



Morocco New Enterprise Development (NED)



Project Accomplishment Completion Report 1992-2000

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ACRONYMS

ACAPE	Moroccan Association of Association Managers (Association des Cadres des Associations Professionnelles a Caractere Economique)
AMITH	Textile and Garment Association
ASAE	American Society of Association Executives
BSS	Business Support Services component
CAE	USAID/Mali Centre Agro-Enterprises project
CEM	Centre de l'Entreprise du Maroc
CFE	One-Stop Business Registration Centers (Centre de Formalités des Entreprises)
CGCA	Centers for Approved Management Accounting (Centres de Gestion de Comptabilité Agréés)
CGEM	General Confederation of Moroccan Enterprises
CIPE	Center for Private International Enterprise
COSIFE	Commission for the Simplification of Business Formalities (Commission
COSIFORME	Simplified Tax Forms, and the Commission on Business Simplifications)
COTR	Contracting Officer's Technical Representative
FAJEM	Federation of Young Entrepreneur Associations
FCCISM	Federation of Moroccan Chambers of Commerce
FIN	SME Financing component
FSA	Fonds de Soutien aux Associations
GOF	Official guide of business creation and start-up formalities (Guide Officiel des Formalités relatives à la Création et au Démarrage des Entreprises)
GOF	Official Guide of Business Formalities
GOM	Government of Morocco
NED	New Enterprise Development (Dyna-PME in French)
NGO	Nongovernmental Organization
OAR	Organizational and Administrative Reform component
OST	Observation Study Tour pour la Simplification des Formalités Afférentes aux Entreprises)
RCC	Moroccan Central Business Registry
SME	Small- and medium-sized enterprise
USAID	U.S. Agency for International Development

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We would also like to thank our Moroccan partners, the consulting firms F.O.C.S., PKF MCA & Associates, and SAGMA for their dedication to NED's goals and their substantial contributions to NED's achievements.

Most importantly, we would like to offer a special thanks to the thousands of Moroccan entrepreneurs, as well as the experts and managers in private companies and associations and chambers of commerce throughout Morocco, who were responsible for NED's most notable successes. NED was about stimulating and strengthening Moroccan small- and medium-sized businesses, and you were the reason for which we diligently worked over the past eight years. Your unceasing commitment to improving Morocco's small business environment will ensure NED's lasting impact.

Executive Summary

The New Enterprise Development (NED) project was part of USAID/Morocco's overall strategy in the 1990's to help the Government of Morocco liberalize its economy and open up private sector opportunities to the general population.

Conceived by USAID/Morocco and the Moroccan Ministry of Economic Affairs and Privatization (now the Ministry of General Government Affairs), and implemented by Chemonics International Inc., NED was designed to increase employment and output through the development of the small- and medium-sized enterprise (SME) sector. From 1992 to 2000, the project put into place programs designed to reduce the barriers to entry for *new entrepreneurs* and to facilitate the expansion of *existing* small- and medium-sized businesses.

The NED project focused on achieving three primary outcomes:

1. Reformed procedures, codes, laws, and policies related to the creation and expansion of SMEs
2. Strengthened private sector capacity to provide business support services
3. Increased access to SME financing

To achieve these results, NED applied several complementary approaches throughout its eight years of implementation. The approaches were:

- Integrated, with reform, business support services, and SME financing initiatives
- Business-like, based on demand- and market-driven products and services
- Participatory and consensus-building, to create win-win strategies and lasting partnerships
- Capacity-building, favoring and highlighting the existing capacity in Morocco
- Decentralized, reaching out to SMEs and their service providers throughout Morocco (outside the Casablanca-Rabat corridor)
- Local private sector, to maintain SMEs as the center of NED's focus and favor local SME involvement
- Solution-oriented, aimed at sustainable impacts



A cash flow analysis training course for consulting firms in Tanger using a Moroccan trainer demonstrated NED's complementary, integrated approaches.

Project Achievements

NED achieved significant results in all of the above areas. Most importantly, NED was instrumental in fostering a new SME culture in Morocco that placed SMEs, and business support organizations, rather than the Government itself, at the center of attention. NED played a significant role in Morocco from 1992 to 2000 in helping to focus public and private sector attention on the importance of SMEs, and in centering the public discussion on improving SME performance through best business practices and a dynamic business services environment. USAID's initial approach assumed that NED would be building institutions and programs on a supposedly existing foundation of common language, good will, and best practices. Instead, NED ended up laying the foundations on which these institutions and programs can be built.

NED fostered a common language for discussing SMEs, introduced participatory methodologies for building consensus, catalyzed public-private dialogue on SME issues, promoted best practices through an existing supply of business support organizations and consultants and trainers, strengthened the capacity of scores of private business service providers, introduced innovative SME loan guarantee mechanisms, and helped improve the performance of hundreds of SMEs.

It is on this NED-based foundation that even more important reforms, results, and impacts will be produced to help SMEs thrive and prosper in Morocco.

Improved Business Environment

NED streamlined and simplified business registration procedures, as well as other government formalities related to SMEs, and introduced a new system for providing up-to-date, reliable business information. It is estimated that key reforms in these areas developed by NED, and now being implemented by the Ministry of Industry, Commerce and Artisanry, will produce the following impacts :

- Increase Morocco's GDP by 2.3 percent per year, or an annual gain of roughly 7.34 billion dirhams (approximately \$750 million)
- Increase tax revenues by more than 2 billion dirhams (\$200 million) annually
- Increase exports by more than 1 billion dirhams (\$100 million) annually
- Increase employment by 2.8 percent per year, an annual gain of approximately 31,100 jobs

Notably, NED computerized the Moroccan Central Business Registry (RCC), which decreased the time for business name



NED's assistance in computerizing the Central Business Registry's database turned this office into a model for business-friendly government services.

registration, the first step in the business creation process, from 48 hours to 15 minutes. This computerized database allowed the RCC to decentralize its services, and now allows business creators to register their enterprises in any major Moroccan city. Efforts are underway to place this service on the Ministry of Industry's Web site. The RCC computerization now serves as a model in Morocco for e-government initiatives and the private provision of public services.

Another NED-initiated administrative reform was the development of simplified tax forms for small businesses. This straightforward reform has been incorporated into the National Tax Authority's overall fiscal reform program. It is estimated that these forms will enable SMEs to gain some \$3 million per year in time savings and increased business activity, while the Government of Morocco will gain more than \$4 million per year in time savings and increased revenues.

At the same time, NED strengthened the institutional capacity of leading Moroccan business, trade, and economic development associations so that they could better represent their members' interests. These organizations now advocate and lobby actively for an improved business environment. A new law to give these associations more financial flexibility and certain tax deductions was drafted by NED and is currently being reviewed by the Government and Parliament.

Finally, NED's reform efforts culminated in the drafting of a comprehensive SME development strategy, the *SME White Paper*. NED coordinated this participatory process in which more than 60 leading private and public sector specialists participated and contributed. The consensual *SME White Paper* then served as the basis for NED experts to draft the first Moroccan SME Framework Law. The draft law is now under review by the Government and Parliament, and will lead to substantial administrative reforms in favor of SMEs over the next few years.

When compared with the Chemonics contract funding of \$10 million over 8 years, these benefits provide an enormous return on investment, and this applies to only one element of project benefits.

Strengthened Private Sector Capacity

NED developed an informal national network of consulting firms, associations, chambers of commerce, and business trainers that is now capable of selling modern business consulting and training services to SMEs throughout Morocco. Notably, NED introduced these business support organizations and specialists to such proven tools as business planning and interactive adult training.

NED trained more than 260 consultants in some 55 consulting firms in 12 cities and towns throughout Morocco. These firms, which work with more than 3,500 SMEs, are now capable of preparing modern business plans, marketing studies, diagnostics, and cash flow analyses, and negotiating on behalf of their clients with commercial banks. More than 30 of these firms currently sell such consulting services to SME clients.

NED also trained more than 250 managers and training specialists in some 30 chambers of commerce and business associations in 26 cities and towns throughout Morocco. These business

support organizations are now capable of identifying their members' training needs, organizing management trainings with private Moroccan trainers, and evaluating training results. With NED assistance, 21 of these associations and chambers of commerce provided management training courses — on a for-fee basis — to nearly 1,900 entrepreneurs, of which 20 percent were women.

Improving the quality and marketability of business training in Morocco also required enhancing the skills of Moroccan business trainers. NED trained 72 trainers in modern, interactive, adult training techniques. At least 15 of these trainers continue to sell their training expertise to public organizations as well as private companies.

As a direct result of this capacity-building initiative, 90 Moroccan SMEs that purchased consulting and training services from NED-supported business support organizations generated the following impacts over an 18-month period:

- \$8.8 million of new SME investments
- \$11.3 million in projected first-year revenues
- 627 new jobs
- 74 new small enterprises



The woman owner of this clothing business in Ksar El Kebir expanded sales by 50%, hired 4 new employees, and formalized her business as a result of ideas she gained through NED.

Increased Access to SME Financing

The greatest challenge remains in the area of SME financing. NED designed and initiated an innovative working capital loan guarantee facility, Oxygene, in collaboration with a private credit guarantee corporation, Dar Ad-Damane. This pilot guarantee fund of \$5 million has been in place for one year, and modifications to eligibility criteria are required before it can achieve its expected impact.

Once fully operational, it is estimated that the current \$5 million Oxygene fund will assist approximately 1,250 SMEs and enable them to access more than \$40 million of working capital credits from the Moroccan banking system.

Why We Were Able To Achieve Lasting Results

NED employed a number of complementary and overlapping approaches that proved to be highly effective in maximizing project outcomes and ensuring sustainability. Most of all, these approaches underscore the importance of recognizing the interests of public and private stakeholders involved in SME development, and of identifying and supporting their common aims. Only by getting people in the business and government to work together was NED able to achieve lasting impacts for Moroccan SMEs. These approaches highlight key lessons that will be of use to future projects.

1. *An integrated approach was instrumental in creating synergies and lasting alliances among the various players in the SME arena.*

This integrated approach allowed everyone involved to gain a comprehensive appreciation of the key constraints, both internal and external, to SME development. We developed practical responses for needed reforms, business support services, and SME financing that informed and reinforced one another and maximized project outcomes. This approach allowed us to modify and adapt our efforts when activities in the different components progressed at different rates. Most importantly, this approach created new opportunities for cooperation, collaboration, and partnerships among NED's partners and clients.

As Kamal Sebti, the NED COTR, wrote in a memo to the USAID/Morocco Economic Growth Division Chief on December 18, 1997:

“We cannot split SME development between policy reform and business support services, or between policy reform and financing. Our previous experiences showed clearly that this is not a relevant approach (the training side was under the “Training for Development” project; the policy reform was under the DSTS and the financing was under some specific credit lines such as PL480 Section 108, Prefinancing and some loan guarantee funds such as the Loan Portfolio Guarantee and the Loan Guarantee Fund...). The current integrated approach of the NED project that emphasizes the synergy between policy reform, business support services, and financing has undeniably an edge over the old approach. Indeed this approach is complying with the budgetary constraint because it enables us to do some substantial cost-savings; furthermore it permits us “to do more with less” because we are reaching more significant results with lower financial resources.”

2. *A business-like approach to NED implementation made NED a more efficient and effective catalyst for SME development and focused its partners, clients, and beneficiaries on lasting results and impacts.*

The NED team designed and implemented all of its activities as if they were business products and services, and as if NED's public and private sector partners were target markets and clients. This ensured that NED remained focused on providing or adding value, and that NED's partners,

clients, and beneficiaries also shared that same view of NED's technical assistance and training efforts. This business approach to SME development incorporated a number of key market and business principles:

- *Demand-driven* — NED liked to say that it worked *only with dynamic partners* and clients, those who demanded services, products, assistance, and training, and were willing to invest their time, energy, and money in the initiative. For SME beneficiaries, this meant that they always paid at least some portion of the real costs of the consulting or training services provided. Nothing was for free.
- *Market-driven* — NED offered technical assistance, training, and support that the government and private sector expressly requested to respond directly to the needs of SMEs. When there was not yet a developed market, NED designed efforts aimed at stimulating the market, but which did not distort or diminish best business practices.
- *Practical* — NED focused on actions that were practical, concrete, and feasible, and most importantly, useful for SMEs. NED insisted with partners and clients on trying to quantify results and measure impacts, so as to highlight the utility of each effort.
- *Flexible and adaptive* — NED experimented constantly, testing new products and services with its public and private partners. As initiatives and markets evolved, NED drew lessons from each experience, generalized its efforts and results, and expanded its outreach. NED was able to achieve lasting results with its public and private sector partners because it was flexible and able to adapt its designs and implementation strategies.
- *Quality* — Through trainings, workshops, and results-driven support, NED identified quality consultants, trainers, association and chamber managers, and government officials who were willing and eager to improve their products and services. NED focused on the bottom-line, and targeted its energies and resources on supporting those quality partners and clients. NED provided them with consulting guides, checklists, and training manuals to ensure uniform quality standards.
- *Consistent, systematic messages* — NED systematically disseminated its practical approach through repeated, positive, targeted messages. This consistent marketing effort helped create a new small business language in Morocco consisting of such terms as: *dynamic enterprises, business plans, keys to success, best business practices, modern management, business-government dialogue, and win-win reforms.*
- *Indirect financial incentives* — NED responded to the demands of dynamic SMEs by underwriting some portion of the costs of consultancies (to the consulting firm) or trainings (to the association or chamber). In effect, NED underwrote the cost of business information that SMEs were willing to pay for. NED never provided subsidized credit, or cheap rental space, or other direct subsidies that would have distorted the SME's balance sheet and made it less competitive. In the same way, NED provided grants to associations and chambers that manifested a real interest and

commitment. The effect was that small amounts of financial incentives or grant funds had great effect on leveraging other resources, especially human, and in helping NED's partners and clients produce meaningful and lasting results.

3. *A participatory, consensus-building approach built sustainable partnerships among Moroccans who continue to collaborate and share the benefits from their association with NED.*

NED brought together a large number and variety of partners and clients who previously had no idea that other organizations and specialists with similar goals and interests in SMEs existed in Morocco. NED encouraged them to work together with participatory, consensus-building methodologies that helped them articulate common objectives, action plans, and concrete, practical results. Most importantly, these collaborative efforts helped both private and public entities identify win-win strategies so that everyone would enjoy explicit and clear benefits.

NED listened to and served these clients and partners, and showed them that listening well to one's clients and constituents is the basis for effective and lasting partnerships. These working tools enabled numerous organizations and individuals to build a common base for significant and lasting achievements that continue to serve SMEs.

4. *A capacity-building approach defined NED's fundamental role as a catalyst and facilitator.*

From the outset NED recognized that significant organizational and human capacity already existed in Morocco in SMEs, business support organizations, associations and chambers, as well as in Moroccan ministries. In turn, NED defined its primary role as that of a catalyst, focusing its efforts on supporting, strengthening, and consolidating local capacity rather than on building institutions. NED's efforts emphasized the transfer of consensus-building reform methodologies, modern business tools and skills, and training of trainers to dynamic partners, so that Moroccans would have the capacity to continue to perform the required work themselves.



NED brought association leaders from around Morocco to the Figuig Province to learn how dynamic community development associations were promoting and supporting small business.

5. *A decentralized approach that reached out to SMEs and their service providers throughout Morocco ensured that a maximum number of partners and clients were served.*

Rather than targeting one or two institutional partners in Casablanca and Rabat, NED adopted a decentralized, regional approach. We traveled throughout Morocco to gain an understanding of SME needs from regional and local perspectives. By working outside Casablanca-Rabat, we effectively reached USAID's strategic objective of helping entrepreneurs who are below median income.

In primary, secondary, and tertiary cities and towns in every region of Morocco (outside the Casablanca-Rabat corridor), we identified a large number of exceptionally qualified and motivated business experts and organizations, including dynamic local government officials. These regional partners were previously unrecognized or ignored, and initially government officials in Rabat said there was no one to work with “out there.” NED supported them with training and technical assistance, and promoted their skills and dynamism to local SMEs as well government partners. NED effectively demonstrated that SME business support capacity exists and can thrive everywhere in Morocco.

We believed strongly in our Moroccan partners and we treated them with respect and confidence. Through hard work and demanding requirements we encouraged and supported their growth.

In the end this national outreach effort was catalytic in highlighting local capacity and in building synergies and lasting partnerships among SMEs, associations, chambers of commerce, consulting firms, and local and regional government authorities. These experts and government authorities continue to collaborate on national, regional, and local SME development projects.

6. A local private sector approach, involving Moroccan private sector experts and SMEs in all phases of NED’s implementation, ensured that improving SME performance remained the central focus of NED, and that the private sector took ownership of NED’s objectives and methodologies.

NED adhered strictly to the principle of being a project of and for Moroccan SMEs, implemented principally by the Moroccan private sector. NED worked closely with Moroccan business experts, economists, lawyers, bankers, accountants, and trainers in all phases of every NED activity, from facilitating focus groups, to identifying priority policy issues, to conducting policy analyses and formulating reforms, to computerizing the RCC, to implementing association grants and providing training.

When NED required expatriate short-term technical assistance, foreign experts were always teamed with local counterparts to ensure technology transfer. Subsequently, NED used the Moroccan experts almost exclusively for the follow-on work.

The use of Moroccan private sector expertise placed the emphasis of the project on SMEs as the primary beneficiaries, and not the Government of Morocco. This approach helped change the government’s view of itself from one of provider and controller of SME activity, to that of SME supporter and enabler. This also ensured that all of NED’s initiatives were guided by Moroccan insights and grounded in the Moroccan reality, and thus NED avoided any major missteps or misunderstandings.

These scores of Moroccan experts and firms took ownership of NED’s objectives, methodologies, and tools; their ongoing use and marketing of these skills in the Moroccan SME marketplace ensure NED’s lasting success.

7. *NED recognized that impact alone is not sufficient, that it must also be sustainable to have lasting effect, and that sustainable impact can be achieved in many more ways than just institutional development.*

NED's experiences showed that impacts and sustainability must occur together to have a lasting effect. NED found that many project activities have impact on clients and beneficiaries during the life of the project, but attention must be paid from the outset to sustainability if the impact is to continue beyond the life of the project. For example, sustainable impacts, those that extend beyond the life of the project, occurred when products and services were sold in the market; when government agencies involved private sector advisors and firms in their reform efforts; and when laws, systems, and procedures were streamlined, simplified, and made more business friendly.

Following are some of the ways that NED produced sustainable impacts:

- *Products* — business plans, interactive management trainings, a National Directory of Business Associations, and the Oxygene loan guarantee fund are examples of products that have become industry standards and are being sold to SMEs.
 - *Institutional Capacity* — associations, chambers of commerce, consulting firms, banks, and government ministries and agencies have improved their management and systems, and increasingly offer for-fee services.
 - *Processes* — the General Legal Framework for Business-Government Relations mandates specific criteria, processes, and operating procedures for government agencies and officials dealing with private sector organizations; the Special Legal Statute for Economic Associations increases associations' financial independence and viability.
 - *Procedures* — the One-Stop Business Formalities Centers (CFE), the Official Guide of Business Formalities (GOF), Simplified Tax Forms, and the Commission on Business Simplifications (COSIFORME) now regulate, delimit, and streamline administrative procedures for businesses to follow.
 - *Systems* — the Small Business Information Unit (Observatoire), Central Business Registry (RCC), and Approved Management Accounting Centers have established formal, official systems for producing business information and approving business registration applications and tax statements.
 - *Human Resources* — trainers, consultants, chamber and association managers, bankers, and government officials trained by NED continue to use and promulgate interactive and participatory methodologies.
8. *USAID's persistence, patience, and a willingness to engage in serious policy dialogue were essential to achieving NED's intermediate results.*

Although NED was designed with a clear vision, explicit objectives, and adequate resources to accomplish its goals, its ultimate success depended on USAID's unwavering, long-term support. Pursuing business reforms, be they legislative, regulatory, administrative, or procedural, required persistence and patience, as well as a clear and consistent message that reform is important to the U.S. Government. USAID gave NED the time to produce sustainable results, and actively and emphatically supported NED-initiated reform proposals. With a participatory approach, a win-win philosophy, and strong backing from USAID guiding all reform initiatives, NED was able to convince government partners to stay the course. Reform proposals initiated by NED as far back as 1995 are now being implemented by the government.



Governor Alami Zbadi of Figuig, USAID Director Michael Farbman, and Secretary General Lhassan Belkoura of the Ministry of Economic Incentives (center, background), seen here visiting a small, women-owned beauty school in Bouarfa, were active supporters of NED and key to NED's sustainable impact.

Sommaire exécutif

Le projet de promotion et de soutien aux petites et moyennes entreprises (New Enterprise Development – NED, ou Dyna-PME en français) s'est inscrit dans la stratégie d'ensemble de l'USAID dans les années 90 afin d'appuyer le gouvernement marocain dans la libéralisation de son économie et l'ouverture du secteur privé et de ses opportunités au grand public.

Conçu par l'USAID-Maroc et le ministère marocain des Affaires économiques et de la privatisation (aujourd'hui ministère des Affaires générales du gouvernement) et mis en œuvre par Chemonics International Inc., ce projet a été formulé pour renforcer l'emploi et la production par le biais du développement du secteur des petites et moyennes entreprises (PME). De 1992 à 2000, le projet a mis en place des programmes visant à atténuer les obstacles entravant la création de *nouvelles entreprises*, tout en facilitant l'expansion des *PME existantes*.

Le projet Dyna-PME s'est axé sur l'accomplissement de trois éléments:

1. Réforme des procédures, codes, lois et réglementations applicables à la création et à l'expansion des PME
2. Renforcement de la capacité du secteur privé pour assurer la prestation de services de soutien aux entreprises
3. Ouverture de l'accès au financement des PME

Pour ce faire, Dyna-PME a mis en œuvre plusieurs démarches complémentaires, au fil de son exécution, sur huit ans, plus précisément:

- Intégration, dans la réforme, de services d'appui aux entreprises et des initiatives de financement des PME
- Produits et services proposés, dans une optique commerciale, selon la demande et le marché
- Participation et renforcement du consensus, en vue de produire des stratégies à la satisfaction des parties et des relations durables
- Renforcement des capacités, favorisant et valorisant les capacités marocaines existantes
- Décentralisation, sollicitation des PME et de leurs prestataires de service sur tout le territoire marocain (en dehors du couloir Casablanca-Rabat)



Dyna-PME a présenté son approche intégrée et complémentaire à travers des formations telle que "L'analyse de trésorerie et de cash-flow" animée par un formateur marocain pour les cabinets-conseils de Tanger.

- Secteur privé local afin de conserver les PME au cœur de l'axe de Dyna-PME et de favoriser la participation des PME locales
- Orientation axée sur les solutions afin d'obtenir des aboutissements durables.

Réalisations du projet

Dyna-PME est parvenu à d'importants résultats dans tous les domaines figurant ci-dessus, et surtout, Dyna-PME a rempli un rôle déterminant dans la promotion d'une nouvelle culture des PME au Maroc, prenant ces dernières et les organisations leur apportant un appui commercial pour centre d'attention, et non plus le gouvernement lui-même. Dyna-PME a endossé d'importantes fonctions au Maroc de 1992 à 2000 en amenant les secteurs public et privé à prendre conscience de l'importance des PME: il a recentré le débat public sur l'amélioration de la performance des PME grâce à des pratiques commerciales exemplaires et à un environnement dynamique de services aux entreprises. Selon la démarche initiale de l'USAID, Dyna-PME renforcerait les institutions et les programmes à partir d'une base censée exister au préalable, composée d'une langue commune, un crédit de bienveillance et des pratiques exemplaires. Au lieu de quoi, Dyna-PME a de fait dû créer les fondements mêmes sur lesquels ces institutions et ces programmes pourraient être érigés.

Dyna-PME a encouragé l'adoption d'une langue véhiculaire pour débattre des PME, introduit des méthodologies participatives pour assurer le renforcement des consensus, catalysé le dialogue public-privé sur les questions relatives aux PME, stimulé les pratiques exemplaires par le biais d'organisations d'appui aux entreprises existantes, d'experts-conseil et de formateurs, renforcé les capacités de dizaines de prestataires de services privés, présenté des mécanismes de garantie de prêts aux PME et appuyé l'amélioration de la performance de centaines de PME.

