafo, signed December 17, 1992
4. The Contract between USAID and Chemonics
5. LMS Marketing Surveys of the CEM Public Profile and Recognition, "Resultats de l'Etude sur l'Activite de Conseil," July 1995.
6. LMS Marketing Surveys of the CEM Public Profile and Recognition, "Resultats de l'Etude sur l'Activite de Formation," July 1995.
7. Chemonics "1994 Impacts and Results, Third Annual Work Plan - 1995"
8. Chemonics "1994 Mid-Year Report and Revised Second Semester Workplan"
9. CEM's "Centre de l'Entreprise du Maroc: 1995 a 1997"
10. The Ernst & Young Needs Assessment, date
11. Extensive reading of Chemonics files regarding Comite de Suivi meetings
12. CEM files regarding: a. client profiles, b. ratings given the center by its clients, and other items of interest
13. "A Manual to Evaluate Small-Scale Enterprise Development Projects," Agency for International Development, November 1985.
14. Correspondence between CEM and the Comite Suivi, including quarterly reports and other matters.
15. Job Descriptions of CEM staff
16. Letters prepared by CEM to prospective clients, including projected charges for services to be provided.

17. Numerous Reports regarding initial interviews with prospective clients at CEM
18. Results of a questionnaire given by Evaluators to seven members of CEM's staff concerning their background and experience in a number of relevant disciplines.
19. "Project de Guide Officiel des Formalites de Creation D'Entreprises"
20. "Projet de Declarations Fiscales Unifees"
21. "Projet de Loi-Cadre Relative a les Relations Administration-entreprises"
22. "Projet de Statut Legal Special aux Associations d'Utilite Economique"
23. European Commission Proposal for "Morocco: Private Sector Development Programme"

ANNEX X - LIST OF INTERVIEWS

LIST OF PERSONS CONTACTED

1. USAID - Morocco, Rabat

M. Farbman	Director	
J. Hradsky	Deputy Director	
M. Reynolds	Contracts Officer	
K. Romwall	Controller	
G. Cashion	Chief,	Economic Growth
S. Riley	Deputy Chief,	Economic Growth
M. Kerst	Project Officer,	Economic Growth
K. Sebti	Project Specialist,	Economic Growth
H. Soos	Chief, Program officer	
A. Bouazza	Economist, Program Office	

2. GOVERNMENT OF MOROCCO - Rabat

A. Bellout	Charge de mission	M.E.I.
A. Jnieh	Division Chief	M.C.I.A.
T. Khadri		

3. CHEMONICS - Rabat

R. Dreiman	Project Director	
D. Eskalli	Fund Administrator	

4. FOCS - Casablanca

M. El Baze	Director	
A. Daif	Chief, Counseling	

5. PROFESSIONAL ASSOCIATIONS

MADI Rabat	F. Abdelmoumni	Director
FAJEM Casablanca	B. El Hachemi	President
CJEC Casablanca	M. Berrada	President
AJEB Ben Guerir	A. Bentaleb	President
AJED El Jadida	R. Bazouy	President
BNSTP Casablanca	M. Benmoussa	Director
CCI Casablanca	T. Erraji	Dept. of Chief

6. SAGMA - Casablanca

A. Bennani	Director	
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7. CEM - Casablanca

K. Ouazzani	Director
K. Alami	Deputy Director
K. Smartsik	Technical Assistant (Chemonics)
D. M'Birkou	Counseling
M. Weinner	Training
D. El Mansour	Information
I. Benmoussa	Counseling

8. CEM CLIENTS

AJEB:	A. Bentaleb
	J. Laaguili
	K. Azmaoui
	B. Boukhzer
	M. Touhami

S. Chriqui
A. Mozher
R. Bazouiy
A. Abid
H. Lemrini
M. Berkaoui

9. BANQUE POPULAIRE CASA/ANFA

M. Kacemi	Sector Chief
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10. PRICE WATERHOUSE - Casablanca

R. Lakhani	Audit
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03

ANNEX XI - CREDIT WASSILA BROCHURE

CREDIT

WASSILA

UN CREDIT EXCEPTIONNEL POUR RENFORCER LA TRESORERIE DES PME



بنك شعبي
banque populaire



Le crédit Wassila, est un apport d'argent frais mis en place par le Centre de l'Entreprise du Maroc dans le cadre du projet DYNA-PME de l'USAID.

Géré par la Banque Populaire, partenaire de l'opération et détenteur des fonds, ce prêt est destiné aux petites entreprises rentables confrontées à des difficultés temporaires de trésorerie. Il permettra de faciliter l'accès de ces entreprises aux crédits bancaires.

Les entreprises éligibles à ce crédit seront sélectionnées par le CEM sur étude de leurs projets qui seront présentés pour agrément à la Banque Populaire.

ENTREPRISES ÉLIGIBLES

Les PME récentes et rentables, clientes du Centre de l'Entreprise du Maroc, dont la majorité du capital (51 %) est marocain et qui enregistrent un chiffre d'affaires inférieur à 2 Millions de DH.

L'entreprise candidate doit, en outre, répondre aux critères suivants :

- ▶ ne pas faire partie d'un holding
- ▶ être en règle avec les autorités fiscales
- ▶ respecter les lois sociales
- ▶ ne pas avoir de précédent de chèques ou d'effets impayés
- ▶ ne doit avoir bénéficié d'aucun crédit bancaire à ce jour à l'exception du crédit "Jeunes Promoteurs".
- ▶ les associés doivent être directement impliqués dans la gestion de l'entreprise.

MODALITÉS DE SÉLECTION

1. Accueil au département Conseil des entrepreneurs demandeurs
2. Elaboration d'une étude de faisabilité par un expert du Centre de l'Entreprise du Maroc.
3. Etude du profil de l'entrepreneur
4. Orientation vers le spécialiste du crédit Wassila si l'entreprise est jugée éligible.

Le Centre de l'Entreprise du Maroc est habilité à sélectionner les entreprises bénéficiaires du crédit WASSILA. Les dossiers des entreprises choisies sont adressés à la Banque Populaire pour agrément et décision finale.

MONTANT, DURÉE ET TAUX D'INTÉRÊT

• **Montant du crédit :**

compris entre un plancher de 50 000 DH et un plafond de 200 000 DH.

• **Durée du crédit :**

12 mois. Toutefois, la durée peut exceptionnellement être portée à 24 mois dans le cas du financement d'un investissement en biens d'équipement.

• **Modalités de remboursement :**

par constances mensuelles ou trimestrielles comprenant le capital et les intérêts.

• **Taux d'intérêt :**

taux des crédits à court terme.

Pour tout renseignement complémentaire contactez;
Le CENTRE DE L'ENTREPRISE DU MAROC - Tél.: 20.48.49
ou la BANQUE POPULAIRE - Tél.: 27.10.24 / 27

Le C.E.M. est un volet du projet DYNA-PME. fruit d'un accord de coopération entre l'U.S.A.I.D. et le Ministère chargé de l'Incitation de l'Economie

Le crédit Wassila est une convention entre le Centre de l'Entreprise du Maroc et la Banque Populaire

سلف وسيلة

في إطار مشروع **DYNA-PME** للوكالة الأمريكية للتنمية والتعاون، وضع مركز المقاول بالمغرب سلف وسيلة زمن إشارتك لتستفيدوا من تقدمه مالية جديدة.

البنك الشعبي شريك في العملية ومتوفر على أموال الاقتراض، مكلف بتدبير هذا السلف الموجه للمقاولات الصغيرة المرهبة والتي تواجه صعوبات ظرفية في تمويل خزيرتها، وسيتمكنها من ولوج إمكانيات الإستفادة من القروض البنكية.

قرض إستثنائي لتعزيز خزينة المقاولات الصغيرة والمتوسطة

المقاول القابلة للإنتقاء

وهي المقاولات الصغيرة والمتوسطة الزبونة لدى «مركز المقاول بالمغرب» والتي لها رأسمال أغلبيته مغربية (51%)، والتي لا يتجاوز رقم مبيعاتها مليوني درهم. ويجب على المقاول المرشحة للإستفادة من سلف «وسيلة» أن تستجيب للشروط التالية:

- ◀ أن لا تكون منتسبة لشركة قابضة.
- ◀ أن تكون في وضع عادي مع السلطات الجبائية.
- ◀ أن تكون القوانين الإجتماعية محترمة داخلها.
- ◀ أن لا تكون لها سوابق شيكات أو أوراق تجارية غير مؤداة.
- ◀ أن لا تكون قد سبق لها أن استفادت من قروض مالية باستثناء قرض المقاولين الشباب.
- ◀ أن يكون الشركاء مساهمين بطريقة مباشرة في تدبير المقاول.

طريقة الإختيار

1. إستقبال المقاولين الراغبين في الحصول على القرض بشعبة الإستشارة بالمركز.
 2. دراسة قابلية إنجاز المشروع من طرف خبير لدى المركز.
 3. دراسة مواصفات المقاول.
 4. توجيه نحو أخصائي سلف «وسيلة» إذا اعتبرت المقاول مؤهلة للإستفادة منه.
- لمركز المقاول بالمغرب صلاحية إنتقاء المقاولات المؤهلة الاستفادة من سلف «وسيلة» وتوجه ملفات المقاولات المختارة إلى البنك الشعبي قصد المصادقة عليها واتخاذ القرار النهائي بشأنها.

قيمة القرض، مدته، نسبة الفائدة

• قيمة القرض:

تتراوح ما بين 50.000 درهم و200.000 درهم.

• مدة القرض:

12 شهرا ويمكن تمديدها إلى 24 شهرا بشكل إستثنائي حينما يتعلق الأمر بتمويل عمليات إستثمار في تجهيزات.

• طريقة استرداد الديون:

بأقساط قارة شهرية أو على رأس كل ثلاثة أشهر وتشمل الرأسمال والفوائد.

• نسبة الفائدة:

نسبة القروض القصيرة المدى.

للحصول على معلومات إضافية حول سلف «وسيلة» الإتصال ب:

مركز المقاول بالمغرب الهاتف: 49.48.20

البنك الشعبي الهاتف: 27 / 24.10.27

يدخل مركز المقاول بالمغرب في إطار مشروع DYNA-PME الذي أسفرت عنه إتفاقية التعاون بين الوكالة الأمريكية للتنمية والوراثة المكلفة بتنشيط الإقتصاد

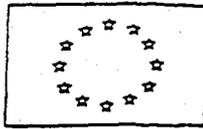
سلف «وسيلة» هو إتفاقية بين مركز المقاول بالمغرب والبنك الشعبي

البنك الشعبي
banque populaire



LE CENTRE
DE L'ENTREPRISE

ANNEX XII - EUROPEAN COMMISSION SME PROJECT PROPOSAL



EUROPEAN COMMISSION
DIRECTORATE GENERAL I
EXTERNAL ECONOMIC RELATIONS

Mediterranean, Near and Middle East

Brussels, March 1995

DGI-H -

VIII/299/95-EN

FINANCING PROPOSAL

MOROCCO: PRIVATE SECTOR DEVELOPMENT PROGRAMME

I PROJECT

Recipient State	Kingdom of Morocco
Project Title	Private Sector Development Programme
Type of Project	Private Sector
Type of Financing	Grant
Commitment Proposed	ECU 30m
Total Cost	ECU 30m

Indicative Exchange Rate: ECU 1 = MAD 10.993 (Dec 1994)

II SUMMARY

1. This proposal concerns the establishment of a Private Sector Development Programme in Morocco to be implemented over 5 years at a total cost of ECU 30 m. The main focus of the programme is the provision of consultancy and training services to private enterprises to improve their efficiency and competitiveness. These services will be delivered through a business centre in Casablanca which will operate under the title of 'Euro-Maroc Enterprise', which will be staffed by expatriate and local consultants. A small office will also be established in Tangiers. 'Euro-Maroc Enterprise' will draw upon the services of short-term consultants both from Europe and those established locally. The services will be delivered in a commercial manner and, although subsidised initially, over time the degree of cost-recovery will be increased. The programme will be demand-led: services will be delivered to business men and women upon request, and upon payment of fees. Support will be tailored to the needs of individual companies. There is thus no sectoral focus envisaged ex ante but particular emphasis will be given to the development of export industries.
2. 'Euro-Maroc Enterprise' will actively promote foreign investment and joint ventures with European firms (building on existing EC instruments, including ECIP and MED-Invest). In order to increase the capacity of the private sector to analyse its own needs and articulate them to the authorities there is a small budget to promote the development of professional and sectoral associations.
3. The programme also includes resources (ECU 7m) for a credit line for small enterprise creation in north Morocco. This is a continuation of a successful programme commenced in 1993 under the 'Employment Creation in the Maghreb' budget line. Resources will be channelled through the Moroccan banking system.
4. A Private Sector Development Programme co-ordinator will be appointed to maintain coherence between these interventions and existing Community instruments for private sector development (see Annex 3 for details of existing interventions).

