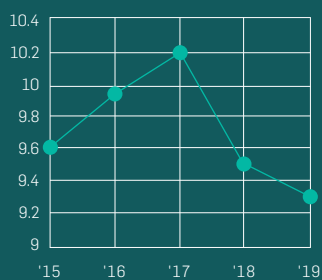


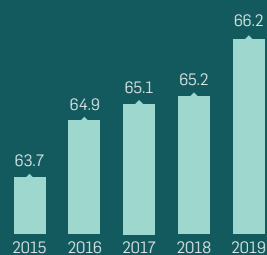
## UNEMPLOYMENT (AS A %)

SOURCE: FOCUS ECONOMICS



## PUBLIC DEBT (AS A % OF GDP)

SOURCE: FOCUS ECONOMICS



## EXPORTS (USD BN)

SOURCE: FOCUS ECONOMICS

2015	18.6
2016	19.1
2017	21.5
2018	24.6
2019	24.7



Office buildings in  
the Maarif district  
of Casablanca

Image: JK2507



## Economy

# LEVERAGING OPPORTUNITIES

**R**ecent large-scale reform plans have put Morocco on the right trajectory for progress, but a rapidly digitalizing world, accelerated by COVID-19, will test the Kingdom's ability to adapt and uphold its resiliency thus far. Many priorities, such as shifting to high-tech industrial sectors and integrating innovative technologies in the agriculture sector, are now imperative should the country want to take on a bigger role on the regional and global stages. And many, including the US and the UK, have high hopes for the northwest African nation because of its diverse links to several regions, developing regulatory environment, growth potential, and human capital.

The country's Industrial Acceleration Plan and Green Morocco Plan have set a solid foundation on which to build, and, even if they have not fully met their ambitions, many economic stakeholders view them as a testament of Morocco's political will to progress. Minister of Economy and Finance Mohamed Benchââboun notes considerable investment in infrastructure and improvement in the business environment, particularly for SMEs. Notably, the African Development Bank has been quite instrumental in developing energy, health, and industrial infrastructure.

The abovementioned plans will be enhanced by increased investment in innovation and entrepreneurship. After less than two years of operation, SEAF's Morocco Growth Fund has deployed 35%

of its capital for investment into five companies and has two additional investments in the pipeline, most of which are in high-tech sectors including fintech, agritech, and cybersecurity. The purpose of the fund is to demonstrate and grow Morocco's innovation pipeline to spur further economic growth, development, and diversification. The fund's senior managing director Merem Zairi is optimistic about the pandemic's catalytic effect in terms of digitalization and innovation.

Though this long-term optimism for innovation is encouraging, the immediate implications of the global health crisis cannot be missed. The General Confederation of Moroccan Companies surveyed over 1,800 companies and reported significant negative impacts on employment and revenues. Fortunately, government measures, including from the central bank, have been helpful, and short-term, COVID-19-related reforms to address lack of liquidity and payment delays could have further longstanding net benefits.

Other important considerations for ongoing economic development are the rural-urban divide and the gap in women's labor force participation. Many improvements, initiatives, and programs are geared toward facilitating access to services and opportunities in rural areas. In addition to this, a notable portion of our interviewees mentioned women's economic empowerment as an important lever for advancement. ✕



## INTERVIEW



Automotive sector went from producing

**10k**

units in 2004 to 402,000 in 2018

FDI reached

**USD 5.1**

billion in 2018 (4.3% of national GDP)

## BIO

Morocco's Minister of Economy, Finance, and Administrative Reform, Mohamed Benchaâboun, was previously Minister of Economy and Finance. Between 2008 and 2018, he was chairman and CEO of Banque Centrale Populaire (BCP), and from 2003-2008 he was director general of the National Telecommunications Regulatory Agency. He is a member of the Economic, Social and Environmental Council and of the Councils of the Mohammed V Foundation for Solidarity and the Mohammed VI Foundation for the Protection of the Environment.

**What achievements are you most proud of since being appointed minister?**

Under the leadership of His Majesty King Mohammed VI, Morocco has strongly boosted its reform process by launching large-scale projects accelerating the process of structural transformation of our economy and achieving strong and more inclusive growth, thus speeding up our country's economic emergence. In the macroeconomic field, we are exploring alternative solutions to reconcile consolidating macroeconomic stability with social and infrastructure needs. We intend to involve the private sector to a greater extent in the construction of infrastructure through PPPs to enhance the effectiveness of public investment and to better target social expenditure. Regarding reform, our actions will be directed toward those able to concretely improve the business environment, in particular SMEs, and thereby promote investment, employment, and inclusiveness. In 2019, we resolved the problem of the VAT credit, which was weighing heavily on companies' cash flows. We are now committed to reimbursing any credit accumulated over the year and simplifying the VAT system to reinforce its neutrality. A second problem addressed concerns the extension of payment periods, and we have set up an observatory of payment periods and created an electronic platform dedicated to processing complaints from suppliers of public establishments and companies. Regarding access to financing for businesses, and more particularly for SMEs and micro enterprises, we recently launched an integrated business support and financing program focused on three major axes: the financing of entrepreneurship, the coordination of actions in support for entrepreneurship at the regional level; and financial inclusion in rural areas. We have also adopted a National Financial Inclusion Strategy to integrate into the financial system, in addition to the rural populations targeted by the funding support program, populations who have difficulty accessing financial services.

**Despite global turmoil, Morocco's economic growth remains constant. What are its key drivers?**

Despite global market outlooks and a recurring drought for several years, GDP growth has averaged nearly 4% since 2008. This performance is the result

## EYE *on the prize*

The ministry aims to enact reforms that will significantly improve the business environment, thereby promoting greater investment, employment, and inclusiveness.