Et c'est à partir de ces fondements implantés par Dyna-PME que des réformes, des résultats et des incidences encore plus importants seront produits pour aider les PME à se développer et à prospérer au Maroc.

Un Environnement commercial amélioré

Dyna-PME a rationalisé et simplifié les procédures d'inscription des entreprises, et autres formalités officielles relatives aux PME. Dyna-PME a également introduit un nouveau système de prestation d'informations commerciales à jour et fiables. Selon certaines prévisions, les réformes fondamentales de ces domaines mises au point par Dyna-PME, et aujourd'hui mises en œuvre par le ministère de l'Industrie, du Commerce et de l'Artisanat, produiront les incidences suivantes:

- Augmentation du PIB marocain de 2,3% par an, soit un accroissement annuel de quelque 7,34 milliards de dirhams (environ 750 millions de dollars)



Grâce à l'aide de Dyna-PME pour l'informatisation du fichier central du Registre central de commerce, le RCC est devenu un modèle exemplaire de services administratifs orientés vers les entrepreneurs ("business friendly") au Maroc.

- Augmentation des recettes fiscales de plus de 2 milliards de dirhams (environ 200 millions de dollars) par an
- Augmentation des exportations de plus de 1 milliard de dirhams par an (environ 100 millions de dollars)
- Augmentation des emplois de 2,8% par an, soit un gain annuel de quelque 31.100 emplois

En particulier, Dyna-PME a assuré l'informatisation du Registre central du commerce marocain, permettant ainsi d'accélérer l'inscription des entreprises au registre du commerce, en l'occurrence la première étape du processus de création d'une entreprise, ce délai passant de 48 heures à 15 minutes. Cette base de données informatisée a permis au Registre central du commerce de décentraliser ses services et, aujourd'hui, les chefs des nouvelles entreprises sont en mesure d'inscrire leur société dans quelque grande ville marocaine où ils se trouvent. Une initiative est engagée afin de placer ce service sur le site Internet du ministère de l'Industrie. L'informatisation du Registre central du commerce constitue un modèle, au Maroc, d'initiative d'administration par voie électronique, et de la prestation par le biais du secteur privé de services publics.

La mise au point de formulaires fiscaux simplifiés, pour les petites entreprises, constitue une autre réforme administrative, lancée par Dyna-PME. Cette réforme élémentaire est incorporée dans le programme de réforme d'ensemble de la Direction des impôts. Selon les estimations, ces formulaires permettront aux PME un gain de quelque trois millions de dollars par an en économie de temps et en augmentation des activités commerciales, et de son côté, l'État marocain opérera un gain de plus de quatre millions de dollars d'économie de temps et d'augmentation des recettes.

Parallèlement, Dyna-PME a renforcé les capacités institutionnelles des plus grandes associations marocaines de développement d'entreprise, du commerce et de l'économie, pour les amener à mieux représenter les intérêts de leurs adhérents. Un texte de loi a été rédigé par Dyna-PME visant à accorder à ces associations une plus grande souplesse financière et certaines exemptions fiscales: ce projet de loi a été soumis pour étude aux pouvoirs publics et au parlement marocains.

Et enfin, les efforts de réforme de Dyna-PME ont abouti à la rédaction d'un projet de stratégie de développement exhaustif des PME, le *Livre blanc des PME*, et Dyna-PME a coordonné ce processus participatif auquel plus de soixante éminents spécialistes du secteur public et privé ont pris part et apporté leur contribution. Le Livre blanc des PME, ouvrage émanant d'un consensus, a ensuite constitué la base à partir de laquelle les experts de Dyna-PME ont rédigé la première loi-cadre, au Maroc, pour les PME. Ce projet de loi est aujourd'hui en cours d'étude auprès des autorités publiques et du parlement, et, dans les quelques années à venir, mènera à des réformes administratives de fond en faveur des PME.

Par rapport au financement du contrat de Chemonics International Inc. (10 millions de dollars sur huit ans), ces avantages constituent un rendement sur investissement d'importance, et il ne s'agit là que d'un élément des avantages du projet.

Renforcement de la capacité du secteur privé

Dyna-PME a mis au point un réseau national, officieux, de cabinets-conseil, d'associations, de chambres de commerce et de formateurs du monde des affaires, en mesure de proposer aux PME, contre rémunération, des services de formation et d'expertise-conseil modernes, dans tout le Maroc. Notamment, Dyna-PME a soutenu ces organisations et spécialistes du soutien aux entreprises à titre de moyens avérés de planification commerciale et de formation interactive destinée aux adultes.

Dyna-PME a assuré la formation de plus de 260 experts-conseils, de quelque 55 cabinets d'expertise-conseil de 12 villes, aux quatre coins du Maroc. Ces sociétés, qui collaborent avec plus de 3.500 PME, sont maintenant en mesure de préparer des business plans, des études de marketing, des diagnostics et des analyses de trésorerie, et en outre de négocier avec les banques commerciales, au nom de leurs clients. Plus de 30 de ces cabinets proposent leurs services d'expertise-conseil, contre rémunération, aux PME qui sont leurs clientes.

Dyna-PME a également assuré la formation de plus de 250 managers et spécialistes de la formation, auprès de quelque 30 chambres de commerce et associations commerciales de 26 villes, sur tout le territoire marocain. Ces organisations d'appui aux entreprises sont maintenant en mesure d'identifier les besoins en formation de leurs adhérents, d'organiser des sessions de formation en gestion proposées par des formateurs marocains, et d'en évaluer ensuite les résultats de formation. Avec l'assistance de Dyna-PME, 21 de ces associations et chambres de commerce ont assuré la prestation de cours de formation en gestion, contre honoraires, à quelque 1.900 chefs d'entreprise, dont 20% sont des femmes.

L'amélioration de la qualité et de la négociabilité de la formation commerciale au Maroc ont également exigé la valorisation des compétences de formateurs marocains en gestion. Dyna-PME a formé 72 formateurs aux techniques modernes, interactives et pour les adultes. Quinze d'entre eux, au minimum, continuent à monnayer leurs connaissances spécialisées en formation auprès des organisations publiques et d'entreprises privées.

En résultat direct de cette initiative de renforcement des capacités, 90 PME marocaines, acheteuses de services d'expertise-conseil et de formation auprès d'organisations d'appui commercial épaulées par Dyna-PME, ont produit les résultats suivants sur 18 mois:

- 8,8 millions de dollars de nouveaux investissements de PME
- 11,3 millions de dollars de recettes prévisionnelles en première année
- 627 nouveaux emplois
- 74 nouvelles petites entreprises



La propriétaire de cette petite entreprise qui confectionne des vêtements a augmenté son chiffre d'affaires de 50%, embauché 4 nouveaux employés, et enregistré son entreprise grâce aux notions qu'elle a apprises au cours des formations organisées par Dyna-PME.

Accès accru au financement des PME

La gageure la plus importante reste dans le domaine du financement des PME. Dyna-PME a conçu et lancé un mécanisme de garantie des prêts de fonds de roulement («Oxygène») en collaboration avec une société de garantie privée, Dâr Ad-Damâne. Ce fonds de garantie pilote d'un montant de 5 millions de dollars existe depuis un an, et avant qu'il ne puisse remplir les incidences escomptées, il faudra apporter des modifications à ses critères d'admissibilité.

Lorsqu'il sera intégralement opérationnel, selon les estimations le fonds Oxygène actuel, de 5 millions de dollars, pourra appuyer environ 1.250 PME et leur permettre d'avoir accès à plus de 40 millions de dollars de crédits de fonds de roulement provenant du système bancaire marocain.

Comment avons-nous été en mesure d'obtenir des résultats durables

Le projet Dyna-PME a adopté plusieurs démarches complémentaires et imbriquées qui se sont avérées extrêmement efficaces pour décupler les résultats du projet et en garantir la pérennité. Mais surtout, ces démarches soulignent l'importance de la prise de conscience des intérêts des parties prenantes, publiques et privées, investies dans le développement des PME, en outre de l'identification et de l'appui de leurs buts communs. Dyna-PME a été en mesure de dégager des incidences durables pour les PME marocaines uniquement en amenant les acteurs des secteurs public et privé à œuvrer de concert. Ces démarches mettent en exergue les enseignements principaux dont les projets futurs pourront tirer parti.

1. Une démarche intégrée a constitué l'élément fondamental de la création de synergies et de rapprochements durables entre les divers protagonistes du secteur des PME.

Cette démarche intégrée a permis à toutes les parties concernées de comprendre, profondément, les principales contraintes, tant internes qu'externes, entravant le développement des PME. Nous avons mis au point des réponses pratiques relatives aux réformes nécessaires, aux services d'appui aux entreprises et au financement des PME, imbriquées pour un renforcement mutuel et pour décupler les résultats du projet. Cette démarche nous a permis de modifier et d'adapter nos efforts selon la progression des différents volets, à des rythmes différents. Mais surtout, cette démarche a donné lieu à de nouvelles possibilités de coopération, de collaboration et de partenariat entre les partenaires et les clients de Dyna-PME.

Kamal Sebti, responsable du projet Dyna-PME à l'USAID, précisait dans sa note de service en date du 18 décembre 1997, adressée au chef de la division Croissance économique de l'USAID-Maroc:

« Nous ne pouvons scinder le développement des PME entre la réforme décisionnelle et les services d'appui aux entreprises, ni entre la réforme décisionnelle et le financement. Nos expériences précédentes nous ont clairement démontré qu'il ne s'agit pas là d'une démarche idoine (la formation relevait du projet « Formation pour le développement », la réforme décisionnelle du DSTS et le financement relevait, lui, de lignes de crédit spécifiques, par exemple la section 108 de PL480, Préfinancement et autres fonds de garantie des prêts tels que la Garantie de portefeuille de prêts et le Fonds de garantie des prêts). La démarche intégrée actuelle du projet Dyna-PME qui souligne la synergie entre la réforme décisionnelle, les services d'appui aux entreprises et le financement, présente à l'évidence un avantage par rapport à l'ancienne démarche. De fait, cette démarche s'inscrit dans les limites budgétaires car elle nous permet une économie importante de frais. En outre, elle nous permet de « faire davantage avec moins », puisque nous obtenons des résultats plus importants, avec des ressources financières moins importantes ».

2. *Une démarche professionnelle relative à la mise en œuvre de Dyna-PME a transformé ce dernier en un catalyseur efficace et efficient pour le développement des PME, et a permis de focaliser ses partenaires, ses clients et ses bénéficiaires sur des résultats et des répercussions durables.*

L'équipe du projet a conçu et mis en œuvre toutes les activités de ce dernier à l'instar de produits et de services commerciaux, en considérant que les partenaires des secteurs public et privé constituaient les marchés et les clients visés, garantissant ainsi que Dyna-PME resterait axé sur la prestation d'une valeur ajoutée, et que ses partenaires, clients et bénéficiaires partageraient la même optique des efforts d'assistance technique et de formation de Dyna-PME. Cette démarche professionnelle quant au développement des PME incluait un certain nombre de principes commerciaux et marchands:

- *Régi par la demande:* selon l'expression adoptée par Dyna-PME, ce dernier oeuvrait *exclusivement avec des partenaires dynamiques*, de même qu'avec des clients demandeurs de services, de produits, d'assistance et de formation, disposés à investir de leur temps, de leur énergie et de leur fonds dans cette initiative. Ce qui signifiait pour les PME bénéficiaires qu'il leur fallait régler une partie des coûts réels des services d'expertise-conseil ou de formation fournis. Tout service serait donc payant.
- *Régi par le marché:* Dyna-PME a offert l'assistance technique, la formation et l'appui expressément requis par les secteurs public et privé et répondant directement aux besoins des PME. En cas d'absence de marché développé, Dyna-PME a formulé des efforts visant à stimuler ledit marché, sans toutefois altérer ni rogner les pratiques commerciales exemplaires.
- *Pratique:* Dyna-PME s'est axé sur des mesures pratiques, concrètes et réalisables, et surtout, utiles pour les PME. Dyna-PME a vivement invité ses clients et partenaires à s'efforcer de quantifier les résultats et mesurer les incidences afin de mettre en valeur l'utilité de chaque effort.
- *Souple et adaptatif:* Dyna-PME a procédé en constance à des expériences, mettant à l'essai de nouveaux produits et services avec ses partenaires publics et privés. Au fur et à mesure de l'évolution de ses initiatives et des marchés, Dyna-PME a tiré les enseignements apportés par chaque expérience, pour généraliser ensuite ses efforts et ses résultats, et amplifier sa portée. Dyna-PME a été en mesure d'obtenir des résultats durables avec ses partenaires des secteurs public et privé en raison de sa souplesse et de son adaptabilité dans ses conceptions et ses stratégies de mise en œuvre.
- *Qualité:* par le biais de formations, d'ateliers et d'un appui axé sur les résultats, Dyna-PME a identifié des experts-conseils, des formations, des directeurs d'associations et de chambres de commerce, et des fonctionnaires de qualité, disposés et désireux d'améliorer leurs produits et leurs services. Dyna-PME s'est axé sur les résultats, en concentrant ses énergies et ses ressources sur l'appui auprès de ces partenaires et clients de qualité. Dyna-PME leur a apporté des fascicules d'expertise-conseil, des

listes-témoins et des manuels de formation pour garantir des normes de qualité uniformes.

- *Messages conséquents et systématiques*: Dyna-PME a diffusé sa démarche pratique de façon systématique par le biais de messages réitérés, positifs et ciblés. Cet effort de marketing conséquent a permis de créer une nouvelle expression des petites et moyennes entreprises, au Maroc, comprenant notamment les termes suivants: *entreprises dynamiques, business plan, clef du succès, pratiques commerciales exemplaires ("better business practices"), gestion moderne, dialogue entre les entreprises et l'Etat, et réformes positives pour tous.*
- *Incitations financières indirectes*: Dyna-PME a réagi aux requêtes des PME dynamiques en souscrivant à une partie des coûts des expertises-conseil (réglés au cabinet-conseil) ou des sessions de formation (réglés aux associations ou aux chambres de commerce). De fait, Dyna-PME a pris en charge les coûts de l'information commerciale que les PME étaient disposées à régler. Dyna-PME n'a jamais offert des crédits subventionnés, ni d'espaces de bureau à moindre coût, ni d'autres subventions directes pouvant altérer le bilan des PME et en amoindrir le caractère concurrentiel. De la même manière, Dyna-PME a fourni des financements aux associations et aux chambres manifestant un intérêt et un engagement réels: ainsi, des incitations financières d'un petit montant ou des financements ont permis de décupler d'autres ressources, notamment humaines, et d'aider les partenaires et les clients de Dyna-PME à produire des résultats utiles et durables.

3. *Une démarche participative, consensuelle a amené la constitution de partenariats durables, entre Marocains dont la collaboration se poursuit et qui mutualisent les avantages de leur association avec Dyna-PME.*

Dyna-PME a réuni un grand nombre, et un large éventail, de partenaires et de clients qui ignoraient jusque-là qu'il existait, au Maroc, d'autres organisations et spécialistes possédant des objectifs similaires et s'intéressant précisément aux PME. Dyna-PME les a encouragés à œuvrer ensemble, au travers de méthodologies participatives et consensuelles, leur permettant d'exprimer clairement leurs objectifs communs, leurs plans d'action, avec des résultats concrets et pratiques. Mais surtout, ces efforts collaboratifs ont permis aux instances publiques et privées d'identifier des stratégies intégralement positives, aboutissant à des avantages clairs et explicites pour tous.

Dyna-PME a été à l'écoute de ces clients et partenaires pour se mettre à leur service, tout en leur démontrant qu'une écoute de qualité des clients et des administrés constitue la base de partenariats effectifs et durables. Ces outils de travail ont permis à de nombreux d'organisations et de particuliers de réaliser une base commune pour des accomplissements durables qui restent utiles aux PME.

4. *Une démarche de renforcement des capacités a défini le rôle fondamental de Dyna-PME à titre de catalyseur et d'animateur.*

Dès le départ, Dyna-PME a constaté l'existence, au Maroc, de capacités organisationnelles et humaines importantes dans les PME, les organismes d'appui aux entreprises, les associations et les chambres de commerce, tout comme dans l'administration nationale. Dyna-PME a alors défini son propre rôle de catalyseur, en axant ses efforts sur l'appui, le renforcement et la consolidation des capacités locales et non pas principalement sur le renforcement des institutions. Les efforts de Dyna-PME ont mis en exergue, pour ses partenaires dynamiques, le transfert de méthodologies réformatrices consensuelles, d'outils et de compétences commerciales modernes et la formation de formateurs, pour que les Marocains possèdent les capacités pour poursuivre eux-mêmes le travail requis.



Dyna-PME a réuni plusieurs responsables d'associations de partout au Maroc dans la Province de Figuig pour leur faire mieux comprendre comment les associations de développement économique encouragent et soutiennent les petites et moyennes entreprises.

5. Une démarche décentralisée, ouverte sur les PME et leurs prestataires de services, dans tout le Maroc, garantissant une présence auprès d'un maximum de partenaires et de clients.

Plutôt que de ne viser qu'un ou deux partenaires institutionnels à Casablanca et à Rabat, Dyna-PME a adopté une démarche régionale et décentralisée. L'équipe du projet s'est déplacée dans tout le Maroc pour mieux comprendre les besoins des PME, d'un point de vue régional et local. En œuvrant en dehors de Casablanca-Rabat, Dyna-PME a de fait rempli l'objectif stratégique de l'USAID: aider les chefs d'entreprise dont les revenus sont inférieurs aux revenus moyens.

Dans les villes primaires, secondaires et tertiaires, et dans toutes les régions au Maroc (en dehors du couloir Casablanca-Rabat), Dyna-PME a identifié un grand nombre d'experts et d'organisations exceptionnellement qualifiés et motivés, y compris des fonctionnaires locaux dynamiques. Ces partenaires régionaux avaient jusque-là été méconnus ou occultés, et au départ, les fonctionnaires à Rabat déclarèrent qu'il n'existait personne avec qui l'on pouvait collaborer. Dyna-PME a appuyé ces experts, ces organisations et ces fonctionnaires dynamiques en leur apportant une formation et une assistance technique, pour ensuite promouvoir leurs compétences et leur dynamisme auprès des PME locales et des partenaires du secteur public. Dyna-PME a démontré clairement que le Maroc possède des capacités d'appui aux PME et qu'elles peuvent prospérer partout au Maroc.

Dyna-PME n'a jamais douté des capacités de ses partenaires marocains, leur accordant respect et confiance: il a encouragé et appuyé leur croissance par un travail d'arrache-pied et des critères exigeants.

Cet effort national d'action a constitué un catalyseur en soulignant les capacités locales et en dégagant des synergies et des partenariats durables entre les PME, les associations, les chambres de commerce, les cabinets d'expertise-conseil et les autorités publiques tant locales

que régionales. Ces experts et ces autorités publics poursuivent leur collaboration dans le cadre de projets de développement des PME, à l'échelon national, régional et local.

6. *Une démarche axée sur le secteur privé, local, avec des experts marocains du secteur privé et des PME, à toutes les phases de la mise en œuvre de Dyna-PME, garantissant que l'amélioration de la performance des PME resterait le point axial de Dyna-PME et que le secteur privé prendrait en charge les objectifs et les méthodologies du projet.*

Dyna-PME a appliqué à la lettre le principe de sa qualité de projet *pour et par les PME* marocaines, mis en œuvre principalement *par le secteur privé* marocain. Dyna-PME a œuvré étroitement avec des experts commerciaux, des économistes, des juristes, des banquiers, des comptables et des formateurs marocains dans toutes les phases de chaque activité du projet, allant de l'animation des groupes de réflexion, en passant par l'identification des questions décisionnelles prioritaires, la réalisation d'analyses décisionnelles, la formulation de réformes, l'informatisation du Registre central du commerce, jusqu'à la mise en place de dons pour les associations et la prestation de sessions de formation.

Certaines phases de Dyna-PME ont exigé une assistance technique de courte durée, assurée par des expatriés: ces derniers ont toujours été appariés avec des homologues locaux pour garantir un transfert technologique. Par la suite, Dyna-PME a eu recours, presque exclusivement, à des experts marocains pour les travaux de suivi.

Le recours aux connaissances spécialisées du secteur privé marocain a reporté l'axe du projet sur les PME à titre de bénéficiaires principales, et non pas l'État marocain. Cette démarche a permis d'amener les pouvoirs publics marocains à ne plus se considérer comme étant le prestataire et l'administrateur des activités des PME, mais comme le tenant et l'habilitateur des PME. Cette démarche a également permis de garantir que toutes les initiatives de Dyna-PME ont été pilotées par des connaissances approfondies marocaines, enracinées dans une réalité marocaine. Dyna-PME a ainsi évité toute erreur ou malentendus importants.

Ces dizaines de sociétés et d'experts marocains ont pris en charge les objectifs, les méthodologies et les outils de Dyna-PME dont l'utilisation et le marketing sur le marché des PME marocaines garantiront la réussite durable de Dyna-PME.

7. *Dyna-PME a reconnu l'insuffisance des seules incidences: ces dernières doivent également être durables pour garantir des répercussions de longue durée, et que leur réalisation doit transcender le simple développement institutionnel*

Les expériences de Dyna-PME ont démontré que les incidences et la durabilité doivent aller de pair pour garantir des répercussions de longue durée. De nombreuses activités de projet ont une incidence sur les clients et les bénéficiaires au cours du projet, mais qu'il convient de se pencher dès le départ sur la pérennité afin que les incidences du projet se poursuivent au-delà de la durée de vie de ce dernier. A titre d'exemple, des incidences durables, au-delà de la durée de vie du projet, interviennent lorsque les produits et les services sont vendus sur le marché, lorsque les organismes publics font participer des conseillers et des sociétés du secteur privé à leurs efforts

de réforme, et lorsque les lois, les systèmes et les procédures sont rationalisés, simplifiés et propices au commerce.

Citons quelques exemples d'incidences durables produites par Dyna-PME:

- *Produits*: business plans, sessions interactives de formation en gestion, bottin national d'associations commerciales et fonds de garantie Oxygène, il s'agit là de produits devenus des normes du secteur, vendus aujourd'hui aux PME.
- *Capacité institutionnelle*: les associations, les chambres de commerce, les cabinets-conseil, les banques, les ministères et les organismes publics ont amélioré leur gestion et leurs systèmes et offrent aujourd'hui davantage de services rémunérés.
- *Processus*: la Loi-cadre relative à la relation entreprises-administration stipule des critères, procédures et filières spécifiques pour les organismes et les fonctionnaires traitant avec les organisations du secteur privé. Le Statut juridique spécial aux associations d'utilité économique amplifie l'indépendance et la viabilité financières des associations.
- *Procédures*: les Centres de formalités des entreprises (CFE), le Guide officiel des formalités de création d'entreprises (GOF), les Déclarations fiscales simplifiées et unifiées, et la Commission pour la simplification des formalités afférentes aux entreprises (COSIFORME) réglementent, délimitent et rationalisent les procédures administratives suivies par les entreprises.
- *Systèmes*: l'Observatoire de l'entreprise, le Registre central du commerce et les Centres de formalités des entreprises, ont mis en place des systèmes formels, officiels de production d'informations commerciales et d'approbation des demandes d'inscription des petites entreprises, en outre des déclarations fiscales.
- *Ressources humaines*: les formateurs, les experts-conseils, les directeurs des chambres de commerce et des associations, les banquiers et les fonctionnaires formés par Dyna-PME continuent à avoir recours et à promouvoir des méthodologies interactives et participatives.

8. *La persévérance, la patience et la disposition de l'USAID à engager un dialogue décisionnel réfléchi, ont été essentiels dans la réalisation des résultats intermédiaires de Dyna-PME.*



M. le Gouverneur de la Province de Figuiq, Alami Zbadi, M. le Directeur de l'USAID, Michael Farbman et M. Le Secrétaire Général du Ministère de l'Incitation Economique, Lhassan Belkoura, (centre, au fond) vu ici pendant une visite à une école de beauté à Bouarfa, ont soutenu activement le projet Dyna-PME et étaient clé dans la pérennisation des efforts du projet.