III BACKGROUND

1. The Moroccan economy is now entering a post-structural adjustment phase characterised by a healthy macroeconomic equilibrium, a gradual liberalisation of the trade regime, and consistent moves to deregulate the domestic economy. To quote the World Bank, 'Morocco is nearing the point where it has adopted the critical mass of policies needed for a quantum jump in economic performance led by the private sector'.¹
2. However, current growth rates are not sufficient to reduce unemployment or increase real living standards, and thus reduce the social tensions which flow from rapid increases in the population. Furthermore, the prospect of free trade with the European Union requires that Morocco upgrade its economy to narrow the wide gap in competitiveness that currently exists.

¹World Bank Report No 11894-MOR

Kingdom of Morocco: Preparing for the 21st Century: Strengthening the Private Sector in Morocco'
June 30 1994

3. Whilst faster and more stable growth and increased competitiveness must for the most part come from the private sector, in particular from manufactured exports, the majority of enterprises remain of a rudimentary nature and the business culture is weak. Exports in manufactured goods are limited to a few sectors, in particular textiles, and are present only in a limited number of markets.

4. This financing proposal thus presents a programme aimed at making a strategic and multi-annual intervention in favour of development of the private sector. The programme will have an independent structure (outside the machinery of Government) which will permit direct collaboration with private sector operators whilst at the same time allowing for consultation with the Moroccan authorities. In the medium term, over the next two to three years, a number of other activities in inter-related areas are envisaged, to be submitted for approval according to normal procedures. These include, notably, vocational and management training, reform of the regulatory environment, privatisation, and financial sector development.

5. A logical framework is attached at Annex 1.

IV PROJECT DESCRIPTION

Objectives

1. The wider objectives of the proposed programme are the promotion of real income growth and employment creation through increased competitiveness and productivity of the private sector. These objectives are central to the new Mediterranean Policy which has as its strategic goal the establishment of a free trade zone with third countries in the Mediterranean region.

2. The immediate objectives of the initial programme are to intervene in an integrated way in favour of private sector development in a number of key areas. These are: to render individual enterprises more efficient and stronger through acquisition of know-how, use of best practice and training; to help business associations become more effective in their task of improving the environment for the private sector in general and for their members in particular; to make good quality information on domestic, regional and international markets more widely available; to promote the wider establishment of effective and durable joint-venture partnerships with European firms; to target the Northern Provinces for special aid for the creation of small and medium size enterprises and jobs.

Expected results

3. Improvements in enterprise competitiveness can only be measured in the medium term but key indicators are output, value added, and exports. As concerns the performance of business associations, this should be measured in terms of increased effectiveness in identifying and responding to their members needs and representing them to the authorities.

4. The credit line in the north of Morocco is expected to produce over 1000 jobs and the durability of enterprises is to be enhanced by providing guidance on accounting and management.

5. The work plans established for each component of the programme will set out quantitative and qualitative targets to provide measures of their achievements.

Activities (Inputs)

Programme Co-ordination Office

6. A co-ordinating function is necessary in order to maintain coherence between the different existing and planned private sector development instruments and to monitor their performance. The co-ordinator will also have the task of promoting and publicising the activities of the EC in this field, of integrating new activities into the overall programme and of undertaking related initiatives.

'Euro-Maroc Enterprise'

7. All Moroccan companies will be eligible for assistance from Euro-Maroc Enterprise. Integrated, tailored support will be provided to individual, established companies according to the needs which will be identified by means of an initial diagnosis, which will normally be carried out free of charge. Thereafter fees will be charged for assistance: pricing models will be developed and piloted taking into account the ability of the company to pay and the need to encourage the creation of a competitive, private business service sector. The residential staff shall contract external expertise where necessary to respond to identified needs. Specific activities will include:

(i) *Consultancy*

Consultancy inputs will address management and technology constraints. Examples include: corporate planning, management development, product design and development, productivity improvement, quality control and standards, financial systems and management, company law and commercial law. A special emphasis will be given to marketing and export development. Company level training programmes and group programmes will be devised.

(ii) *Investment Promotion and Partnershiat*

Assistance will be given to companies to formulate business plans to secure finance, both loans and equity. Use will be made, where feasible, of existing instruments such as EIB Risk Capital. Intermediation services and follow-up will be provided to give expert advice and guidance on identifying appropriate European business partners, on reaching a suitable co-operation agreements and on managing commercial relations. Such partnerships may take the form of joint-ventures, alliances, licensing, sub-contracting, technical co-operation agreements and technology transfer. Full use will be made of Community instruments for promotion of joint ventures (BRE, BC-NET, ECIP Facility 1). The programme will also draw on the resources of the existing 'Euro-Info Maroc' service which will continue to provide information and data services. (See Annex 3 for a description of existing EC instruments for private sector development which will be integrated into the Programme). Activities will be undertaken to promote Morocco among potential European investors, for example targeted publicity campaigns.

(iii) *Training and Institutional Development of Business Associations*

Targeted and closely monitored training will be provided to representative organisations. Such training will be provided through specialised consultancy inputs. The objective will be to increase the capacity of business associations to maintain the necessary contact with their members and to articulate their members' needs in an effective manner in dialogue with the authorities. They will also be encouraged to develop services and facilities which benefit their members. Small equipment purchases will be eligible for funding. Associations will be assisted in developing mechanisms to ensure financial autonomy and viability.

Credit Line for the North

8. The existing revolving fund in support of the creation of small and medium scale enterprises in the nine Northern Provinces of Morocco will be renewed, building upon an experience successfully started in December 1993. Credit will be made available through the banking sector at near market rates to productive enterprises (excluding commerce and liberal professions) and a guarantee fund will be put in place. Funds will also be made available to provide the new enterprises with assistance in management and accounting.

Gender Issues

9. Whilst the programme clearly is not gender specific, a number of activities will be undertaken to promote women's participation in, and benefit from, the programme. For example, the emphasis laid on development of firms' human resources will be applied to all links in the chain of production bearing on productivity of the firm, including those activities undertaken by women. Associations promoting the role of women in the private sector will be actively supported through the institutional development component, and business associations will be encouraged to identify and target women's needs within their sector. The publicity campaign will ensure that women are properly informed of the opportunities offered by the programme. Programme staff and consultants will be briefed on gender issues.

V COSTS AND FINANCIAL ARRANGEMENTS

1. The budget for Programme Co-ordination and 'Euro-Maroc Enterprise' over a 5 year period is as follows:

	ECU m
Programme Co-ordination	
Staff (expatriate and local)	1.1
'Euro-Maroc Enterprise'	
Staff (expatriate and local)	6.0
Business support programmes (Consultancies & Training)	14.0
Publicity	0.5
Office running expenses	0.7
Monitoring, evaluation and audit	0.5
Contingencies	0.2
Total	23.0

2. The budget for the credit line for the Northern Provinces for implementation over two years is:

ANNEXES

1. LOGICAL FRAMEWORK
2. EURO-MAROC ENTERPRISE ORGANIGRAM
3. EXISTING EC PRIVATE SECTOR DEVELOPMENT INSTRUMENTS
4. GENDER IMPACT ASSESSMENT FORM

	ECU m
Northern Provinces Credit Line	
Financing (credit and guarantee fund)	6.0
Management and accounting services	0.5
Publicity	0.1
Staff	0.2
Monitoring, evaluation and audit	0.1
Contingencies	0.1
Total	7.0

VI IMPLEMENTATION

Institutional arrangements

1. An external consultant shall be appointed to co-ordinate the programme. The programme co-ordinator shall be assisted by an advisory committee which shall be convened as required and shall assemble the relevant authorities, business associations and business representatives. Annex 2 shows the organigram for 'Euro-Maroc Enterprise'. An office will be set up in Casablanca with a branch in Tangiers, and will be operated by European consultants working with Moroccan counterparts.
2. The Credit Line for the North, which is open to participation by the whole of the banking sector, will continue to be co-ordinated by a management unit provided by the Groupement Professionnel des Banques du Maroc (GPBM). The European Commission will provide technical assistance to the GPBM for this purpose.

Implementing procedures

3. The Programme Co-ordinator, the Director of 'Euro-Maroc Enterprise' and the co-ordination unit of the Credit line for the North will prepare annual work plans and budgets. The advisory committee will be consulted on the work plans and the EC will approve the work plan and the budget prior to implementation. Quarterly progress reports will be submitted. The programme will have operational autonomy to cover the technical, administrative and financial aspects of implementation. A direct agreement will be reached with the GPBM for co-ordination of the Credit line for the North. Consultancy services will be provided by EC or local consultants selected by restricted tender (or, for short term assignments, by direct consultation) in accordance with standard EC procedures. Procurement of minor equipment and vehicles shall be in accordance with normal EC regulations. No major equipment purchases are envisaged. Annual audits of project accounts will be undertaken by a firm of independent auditors selected by the EC.

Timetable

4. The project will commence in the second half of 1995 and will be implemented over 5 years.

VII ASSUMPTIONS AND RISKS

1. It is assumed that the Moroccan government will pursue its efforts to liberalise the economy and create a favourable environment for private sector development. The continuation of this process is necessary if the upgrading undertaken at enterprise level is to translate itself into greater growth and more employment.

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The reinforcement of business associations will consolidate their capacity to lobby the authorities in favour of reform.

2. Given the limited level of consultancy activity in Morocco at present, it will be necessary in the initial stages to enhance understanding of the value of such services in increasing enterprise competitiveness before a reservoir of effective demand is built up. Nonetheless in the medium-term the project aims to have a positive effect on local provision and consumption of consultancy services.

VIII MONITORING AND EVALUATION

1. The Programme Co-ordinator will be responsible for monitoring the implementation of the programme in its different components and as a whole. The work plans and the quarterly progress reports of the programme and of its components will be approved by the EC. The project budget provides resources for external, independent technical review at six monthly intervals by experts to be contracted by the Commission. Resources are also included for a final evaluation. The mid-term review of the project will consider options and make recommendations concerning arrangements after the lifetime of the project.