Mohamed Benchaâboun

MINISTER OF ECONOMY, FINANCE, AND ADMINISTRATIVE REFORM

of the increased diversification of our productive base through integrated sectorial policies. For example, the Green Morocco plan has made our agriculture less dependent on the vagaries of the climate by developing new, high value-added sectors. Meanwhile, the Industrial Acceleration plan has encouraged the emergence of new export sectors with higher technological content, notably in the automotive, offshore, aeronautics, and electronics sectors. As such, automotive production reached 402,000 units in 2018, as compared to 10,000 vehicles in 2004, with a local integration level of more than 50% and a market share of nearly 40% at the level of the African continent. And in order to reduce our energy dependency, we have made significant progress in renewable energy programs, raising the share of renewable energy to around 34% of installed electrical power, with a 2030 target of 52%.

**Reducing debt and public spending and balancing the deficit are among the objectives of the new finance bill. How will the government ensure the achievement of these objectives?**

The maintenance of macroeconomic balances is the subject of continuous efforts to control expenditure, improve the yield of tax revenues, and mobilize non-tax revenues. Thus, within the framework of the 2020 budget bill, we will pursue these efforts through rationalization of public expenditure; improving the efficiency of investment expenditure; increasing the mobilization of tax and customs revenues; improving the governance and transparency of public institutions and companies; and introducing new financing mechanisms to reduce the treasury's debt. Simultaneously, the government has committed itself to pursuing structural reforms to strengthen its productive base, making it possible to control the budget deficit and sustain growth, thereby reducing recourse to debt. These reforms will focus on a tax reform, implement provisions of an organic budget law and strengthen the correlation between performance and evaluation and accountability principles, implement a new approach to the management of public investment projects, ensure that investment projects are chosen on the basis of their social and economic impact, and look into the pension system. ✖

# opportunities ABOUND

By supporting Moroccan companies to diversify, adapt, and open up new business lines, AMDIE strives to encourage growth opportunities for local businesses.

Hicham Boudraa  
ACTING GENERAL MANAGER,  
MOROCCAN INVESTMENT AND EXPORT  
DEVELOPMENT AGENCY (AMDIE)



## What makes Morocco a good destination for investment?

Morocco's political and economic stability is the number-one reason why investors choose it over other countries. The Kingdom is a constitutional monarchy, which gives us stability and a clear short- and long-term vision. All the necessary short-term strategies are in place, including sectorial and ministerial strategies, to oversee the yearly performance of programs and initiatives. Then, there are long-term strategies guaranteed by the monarchy. For example, it is not possible for a new government to make changes to the tax regime easily. This guarantees stability to investors. This stability has wide-ranging effects on the overall economy, including macroeconomic indicators and the exchange rate. Furthermore, Morocco has state-of-the-art infrastructure, a key geographical location, and FTAs that give access to more than 1.3 billion consumers in 56 countries. We also recently signed agreements with several African countries, and in 2019 we ratified the establishment of the new African Free Trade Zone (AFTZ). In addition, Moroccan offers highly skilled and talented human resources.

## What are the main opportunities for Moroccan exporters?

There are opportunities to be found in any crisis so we must be ready to seize and track them anytime and anywhere. The consequences of COVID-19 have resulted in a global reshaping of value chains all over the world, in particular in the Mediterranean. This is particularly the case for the EU, which might start reviewing some of its positions and economic alliances on the international stage. The EU could consider reestablishing its existing model of the automotive or even aeronautics in other sectors of activity. Here too, Morocco continues to claim a number of advantages for European operators. Despite high-

er production costs than in other Asian countries, the kingdom offers unbeatable geographic proximity and logistical efficiency. In addition, thanks to its extensive network of free trade agreements (direct access to more than 1.3 billion consumers in 56 countries), Morocco presents itself as a re-export platform to several other countries and continents. In addition, the government offers technical and financial support as well as tax exemptions for the set-up of foreign investors, not to mention its highly specialized and equipped industrial acceleration zones. Another main point is recommending and identifying together the tools, which will combine foreign investment in Morocco, national investment, and the development of the Made in Morocco export. Furthermore, this pandemic could undoubtedly offer one of the main cross-border collaboration beneficiaries for Morocco: accelerating the major global process of nearshoring.

## How is AMDIE helping SMEs?

In the current economic crisis, AMDIE is accelerating its efforts to support Moroccan companies in their search for new niches for growth and international business performance. We are recommending and promoting diversification, adaptation, and opening up to new business lines, as well as focusing on export added value. These new strategies can be a successfully leverage to remain productive and competitive in these harsh times. Our goal is to create the groundwork for growth opportunities for Moroccan businesses. If these capacities are acquired and implemented by SMEs, it could help to capture new deals and lower the risk of a potential shutdown. In June 2020, the Ministry of Industry, Trade, Green and Digital Economy launched a set of full support tools and programs dedicated to the Moroccan industrial SMEs. The objective is to give a strong boost to their growth and com-

petitiveness. The current support programs Istitmar and Mowakaba were reconfigured into two new programs with more attractive loan rates and simplified access and payment conditions. In addition, two new programs have been implemented, Tatwir and Nawat. Tatwir provides tailor-made support including both investment assistance and technical advisory services, for the benefit of industrial small businesses investing in growth sectors, while Nawat provides support in terms of consulting, expertise, and technical assistance for both very small businesses and self-entrepreneurs and project leaders, whose investments do not exceed MAD3 million. ✕

## BIO

Hicham Boudraa has been the Acting General Manager of AMDIE since 2015. He had integrated Invest in Morocco in 2011 as CFO in charge of all the support activities of the agency. With over 20 years of experience in public and private institutions, he began his career as a management controller in the textile industry. He then joined GlaxoSmithKline (Pharmaceuticals) as a financial controller and a member of the executive committee. He also occupied the position of CFO as well as member of the executive committee at the National Office of Tourisme for almost six years. Boudraa is an Alakhawayn alumnus. He is a holder of an MBA degree with a major in finance and a minor in management. He obtained the CFC ISCAE certificate in accounting and financial audit in 2003.