Bien que Dyna-PME ait été conçu dans un dessein clair, avec des objectifs explicites et des ressources adéquates pour atteindre son but, sa réussite ultime était tributaire de l'appui constant et de longue durée de l'USAID. La recherche de réformes commerciales, qu'elles soient législatives, réglementaires, administratives ou procédurales, a demandé de la persévérance et de la patience, ainsi qu'un message clair et uniforme précisant l'importance de la réforme pour l'État américain. L'USAID a donné au projet Dyna-PME le temps de produire des résultats durables, tout en appuyant activement et solidement les propositions de réforme avancées par Dyna-PME. Grâce à une démarche participative, une philosophie positive pour tous et un appui solide de l'USAID, pilotant toutes les initiatives de réforme, Dyna-PME a été en mesure de convaincre ses partenaires du secteur public à garder leur cap. Les propositions de réforme avancées par Dyna-PME dès 1995 sont aujourd'hui en cours de mise en œuvre par l'État marocain.

SECTION I

Introduction and Project Background

This report provides a final resume of achievements produced by the New Enterprise Development (NED) project. In addition to addressing all contractually determined tasks and results, it provides examples of impacts produced by the project, as well as lessons learned during NED's eight-year effort.

A. Morocco in 1992: A Growing Demand for Jobs for the Young

At the time NED began implementation in June 1992, the focus in Morocco on SMEs was on their social value for creating jobs. Public discussion in Morocco about SMEs centered on helping "young entrepreneurs" create their own businesses to create their own jobs. The aim was to decrease the unemployment rate and discourage young people from seeking a diminishing number of jobs in the public sector. The main government response at the time was "Credit Jeunes Entrepreneurs," which offered subsidized investment credits to college and technical school graduates to set up new businesses. No one was talking about improving the performance of SMEs with better business planning and management practices.

The only public discussions about SME financing concerned the high cost of interest rates, and what was commonly perceived as an urgent need to offer subsidized credit to young entrepreneurs. No mention was made about improving access to SME financing, or the fact that the Moroccan economy and banks were highly liquid.

In addition, in 1992 the Government of Morocco was talking primarily about large-scale, long-term legislative reforms to improve the economy. Little was mentioned about reforming systems, regulations, or procedures to make the government more business-friendly. People were just beginning to talk about the appropriate role of government in a market-led economy, and little was mentioned about the private provision of public services. Rather, the Government was still focusing its efforts on imposing more restrictive and demanding regulations on SMEs, particularly with regard to tax compliance and revenue collection.

Finally, NGOs in general, and small business and community development associations in particular, were considered at best as being unreliable and unprofessional, and at worst politically motivated and subversive.

Perhaps most importantly, missing in Morocco at that time were any regular, systematic public-private discussions about SME issues, particularly about the importance of SMEs for the Moroccan economy and the need to improve their enabling environment. Business associations rarely met with the GOM, and when they did it was usually to demand exonerations or waivers, not to seek to identify and achieve common objectives.

In effect, SMEs as businesses, rather than social tools, were little understood, and even less was understood about effective ways to improve the business environment and SME performance.

B. NED's Goal: Increase Employment and Output Through SMEs

The New Enterprise Development Project (or Dyna-PME, as it was known in French) was part of USAID's overall strategy in the 1990's to help the Government of Morocco liberalize its economy and open up private sector opportunities to the general population.

The NED project was implemented from June 1992 through June 2000, with a total budget of nearly \$16 million.

Conceived by USAID/Morocco and the Moroccan Ministry of Economic Affairs and Privatization (now the Ministry of General Government Affairs) in 1991, NED was focused on assisting both new *and* existing small and medium-sized enterprises (SMEs) as a sustainable means of creating jobs in Morocco. NED specifically sought to enhance the performance of enterprises in the formal sector; it did not include initiatives to encourage entrepreneurs in the informal sector to create formal businesses.

The goal of the NED project was to increase employment and output through the development of the small- and medium-sized enterprise sector. Its purpose was to put into place programs designed to reduce the barriers to entry for *new entrepreneurs* and to facilitate the expansion of *existing* small and medium-sized businesses.

To achieve this purpose, USAID designed NED as an integrated SME development project with three complementary components:

- Organizational and Administrative Reform (OAR)
- Business Support Services (BSS)
- SME Financing (FIN)

Whereas SME development projects in the 1980s usually tackled one of the three main objectives (reform, services, or finance), USAID/Morocco believed that an integrated approach would increase the chances for producing sustainable results and having significant impact. It was expected that synergies among these components would reinforce and enhance the outputs and results from each component, and ultimately help improve the performance of Moroccan small enterprises.

Project activities were designed to arrive at the following end-of-project results:

- Reformed procedures, codes, laws, and policies related to the creation and expansion of SMEs
- Strengthened private sector capacity to provide business support services
- Increased access to SME financing

These outcomes were expected to be produced within the life of the project. At the same time, USAID stated what it expected to be the longer term (post-project) objectives:

“The ultimate success of the project will only be achieved if self-sustaining markets are developed in which suppliers of SME services (specifically business support and financial services) are engaged in profitable market-based operations geared to the demand (readiness and ability to pay) of their SME clients. With regard to the policy reform component, the momentum created by NED should lead to effective dialogue between private sector organizations and the government leading to a sustainable process of administrative reform after the project ends.” (*NED Project Paper, 1991, p. NED-19*).

C. Chemonics’ Contract: NED Implementation from June 1992-June 2000

Chemonics International Inc. was contracted by USAID in June 1992 to implement the NED contract. The contract was originally specified to run through June 1996, with an optional fifth year through June 1997 to ensure the sustainability of the various activities. Subsequent USAID amendments extended the contract through June 2000. (A detailed description of contract background is provided in Annex A.) NED Phase I covered the period from June 1992 through June 1997, NED Phase II continued the project through June 1999, and NED Phase III lasted until June 2000.

Initiated before USAID’s reengineering initiative and performance- or results-based contracts, Chemonics’ original contract specified 10 tasks to be completed.

Chemonics’ original contract did not specify outcomes, results, milestones, or other indicators. Yet Chemonics recognized from the start that it would not be sufficient merely to complete the tasks specified in the contract. What was essential was to focus on the purpose and goals of NED project, as specified in the NED Project Paper, while respecting the letter of the contract.

The following Sections II, III and IV describe the results, achievements, and impacts produced under NED. These indicate that the work performed under the NED contract fulfilled not only the original contract tasks, but also responded to USAID’s strategic objectives and intermediate results, and NED’s expected goals and outcomes.

SECTION II

Organizational and Administrative Reform: An Improved Business Environment

The OAR component was organized with two subcomponents: SME Reform, and Association Grants. SME Reform focused on identifying and developing reform proposals that would provide immediate benefits for SMEs and that the GOM could adopt and implement in the short term. Association Grants focused on strengthening the institutional capacity of business, trade, and economic development associations so they could better advocate and lobby on behalf of their SME members.

A. Results of SME Reform

A1. A Comprehensive Methodology for Identifying Priority Reforms and Building Public-Private Consensus Was Employed

NED initiated the OAR process by conducting a detailed diagnostic of SME constraints, and then elaborating a comprehensive methodology for implementing the component with the Moroccan OAR subcontractor, F.O.C.S. This ensured that NED's government counterparts, as well as leading private sector experts and organizations, shared a common view of the process and expected outcomes. This strategy and methodology are described in the box at right.

Overall NED organized seven focus groups to develop and validate a priority reform agenda in which 133 business and association leaders and public sector officials (of whom 14 percent were women) participated in Casablanca, Rabat, Tangiers, and Marrakech. The focus groups brought together a diverse group of experts and officials who were used to complaining about persistent problems, rather than identifying priority issues and proposing solutions. With a rigorous methodology focusing on clear

OAR Strategy: Phase I

- Create high-level, public-private Consultative Committee capable of reviewing, validating, and promoting reform proposals
- Subcontract with Moroccan consulting firm to manage Secretariat for Consultative Committee, and to coordinate all reform activities, including private sector experts hired to analyze and draft reform proposals
- Implement OAR process using participatory, consensus-building methodology

OAR Methodology

- Form working group of private sector experts to conduct initial diagnostic of SME constraints and prepare comprehensive reform agenda
- Organize focus groups with leading business and association leaders and senior public sector officials to validate and prioritize the reform agenda
- Criteria used for focus groups were *urgent and important* for SMEs and the private sector, and *feasible* (in terms of political will, timing and cost) for the public sector
- Identify high-impact reforms for public and private sectors that are win-win, low cost, and especially those focused on administrative and organizational improvements
- Develop concrete, practical reform proposals with Moroccan business, legal, economic, financial, and fiscal experts
- Include in each proposal the background and justification for the reform; economic, legislative, and policy analyses; specific draft reform measures; cost-benefit analyses and estimated impacts; and action plans for implementation
- Present detailed, concrete reform proposals to Consultative Committee for review, validation, and promotion among key government ministries
- Encourage public-private partnerships in the design and implementation of key reform measures
- Assist in the implementation of reform proposals adopted by the government

objectives and expected results, the focus groups helped build a coalition of potential reformers who appreciated NED's positive and systematic approach. NED made certain to include these same participants in follow-up focus groups one to two years later, so that they could appreciate the progress made and hear how their inputs had been valued.

A2. NED's OAR Consultative Committee for OAR was Never Formed, but Reform Efforts Continued with a Broad Group of Public and Private Organizations

While NED was undertaking its preliminary reform work, the Ministry of Tutelage was tasked with creating the OAR Consultative Committee. This committee was to have included high-level public officials and private sector leaders who were to validate and promote SME-related reforms. This would increase the likelihood that reforms would be adopted and implemented. Despite the fact that the creation of the Consultative Committee was a condition precedent for disbursement of NED funds, and despite considerable efforts by USAID, the ministry, and the NED contract team over three years, this committee was never formed.

Various reasons suggest why it was not formed. The ministers in office in the early years of NED seemed to lack the interest and conviction to create the committee. As they delayed, the World Bank began to push its own efforts to promote private sector development in Morocco. The World Bank seized on the NED strategy of creating a high-level, mixed public-private committee, but aimed at private sector development in general. So while NED's Consultative Committee remained unformed, the Prime Minister issued a decree creating the Steering Committee for Private Sector Development. This was a direct impact of the World Bank and the Government of Morocco adopting NED's strategy for public-private dialogue.

NED's Ministry of Tutelage consequently viewed the OAR Consultative Committee as being redundant. It then decided to have NED submit its reform proposals to the Steering Committee for Private Sector Development for validation. The ministry also attempted, again unsuccessfully, to create a Commission for the Simplification of Business Formalities (Commission pour la Simplification des Formalités Afférentes aux Entreprises [COSIFE]) through a Decree of the Prime Minister. (This idea of a permanent commission for reform was subsequently developed by the Ministry of Industry and Commerce, which is now promoting a law for the creation of a similar COSIFORME.)

Eventually, NED's reform proposals were validated by the NED project oversight committee. Yet this committee, composed of ministry directors and association managers, lacked the high-level administrative support and political visibility to move NED's reforms quickly and effectively through the system.

As a result of these delays and lack of high-level support, USAID, the ministry, and NED agreed to have NED pursue a flexible, parallel approach to reform validation and promotion. While reforms necessarily have to be approved



Senior officials from such leading associations as CGEM, AMITH, and the Federation of Chambers of Commerce actively participated in NED-organized focus groups on reform.

and implemented by the Government, it was necessary to have commitment and agreement from the private sector. NED began to reach out to a broad group of nationally recognized and respected associations and private sector organizations — all potential champions of reform. These included the General Confederation of Moroccan Enterprises (CGEM), the Federation of Moroccan Chambers of Commerce (FCCISM), the Textile and Garment Association (AMITH), and the Steering Committee for Private Sector Development. NED presented its reform proposals to them, and gained support not only for the specific reforms, but for the participatory, public-private dialogue that NED was fostering.

A3. Five SME-related Reform Proposals Were Developed, Promoted, and Adopted in Phase I

From its priority reform agenda, NED developed four initial reform proposals. These proposals included specific and implementable measures, draft official texts, economic impact analyses, and proposal action plans for implementation. A fifth reform was implemented directly with the Ministry of Industry and Commerce. They covered the following:

- Official guide of business creation and start-up formalities
- Simplification of business tax forms
- Special legal statute for business associations
- Legal framework for business-government relations
- Computerization of Morocco's Central Business Registry

Official guide of business creation and start-up formalities (Guide Officiel des Formalités relatives à la Création et au Démarrage des Entreprises-GOF). Identified as the single most important reform for business, and as being feasible for government, the GOF (as it is known in French) aimed at compiling all the requirements (steps, forms, costs, deadlines) for business registration in a single, official document. Most importantly, as an official document decreed by the Prime Minister, the GOF would create a climate of transparency and certainty for business creators, by specifying the obligations of the government in terms of business registration. It was expected that the GOF would become the basis for subsequent government efforts to simplify the numerous registration requirements and related paperwork.

NED estimated that the economic impact from the publication of the GOF, and the resulting certainty and transparency, would generate productivity gains for SMEs of approximately 440 million dirhams (\$44 million) per year, and employment gains for SMEs of approximately 5,800 jobs per year.

The GOF was validated by the NED Steering Committee, and adopted by the Moroccan Government in its Priority Short-Term Reform Agenda of 1998. It has now been incorporated into the Ministry of Industry's One-Stop Business Registration Center law and program (see below).

Simplification of business tax forms (Déclarations Fiscales Unifiées). As with the GOF, this reform proposal focused on administrative simplifications that would benefit SMEs. The purpose of this initiative was to combine 10 business tax forms into 3. It was estimated that with fewer and simpler tax forms, SMEs would gain some 31 million dirhams (\$3 million) annually in time

savings and increased business activity, while the National Tax Authority would gain approximately 44 million dirhams (\$4.4 million) per year through time savings and increased revenues.

This reform proposal was validated by the NED Steering Committee, and adopted by the Moroccan Government in its Priority Short-Term Reform Agenda of 1998. It has now been incorporated into the National Tax Authority's overall fiscal reform program that is currently being implemented.

Special legal statute for business associations (Statut Juridique Special aux Associations d'Utilité Economique). The objective of this proposal, drafted by Dr. Ahmed Ghazali (currently Secretary General of the Ministry of Justice), was to give business associations a special legal status with certain financial and fiscal advantages, as well as certain fiscal reporting obligations. This law is expected to give business associations more financial autonomy and ability to raise funds, and an increased role in economic policy dialogue and business development initiatives.

The draft association proposal was validated by the NED Steering Committee, and adopted by the Moroccan Government in its Priority Short-Term Reform Agenda of 1998. It is currently being reviewed by the Cabinet and Parliament.

Legal framework for business-government relations (Loi Cadre relative à la relation Administration-Entreprises). The aim of this proposal was to create a formal and official process for business-government dialogue on all proposed laws, regulations, procedures, and policies, or reforms of existing laws concerning business and the private sector. A standardized checklist was developed that outlined the administrative procedures for ensuring that the government adhered to the principles of transparency, dialogue, simplification, and harmonization on all business-related legislation and policies. This framework was also validated by the NED Steering Committee, and adopted by the Moroccan Government in its Priority Short-Term Reform Agenda of 1998. Its principles were incorporated into a number of government and association actions.

Computerization of Morocco's Central Business Registry (Registre Central de Commerce-RCC). In Phase I NED also implemented a fifth reform, or administrative improvement, directly with the Ministry of Industry and Commerce. The aim of this initiative was to create a complete, accurate, up-to-date computerized database of all registered Moroccan enterprises (individual and corporate). It was expected that computerization of the RCC would speed up the first step in the business registration process, that of the business name registration.

NED introduced what was then an innovative approach in Morocco, by encouraging the Ministry to subcontract the work out to a local private firm specializing in data entry. NED



The Central Business Registry became more efficient when it agreed to subcontract the entry of all business registration documents, long-term, to a private firm specialized in data entry.

prepared an RFP, and selected and hired what was the only Moroccan firm truly specialized in volume data entry. This firm, SAGMA, was unknown in Morocco at that time, as it had previously worked only with French companies. SAGMA worked under a fixed-price, performance-based contract, and was paid only upon the entry and validation of each lot of 50,000 records entered. The subcontract included penalties for delays. SAGMA provided its own equipment, software, and data entry operators, who it hired and trained within six weeks of the signing of the contract. No advances were paid.

SAGMA entered 617,000 records (225 million characters) in 16 months, using double data entry to ensure 100 percent accuracy of the official data. It completed the work two months ahead of schedule.

To ensure the accuracy and sustainability of the database, the Ministry of Industry signed a follow-on contract with SAGMA for data entry and database management while the initial NED-funded contract was still ongoing.

A4. Four Follow-On Reforms Were Identified, Developed, and Adopted in Phase II

NED continued under Phase II to develop practical reforms that were built on the reform proposals prepared during Phase I. NED sought to work with dynamic and proactive ministries where the chances were greatest of seeing the reforms implemented.

NED also organized 7 training courses and 1 observation study tour (OST) for 110 participants in all. These activities focused on policy reform, association strengthening, and the appropriate role of the government in a market-led economy.

The four follow-on SME-related reform proposals included:

- One-stop business registration centers
- Small business information unit
- Centers for Approved Management Accounting
- SME White Paper and SME Charter Law

One-stop business registration centers (Centre de Formalités des Entreprises-CFE). This was the logical follow-on to the GOF, which sought to simplify the business creation process from the businessperson's viewpoint. The aim was to create a one-stop business registration center where business creators could complete a single set of registration forms, and obtain a single business identification number. These forms would be dispatched by the CFE to other government agencies for review and approval within a defined period of time. It was expected that the CFE would reduce the time it took to create an SME from an average of six months to one month or less.

NED provided assistance in the initial design of this proposal. NED's involvement was stopped after about one year by the Ministry of Industry, which chose instead to work only with the Versailles Chamber of Commerce. This CFE was validated by the NED Steering Committee, and adopted by the Moroccan Government in its Priority Short-Term Reform Agenda of 1998. The Ministry of Industry subsequently prepared a draft law to create the CFE system, which included

testing and incorporating the GOF process in its entirety. The CFE law is currently being reviewed by the Cabinet and Parliament.

Small Business Information Unit (Observatoire de l'Entreprise). This was a logical follow-on to the RCC computerization. Its aim was to create a complete, accurate, and up-to-date database on all enterprise activity in Morocco. By linking and compiling legal information from the RCC, economic data from the National Tax Authority, and employment data from the Social Security Administration, the information unit would provide statistics on all Moroccan enterprises, including creations, expansions, failures, size (sales and employment), sector and region, currently and over time. The final product was modeled after the U.S. Small Business Administration publication, "State of Small Business."

It was expected that this comprehensive statistical database would provide invaluable information to public and private decisionmakers: for government policy and decisionmakers it would offer information on economic trends; for investors, business operators, and consultants it would deliver up-to-date market information; for bankers it would improve their risk assessments; and for associations and chambers of commerce it would highlight sectoral and regional business activity.

NED initiated this proposal with the Ministry of Industry (which supervises the RCC), and provided technical assistance to an interministerial working group that included the National Tax Authority and the Social Security Administration. The proposal was adopted by the Ministry of Industry, and has been included in its entirety in the draft law to create a permanent Commission for the Simplification of Business Formalities (COSIFORME).

Centers for Approved Management Accounting (Centres de Gestion de Comptabilité Agréés-CGCA). NED was called on to provide technical assistance, through its subcontractor F.O.C.S, to help the Ministry of Industry and its public-private working group develop the regulatory and procedural framework for the 1992 law.

The purpose of the CGCAs was to simplify the preparation and submission of tax declarations by small businesses, especially merchants and traders, while offering them tax breaks as incentives. The expected impact of these centers is that small (often informal) businesses would enter the formal tax system and improve their transparency and management.

As an indication of how slow and laborious implementation of Moroccan laws can be, and how SMEs are unable to benefit in the short-term from legislative changes, the project for the CGCA was proposed in 1988. The law was passed in 1992, the implementing decree was signed in 1997, and the entire system was made operational in 2000.

F.O.C.S was instrumental in coordinating the technical work of the working group, and in drafting the legal documents, procedures, manuals, and contracts for the operation of the CGCA. Their work served as a model for the Ministry of Industry on how a consulting firm could contribute to and collaborate with the government in implementing a business-related law.

SME White Paper and SME Charter Law (Livre Blanc PME et la Charte Loi-Cadre relative aux PME). NED coordinated a participatory process of focus groups in which more than 60 leading private and public sector specialists participated and contributed. The result was a consensual *SME White Paper* that offered a global vision and public-private consensus of what was needed to promote and support SME development in Morocco. The NED-organized focus groups helped define the government's approach to SME development, which was based in large part on NED's reform and business service initiatives and experiences. The *SME White Paper* was debated in a National SME Seminar in Rabat in December 1999 that was sponsored by the Ministry of Tutelage, USAID, and NED.

The SME White Paper then served as the basis for NED experts to draft the first Moroccan SME Framework Law. This draft law will legislate a legal framework that highlights the importance of SMEs for the Moroccan economy, defines SMEs for policy and programmatic purposes, and specifies government commitments for programs and policies to promote SMEs.

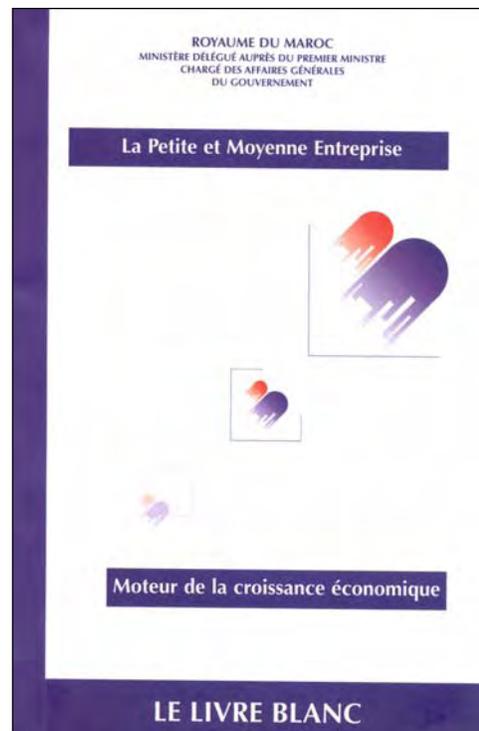
The draft law is now under review by the Government and Parliament, and will lead to substantial administrative reforms in favor of SMEs over the next few years.

B. Impacts of SME Reform

1. *NED's participatory, consensus-building approach and focus on specific administrative reforms for SMEs have been incorporated into the policies, strategies, and operations of numerous Moroccan Ministries, business and private sector organizations, and international donors.*

These include:

- The Ministry of Industry's five-year Strategic Plan of 1996 specified the One-Stop Business Registration Center, Small Business Information Unit, and RCC modernization as key actions.
- The Steering Committee for Private Sector Development validated and promoted NED's reform proposals in 1996.
- The World Bank's private sector development efforts throughout the 1990's based their administrative reform agenda on NED's approach and proposals.



The SME White Paper, prepared for the first time in Morocco by a NED-organized focus group, formed the basis for a new SME Framework Law.

- The Government of Morocco specified all of NED's reform proposals in its Priority Short-Term Reform Agenda in October 1998.
 - The Ministry of General Government Affairs' approach to developing the *SME White Paper* and SME Charter Law was based on a participatory approach to building public-private consensus.
 - The Focus Group that prepared the *SME White Paper* in December 1999 identified the Official Business Guide and Small Business Information Unit as priority actions.
 - USAID consultants and the Government-sponsored Focus Group that collaborated on the Investor's Road Map Phase II in March 2000 validated the NED focus on administrative and organizational reforms and NED's reform proposals.
 - The Ministry of Industry and Commerce has continued to organize interministerial committees regularly, with private sector assistance from F.O.C.S, to advance the projects for the Approved Management Accounting Centers, the One-Stop Registration Centers, and the Commission for the Simplification of Business Formalities.
2. *NED's systematic emphasis on the importance of administrative reform for improving SME performance, and its concerted efforts to develop practical, feasible reform proposals, changed the public debate about SMEs and reform.*

As recently as December 1999, in the National SME Seminar, both H.M. Mohammed VI and the Minister of General Government Affairs highlighted the importance of administrative reform as key to creating a positive environment for SME growth. This was not the case in 1992, when the emphasis was on subsidized credit and government-led SME development programs.