IX CONCLUSIONS AND PROPOSALS

1. Having regard to the opinion expressed by the MED Committee and to the supporting arguments set out above, it is proposed that the Commission take the following decision:

(a) to approve, under the conditions laid down in the proposal before it, the programme described as follows:

Title of Programme	Financing Authorised
Morocco: Private Sector Development Programme	ECU 30.00 m

(b) to grant commitment authorisation for the amount of ECU 30.00 m

(c) to instruct the Director for North/South Relations to make any adaptation arrangements and commitment decisions that prove necessary to ensure proper execution, both technically and economically, of the approved programme.

DG I-H
March 1995

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**ANNEX XIII - POTENTIAL FOR ADVISORY CENTERS TO BE SELF
SUSTAINING**

The Myth of Self-Sustainability

Sandy Cutler, Director, Oregon State Small Business Development Centers

There appears to be a myth that a small business program can become self-sustaining through fees for services provided. My experience is that this is not possible. Even in the United States, with a well developed market economy and a large demand for small business services (consulting, training, access to information and resources, the program income generated through fees for service represents a small portion of the total SBDC budget. While some SBDCs are aggressive and successful in generating program income, I have never observed an SBDC program where program income represents more than 25 percent of the total operational budget. Moreover, I believe that it is inappropriate because at some point the SBDC begins to compete with the private sector it intended to serve and nurture. Taken to its logical conclusion, if an SBDC program could become totally self-sufficient, it should then operate as a "for profit" business.

The driving purpose and philosophy behind the development and operation of small business assistance programs is to assist in the creation of new businesses and to help existing businesses operate more efficiently. The program should be targeted toward new and emerging businesses that do not have the resources to pay fair market prices for consulting, training, and access to resources. The underlying economic development principle here suggests that these emerging businesses will "graduate" from the SBDC program and become successful, viable businesses that make a contribution to the local economy. This includes:

- job creation
- generating wealth for the business owners and employees
- tax revenue generation
- diversification of the local economy
- stabilization of the local economy

Therefore, it may be assumed that based upon the aforementioned economic development principle, assisting emerging small businesses is a "social good." Consequently, it is important that municipalities, institutions of higher education, business organizations, and the government provide financial support for small business assistance programs. Supporting small business assistance programs is analogous to supporting schools. We invest in schools because we know that a better educated populace leads to a more productive and viable society. Similarly, we should invest in assisting emerging small businesses to create a stronger and more diversified economy, which in turn leads to a more productive and viable society.

**ANNEX XIV - AMAPPE REPORT AND OTHER CHEMONICS'
ACTIVITIES**

1) Letter from the Minister of Administrative Affairs to DYNA-PME: His letter suggests that the "Guide" has taken on a life of its own, as we have had absolutely no contact to date with this Minister or Ministry. Somehow he has become aware of the proposed "Guide Officiel des Formalités," as he is requesting a copy of it. Moreover, it appears that he believes the "Guide" to be a final document, whereas it remains a proposal on the desk of the Minister of Economic Incentives (since 29 March 1995 when we handed it to Hama). Also interesting is that the Minister of Administrative Affairs mentions the simplification of procedures concerning relations between public services and investors. (Mr. Bellout made light of this in our Steering Committee meeting on Tuesday, 7 September 1995, but it appears that this other Ministry is taking the Prime Minister's circular seriously.)

I will respond to the Minister's letter, indicating that he can obtain the proposal from the Ministry of Economic Incentives, but that we would be pleased to meet with him to present our project and our efforts to promote organizational and administrative reform.

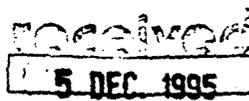
2) Projet de Loi-Cadre No. 18-95 formant charte de l'investissement: Article 19 of this proposed law states that each industrial zone will have a management committee composed of businesses in the zone and promoters/investors (public or private) to oversee the management and maintenance of the zone. This is new language and a new approach in Morocco, and the fact that it is being described in a new law regarding investments suggests that the government is indeed beginning to recognize the key role the private sector should play in managing industrial zones. We believe, almost certainly, that this language is a direct result of Eva Klein's feasibility study for El Jadida (see 3) below).

3) Letter from Secretary General of Ministry of Commerce and Industry to DYNA-PME: Regarding the language in the new law, we sent a copy of Eva's report directly to the Minister of Commerce and Industry in June. In turn, we just received a response from the Secretary General commenting on her report. Again, that the Ministry--and in particular the Secretary General--felt obliged to respond to Eva's report suggests that the report is indeed being taken seriously. Moreover, it is likely (and we are trying to verify) that Article 19 of the proposed law was written by someone from Commerce and Industry. The Secretary General's letter confirms that Eva's report has been read and reviewed by the appropriate persons in the Ministry.

4) Article from L'Opinion re: Pre-Feasibility Study on Small Business Incubator for El Jadida (Eva's report): As noted in 2 and 3 above, Eva's report is being commented on by the press, as well as the government. We are hoping to have even greater impact, with more conclusive actions and outcomes in Morocco, as a result of the Observation Study Tour of U.S. small business incubators, technology parks, and business and industrial parks, scheduled for October-November 1995.

5) Extract from CNJA document for Forum International, regarding small business financing: Pages 24, 25 and 27 (26 is a diagram) of this document discuss small business financing. In particular the last two paragraphs of page 25 and the first paragraph of page 27 state that previous financing products were developed by public agencies and were not effective; and that new products must now be developed that are adapted to small business needs. All interested parties, CNJA concludes, must consider specific financial products independently of the existing ones, as well as of previous justifications for their (supply-side) design. This language reflects, almost verbatim, the philosophy, themes and texts of our "Small Business Financing Roundtable" held at Mohammedia in June 1994. The CNJA was present at the roundtable, and subsequently congratulated us on the effort. In addition, we were consulted by the CNJA in February and March of this year, when they began planning their Forum International.

Clearly, the ideas we advanced at Mohammedia are beginning to take hold in other organizations promoting small business financing and entrepreneurship.



Casablanca, le 5 Décembre 1995

Monsieur Richard DREIMAN

CONVOGATION

J'ai l'honneur de vous informer que nous organisons une réunion avec DYNA/PME, le:

- Jeudi 7 Décembre 1995, à 16 h00

au siège de la CGEM, rue de la Plage - Avenue des FAR - CASABLANCA

Cette réunion sera consacrée à la présentation des projets élaborés par cet organisme financé par l'USAID au profit du développement des PME/PMI et de l'amélioration de l'environnement de l'Entreprise au Maroc.

- La simplification fiscale,
- Le guide officiel des formalités,
- Relations privées avec l'administration,
- Statuts des associations professionnelles.

Je vous prie de bien vouloir prendre part à cette réunion.

Abderrahim LAHJOUJI

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CONVENTION DE COOPERATION

ENTRE

LE CONSEIL NATIONAL DE LA JEUNESSE ET DE L'AVENIR

ET

LA FEDERATION DES ASSOCIATIONS DES JEUNES

ENTREPRENEURS MAROCAINS



12

CONVENTION DE COOPERATION

ENTRE

Le Conseil National de la Jeunesse et de l'Avenir créé par le Dahir n° 1.90.190 du 5 Chaâbane 1411 (20 Février 1991); ci-dessous dénommé "le Conseil" et représenté par Messieurs le Président de session et le Secrétaire Général ;

D'UNE PART

ET

La Fédération des Associations des Jeunes Entrepreneurs du Maroc, créée le 29 janvier 1994 conformément aux dispositions du Dahir du 15 Novembre 1958 tel qu'il a été modifié et complété, dénommée "FAJEM" et représentée par Monsieur le Président National,

D'AUTRE PART

CONSIDERANT le rôle du Conseil dans la préparation adéquate de l'avenir des jeunes marocains et leur insertion dans le système productif et la place que revêt l'auto-insertion des jeunes dans toute politique active de l'emploi;

CONSIDERANT le rôle des associations dans l'encadrement et l'assistance des jeunes créateurs d'entreprises , la diffusion et la promotion de l'esprit d'initiative,

COMPTE TENU des missions de la FAJEM et de son rôle dans l'encadrement des jeunes promoteurs et entrepreneurs,



COMPTE TENU de la dynamique engendrée par les programmes d'action du Conseil en faveur de l'auto-insertion depuis leur lancement (Programme d'Information et d'Assistance à la création d'entreprises et Programme de Promotion des Activités Economiques en milieu rural) ;

VU les récents développements juridiques et institutionnels visant la mise en place d'un système intégré d'aide et d'appui à la création d'entreprise par les jeunes notamment les lois 13-94 et 14-94 relatives respectivement au Fonds pour la Promotion de l'Emploi des Jeunes et au Prêt de Soutien à certains Promoteurs;

PARTANT des recommandations et des programmes du Conseil visant la dynamisation du processus de création d'entreprises par les jeunes et la promotion de l'esprit d'initiative;

ANIMÉS d'un intérêt commun pour la promotion du processus de création d'entreprises comme vecteur essentiel pour la promotion de l'emploi et le développement économique et social du Pays;

SOUCIEUX de répondre aux besoins spécifiques des jeunes porteurs de projets;

Les parties à la présente convention s'engagent :

- ◆ à poursuivre et à renforcer le dialogue et la concertation afin de contribuer à la diffusion et à la promotion de la culture d'entreprise et de l'esprit d'initiative ;
- ◆ à conjuguer les efforts pour la réalisation des recommandations et des programmes destinés à promouvoir l'esprit d'initiative, à mettre en place un dispositif incitatif à la création d'entreprise ainsi que des structures permanentes d'appui.
- ◆ à oeuvrer pour une meilleure participation des associations spécialisées dans l'assistance à la création d'entreprise par les jeunes et pour une dynamisation du mouvement associatif agissant dans ce domaine ;

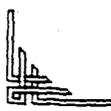


A cet effet,

LE CONSEIL

- ◆ contribue à la conception et à l'organisation de cycles de formations au profit des encadrants des associations de jeunes promoteurs affiliées à la Fédération ;
- ◆ étudie et suggère les actions et mesures susceptibles de contribuer au dépassement des contraintes qui entravent le processus de création d'entreprise par les jeunes,
- ◆ sensibilise les instances concernées quant aux suggestions et recommandations de la Fédération destinées à dynamiser la création d'entreprises par les jeunes ;
- ◆ soutient toute action et programmes présentés par la FAJEM susceptible d'être pris en charge par le Fonds pour la promotion de l'Emploi des jeunes soumis auprès des instances concernées ;
- ◆ soutient les mesures destinées à renforcer les structures de la Fédération et des associations qui lui sont affiliées en matière d'encadrement et d'assistance des jeunes porteurs de projets particulièrement en milieu rural ;
- ◆ sensibilise les opérateurs concernés aux échelons local, régional et national quant à la nécessité de la mise en place d'une banque de projets, d'un listing des créations d'entreprises et d'un répertoire de jeunes promoteurs ;

La Fédération

- ◆ renforce ses efforts d'encadrement et d'assistance des jeunes créateurs d'entreprises par le biais des associations qui lui sont affiliées et ce dans le domaine de l'accueil, du conseil, de l'information et de l'accompagnement dans les études de faisabilité, d'exécution et de suivi de projets ;
 - ◆ établit des rapports d'évaluation des contraintes et difficultés rencontrées par les jeunes porteurs de projets,
- 
- 
- 

- ◆ contribue à la concrétisation des recommandations et programmes du Conseil afférents à la promotion de l'esprit d'initiative par des actions d'information et de sensibilisation auprès des opérateurs concernés par leur mise en oeuvre ;
- ◆ oeuvre pour la dynamisation du système de parrainage et de partenariat au profit des jeunes créateurs de projets ;

Les parties à la présente convention s'engagent en outre

- ◆ à organiser des journées nationales de Formation au profit des cadres des associations de jeunes créateurs d'entreprise ;
- ◆ à organiser et à animer des journées nationales d'information , d'assistance et de promotion au profit des jeunes désirant créer leur entreprise ;

La présente convention prend effet dès sa signature.

