

Public-Private Dialogue

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Morocco / Business Environment: The National Committee for Business Environment

by

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Background and Context

After a decade of various reforms aiming to promote investment and develop business climate, Morocco has decided to harmonize all the initiatives. Thus, under the National Pact for Industrial Emergence signed in 2009 between the Moroccan government and the private sector, represented by the General Confederation of Moroccan Enterprises (CGEM) and the Professional Group of Moroccan Banks (GPBM), it was decided to create a public-private authority in charge of coordinating reforms related to the business environment.

To be assisted in this project, the Ministry of Economic and General Affairs requested the World Bank to analyze the inter-ministerial existing committees and provide a sheet of institutional and procedural route for the creation of that authority.

The National Committee for Business Environment (CNEA) was then created and institutionalized by Decree No. 2-10-259 of 29 October 2010.

Youth and Inclusion Dimension

The CNEA does not directly integrate this dimension into its action plans but has some projects in its assets aimed at the employment of young people and their inclusion. The most important one was about the setting up of a legal framework adapted to VSEs and self-entrepreneurs, under its action plan of 2012/2013. This is Law No. 114-13 on the status of self-entrepreneur, promulgated by Dahir No. 1-15-06 of 19 February 2015.

The status of self-entrepreneur is a new form of entrepreneurship that aims to reduce unemployment and promote self-employment while facilitating administrative procedures to the maximum.

This status is intended for the following population:

- ✓ **Students;**
- ✓ **Vocational training recipients;**

- ✓ **Business start-up projects holder;**
- ✓ **Apprentices;**
- ✓ **Unemployed;**
- ✓ **Individuals working in the informal sector.**

The benefits for holding such status are the following:

- ✓ **Simplified procedures for simplified creation / deletion** : all your administrative procedures in a few minutes;
- ✓ **A one-stop shop** : a single interlocutor;
- ✓ **Possibility to exercise the activity at home**: no need to have a professional place to start business;
- ✓ **Reduced taxation**: 1% of turnover for industrial, commercial and artisanal activities 2% for services;
- ✓ **No turnover, no tax** : no liability for tax services if no turnover realized during the year of registration;
- ✓ **Possibility of billing**: services could be invoiced to the customers;
- ✓ **Dispense of holding compatible**: no need to present the balance sheet to the tax authorities.

It should be noted that more than 40,000 applications for self-entrepreneur registration were registered in 2016. It is planned to reach the 100,000 self-entrepreneurs per year from 2017.

Partnership, Structure and Processes

Partnership :

The National Committee is institutionally aligned to the Head of Government and is composed of representatives of both the Public Administration and private actors, including :

- All the Ministries concerned by the promotion of business environment (Ministry of finance, Ministry of the Interior, Ministry of Industry and Trade, etc);
- The General Confederation of Enterprises of Morocco "CGEM", which is the most representative association of private sector in Morocco;
- The Federation of Moroccan Chambers of Commerce, Industry and Services "FCMCIS";
- The Professional Group of Banks in Morocco "GPBM";
- and other partners involved in the private sector development and the improvement of the business environment in Morocco, such as The Competition Council , The Central Bank and The Authority in charge of the Prevention of Corruption.

Structure :

The CNEA is supported by the following bodies:



The National committee is chaired by the Head of Government, and meets at least once a year to review the progress of the engaged reforms, approve the annual report and the next annual action plan.

It is supported by :

- **The Technical Committee** whose function is to facilitate the role of the secretariat by providing the technical approval of the working groups;
- **The Permanent secretariat** whose function is to coordinate the whole process of the committee, set agendas, manage communication, provide methodological and technical support to all actors of the reform and be a point of contact for other stakeholders who want to submit suggestions or to join the PPD.

Functioning:

- For each reform included in the action plan, a working group is created and chaired by a Project manager appointed by the department that is the most interested by the reform.
- The project managers ensure the implementation of the various projects included in the CNEA action plan, in coordination with the secretariat and the relevant stakeholders. They are also responsible for preparing regular reports.

Mandate :

- To prepare the annual program with prioritized measures of improving the business environment ;
- To coordinate the efforts of the Government to ensure effective implementation of the adopted measures;
- To institutionalize public-private dialogue and engage the private sector in identifying priority reforms ;
- To develop a communication strategy to raise awareness of local and international investors to reforms initiated by Morocco ;
- To assess the impacts of reforms through quantitative indicators.

The CNEA is managing and coordinating reforms focusing on three categories:

- The modernization of the legal and regulatory framework;
- The simplification and dematerialization of administrative procedures;
- The creation and generalization of the one-stop shops systems.