3. *The RCC computerization produced significant impacts on numerous levels, and is now held up as a model for administrative modernization and e-government.*

For SMEs, these impacts include:

- The business name registration process has been reduced from 48 hours to 15 minutes.
- A decentralized registration service is now available to businesses via email and fax in regional government offices throughout Morocco.
- This service will soon be Web-based and fully interactive.
- The RCC offers more efficient, business-friendly, and customer-oriented services in a modern, attractive facility.

- The first comprehensive database of all Moroccan registered enterprises is available for consultation by SMEs seeking market information.

For the Government of Morocco, these impacts include:

- The RCC serves as a model for sustainable public-private collaboration, by subcontracting its specialized data entry and information technology requirements to private firms on long-term basis.
- The RCC is now a semi-autonomous government service, keeping 70 percent of its revenues from fees for business name registrations and database consultations.
- The RCC will soon be integrated into fully autonomous government agency for intellectual property, patents, and business name registration.
- The RCC serves as the information and e-government model for the Small Business Information Unit as well as the computerization and modernization of the Commercial Court Registries.

4. *Estimates of the economic impact of NED's reforms to streamline and simplify business registration procedures and provide reliable business information confirmed the importance and value of administrative reforms.*

NED's impact assessment of the OAR component estimated that implementation of the Official Business Guide, One-Stop Registration Center, and Small Business Information Unit alone will produce the following impacts:

- Increase Morocco's GDP by 2.3 percent per year, or an annual gain of roughly 7.34 billion dirhams (approximately \$750 million)
- Increase tax revenues by more than 2 billion dirhams (\$200 million) annually
- Increase exports by more than 1 billion dirhams (\$100 million) annually
- Increase employment by 2.8 percent per year, or an annual gain of 31,100 jobs.

These three reform proposals are now being implemented by the Ministry of Industry and Commerce.

5. *The General Confederation of Moroccan Enterprises (CGEM) fundamentally transformed its focus from one aimed exclusively at supporting the owners of large enterprises to one that emphasizes the importance of SMEs and better business-government relations.*

NED's informal relations with senior economic advisors in the Royal Cabinet helped put SMEs on the national agenda in 1995. SMEs were a theme that was incorporated into the Royal Speech in May 1995, as H.M. the late Hassan II exhorted the CGEM to represent all Moroccan

enterprises, especially SMEs. Since then the CGEM has continuously and expressly included themes and approaches from NED reforms in its policies and programs.

NED presented its reform proposals to the CGEM Executive Board in late 1995. Subsequently, the themes of NED's General Framework Law for Business-Government Relations, *dialogue, consultation, simplification, certainty, transparency, and sanctions*, formed the basis for the "Gentlemen's Agreement" signed between the CGEM and the Government of Morocco in June 1996. This spelled out the rights and obligations of public and private sectors with the aim of creating a favorable enabling environment for economic and enterprise development. The CGEM also created a Federation of SMEs in 1996, and incorporated SME reforms into its action agenda. As recently as May 2000 the CGEM president cited those same principles in a public speech.



The NED Team worked closely with the General Confederation of Moroccan Enterprises in promoting public-private dialogue and notions of dynamic, competitive enterprises.

C. Lessons Learned from SME Reform

1. *Transparency and certainty are the keys to building a strong enabling environment for SMEs.*

Through its regular focus groups and numerous reform proposals, NED repeatedly heard that the two most important concerns for businesses regarding government were to have a *transparent* and *certain* enabling environment. Transparency means that businesses know exactly what administrative formalities are required of them and why, and certainty suggests that they can accurately estimate the cost and time of completing these formalities. While simplification is also important, businesses emphasized that it is less urgent, and can only occur once the existing requirements are clearly and definitively stated.

2. *Administrative reforms are critical in the short-term for SMEs, and oftentimes more difficult to accomplish than legislative reforms.*

NED found that administrative reforms, which were universally considered more critical for improving SME competitiveness, are far more difficult and time consuming to adopt and implement than changing a law. These reforms involve changing the systems and procedures of government offices, and the habits and practices of government workers. Indeed, the ultimate result will be to reduce the time between the passage of a law and the implementation of related regulations and procedures (which is often five years or more).

3. *Most administrative reforms concern improving the quality and availability of information to SMEs.*

Most of NED's SME reform proposals involved making complete, up-to-date, and accurate information on business registration formalities, tax requirements, or market conditions readily available to SMEs. This is an area in which the government has a major role to play, albeit one that should be developed in close partnership with private sector information technology firms. The RCC now serves as an excellent model for quality government information services, in partnership with leading private information technology firms.

4. *Although most reform proposals were not specific to SMEs, these enterprises stood to benefit most from NED-initiated reform initiatives as they represent more than 90 percent of all Moroccan businesses.*

Most, if not all, enterprise-related reforms and administrative improvements benefit all private firms, and not just SMEs. Yet considering that 95 percent of all businesses in Morocco are SMEs, they stand to be the greatest beneficiaries from any improvements in the business environment. Moreover, as opposed to large enterprises, SMEs have limited or no access to government decisionmakers. Thus, any reforms to make systems and processes transparent and certain would primarily benefit SMEs.

5. *Strong government leadership, commitment, and will are needed to move consensual reform initiatives from the proposal stage to implementation.*

NED's reform efforts were often delayed and stalled because of a lack of government leadership. Leaders need to not only acknowledge the importance of the reforms, but must be willing to make the difficult and demanding decisions required to implement administrative reform.

6. *Patience, flexibility, and timeliness are required by donors and project staff to identify and seize real reform opportunities as they arise.*

Reform is a slow process that requires time to build effective coalitions and partnerships around common objectives, develop reform measures, and then to implement them. Being flexible allowed us to keep all options open so that we could seize on the most appropriate, attractive, or feasible approach at any given time. In the end, this meant that the project was able to provide the right information to the right decisionmakers at the right time.

7. *Use interministerial working groups with clear purposes and technical roles, when necessary, rather than trying to create high-level interministerial committees for advocacy and promotion.*

NED learned firsthand that trying to create a supervisory, interministerial committee for promotion of reforms was fraught with political and administrative problems. The lengthy



USAID Director James Bednar (fifth from left) and the USAID team patiently but vigorously supported NED's reform and association-strengthening efforts throughout Morocco.

delays and ultimate failure to create the OAR Steering Committee argue against such an approach. Only with the highest political will and support do such committees get created, and even then, they often have no clear mandate to function effectively. On the other hand, NED found it easier to help create and be involved with interministerial working groups that had specific objectives and technical tasks, as with the SME Information Unit (Observatory) and Approved Management Accounting Centers (CGCA). A clear purpose and definite timeline for each working group made it easier for the Moroccan government to form and motivate such groups.

8. *Stress capacity building in key ministries and departments that show a willingness to undertake reform.*

NED found that key government officials lacked the skills and approach needed to implement reforms in a market-led economy. Training and study tours to enhance their understanding of the proper role and actions of the government in promoting private-sector led growth will be beneficial for accelerating the process.

9. *A demand-driven, market-oriented, private sector approach is as valid and applicable to the OAR as it is to the business support services or financing components.*

NED required government offices to compete (albeit informally) for scarce project resources, which obliged them to work on specific, practical, feasible measures. In turn, NED's partners gained credibility by achieving short-term results, rather than merely talking about broad and general programs that are difficult and time-consuming to implement.

10. *Subcontracts with such private firms as SAGMA for the computerization of the RCC, and F.O.C.S for ongoing technical assistance to the Ministry of Industry, serve as models for effective public-private collaboration.*

NED encouraged and supported private Moroccan firms that provided technical assistance to the Ministry of Industry. These proved to be highly successful collaborations because they were based on the Government's clear understanding of its roles, interests, and responsibilities, and its recognition and appreciation of the specialized services that the private sector could provide more effectively. It also gave both public decisionmakers and private experts ownership of the process and products.

D. Results of the Association Grants Fund

1. *USAID initiated an innovative approach for association strengthening, delegating the administration of an association grants fund to Chemonics.*

Under the NED project, USAID implemented a new approach in which Chemonics was given responsibility for administering an Association Grants Fund. This was in contrast to previous USAID grants programs that were administered by USAID and that involved larger, operational program grants.

The aim of the fund was to provide small grants to business associations to help them achieve practical, tangible results. As a result, it was expected that these small, timely grants would help business associations improve their ability to serve their members and better represent and promote their interests. The box below describes the principles and procedures that guided implementation of the fund (Fonds de Soutien aux Associations — FSA).

NED Association Grants Fund

Principles of the fund are:

- *Demand-driven, market-based approach* — respond to local interests and needs, but insist on associations that develop strategic plans and action plans and show a willingness to work
- *Flexible and opportunistic* — respond to organizations that share project/grant objectives, but remain open to unanticipated opportunities, new groups, or the need to modify program requirements or operations
- *Existing, legally recognized associations* — avoid problems by working with legally constituted groups
- *Active communication and awareness-building* — market grants programs and offer assistance and support to dynamic organizations that may lack basic skills or capacity to request grant
- *Constant participation and presence in association sector workshops, conferences, etc.* — be viewed as an active and catalytic player as well as a demanding but supportive partner
- *Continual advice and support* — provide technical assistance, training, and information to partner associations to enhance their capacity in areas other than those emphasized with the grant
- *Full-time grants administrator* — build in-house capacity for effective grants administration, careful oversight of use of funds, and good working relations with association partners
- *Coordination with other donors* — share grant-making experiences to leverage resources and avoid unreliable organizations
- *Detailed grant procedures, manuals and handouts* — establish clear purpose, objectives, desired results, approval criteria and procedures for USAID, ministries, association partners, and contractor administering the grants fund

Criteria and procedures include:

- *Detailed, two-step application and approval process* — oblige association to work for grant assistance with request for approval in principle and request for grant approval, weed out groups that are not serious or committed, and save time for association and project
- *First-come, first-served* — award grants to most dynamic, most active, most focused groups
- *Limit of \$25,000 per first-time grant* — limit exposure and risk by a focus on short-term achievable results, and learn partner's needs and capacity
- *Activity or project grants* — support short-term efforts with clear results and timetables, rather than program or operating grants
- *Output or results grants* — focus on immediate, tangible, practical, identifiable results and benefits (e.g., bulletins, magazines, directories, trainings) with most grant beneficiaries
- *Input grants* — provide funding for such inputs as computers, photocopiers, and telephones only to associations with office and permanent staff; annual meetings and annual reports; and action plans with targets and indicators so that results and benefits are ensured by the most experienced and serious associations
- *Reimbursement directly to suppliers or service providers* — ensure proper use of grant funds, and realization of results by paying for goods delivered or services rendered; no advances
- *Use SMEs or consultants to implement grants* — insist on having associations subcontract grant activities to specialized local SMEs or consultants (e.g., surveys, publishing, Web site development, training)
- *Mandatory oral presentation by association of grant request to grants committee* — observe association leaders in action and gather detailed feedback
- *Small, flexible internal committee and external grants committee* — offer quick turnaround on grant applications and involve USAID (and, as appropriate, host country officials) in final approvals

Whereas under the OAR component the Association Grants Fund was aimed at institutional strengthening, in Phase II its primary focus was shifted to improving training services in

associations and chambers under the Business Support Services component. This demonstrated the considerable value of a flexible association grants program design.

NED also developed and implemented a Development Fund Grant program in conjunction with the Association Grants Fund. The aim of the Development Fund was to provide similar, small, catalytic grants to private sector partners that would require funding for innovative studies, research and development, patents, etc. While the intent was good, it proved too complicated for the Development Fund to make grants to private, for-profit firms. The fund only made one grant to a private consulting firm for the study of a high-tech business incubator.

However, the Development Fund structure proved invaluable in Phase II, when the focus shifted to stimulating demand for consulting services under the Business Support Services component. The Development Fund was then modified to allow NED to make mini-grants to consulting firms to underwrite 50 percent of the cost of business studies prepared for SME clients.

As part of the process of promoting the Association Grants Fund, NED made direct and repeated contact with virtually every association and chamber of commerce representing or supporting small business in Morocco. These contacts included:

- All 26 chambers of commerce and their small business support centers
- More than 30 professional and trade associations
- More than 30 young entrepreneur and small business associations
- 15 regional and community economic associations

Through the implementation of the grants fund, and our repeated contacts with associations, NED gained valuable insights into the association sector in Morocco, ways to effectively support and stimulate association development, and ways to enhance SME development through association strengthening.

2. *Twelve leading Moroccan business associations and business support organizations are now capable of preparing strategic plans and action plans, developing specific grant proposals, implementing short-term projects for the benefit of their members and clients, and monitoring results.*

To achieve these results, NED organized or supported the following initiatives:

- Thirteen (13) trainings and workshops were organized to build the capacity of association managers and their organizations, particularly in the areas of association management, communication, training services to members, and advocacy (222 participants, 15 percent female).
- Thirteen (13) Association Grants were awarded to and implemented with sectoral, regional, and local business associations:
 - AACF: Small Business Center of Figuig
 - ACAET: Regional Association Development Center in Tendirara

- ACAET: Young Entrepreneurs' Center in Tandrara
 - AMAPPE: Institutional Strengthening
 - AMITH: Commercial Database
 - BNSTP: National Association Directory
 - CCIS El Kelâa: Regional Business Directory
 - CJEC: SME Association Newsletter
 - FNBTP: Newsletter
 - AJED: El Jadida SME Business Park and Incubator
 - AJER: Executive Board Workshop
 - AMJE: National Small Business Association Workshop
 - CJEC: Small Business Mentoring Workshop in Casablanca
- One (1) Development Fund grant was awarded to a local consulting firm in association with the Ecole Mohammadia d'Ingénieurs in Rabat for the design of a high-tech small business incubator. The design and proposal are still being discussed at the engineering school.
 - Three (3) observation study tours were organized to the United States concerning:
 - Promotion of associations: institutional strengthening (September 1994)
 - Business parks, industrial zones, and small business incubators (October 1995)
 - Promotion of associations: lobbying and reform (November 1995)



NED's Association Grants Fund helped business associations and chambers of commerce produce the first National Business Association Directory, a regional business directory, and several association bulletins using local, private-sector publishing firms.

3. NED played a catalytic role in the development of associations focused on supporting young entrepreneurs and SMEs.

NED organized focus groups with associations to promote the Association Grants Fund and identify potential grant partners. These workshops were the first in Morocco to bring together young entrepreneur and small business associations from around Morocco. These initial

encounters among young Moroccans who previously did not know of one another or their common interests in SMEs encouraged leaders of the small business association movement to create the Federation of Young Entrepreneur Associations (FAJEM).

NED organized the first coordinating meetings among international donors providing grant support to Moroccan business associations. These meetings included USAID, the European Union, and German and Canadian development foundations. Improved communication among donors focusing on association strengthening helped ensure that the most dynamic associations received adequate support while avoiding problems with the less serious and transparent organizations.

E. Impacts of Association Strengthening Activities

1. NED played a significant role in Morocco in the 1990s in lending credibility to the association and NGO movement.

Whereas NGOs and associations were viewed in the early 1990s as unknown risks, by the end of the decade they were universally viewed by USAID, the Government of Morocco, the Palace, the private sector, and international donors as key to Morocco's private sector and community development. Indeed, association strengthening is now an integral element in virtually all development projects and local development initiatives in Morocco.

NED was one of the early projects that identified, supported, and strengthened numerous local NGOs and business associations throughout Morocco. NED's small grants program allowed us to help dynamic organizations in producing tangible, practical results. The immediate effect of these collaborative efforts was that associations became more practical and results-oriented, which in turn changed the way that they were perceived by local and regional authorities and international donors.

NED also made a concerted effort to highlight and promote these association accomplishments with ministers, permanent secretaries, USAID Mission directors, and the U.S. Ambassador. This lent enormous credibility to local association initiatives, and helped NED's most dynamic association partners form lasting alliances with local and regional authorities, businesses, and international donors in such areas as Figuig, Ouarzazate, and El Kelâa des Sraghnaa.

For example, U.S. Ambassador Edward Gabriel, with the Secretary General of the MAGG, visited the Figuig Province, inaugurated the NED-financed Regional Association Training Center with AMAL (ex-ACAET) in Tendrara, and the NED-financed Small Business Center with AACF in Figuig in May 1999. This was the culmination of five years of training, technical assistance, and grant support from NED to associations in the region. Ambassador Gabriel subsequently promoted AMAL's work to private Moroccan benefactors to help AMAL implement a project to improve local schools for nomad children. The U.S. Embassy also made a \$2,500 grant to AMAL for conducting democratization seminars for other local associations.

2. *The association grants and observation study tours strengthened the business association sector in Morocco, according to an impact assessment of association grants and observations study tours conducted in October 1998.*

It was determined that overall USAID did obtain what it expected, which is a strengthened NGO sector. However, it was noted that there is still progress to be made in the partner associations and the sector as a whole.

The response on the value of the effort was that the impacts and benefits for associations and small enterprises appeared to far exceed what USAID has spent on association strengthening through FSA grants and OSTs, though it was difficult to quantify the results.

3. *NED's association grants program served as a training ground for individuals and donors in association strengthening and grants management.*



NED helped strengthen capacity with observation study tours to see how the U.S. business association sector serves its members through advocacy and lobbying.

Former NED contractor employees moved on from NED to manage the business association and private sector programs at the European Union, and the training and association grants program in the EU's Euro-Maroc Entreprise project, respectively. They have followed the same grants philosophy and procedures in implementing association development grants on behalf of the EU.

NED's Itinerant Training for Association Leaders in February 1998 to Eastern Morocco helped create an informal coalition of Moroccan association development specialists throughout Morocco. This group now shares experiences from Tetouan in the north, to Figuig and Tendirra in the East, to El Kelâa des Sraghnaa and Marrakech in the center, to Ouarzazate in the south. USAID has also incorporated the NED small grants approach for associations into numerous other projects in health, education, and natural resources management.

4. *NED supported key association leaders who now lead a growing movement to professionalize the association sector.*

NED provided a grant to a group of business associations that produced the first National Business Association Directory. More than 2,000 copies were distributed in Morocco and overseas.

This directory was released in a national press conference in September 1996, in which the keynote speakers were association representatives who participated in NED's Association Lobbying and Reform Observation Study Tour. Among the speakers were the current Secretary General of the Ministry of Justice and the current managing director of the CGEM. The speakers

at the conference focused on increasing the financial autonomy of business associations, and professionalizing the permanent staff of these organizations.

Subsequently, the managing director of the CGEM who participated in that OST, as well as managers from several other associations that had collaborated with NED, created the first Moroccan Association of Association Managers (ACAPE-Association des Cadres des Associations Professionnelles a Caractere Economique) in June 1999 (three and a half years after the OST). ACAPE is modeled after the American Society of Association Executives (ASAE), which was visited during the OST.



Leading association representatives and advocates launched the first National Business Association Directory and advocated a more professional association sector.

- 5. NED leveraged project resources, attracting other donors and increasing the level of interest in Moroccan association development.*

As a consequence of NED's OST for Association Lobbying and Reform, the Center for Private International Enterprise (CIPE) in Washington, D.C. became active in the Maghreb, and particularly Morocco. With encouragement and assistance from NED, CIPE sponsored the first regional training for association and chamber managers in Hammamet, Tunisia in May 1996. This included female and male representatives from Moroccan, Tunisian, Algerian, and Mauritanian chambers of commerce and business associations. CIPE subsequently sent two of its chamber experts, at its own expense, to speak at the Moroccan Federation of Chamber's conference in November 1996 in Rabat on the role of chambers of commerce in business development.

Both USAID and the European Union, through its Euro-Maroc Enterprise, also initiated new association strengthening activities building on the lessons learned and success of NED's Association Grants Fund.

- 6. NED's most dynamic partners have become leading regional development organizations.*

The Chamber of Commerce in El Kelaa is now receiving national recognition and support for its comprehensive small business outreach program. This Chamber began to accelerate its expansion with a NED grant for the publication of a regional business directory. The Chamber then collaborated extensively with NED in developing interactive adult business training programs, training of trainers, information systems, and local NGO support programs. The Chamber is now being spotlighted for its innovative and comprehensive program that includes information, training, and advisory services for local SMEs and community development associations. Two of the three Master Trainers named by the Ministry of Industry for its chamber outreach programs are NED-trained trainers and CCIS El Kelaa staff members. Finally, the CCIS now offers two to three business trainings per week, delivered by the same NED-trained trainers.

The economic development association AMAL (ex-ACAET) in Tandrara, Figuig Province, has become a leading NGO training association in Eastern Morocco. With NED assistance, training, and grants AMAL developed its small business service center, enhanced staff training, and created a regional NGO training center. NED also targeted AMAL, when it brought 25 association managers from around Morocco to observe AMAL's operations. AMAL now offers training and technical assistance to some 15 local NGOs, and manages a small grants fund endowed by a European NGO.



The local community association AMAL (ex-ACAET) in Tandrara, Figuig, grew into a leading regional development association due to support from NED and other donors.

F. Lessons Learned from Association Grants

1. *Association grants based on a demand-driven model require about two years to produce significant results.*

NED learned that it takes considerable time for associations to assimilate new ideas and put them into practice. While we looked for ways to accelerate the implementation of grant activities and speed up the learning process, we found that nearly all associations took about two years to deliver the expected results and begin to enjoy the benefits from a grant.

2. *Future grant activities should include performance and impact benchmarks from the outset so that the impact of association grants may be accurately measured.*

Typically, these benchmarks or indicators will cover the effect of the grant on the association's membership and revenues, on the sales and employment of the members' enterprises, and on the association's impact on its sector in economic terms.

To monitor these indicators, it will be necessary to help the association set up an information monitoring unit that systematically gathers, analyzes, and disseminates such information. This approach is more valuable to the association than periodic surveys or assessments: it helps build capacity among association staff and systems, and it is sustainable because the information monitoring system will become an integral component of the association's organizational structure and services. Finally, these performance and impact benchmarks serve as a baseline for measuring association improvements, and can be used as milestones or conditions for the release of additional grant funds to the association.

3. *Different kinds of business associations and business support organizations offer different opportunities and challenges in supporting SMEs.*

NED's work with business and trade associations revealed them to be important organizations for promoting business reforms, as well as offering training services to their members. Small business and young entrepreneur associations, on the other hand, showed enthusiasm and energy,

but because of a lack of clear focus and management experience their sustainability was questionable.

Dynamic local community development associations offered important means for promoting the association movement, implementing more sophisticated integrated development projects, and providing business services to their members.

Finally, as government-funded and supervised organizations, most of the chambers of commerce lacked dynamism and a clear focus of their role as business support organizations. Most of them tended to be political springboards for their elected board members.

4. Targeting certain dynamic organizations with more flexible, larger program grants will help consolidate the results and impacts of the reform and business support services components.

Program grants that are broader in scope, larger in value (up to \$100,000), and longer in term will help the most serious and dynamic associations develop an integrated capacity in advocacy, lobbying, and member services, as well as improve their internal systems and management.

5. Mini grants of up to \$5,000 to emerging business associations will stimulate and accelerate their development.

NED's small grants program showed that a small amount of money can have tremendous leverage on the organization and members when the projects and partners are carefully chosen. Continuing an even smaller grants program would give USAID the flexibility to seize new opportunities and build lasting results with as-yet unidentified partners.

SECTION III

Business Support Services: Strengthened Private Sector Capacity

A. Results of the BSS

- 1. An initial institution-building experiment with a private small business center in Casablanca in Phase I provided key market information about SMEs ability and willingness to pay for consulting and training services.*

The Business Support Services component of NED began in December 1992 with USAID's efforts to support the creation of a private business center in Casablanca targeting SMEs. Called the Centre de l'Enterprise du Maroc (CEM), the CEM was to offer specialized, adapted consulting and training services to SMEs. CEM's growth and eventual expansion to other regions would ensure that the private sector had a greater capacity to provide business support services to SMEs.