Fait à Rabat, le 18 juillet 1995

Pour le Conseil

Le Président de session

Abdellatif LARAKI

Le Secrétaire Général

Habib EL MALKI

Pour La FAJEM

Le Président

El Hachemi BENYOUSSEF

amappe

32 B, rue d'Oujda
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أماب

32 B، زنفة وجدة
حسان، 10 000 الرباط
المغرب

RAPPORT MORAL 1994

الجمعية المغربية لدعم تنمية المقاولات الصغيرة

ASSOCIATION MAROCAINE D'APPUI A LA PROMOTION DE LA PETITE ENTREPRISE

خاضعة لمقتضيات الظهير الشريف بمثابة قانون 15 نوفمبر 1958

ONG A BUT NON LUCRATIF REGIE PAR LE DAHIR PORTANT LOI DE 1958

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☑ LE POINT SUR AMAPPE

L'AMAPPE a pour objectifs le soutien et l'accompagnement de tout porteur de projet ou d'idée de projet d'entreprise à concrétiser.

Pour réaliser ces objectifs, l'AMAPPE a mené, cette année encore ses trois missions :

1. **Répondre aux besoins explicites des promoteurs potentiels**
 - Vulgarisation et promotion de l'esprit d'entreprise
 - Accueil, conseil, information des porteurs de projet
 - Accompagnement dans les études de faisabilité
2. **Répondre aux besoins complémentaires des porteurs de projet**
 - Formation
 - Mise en contact
3. **La troisième mission s'adresse aux associations ONG. Elle vise à faire rayonner, diffuser et promouvoir l'esprit associatif**
 - Soutien et conseil à toute création et démarrage d'activités associatives
 - Participation active à l'animation et la vie des réseaux et groupements associatifs
 - Recherche-action dans les domaines du partenariat, de volonté d'indépendance, des moyens disponibles.

Le Conseil d'Administration actuel a été élu lors de la troisième Assemblée Générale Ordinaire de l'association, le 28 mai 1994 :

- M. Abdelouahab BOUCHANTNE, Président
- Mme Anne BALENGHIEN, Vice-présidente
- M. Ahmed AIT HADDOUT, Secrétaire général
- M. Mohamed MOUDDENE, Secrétaire général adjoint
- M. Marc BEAUREPAIRE, Trésorier
- M. El Rhazi GORTAT, Trésorier adjoint

Au 31 janvier 1995, la gestion quotidienne des activités et les tâches régulières sont assurées par une équipe permanente de cinq personnes :

- M. Louis CHAVANAT, chargé de mission
- M. Saïd LEHAH, assistant
- Melle Latifa HAFID, conseillère d'entreprises
- M. Boulmane AOURAGH, conseiller d'entreprises
- M. Eric BETOURNE, conseiller d'entreprises

Depuis sa création, AMAPPE a approuvé 94 adhésions, dont 14 de femmes.

1. REALISATION DU PROGRAMME D'ACTIONS 1994

1.1. CONSOLIDATION DES ACTIVITES

1.1.1. Moyens mis en oeuvre

1.1.1.1. L'optimisation des ressources humaines

Afin d'optimiser les ressources humaines mises à sa disposition, AMAPPE a procédé d'abord à une meilleure répartition des tâches.

- **Création de postes de conseillers d'entreprises** dont le rôle est de travailler avec les porteurs de projet d'entreprise : accueil, conseil, information, accompagnement dans les études de faisabilité, la formation et la mise en contact.

- La composition même de l'équipe permanente a subi quelques changements :

• Arrivée d'Eric Bétourné, volontaire coopérant français détaché à l'AMAPPE à mi-temps par l'Eglise catholique au Maroc, le 1er septembre 1994. Il est Conseiller d'entreprises.

E. Bétourné est diplômé de l'Ecole de commerce Afrique Asie Amérique latine, de Lyon (France). Il a une expérience notamment dans le domaine des études de dossiers de demande de crédits.

Les frais de personnel liés à la présence d'E. Bétourné sont pris en charge directement par l'Eglise catholique au Maroc.

• Départ de Taoufik Adal à partir du 1er octobre 1994.

• Arrivée de Boulmane Aouragh le 1er novembre 1994

B. Aouragh est licencié en Sciences économiques de la Faculté de Rabat. Il a travaillé pour MADI lors de la recherche de cette dernière sur les besoins en financement des micro et petites entreprises.

Il a été conclu entre l'AMAPPE et B. Aouragh un contrat "formation-insertion" de Conseiller d'entreprises.

B. Aouragh travaille avec les porteurs de projet en français, en arabe ou en berbère.

• Arrivée de Latifa Hafid le 1er janvier 1995

L. Hafid est licenciée en Sciences économiques de la Faculté de Rabat.

Il a été conclu entre l'AMAPPE et L. Hafid un contrat "formation-insertion" de Conseillère d'entreprises.

Le recrutement de ces deux dernières personnes s'est fait en deux phases :

• La première phase à partir d'un appel de candidature relativement restreint, auprès de personnes connues d'AMAPPE et de MADI.

• Lors de la deuxième phase, des appels de candidatures ont été lancés au Centre rabati d'information et d'orientation pour l'emploi (CIOPE) et dans les écoles de commerce et universités de Rabat.

La dernière étape de cette deuxième phase de recrutement était une "formation sélection", durant quatre jours au sein de l'AMAPPE, du 12 au 16 décembre 1994.

Objectifs du séminaire:

• sélectionner un candidat sur quatre personnes présélectionnées pour le poste offert

• assurer une formation interne au travail de Conseiller d'entreprises au sein de l'AMAPPE.

L'animation de ce séminaire a été assurée par des membres d'AMAPPE.

Participants:

• 4 candidats au recrutement

• Le personnel permanent AMAPPE

• Une personne de MADI

- Concernant les programmes établis ou à établir avec les organismes partenaires et bailleurs de fonds, le chargé de mission travaille en binôme avec un membre du Conseil d'administration.

- Concernant les dossiers stratégiques (relations avec les institutions publiques notamment) qui n'ont pas d'incidences directes sur les activités de la permanence, seuls les membres du Conseil d'administration sont impliqués. Toutes les informations, comptes rendus et décisions sont toutefois centralisées à la permanence par le chargé de mission et l'assistant de direction.

- Les permanents sont informés des actions concernant le travail de la permanence et la vie de l'association lors de leur réunion hebdomadaire du lundi matin. Un des Conseillers d'entreprises transmet alors aux autres membres de l'équipe le dossier de presse hebdomadaire.

- Les charges de gestion comptable et de suivi des adhésions sont assurées par l'assistant de direction permanent et respectivement le trésorier (ou son adjoint) et le président (ou la vice-présidente).

- Les membres du Conseil d'administration ont tenu, cette année encore, un rythme mensuel de leur réunion. Une judicieuse répartition des tâches permet de travailler rapidement avec efficacité.

- Malheureusement, la publication du bulletin *AMAPPE INFO*, qui demandait beaucoup de temps, a été suspendue au mois de février. La meilleure organisation à venir de l'AMAPPE, initiée au dernier trimestre de 1994 permettra de reprendre ce moyen de contact avec les membres bénévoles et les partenaires de l'association.

Le soutien irrégulier de nombreux adhérents est facilité par la connaissance de leurs compétence et de leurs disponibilités qu'ils ont bien voulu indiquer dans la *fiche de compétences* qui leur était proposée.

1.1.1.2. Etablissement de procédures adaptés

Les procédures de travail ont été facilitées par la mise en place de règles simples:

- Pour une meilleure disponibilité, les premiers contacts sont effectués le matin, du lundi au vendredi, avec ou sans rendez-vous.

Les après-midi sont consacrés au travail sur rendez-vous, premiers, deuxièmes contacts, suivis, et études de faisabilité.

La souplesse est toutefois de rigueur.

- Les dossiers d'étude de faisabilité sont rédigés à partir d'un canevas d'étude remodelé et affiné en fonction des nouvelles exigences bancaires, des différents types de projets étudiés à l'AMAPPE, et du nouveau plan comptable marocain.

Le modèle de canevas d'étude est informatisé. Les modèles de tableaux financiers sont encore à affiner et à rendre plus conviviaux pour les conseillers d'entreprises.

Chaque dossier, numéroté, fait aussi l'objet d'une *fiche d'avancement du dossier* remplie à chaque rendez-vous par le conseiller. La date, l'heure, la durée, l'objet et les résultats du rendez-vous y sont mentionnés. Cette fiche est complétée par une fiche récapitulative du dossier.

- Le travail dans le domaine de la petite entreprise fait l'objet aussi de nouveaux tableaux de bord :

- un tableau de bord général de l'état du travail de l'association,
- un tableau de bord hebdomadaire de réception par conseiller d'entreprises.

- Concernant la gestion interne, des "casiers" de correspondance ont été ouverts pour chacun des membres du Conseil d'administration. La communication est ainsi facilitée lors de leurs appels ou de leurs visites régulières aux bureaux de la rue d'Oujda.

- La communication avec MADI a été systématisée par la tenue d'une réunion hebdomadaire rassemblant les permanents des deux organismes. Un cahier de réunion est tenu. Cette rencontre a lieu alternativement dans les locaux de MADI ou d'AMAPPE.

1-1-1-3- La maîtrise de la logistique appropriée

Ces améliorations ont vues le jour grâce à une logistique adaptée aux besoins de l'AMAPPE :

- Plusieurs pièces de mobiliers de bureau, mis à disposition par le service de coopération ONG/Santé de l'Ambassade de France, dont une bibliothèque et une armoire de classement de dossiers.
- Un photocopieur, un ordinateur et une imprimante laser mis à disposition par le programme Dyna-PME de l'USAID.

Le matériel dont dispose AMAPPE est le suivant :

Entrée	Nb	Description	L	Propriétaire	Origine	Accord
1991	1	Micro ordinateur Power II, moniteur couleurs, clavier, souris, central RDS système 386 + logiciels	S	AMAPPE	CRS	Convention bilatérale
	1	Télécopieur Xerox 7220 Personal Fax	S		FES	
	1	Bureau de secrétariat métal, dessus bois marron foncé, 3 tiroir avec retour secrétaire	S			
	2	Bureaux de travail métal, 3 tiroirs	S			
	2	Meubles archives avec portes et serrure	S			
	3	Téléphones TPL "Intercom DEP 101"	S			
	10	Chaises skaï noir	S			
	1	Table réunion bois brut avec 2 rallonges	S	Eglise catholique de Rabat	Eglise catholique	Prêt
Fév-94	3	Etagères bois blanc fixées aux murs	S	AMAPPE	D. & M. LAZRAK	Contribution frais d'Etude de Faisabilité
Mai-94	1	Etagère support photocopieur	S	AMAPPE	Dyna-PME	Fonds de soutien aux associations
	1	Photocopieur Xerox 5317	S		MADI	Convention bilatérale
	1	Tableau bois Veleda blanc	S			
Juin 94	1	Micro ordinateur portable COMPAQ "Contura Aéro 4/33C" avec lecteur disquette externe, transformateur et housse de transport	S	Ambassade de France	Ambassade de France	Prêt
	1	Bibliothèque avec 2 vitrines et 2 casiers archives, portes coulissantes	S			
	1	Bureau d'accueil avec 2 pieds de 3 tiroirs non fixés	S			
	1	Bureau grand dessus bois	M			
	1	Bureau métallique 2 tiroirs à gauche + 1 tiroir à dossier suspendus à droite	S			
	1	Bureau métallique avec tiroirs	S			
	1	Bureau métallique beige clair, 2 tiroirs	S			
	1	Guéridon deux étages skaï noir	S			
1	Meuble archives 4 tiroirs dossiers suspendus	S				
Août 94	1	Extension de mémoire du micro ordinateur RDS système	S	AMAPPE	Dyna-PME	Fonds de soutien aux associations
	1	Imprimante laser HP laserJet 4L	S			
Sep-94	1	Etagère murale bois peint blanc 3 casiers	S	AMAPPE	Dyna-PME	Fonds de soutien aux associations
	1	Séparation cuisine / bureau, bois peint blanc	S			
	3	Etagères archives bois peint blanc	S			
	3	Etagères pour placard, bois aggloméré brut	S			

L = lieu : S siège de l'AMAPPE - M bureau AMAPPE au siège de MADI

Tab. 1: Equipement de l'AMAPPE au 31.12.94

- Un logiciel de gestion de fonds documentaire et de gestion des dossiers de micro et petites entreprises sera commandé à une entreprise informatique créée par des jeunes promoteurs soutenus par l'AMAPPE.

