

Morocco

Morocco's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
MACROECONOMIC FRAMEWORK		
Macroeconomic Stability		
Progress Made on 2018 Commitments		
<p>Continue implementation of tax reforms to improve the efficiency and equity of the tax system and make it more investment-friendly and strengthen the tax administration.</p>	<p>Fiscal consolidation and decentralization The main tax reforms are:</p> <ul style="list-style-type: none"> • Adoption in July 2021 of a tax framework law aiming at revising the foundations of the tax system and resolving its dysfunctions which draws up a medium-term reform plan based on the national tax meeting recommendations held in 2019. • Gradual reduction of industrial corporate tax rate since 2020 and abolition in 2022 of the rates progressivity scale of corporate tax. • Introduction of a 70 percent tax allowance in 2022, applicable on the net capital gain earned from fixed assets disposal, excluding lands and constructions. • Reform of Tax administration proceeding with digitalization of tax declarations and payments, local tax simplification, collection improvement interoperability of administrative systems, development of internal control and audit functions. • Introduction in 2021 of “la contribution professionnelle unique (CPU)”, for businesses and proprietorships, which have limited revenues, and its adoption and improvement in the 2022 Finance Act. <p>The main tax provisions for 2023 are:</p> <ul style="list-style-type: none"> • Introduction, within the framework of an agreement, of the possibility for the tax administration to exchange information with other administrations and public bodies. • Review of corporate tax rates as part of a whole reform aiming at converging towards a unified rate progressive reduction of the withholding tax rate attached to income from shares and similar Income. • Revision of the income tax systems to achieve the following objectives: • Reducing the tax burden of employees, retirees and newly recruited workers; • Reinstating the principle of taxing the annual global income of individuals according to the progressive scale through the revision of the taxation method of certain categories of income; • Revision of the taxation system of land profits. • Establishment of the principle of the neutrality of the VAT, through the alignment of the rate applicable to the liberal professions and the institution of regulatory procedures for the benefit of the exemption of agricultural equipment; • Extension of the social solidarity contribution on profits and income, in accordance with the recommendations of the New Development Model. 	<p>World Bank EU</p>
<p>Implement the transition to a more</p>	<p>Exchange rate flexibility Exchange rate band widened from $\pm 0,3$ percent to $\pm 2,5$ percent in January 2018 and to ± 5 percent in March 2020. At the same time, the interbank forex market is deepening, and the use of hedging instruments has increased.</p>	<p>IMF</p>

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flexible exchange rate regime	The authorities will continue to implement the reform of the exchange rate regime. The transition to the next stage remains dependent on the easing of inflationary pressures and the dissipation of uncertainties over the economic outlook.	
Public Investment Management (including SOEs, PPPs and utilities):		
Progress Made on 2018 Reform Commitments		
Improve SOEs governance and performance	<p>Improvement of payment delays Operationalization of the Observatory of Payment delays; Adoption of a new regulatory framework fixing the compensation rate due for delays and the modalities for its settlement; Monitoring of supplier complaints through a new platform (AJAL) set up to facilitate exchanges and communication between suppliers and SOEs, and system improvement; Generalization of digitalized pay offices of SOEs, subject to prior control; Publication of two respective reports on payment delays. Next steps: Operationalization of the financial penalty system for companies that violate the legal payment deadlines.</p> <p>SOEs sector oversight and refocus on core public mandates Adoption in August 2021 of the Framework Law related to the reform of SOEs aiming at gathering SOEs with similar activities; the merger of SOEs or subsidiaries; transformation of SOEs which are carrying out commercial activities into Public limited companies; termination and liquidation of some entities whose missions are outdated, or those which have structural deficits. Adoption in July 2021 of the law creating the National Agency for Strategic Management of State Holdings and Monitoring the Performance of SOEs to play a key role in the implementation of the reform. Electronic invoicing for SOEs suppliers having opted for the use of the platform AJAL in line with the fixed schedule.</p> <p>Implementation of legal and regulatory texts Publication on January 2023 of 2 Decrees setting conditions and modalities for the appointment and compensation of State representatives and independent members sitting in the deliberative bodies of SOEs; Publication on January 2023 of the Decree related to the composition and operating procedures of consultative body on the State's shareholding policy, which is in charge, in particular, of giving its opinion on the State's draft shareholding policy and on the plan for its implementation. Publication of the Decree relating to the appointment of State representatives within the Board of Directors of the National Agency for the Strategic Management of State Holdings and the Monitoring of the Performance of SOEs.</p> <p>Texts under discussion and approval at the Parliament level Draft law n° 40.22 fixing the number, the conditions and the procedure for the appointment of independent directors in deliberative bodies of SOEs, which was approved by the Government Council held on November 03, 2022, and which is currently under discussion and approval at the Parliament level. Texts under the process of adoption: Draft decree defining the cases in which the state must conclude contract-programs with SOEs, which was finalized and put in the adoption process in April 2023.</p> <p>Texts underway to be finalized Draft law on the reform of the governance and financial control system of the state over SOEs; Draft decree approving the code of good governance practices for public enterprises.</p>	<p>Payment delays: World Bank</p> <p>SOEs Mandate: World Bank EBRD</p> <p>SOEs Code: IFC World Bank AfDB</p> <p>Authorities: EBRD EU</p>

