



Morocco Second Competitiveness DPL (P128869)

MIDDLE EAST AND NORTH AFRICA | Morocco | Trade & Competitiveness Global Practice |
IBRD/IDA | Development Policy Lending | FY 2015 | Seq No: 1 | ARCHIVED on 31-Mar-2016 | ISR23099 |

Implementing Agencies: Ministry of General Affairs and Governance

Key Dates

Key Project Dates

Bank Approval Date: 02-Mar-2015

Effectiveness Date: 11-Aug-2015

Planned Mid Term Review Date: --

Actual Mid-Term Review Date: --

Original Closing Date: 31-Mar-2016

Revised Closing Date: 31-Mar-2016

Program Development Objectives

Program Development Objective (from Program Document)

The program development objective of the Second Economic Competitiveness Support Program (ECSP II) is to support policy reforms in three key areas of the Government's comprehensive economic strategy: (a) Improving the investment climate; (b) Furthering trade policy reform and trade facilitation; and (c) Strengthening economic governance.

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Moderately Satisfactory
Overall Implementation Progress (IP)	--	● Moderately Satisfactory
Overall Risk Rating	--	● Moderate

Implementation Status and Key Decisions

Overall, significant progress has been achieved since the effectiveness of the Loan agreement towards the achievement of the project's development objectives in each of the three pillars of the program. Implementation of all prior actions has seen significant developments and out of the 14 indicators, 9 have been already fully met, one is pending confirmation upon publication of the upcoming Doing Business report. However, in spite of these progresses, four key actions need to see further progress to achieve their targets, in particular the action relating to the establishment and activation of the new Competition Council.

Under Pillar 1, aimed at improving the Business Environment, the following actions were successfully implemented:

1. Since March 2015, the Tax Administration has systematically delivered a Common Business Identifier (CBI) to the new enterprises, as set by the indicator. Going beyond the initial action, the 2016 Finance Act provides that all enterprises, even those operating before the launch of the CBI, must have requested and obtained their CBI by June 30th, 2016. Numerous enterprises have already obtained their CIE. The indicator is achieved and the results exceed the initial target of the Program.
2. The simplification of property registration formalities has been significant according to the Doing Business 2016. The corresponding indicator of the program measures the deadlines and the property registration formalities in accordance with the Doing Business



methodology and sets a target of 7 procedures over a maximum duration of 40 days. The government took the necessary steps to reach this objective, as reflected in the annual report Doing Business published in October 2015, which accounts for 5 procedures and 30 days for property registration.

3. The number of officially registered private Limited Liability Companies (SARL), following the suppression in 2011 of the legally-binding minimum capital requirements in the corporate law, has dramatically improved from 27871 in 2010 to 35720 in 2015. These data, compiled by the OMPIC Agency, reflect a significant improvement and are considered satisfactory. They replace the initial data which were mistakenly included in the PAD but do not correspond to the selected indicator.

Finally the improvement of the governance and protection of minority investors in public Limited Liability Companies (SA) has been likely met following the adopted reform of the corporation law in June 30, 2015, which reinforces the rights of the stockholders and the transparency in public limited companies. This Law will only be taken into account in the upcoming Doing Business report 2017, published in October 2016, as it entered into force after the deadline of June 1st, which is the date set for taking the reforms into account in the Doing Business. Nevertheless, this Law contains a number of elements which help predict an improvement of the score and ranking of Morocco on a like-for-like basis in this indicator in the next Doing Business report.

Under pillar 2, aimed at promoting the Reforms of the Trading Policy and Facilitation of Trade, all the actions were successfully implemented:

4. Rationalization of the Importations Tariffs Structure: Within the framework of Moroccan economy's gradual opening to international trade, the government implemented in 2009 and 2012 a program for the decrease of both the tariffs of the most favored nation and the number of tariffs brackets for industrial commodity. This prior action was set under PACE I, which targeted a 25% decrease of the maximal tariff quota applicable to the industrial products in 2012. The indicator is considered achieved since the decrease of the maximal tariff quota applicable to the industrial products was effectively implemented and is still applied. This indicator was adopted for this action since the mission considered that it was not feasible to measure adequately the economic impact of such a measure in light of its attribution challenges.
5. The legal framework applicable to the security standards for imported industrial products was successfully reinforced and made transparent : the Department of Commerce communicated to the mission the track record of the control of industrial products importation for the year 2014: 100,304 importation files were processed and 224 products destroyed or rejected according to new rules and procedures. Accordingly, the objective for the conformity of 95% of controlled products under the new standards defined by the indicator is achieved.
6. Harmonization of the national legal framework with the international trade agreements signed by Morocco: Since the adoption of the Act on Trade Defense applicable to the antidumping and safeguard measures, the investigations and the decisions of trade defense have to be carried out in accordance with domestic regulations that comply with the rules and procedures of the WTO. The various stages of the investigation procedures (notice, public hearing, inception report and determination report) are systematically published. This indicator is achieved since the Department of Commerce publishes regularly in its website the most recent opinions, investigations reports and results of the antidumping and safeguard measures.
7. Reducing the administrative burden and increasing transparency for importers and exporters at port of entry has been achieved thanks to the implementation of the information system PORTNET, which constitute a common platform where all the stakeholders of the international trade interact. This system facilitates the procedures, accelerates the international importing and exporting operations and improves the maturity of the supply chain. The indicator aimed at measuring the decrease of the time to import to less than an average seven (7) days in the Casablanca Port by the end of 2015. The most recent data communicated by PORTNET estimate the average stay time of a container in the port to be 5.72 days. The mission considers, therefore, that the indicator is achieved.

Under pillar 3, aimed at reinforcing economic governance, the National Committee for Business Environment (Comite National de l'Environnement des Affaires - CNEA) managed to implement several reforms that were accounted for in the annual Doing Business reports published during program implementation (2013, 2014, 2015). Indeed, CNEA's public private dialogue and oversight helped adopting six reforms of the business environment accounted by the Doing Business methodology, while the indicator target was a minimum of four.

Despite these overall progresses, there are shortcomings that have hindered the program from satisfactorily reaching yet its development objectives.

Key issues in the implementation of reforms.

8. The action aiming at simplifying and improving the transparency of administrative procedures as described in the national website of the government (service-public.ma) is still in progress but has been slow to move ahead. The national portal presents the content and the steps involved in more than 700 procedures, in order to facilitate the interaction between the administration, the citizen and the enterprise. Nevertheless, out of the 40 procedures which are targeted by the indicator for this action, 24 procedures were simplified and had their modifications published in the website, 10 modifications were agreed by concerned departments but still need to be implemented in practice and reflected in the national portal, and 6 simplifications still need to be formalized and published in the national portal.
9. *Analysis on the cost-benefit of the incentives granted to the investment projects listed in the annual activity report of 2015 of the Investment Commission:* The Moroccan Agency for the Development of Investments (AMD) has developed a new analytical framework for assessing costs and benefits of investment incentives, which has been applied satisfactorily to investment projects submitted to the national Investment Commission in 2015. Now, AMD should be able to summarize and present a cost benefit analysis these investment incentives in the upcoming 2015 annual activity report of the Investment Commission. Publication of this annual activity report of the Investment Commission has been delayed due to the ongoing decentralization process in Morocco, which has led to the reorganization and merging of several regional investment committees (CRI). However, the collection of data is ongoing and the publication of the report is planned in the coming 2/3 months. While the mission does not have yet the necessary elements for gauging the achievement of this indicator, the various elements provided by the Moroccan Association for the Development of Investments during this mission helped the WB team find that the indicator is on the right way to be attained.
10. Following the adoption of the law on the liberation of prices and competition and its implementing regulations on December 4th, 2014, and the adoption of the latest decree relating to the activation of the Competition Council in October 2015, the legal framework of the operation of the Council is in place. However, in order to gauge the effectiveness of the Council of Competition, the Program sets as objective the launch of two official investigations. Yet, the nomination process of the new Council is still underway and its president and members have