CEM was part of the NED project design, but not the Chemonics contract. Our assistance to CEM was limited to providing a long-term technical advisor, who had no authority or line responsibility in CEM operations or management.

While the CEM was supposed to operate as a private enterprise, it began with a \$4 million USAID grant. It quickly geared up with 31 full-time staff and initially had no revenues. Hence, CEM was overly dependent on the USAID grant for its early survival.



The Moroccan Enterprise Center was initiated in Casablanca, but the NED strategy changed to target existing consulting firms and training organizations outside the Casablanca-Rabat corridor.

Chemonics' advisor was able to help CEM improve its financial management by placing greater emphasis on profit and cost centers and revenue-generating activities. As a result, CEM did increase revenues, but over time its most reliable and profitable source of income became the sale of training services to large and medium enterprises. CEM subsequently suffered from internal management problems between the principal owner and managing director.

USAID conducted an evaluation of CEM in November 1995. The evaluation concluded that CEM would not be able to satisfy the objectives of the NED project, and that USAID should withdraw its support from CEM. Specifically, the evaluation indicated that the CEM would not be able to cover its costs fully with revenues from training and consulting, that it would not be able to serve primarily a small business clientele, and that it would not be able to expand its operations to other cities, as originally intended. USAID canceled its cooperative agreement with CEM in December 1995.

CEM did, however, provide a number of valuable lessons for the Business Support Services component about the SME services market:

- Local demand for consulting and training services was limited, even in Casablanca, and the market needed to be stimulated.
 - SMEs in Casablanca would be willing to pay no more than 10,000 dirhams (roughly \$1,000) for a business plan.
 - Ninety (90) percent of the demand for consulting services was for business plans to use as the basis for bank loan requests.
 - Sixty-five (65) percent of CEM-prepared business plans received bank financing.
 - SMEs would pay for training if the courses were adapted to their needs and their ability to pay.
 - The target market for SMEs willing to pay for such services was existing SMEs with 2-3 years' experience, an office, some clients and revenues.
2. *A capacity-building approach in Phase II helped create a national network of consulting firms, associations, chambers, and business trainers selling their services to SMEs.*

The market lessons and institutional experience with CEM led to a new strategy for the Business Support Services component. While the objective of strengthening the private sector capacity to provide business support services for SMEs remained the same, the implementation focus was shifted from institutional building to capacity building with existing organizations and small business specialists. The new strategy included the following elements:

- *Strengthen local capacity of existing consulting firms, associations, chambers, and trainers.* For the first time in an SME development project in Morocco, NED focused on providing trainings and technical support to existing business service providers who are the logical partners of SMEs. This encouraged them to collaborate more with SMEs, and helped numerous providers begin to appreciate the market potential of consulting, training, and banking services for SMEs.
- *Decentralized, regional approach throughout Morocco (except Casablanca-Rabat corridor).* By deciding to work outside the Casablanca-Rabat corridor, NED responded to a large number of SMEs and business service providers that were previously ignored or neglected in SME development efforts. Being physically separated from the substantial commercial, financial, and administrative resources available in Casablanca and Rabat, these regional SMEs and their providers had the most to gain from efforts to stimulate local demand and strengthen local capacity. These regional SMEs also most clearly represented USAID's target of below-median income persons.

- *Integrated focus on consulting, training and financial services.* NED viewed SME development in terms of a single focus: improving SME performance. NED therefore developed all of its business support services in training, advisory, consulting, and financial services as integrated elements to achieve this goal.
- *Collaboration and partnership: SME + consulting firm + association + chamber of commerce + bank.* To help SMEs improve their performance, NED encouraged SMEs to become dynamic partners in the formal business and financial systems. Working with consultants, trainers, and bankers would help SMEs improve their management, credibility, and access to financing. Trainings with service providers, as well as SMEs, constantly repeated this theme of productive partnerships.
- *Stimulate demand for consulting and training services with indirect financial incentives.* NED established a system of indirect financial incentives, or grants, using the Association Grants and Development Fund Grants mechanisms. These grants or incentives responded to a real constraint: the willingness and ability of small enterprises to pay for services they had never previously used or purchased. The indirect grant to an association or chamber to pay for the trainer underwrote the cost of the training and ensured a high quality product. The indirect grant to a consulting firm underwrote the cost of a business study and encouraged SMEs to purchase such a service. In both cases, NED emphasized tangible results: grants for trainings and consulting studies were only paid out only on upon completion of the training course or on presentation and validation of the study.
- *All services provided for a fee.* NED insisted that all of its service provider partners charge something, however nominal, for every training or consultancy. Pricing depended on the ability of local SMEs to pay. Business is business, and NED insisted that SME development projects also incorporate and reflect best business practices.

By strengthening the supply of business support services, stimulating the demand for these services, and forging linkages among them that highlighted the commercial benefits for SMEs and business service providers alike, NED helped forge the foundation of a sustainable market for business support services.

The boxes on the following pages outline the processes and criteria for the consulting and training services programs and the training of trainers.

3. *The BSS integrated approach introduced modern, comprehensive business planning and related diagnostic tools for SME management, as well as modern, interactive management training for small business operators and managers, throughout Morocco.*

BSS partner consulting firms and training organizations offered market responses to the real needs of their SME clients or members by offering them practical tools and methodologies. Under the BSS¹, NED organized or sponsored a total of 176 training events in which 3,003 participants (16 percent female) benefited.

¹ From April 1996 through April 1999.

BSS Consulting Services

NED process for strengthening consulting services:

- Consulting firm request to participate in NED-sponsored program
- NED signed agreement with consulting firm (terms and conditions)
- Approval of request for specific SME business study
- Review and validation of completed study (in terms of form, completeness and accuracy, but not for content)
- Subsidy paid to consulting firm
- Maximum 50% of cost of study, up to 5,000 dirhams (\$500) per study
- Numerous studies possible
- Follow-up on impact of consultancy on SME and on consulting firm

Criteria for consulting firms:

- Existing, serious consulting firms (including accountants, fiduciaries, management consultants, engineers)
- Adherence to NED objectives
- Personalized contact
- No formal licensing or certification: merely approval to participate in program and be eligible for subsidy

Criteria for SMEs:

- Fewer than 20 employees
- Less than 5 million dirhams in sales
- Owner is manager
- Adherence to BSS procedures

Criteria for consultancies:

- Specific consulting studies, such as business plans, cash flow analyses, diagnostics, market studies, financial plans — aimed at improving the management and performance of the SME
- No accounting or legal studies (as these were required by law)
- Measurable results and clear impacts

BSS Training Services

NED process for strengthening training capacity in associations and chambers:

- Association or chamber request to participate in NED-sponsored training program
- Training manager or coordinator designated
- NED training on "How to Organize and Manage Business Trainings"
- Rapid training needs assessment of members using focus groups (1 day)
- Development of training program or cycle (typically including courses on management practices, quality management, export, communicating with the client, sales techniques, and negotiations)
- NED agreement to support training program
- Organization of trainings with participants identified and costs shared
- Trainings facilitated by NED-trained trainers using adult, interactive training methodologies in Moroccan Arab dialect or French
- Subsidy paid to trainer directly, typically covering about 50% of cost of training
- Follow-up on impact of training on trainees and association

Criteria for association and chamber partners:

- Dynamic and active participation of training organization
- Training manager
- Training cycles or programs (not single courses)
- Association or chamber commitment and contribution in kind and in-cash

BSS Training of Trainers

NED process for selecting trainers to be trained:

- National advertisements requesting current or potential business trainers to submit cv and letter (targeting trainers, businesspersons, accountants, bankers, government officials, etc.)
- Regional selection panels, including one-on-one and group simulations
- Overall selection of top 15-20 candidates, based on one's profile for adult interactive training, business and training experience, and educational background

NED training of trainers course:

- Key elements of adult, interactive, experiential training
- Interactive training techniques and methodologies
- Session planning (plan de séance), trainers manuals (guide d'animation), and training materials (supports)
- Follow-on support to NED-trained trainers:

Promotion-Marketing :

- Development of training programs with chambers and associations
- Training needs assessments and selection of participants

Quality Control:

- Training session plans and technical materials
- Coaching follow-up

Technical Trainings:

- How to organize and management business training
- Business planning
- Diagnostics and financial management
- Follow-up training of trainers

4. *Five hundred and eighty-six (586) consultants, training managers, trainers and bankers (17 percent women) benefited from 46 NED trainings organized under the BSS capacity-building initiative.*

These included:

- Six (6) “Training of Trainers” (72 trainers, 24 percent female)
- Seventeen (17) courses on “How to deliver SME training programs for your association and/or Chamber of Commerce” for 26 chambers and associations (250 association managers and training organizers, 19 percent female)
- Twenty-three (23) consulting product trainings — business plan, marketing, diagnostic, banker-client relations, cashflow management — for 58 consulting firms (264 consultants, 16 percent female)



Local associations and chambers of commerce were supported by NED in delivering business trainings with Moroccan trainers — on a for-fee basis — throughout Morocco.

5. *Five hundred and twenty (520) SMEs, consultants, trainers, bankers, and SME support organizations attended 10 roundtables (“Keys to SME Success”) and workshops (“Better Business Practices”) in key cities and towns throughout Morocco (outside Casablanca and Rabat).*

In addition, the NED contract team previously assisted with the training and consulting activities that were organized at CEM². These included:

- Seventy-five (75) training events (1,579 participants, 15 percent female)
 - Sixty-five (65) consulting assignments completed (Business Plans), of which 65 percent received bank financing
6. *One thousand eight hundred and ninety-seven (1,897) entrepreneurs (20 percent women) benefited from 120 management trainings organized by 21 association and chamber partners in 26 cities and towns outside Casablanca-Rabat.*

NED sponsored management training programs, or cycles, which we found to have the greatest impact on SME performance. We learned in the BSS impact assessment that regular training participants who attended a training program learned and applied more than those who attended only one course. The trainings included such topics as best management practices, accounting as a management tool, quality management, communication with clients, sales and marketing, and bank negotiations.

NED ensured that the trainings were of uniform, high quality and responsive to SME needs by working with a growing number of modern, adult business trainers. All of NED’s trainers were recycled through training-of-trainers courses that instructed them in interactive adult training techniques. This broke a long-standing tradition in Morocco of theoretical business courses being taught by university professors.

In addition, by working with local business support organizations, NED was able to sponsor management trainings that were offered for the first time in such towns as Bouarfa, Figuig, Tendirara, Tazenacht, Benguerir, and Ksar El Kebir.

The NED training grants for the trainers’ fees covered roughly 50 percent of the cost of these training events, with the participants and organizers sharing the remainder.

The regular business and management trainings provided by local associations and chambers also garnered increased support from their members, and reinforced the credibility of the association as being practical and responsive to SME needs.

7. *Ninety (90) SMEs benefited from NED-supported consulting services, particularly business plans. The Banque Populaire, BMCE-Bank and Crédit Agricole funded 15 of these 90 SMEs.*

The total amount of NED grant incentives for these 90 studies prepared by partner consulting firms was 292,642 Dh (approximately \$29,000). This covered 42 percent of the total cost of

² From October 1993 through March 1996.

services, which amounted to 704,697 Dh (\$70,000). NED's average underwriting cost per business study was 3,251 dirhams (roughly \$350 per study).

Sixty-six (66) consulting firms participated at various levels in implementing the BSS studies:

- Forty-seven (47) percent of firms sent in a request for a subsidy
- Twenty-four (24) percent actually received subsidies
- Eight-two (82) percent of these firms participated in at least one product training (including business planning, diagnostic, cash flow analyses and treasury management, bank-business relations, and marketing of consulting firms)
- Forty-nine (49) percent participated in more than two product training sessions

B. Impacts of Business Support Services

1. *SMEs supported by NED's consulting firm partners generated millions of dollars of new business and hundreds of new jobs as a result of better business planning and management.*

An impact assessment conducted on BSS activities carried out from April 1996 until December 1997 identified the following direct impacts for the firms that purchased NED-supported consulting services:

- \$8.8 million of new SME investment were generated
- \$11.3 million were projected for first-year SME revenues
- 627 new jobs were created
- 74 new small enterprises were created

Total contract expenditures for the BSS over this 18-month period were \$1 million.



Traditional and modern small businesses saw their investments, sales, and employment grow thanks to business plans and trainings from NED-assisted consulting firms and associations.

2. *More than 55 consulting firms in 12 cities and towns in Morocco are capable of providing modern business planning and consulting services to SME clients, and more than 30 of these firms continue to provide such services to SME clients.*

The BSS Impact Assessment showed that NED's partner consulting firms were using the consulting products and modern management approaches as often without the NED grant incentive as with it. They stated that the grant procedures were either too time consuming for the amount, or that some clients did not request the grant. Mostly, they valued the management tools and techniques provided in NED training courses, which they have integrated into their services.

Similarly, NED encouraged the development of management consulting services in firms outside Casablanca-Rabat. In December 1997, NED organized a workshop in Settat for 25 consulting firms from around Morocco. The workshop focused on the marketing and diversification of consulting services. As a result, accounting firms in Fes, Agadir, Oujda, and Tangiers that worked with NED have branched out from accounting and auditing, and have substantially increased their management consulting activities.

NED's consulting firm network is also being used or will be used by other donors and institutions. This includes the EU's Euro-Maroc Entreprise project, the loan guarantee agency Dar Ad-Damane, the Agence du Nord, and Ministry of General Government Affairs House of Young Entrepreneurs (Maison de la Jeune Entreprise).

3. *More than 30 chambers of commerce and associations in 26 cities are capable of identifying their members' training needs, organizing management trainings with private Moroccan trainers, and evaluating the training results.*

As an example, the regional development association ATIL in Tetouan has developed a model, integrated program for assisting local artisans, most of whom are illiterate. With NED assistance, ATIL conducted training needs assessments, organized a five-course training program (repeated three times) with NED-trained trainers, developed a regional handicrafts fair, and began providing business advisory services. All of the trainings were demand-driven, and delivered in Moroccan Arab dialect. NED also trained ATIL to develop its capacity to provide business services and training. ATIL continues to provide such integrated services to local artisans.

The Chamber of Commerce in El Kelâa des Sraghnaa is another example of a Chamber that participated actively in all of NED's BSS capacity-building trainings, and continues to offer management trainings and advisory services to its SME members.

4. *NED introduced a modern, positive language for SME development in Morocco that persists to this day.*

Through its business capacity trainings, SME trainings, and its workshops and seminars, NED constantly repeated the message of improving SME performance. We did so by regularly using such positive terms as *dynamic enterprises, business plans, keys to success, best business practices, and modern management*. By repeating these messages, we helped change the focus of SMEs and their service providers in Morocco from a negative, reactive one highlighting problems and constraints, to a positive, proactive one emphasizing the tools and market conditions needed to ensure SME growth.

Perhaps the best example was NED's introduction of the modern business plan to Morocco. We insisted on calling it "Le Business Plan," with its North American focus on products, markets, and sales projections. This was in contrast to traditional SME investment plans ("montages financiers" or "plans d'investissement") which covered only the financial and credit requirements of Moroccan SMEs seeking bank credit. NED offered training in business planning to consultants and SMEs alike. Eventually, "Le Business Plan" was published and 2,600 copies

were distributed to banks, consulting firms and SMEs. “Le Business Plan” was also included as a basic requirement for SMEs applying for the working capital loan guarantee, Oxygene.

5. *NED-trained trainers are being hired directly by Moroccan and other clients without NED financial support.*

Some examples are:

- NED’s senior training specialist continues to provide NED-style training-of-trainer courses to such organizations as ODEP and a commercial bank, and other management courses to such organizations as ONE (electricity company) and ONEP (water company).
- The Secretariat of Artisanry in the Ministry of Industry, Commerce and Artisanry has hired several NED trainers at its own expense to perform needs assessments and strategic planning workshops, using participatory methodologies, with various associations of potters and rug dealers.
- The USAID/Mali Centre Agro-Enterprises (CAE) project is using the NED BSS model for training of trainers and support for local consulting services. CAE first conducted a training of trainers using the American trainer and NED-trained Moroccan trainer who had conducted NED’s trainings. The Moroccan trainer has since provided quality control for the CAE’s business training modules developed by the Malian trainers. The Malian trainers are conducting business trainings for local agri-businesspersons, who are paying 3,500 CFA (approximately \$5) per training. The CAE is also using the NED-developed consulting and training products, including NED’s Business Plan, with Malian consulting firms. Finally, CAE has initiated the business plan grant program, à la NED, with more than 25 Malian consulting firms now participating.
- A NED-trained trainer was hired by Peace Corps to manage its SME program and volunteers in cooperation with the Secretariat of Artisanry.

C. Lessons Learned from Business Support Services

1. *The market is not yet sufficiently developed in Morocco for self-sustaining SME consulting or training services.*

While NED helped dynamic SMEs learn to value business plans and business trainings to improve their management, the use and purchase of such tools is not yet commonplace throughout Morocco. Many SMEs still do not appreciate the value of a solid business plan, either for improving their management or for increasing their chances of obtaining a bank loan. They are still reluctant to invest in such services, however badly they are needed. NED’s indirect incentive program was a positive first step, but continued encouragement is needed to help more Moroccan SMEs systematically use modern management tools.

2. Modern, interactive business training in Morocco remains the exception rather than the rule.

NED was able to identify, train, and employ some 20 trainers who were able to ensure that NED-sponsored trainings were of uniform high quality, using interactive adult training techniques. This approach represented a radical departure from traditional, academic trainings that have been and continue to be offered to SMEs — and which continue to diminish the value of the business training market among potential SME participants. Continued support for training of trainers, and follow-up sessions with trainers to ensure quality, should be emphasized.

3. Linking business training and consulting activities increases the value of both activities.

Associations and consulting firms found that including sessions about consulting products related to the training theme increased the value of trainings. This enhanced the credibility of the association or chamber offering the training by linking it to local consultants who are able to respond to specific SME needs. This also clarified the roles of training organizations (offering more generic information to a group of entrepreneurs) and consulting firms (offering specific information to one SME).

4. Reaching out to SMEs through their accounting firms is one of the surest ways to transmit the message about best management practices.

Nearly all Moroccan SMEs rely on an accounting/auditing firm for bookkeeping and tax preparation. NED targeted these firms, and found that the best of them, which represent some 3,500 SMEs around Morocco, are trusted by their SME clients and respected by local bankers. NED provided training in management consulting to these accounting firms, which helped them expand and diversify their client services, and become effective marketers of best management practices.

5. Develop and launch pilot products quickly to gauge demand, willingness to pay, and other potential needs.

NED implemented the Phase II of BSS in a matter of months. As with any business, we left it up to our clients and partners, SMEs and their local business support organizations, to tell us what consulting and training products they needed and were willing to buy. Rather than conduct extensive surveys, we launched training and consulting products based on CEM experience and available market information, and we learned from our successes and failures. Like any small business, we quickly and systematically modified, improved, or scratched various products and services. We found that training evaluations at the end of each course were the best way to survey SME training needs. Each training generates new ideas and demands, and helped participants specify what they really want.

6. *General marketing and informational events, as well as repeated visits to partner organizations, had tremendous value in disseminating a clear, consistent message about dynamic SMEs and best management practices.*

We found that to make the message positive, and to get everyone to speak the same business language, we needed to constantly push the message. We conducted regional seminars throughout Morocco on a semi-annual basis. These seminars involved all of our clients and partners: SMEs, consulting firms, associations, chambers of commerce, banks, and local government. The consulting firms especially appreciated the publicity campaigns, which helped attract SMEs to the idea of buying services other than for accounting and taxes.



NED was constantly on the move around Morocco, promoting best business practices in such seminars as these at the Fès Chamber of Commerce and with the Agadir MBA Association.

We also regularly visited every partner organization in every city at least twice a year, if not three to four times. In addition, we offered at least two consulting product trainings or other trainings to business services providers per year. Indeed, we saw ourselves as marketers, or proselytizers, insisting everywhere on modern, competitive businesses and partnerships for progress.

7. *Linking consulting and training services to financial products was essential to creating a critical interest in the BSS.*

Lack of access to financial services is a major problem. We therefore developed a clear linkage between the BSS and SME financing components that helped SMEs appreciate the value of transparent, comprehensive business plans for obtaining bank financing.

SECTION IV

SME Financing: Increased Access to SME Financing

A. Results of SME Financing

1. *NED spent considerable time and energy in Phase I designing alternative, innovative SME financing programs that were never financed under the NED project.*

In the first two years, NED teams designed alternative and innovative financing programs for loan guarantees and equity finance. This preparatory work was based on the assumption that the \$9 million in the NED project paper design for SME financing, which was not included in the NED grant agreement, would be approved and obligated once this ongoing design work was completed.

We developed a draft SME finance component and PP amendment in 1993. At that time we proposed developing SME financing products, in conjunction with local banks, that were adapted to the size and maturity of SMEs. These would have included working capital lines of credit, guarantees, and equity financing mechanisms. This initiative, including the hiring of a long-term SME financing specialist as originally specified in our contract, was placed on hold. USAID noted that existing financing programs in the Government of Morocco and among the donors already addressed business financing needs for equipment loans and leasing, investment credits and investment guarantees. Yet none of these products were specific to the size and nature of SMEs.

USAID also decided to place a working capital loan guarantee proposal on hold until an evaluation of USAID's existing pre-export loan guarantee programs could be evaluated. USAID was also working at that time to create a new, independent private loan guarantee corporation.

We also assessed the feasibility of supporting a local SME equity finance company, MADI, with a management audit (August 1993). The audit concluded that MADI was an interesting idea, but that the organization had too many problems, including a lack of financial focus, no business plans, and no exit strategy. USAID rightly decided not to support MADI.

2. *One-hundred and five (105) bankers, SMEs, association and chamber representatives, and journalists (18 percent female) attended a National SME Financing Roundtable organized by NED in February 1994.*

This was the first time that so many potential SME partners were brought together to discuss SME financing needs from the point of SMEs. Issues they dealt with included responsible financial reporting by enterprises, how banks could get closer to their clients to better serve their needs, and innovative products and services adapted to SME needs and ability to pay.

Key points raised at the roundtable included:

- SMEs typically lack transparency
- SMEs lack knowledge of cash and treasury management
- SMEs need working capital to meet existing needs
- SMEs are not used to paying for services
- Some SMEs are bankable but they lack sufficient collateral

As a result, USAID, the Ministry of Tutelage, NED, and CEM decided to test a pilot revolving loan fund aimed at financing working capital needs of SMEs. This pilot was developed as the Crédit Relais Revolving Loan Fund, and then renamed Crédit Wassila when it was launched by the CEM in July 1994. Wassila working capital credits were based on the premise of a detailed business plan and cash flow analysis. Only one credit was made and successfully repaid before USAID terminated its cooperative agreement with CEM.

3. *An SME working capital loan guarantee fund, Oxygene, with 50 million dirhams (\$5 million), was subsequently designed by NED and implemented by an existing private loan guarantee company, Dar Ad-Damane.*

After the uncertainties that arose with CEM and Wassila, USAID decided to implement any new SME financing schemes with existing financial institutions. USAID determined that NED would not receive the \$9 million intended for the SME Financing component, but that USAID would transfer approximately \$5 million from its pre-export financing loan guarantees into a new SME working capital loan guarantee fund.

NED designed the pilot guarantee fund in association with Dar Ad-Damane. USAID selected Dar Ad-Damane to manage the fund because it was a private loan guarantee institution owned by the commercial banks, and it had a track record in managing investment credit guarantees for SMEs.

Called Oxygene, the working capital loan guarantee fund was designed based on lessons learned from Wassila, as well as from previous SME financing schemes. Innovations in this product include a focus on SME cash flow and working capital requirements (instead of fixed asset guarantees), the linking of the business plan and a fee-for-service to the Oxygene guarantee, and the ability of SMEs and banks to convert the line of credit to a term loan, thus giving dynamic SMEs the opportunity to grow based on real results.

Although the NED design was completed in four months, by the end of 1996, the Ministry of Finance and Dar Ad-Damane did not sign the agreement for Oxygene until December 1997. Further disagreements among the Ministry of Finance, the Banker's Association and Dar Ad-Damane, and delays in the release of the funds by the Ministry of Finance to Dar Ad-Damane, delayed the actual launch of the Oxygene fund until July 1999.