# AMERICAN CHAMBER OF COMMERCE IN MOROCCO

## (AMCHAM MOROCCO)

### Bridging the Atlantic in the Pursuit of Mutual Prosperity

The chamber's mission is to provide support to businesses, Moroccan and American, in expanding their opportunities in each market through advocacy, information, networking and business support services

#### SERVICES

- Advocacy and Assistance with Business Concerns.
- Business Briefings and Testimonials.
- Business Opportunities and Matchmaking.
- Business Referrals.
- Business Priority User for U.S. Visas.
- Discounts.
- Events: Seminars, debates, roundtables, gala ball, golf challenge and mixers.
- Information on U.S.-Morocco Trade and Investment.
- Promotional Opportunities on AmCham publications and website.
- Trade missions and door knock to the U.S.
- U.S.-Morocco Trade and Investment Awards.
- Corporate Social Responsibility Award.
- Hall of Fame Award.

#### PUBLICATIONS

- Membership Directory
- Morocco Trade & Investment Guide

#### COMMITTEES

- Corporate Social Responsibility
- Business Concerns
- Trade and Investment

#### WHO CAN JOIN

- American companies based in Morocco.
- American companies based in the U.S.
- International and Moroccan companies dealing with the U.S. market.

#### NETWORKS

AmCham network includes:

##### AmCham MENA



##### U.S.-Africa Business Center



# tough CHOICES

As a confederation of entrepreneurs, CGEM's goal is to save as many companies and as much employment as possible during the pandemic.

Mehdi Tazi  
GENERAL VICE-PRESIDENT,  
GENERAL CONFEDERATION OF  
MOROCCAN COMPANIES (CGEM)



**What has been the impact of COVID-19 on your operations and decision-making, and how is the confederation reacting to the socio-economic impact of the pandemic?**

The confederation is heavily involved in all of the discussions with the government. During this crisis, we have been in greater contact with the different entities so that we can bring our point of view on the decisions that have been made. There are three main impacts from the crisis: sanitary, social, and economic. We are involved in the social and economic sides through an entity that was created with ministers, parts of the government, the government body of banks, and CGEM. This is where decisions are being made on the social and economic sides. From that perspective, we are heavily involved; it is almost a full-time job on that front. That is our impact. Many measures to help the private sector and its workers, as well as those in the formal economy, have emerged from this. That is where we are acting the most in this crisis.

CGEM conducted an investigation of the economic repercussions of the pandemic and surveyed 1,820 companies on their expectations of payment periods post COVID-19. What did the results reveal?

**“Morocco has done a fantastic job in showing that it has a strong industry in the aeronautics and automotive sectors.”**

The results show that the crisis is deep and impacting everyone in all sectors. Another thing we learned is that about one-third of people are not working. That is a massive number. The third message we got from the survey is that nearly all companies are in a difficult situation; out of 33 sectors, 28 sectors are declaring a fall in revenue of more than 25%. The second part of the study allowed us to test how the private sector has accepted our measures in our government body between the government, CGEM, and the banks. In total, two-thirds of the companies have used the measures, while roughly half of the companies have used all of the measures. This means the measures that have been taken have been extremely helpful for the sector. The last thing the study showed was that payment delays have increased by more than 60 days as a result of the crisis. That's a huge problem worldwide, and it suggests that the economy will contract everywhere around the world. If people cannot pay, companies will go bankrupt.

**Which sectors have been most affected?**

Getting back to normal is extremely important. Today, industry is a strong sector for Morocco because it is starting with a relocation and redistribution of demand and offerings. Everything will no longer be made in China anymore, and we anticipate more industry spreading out to different countries. There will be opportunities everywhere. Morocco has done a fantastic job in showing that it has a strong industry in the aeronautics and automotive sectors. We are strong not only in textiles and clothing, but also in others. The pharmaceutical industry, for example, has potential. We have a base and are close to and friendly

with Europe. Most likely, we have a role to play as an alternative to the European market in terms of supplying industrial products. I would not bet on tourism in the short term, however.

**What are your priorities and goals for the year ahead?**

As a confederation of entrepreneurs, our goal is to save as many companies and as much employment as possible. We need to protect our supply. That means protecting our people and our companies. At the same time, we need to be realistic and understand that we cannot stay at home forever. We need to keep in mind other safety measures that can be taken in this situation. ✕

## BIO

Mehdi Tazi graduated from the engineering and management school Télécom Paris Sud and received an MBA from the European Institute of Business Administration (INSEAD). He began his professional career with KPMG Consulting France and later joined Saham Group as development director. He later assumed several positions in different companies, including managing director of Isaaf Mondial Assistance, CEO of Saham Assurance, and CEO of GA Angola Seguros. He was also a board member of several companies. He was recognized as one of 25 young African leaders by the Jeune Afrique Group in 2013, among the top 50 disruptors in 2020, and amongst the top 10 economic leaders of the continent by the prestigious Choiseul Institute for three consecutive years from 2014 to 2016.



## FOCUS

Continental free trade



Image: Peti Liptak

## A FREE PASS

With the AfCFTA, Africa could become the world's biggest, single free trade zone, creating trade diversification opportunities for Morocco and other African states.

**THE AFRICAN CONTINENTAL FREE TRADE AGREEMENT (AfCFTA)**, which is planned to come into effect by July 2021 (notwithstanding any COVID-19-related delays), will allow for greater economic prosperity for the whole of Africa. And as Morocco's place as a strong, continental player becomes more cemented, Morocco will be sure to benefit from the AfCFTA.

The agreement commits countries to removing tariffs on 90% of goods and addresses other non-tariff barriers. It will turn the continent into the largest free trade area in the world, creating a single market with a total GDP of over USD3 trillion. The agreement's long-term goals include increasing intra-African exchanges by 60% by 2022, though this remains to be seen with lockdown measures still in place in a number of African countries due to COVID-19. The AfCFTA will also open the door to other initiatives key to taking advantage of open trade borders, including the Protocol on Free Movement of Persons, Right to Residence and Right to Establishment, and the Single African Air Transport Market (SAATM).

As things currently stand, Africa's contribution to international trade does not exceed 2%. Indeed, according to Morocco's Minister of Industry, Trade and Investment, and the Digital Economy Moulay Hafid Elalamy, intra-African trade does not even exceed 16% of the total volume of trade that the continent does with the rest of the world. From 2015-2017, African trade reached only USD760 billion, compared to USD4.11 trillion done in trade with the EU. There are currently over 100 land borders between African countries, and many exporters experience difficulty shipping goods between African countries by sea thanks to security concerns and infrastructure issues.