Texts under review

Draft law on the privatization regime;

Draft decree on the assessment of the public property at the disposal of SOEs.

Launch of the study on liquidation operations, subject to a call for tenders opening carried out in March 2023, before initiating the Liquidation of SOEs for which the Framework-Law provides the establishment of a central liquidation body.

Operationalization of the National Agency in charge of strategic management of State Holdings:

First meeting of the Board of Directors held in December 2022;

Approval of the Agency's management instruments, namely the organizational chart, the staff statutes, contract regulations and the model for its financing, and the roadmap for the development of the State's shareholding policy.

Restructuring operations:

The year 2022 has witnessed targeting of a number of sectors deemed to be priorities such as energy, transport and logistics, and some other sectors or SOEs with high stakes. Restructuring operations are carried out within the framework of a collective and partnership approach and aim to address, within a planned framework, all issues and risks that hinder the achievement of performance and development projects.

Consultations with stakeholders will be pursued to develop a roadmap to resize the public portfolio and to review and strengthen business models of a number of strategic SOEs. The restructuring of these entities is part of an overall vision that extends over five years.

Code of Good Governance Practices for SOEs

Since the launching in 2012 of the Moroccan Code of Good Governance Practices for SOEs, significant progress was made at several levels in terms of the functioning of the SOEs' Deliberative Bodies, including a sustained dynamic in terms of the establishment of specialized committees emanating from the DBs, the adoption by the DBs of more than 40 SOEs plans, charters and other instruments to improve governance.

Finalization of the Draft Code on May 2022 and launching of direct consultations with 28 SOEs and 7 reference institutions (Court of Auditors, Capital Markets regulation Authority, Competition Council, UN WOMEN, CFA, World Bank, and so on).

The proposals of the partners were processed and integrated into the Draft Code and discussed at the National Council.

Work is underway for a final approval before the public consultations in June 2023 and the adoption by a decree of the Head of Government

SOE and public investment management reforms to optimize finance for infra entities

Creation, in January 2021, of the Mohammed VI Fund for Investment, which will be structured into sectoral and thematic Funds in areas of high priority mainly industrial restructuring, innovation and activities with high growth potential, promotion of SMEs, infrastructure, agriculture and tourism. The infrastructure sub-fund will target using an MFD and PCM approach. The Executive Director of this fund was appointed in October 2022 and became operational with the first Board of Directors meeting in December 2022.

Mohammed VI Fund for Investment has held, up to date, two meetings of its Board of Directors and announced its strategy, which is largely based on a strong involvement for the implementation of productive investments with a strong impact on economic and social development;

The Fund advocates three guiding principles for the development of its strategy:

Dual sustainability: financial and economic, social and environmental impact;