1.1.2. Résultats obtenus

1.1.2.1. Le premier métier de l'AMAPPE

1.1.2.1.1. Prospection et vulgarisation de l'esprit d'entreprise

Plusieurs actions de vulgarisation de l'esprit d'entreprise ont été menées à Rabat, Kénitra et Khémisset. A chaque rencontre, une quinzaine de jeunes étudiants ou chercheurs d'emploi ont pu rencontrer un membre du CA (M. Aït Haddout) et un permanent.

1.1.2.1.2. Accueil, conseil et information des porteurs de projets

⇒ Analyse de l'activité

Durant l'année 1994, AMAPPE a reçu 424 personnes dont 17 % de femmes.

La durée moyenne d'un premier contact est de 38 minutes. Ces rendez-vous sont assurés en français, arabe dialectal ou tamazight.

La répartition mensuelle de l'accueil est schématisée ainsi :

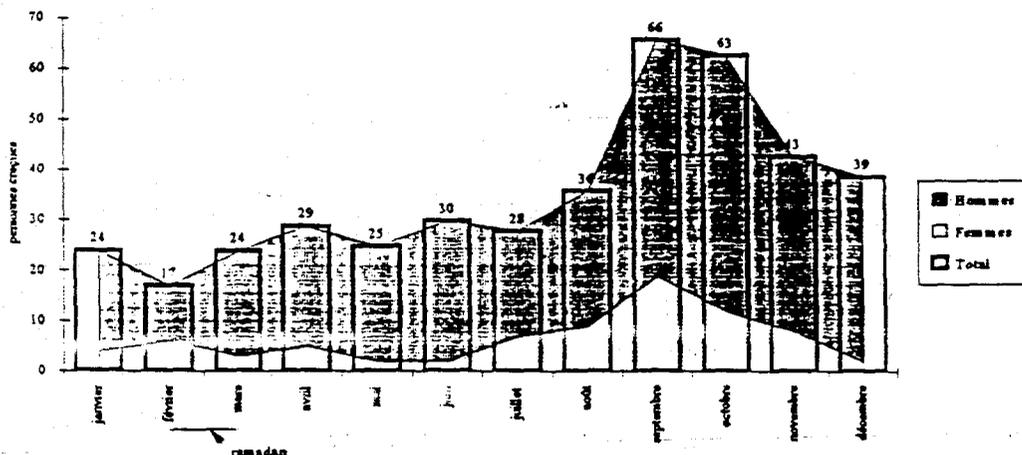


Fig 1: Evolution de l'accueil en 1994

Les données comparatives qui suivent, se rapportent toutes à des périodes de 12 mois répartis ainsi :
 1991/92 -> d'avril 1991 à mars 1992 1992/93 -> d'avril 1992 à mars 1993
 1993/94 -> d'avril 1993 à mars 1994 1994 -> de janvier à décembre 1994

L'évolution de l'accueil au sein de l'AMAPPE est reprise dans les graphiques ci-dessous :

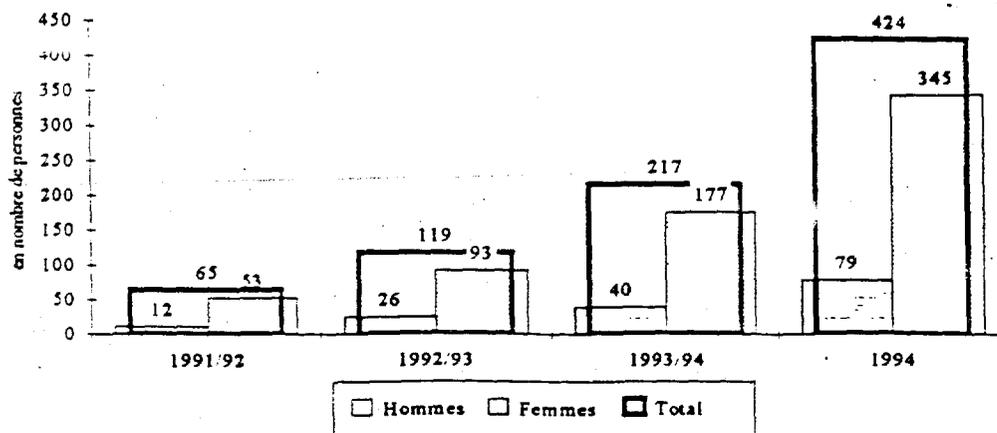


Fig 2: Répartition de l'accueil depuis la création de l'AMAPPE par période de 12 mois et par sexe

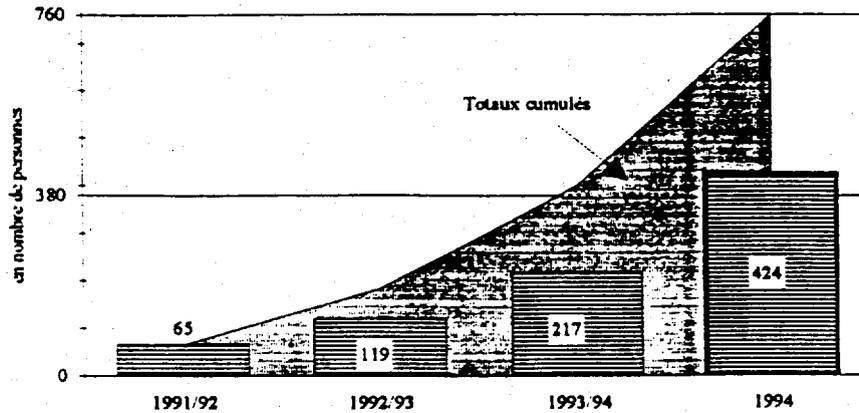


Fig 3: Evolution de l'accueil par période de 12 mois depuis la création de l'ANLAPPE

⇒ Profil du porteur de projet

Deux fois plus de femmes, mais proportionnellement moins:

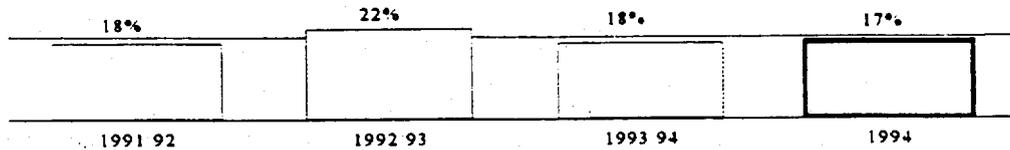


Fig 4: Part des femmes parmi les porteurs de projet d'entreprise

Les personnes reçues viennent majoritairement de Rabat, Salé ou Témara:

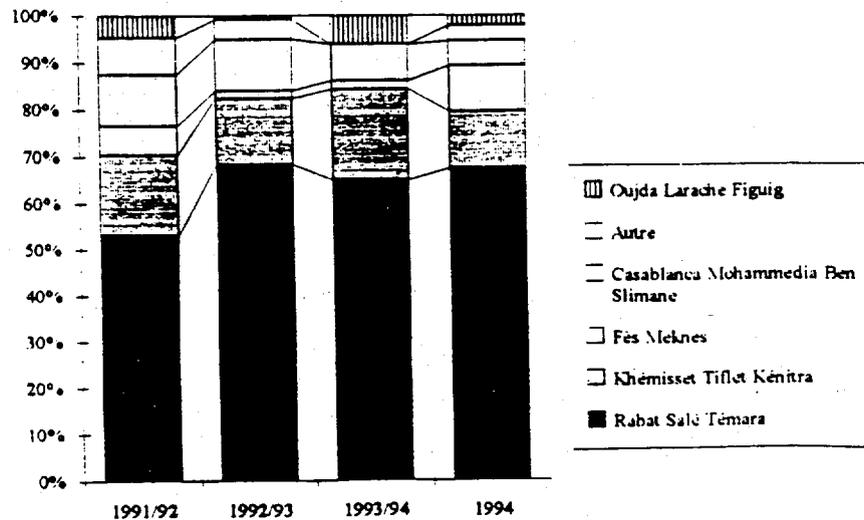


Fig 5: Répartition géographique des projets reçus

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Formation des porteurs de projet:

De plus en plus, l'AMAPPE reçoit des diplômés au chômage

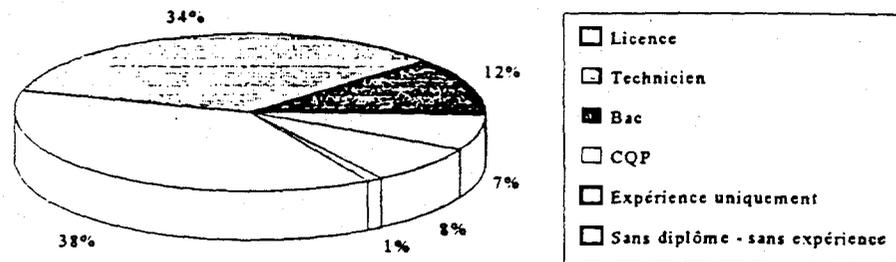


Fig 6: Formation des porteurs de projet reçus en 1994

Les porteurs de projet ont eu connaissance de l'existence de l'AMAPPE par différents canaux :

Canaux d'orientation	1994	1993/94
Ami - Famille	46%	32%
Organismes *	41%	24%
Forum - Presse	5%	12%
Réunions d'information AMAPPE	4%	12%
MADI	3%	12%
Membre d'AMAPPE	2%	9%

Tab 2: Orientation des porteurs de projet vers AMAPPE

* Les organismes qui orientent les porteurs de projets vers AMAPPE sont principalement la Chambre de Commerce et d'Industrie de Rabat Salé, le CNJA, le CIOPE, certains ITA, chambres professionnelles...