According to Elalamy, the continent's development necessitates the opening and integration of African markets, because "it is the best way to create shared growth, decent employment, and economic opportunities for all social levels." Not only that, but according to Mohcine Jazouli, Morocco's delegated minister in charge of African cooperation, the coming of the AfCFTA will also improve the position of the continent globally.

According to UNCTAD, even AfCFTA's transitional phases will generate USD16 billion. Furthermore, according to studies done by the Economic Commission for Africa (ECA), the agreement will increase the value of intra-African exports. By simply removing tariffs, it is projected that intra-African trade value will increase between 15-25% in 2040. Elalamy has estimated that the lifting of both tariff and non-tariff barriers could generate gains of around USD3.6 billion across the continent, thanks to an increase in productivity and a rise in value chains. Part of the reason for this is that intra-African trade is made up of more manufactured and processed goods: in other words, high value-added products, as opposed to low-value added products that are usually sold to larger, international firms to be refined or processed. Thus, the AfCFTA could be a driver of economic diversification on the whole, especially for those countries that rely on rents from extractive industries to make revenue.

More importantly, it will also allow countries to break into new markets and force product diversification in markets by destination and type. This is important for countries like Morocco, which are more economically diverse countries that are in need of new markets in which to sell their products and drive further diversification and sophistication of high value-added products. Agricultural production could be a great potential area, as many African countries spend a great deal on food imports and subsidies. It is estimated the agreement would increase trade in this area by 20-30%, another trade area in which Morocco has strength. But for the AfCFTA to do all the good it has promised to do, effort must be directed toward the development of complementary markets between African regions, according to Elalamy. In addition, African businesses must be strengthened, and partnership projects should allow for an upmarket of export products, he continued. Countries' industrialization policies must be adapted to creating a "Made in Africa" brand, thus constituting an integrated African market. With the Moroccan government council's ratification of the agreement in 2019, much remains to be done both in Morocco and on the continent as a whole to get the ball rolling. ✖

# TBY ANALYTICS MOROCCO 2020/21

**78 interviews** were analyzed for *The Business Year: Morocco 2020/21* Analytics.

Though many interviews were conducted before the global COVID-19 outbreak, many of the insights hold true, and many impacts reinforce topics discussed, such as innovation and digitalization. This is a breakdown of the questions we posed.

## BUSINESS CONFIDENCE INDEX

How confident are you about the outlook for business in Morocco this year (1-5)?

**3.72**  
AVERAGE  
RATING

### SECTORS TO WATCH



FINANCE

**3.5**



GREEN ECONOMY

**3.6**



INDUSTRY

**3.5**



IT &  
COMMUNICATIONS

**4**



TRANSPORT

**3.8**



REAL ESTATE &  
CONSTRUCTION

**3.6**



FOOD RETAIL

**4.1**



HEALTH &  
EDUCATION

**3.6**



TOURISM

**3.2**

## ADVANTAGES & CHALLENGES

What are the advantages and challenges of doing business in Morocco?

### ADVANTAGES

- Geographic positioning
- Conducive regulatory environment
- Young, talented population
- Shift to high-tech sectors and diversification of economic base
- Potential in renewable energies
- Vibrancy of economy and growth potential
- Political and economic stability
- Quality and investment in infrastructure
- Ability to meet international standards

### CHALLENGES

- Difficult business landscape & increased competition
- Payment delays
- Slow progress of digitalization
- Ineffective policies for local capacity development
- Uncertainty, largely regarding COVID-19
- Lack of entrepreneurial, language, and soft skills
- Lack of liquidity
- Access to healthcare and education
- Effects of decentralizing energy trends
- Informal economy

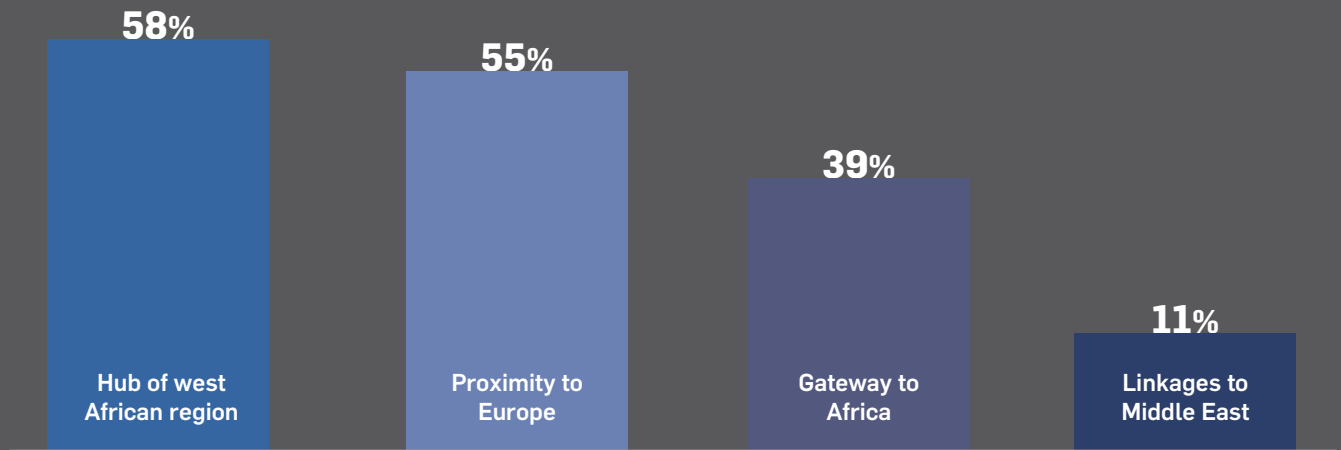


A few interviewees noted **cultural conservatism as a challenge**, but **10% of all interviewees** mentioned a focus on **women's empowerment and increasing women's participation in the workforce**.



