

Morocco

| Morocco's reform commitments/initiatives | Progress in meeting commitments/initiatives | Partner Support |
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| Macroeconomic framework | | |
| <u>Macroeconomic stability</u> | | |
| 2018 | | |
| Continued implementation of tax reforms seeking to improve the efficiency and equity of the tax system and make it more investment-friendly, along with the strengthening of the tax administration. | Fiscal consolidation and decentralization: The main tax reforms are 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 on the basis of 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% 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 & audit functions. Introduction in 2021 of "la contribution professionnelle unique (CPU)", for businesses/proprietorships, which have limited revenues, and its adaption and improvement in 2022 Finance Act. In 2022, the Government reports ongoing process of implementation of these reforms within the tax framework law. | WB, EU |
| Implementation of the transition to a more flexible exchange rate regime. | Exchange rate flexibility Exchange rate band widened from $\pm 0,3\%$ to $\pm 2,5\%$ in January 2018 and $\pm 5\%$ in March 2020. In 2022, the Government reports ongoing process of implementation of this reform | IMF |
| <u>Public investment management (including SOEs, PPPs and utilities):</u> | | |
| 2018 | | |
| Modernize tax and customs administrations | Reform of tax administration proceeding with local tax simplification, CPU, and interoperability of administrative systems of tax and customs directorates. | - |
| Improving state-owned Enterprises (SOEs) governance and performance. | 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 improve the system; Generalization of digitalized pay offices of SOEs, subject to prior control; Publication of the first report on payment delays. SOEs sector SOE 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 which will play a key role in the implementation of restructuring operations as soon as its governance and management bodies become operational. 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/PCM approach. Regulatory authorities (electricity, postal, telecoms) established or endowed with greater powers Completion, in 2021, of the structuring and the establishment the Electricity sector regulatory authority (ANRE). Draft law on the reform of the postal sector has been validated by stakeholders and submitted to the approval process. Code of Good Governance Practices for SOEs Since the launching in 2012 of the Moroccan Code of Good Governance Practices (CMBPG) for SOEs, significant progress has been made at several levels in terms of the functioning of the SOEs' Deliberative Bodies (DBs), 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 of plans to improve governance and charters and other instruments of governance. | WB, WB, EBRD, IFC, WB, AfDB, EBRD, EU |

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| | <p>In 2022, the Government reports: Finalization and approval of the draft amendment to the Commercial Code aimed at instituting pecuniary sanctions against companies that exceed the legal payment delays. The Diligences are underway for the reform implementation and the operationalization of the Agency. The vision for financing commitments of this Fund, which is currently being structured, emphasizes a public-private financing mix that is balanced according to the characteristics of the targeted sectors. Further diligence is underway for efficient deployment of the regulatory authorities. Work is underway to update this Code in line with the OECD guidelines, and also, essentially, with the new guidelines contained in the Framework law relating to the reform of SOEs, as well as the law on the creation of the National Agency, in consultation with the national corporate governance commission.</p> | |
| Development of Public-Private Partnerships | <p>PPP Framework brought in line with EU practices, and Investment Charter (for FDI) being revamped. Amended PPP law, adopted in March 2020; Edition of the implementing decrees relating to the State and the SOEs in September 2021 (Decree relating to the new National Commission for PPPs and Decree amending and supplementing Decree issued for the application of the law relating to PPP contracts). Two draft decrees relating to local authority PPP contracts (standing committee and procedural decree) are in the process of being adopted. In 2022, the Government reports that further diligence is underway for PPP deployment, notably: setting of an investment threshold under which the preliminary evaluation will be optional; training workshops for all stakeholders working on PPPs; activation of the national Commission at national level; creation of a permanent Commission at local level.</p> | IFC, EBRD |
| Business Framework | | |
| <u>Business environment and regulation</u> | | |
| 2018 | | |
| Simplifying business related administrative procedures and strengthening dematerialization and creating one-stop shop | <p>Reform of the legal framework governing public limited companies: 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, etc.) of 30% in 2024, and 40% in 2027, Pending validation from technical committee and adoption in parliament. Secured transactions framework: Enactment on April 2019 of the Law 21-18 on secured transactions, including the creation of a National Movable Collateral Registry (Registre National électronique des sûretés mobilières [RNESM]), and the adoption in November 2019 of the Decree regarding the operating modalities and management of the RNESM. Organization of a campaign of sensitization on this reform and training workshops for stakeholders (banks, financing companies, lawyers, notaries, chartered accountants, judges...) Creation and assistance of businesses by electronic means 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, as well as 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...). Reform of the Regional Investment Centers Enactment in February 2019 of the law 47-18 reforming regional investment centers (CRIs) and creating the Unified regional investment commissions, as well as its implementation Decree (April 2019). This reform is based on 1. Restructuring of CRIs, 2. Creating of a unified regional commission of investment and simplification of procedures and 3. Simplification of the procedures for processing investment files. Simplification of</p> | EBRD, IFC, AFDB |