⇒ Typologie des demandes

Les porteurs de projets se présentant à l'AMAPPE n'ont pas tous les mêmes besoins :

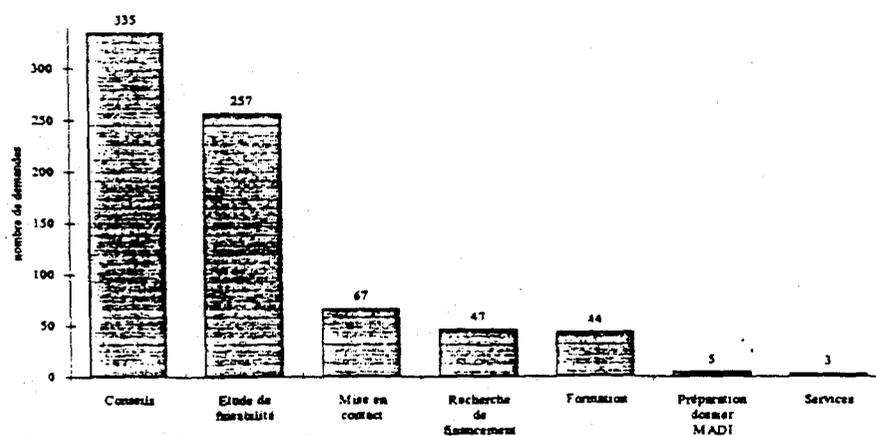


Fig 7: Types de demandes formulées lors du premier contact en 1994

Le total des demandes est supérieur au nombre de porteurs de projet reçus, plusieurs demandes pouvant être formulées par une même personne.

Répartition des projets par secteurs d'activité:

Les services liés à l'industrie sont de plus en plus nombreux. AMAPPE reçoit aussi de nombreuses personnes qui veulent créer une entreprise, leur emploi, réaliser un projet, mais n'ont pas d'idée définie. Les secteurs primaires et secondaires ne semblent plus attirer les diplômés de l'université.

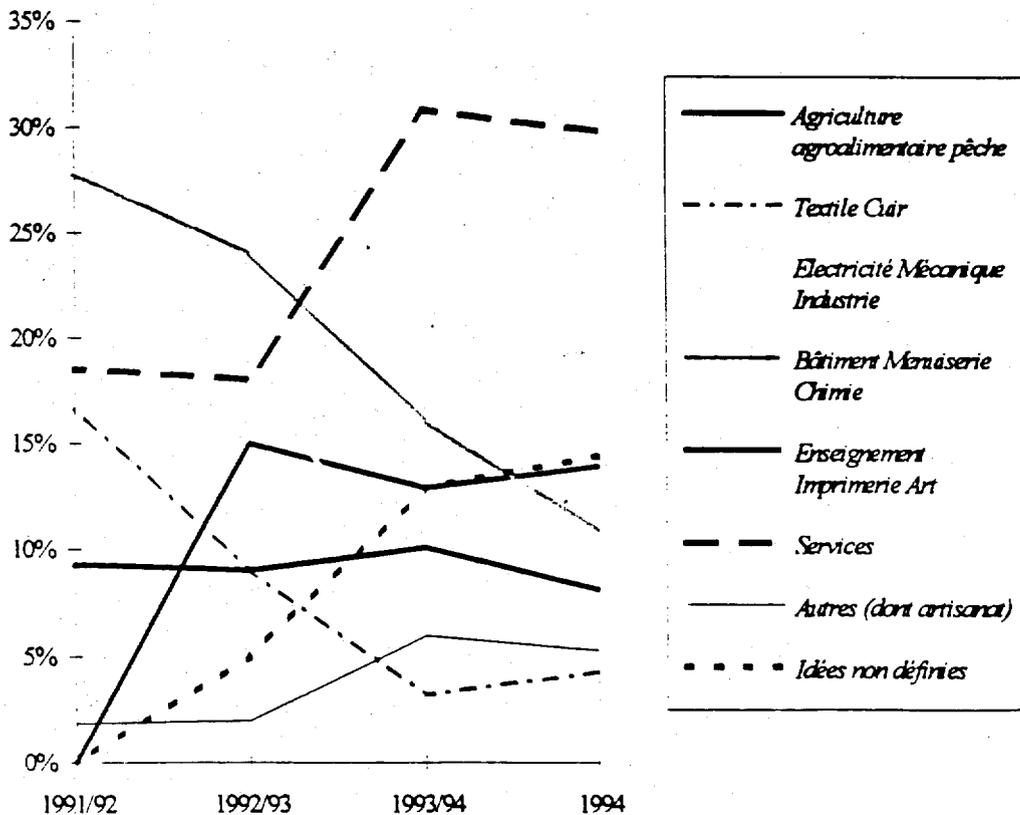


Fig 8: Secteurs d'activité des projets présentés

Les données concernant les secteurs d'activités sont exposées ici en fonction des informations disponibles sur les années 1991 à 1993. Depuis 1994 seulement, la répartition des données est fonction de la nomenclature nationale. Une meilleure appréciation sera donc donnée lors de l'Assemblée générale de 1996.

1.1.2.1.3. Accompagnement dans les études de faisabilité et montages financiers

En 1994, AMAPPE a accompagné des promoteurs dans l'étude de faisabilité de chacun de leur projet.

Travail effectué avec les porteurs de projet		1994	
Etudes de marché		17	
Etudes technique		16	
Etudes comptable et financière		12	Rappel avril 93 -> mars 94
→ Etudes partielles		35	30
→ Etudes complètes		11	7
⇒ Total Etudes de faisabilité		46	37

Tab 3: Etapes d'études de faisabilité en 1994

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La répartition du travail depuis la création de l'AMAPPE a peu évolué. Le suivi complet d'une étude de faisabilité est cependant plus courant en 1994 :

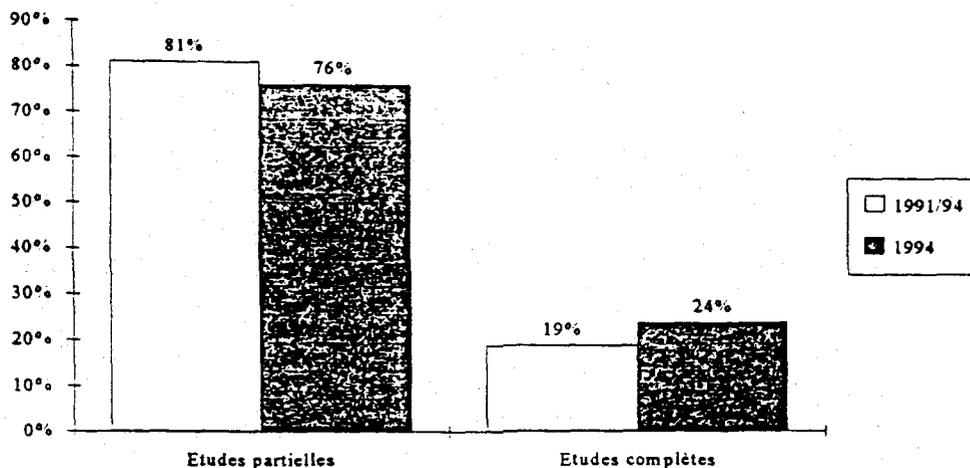


Fig 9: Etudes de faisabilité partielles et complètes en 1993/94 et 1994

Les informations disponibles nous permettent de relever quelques indicateurs concernant les projets étudiés. (Il s'agit là de chiffres indicatifs, dont AMAPPE a eu connaissance. Des bénéficiaires ayant pu créer leur activité sans en informer notre association):

Caractéristiques	1994	Rappel avril 91/mars 94	Cumul avril 91 à fin 94
Projets en affaire personnelle	70 %		
Projets réunissant 2 associés	30 %		
Nb d'emplois créés ou à créer (hors emplois saisonniers)	50	350	400
Masse salariale annuelle engagée	1,7 Mdh	7.340.000 dh	9,04 Mdh
Investissements réalisés	6,76 Mdh	9.000.000 dh	15,76 Mdh
Démarrages constatés de projets étudiés	13	25	38
Démarrages à venir rapidement	5		

Tab 4: Caractéristiques des projets étudiés

L'analyse des emplois créés est facilité par les graphiques suivants. On notera:

- une baisse importante de la masse salariale annuelle moyenne engagée par projet.
- une hausse de 208 % de l'investissement moyen par projet qui peut être expliquée par:
 - . l'augmentation des demandes de crédit "jeune promoteur"
 - . le transfert des secteurs d'activité (plus de services qui exigent du matériel de haute technologie)

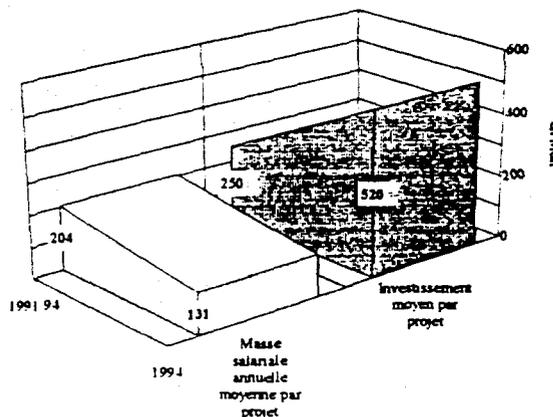


Fig 10: Moyennes de la masse salariale et des investissements engagés par entreprises créées en 1994

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Moins d'emplois par projet, mais mieux rémunérés:

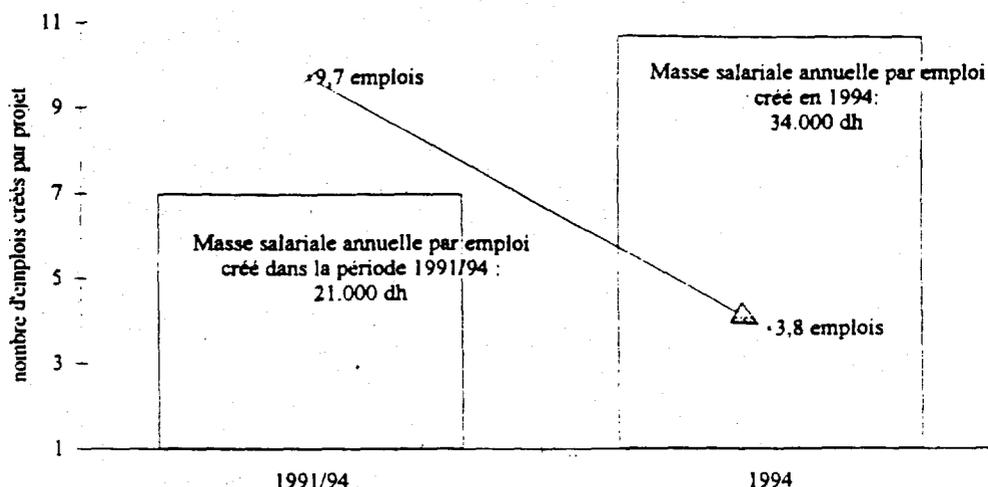


Fig 11: Moyennes du nombre d'emplois par projet réalisé et de la masse salariale par emploi créé

On peut dégager certaines explications probables pour comprendre cette évolution :

- L'AMAPPE insiste dans ses conseils et lors des formations sur la nécessité de tendre vers la formalisation des activités, notamment et surtout quant au facteur emploi.
- L'AMAPPE a fait, cette année, la promotion des mesures légales et simples de formalisation des emplois par les contrats "formation-insertion".
- La variation observée dans la répartition des activités créées par secteurs a montré que le nombre d'entreprises industrielles ou nécessitant une main d'oeuvre nombreuse, a chuté pour laisser voir naître plus d'activités de services, moins créatrices d'emplois.

1-1-2-1-4 Suivi des projets

En 1994, les permanents de l'AMAPPE ont été sollicités pour des conseils et le suivi d'entreprises existantes, créées ou non dans le sillage de l'AMAPPE. Ainsi, une quinzaine d'entreprises ont bénéficié d'un suivi particulier, généralement à un rythme de rendez-vous mensuel ou bimensuel. Il s'agit alors de suivi commercial ou financier.