## GEOGRAPHIC POSITIONING & INTRA-AFRICAN TIES

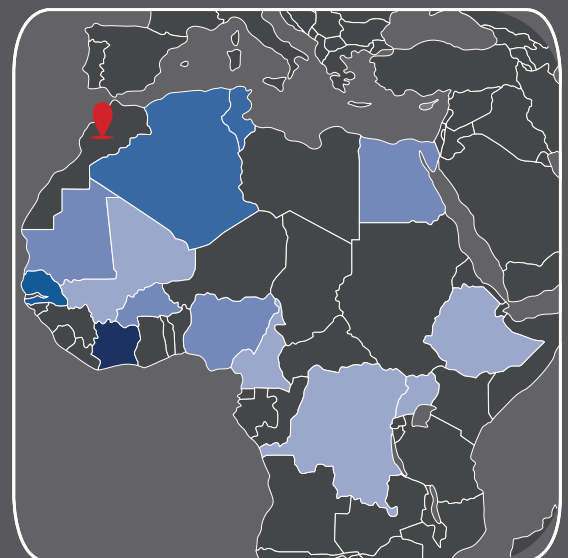
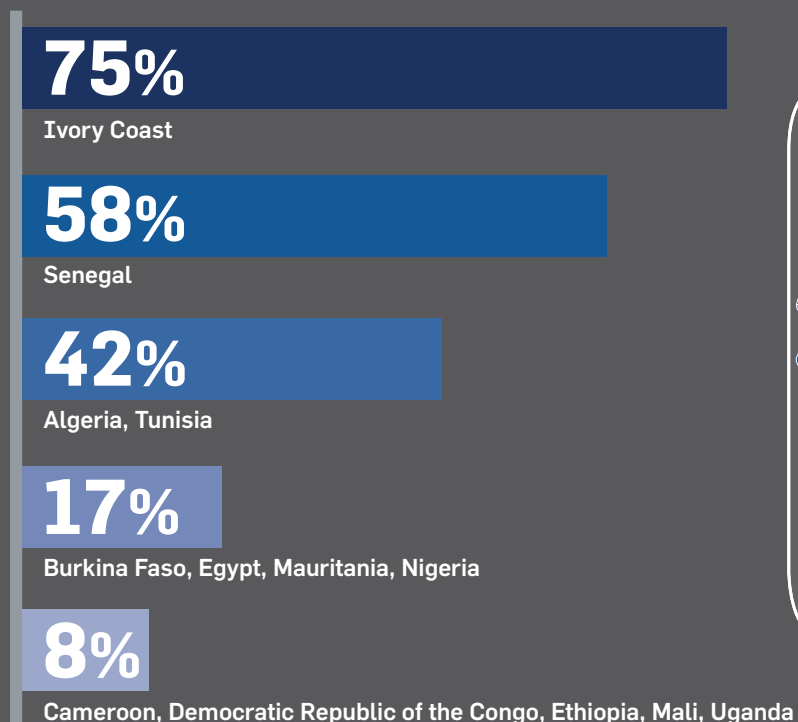
**52%** of interviewees mentioned **Morocco's geographic positioning as a strategic advantage**. Taking a deeper dive, we parse out what exactly economic stakeholders love about the country's location, including the distinction between Morocco as a hub for the West African region and a gateway to the entire continent.



“The main goal for us is to continue to be the advocate for US companies established in Morocco that invested over USD2 billion and created approximately 10,000 jobs. We will promote Morocco as the best gateway to Africa for US companies willing to expand and access new markets and opportunities.”

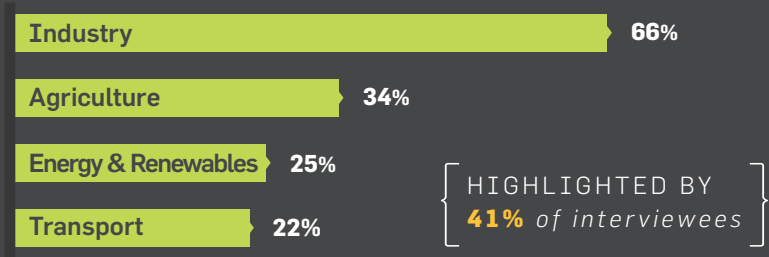
Rabia El Alama,  
MANAGING DIRECTOR,  
AMERICAN CHAMBER OF COMMERCE IN MOROCCO

Though not specific to Morocco, **14%** of all interviewees also mentioned **Africa's potential** as an advantage. Combined with Morocco's status as a regional hub, many are engaged in intra-African activities. The following countries were most often identified:



INDUSTRIAL ACCELERATION

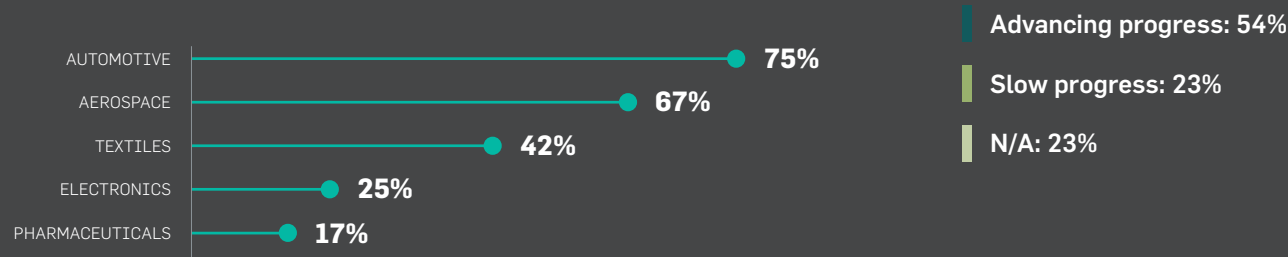
The following are the sectors most often identified as strategic.