Results so far

In the addition of the fact that the reforms and measures adopted in CNEA have had a direct and positive impact on the Moroccan private sector, they have also contributed to improve the country's attractiveness to foreign investments and Morocco's ranking in international reports dealing with the business environment, such as "Doing Business".

As an indication, since the implementation of the committee in 2009 **Morocco has improved its ranking in Doing Business report by 60 places, from the 128th place in 2009 to the 68th in 2016.**

Among the most important reforms and measures that have been taken, we could quote the following, per category:

- **The one stop shops systems:**
 - Implementation of one stop shop for issuing construction permits ;
 - Implementation of a Single Window Operation for International Trade;
 - Implementation of a Single Window Operation for starting business;
 - Implementation of one stop shop for obtaining tax clearance.
- **The modernization of the legal and regulatory framework**
 - The approval of the General Regulation of Construction;
 - Review of decree on payment delays in order to cope with the difficulties faced by the treasury of companies;
 - Adoption of a legal framework for self-employed;
 - Implementation of a legal framework on the Public Private Partnership;
 - Implementation of the Unified business identifier (ICE) ;
 - Review of the act on public limited companies (loi sur les sociétés anonymes).
- **The simplification and dematerialization of administrative procedures**
 - Simplifying procedures of registering property, paying taxes and trading across borders (Introduction of e- payment / E- statement ...);
 - Facilitating the process of starting a business by reducing the time, cost and number of procedures and deleting the minimum capital requirement ;
 - Dematerialization of the import/export titles.

Expected Results

In the continuity of reforms established, the National Committee, chaired by the Head of Government, approved in March 2016 its action plan for 2016, which was developed in consultation with the private sector and involved stakeholders.

Among the most important reforms and measures planned in the action plan, we could quote the following, per category:

- **The one stop shops systems:**
 - Development of the online starting business creation system;
 - Operation of the data exchange platform between the notaries and the administrations concerned.

- **The modernization of the legal and regulatory framework**
 - Adoption of the new legal framework for personal property security;
 - Adoption of the draft reform of Book V of the Commercial Code relating to companies in difficulty.
- **The simplification and dematerialization of administrative procedures**
 - Operationalization of the national platform for the display of administrative procedures opposed to the administration;
 - Establishment of the National Register of Pledges.
- **Prospective studies and development of CNEA's work**
 - Study of prospects for improving the organizational and institutional framework of the CNEA and its partnerships;
 - Conducting a survey on business constraints in Morocco;
 - Setting up an electronic system to track and explore international reports, and to improve Morocco's ranking.

Challenges

After more than six years of existence, and in view of the reforms it has initiated and the experience based on the participatory approach it has accumulated, the National Committee is currently working on a series of reforms and strategic projects to face challenges and constraints that may threaten its existence and sustainability.

Among the challenges:

- To have a vision for the medium and long term;
- To strengthen the role of the private sector within the CNEA;
- To have tools to get feedback and exchange with business leaders and organisms about constraints, complaints and reforms for a regular measurement of their perception;
- To operate and improve CNEA's openness to sectoral and regional dimensions;
- To have a platform for exchange with partners, structured according to best practices in terms of project and program management.

To face these challenges, the CNEA is working on the main following projects:

- Improving the participatory approach in the reform process through strengthening the role of the private sector and its involvement through the integration of some professional associations in the composition of the CNEA;
- CNEA's openness to the regional and sectoral dimensions;
- Establishing new electronic tools (such as a Business Barometer and an electronic platform) to improve the feedback and exchange with business leaders and organisms about constraints, complaints and reforms for a regular measurement of their perception;
- Developing a medium-term strategy for the improvement of the business environment in Morocco mainly based on a business constraint survey and the international reports assessments;

- Setting up an electronic system to track and explore international reports assessing and ranking countries. Morocco's evaluation in those reports represents a challenge and a source of inspiration and identification of reforms to implement.

Biographies of Authors

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Mr. Meddad Yassine is a Project Officer (Chargé de Mission) for the Head of Government and he is also a member of the Permanent Secretariat of the National Committee for Business Environment. Previously, he was a Tax Inspector in the Ministry of Economy and Finances, and he worked also as an engineer for Group of Studies and Research on Renewable Energies and the Environment. Mr. Meddad Yassine holds an Engineer of State Degree in Food Industries engineering from The Hassan II Institute of Agronomy and Veterinary Medicine (IAV Hassan II) and a diploma in Public Management from a Higher Institute of Administration (ISA). He has also a B.A. in Economics from Mohammed V University.

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