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	<p>Additionality: financial (long time horizons...) and non-financial (project structuring, high standards...); Multiplier effect through the mobilization of private financing by positioning the Fund as a pioneer player that leverages private investments.</p> <p>The financing vision of this Sovereign Wealth Fund, currently being structured, emphasizes on a balanced public-private financing mix according to the characteristics of the targeted sectors.</p> <p>The Fund, endowed with an initial \$1.5 billion state budget allocation, aim to raise \$3 billion from private investors.</p> <p>Regulatory authorities (electricity, postal, telecoms) established or endowed with greater powers</p> <p>Completion, in 2021, of the structuring and the establishment the Electricity sector regulatory authority (ANRE). Draft law on the reform of the postal sector was validated and its enforcement texts discussed and finalized in consultation with all stakeholders and submitted to the approval process.</p> <p>Membership in the SOEs MENA Compact</p> <p>Morocco has joined the World Bank's SOEs MENA Compact, which provides an appropriate framework for measuring the implementation of reforms in the SOEs sector, and a basis for policy dialogue between the International Financial Institutions (IFIs) and the countries of the MENA region;</p> <p>This project includes commitments to improve governance of SOEs through strong governance of SOEs, fair competition, climate change mitigation, and sound fiscal management.</p> <p>Further diligence is underway for efficient deployment of the ANRE and further liberalizing the electricity sector, which should develop a more competitive electricity market and accelerate the transition to renewable energies.</p> <p>The main commitments of countries which signed the Pact include:</p> <ul style="list-style-type: none"> • Disclosure of public service obligations of the SOEs and their costs. • Ensuring fair, transparent and efficient public procurement for SOEs. • Ensuring that SOEs and private companies working in the same sector are treated equally in terms of tax treatment, regulatory treatment and access to production factors (land, labor and financing). • Introduction of explicit treatment of SOEs subsidies in national budgets. 	
Develop PPPs	<p>PPP Framework brought in line with EU practices, and Investment Charter (for FDI) being revamped.</p> <p>Amended PPP law, adopted in March 2020;</p> <p>Publication of the implementing decrees of the law issued as a result of the amendment of the law on PPP contracts:</p> <ul style="list-style-type: none"> • State and SOEs: Amendment of the procedural decree and the National PPP Commission Decree published in September 2021. • Local Authorities (Regional): Publication in August 2022 of two Decrees related to PPP contracts carried by Regional Authorities and the Standing Committee specific to Regional Authorities. 	EBRD
New Reform Commitments and Initiatives		
Institute pecuniary sanctions against companies that	Finalization and approval of the draft amendment to the Commercial Code aimed at instituting pecuniary sanctions against companies that exceed the legal payment delays.	

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exceed the legal payment delays.

Further diligence is underway for PPP deployment, notably

- Operationalization of the National Commission;
- Operationalization of the permanent Commission at the local level.
- Setting of an investment threshold under which the preliminary evaluation will be optional;
- Publication of the order for the pre-selection of candidates.
- Order in progress appointing members of the ministerial PPP commission (chaired by the DEPP).

Generalize social protection

Reform of social protection system within five years

- Publication in 2021 of a framework law n° 09-21 related to social protection system by which all citizens will access to social security benefits.
 - Generalization of health care insurance by the end of 2022.
 - Generalization of family benefits by 2024.
 - Expansion of pension system and unemployment benefits by 2025.
- The process is underway, according to the agenda set by the framework law in parallel with the reform of the subsidy system and the implementation of the unified social register for better targeting of social assistance.

World Bank

BUSINESS FRAMEWORK

Business Environment and Regulation

Progress Made on 2018 Reform Commitments

Moved up 15 places between 2017 and 2021 Doing Business (53rd out of 190 countries).

Implement the roadmap for improving the business climate 2023-26

Business climate strategy 2023–26

The roadmap for improving the business climate 2023–26 is based on an action plan with three pillars, a cross-cutting pillar and 10 priority areas:

The first pillar aims to improve the structural conditions for investment and entrepreneurship through:

- Strengthening the business law framework;
- Optimization, digitalization and deconcentration of administrative procedures;
- Strengthening coordination and monitoring of the business environment.

The second pillar aims to strengthen national competitiveness, through:

- Mobilizing financing for a better economic recovery;
- Improving access to renewable energy and industrial decarbonization;
- Strengthening access to land;
- Strengthening logistics competitiveness.

The third pillar aims to develop an environment conducive to entrepreneurship and innovation, through:

- The development of support mechanisms for SMEs and startups;
- Promotion of innovation, R&D activities and entrepreneurial culture;