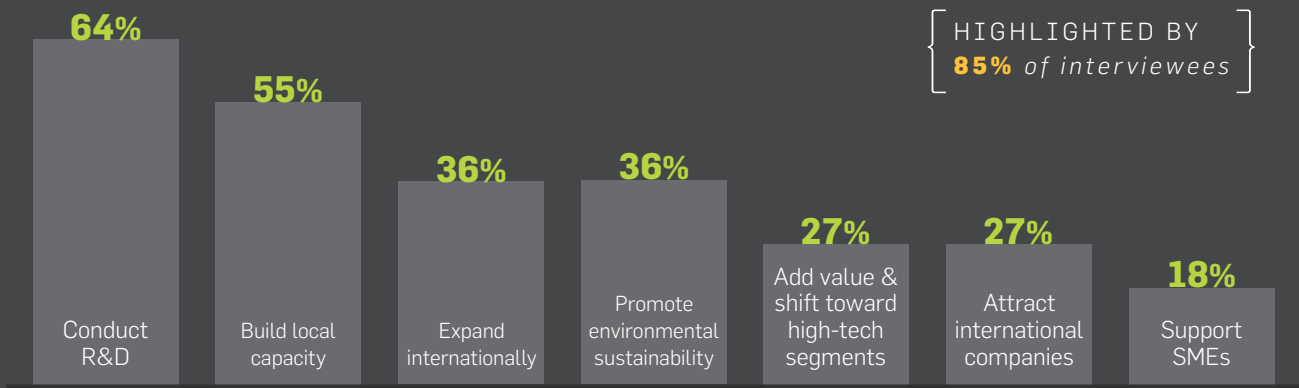
Evaluation of progress concerning digital acceleration and innovation varied within the sector.



Of those who identified the importance of the industrial sector, 57% emphasized certain segments with potential.



Key priorities for industrial sector stakeholders include:

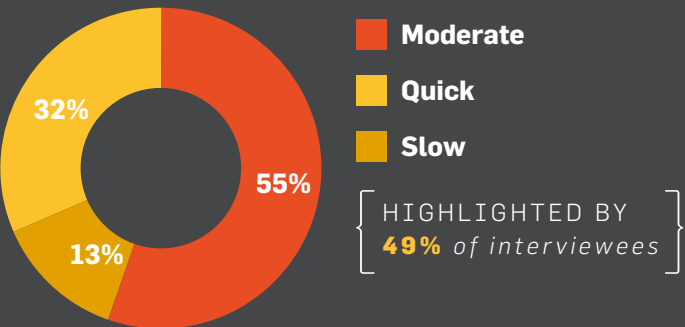


Many in the industrial and education sectors supported increased collaboration to better match schooling and training with industry needs and to develop innovative capabilities. Interviewees working to boost cross-sector collaboration:



DIGITALIZATION

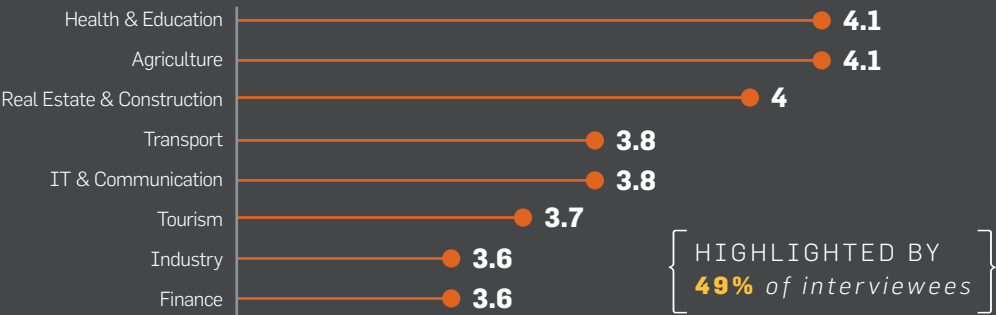
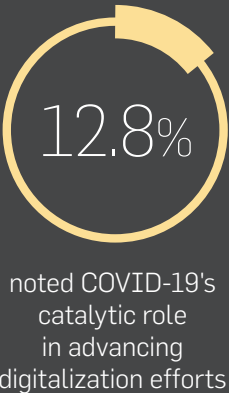
How do you perceive Morocco's pace of digitalization?



“IPSEN is extremely well digitalized in terms of its level of IT and computer usage. We have our own system for transporting, accounting, and customer service. All of these are linked to our server and the cloud, and we can all communicate easily with all our offices.”

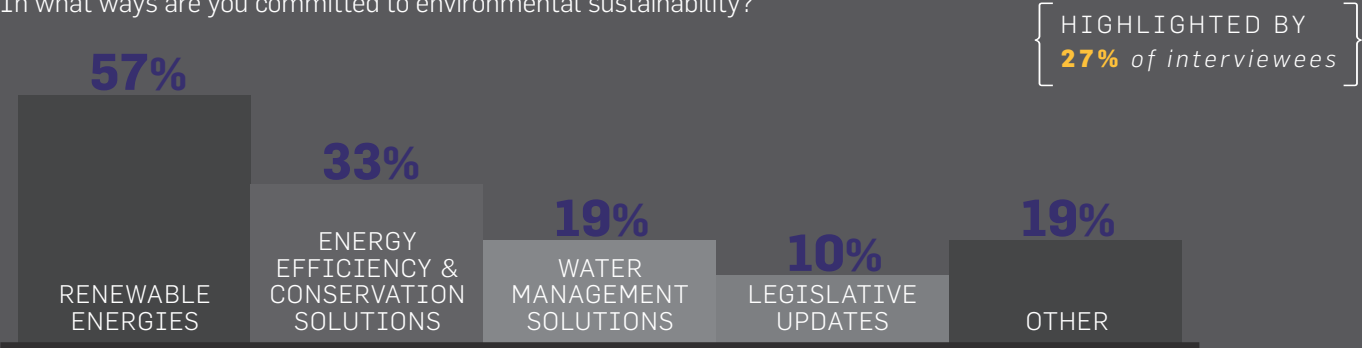
Antoine De Mirbeck,  
MANAGING PARTNER,  
IPSEN LOGISTICS

We looked at how confident interviewees are in the potential for digitalization to advance Morocco's economy and how active they are in implementing digitalization strategies. Both criteria were considered in assigning scores on a scale of 1-5.