Dar Ad-Damane, with NED support, launched the innovative working capital loan guarantee fund for small businesses called Oxygene.

SME Working Capital Loan Guarantee Fund: Oxygene

Purpose: minimize banks' high risks associated with working capital credit

- Determine the optimal level of information required
- Stimulate and integrate various institutions and products (synergy with business plan, cash flow analysis, consulting firms, banks)
- Verify efficiency and value of follow-up
- Limit access to existing and reliable enterprises, which can demonstrate reasonable cash flow and contracts, but are unable to obtain working capital credits because of a lack of collateral

Criteria for SME applicants

- Existing SMEs with at least six months in business
- < 5 million Dh (\$500k) in total assets
- Ongoing banking relations
- No previous working capital credits
- Business plan with cash flow analysis

Terms of Loan Guarantee

- 200,000 Dh guarantee maximum
- Maximum 60% coverage (with reduction to 50% with annual renewal)
- Valid for a 12-month cycle
- Renewable two times
- Interest rate negotiated between bank and SME
- Annual fee of 2,500 DH (\$250) payable by the SME
- Personal notes and business guarantees also allowable by bank
- Not to be used for purchase of fixed assets
- Conversion to term loan (in the event of a default)

Benefits for SMEs

- Better management of the business
- Access to working capital credits
- First step in modernizing business
- Assets liberated for other investments

Benefits to Banks

- Access to an underexploited market
- Acceptable level of risk and for-fee services

Overall Benefits to Business Environment:

- Dynamic SMEs and banks increasing in value and market share
- "WIN-WIN"
- Strengthening of partners and partnerships
- Building on basis of best business practices (business planning, cash management, transparency and reliability of financials, use of experts)

NED Role

- Quality control: Business plan, consulting services, pilot program
- Training in cash management for SMEs, consulting firms, banks
- Technical assistance

4. Fourteen (14) bankers and senior government officials (7 percent female) participated in a NED-sponsored Observation Study Tour to the United States and Canada.

The purpose of the study tour was for participants to learn how to improve bank-SME relations, and to promote the effective use of loan guarantees in Morocco. Participants visited major banks, SME support institutions and bank associations in both countries, and witnessed first-hand how SME financing products and services are demand-driven, and respond to the growing and profitable SME market.

5. *Two-hundred and thirteen (213) bankers, association representatives, consultants, chamber officials, and journalists (9 percent women) attended regional roundtables in six cities in April and May 1999 to promote Oxygene.*

These roundtables were part of the initial marketing campaign for Oxygene. At the same time, 2,600 copies of the NED-published business plan were distributed by Dar Ad-Damane to banks and consulting firms as technical backup for Oxygene requirements.

B. Estimated Impacts of SME Financing

Once fully operational, it is estimated that the \$5 million Oxygene fund for working capital loan guarantees will:

- Assist 1,250 SMEs initially
- Enable them to access 412 million dirhams (\$41 million) of working capital credits from the Moroccan banking system
- Encourage these same SMEs to use modern planning techniques to analyze their working capital loan requirements (Business Plan)

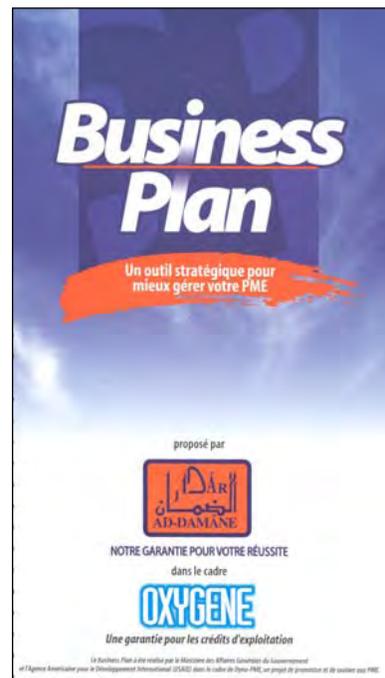
C. Lessons Learned from SME Financing

1. *SME financing is a major problem for Moroccan SMEs, but is not a critical constraint to their growth and expansion.*

By virtue of not having an effective SME financing component throughout most of the NED contract, we learned firsthand that improving SME internal management and the enabling environment were far more critical to enhancing SME performance than just having access credit. In fact, we believe that the lack of a financing component made us focus more on the key issues of management and the business environment, and in turn improved our results in those areas.

2. *Access to credit, and not the cost of credit, remains the key issue for Moroccan SMEs.*

As bankers and SMEs alike attested, Morocco had and continues to have excess liquidity in the banking sector that could be allocated to SMEs. The problem of access to credit for many SMEs remains one of how they can learn to be viewed as reliable entrepreneurs with a bankable projects and reasonable cash flow projections. NED's results showed that business planning and cash flow analyses done by reliable, neutral, third-party consultants was the most effective way for SMEs to build confidence and credibility with bankers.



To complement the services and trainings provided by NED's local partners, Dar Ad-Damane distributed thousands of copies of NED's Business Planning Guide to banks and businesses throughout Morocco.

3. *Access to working capital loans is a major constraint for those who need it most: existing, dynamic SMEs with several years of experience, accounts receivable, and orders on the book.*

Oxygene was designed to respond to this category of SMEs — dynamic and poised to expand, but unable to for lack of working capital. USAID and other donors should continue to support Dar Ad-Dâmane’s efforts with Oxygene and other loan guarantee products to respond to this pressing need.

SECTION V

Conclusions

A. Results of the Project

As of the writing of this report, four groups of partners have experienced the greatest benefits from NED. These include: SME clients; business support organizations and specialists; business, trade, and economic development associations; and government offices.

A1. SME Clients

Thousands of SMEs are better managed and better able to compete in a rapidly expanding global marketplace. Successful clients include small- and medium-scale enterprises that:

- Participated in hundreds of business and management training courses on such subjects as best management practices, total quality management, accounting as a management tool, marketing and sales techniques, and communicating with the client
- Began to use modern business planning techniques systematically for their management and bank loan requests
- Began employing or expanded their use of management consultants to solve specific management, production, financial, and marketing problems
- Improved relations with their commercial banks by providing transparent, complete, and up-to-date financial analyses using modern financial planning tools
- Began or expanded participation in representative trade, business, or community development associations to serve their business and sectoral interests

A2. Business Support Organizations and Specialists

More than 100 management consulting firms, business associations and chambers of commerce, and professional business trainers are now selling an increased amount of consulting, training and information services to SMEs throughout Morocco. Trained and assisted by NED, these business support specialists now offer SMEs an expanded set of modern management tools and techniques that are adapted to SME needs and their ability to pay. These include such consulting services and trainings as business planning, total quality management, cash management, financial analysis, marketing and sales, diagnostics, and banker-client relations. The trainings are now offered using adult, interactive training techniques.

A3. Business, Trade, and Economic Development Associations

More than 20 associations representing SMEs at the national, regional, and local levels now advocate and lobby effectively on behalf of their SME members. These associations are carrying out such activities as producing business directories to market their members' services; developing policy and position papers on key SME issues with economic impact analyses; and discussing ways to improve the enabling environment for SMEs with ministers, governors, and other leading officials. All of these actions are helping to improve the productivity and competitiveness of SMEs throughout Morocco.

A4. Government of Morocco

The current Moroccan political leadership, as well as numerous ministries in the Moroccan Government, are now focused on improving the enabling environment of SMEs as a key means for increasing economic productivity and job creation. This focus is being translated into a comprehensive framework of specific legislative, administrative, and organizational reform measures to help SMEs. Implementation of these NED-initiated laws and other administrative reform proposals will bring concrete, practical benefits to Moroccan SMEs in the near term.

B. NED Partners' and Clients' Evaluation of our Work

To get a qualitative sense of what NED meant to them, we spoke with SME clients; business support organizations and specialists; and local, regional, and national authorities. We found a convergence of opinions:

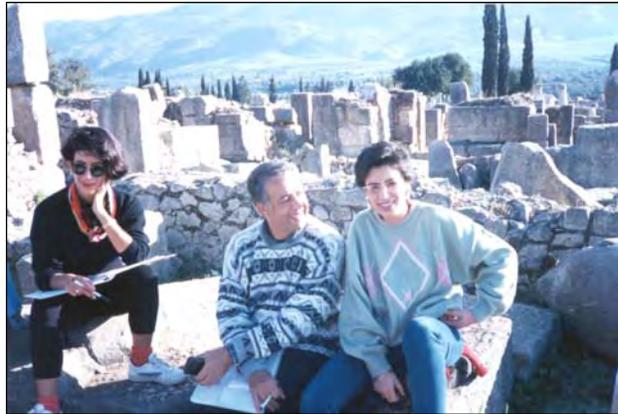
- *Clear and constant focus on SMEs.* NED was first and foremost a project aimed at helping SMEs by strengthening and supporting their many partners. The NED team was viewed as being untiring activists for the SME cause.
- *Practical and concrete.* NED did not produce studies; rather, it helped Moroccan partners produce tangible, useful results through concrete actions.
- *Transparent.* NED established clear procedures and systems for all of its components and activities. NED's partners and clients always knew what was expected of them, and they expected the same professional and prompt responses from NED.
- *Catalyst and partner.* NED was appreciated as a catalyst, helping and supporting Moroccan partners and clients achieve common objectives and produce numerous and



The NED team succeeded in large part thanks to its outstanding long-term Moroccan institutional partners, F.O.C.S. and PKF MCA & Associés (seen here in 1996).

various results. NED viewed all groups as partners and clients, and always emphasized their accomplishments and results over NED's inputs.

- *Innovative.* NED did things differently than were traditionally done in Morocco. NED was known for holding participatory workshops, building partnerships, and showing Moroccans what was happening elsewhere in Morocco. Our partners and clients valued these approaches as they became more productive, and learned that they have more fun when everybody benefits.
- *Persistent presence.* NED worked with partners and clients in nearly every major and secondary town and city in Morocco. The team was known and respected because we kept coming back, time and again, and we honored our word and agreements.



The NED team did things differently in order to do them better, including a training at the Roman ruins of Volubulis to improve teamwork.

C. Future Benefits from NED

NED was an investment in Morocco's SMEs and their enabling environment that will keep providing returns in the future. Some benefits will be reaped in the next few years, and some by those beyond NED's immediate clientele. These include:

- *More competitive SMEs.* SMEs, their management consultants, and their bankers now talk about business plans, cash flow analyses, and market share in increasingly competitive markets, instead of requesting investment loans with subsidized credit. With modern business planning and management tools, Moroccan SMEs will become increasingly better managed and financed, more productive, and hence more competitive in national and international markets.
- *More effective national dialogue on SMEs.* NED's eight-year effort has created a more friendly small-business environment that will continue to gain importance and exposure as the economic benefits of a vibrant SME sector are increasingly understood. Pending SME legislation will be approved by the Government and Parliament more quickly because these leaders now appreciate the importance of such laws for stimulating the national economy. Private-public dialogue, once an elusive goal, has now become common practice among business associations and the government and will lead to more rapid, substantial, and effective improvements in the SME enabling environment.

- *More practical Government reforms and improvements.* NED's insistence on non-legislative reforms, primarily organizational and administrative, has filtered into the strategies and daily operations of key ministries dealing with the private sector. These ministries, including industry and commerce, finance and the tax authority, and general government affairs, now implement reforms and improvements that will simplify, streamline, and harmonize government formalities for SMEs. Such projects as the One-Stop Business Formalities Center and the Commission for the Simplification of Business Formalities will improve the business environment as well as accelerate the pace of business reform.

ANNEX A

Contract Background and Performance Indicators

A. A Constant Focus on SMEs in the 1990s, Despite USAID's Changing Strategic Objectives

In the 1990s, while USAID was undertaking reengineering and strategic reorientations, the original goal, purpose, and design of the NED project remained unchanged. USAID and Chemonics did, however, modify NED's intermediate results and performance indicators in light of reengineering to be more specific and more quantifiable.

In 1994, as the reengineering initiative was implemented, USAID's Project Development Private Enterprise (PDPE) office became the Private Sector Development (PSD) Office, and NED was included in the new Strategic Objective 2 (SO2): "Encouraging broad-based economic growth and building democracy."

In 1996 the office became the Economic Growth Office, and Strategic Objective 3 (SO3) was modified as follows: "Expanded base of stakeholders in the economy, targeting people of below-median income." This was in response to AID/Washington's emphasis under reengineering on realistic and achievable targets, concrete and measurable indicators, and on helping lower-income persons.

At the same time as USAID was evolving, the Moroccan Ministry of Tutelage was also changing. Originally, in 1991 it was the Ministry responsible for Economic Affairs and Privatization¹. In 1993 it became the Ministry responsible for Economic and Social Affairs². In 1994 its name was changed to the Ministry of Economic Incentives³, and then in 1998 it was changed again to Ministry responsible for General Government Affairs⁴. None of these name changes, which reflected political reorientations for the Moroccan Government, affected NED's structure or relations with the ministry.

B. Chemonics' NED Contract: Originally from June 1992 through June 1996

Chemonics International Inc. was contracted by USAID in June 1992 to implement the NED contract. Initiated before USAID's reengineering initiative and performance- or results-based contracts, Chemonics' original contract specified 10 tasks to be completed. These included:

- Provide long-term technical assistance for the OAR component, to provided by someone who would also be the COP
- Provide long-term technical assistance to CEM

¹ Ministère chargé des Affaires Economiques et de la Privatisation

² MINISTÈRE CHARGÉ DES AFFAIRES ECONOMIQUES ET SOCIALES

³ Ministère chargé de l'Incitation de l'Economie

⁴ Ministère chargé des Affaires Générales du Gouvernement

- Subcontract with a Moroccan firm to implement the OAR component
- Administer Association Grants under the OAR component
- Administer Development Fund grants under the BSS component
- Procure all equipment and goods for the project
- Establish a local office
- Manage in-country and U.S. training programs
- Provide continued home-office support to the project
- Manage a Loan Guarantee Fund and other SME financing mechanisms

Chemonics' contract was originally intended to run through June 1996, with an optional fifth year to emphasize the sustainability of project-initiated activities.

C. NED Phase I: June 1992 through June 1996

Phase I of the NED project was planned to last four years. USAID planned to evaluate NED after three years to identify the key areas of emphasis or modification for Phase II.

The Objectives for Phase I, from June 1992 through June 1996, per Chemonics' original contract (p 5), were to:

- Reduce barriers to business start-up
- Reduce the business failure rate
- Increase employment opportunities

The expected results of the three components were to:

- Reinforce the organizational structure and business environment of SMEs and produce proposals for changes in laws, regulations, and procedures for constraining SME development
- Provide new and existing SMEs with orientation, training, and business advisory services, delivered by a private Moroccan consulting company
- Establish in Morocco an innovative financing facility intended for existing SMEs

These expected results were translated into the following target outcomes, as specified in USAID's strategic documents and NED's annual work plans:

- Review and implement five organizational and administrative reforms
- Strengthen business support organizations that serve the SME sector
- Help create a private institution that will provide business advisory services, training, and information to SMEs
- Help create a viable market for professional SME advisory services
- Strengthen SMEs to seek out and exploit new markets and technologies
- Seek to attain a rate of 7 percent women entrepreneurs among SMEs in Morocco

- Help increase financing available and flowing to SMEs

USAID's design focused primarily on building or supporting the development of institutions or advisory committees that would ensure SME services and reforms continue. These included the Centre de l'Entreprise du Maroc (CEM) for the BSS component, and a public-private Consultative Committee for the OAR component.

The Phase I strategy implemented by Chemonics included:

- Developing methodologies, products, and services for CEM
- Testing the markets with the Centre de l'Entreprise Du Maroc (CEM)
- Involving public and private decisionmakers in the OAR Consultative Committee
- Creating partnerships and building a network of public and private partners
- Using project resources as leverage to encourage complementary actions from our partners
- Evaluating and regionalizing the lessons learned from CEM

An independent USAID project evaluation in November-December 1995 highlighted that NED achieved all of the above target outcomes in Phase I to varying degrees. Notably, the OAR component produced the five reform proposals and strengthened business support organizations. Yet the evaluation recommended that the Moroccan Government commit to instituting the public-private reform committee agreed to in the original grant agreement.

The evaluation also recommended that USAID terminate its cooperative agreement with the CEM, the Moroccan organization running the private small business service center, and that both the BSS and SME Financing components be redesigned based on the lessons learned during Phase I.

D. NED BSS Transition Phase: January 1996 through June 1997

The NED Transition Phase enabled the project and Chemonics to implement an alternative strategy for the BSS component. Instead of focusing on institution building in Casablanca (per the original NED strategy), the BSS component adopted a capacity-building and regional approach. This revised strategy focused on supporting and strengthening existing consulting firms, associations, and chambers of commerce providing business support services outside the Casablanca-Rabat corridor.

Chemonics' contract was amended in April and June 1996 to reflect these changes in the implementation strategy and to extend the contract work through the optional fifth year.

The expected results specified for the BSS transition phase were:

- Ten (10) training activities organized, with 20 more programmed and in the pipeline
- One hundred and twenty (120) entrepreneurs trained
- Outreach provided to at least 7 cities outside the Casa-Rabat corridor
- Thirty (30) business plans prepared

At the same time, work continued as planned under the OAR and SME Financing components.

E. NED Phase II: June 1997 through June 1999

Phase II of NED was undertaken based on the rapid success of the BSS Transition Phase in developing an informal national network of providers of small business training and consulting services, and the continued advancements in the OAR component. The aim of NED Phase II was to consolidate these achievements and focus on ensuring their sustainability after project end.

The NED objectives for Phase II, from June 1997 through June 1999, remained essentially the same as for Phase I. Per Amendment No. 9 of Chemonics contract, these objectives were to:

- Enhance opportunities for small business creation and expansion by improving the small business environment
- Improve the ability of enterprises to be more productive and competitive by reinforcing the consulting and training services provided to small businesses
- Help small business gain operating credit via loans guaranteed by a formal financial institution

The expected results of Phase II, per Amendment No. 9 of the Chemonics Contract, (June 1997, pp. 3-4) were clearly specified:

- At least 5 reform efforts in the adoption phase, among which will be the business observatory and the business registration center
- Twenty (20) institutions capable of identifying their members' needs, offering quality services, and paying for them with a combination of members' contributions and association funds
- At least 30 consulting firms in at least 10 cities and towns of Morocco providing business support services certified by NED for their quality
- At least 2 commercial banks accepting business plans and analyzing cash flow for working capital loans to small businesses
- Up to 120 SMEs benefiting from consulting services including diagnostic analyses (to enhance their ability to compete), market analyses, and business plans
- Up to 100 SMEs receiving banking financing using business plans and loan follow-up services

The expected intermediate results of NED Phase II for USAID were:

- Increase of 25 percent in the number of SMEs registered within four years (starting date and period to be specified by USAID)
- Increase of 30 percent in business associations' memberships
- Up to \$3 million lent to SMEs with approved business plans based on cash flow analyses

These more specific outcomes, results, and intermediate results indicators reflected the development of strategic objectives, results packages and performance indicators for USAID in general, and USAID/Morocco's increased emphasis during NED Phase II on more specific, concrete, and measurable results and impacts. This was in turn reflected by a shift in NED's implementation strategy to more short-term objectives, in order to produce more immediate, tangible, and quantifiable results. This meant more direct assistance to SMEs through business support organizations and more concrete reform proposals, with fewer long-term efforts targeting legislative reforms, staff training, and institutional development.

The benefit of USAID's focus on indicators and impacts during Phase II was that Chemonics became more focused, more efficient, and more productive in designing and implementing activities wherein the results and outcomes had more direct and immediate linkages to impact.

F. NED Phase III: June 1999 through June 2000

Phase III of the NED project was approved from June 1999 through June 2000. The aim of this final phase was to complete several key reform initiatives that were at an advanced stage of development, and to ensure the sustainability of the BSS and SME Financing components.

The NED Objectives for Phase III, as stated in USAID Project Implementation Letter No. 9 (Sept 2000) were:

- *Organizational and Administrative Reform (OAR)*
- *Official Guide for Business Formalities* — enforcing it through coordination with the concerned ministries
- *SME Charter Law* — defining the State's strategy in terms of SME development, participating in the realization of measures and plans underlying the strategy, and organizing events to implement communication activities
- *SME Information Unit (Observatoire de l'Entreprise)* — implementing the observatory with participation from the Directorate of Taxes (DGI), Central Business Registry (RCC), National Social Security Fund (CNSS) and National Directorate of Statistics, including sensitizing partners, finalizing the approach, developing terms of reference, and issuing a Request for Proposals

- *Business Support Services (BSS)* — ensuring BSS sustainability by transferring and consolidating SME support services through institutional strengthening of firms that will provide business plans, technical studies, and training
- *SME Financing (Oxygene)* — ensuring sustainability by monitoring the Guarantee Fund for working capital loans for SMEs: brochures and advertising, round tables, and staff training

All NED activities under the Chemonics contract ended in June 2000. Detailed descriptions of the results, impacts, and lessons learned from each of the NED components are presented in Sections II, III, IV and V of this project achievement completion report.

DYNA-PME

Réforme organisationnelle et administrative

Appréciation d'impact

Préparé pour:
l'USAID/Maroc et
le Ministère des Affaires Générales du Gouvernement
Sous Contrat No. 608-C-00-92-00036
New Enterprise Development (NED) Project

Soumis par:
Chemonics International Inc.

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24 Mai 1999

ANNEX B

Réforme organisationnelle et administrative: Appréciation d'impact

Resume

L'exacerbation des déséquilibres macro-économiques et la crise d'endettement, ont conduit le Maroc à adopter des réformes pour un ajustement des structures économiques.

Le désengagement de l'Etat, avec les privatisations et la libéralisation, ont conduit à un rétablissement des principaux équilibres *mais pas* à un taux de croissance suffisant eu égard à la croissance de la population active: de ce fait, le taux de chômage continue de croître et les poches de pauvreté persistent.

Pour que le secteur privé réussisse pleinement dans le rôle qui lui est dévolu, des réformes à caractère qualitatif, des réformes organisationnelles s'imposent. Le projet pour la promotion et le soutien aux PME, Dyna-PME, mis en place par le MAGG et l'USAID va dans ce sens.

Objectifs de l'étude

L'objet est de présenter une évaluation quantitative et qualitative de l'impact prévu ou observé des efforts du projet Dyna-PME pour améliorer l'environnement de l'entreprise, à travers les projets de réformes.

La mission n'a pas pour but de décrire les différents projets de réformes, mais elle vise à voir comment ces réformes vont infléchir les tendances spontanées de l'économie marocaine. On analyse comment ces réformes vont agir sur les comportements réels des opérateurs, en matière d'investissement et de production.

Les réformes dont les effets sont appréhendés ici concernent:

- la création d'un observatoire de l'entreprise;
- le guide officiel des formalités de création et de démarrage des entreprises;
- le cadre normatif (ex-loi-cadre) relative à la relation administration-entreprise;
- la déclaration fiscale unifiée;
- le statut juridique spécial aux Associations d'utilité économique; et
- l'informatisation du RCC (Registre Central de Commerce).

Notons que ces projets de réformes constituent un tout, dans la mesure où ils sont complémentaires et visent à promouvoir un environnement favorable à l'investissement.

Méthodes de travail et déroulement de la mission

Après les réunions avec l'équipe contractante du projet Dyna-PME, pour comprendre les enjeux des réformes, la première tâche a consisté en l'examen des documents relatifs aux différents

projets de réformes. Nous avons pu ainsi définir d'un côté un protocole pour les interviews à mener et de l'autre, le profil des partenaires à consulter.

Nous avons ensuite réalisé des interviews avec plusieurs acteurs (bureaux d'études, fiduciaires, entrepreneurs, associations professionnelles, etc.). Les discussions dont la teneur enrichissait notre vision de l'impact des réformes, nous ont permis a) de *recueillir des "success stories"*, qui donnent un aperçu qualitatif sur les effets des réformes, b) de définir les instruments adaptés pour une évaluation quantitative des effets des réformes, et c) de *quantifier les hypothèses* à introduire dans les modèles de simulations et parfois à en formuler de nouvelles.