1-1-2-2 Forums et formations

1-1-2-2-1 Forums des entrepreneurs

En 1994, cinq rencontres Forums des entrepreneurs ont été tenues:

Dates	Nb de participants	Thèmes développés
24 mars	45	
5 mai	35	Fonds de garantie pour petits crédits - MADI
30 juin	65	Les organismes d'aide et d'appui aux jeunes promoteurs
29 septembre	62	Le "crédit jeune promoteur"
3 novembre	42	Mise en contact de porteurs de projet d'entreprise
Total cumulé	249 personnes	

Tab 5: Forum des entrepreneurs 1994

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1-1-2-2-2. Formations

Le cycle de formation organisé par AMAPPE en collaboration avec la Fondation Friedrich Ebert a comporté pour la troisième année consécutive 10 sessions :

Dates	Thèmes	Intervenant (MA: membre d'AMAPPE)	Participation		
			femmes	hommes	Total
4 et 5 février	Gestion globale de la PME	Membre du CA de l'AMAPPE	9	9	18
24 et 26 mars	Analyse de projets	- Cadre BMCI - Cadre CNJA	12	6	18
22 et 23 avril	Bases de comptabilité - partie I	Cadre MADI - MA	13	9	22
6 et 7 mai	partie II		14	10	24
3 et 4 juin	La banque et ses services	Cadre BP - MA	14	4	18
1 et 2 juillet	Législation du travail et du commerce	Avocat - MA	14	8	22
2 et 3 septembre	Fiscalité de la PME - partie I	Expert comptable	13	13	26
30 sept. et 1 octobre	partie II	Cadre MADI - MA	12	9	21
4 et 5 novembre	Gestion du personnel et communication interne	Cadre DRH CNCA - MA	15	9	24
2 et 3 décembre	Le rôle de l'Etat et des administrations dans l'environnement de la PME	Membre du CA de l'AMAPPE	12	9	21

Tab 6: Cycle de formation 1994

428 journées-formation-individu ont donc été dispensées.

64 personnes ont bénéficié de ce cycle de formation:

Caractéristiques	Femmes	Hommes	Total
Porteurs de projet	14	26	40
Chefs d'entreprise	13	7	20
Permanents d'organismes relais (ACAET, MADI et Al Jaouhara)	2	2	4

Tab 7: Bénéficiaires du cycle de formation 1994

Fréquence de participation :

Nombre de sessions suivies sur 10	Nombre de personnes concernées
1	19
2	16
3	2
4	11
5	5
6	3
7	3
9	2
10	3

Tab 8: Fréquence de suivi des formations du cycle 1994

L'évaluation du cycle montre que les stagiaires ont été satisfaits de la formation apportée, même si des problèmes d'animation sont apparus cette année à cause de la disparité des niveaux. En effet, les porteurs de projet bénéficiaires du cycle de formation 1994 ont été des personnes de niveau de compréhension relativement faible quant aux mécanismes administratifs, aux obligations de l'entrepreneurs et aux calculs de comptabilité et de fiscalité.

L'expérience de ce quatrième cycle de formations, dispensées le plus souvent possible en arabe dialectal, montre qu'il nous faut encore insister sur l'arabisation des interventions. Un effort sera demandé aux experts afin qu'ils travaillent encore leurs interventions dans ce sens.

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1.1.3. Promotion de l'esprit associatif

1.1.3.1. Suivi du GONG (Groupement des ONG)

Conformément aux recommandations de la dernière réunion du GONG (30 avril 1994), l'AMAPPE a participé, aux côtés d'AMSED et de sept autres associations à la préparation d'une plateforme sur *le devenir du GONG* qui sera soumise aux discussions lors de la prochaine réunion du groupement.

Le Groupe des neuf associations est composé de:

- l'ADFM (association démocratique des femmes du Maroc)
- l'AFJEM (association femmes, jeunesse dans l'environnement maghrébin)
- l'AJPT (association des jeunes promoteurs de Tiflet)
- l'AMAPPE
- l'AMSED (association marocaine de solidarité et de développement)
- le CERASE (centre d'études et de recherches appliquées aux sciences de l'eau et de l'environnement)
- l'OFI (organisation des femmes istiqlaliennes)
- l'UMAC (union marocaine des associations de chantiers)
- l'UNFM (union national des femmes du Maroc)

De plus, ce même groupe a entamé une réflexion sur le *dahir de 1958* qui régit le droit des associations. L'AMAPPE et l'AMSED poursuivront ce travail de recherche-action avec la participation des associations et personnes ressources ayant déjà engagé une réflexion sur ce sujet. L'IDNS (Institut de développement Nord-Sud) a déjà manifesté à l'AMAPPE son intérêt pour ce projet.

1.1.3.2. Suivi des associations à caractère économique : les "associations PME"

Les associations PME, structurées en fédération en janvier 1994 ont initié des manifestations et rencontres auxquelles AMAPPE a participé. La revue *PME Réseaux* a pu publier ses premiers numéros à la fin de l'année 1994.

Cependant, AMAPPE entretient des relations privilégiées avec l'Association de jeunes entrepreneurs de Khémisset (AJEK) et l'Association de soutien aux jeunes entrepreneurs de Rabat (ASJE), dont certains membres fondateurs ont été bénéficiaires des services de l'AMAPPE.

1.1.3.3. Promotion de la *Société Civile*

L'AMAPPE participe à une recherche-action initiée par Dyna-PME USAID sur le *renforcement structurel des associations à caractère économique* et à divers programmes de réflexion sur le fonctionnement des associations.

En marge de ses actions et réflexions pour la promotion de la *Société Civile* et du monde associatif, AMAPPE a vu intervenir plusieurs de ses membres à la *Conférence maghrébine sur la Société civile* organisée par la Fondation Friedrich Ebert et le Ministère des Droits de l'Homme en décembre 1994.

A Fès, en janvier 1995, le président du Conseil d'administration a représenté l'AMAPPE à la rencontre dans le cadre de la *réhabilitation de la Médina de Fès* et de la promotion des activités artisanales.

A Khémisset, ce même mois de janvier, le secrétaire général et un conseiller d'entreprises représentaient notre association lors de la constitution de l'*Université Rurale de Khémisset*.

1.2. RECHERCHE DE PERENNITE

1.2.1. Pérennité financière

Dans ses démarches de recherche de pérennité, outre ses actions visant à améliorer ses ressources internes (voir rapport financier), AMAPPE a orienté ses relations de coopération vers des actions de partenariat à moyen terme (à plus d'un an). Les négociations qui ont pu prendre forme, ont donc été sélectives et très exigeantes quant aux engagements et aux financements proposés.

L'AMAPPE a alors déployé une stratégie de coopération à partir des activités et programmes choisis par elle, qui répondent à ses objectifs, et qui obtiennent l'agrément des partenaires intéressés.

C'est pourquoi, dans la lignée de la coopération à moyen terme initiée avec la Fondation Friedrich Ebert (3 ans) et la SIDI (2 ans renouvelés), l'AMAPPE a obtenu la coopération pour trois années de Proyecto Local, a demandé le renouvellement de la coopération SIDI, et a commencé des discussions avec Migrations et Développement en France.

1.2.1.1. Le partenariat FES

La Fondation Friedrich Ebert a été l'un des premiers partenaires de l'AMAPPE dès 1991. Un programme de partenariat mis en oeuvre en 1992 ayant "testé" la solidité des nos relations, une coopération de trois années a été concrétisée. Chaque année, les deux entités concluent un programme spécifique portant notamment sur le cycle de formation, les *Forums des entrepreneurs* et le cofinancement des frais de personnel. 1995 est la troisième période de ce programme.

En 1994, un audit du partenariat AMAPPE / FES a été réalisé par un expert de la Fondation de Bonn.

1.2.1.2. Le partenariat SIDI

Dès septembre 1991, la SIDI a mis à disposition de notre association un chargé de mission permanent sous contrat de deux années. La deuxième période arrivant à terme au cours de l'année 1995, l'AMAPPE a demandé à la SIDI le renouvellement de son soutien.

Par ailleurs, prenant part au développement de MADI, la SIDI pourrait apporter un soutien supplémentaire à nos activités, étendus dans le cadre de la coopération AMAPPE / MADI.

1.2.1.3. Le partenariat Proyecto Local

Proyecto local est une ONG de droit espagnol spécialisée dans le développement économique local et la création de micro et petites activités économiques.

Ayant mis à l'épreuve leur accord général de coopération et de partenariat signé en février 1994 par deux programmes spécifiques dans les secteurs marocains du textile et du tourisme, l'AMAPPE et Proyecto Local ont préparé un important programme de coopération trisannuel de nos principales activités dans le domaine des micro et petites entreprises, et prévoyant des moyens nécessaires. Les grandes lignes en sont les suivantes:

- Accueil, conseil, information, formation, mise en contact
- Mise en place d'une base de données d'idées de projets
- Recherche et développement d'une structure similaire à l'AMAPPE, dans la région Nord du Maroc
- Prise en charge des frais de structure et d'équipement nécessaires.

Une mission AMAPPE d'un membre du Conseil d'administration et d'un chargé de mission a été effectuée à Barcelone en février. En mai et décembre 1994, deux missions de Proyecto Local ont été réalisées à Rabat. AMAPPE a donc eu de nombreux contacts avec les services de la Coopération espagnole à Rabat, bailleurs de fonds de ce projet.

1.2.1.4. Le partenariat Dyna-PME USAID

Soutenu par le Ministère chargé de l'Incitation de l'économie, Dyna-PME est un projet financé par l'USAID.

En avril 1994, l'AMAPPE signait un accord de soutien avec le Dyna-PME dans le cadre de son Fonds de soutien aux associations, pour l'équipement en matériel nécessaire aux activités d'appui aux micro et petites entreprises.

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1-2-1-5- Autres programmes de coopération et de partenariat

Les autres programmes ayant pour but de compléter l'activité et les moyens de l'AMAPPE sont en négociation. La ligne directrice des discussions est toujours la même : recherche de pérennité et réalisation de ses objectifs. Ceci concerne principalement les relations entretenues avec l'IDNS (Institut de développement Nord Sud, bureau de Rabat), pour des actions dans le domaine associatif; avec Migrations et développement (France); pour des actions en faveur de la création d'entreprises par des résidents marocains à l'étranger; et avec le CNJA (Conseil national de la jeunesse et de l'avenir), pour des actions de formation, d'information et de recherche dans le domaine du financement de la vie économique des petites entreprises marocaines.

1-2-2- Pérennité juridique

La recherche de pérennité juridique est concrétisée par plusieurs actions :

- Recherche/action avec le CNJA (cf. III. ACTIVITES COMPLEMENTAIRES)
- Participation au programme de développement structurel des associations PME, initié par Dyna-PME (voir plus haut)
- Participation et codirection des travaux de formalisation du GONG (voir plus haut).

1-3- PROGRAMMES SPECIFIQUES

1-3-1- Etude des secteurs touristique et textile

Programmes conclus le 22 mars 1994 entre AMAPPE et PROYECTO LOCAL dans le cadre de la Convention de coopération et de partenariat signée entre les deux parties le 25 février 1994.

1-3-1-1- Objectifs des programmes

1. Etude approfondie des secteurs touristique et textile afin de conseiller et de travailler dans ces secteurs avec des micro et petites entreprises en création ou en développement.
2. Phases préliminaires à des actions à entreprendre dans ces deux secteurs.
3. Les conclusions des rapports finaux ont été présentées lors d'une réunion des deux partenaires et de personnalités concernées par le sujet, le 28 octobre 1994 à Rabat.