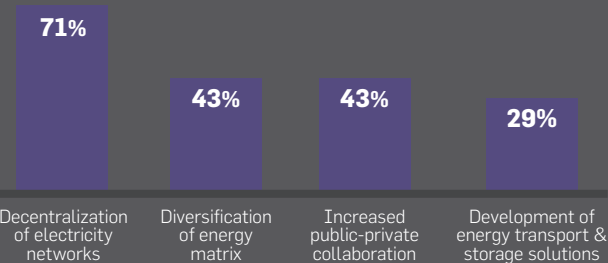


ENVIRONMENTAL SUSTAINABILITY & ENERGY

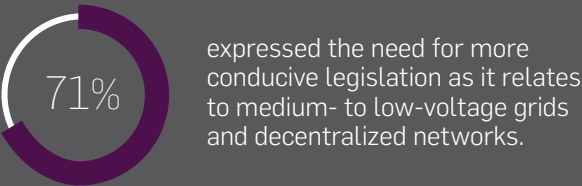
In what ways are you committed to environmental sustainability?



Our energy and green economy interviews had more detailed assessments of the trends related to energy.



Though only **10%** are active in bringing about legislative updates, **57%** observe increased political will to update regulatory frameworks, which is especially important for the decentralization of electricity networks.





# development GOALS

Leila Farah Mokaddem  
COUNTRY MANAGER & RESIDENT  
REPRESENTATIVE IN MOROCCO,  
AFRICAN DEVELOPMENT BANK

The African Development Bank is focused on more inclusive development in Morocco, including strengthening the education and health systems, improving access to basic social infrastructure, and opening up rural areas.

**What have been the main achievements of the bank in Morocco?**

Since the end of 2019, we have conducted an assessment of the bank's operations in the country over the 2008-2018 period. The purpose of this exercise was to bring transparency within the framework of the Paris Declaration on Aid Effectiveness. Some of the results of this review include: 3.5 million people, more than half of them women, having improved access to clean water and sanitation; 8.5 million people, including more than 4 million women, benefiting from improved health services; nearly 7 million people were connected to the electricity grid; and 16 million people gained better access to transport infrastructure. As far as our strategy is concerned, the priority is to accelerate the pace of achieving the "High 5" priorities that contribute to the implementation of more than 90% of the 2030 SDGs. Our objective is clear: to have an impact, increasingly significant, for the benefit of our beneficiaries. In doing so, we are using a new generation of instruments such as results-based financing, deployed in Morocco since the end of 2018. Finally, our vision will be articulated on the basis of a more inclusive development approach, with social and territorial inclinations. An integrated development approach to support the attractiveness of the territories, the modernization of infrastructures, the industrial acceleration of the country, and the improvement of its logistic competitiveness. At the same time, our support will focus on human development by strengthening the education and health systems, improving access to basic social infrastructure, and opening up rural areas.

**What main operations are in progress?**

Development is a process with many prerequisites, including support for private-sector development, coupled with a dynamic of industrialization and strengthening of logistics competitiveness with an inclusive development approach that prioritizes two axes: the development of human capital and the attractiveness of the territories. For a development trajectory to tend toward emergence, it must be sustainable, accompanied in particular by a committed energy transition. These are some of the areas in



which we have been working alongside the country since the bank's creation. As part of this approach, we approved four new operations at the end of 2019. First, we will finance, to the tune of EUR245 million, a program to develop electricity transmission networks and rural electrification to improve the safety and efficiency of electricity supply. It will also promote the development of renewable energy sources by ensuring the integration of additional electricity production, which will be generated by solar and wind energy sources, currently under development. More than 16,000 households in 720 villages will be connected to the electricity grid. To reinforce the inclusive nature of our action, we have invested in strengthening and expanding social protection in Morocco by providing more than USD200 million by extending social coverage to people with disabilities, vulnerable children, and women. The goal is to increase the rate of compulsory health insurance coverage from 62% of the population in 2018 to more than 80% in 2023. The program will make it possible to build a regional hospital in Guelmim and a specialty hospital in Ouarzazate, each with a capacity of 140 beds. It also provides for the creation of 144 units specializing in the care of people with special needs and the upgrading of the infrastructure and equipment of 100 dispensaries in rural areas. These units will be equipped with telemedicine equipment for rapid and remote patient care. Two other new projects are designed to strengthen the inclusive dimension of our action. The first involves USD220 million to fund the program to support the industrial competitiveness of the regions by equipping territories with new industrial infrastructure in order to strengthen the regions' contribution to the national process of industrial acceleration. The second project, totaling EUR100 million, will benefit the Municipal Equipment Fund in order to set up new industrial activities and improve the quality of public services in rural areas. ✕

**From 2008-18:**

- **3.5 million** people have had improved access to clean water and sanitation
- **8.5 million** people have benefited from improved health services
- **7 million** people were connected to the electricity grid
- **16 million** people gained better access to transport infrastructure
- **Commitment of USD11 billion** in Morocco since bank's creation

## BIO

Leila Farah Mokaddem is the Country Manager and Resident Representative in Morocco at the African Development Bank. Earlier in her career, she was the director of export policies and strategies at the Ministry of Economy of the Tunisian Republic, later working for the IMF before joining her current institution. She holds a master's degree in international trade from the Higher Institute of Management in Tunis.

A tram passes through  
the financial district in  
Casablanca





# signs of INTEREST

AmCham Morocco seeks to be the advocate for American companies established in Morocco and for Morocco as the best gateway to Africa for American companies.

Rabia El Alama  
MANAGING DIRECTOR,  
AMERICAN CHAMBER OF COMMERCE  
IN MOROCCO (AMCHAM MOROCCO)



**What have been the main achievements of AmCham Morocco in the last few years?**

A group of CEOs of American and Moroccan companies who had a common goal to develop and bolster US-Morocco business relations created AmCham Morocco in 1966. At the time, there were no formal FTAs, though one of the achievements today for us is the US-Morocco FTA signed and implemented in 2006, which has increased bilateral trade from USD450 million in 2005 to approximately USD4 billion today. The US-Morocco FTA along with other FTAs signed with Europe and African countries and the massive reforms undertaken by the Kingdom have resulted in an increase in the visibility of Morocco, making it more attractive to investors from around the globe.