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	<p>·Strengthening training offer and human capital performance.</p> <p>The transversal pillar aims to strengthen ethics, integrity and the prevention of corruption.</p>	
<p>Simplify business-related administrative procedures, strengthen dematerialization, and create one-stop shop</p>	<p>Reform of the legal framework governing public limited companies:</p> <ul style="list-style-type: none"> · Enactment in June 2019 of the law 20-19 modifying and completing the law 17-95 aiming at promoting gender equality in governance bodies; · Enactment in July 2021 of the law 19-20 amending the law 17-95 relating to joint stock companies and the law 5-96 related to limited partnership, public limited companies, general partnership, joint venture companies and limited liability companies, aiming at promoting gender equality in governance bodies, enabling virtual meetings and electronic voting. · Revision of law 78-12 on public limited liability companies, the proposed amendments aim to improve the regulatory aspects of corporate governance by increasing corporate transparency, strengthening management accountability and enhancing minority shareholders protection. The revision will also be introducing a quota on gender diversity on boards for certain types of companies (publicly listed, and so on) of 30 percent in 2024, and 40 percent in 2027, Pending validation from technical committee and adoption in parliament. · Enactment in February 2023 of the law 96-21 modifying and completing the law 17-95 relating to public limited companies and enacting transitional dispositions relating to the conversion of bearer shares into registered shares. <p>Secured transactions framework:</p> <ul style="list-style-type: none"> · Enactment on April 2019 of the Law 21-18 on secured transactions and adoption in November 2019 of the Decree regarding the operating modalities and management of a National Movable Collateral Registry (Registre National électronique des suretés mobilières) launched in March 2020. · Organization of a campaign of sensitization on this reform and training workshops for stakeholders (banks, financing companies, lawyers, notaries, chartered accountants, judges...) <p>Creation and support of businesses by electronic means</p> <ul style="list-style-type: none"> · Enactment on January 2019 of the law 89-17 modifying and completing the law 15-95 aiming at the creation of an electronic trade register grouping all local trade registers managed by the Secretariat of the competent courts, and the central electronic trade register. · Entry into force, in March 2019, of the Law 88-17 relating to the creation and assistance of businesses by electronic means, aiming at dematerializing legal formalities and digitalizing administrations services related to businesses (creation of companies, registration in the electronic trade register, delivering business certificates, tax matters, and so on). <p>Reform of Regional Investment Centers</p> <ul style="list-style-type: none"> · Enactment in February 2019 of the law 47-18 reforming regional investment centers and creating the Unified regional investment commissions, and its implementation Decree (April 2019). · This reform is based on CRIs reconstruction, creation of a unified regional investment commission, and simplification of investment procedures for processing investment files. <p>Simplification of administrative procedures and formalities</p> <ul style="list-style-type: none"> · Launch, in 2019, of the Tawtik.ma platform which aims to dematerialize tax certificates and create a one-stop shop for property transfers. 	<p>Secured transaction framework: EBRD Business creation and support: IFC and AFDB</p>

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	<ul style="list-style-type: none"> · Launching in 2019, the platform "Roukhass.ma" which is a single point of contact for application procedures, instruction and issuance of economic authorizations under the jurisdiction of municipalities, prefectures and wilaya. · Enactment in September 2020 of the Law 55.19 related to the Simplification of administrative procedures and formalities; · Launching, in April 2021, of the National Administration Portal "idarati.ma". <p>Simplification of public procurement procedures</p> <ul style="list-style-type: none"> · Entry into force, on April 2020, of circulars aimed at simplifying public procurement procedures through i) facilitating electronic submission on the public procurement portal and ii) removing the ceiling for the use of the purchase order procedure by SOE. <p>Modernizing Foreign trade</p> <ul style="list-style-type: none"> · Total elimination of the use of paper in all import and export procedures: Approximately 85 percent to 90 percent of procedures and formalities are conducted electronically, including import permits, export licenses, customs clearance requests, all customs procedures, and import control procedures. · Exchange of information between import control agencies and customs is operational, and logistical formalities for port and airport clearance. · Adoption of the Single Window for Foreign Trade Procedures (Portnet): this system offers 120 formalities and services for the benefit of 65,000 users, including 55,000 importers and exporters. These formalities cover import and export procedures and permits, exchange of import control results, customs procedures, multichannel payment, and port and airport clearance formalities <p>Next steps: Continued reforms for digitalization and simplification of business-related administrative procedures, such as: the activation of interoperability (exchange of data and documents) between administrations, simplifying the investor's journey through: reducing the number of documents required, reengineering and process optimization, and continue enhancing the competitiveness of regions by (i) supporting the Regional Investment Centers to bolster local investment promotion and aftercare activities, and (ii) improving the regional business environment via the reduction of payment delays and operationalizing Regional Centers for Investment Climate.</p>	
Align the new Investment Charter with the ambition of the new Moroccan Development Model regarding the enhancement of the role of private sector	<p>Overhaul of the Investment Charter</p> <ul style="list-style-type: none"> · Entry into force, in December 2022, of the framework law forming the new Investment Charter. · This new Investment Charter aims to increase the share of private investment to two-thirds of total investment by 2035, by encouraging investment by both local and foreign investors, particularly in less developed regions and granting incentives to boost promising sectors, and support for very small, SMEs, in addition to the development of Moroccan investments abroad. · Effective entry into force of the framework law through Adoption of the decree and three decisions relating to the implementation of the main and the specific support schemes applicable to strategic investment projects. <p>Ongoing process of implementation of the Investment Charter.</p>	