11. not yet been formally appointed; and, thus, it is not able to carry out its investigations under the new legal and regulatory framework. Finally, while both the government and the private sector have agreed to take actions to reduce excessive payment delays, that hinder in particular the SMEs, the indicator measuring the decrease of the average payment delay by at least 10% in the sectors where the payment delay exceed 100 days could not yet be measured at this stage due to lapse in the survey performed by the Central Bank on this specific issue and the absence of comparable available data. Authorities and World bank team shall determine the modalities for an objective measurement of this indicator in the coming months.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Moderate	--	● Moderate
Macroeconomic	● Moderate	--	● Moderate
Sector Strategies and Policies	● Substantial	--	● Substantial
Technical Design of Project or Program	● Moderate	--	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	--	● Substantial
Fiduciary	● Low	--	● Low
Environment and Social	● Low	--	● Low
Stakeholders	● Low	--	● Low
Other	--	--	--
Overall	● Moderate	--	● Moderate

Results

Results Indicators

► All newly created corporations identified through a unique business identification code (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	Y	Y
Date	31-Mar-2015	--	24-Mar-2016	31-Mar-2016



► Number of simplifications and standardisations of administrative procedures made public on the government website service-public.ma (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	24.00	40.00
Date	31-Mar-2015	--	24-Mar-2016	31-Dec-2016

► Reduction of the formalities and duration for registering property for business (Days, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	60.00	--	30.00	40.00
Date	31-Oct-2013	--	24-Mar-2016	01-Oct-2015

► Reduction by at least ten percent in average payment delay in sector where average payment delays is over 100 days. (Days, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100.00	--	100.00	90.00
Date	31-Mar-2015	--	24-Mar-2016	31-Dec-2016

Comments

As the Bank Al Maghrib has suspended its annual survey of payment delays, this indicator will need to be confirmed or infirmed by a separate survey that is in progress, conducted by the team in coordination with authorities.

► Companies are reporting in their certified accounts their average payment delays as per the new regulations. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	Y	Y
Date	30-Nov-2012	--	24-Mar-2016	31-Mar-2016



► Number of limited liability companies (SARL) formally registered. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	27800.00	--	35700.00	35000.00
Date	31-Dec-2011	--	24-Mar-2016	31-Mar-2016

Comments

New data were selected for baseline and target as the data initially included were mistakenly selected and did not correspond to the indicator.

► Improvement in the Doing Business indicator "protecting minority investor" (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	31-Oct-2014	--	24-Mar-2016	31-Oct-2016

► Rationalization of tariff structure on imports through a reduction of maximum tariff quota applicable to industrial products. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	30.00	--	25.00	25.00
Date	30-Nov-2011	--	25-Mar-2016	31-Mar-2013

► Percentage of products put on the market that are randomly controlled which complies with new security requirements (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	93.00	--	99.00	95.00
Date	01-Jan-2014	--	25-Mar-2016	01-Jan-2016



► Petitions requesting the application of anti-dumping, anti-subsidy or safeguard measures are formally processed and published according to WTO rules and procedures (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	Y	Y
Date	01-Jan-2013	--	25-Mar-2016	01-Jan-2015

► Reduction in average transit time for goods at Casablanca airport. (Days, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10.00	--	5.70	7.00
Date	01-Jul-2013	--	25-Mar-2016	01-Jan-2016

► Assessment of costs and benefits granted to investment projects is included in the annual activity report of the National Commission for Investments (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	--	N	Y
Date	29-Feb-2012	--	25-Mar-2016	15-Jun-2016

► Number of investment climate reforms accounted for in the Doing Business survey between 2013-2015 that have been initiated and coordinated by the National Committee for Business Environment. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	6.00	4.00
Date	01-Oct-2013	--	25-Mar-2016	01-Oct-2015



- Number of investigations formerly launched by the Competition Council under the new legal and regulatory framework (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	2.00
Date	31-Dec-2014	--	25-Mar-2016	31-Dec-2016

Overall Comments

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P128869	IBRD-84730	Effective	USD	200.00	200.00	0.00	200.00	0.00	100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P128869	IBRD-84730	Effective	02-Mar-2015	18-May-2015	11-Aug-2015	31-Mar-2016	31-Mar-2016

Tranches

Restructuring History

There has been no restructuring to date.

Related Operations

P127038-Economic Competitiveness Support Program DPL