Enfin, nous avons réuni des données complémentaires (Annuaire statistiques, résultats des enquêtes sur le niveau de vie des ménages, publications du MICA, etc.). La diversité des données nous a conduit à retenir plusieurs approches.

A l'aide d'un modèle linéaire macro-économique, dérivé du TES de l'année 1990, nous avons, effectuer des simulations. Nous avons également recouru à des modèles utilisant les séries chronologiques les plus récentes.

Principaux résultats qualitatifs

On notera en particulier, la convergence des résultats provenant pourtant d'approches différentes, avec des données de sources et de nature diverses.

Une analyse du financement de l'économie marocaine laisse apparaître un paradoxe: d'un côté, l'économie marocaine est sous endettée, puisque le ratio "crédits à l'économie sur PIB" est faible, 31 % (80 % en France par exemple). D'un autre côté, les entreprises qui figurent dans le portefeuille des banques sont sous capitalisées.

Ce paradoxe (sous endettement de l'économie et sur endettement des entreprises "bancables") est plus frappant par le fait que les banques sont en sur - liquidité. Il apparaît ainsi qu'une grande partie des entreprises marocaines y compris celles du secteur formel, n'a pas accès au capital, pourtant disponible. Les raisons de ce paradoxe nous semblent tenir à *l'insuffisante circulation de l'information*.

Les enseignements des entretiens montrent l'intérêt des diverses réformes envisagées.

La création d'un *observatoire de l'entreprise* permettra d'économiser 3 à 4 mois, en tout cas, au moins la moitié du temps actuellement nécessaire, pour entamer une activité productive. D'un autre côté, la qualité du montage du dossier sera accrue, car une grande partie de l'énergie des promoteurs ou des bureaux d'études sera utilisée pour analyser les données plutôt qu'à chercher l'information de base.

A titre d'exemple, on nous a affirmé que "les investisseurs étrangers répugnent à payer pour des informations sectorielles qui normalement devraient être disponibles". Ils craignent en plus que les informations recueillies, à la hâte, par les bureaux d'études, à leur demande ponctuelle, ne soient pas assez fiables.

L'enquête a montré que la disponibilité de l'information peut favoriser le développement de l'Investissement "latent". Si on ajoute le nombre de promoteurs qui abandonnent leur projet à cause du manque d'information à ceux qui sont dissuadés à cause des difficultés d'accès aux autorisations administratives, on peut estimer que les abandons représentent 40 à 50% des entreprises créées. De cette observation, on retiendra que pour 100 entreprises créées, on aurait pu avoir 140 ou 150.

Nous avons été frappés par la cohérence (y compris au niveau des pourcentages fournis) des discours de nos divers interlocuteurs, pourtant interviewés séparément et exerçant des activités différentes. On a ainsi retrouvé auprès des responsables de crédits bancaires, le chiffre de 50% quand on ajoute les rejets de dossiers par les comités de crédit des banques, aux rejets au niveau des agences.

Par rapport au financement, si les banques "ne sont pas de réels partenaires", c'est parce qu'elles "ne disposent pas de visibilité, d'information sur les secteurs". Les traitements des données que *l'observatoire* réunira, permettront de fournir des informations de synthèse, comme le rendement moyen par secteur, par dimension des unités de production, etc.

Si dans les pays où le marché monétaire et financier sont relativement développés, l'insuffisante circulation de l'information conduit à une distribution inefficace du crédit, au Maroc la situation est pire: il nous semble que le manque de circulation de l'information agit en amont. Il conduit à une rétention du capital et donc au faible taux de financement de l'économie. Les paradoxes évoqués plus haut seraient donc en partie dus à l'insuffisante circulation de l'information.

Dans *les rapports entre Entreprises et Administrations*, la création d'un guide officiel des formalités de création et de démarrage des entreprises se traduira par une simplification matérialisée par un gain de temps et évitera de nombreuses redondances dans les pièces à fournir aux différents services administratifs.

Les procédures occupent actuellement 3 à 5 mois, soit la moitié du temps nécessaire à la création d'une entreprise. Si l'on ajoute le temps nécessaire à l'étude du projet, on atteint une moyenne de 10 mois.

Avec la création de l'observatoire et la simplification des procédures, on estime que la moitié du temps peut être économisée.

On nous explique que "lorsque les promoteurs ne s'adressent pas à des bureaux de conseil, le risque d'erreur est grand dans l'accomplissement des procédures. Celles-ci restent toujours incomplètes", or l'irrégularité engendrée se traduit par des coûts de transactions élevés par la suite. En d'autres termes, le manque de clarté dans la définition des procédures fait que "la création est devenue une affaire de spécialistes".

Or à la réflexion, il apparaît que:

- d'un côté les petites et moyennes unités de production, en création, n'ont pas toujours les moyens de faire face à des coûts supplémentaires de cette catégorie. La valeur du temps de ces petits entrepreneurs est, en termes de coûts d'opportunité, moins grande

que les coûts du recours à une fiduciaire. Il importe donc que les procédures soient clarifiées et simplifiées, pour leur permettre de les accomplir eux-mêmes.

- d'un autre côté, les grandes unités en création espèrent, quand elles font appel à des bureaux d'études, que les services de ceux-ci consistent davantage en orientations, conseils fondés sur une analyse approfondie des projets, plutôt qu'en travail de "coursier" pour réunir l'information de base ou accomplir les formalités de création.

Le cadre normatif (ex-loi cadre) relative aux relations administration – entreprise constitue un complément logique au guide officiel des formalités de création. En effet, elle réglementera les procédures de confection des textes qui toucheront aussi le fonctionnement des affaires, et donc le vécu et les conditions de la croissance des entreprises. L'absence de concertation avec les partenaires aboutit souvent à des flous qui nuisent au climat des affaires.

De l'aveu de tous nos interlocuteurs, *la déclaration fiscale unifiée (DFU)* doit favoriser le développement de l'investissement, par le climat de confiance et de simplification qu'elle permettrait. Mais le "signal" mettrait du temps à être perçu par les agents et surtout pour être traduit concrètement sur leurs décisions d'investissement.

Il est ressorti de nos échanges que la mise en place d'un *statut juridique spécial aux Associations d'utilité économique* renforcerait ces Associations et favoriserait le développement des services qu'elles rendent. Nous relevons que quelques-unes de leurs tâches sont complémentaires de celles de l'observatoire de l'entreprise.

L'informatisation du Registre Central de Commerce (RCC) s'est faite par étape. Auparavant, les délais de réponse à une demande de certificat négatif étaient de 48 heures, qu'il s'agisse de Casablanca ou de demandes déposées dans les délégations des autres régions. Maintenant les certificats sont délivrés en ¼ d'heure, sur place, pour les demandes des Casablancais. Il en est de même via le courrier électronique (Internet) pour les principales délégations (Rabat, Kénitra, El jadida, Settat). Pour les régions non encore connectées, les délais demeurent de 24 h.

Mais l'informatisation du service permettra de répondre le jour même aux demandes émanant des régions aussi, quand les connexions par l'Internet seront établies. Plus tard les services envisagent ainsi de travailler "en temps réel".

La qualité des services rendus a permis de justifier des paiements par les utilisateurs. De ce fait, ce service a maintenant un budget de gestion équilibré et est devenu un SEGMA (Service Géré de manière Autonome, depuis 1995).

Les effets de l'informatisation du RCC

Les utilisateurs, en particulier les bureaux d'études, qui non seulement apportent la "vision demande" mais en plus se fondent sur la loi des grands nombres de cas traités, ont un souci plus aigu du temps; ils affirment que maintenant, ils complètent le processus d'obtenir le certificat négatif en 2 jours, au lieu de 10 auparavant. Ils prennent en compte les jours fériés et les fins de semaines qui auparavant venaient interférer avec la lenteur de la recherche manuelle. Il faut rappeler qu'une demande n'était pas toujours satisfaite après la première tentative, c-à-d la première appellation proposée. *Le gain effectif est donc de 8 jours.*

Mais l'informatisation du registre central de commerce ne s'est pas traduite seulement par un gain de temps; les gains touchent également la *qualité des services*:

1. *La fiabilité* de l'information avec une consultation — interrogation rapide des statuts et P.V. des sociétés. L'informatisation a pallié les risques des recherches manuelles qui consistaient en un “va et vient” entre les registres des dénominations commerciales et enseignes d'une part et d'autre part les registres des sigles et abréviations.
2. *La continuité du service*: Avec l'informatisation, il y a une standardisation des tâches, une annulation du risque de défaillance.
3. *La cohérence des données*: L'informatisation a permis de relever des anomalies dans la base de données, par exemple, la confusion entre personnes physiques et personnes morales au niveau de l'enregistrement auprès des tribunaux. *De ce fait, nous pensons opportun de recommander une réforme des services avec lesquels travaille le RCC, et en particulier ceux des tribunaux.*
4. *L'analyse des données*: L'informatisation ouvre la possibilité d'effectuer des recoupements pour distinguer les intentions de créations et les créations effectives. Au-delà de l'aspect “certificat négatif”, cette possibilité ouvre le champ à des études et analyses pour comprendre les désaffections de certains projets (quels secteurs, quelles régions, quelle nature de société, etc.). Des enquêtes par sondages auprès des promoteurs permettront de connaître les raisons des abandons et de proposer des mesures pour y remédier. *C'est la première raison qui nous conduit à suggérer que l'observatoire de l'entreprise soit localisé au côté de RCC.*
5. *Une décentralisation progressive*: Les délégations pourront recevoir les demandes et les traiter directement sans avoir à envoyer des fax, comme c'est encore le cas maintenant. Notre interlocuteur insiste que “la décentralisation n'est pas directement liée à l'informatisation, mais elle est permise par l'informatisation”.
6. *Une augmentation de la capacité de traitement du service*: Non seulement le nombre de demandes va en croissant, mais les risques d'erreurs et de litiges ont été réduits. De plus le service peut désormais effectuer des “recherches intelligentes” pour les dénominations. Il réalise des recherches pour le nom proposé mais aussi “à proximité” de celui-ci, qui permet de prévenir le risque de litige.
7. *Généralisation de l'informatisation*: L'informatisation permettra également de prendre en compte les entreprises inscrites dans les registres de commerce locaux et non au RCC, c-à-d celle des commerçants. *C'est la seconde raison pour laquelle nous recommandons que l'observatoire de l'entreprise se situe au côté du RCC.*
8. *La libération du temps pour les cadres*: ils peuvent désormais penser à la promotion des activités du service. Ainsi ils ont pu fournir “un effort d'information et de sensibilisation pour expliquer aux usagers l'intérêt du RCC, les possibilités ouvertes par les enseignes, etc.. Concrètement la demande de certificats négatifs a augmenté” et celle en particulier des commerçants. Ainsi, parmi les retombées possibles de l'informatisation, on signalera, la plus grande tendance à la formalisation de certaines activités.

9. *Formalisation des activités*: Par les facilités qu'elle permet, l'informatisation encourage les usagers à demander un certificat négatif pour protéger leur "nom"; auparavant "l'épicier du coin était dissuadé par les lenteurs du service". Les gains indirects ainsi permis concernent la "formalisation" des activités, la transparence et une meilleure connaissance des opérateurs.
10. *Inclusion des informations économiques*: Avec l'informatisation et le système de connexion par courrier électronique avec les délégations, il va être possible d'inclure dans les bases de données, des informations économiques (niveau du capital social, effectifs employés, etc.) en provenance des tribunaux. *C'est la troisième raison qui nous incite à recommander la liaison de l'observatoire de l'entreprise avec le RCC.*
11. *Remise des bilans et les états de synthèse*: De part la nouvelle loi, le RCC va désormais recevoir des tribunaux, les remises de bilans et les états de synthèse. Avec l'informatisation du service, des cadres pourront dégager du temps pour traiter ces informations. Nous voyons ici la raison primordiale (la quatrième), pour recommander que l'observatoire de l'entreprise soit lié au RCC.

En effet, avec ces dernières données, il nous *semble que le RCC réunit l'information digne des centrales de bilans* qui existent dans les pays industrialisés. Avec les informations que l'observatoire va réunir, il nous semble que tous les partenaires auront les informations sectorielles qui actuellement font défaut.

A l'image d'expériences dans les pays industrialisés, *le RCC peut envisager des journées d'études annuelles*. Elles réunissent, outre les producteurs de l'information (ici, c'est l'observatoire de l'entreprise avec le RCC), des chercheurs universitaires, des représentants d'Associations professionnelles (CGEM ...), des services d'études, des banques, etc. Ces journées donnent lieu à des communications relatives à des travaux d'analyse sur les données des entreprises classées par branches, dimensions, etc. De tels travaux, et leur diffusion contribuent à éclairer les opérateurs sur les "comportements moyens" des entreprises: stratégies et performances.

Principaux résultats quantitatifs

Pour une meilleure évaluation des effets des réformes, nous avons utilisé des résultats complémentaires: un modèle macro-économique linéaire et désagrégé, et quelques équations économétriques. L'emploi de chacune de ces méthodes est dicté par la nature des données que nous avons pu réunir. La démarche restera cependant "positive" et non "normative". Il ne s'agit pas de décrire des comportements "idéaux"; il s'agit de voir comment les réformes vont infléchir les tendances spontanées; comment elles vont agir sur *les comportements réels* des agents économiques.

Les résultats des différentes simulations que nous présentons ci-dessous sont fondés sur l'hypothèse de stabilité des structures économiques et des comportements des agents. Cela veut dire que les résultats fournis indiquent des tendances et des ordres de grandeurs.

Le modèle macro-économique est utilisé pour étudier les effets isolés des réformes via l'investissement d'une part et la production de l'autre. Cela permet de mieux saisir la portée des

réformes. Dans une seconde étape, on évalue les effets simultanés de l'augmentation de l'investissement et de la production.

Les discussions avec les différents opérateurs nous ont permis *d'estimer à quatre mois au minimum le gain en temps inhérent à la simplification des procédures de création et à la mise en place de l'Observatoire de l'Entreprise* (du fait des informations qu'il fournira).

Les simulations effectuées à l'aide du modèle macro-économique ont permis d'évaluer:

1. l'impact sur la valeur ajoutée par branche d'activité, en tenant compte des relations intersectorielles, dont les effets "amont" en chaîne sont donc intégrés,
2. l'impact sur les comptes des ménages et des administrations,
3. l'impact sur les principaux agrégats macro-économiques.

On relève que les gains en valeur ajoutée et en emploi sont substantiels pour toutes les branches considérées.

Au niveau des comptes d'agents:

Les gains observés au niveau des valeurs ajoutées par branches se traduisent par une croissance de l'excédent brut d'exploitation des sociétés de 4,82% et de la masse des salaires distribués de 1,86%. En conséquence le revenu global des ménages progresse de 2,53% et le revenu "résiduel" de 2,77%. Or c'est ce revenu destiné à l'acquisition des biens autres que les biens de première nécessité, qui a un impact significatif sur les branches industrielles et sur l'emploi. Cette amélioration de l'activité se traduit par des recettes publiques plus importantes (+2,76%).

Le gain supplémentaire concerne les recettes liées aux revenus des ménages, salariés et entrepreneurs individuels (optique EBE) et aux bénéficiaires des sociétés. Ces recettes progressent respectivement de 3,29% et 4,43%. Les impôts indirects augmentent de 2,51%.

Le tableau suivant reprend, pour ce résumé, l'effet de la simplification des procédures et de la création de l'observatoire de l'entreprise, sur les principaux agrégats.

	Variation en pourcentage
PIB	2,3%
Importations	4,6%
<i>Total Ressources</i>	2,8%
Consomm. Privée	2,5%
Consomm. Publique	--
F B C F	7,3%
Var. Stocks	--
Exportations	--
<i>Total Emplois</i>	2,8%

Globalement l'économie marocaine gagnerait 2,3% de point de croissance du PIB pour une année donnée grâce à la simplification des procédures et une meilleure circulation de l'information économique.

En valeur, cela signifie que pour 1997, par exemple, les réformes ad hoc auraient permis de réaliser un PIB de 326,63 milliards de dirhams, au lieu de 319,29 milliards observés, soit un gain de 7,34 milliards de dirhams.

Rappelons que la croissance de la population est de 2,06 %. Cela veut que *l'application des réformes va plus que compenser la croissance démographique*. Rappelons que le taux moyen de croissance de l'économie oscille autour de 3,5 %; cela signifie que les gains inhérents aux réformes représentent plus de 65 % de points de croissance (2,3 / 3,5).

Le tableau suivant présente, pour chaque branche, les effectifs employés, les emplois créés et une estimation du manque à gagner en matière d'emploi. Cette estimation ressort des échanges avec plusieurs interlocuteurs, bureaux d'études, associations professionnelles et chargés des projets d'investissement dans les banques. Il nous a été déclaré que près de 40 à 50% des promoteurs abandonnent leurs projets faute d'informations fiables et à cause des difficultés d'accès aux autorisations. Ce pourcentage d'abandon a un impact négatif sur l'emploi. Ainsi, la colonne 3 du tableau suivant est obtenue en supposant que les emplois "non créés" représentent près de la moitié des emplois créés dans les industries. *Le total, 31.104, rapporté à la population des chômeurs 1.496.000 (voir, les indicateurs sociaux 1997, page 53. Direction de la Statistique) donne également 2%.*

Estimation des emplois non créés faute d'informations fiables et du fait de la lenteur des procédures

Branche	Effectifs employés	Emplois créés	Emplois "non-crés"	% des emplois perdus
Agro-industrie	58.382	5.572	2.786	4,77%
Textile et cuir	168.464	27.245	13.623	8%
Chimie et parachimie	23.581	13.221	6.611	28%
Mécanique	28.516	5.129	2.565	9%
Électrique	10.115	2.120	1.060	10,5%
Entreprises à caractère industriel	72.884	8.478	4.239	5,5%
Entreprises de services liés à l'industrie	2.547	433	217	8,5%
Ensemble de l'industrie	364.489	62.208	31.104	8,5%

Source: Tableau construit à partir des annuaires statistiques du Maroc (1995) et de traitements ad hoc.

Ces résultats concordent par ailleurs, avec une évaluation à partir de la série des certificats négatifs. En effet, si on suppose que chaque entreprise emploie en moyenne 10 salariés, le nombre d'emplois "perdus" au titre de l'année 1995 se situe autour de 30.605. Ce résultat est estimé à partir des données relatives au nombre de certificats négatifs pour l'année 1995: le nombre des emplois "perdus" est estimé comme suit: Nombre de certificats négatifs délivrés x 10 salariés x 0,50 (pourcentage des entreprises qui abandonnent), soit $6121 \times 10 \times 0,50 = 30.605^1$.

Nous aurions pu considérer la part des exportations dans la production de chaque branche, et l'introduire dans le modèle, où les exportations (poste de demande finale) sont exogènes. *Mais*

¹ Le nombre 6121 de certificats négatifs au titre de l'année 1995, nous a été fourni par le RCC.

cela nous aurait conduit à avoir un double emploi et nous aurions surestimé les effets sur le PIB et les comptes d'agents.

Les importations progressent globalement de 4,6%, du fait de l'important contenu en import de la production et consommation au Maroc. Présenté ainsi, cela pourrait signifier que le déficit extérieur marocain augmenterait.

En fait dans la réalité:

1. L'amélioration du climat des affaires, avec la croissance de l'investissement et de la production devrait favoriser un attrait des investisseurs nationaux et étrangers, *dont une part de l'investissement porte sur des activités exportatrices.*
2. D'autre côté, l'augmentation de l'investissement et de la production, telle qu'elle est introduite dans le modèle, ne tient pas compte du fait qu'une partie de la production est destinée à l'exportation.

Nous avons préféré, estimer en hors modèle les effets sur les exportations. Les résultats sont fondés sur l'hypothèse que la part des exportations dans le PIB est stable.

Ainsi en 1997, le ratio $EXPORTATION / PIB = X/PIB = 13,95\%$. Ce ratio est obtenu en divisant la valeur des exportations par la valeur du PIB pour l'année 1997, soit respectivement 44,552 milliards de dirhams et 319,29 milliards de dirhams.

Donc avec les réformes, comme le PIB aurait atteint 326,63 milliards de dirhams, les exportations auraient atteint 45,58 milliards de dirhams.

Cela montre que le déficit extérieur ne sera pas accru, comme le tableau de synthèse pourrait le laisser penser, en une première lecture.

Les données que nous avons réunies nous permettent de recourir à d'autres approches, pour évaluer l'impact des réformes. Ainsi, nous analysons, à partir de séries chronologiques, *les effets de l'informatisation du registre de commerce.*

L'objectif ici est de voir si les progrès réalisés par le RCC se concrétisent au niveau des opérateurs. On cherche pour ce faire à évaluer le lien entre le nombre de créations et nombre de certificats négatifs délivrés. Les promoteurs qui demandent des certificats négatifs doivent normalement démarrer leurs projets durant les semaines ou mois qui suivent.

Le modèle d'analyse de la liaison entre les créations et les certificats négatifs délivrés aboutit à des résultats économétriques non statistiquement significatifs. Les signes des coefficients ne sont pas conformes aux attentes. Cela peut tenir au fait que beaucoup de projets n'aboutissent pas. En d'autres termes bon nombre de promoteurs établissent un projet, effectuent une demande de certificats négatifs, mais ne concrétisent pas leurs projets par la création d'entreprises, faute d'un environnement favorable.

Or les succès stories indiquent que les difficultés des procédures administratives, l'insuffisance des informations et le manque de financement auprès des banques finissent par dissuader certains

promoteurs et conduisent par conséquent à l'abandon de leurs projets. Une fois les réformes mises en place, il serait opportun de voir si le lien entre créations et nombre de certificats négatifs devient statistiquement robuste.

Pour percevoir sous un autre angle, les bénéfices des réformes pour le budget de l'Etat, on analyse les liens entre Recettes fiscales et activité économique.

En effet, les estimations économétriques sur séries chronologiques ont permis de compléter et de valider les résultats obtenus avec le modèle macro-économique linéaire: Les recettes fiscales sont très sensibles aux variations de la production industrielle, ou du PIB.

En d'autres termes, tous les efforts de réformes que l'Etat, en tant qu'agent, peut entreprendre pour favoriser la création de richesses (création d'entreprises) vont se traduire par des gains en recettes "pour lui".

L'élasticité des recettes fiscales au PIB étant de 1,099; cela signifie que pour 1997 les recettes fiscales auraient atteint 70,26 milliards de dirhams si les réformes avaient été mises en place en 1996, au lieu de 67,90 milliards observés. Le gain serait donc de plus de 2 milliards de dirhams, ce qui représente un gain de 3,47 %.

On considère que le PIB de cette année aurait été supérieur de 2,3% par rapport au PIB observé, conformément aux résultats de la simulation 3 sur le modèle macro-économique linéaire.

En conclusion, signalons la cohérence entre les résultats trouvés avec des approches fort différentes (statique comparative et modèle linéaire macro-économique désagrégé d'une part et économétrie sur séries chronologiques d'autre part). Les bases de données (et les sources) sont également différentes; cela contribue à accréditer les résultats développés.

Étant donné l'importance des bénéfices des réformes envisagées, et les difficultés que connaît la Maroc (notamment sur le marché du travail), il semble urgent d'entamer la mise en application de ces réformes.

NED Organizational and Administrative Reform

Impact Assessment of Association Grants and Observation Study Tours

Prepared for:
USAID/Morocco
under Contract No. 608-0204-C-00-2036
New Enterprise Development Project

Submitted by:
Chemonics International Inc.

Prepared by:
Barbara A. Howald

29 October 1998

ANNEX C

Impact Assessment of Association Grants and Observation Study Tours: Executive Summary

USAID/Morocco's New Enterprise Development (NED) project seeks to increase the base of below-median income stakeholders by supporting and promoting the development of small-scale enterprises. NED's goal is to increase employment and business output, while its purpose is to implement a series of programs aimed at reducing the constraints to new business creation, and at facilitating the expansion of existing small enterprises.

Under its Organizational and Administrative Reform (OAR) Component NED seeks to enhance opportunities for small business creation and expansion by improving the small business environment. Specifically, under the OAR component NED: a) develops proposals for administrative and organizational reform, b) provides grants for strengthening business support organizations, and c) organizes Observation Study Tours.