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Modernize the legal, institutional, and regulatory framework for business	<p>Operationalization of the Competition Council</p> <ul style="list-style-type: none"> · Competition council operationalized with the appointment of the President of the Council and their members in March 2021. · Publication in December 2022 of Law No. 40.21 amending and supplementing Law No. 104-12 on the freedom of prices and competition. · Adoption in May 2023 of Decree No. 2.23.273 amending and supplementing Decree No. 2-14-652 for the implementation of Law No. 104-12 on the freedom of prices and competition. <p>Ongoing support to strengthen the Competition Council's antitrust capabilities. Developing an institutional ecosystem to support effective implementation of competition policy..</p> <p>Operationalization of the National Integrity, Prevention and Anti-Corruption Agency (INPPLC)</p> <ul style="list-style-type: none"> · Enactment in May 2021 of Law 46.19 relating to the (INPPLC) strategy. · Operationalization, in October 2022, of its Board of Trustees through the appointment of the Agency Secretary-General and its 20 members. <p>Ongoing work on the strategy and the review of its governance and mechanisms restructuring based on a participatory approach.</p> <p>Consolidation of Public Procurement regulatory framework</p> <ul style="list-style-type: none"> · Publication, in March 2023, of Decree 2.22.431 on public procurement, aimed at strengthening transparency, improving the business climate, opening up to small businesses and self-employed entrepreneurs and enshrining the principle of national preference. The text also enshrines mechanisms strengthening the integration of socio-economic, environmental and sustainable development dimensions in public procurement. 	Competition: IFC INPPL:C: EU
Promote industrial and digital activities	<p>Promoting industrial activities and decarbonization:</p> <ul style="list-style-type: none"> · Launch, in January 2021, of the Tatwir Croissance Verte program to support the decarbonization of industrial SMEs. It aims to support industrial SMEs in their efforts to develop decarbonized processes and products and support the emergence of new green industrial sectors and reduction of industrial pollution. · Launch, in April 2021, by Maroc PME of the NAWAT program aimed at VSEs, project holders and self-entrepreneurs to develop their entrepreneurial and managerial skills and benefit from advice and TA. · Launch in May 2022 of an electronic platform of industrial land www.industrial-estate.gov.ma. This new site is considered as a tool for the promotion of industrial zones to reinforce the international competitiveness and the attractiveness of the national industrial land. It provides Moroccan and international industrial investors with information on the availability of industrial land. · Launch, in September 2022, of the R&D et Innovation program, which aims to support R&D and innovation projects in the industrial sector. · Entry into force, in February 2023, of the law 102.21 relating to industrial zones, which aims to encourage investment in the industrial sector through the lever of industrial land, to strengthen the legal framework of development and management of industrial zones and to ensure their sustainable and effective management. · Ongoing implementation of this law through the drafting and publication of application texts. <p>Promoting digital activities</p>	

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- Implementation of the Digital Plan 2025, which aims to reduce the digital divide, training a new generation of 50,000 young employable talents and develop specific initiatives in sectors such as education, health, agriculture and crafts.
- Launching of the Morocco Tech initiative which aims to promote the country's digital sector and improve its attractiveness of FDIs by strengthening its competitiveness and releasing the investment potential of national operators and start-ups.
- Granting of a premium to support the financing of technological investments, the assumption of responsibility for expenses incurred in innovation and development of green products and the assumption of responsibility for the MSME under the actions of advice and technical expertise.
- To date, following the launch of 10 calls for projects under this program, 16 clusters have been selected, of which 10 clusters are currently operational and benefit from state support.

New Commitments

Strengthen decarbonation and access of industrial zones to renewable energy

Elaborate the national strategy of digital transformation
 Elaboration of the national strategy of digital transformation with ambition to make Morocco a digital hub to accelerate social and economic development through the promotion of digital public services, the emergence of digital startups and the acceleration of the digital inclusion.