Les suites à donner feront l'objet de programmes spécifiques.

1-3-1-2- Secteur textile

Intervenants: Experts du Groupement de Recherche sur l'Industrialisation et la Technologie (GRIT).

Conclusions:

- Intégrer la qualité dans le travail des micro et petites entreprises
Idées: Initier un centre d'assistance textile
Créer une dynamique de réseau
- Développer à l'AMAPPE une compétence particulière dans le domaine textile.

1-3-1-3- Secteur tourisme

Intervenants: Experts du Centre d'initiatives et de recherches sur la Méditerranée (CIREM, Barcelone) et un membre du Conseil d'administration de l'AMAPPE.

Conclusions:

- Intégrer la qualité dans le travail des micro et petites entreprises
- Définition des réalités du projet : groupement de professionnels marocains (réunis par AMAPPE) et catalans (réunis par PL).

1-3-2- Promotion de l'entreprise féminine

En février 1994, un travail de recherche-action a été initié au sein d'AMAPPE par les adhérentes disponibles, afin de proposer un programme de travail destiné à analyser les particularités des porteurs de projet féminins et du montage de micro et petites entreprises par des femmes. Le but final de cette étude est la mise en place d'une structure adaptée à l'accompagnement de projets féminins.

Dans ce cadre, la *cellule femmes* de l'association a élaboré une stratégie et un plan d'action à proposer au cofinancement à nos partenaires. Plusieurs partenaires dont la Fondation Friedrich Ebert et Proyecto Local sont sensibles à cet aspect du développement des micro et petites entreprises. L'engagement de notre partenaire espagnol est à concrétiser en 1995 par le recrutement d'une personne chargée spécifiquement de ce projet.

Des contacts ont été pris et entretenus avec la responsable du programme Dyna-PME "Intégration de la femme aux affaires", mis en place au Centre de l'Entreprise du Maroc à Casablanca.

Préalablement au recrutement d'une femme au poste de conseiller d'entreprises, le 1er janvier 1995, c'était sur rendez-vous que l'AMAPPE proposait une écoute féminine (assurée par ses membres), aux personnes qui le désiraient.

1-3-3- Participation à la formation des cadres des associations de jeunes entrepreneurs

Dans le cadre du renforcement institutionnel des associations à caractère économique, une rencontre a été organisée par l'IDNS (Institut de développement Nord Sud), Dyna-PME USAID et la Fédération des associations de jeunes entrepreneurs du Maroc, du 23 au 25 avril 1994. Les thèmes abordés - cadre institutionnel, gestion et finances d'une ONG - ont sensibilisés une cinquantaine de responsables d'associations marocaines. M. Zana, alors trésorier de l'AMAPPE, a animé avec deux permanents le volet consacré aux financements des associations.

Objectifs de la rencontre:

- Promouvoir les actions associatives pour engager une réflexion sur leurs conditions de travail
- Permettre aux responsables des ONG à caractère économique de mieux appréhender leur cadre de travail
- Mettre en relief les forces et limites des choix associatifs, ainsi que les défis internes et externes posés aux associations
- Dégager les besoins quant au renforcement institutionnel des associations.

1-3-4- Coopération avec Migrations et développement local

Migrations et Développement Local, association marocaine créée en 1994, a pour but la promotion du développement local des régions d'origine des RME. Cette association et fédération d'associations villageoises, a bénéficié d'un soutien de la part de l'AMAPPE depuis sa création. Le partenariat entretenu avec M&DL depuis juillet 1994, porte sur la mise à disposition de locaux rue d'Oujda, de partage de connaissance et d'expériences.

2. REPONSES AUX RECOMMANDATIONS DE L'AG DU 28 MAI 1994

Au cours des débats qui ont eu lieu lors de l'Assemblée générale du 28 mai 1994, des recommandations et suggestions ont été formulées par les membres de l'association afin d'optimiser son fonctionnement et d'améliorer ses finances.

Des réponses sont apportées dans ce chapitre, aux questions qui n'ont pas été abordées ni précédemment, ni dans le rapport financier.

- 2.1. Abaisser les tarifs des services mis à disposition des porteurs de projet et jeunes entrepreneurs afin qu'ils soient respectés, et proposer des tarifs différents en fonction de l'adhésion ou non des bénéficiaires.

Réponse: Trop peu de bénéficiaires sont membres de notre association. un tarif *préférentiel* n'a donc pas été mis en place. Cependant, les tarifs de fax (service le plus utilisé) ont été revus. Ils sont maintenant respectés par tous.

Services	Anciens tarifs	Nouveaux tarifs
Fax - envoi Maroc	10 dh / page + 10 dh par minute	10 dh / page
Fax - envoi Afrique - Europe		10 dh / page + 10 dh / minute
Fax - envoi Asie - Amériques - Océanie		15 dh / page + 10 dh / minute
Fax - réception		1 dh / page

- 2.2. Mettre en place un système d'information continue par répondeur téléphonique

Réponse: Le budget nécessaire à un tel système serait débloqué en 1995 (coopération Proyecto Local).

- 2.3. Prise en charge des relations avec la presse par une équipe de bénévoles.

Réponse: Cette équipe, réduite, est composée de A. Ait Haddout et L. Chavanat.

- 2.4. Etendre le nombre de membres du bureau à un chiffre supérieur à six, et étudier la mise en place d'une règle de renouvellement du Conseil d'administration par partie.

Réponse: Le Conseil ayant étudié cette proposition d'un membre de l'Assemblée, a manifesté son intérêt pour le renouvellement annuel par partie des membres. La mise en place d'une telle mesure nécessitant une modification des termes des statuts, les administrateurs proposeront aux membres de se réunir en Assemblée générale extraordinaire lors de la réunion de l'Assemblée générale de janvier 1996.

Quant à la seconde proposition, le Conseil d'administration souligne l'efficacité du travail d'une équipe de six personnes.

3- ACTIVITES COMPLEMENTAIRES

3-1- Recherche de coopération et partenariat avec le CNJA

Comme suite à une rencontre des associations à caractère économique avec le CNJA, des contacts formels et réguliers ont été établis entre l'AMAPPE et cette institution.

Jouissant de cette nouvelle "reconnaissance", l'AMAPPE a proposé au CNJA de réaliser en partenariat des actions concrètes au profit des porteurs de projet d'entreprise et des petits promoteurs dans les quatre domaines suivants :

1. Formation des porteurs de projet et des jeunes entrepreneurs, et information des porteurs potentiels de projet d'entreprise.
2. Dynamisation de la vie des associations à caractère économique.
3. Recherche sur le financement des PME et des associations
4. Suivi de micro et petites entreprises dans leurs premières années d'activité

Une proposition d'accord de coopération sera soumise au CNJA.

Dans le cadre de ces relations qui se renforcent, l'AMAPPE a participé, en janvier 1995 aux travaux préparatoires et à la IV^{ème} session du CNJA.

3-2- Opération de parrainage avec l'association PARENE

Contactée en mai 1994 par l'association française PARENE (Parrainage et Réseaux pour les Nouvelles Entreprises), l'AMAPPE proposera près d'une dizaine de micro et petites entreprises en création au parrainage de grandes entreprises françaises ou marocaines, lors d'une bourse de parrainage qui aura lieu en avril 1995. Cette rencontre sera organisée par PARENE et l'Association marocaine de gestion.

3-3- Action spécifique de création d'une structure d'accueil touristique

AMAPPE a participé en 1994 au montage d'un projet réunissant MADI, l'agence de voyages Tizi Randonnée et l'ONG espagnole SODEPAU. Ce programme est destiné à mobiliser des fonds afin de soutenir des petits projets économiques générateurs de richesses et d'emplois, initiés par des personnes issues de milieux défavorisés. Les premiers bénéficiaires de cet "investissement" seront les membres d'une famille de la vallée de Tachdirt (Haut Atlas) qui, avec Tizi Randonnée, réaliseront un gîte d'étape de randonnées de montagne. La réalisation de ce gîte commencera dès la fin de l'hiver 1994/95.

3-4- Séminaire sur les modes de financement des PME-PMI marocaines

Afin de répondre aux recommandations de l'Assemblée générale quant aux actions de lobbying vis à vis des institutions, notamment bancaires et ministérielles concernées par le développement de la PME, AMAPPE a organisé avec le concours de la Fondation Friedrich Ebert, en novembre 1994, un séminaire d'une journée sur les *Modes de financement des PME-PMI au Maroc*. Cette rencontre, rassemblant des décideurs de ministères, du CNJA, de banques, d'associations à caractère économique et d'autres institutions, a permis de créer des liens entre les différents intervenants et de provoquer des réflexions sur les obstacles au financement attendu par les micro et petits entrepreneurs.

3-5- Développement des relais

Depuis plus d'une année, l'AMAPPE entretient des relations privilégiées avec des personnes physiques ou des organisations qui peuvent être des *relais* de notre action dans différents lieux du Maroc. Ces relations sont primordiales pour le développement des micro et petites entreprises car les sources d'informations sont plus rares dans les zones rurales et les zones urbaines éloignées de la région Rabat - Casablanca.

1. Dans la province de Figuig, à Tandrara, l'ACAET (Association des Cadres et anciens élèves de Tandrara), association de développement local, a développé un service d'aide à la création de micro et petites activités génératrices d'emplois et de richesses. Plusieurs projets sont maintenant suivis par la permanente chargée de cette mission. Cette dernière est en contact régulier avec l'AMAPPE.
2. Dans la région de Meknès, à Agourai, l'association Al Jaouhara pour le développement et la coopération soutien des projets de création d'entreprises. Deux membres de cette association ont suivi le cycle de formation de l'AMAPPE afin de transmettre l'information aux porteurs de projets qu'ils accueillent.
3. A Fès, l'AMAPPE est en relation avec l'AMASF (Association Amis sans frontière) qui reçoit des jeunes issus de milieux défavorisés. L'AMAPPE a suivi cette année trois projets identifiés par l'AMASF. Les six femmes porteuses de ces projets ont suivi le cycle de formation.
4. A Rabat, l'ASJE, en contact permanent avec notre association, reçoit pour conseiller des jeunes promoteurs en phase de réalisation de leur projet.
5. A Khémisset, l'AJEK, comme l'ASJE à Rabat, conseille des jeunes porteurs de projet d'entreprise.
6. A Casablanca, l'AMAPPE est en relation avec le Centre de l'entreprise de Maroc.
7. A Tahanout, dans le Haut Atlas de Marrakech, une ancienne bénéficiaire des services de l'AMAPPE oriente des porteurs de projet.
8. A Beni-Mellal, une mécanicienne, jeune chef d'entreprise, ancienne bénéficiaire des services de l'AMAPPE, reçoit et conseille des jeunes promoteurs.
9. De plus, le Président de la très récente association des jeunes entrepreneurs de Taza a sollicité l'AMAPPE pour transmettre son savoir-faire et des informations à son entité.

3-6- Suivi d'étudiants et accueil de stagiaires

Au premier semestre 1994, trois étudiants en sciences économiques de la faculté de Rabat ont rédigé leur mémoire de licence sur le travail de l'AMAPPE.

Les demandes des étudiants concernant les sujets de mémoire et le suivi de leurs travaux ayant fait l'objet d'une discussion au sein du Conseil d'administration, sont maintenant confiés à la vice-présidente, Mme Balenghien, par ailleurs professeur d'université.

Au mois d'août 1994, une stagiaire française suivant une licence d'arabe et un magistère de communication à Paris, a effectué à l'AMAPPE un stage de quatre semaines afin de moderniser les documents de présentation et de promotion de notre association.