The aim of this OAR Impact Assessment is to assess the impact of NED's association grants on the development and performance of business support organizations and their small business members and beneficiaries, and the impact of the OSTs on the participants and their related activities and organizations. (A separate OAR Impact Assessment is being undertaken to assess the impact of NED's reform proposals. A separate BSS Impact Assessment, including the impact of the association grantees on their SME beneficiaries, was completed in May 1998.)

Specifically, *impact* for this assessment is defined as *any observable and measurable change* which can be directly attributed to NED as a result of an Association Grantee or OST beneficiary having implemented certain skills, techniques or action plans following an activity, or having installed or produced an agreed-upon product or service.

The principal methods used by the consultant to assess impact were guided interviews to collect verbal testimony from NED grant beneficiaries and OST participants, and site visits to verify visually what was described in the interviews.

During a four and one-half week period from 28 September to 28 October 1998, the consultant interviewed:

- 44 persons in 32 different meetings
- Representatives of all fourteen grantee associations and chambers
- 22 of 26 participants in the 3 OSTs

Based on these interviews and site visits, it is clear that the Association Grants and OSTs have produced significant impacts in six primary areas of organizational competency. These impacts may be summarized as follows:

- *Governance* — Every single respondent in this study, within government as well as within associations, spoke at length of the changes they have seen in the association movement in general, and in their own associations in particular, as a result of the FSA grants and OSTs. An example of impact is:
 - A stronger “enterprise” approach was adopted by AACF, ACAET and AMAPPE, which are currently three of the strongest NED partners. They now regularly deliver training and advisory services to enterprises in the regions, all of which has been made easier and of consistent quality with the appropriate infrastructure and materials funded by the grants. NED technical assistance and moral support were also highly appreciated.

- *Operations* — Association operations have been strongly influenced through the FSA grants and OSTs, as would be expected given the practical and results focus of both the grants and OSTs. While grants to support member services and documentation have had an immediate and direct effect on how planning and project monitoring takes place, the OSTs influence longer term impact by providing models of U.S. best practices. Examples of impact are:
 - AMITH said that the FSA grant had begun the true computerization of the association.
 - The existence of the grant-provided equipment and materials (all proudly bearing the USAID stickers) has also shown other potential donors and clients that the associations are serious, permanent sources of enterprise promotion activity.
 - In El Kelâa des Sraghna, the exercise of putting the regional business directory together was as valuable to the CCIS as the final product itself. In addition to producing the first reliable business directory in the region, the data collection process allowed the CCIS personnel to better understand business needs within the region.

- *Human Resources* — While this is the area least affected by the FSA grants and OSTs in terms of structuring the human resource function within the associations (the category does *not* refer to increasing association staff skills), professionalizing the sector’s management has turned out to be a major impact from the grants and OSTs. This theme was mentioned by large and small associations alike. An example of impact is:
 - Participants in the second Association OST were impressed enough with the American Society of Association Executives to set up a working group to explore and promote the creation of a Moroccan equivalent, provisionally called ACAP: Association des Cadres des Associations Professionnelles.

- *Financial Resources* — Applying for FSA grants has helped many of the partner organizations to improve their budgeting skills, especially if they have also participated in the business plan development training. An example of impact is:

- The National Directory of Economic Associations was hugely successful, and by all estimates could be produced and marketed to cover its production costs. There are currently plans by the EU, however, to subsidize the second edition.
- *Service Delivery* — Close on the realization that associations exist to serve a constituency, all of the associations visited were expanding both the volume and quality of their services to members and clients. NED grants and OSTs helped them to a) understand this concept well, b) make it happen, and c) make certain that they have quality information for decision-making. Examples of impact include:
 - ACAET and AACF continue to provide services within their region, and AMAPPE has branched out to offer services nationwide. It is currently providing training programs in collaboration with NED and the CCIS of El Kelâa, for example.
 - In Tanger, best practices observed in an industrial park in New York during the Business Incubators and Industrial Zones OST were incorporated into AZIT’s association practices concerning infrastructure and “municipal” services. Waste collection in Salé has also benefited from the incorporation of some US practices as well.
- *External Relations* — Largely, but not solely, because of their ability to deliver useful tools and services to their members and to the general public, virtually all of the associations have improved their image and credibility as a result of the FSA grants and OSTs. The result is that memberships have grown in the associations and they are now being courted by what were previously unlikely partners: ministries and local authorities. In the same vein, associations have shifted from a more adversarial approach of the past to a much more collaborative stance of today.
 - The CCIS El Kelâa outreach, along with the trainings regularly organized through NED and its network of training suppliers, has greatly increased the recognition and credibility of the chamber. As a result it has increased demand for its services from local small businesses, which have traditionally not been big supporters of the CCIS.
- *Environment for Economic Associations* — The majority of the respondents talked about the new climate in Morocco for economic associations resulting in part from the FSA grants and OSTs. While they have accepted the idea that associations will survive based on their ability to deliver quality services which clients or members will pay for, they recognize that this pragmatic approach is limited by current Moroccan association and tax laws. The need to revise or expand the legal framework for associations has long been felt. NED provided early support for proposed legislation to give business associations more freedom to operate. Participation in the second Association OST of the key “association” thinker in Morocco has helped to promote the proposed legislation on economic associations, which is now included in the Moroccan Government’s Priority Action Plan.

Value of the Grants and OSTs

Overall, did USAID obtain what it expected — that is, a “strengthened NGO sector” considered necessary for “improved institutional capacity for small business development and growth”? Yes, it did, though there is still progress to be made in the partner associations and in the sector as a whole.

Overall, was it worth it? While there is no yardstick (to the consultant’s knowledge) in use anywhere for measuring the worth of NGO strengthening, the rough answer based on this impact assessment is yes. How much is it worth to have associations delivering better business services to their members? How much is it worth to have more credible and active associations lobbying for small business interests? How much is it worth to have business associations more closely monitoring government actions regarding business? How much is the new proposed law on economic associations worth for advancing the public debate? Again, the rough answer is that the impacts and benefits for associations and small enterprises appear to far exceed what USAID has spent on association strengthening through the FSA grants and OSTs.

As a follow-up to the FSA grants and OSTs, the following recommendations are made:

Strengthening Associations

- Provide training in association financial planning and business development
- Strengthen the ability of associations to engage effectively in policy analysis and advocacy, constituent representation, and lobbying
- Assist associations in setting up information systems
- Promote professionalization within associations

Planning for and Measuring Impact

- Encourage the use of an organizational development framework

Program Operations

- Consider using Washington-based IQCs to provide short-term training and technical assistance
- Make available at least part-time, day-to-day support to associations

NED Business Support Services

Impact Assessment

Prepared for:
USAID/Morocco
under Contract No. 608-0204-C-00-2036
New Enterprise Development (NED) Project

Submitted by:
Chemonics International Inc.

Prepared by:
Joel Antal
Jim Catoline

29 May 1998

ANNEX D

Business Support Services Impact Assessment: Executive Summary

USAID/Morocco's New Enterprise Development (NED) project seeks to increase the base of below-income stakeholders by supporting and promoting the development of small-scale enterprises. NED's goal is to increase employment and business output, while its purpose is to implement a series of programs aimed at reducing the constraints to new business creation, and at facilitating the expansion of existing small enterprises.

Under its Business Support Services (BSS) Component NED seeks to reinforce the supply of consulting and training services provided by consulting firms, chambers of commerce and associations to small businesses, and to stimulate the demand by small businesses for such services. In keeping with USAID's Strategic Objective, NED's BSS component has followed a regional approach, working only with partners and beneficiaries outside the Casablanca-Rabat corridor.

The aim of this BSS Impact Assessment is to assess quantitatively and qualitatively the impact of NED's efforts (February 1996 through to December 1997) to stimulate the supply of and demand for small business consulting and training services.

Specifically, *impact* for this assessment is defined as *any observable and measurable change* which can be directly attributed to NED as a result of:

- Training and technical assistance offered by NED to its consulting and training provider partners
- Consulting and training services offered by a NED partner to training participants or consulting firm clients, as a direct result of NED training, technical assistance and/or support

The principal methods used by the assessment team (two consultants and NED contractor's team) to assess impact were interviews to collect verbal testimony from NED partners and beneficiaries, and site visits to verify visually what was described in the interviews.

During a three week period, from 21 April to 7 May 1998, the assessment team visited:

- 25 consulting firm partners in 10 cities (41% of NED's consulting partners)
- 8 SME clients (26% of clients that received NED-subsidies)
- 12 training providers in 11 cities (52% of NED's training partners)
- 147 training participants (18% of all NED-supported training participants).

Summary of Impact							
NED Partner and Beneficiary	Increased Investment '000 DH	Jobs created	Increased Revenues '000 DH	# of Mngmt Trainings Organized	Participation at Trainings	Studies Completed	SMEs Created
Consulting :							
Firms		23	976		86	90	2
Client SMEs ¹	72,875	417	83,115				36
Training :							
Providers			49	32	481		
Trainers			178				
Participants	6,469	187	17,433				36
TOTALS	79,344	627	101,751	32	567	90	74

This initial assessment of impact of the first two years of BSS activity has identified clear evidence of ostensible and noteworthy impact among first tier partners (consulting firms and training providers) and their beneficiaries (consulting clients and training participants) of both a quantitative and qualitative nature.

For the nearly \$1.0 million dollars spent by the NED project for all BSS activities since February 1996, NED has generated the following economic and business returns among Moroccan small enterprises (in equivalent dollars at 9 Dh per \$1):

- \$8,816,000 of new investments by and in small enterprises
- \$11,305,670 of projected first-year revenues from these enterprises
- 627 new jobs
- 74 new enterprises

These are conservative calculations based only on information collected from the NED partners and beneficiaries in the sample. No extrapolations were made to the remaining unsampled NED network or to a broader Moroccan population of potential partners or beneficiaries. These results reflect verifiable data and are likely to increase over time, as the businesses sampled increase output, productivity, and profitability.

As a result of this assessment a significant difference in the size of enterprises due to where they are located, was noted.

Averages For Enterprises Created		
Averages per enterprise created	Urban	Semi-rural
Total investment (Dh)	1,313,000	68,000
Jobs	10	4
Projected 1st year revenues (Dh)	1,953,000	68,000

¹ Based on core sample data plus carefully screened extrapolation of studies in progress and completed but non-subsidized studies.

The return on investment to date for NED's costs for the BSS consulting and training activities are estimated as follows:

BSS Cost-Benefit		
Items included in Calculation	Investment Generated per \$1 Cost	Cost per Job Created
NED Subsidized Only	\$ 13.94	\$ 1,958
NED Subsidized and In Progress	\$ 17.69	\$ 1,324
NED Subsidized, In Progress, No NED Subsidy	\$ 28.71	\$ 676
Trainings delivered	\$ 3.29	n/a

For each \$1 of NED costs, it is calculated that NED-supported consulting clients generated \$28.71 of investment, and NED-supported training partners generated \$3.29 of investment. In addition, the costs per training participant are \$41 per participant when only the NED subsidy to the training provider is used. This amount increases to \$119 when NED's direct management costs are added to the subsidy, and to \$268.47 when indirect costs are included.

Regarding cost recovery, training participants covered 14% of the cost of the trainings sampled. The remainder was covered by the training providers (37%) and NED (49%). Although the contribution of the participants will have to increase to achieve financial self sufficiency, this 14% is significant in that the participants were used to paying nothing. Consulting firms pay 400 Dh per day of training and their clients pay 70% of the cost of a study (VAT included).

In addition to these figures, qualitative responses from most partners and beneficiaries indicated they have adopted a new sense of direction, new ideas, and a willingness to experiment with what they have learned, as a result of NED activities. More than half reported better results measured in terms of efficiency and productivity, plus greater enthusiasm about their business prospects.

Specifically, NED's *consulting firm partners* reported that as a result of NED assistance:

- 84% increased marketing efforts
- 64% improved internal organization
- 60% increased sales and/or profitability
- 44% offered more training to employees
- 28% increased employment

Moreover, NED's *training provider partners* reported that as a result of NED support:

- 69% transferred training techniques to beneficiaries
- 62% enhanced their assessment of SME training needs
- 54% improved their efficiency
- 46% enhanced teamwork

In conclusion, NED has clearly established a basis for sustainable impact. By weaving together a network of Moroccan partners who have worked with NED in putting together the BSS program, and by giving them incentives in the forms of new information, guidance and opportunities for greater professional enrichment, NED has justification to expect impact to grow on its own from the level already achieved to date.

In terms of recommendations, the following have been suggested :

Consulting

- Increase product training to consulting firm partners.
- Publicize outstanding examples of consulting firm initiatives.
- Reconfigure data collection to provide an ongoing, real time format.

Training

- Increase the amounts that participants pay for the trainings.
- Increase assistance to the training providers in participant selection.
- Increase assistance to the training providers in training needs assessment.
- Ensure that impact assessments for training participants are more frequent.

ANNEX E

Partner Consulting Firms and Experienced Business Trainers

Exhibit E-1. Partner Consulting Firms

Cabinet	Coordonnées				Gérant / Propriétaire		Dénomination Professionnelle
	Adresse	Ville	Tél.	Fax	Prénom	Nom	
ACE CONSEIL	Imm. M2, Av. My Abdellah	Agadir	(08) 82.68.49/51	(08) 82.68.51	Nordine	Ouzzedi	
ALYA Consultants	Imm. Salam, Appt. 5, No. 6 Rue Gharnata (ex Hubert Géraud)	Agadir	(08) 84.89.63	(08) 84.89.64	Youssef	Alaoui Solaimani	
AUGECO	Imm. Zaitoun, Rue de l'Hôtel de Ville, B.P. 298	Agadir	(08) 84.25.21	(08) 84.54.89	Omar	Anbare	Expert Comptable
Cabinet Ben Hamamouch	265, Avenue Hassan II BP 610	Agadir	(08) 84 39 96	(08) 84 22 64	Abdelkébir	Ben Hamamouch	Expert Comptable
Cabinet El Aissaoui	No. 30, rue Ibn Rochde, Quarter Industriel	Agadir	(08) 82.24.11	(08) 82.71.08	Hassan	El Aissaoui	
Carrière Consultants	Av. Al Moukaouama, Rue du Souk, Imm. Somafil, No. 4, 2ème Etage, Appt. 3	Agadir	(08) 82.81.07/8	(08) 82.81.08	Fayçal	Belkora	
FAGEC	231, Imm. Tamsouli, Av. Hassan II	Agadir	(08) 84.37.97	(08) 84.65.39	Ahmed	Bachouri	
FIDAMEC	255, Av. Hassan II	Agadir	(08) 84.27.94	(08) 84.41.75	Ahmed	Terfasse	
Fiduciaire Sabour	Rue de la Foire, Imm. Bouaïda	Agadir	(08) 84.36.79	(08) 84.51.91	Ahmed	Sabour	Expert Comptable
FIDUMATIC	Av. Hassan II, Imm. Hadj Belkacem, B.P. 5096	Agadir	(08) 84.36.84	(08) 82.53.16	Abdeslam	El Abid Alaoui	
FIDUZAHOUR	Bloc 11, No. 9, Rue de Marrakech Q.I.B.P. 5254	Agadir	(08) 84.67.96		Ahmed	Zahour	
PROFI PME	No. 26 Imm. M1, Av. My Abdallah	Agadir	(08) 82.66.60	(08) 84.84.43	El Mokhtar	Bakrim	
CICOGES	98 Bd. Abdelkarim El Khattabi	Al Hoceima	(09) 98.32.32	(09) 98.57.95	Jamal	El Azzouzi	
Fiduciaire Tassaout Aval	37 Av. Hassan II	El Kelâa	(04) 41.39.09		Driss	Ismaili	
SABAH-INFO	70 Complexe Economique et Social, 2ème étage, No. 4, BP 22	El Kelâa	(04) 22.08.71	(04) 41.07.48	Mikail	Salina	
AUDIGEC	13 Av. Abbas Lamsâadi (V.N)	Fès	(05) 62.32.87	(05) 65.26.27	Abderrahim	Tada	
B.E.C.E.P.	14 Rue Ahmed Loukili	Fès	(05) 65.46.04	(05) 94.17.52	Abouabdellah	Chakib	
B.E.S.D.A.C.	Avenue Ibn Khatib, Imm. Filali N1	Fès	(05) 62 53 23	(05) 62 37 04	Bachir	Driouich	
SOCOGESE	Ave Prince Héritier, Résidence My El Kamel	Fès	(05) 94 19 20	(05) 94 19 22	Iz El Arab	Slaoui	Expert

Cabinet	Coordonnées				Gérant / Propriétaire		Dénomination
	Adresse	Ville	Tél.	Fax	Prénom	Nom	Professionnelle
							Comptable
FIDUGROUPE	Bd. Hassan II (prés ONEP)	Jerrada	(06) 82.04.73		Abdelkader	Rezzouk	
Al Khabir	13 Bd Zerkoutouni	Larache	(09) 91 06 33	(09) 91.61.55	Jawad	El Hadri	
CEMEX	92 Bd. Zerkoutouni, Appt 6, Guéliz	Marrakech	(04) 43.72.39	(04) 43.72.40	Chafik	Miss	
Fiduciaire NAKHIL	Imm. Habouse Bloc D, Appt. 5, Bab Doukkala	Marrakech	(04) 43.29.25	(04) 43.64.75	M'Barek	Zakoun	Expert Comptable
FIDUMAR	151 Rue Mohamed El Béqal, Guéliz	Marrakech	(04) 44.88.92	(04) 44.88.97	Omar	Jazouli	Comptable Agréé
Fidurak	106 rue Yougoslavie, Appt. 4, Guéliz	Marrakech	(04) 43 43 0043.06.45	(04) 44 66 28	Mohamed	Tabarani	Comptable Agréé
FIGESA	113 Av. Abdelkrim Khatabi, Résidence Mouhandiz, Imm. A, No. 8	Marrakech	(04) 43.66.21		Abdellatif	Smyej	Comptable Agréé
Fimatique	Rue Bani Marine, Imm. Zoubairi Bureau No 1	Marrakech	(04) 44.45.94	(04) 43.85.89	Mahfoud	Ouakrim	
Gesplan	32 Lot. Akioud Semlalia	Marrakech	(04) 44.60.38	(04) 44.87.95	Oum Kaltoum	Hmamsi	Comptable Agréé
Mjabri	Av. Amir My. Abdellah, Lotiss. Ali Oujmad, Imm. Benrais	Marrakech	(04) 43.34.20	(04) 44.60.49	Abdelghani	Mjabri	
Targa Conseils	Angle Av. Yacoub El Mansour et 11 Janvier Station Afrique	Marrakech	(04) 34.08.15	(04) 34.52.85	Mohamed	Dahir	
ALBA Assistance Conseil	7 Rue Tunis, Appt. 4	Meknès	(05) 40.38.26	(05) 55.01.34	Mohamed	Hammadi	
C.F.2.O.R.	2 Rue Ibn Tofail	Meknès	(05) 52.69.94	(05) 51.02.81	Sâad	Moumni	Comptable Agréé
F.A.R.G.E.C.	19 Rue Antsirabe, No. 3	Meknès	(05) 52.48.74	(05) 52.70.39	Lhoussain	Lamgouni	
Fiduciaire A.M.I.E.	33 Bd. Mohamed V, Imm. BCM, 5ème Etage, Appt. 5	Meknès	(05) 52.47.86	(05) 51.12.28	Lahcen	Hajji	
RHADDIOUI	1 Zenkat Essaouira	Meknès	(05) 52 05 93	(05) 52 05 93	Abdelali	Rhaddioui	Expert Comptable
Cabinet Bouzidi	Bd Prince Sidi Mohamed BP 125	Nador	(06) 60.71.55	(06) 60.77.10	Abdellah	Bouzidi	Comptable Agréé
Cabinet Conseil KASBAH	Cité Oued Eddahake, Rue Erressane, No. 218	Ouarzazate	(04) 88.26.92		Radouane	Ait Idder	
Cabinet Khelloufi Hassan	Bd. de Istiqlal, Imm. Benaddi, 3ème Etage (coté de la BMCI)	Oujda	(06) 69.63.03	(06) 69.63.03	Hassan	Khelloufi	
COFIREC	Bd. Mohamed V, Imm. Yacoubi	Oujda	(06) 68.46.50	(06) 69.16.62	Hassan	Jaali	Expert Comptable
FICOF	1 Bd. Mohamed V, Imm. Le Printemps	Oujda	(06) 68.02.12		Abdelkrim	Joudi	
Fiduciaire Sidi Ziane	Angle Bd. Med. Derfoufi et Bd. Bani Marine, 3ème Etage, App. 14	Oujda	(06) 69.14.93	(06) 68.40.18	Kamal	Attigui	
Fidu-Menzeh	51 Bd Derfoufi No 6	Oujda	(06) 70.55.48	(06) 69.12.55	Hassan	Menzeh	
SECAGEC	9 Rue Lakhdar Ghilane	Oujda	(06) 68.84.31	(06) 68.84.31	Rachid	El Maftouhi	Comptable Agréé
Société Oujda Fiduciaire	Bd. Zerkoutouni, Imm. Basraoui	Oujda	(06) 68.71.87	(06) 70.87.10	Ahmed	Berrajaa	

Cabinet	Coordonnées				Gérant / Propriétaire		Dénomination
	Adresse	Ville	Tél.	Fax	Prénom	Nom	Professionnelle
AMAPPE - Rabat	45 Rue Oukaimden, Appt 5, Agdal	Rabat	(07) 67 05 15	(07) 67 05 25	Mohammed	Mouddene	
FIDUSAR	14, rue 22 Anas, BP 395	Safi	(04) 62.94.62	(04) 62.12.94	Salah	Jnah	
AMAPPE - Tanger	4 Ave Youssef Ibn Tachfine, Imm. Youssef Ibn Tachfine, No. 5	Tanger	(09) 32 25 52	(09) 32.25.52	Abderrahim	Dahman	
Cabinet Bernossi	7 Rue Mexique	Tanger	(09) 93.20.16	(09) 93.59.15	Abdellatif	Bernossi	Expert Comptable
Cabinet Yamani Conseil	45 Rue Alae El Maari, Imm. Juliana	Tanger	(09) 94.21.12	(09) 94.65.55/34.05.61	Bouselham Abdeslam	Yamani	Comptable Agréé
Fiduciaire du Détroit	41 Av. Mohamed V	Tanger	(09) 94.11.08	(09) 94.19.83	Mohamed	El Yazaji	
Intermaroc Conseil	47 Bd Pasteur - 5ème étage no 11	Tanger	(09) 37.37.70	(09) 37.37.80	Adnan	Hayat	
Maroc Management	21 Rue El Moutanabi	Tanger	(09) 93.35.05	(09) 93.75.59	Abdellah	Boukari	
Services Réunis	27 Rue Mansour Dahabi, Appt. 8	Tanger	(09) 94.06.50	(09) 94.05.26	Abdelkrim	Azami	

Exhibit E-2. Experienced Business Trainers

PRENOM	NOM	THEMES	ADRESSE	VILLE	TELEPHONE	FAX
Brahim	ALLALI	Business Plan; Création d'Entreprise; Gestion de base; Démarche Qualité; Export	Q. Smara, rue 1, No. 50 (2ème étage)	Casablanca	(02) 60 33 88 (02)14 56 26	(02) 60 33 88
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Moustapha	BOUJRAD	Développement Associatif	PNUD Marrakech	Marrakech	(04) 43 05 94 (01) 24 15 12	
Ahmed	CHADLI	Comptabilité comme outil de Gestion; Gestion de base	14, rue Jabal Bouiblane, Appt 20, Agdal	Rabat	(07) 67 54 36	(07) 67 54 37
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Chafiq	MIRALI	Gestion; Démarche Qualité; Vente	C/o Peace Corps	Rabat	(07) 70 60 20 (07) 71 14 39	(05) 86 20 60
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Abdellatif	ZARKAL	Gestion Financière; Business Plan	PKF MCA & Associés, 5, Bd Abdellatif Benkaddour	Casablanca	(02) 36 34 55	(02) 39 63 57
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