FINANCING FRAMEWORK

Reduce Risks Investments (efficient risk mitigation instruments)

Progress Made on 2018 Reform Commitments

Strengthen and diversify financing instruments for SMEs and promoting financing for startups and innovative companies

National Financial Inclusion Strategy (SNIF) being implemented

- The objective of the SNIF is to make financial inclusion a real vector for socio-economic development, particularly among young people, women, populations in rural areas, and SMEs.
 - The SNIF deployment approach was validated, in June 2019, by the National Committee, whose mission is to steer and implement the strategy, at its first meeting held.
 - Seven roadmaps covering all strategic levers have been turned to 150 actions to pace and secure their implementation, a large part of which was completed.
 - The creation of a Sovereign investment fund (Mohammed VI fund for Investment) will target, among other things, start-ups and innovative companies by co-investing jointly with private equity managers.
- Ongoing process of the strategy deployment. Various actions in the working groups roadmap have been implemented structuring reforms such the publication, in 2021, of law n°50-20 on microfinance and the law n°15-18 on crowdfunding. Work is underway to update the roadmap taking into consideration the recovery measures following the covid-19 crisis.
- Reform of the national guarantee system**
 Morocco has adopted a strategic vision for the new National guarantee system as part of the Central Guarantee Fund's development plan (2017–21):

SNIF:
 World Bank
 EIB
 EU
 KfW
 AFDB
 GIZ
 FOPEP

National
 Guarantee
 System:
 KfW

Crowdfunding:

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	<ul style="list-style-type: none"> · Restructuring the range of existing guarantee products (12 products) and grouping them into 3 main products, according to three priority targets, namely, start-ups (Damane Venture Capital), VSEs (Damane Express) and SMEs (Damane Atassyir and Damane Istitmar). · Guarantee of financing provided by Microcredit Associations targeting VSEs. · Setting up a guarantee mechanism dedicated to financing by participative banks, especially to VSEs. · Enactment, in July 2020, of the Law No. 36-20 transforming the CCG into a public limited company "National enterprise guarantee and financing company" (TAMWILKOM) <p>As part of the implementation of this law, a draft decree and two orders have been published:</p> <ul style="list-style-type: none"> · Adoption of the decree n° 2.21.289 fixing the capital of the Company and the elaboration of its statutes. · Order of the Minister of Economy and Finance n° 849-22 of April 15, 2022, for the application of the provisions of article 11 of the aforementioned law enumerating the funds managed by the Central Guarantee Fund on behalf of the State which are transferred to TAMWILKOM and providing for the granting of the State guarantee to the elements of the assets and liabilities relating to the aforementioned funds and the elements not appearing to the aforementioned assets and liabilities. · Order of the Minister of Economy and Finance n° 850-22 April 15, 2022, fixing the conditions and modalities of the benefit of the State guarantee granted to the commitments of TAMWILKOM. <p>Continued support to Moroccan businesses to reinforce their capacity building.</p> <p>Crowdfunding</p> <ul style="list-style-type: none"> · Enactment in 2021 of the law n° 15-18 on Crowdfunding aiming at financing entrepreneurship and innovation and supporting the emergence of social, cultural and creative projects. · Adoption, in June 2022, of the decree n°2-21-158 in application of the law n°15-18 that fixes the composition of the committee that declare business angels networks, and the prudential rules related to each category of crowdfunding from the project holder and the contributor sides. · Adoption of the "orders" in application of the law, that set up the elements contained in the annual report of the business angels networks, secondary activities of the crowdfunding companies and the elements of declaration of business angels networks. <p>Business Angels</p> <ul style="list-style-type: none"> · Launching in 2018 of a support and training program for Business Angels networks and the establishment of partnership between the Fund Innov Invest (FII) and networks of Business Angels selected based on specifications. In this regard, the network EBAN (European Business Angels Network) was selected to support Moroccan businesses to reinforce their capacity building. <p>As part of the FII, Business Angel structures are going to be labeled with the aim of supporting and revitalizing the intervention of Business Angels targeting innovative projects in the start-up phase.</p> <p>Reform of the law n°41.05 relating to undertakings for collective investment in capital (OPCC):</p> <ul style="list-style-type: none"> · Adoption, in March 2023, by the Government Council, of the law n°58-22 modifying and completing the law n°41-05 relating to the undertakings of collective investment in capital. This reform aims to facilitate and increase the alternative financing of Moroccan companies (in equity and loans), especially SMEs with a strong potential or innovation. It aims mainly at increasing the attractiveness of the legal and regulatory framework of Moroccan private equity, by creating a specific regime for OPCCs intended for professional investors (known as OPCCs with reduced operating rules or OPCC-RFA). 	<p>EBRD BA: GIZ, World Bank, EU</p> <p>IPESF: AfDB</p>