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| | <p>administrative procedures and formalities 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". Simplification of public procurement procedures 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> <p>In 2022, the Government reports: Continued reforms for digitalization and simplification of business-related administrative procedures. 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 (CREA).</p> | |
| Modernization of the legal, institutional, and regulatory framework for business | <p>Enactment in May 2021 of Law 46.19 relating to the National Integrity, Prevention and Anti-Corruption Agency (INPPLC) Anti-corruption national strategy being implemented. Competition council operationalized with the appointment of the President of the Council and their members in March 2021.</p> <p>In 2022, the Government reports: Effective entry into force of the Law 46.19 through the appointment of the Agency Secretary-General and the 20 members of its Board of Directors. The resumption of work on the strategy and the review of its governance and a restructuring of its mechanisms based on a participatory approach. Strengthening the Competition Council's antitrust capabilities: (i) Establishing procedures governing investigations (ii) developing guidelines for merger review. Developing an institutional ecosystem to support effective implementation of competition policy (e.g., private sector, judiciary, media)</p> | IFC, EU |
| New Reform Commitments/Initiatives | | |
| Promoting industrial and digital activities | <p>Promoting industrial zones: Set-up of a new Law on industrial zones with the objective to improve their commercial success and encourage the development of implanted activities. It aims at improving their management conditions by providing their developers and users with legal tools allowing a sustainable and long-lasting management. Promoting digital activities: 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 as well as releasing the investment potential of national operators and start-ups. Strengthening decarbonation and access of industrial zones to renewable energy</p> | |
| Aligning 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: This project aims to increase the share of private investment to two-thirds of total investment by 2035, by encouraging investment, particularly in less developed regions, and granting incentives to boost promising sectors, as well as a specific support for very small, small, and medium enterprises, in addition to the development of Moroccan investments abroad.</p> | |
| Financing Framework | | |
| <u>Reduce risks investments (Efficient risk mitigation instruments)</u> | | |
| 2018 | | |
| Strengthening and diversifying the financing instruments for SMEs and | <p>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</p> | WB, EIB, EU, KfW, KfW, |