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	<p>This draft law is in the process of being validated by the parliament.</p> <p>Debt Funds In application of the law n°33-06 related to securitization, publication in August 2022 of the order allowing securitization funds to provide financing, which sets:</p> <ul style="list-style-type: none"> · Prudential rules and supervision relating to financings granted by a collective investment fund in securitization or one of its compartments; · Modalities of financing of FPCT or one of its compartments. <p>Next steps: The realization of debt fund operations by securitization companies</p> <p>Souk At Tanmia project</p> <ul style="list-style-type: none"> · Implementation in 2019 of the "Souk At Tanmia" project to set up a platform for national coordination of the entrepreneurial ecosystem, with financial and technical support for entrepreneurs. · A project management unit was set up for the implementation and coordination of the program. <p>Integrated Program for Entrepreneurship Support and Financing</p> <ul style="list-style-type: none"> · Launch in 2020 of The Integrated Program for Entrepreneurship Support and Financing, focusing on three main areas: entrepreneurship financing, coordination of support actions at the regional level and financial inclusion of rural populations. · A special Fund of DH 8 billion was created under the 2020 Finance Act, spanning over 3 years, was financed by the State, the banking sector and the Hassan II Development Fund. Credits, under this instrument, are granted at historically lowest rates, 2 percent in urban areas, 1.75 percent in rural areas and 0 percent for start-ups and MSME (VSE). These credits are guaranteed up to 80 percent by the State. · For the support component, signing of a framework agreement between MEF and Tamwilcom, in May 2022, providing an envelope of 100 MDH to the non-financial support of PIAFE program. · Bilateral agreements have been signed between Tamwilcom and each of the 12 CRIs, in August 2022, to define in particular management modalities of the non-financial support program and the reporting methods. 	
Implement the law on derivatives market and OTC operations	<p>Revision of the law governing derivatives market</p> <p>The objective of the revision of the law governing a regulated derivatives market is (i) to extend the scope of the law governing the futures market to OTC derivatives transactions which are currently only regulated by circulars of Bank Al-Maghrib, (ii) to guarantee the legal certainty of these transactions and (iii) to harmonize the provisions of the aforementioned law with the new principles and standards in derivatives regulation, namely those enacted by European regulations. The law on derivatives market and the OTC operations is currently in discussion with the technical services of the SGG in consultation with stakeholders (supervisory authorities, derivative market coordination body).</p>	EBRD
New Reform Commitments		
Publish circulars related to the two supervision authorities: central bank (Bank Al-Maghrib) and capital	These circulars set several dispositions related to the functioning of the crowdfunding companies, the required elements related to its IT system and resources, and reporting and communication with the contributors and the supervision authorities.	

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market authority (AMMC) in application of law no. 15-18 related to crowdfunding		
Develop a financing offer relating to the green economy	<p>Development of a financing offer related to the green economy</p> <p>Within the framework of its commitments in terms of the development of climate finance, and in accordance with the Kingdom's objectives in terms of renewable energies and the creation of a regional financial hub, the Moroccan Capital Market Authority is carrying out preparation of a guide on Green Bonds for issuers and professionals.</p> <p>This guide presents key elements of Green Bonds and their main implications. It targets both issuers and investors and aims to promote the development of this new segment on the Moroccan capital market. Indeed, this guide makes it possible to provide a clear framework, inspired by international standards, to issuers and professionals wishing to invest in this market and supports the completion of the first Green Bond issues in Morocco.</p> <p>Moreover, several companies have issued green bonds for a total amount exceeding 5 billion DH.</p> <p>It should also be noted that Casablanca Finance City is positioning as a green financial center and Casablanca Finance City Authority (institution in charge of the institutional promotion of the CFC) is a founding member of the network of financial centers for sustainability (FC4S) and actively participates in its work.</p> <p>This process should also be supported by donors, particularly in the context of financing via climate funds.</p> <p>Study on the development of a financing offer relating to the green economy with main objectives:</p> <ol style="list-style-type: none"> 1. Gap analysis of the offer and needs for green finance instruments across sectoral value chains targeting SMEs; 2. Design of initial outlines of a new instrument to partially meet SMEs needs based on the gap analysis conclusions. 	GIZ
Domestic Debt Market Development Progress Made on 2018 Reform Commitments		
Consolidate the legal framework for financial instruments: Sukuk certificates, assets securitization, secured bonds, and so on	<p>Ongoing Implementation, especially, securitization framework to distressed asset recovery</p> <ul style="list-style-type: none"> · Enactment in 2018 of the Law 69.17 amending Law 33.06 on asset securitization. This amendment introduces new provisions regarding the definition of Sukuks to allow the issuance of different categories and clarifying the relationship with the Higher Council of Oulemas (CSO). The first issuance of sovereign Sukuks was carried out in October 2018. · Enactment in 2018 of two decrees of implementation of the Law 70-14 relating to OPCIs. · Establishment of the Commission in charge of approving real estate asset appraisers of OPCIs by a decision of the Ministry of Finance. · Publication in 2019 of circulars relating to the approval of OPCI management companies and the authorization of OPCI funds. · Adoption of 3 decrees authorizing territorial collectivity to finance their investment projects through local banks, international financial institutions, or by issuing debt securities or securitization transactions. <p>Covered bonds</p> <ul style="list-style-type: none"> · Adoption by the Government Council, in February 2022, of a draft law on covered bonds. Its objective is to encourage long-term savings and allow credit institutions to finance long-term projects by improving their refinancing conditions. 	IFC, World Bank KFW

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	<p>Secondary market for non-performing loans</p> <ul style="list-style-type: none"> · Support the reform to kick-off a secondary market for NPLs in Morocco through the swift resolution of key impediments that are preventing the creation of the market from a private sector perspective. · Guidance on a fiscal reform package for better tax treatment of NPL sales was delivered. · Draft legal amendments matrix to allow debt transferability was delivered · Ongoing preparation of a draft decree within the framework of the law on securitization for the establishment of debt funds. · Ongoing support to alleviate fiscal, legal and institutional barriers facing the creation of a secondary market for non-performing loans. 	
Operationalize the legal framework governing collective investment in real estate or in capital	<p>Good market take-up of Real Estate Investment Trust (REITs)</p> <ul style="list-style-type: none"> · Adoption in 2019 of several prescriptions to complete the regulatory framework of the Collective investment undertaking Act to extend its scope to all private equity activities (venture capital, development capital ...). · Legal framework being streamlined to support the operationalization of the “Fonds Mohammed VI pour l'Investissement” sub-funds investing in innovative companies. <p>Ongoing amendment of the law relating to undertakings for collective investment schemes.</p>	World Bank, KfW
New Commitments		
Support the development of a secondary market for NPLs is under work	An additional reform package on debt transferability to support the development of a secondary market for NPLs is being finalized.	
Improving Access to Financing for Individuals and SMEs		
Progress Made on 2018 Reform Commitments		
Revise the legal framework relating to microfinance	<p>Preparation of regulatory implementing texts of the law n°50-20 relating to microfinance</p> <ul style="list-style-type: none"> · As part of strengthening the role of the microfinance sector in the development of financial inclusion and its support following the level of maturity reached, it was decided to overhaul the legal and regulatory framework that governs it by adopting in July 2021 the law 50-20 relating to microfinance. <p>Ongoing regulatory texts preparation relating to the operationalization of the law relating to microfinance</p> <ul style="list-style-type: none"> · Decree fixing the ceiling amount of the micro-credit. This amount will be decided according to the category, the objectives and the financial means of the association; · Decree setting the criteria and limits of micro-savings and micro-insurance operations carried out by Microfinance Institutions (MFIs). 	World Bank KfW
Develop the framework of the Credit Bureau to extend it to other	<ul style="list-style-type: none"> · Establishment of a legal framework governing Credit Bureau by extending the scope to non-financial data relating to natural and legal persons, originating from non-financial entities, following international best practices. · The draft law was approved by the government council in March 2023 and transmitted to the parliament for discussion. This draft law is in the process of being validated by the parliament. 	IFC KfW

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companies providing non-financial data as part of the national financial inclusion strategy.

Improving Financial Stability		
Progress Made on 2018 Reform Commitments		

Implement the reform on banking resolution	In the aim of preventing banking crises and allowing an orderly resolution of the failures of banking institutions by preserving the real economy and public finances, a draft amendment to law 103.12 relating to credit institutions and assimilated bodies was prepared and submitted for adoption. Next steps: Finalization and approval of this draft law.	World Bank KfW
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