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| <p>promoting financing for start-ups and innovative companies</p> | <p>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 has been completed. Similarly, the creation of 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. 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 (2017-2021): 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. Transformation in July 2021 of the CCG into a public limited company "National enterprise guarantee and financing company" Crowdfunding Enactment in 2021 of the law on Crowdfunding aiming at financing entrepreneurship and innovation and supporting the emergence of social, cultural, and creative projects. Business Angels Launching in 2018 of a support and training program for Business Angels networks as well as the establishment of partnership between the "Fund Innov Invest" Fund (FII) and networks of Business Angels selected on the basis of specifications. In this regard, the network "EBAN" (European Business Angels Network) has been selected to support Moroccan businesses reinforcing their capacity building. Souk At Tanmia" project Implementation in 2019 of the "Souk At Tanmia" project to set up a platform for the national coordination of the entrepreneurial ecosystem, with the support (financial and technical) of entrepreneurs. A project management unit was set up for the implementation and coordination of the program. Integrated Program for Entrepreneurship Support and Financing Launching on 2020 of "The Integrated Program for Entrepreneurship Support and Financing", focusing on three main areas: the financing of entrepreneurship, the coordination of support actions for entrepreneurship at the regional level and the financial inclusion of rural populations. A special Fund of DH8 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% in urban areas, 1.75% in rural areas and 0% for start-ups and MSME (very small enterprises). These credits are guaranteed up to 80% by the State. Development of a financing offer relating to the green economy. In 2022, the Government reports: Ongoing process of the strategy deployment. Various actions in the working groups roadmap have been implemented in particular structuring reforms such as 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. The CCG has been transformed into the National enterprise guarantee and financing company. Work is underway to operationalize the reform by finalization and approval of implementation texts. Finalization and approval of the draft decree and its implementation texts, to be issued pursuant to Law 15-18. Continued support to Moroccan businesses to reinforce their capacity building Work is underway to launch non-financial "support actions" component. Study on the development of a financing offer relating to the green economy in Morocco with main objectives: 1. Gap analysis of the offer and needs for green finance instruments across sectoral value chains targeting SMEs; 2. A design of the initial contours of a new instrument that could partially meet the unmet demand of SMEs in the green space in Morocco, based on the conclusions drawn in the gap analysis.</p> | <p>EBRD, GIZ, WB, EU, AFDB</p> |
| <p>Implementation of the law on derivatives market and the OTC operations</p> | <p>Revision of the law governing derivatives market 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 the field of derivatives regulation, namely those enacted by European regulations. In 2022, the Government reports the finalization, approval and implementation of the law on derivatives market and OTC operations.</p> | <p>EBRD</p> |

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| <u>Domestic debt market development</u> | | |
| 2018 | | |
| Consolidation of the legal framework for financial instruments: Sukuk certificates, assets securitization, secured bonds, etc. | <p>Implementation on-going, especially. securitization framework as applied to distressed asset recovery 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 in order to allow the issuance of different categories as well as 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 transaction. Secondary market for non-performing loans (NPLs): 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 has been delivered.</p> <p>In 2022, the Government reports:</p> <p>Preparation 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. (This draft law is adopted by the Government Council in February 2022). 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. An additional reform package on debt transferability to support the development of a secondary market for NPLs is under work.</p> | IFC, WB, KfW |
| Operationalization of the legal framework governing collective investment in real estate or in capital | <p>Good market take-up of Real Estate Investment Trust (REITs) Legal framework being streamlined to support the operationalization of the "Fonds Mohammed VI pour l'Investissement" sub-funds investing in innovative companies. 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 ...). In 2022, the Government reports the ongoing amendment of the law relating to undertakings for collective investment schemes.</p> | WB, KfW |
| <u>Improving access to financing for individuals and very small and medium-sized enterprises</u> | | |
| New Reform Commitments/Initiatives | | |
| Revision of the legal framework relating to microfinance | <p>Preparation of regulatory implementing texts of the law no. 50-20 relating to microfinance 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 of law 50-20 relating to microfinance.</p> <p>In 2022, the Government reports the finalization and approval of regulatory text relating to the operationalization of the law relating to microfinance</p> | WB, KfW |
| Develop the framework of the Credit Bureau to extend it to other companies providing non-financial data as part of the national financial inclusion strategy. | <p>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. In 2022, the Government reports the finalization and approval of the draft law governing Credit Bureau by extending the scope to non-financial data.</p> | IFC, KfW |
| <u>Improving financial stability</u> | | |
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| Implementation of the reform on banking resolution | <p>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 as far as possible, a draft amendment to law 103.12 relating to credit institutions and assimilated bodies has been prepared and submitted for adoption.</p> <p>In 2022, the Government reports the finalization and approval of this draft law.</p> | WB, KfW |