**What factors attract investment to Morocco?**

Foreign investors are mostly looking for stable economies, competitive costs of production, proximity to new markets, and high ROI. The good news for Morocco is that the CEOs of American companies and investors established in the free zone of Tangiers like Lear Automotive or Polydesign all express their satisfaction with choosing Morocco as a platform for production and export to proximity markets. Moreover, their manufacturing facilities have excellent KPIs when compared to competing facilities in Europe. We have the same positive assessment from investors in the Midparc in Casablanca or the ones in the Kénitra Free Zone. We really should pay tribute to the kingdom of Morocco for its commitment to upgrading its infrastructure and building world-class facilities such as

Tangier Med port.

**What is the biggest challenge in doing business here?**

Morocco has improved its ranking in doing business published by the World Bank year after year, but a lot remains to be done to cut down on bureaucracy and simplify the roadmap for investors. Today, one can literally set up a business in 48 hours. They can acquire the company name, tax number, and so on either directly through the regional investment centers (CRI) or through local CPAs, pay their taxes online, access the customs' agency and port services online, and pay utilities online; however, investors still complain about bureaucracy and lack of coordination between agencies. The investor wants to see clear and consistent procedures in writing, which should be the same whether one is in El Jadida or Beni Mellal. To achieve this, Morocco should: accelerate and improve e-government services; publish in writing all procedures and requirements; reduce the load of paperwork to save time and money; digitalize payments to avoid cash circulation; and make sure we have inter-agencies coordination and synchronization.

**What events are you planning for 2020?**

Most of our events are planned based on the need and feedback from our members. We also plan events that tackle key challenges identified by the Moroccan government. In 2020, we are planning a forum on Water and Sustainability to discuss innovative water solutions and technologies. Later, we will host a roundtable on social responsibility to

showcase American companies' practices in the field and create the awareness about giving back to local communities. We have also planned an employability roundtable to discuss future jobs and skills for young graduates seeking employment. We also work on gender and female advancement.

**What are your main goals and objectives for the coming year?**

The main goal for us is to continue to be the advocate for American companies established in Morocco who invested over USD2 billion and created approximately 100,000 jobs. We will promote Morocco as the best gateway to Africa for American companies willing to expand and access new markets and opportunities. We will also continue to strengthen our partnership with the Moroccan government and help in any way we can to improve the business environment and make Morocco the best place to invest and live in for this generation and generations to come. ✖

## BIO

Rabia El Alama has over 20 years of experience in US-Morocco business relations, international trade, negotiation, mediation, mentoring, project management, entrepreneurship, and counseling in management and strategy. She has played a key role in explaining the FTA to Moroccan and American entrepreneurs. She received her master's in international trade and a bachelor of science in finance from the Institut Supérieur du Commerce et d'Administration des Entreprises (ISCAE) in Casablanca, Morocco.



The Bank of Morocco building  
pictured in Rabat

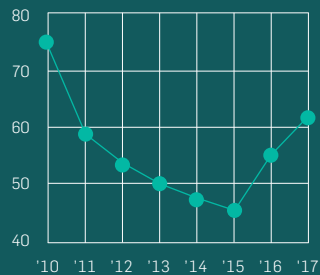
# MARKET CAPITALIZATION: LISTED DOMESTIC COMPANIES (USD BLN)

SOURCE: WORLD BANK

2010	69.15
2011	60.08
2012	52.48
2013	53.83
2014	52.75
2015	45.93
2016	57.58
2017	67.05

# MARKET CAPITALIZATION: LISTED DOMESTIC COMPANIES % OF GDP

SOURCE: THE WORLD BANK



# NUMBER OF LISTED COMPANIES

SOURCE: WORLD BANK

2006	63
2007	73
2008	77
2009	76
2010	73
2011	75
2012	76
2013	75
2014	74
2015	74
2016	74
2017	73





## Finance

# A NEW FRONTIER

**I**n terms of capital markets and investment, Morocco is often seen as a place for larger institutional investors. Asma Invest, a joint venture between two kingdoms, Saudi Arabia and Morocco, is looking to diversify its portfolio and become a majority stakeholder in its current projects. Even amidst the pandemic, Asma Invest became a new investor in SEAF's Morocco Growth Fund.

Moreover, Morocco is hopeful that reclaiming its MSCI emerging market status, after being downgraded to frontier status in 2013, will open up new opportunities to an expanded pool of investors. To revamp its equities market and build a more diverse investor base, the Casablanca Stock Exchange, looking to boost the number of listed companies, enacted its ELITE Program in 2016. A partnership with the London Stock Exchange, the program aimed to facilitate IPOs by 2020. Though the pandemic likely impacted this expected timeline, we spoke to several members of Morocco's ELITE Program, who had many positive things to say, including the initiative's success in helping members become market ready and its ability to grow program membership.

Morocco has been eyeing Islamic finance as another means of strengthening the sector, though a 2019 Fitch Ratings report notes progress has

been limited. Funding and public awareness are the two main challenges. The country's links to the Middle East as well as its strong position within Africa are two hopeful factors to balance out the challenges. Islamic banking, officially known as participatory banking in Morocco, insinuates a key goal: increasing financial inclusion. Meanwhile, low insurance penetration rates indicate solid growth potential for the takaful segment.

And perhaps there is no better peek into Morocco's future of Islamic finance than Umnia Bank. A relatively new entrant to Morocco's banking and investment sector, Umnia Bank is the country's first participatory bank and is very much intent on advancing digitalization of Morocco's financial services sector. The company has suspended development of more physical branches but is focusing on digitalizing its services in Morocco, particularly in light of the COVID-19 pandemic. Rapid adoption of digital adoption could prove to be a key differentiator in a market saturated with 24 banking institutions—19 conventional and five participatory.

To further encourage digitalization of banking institutions, the World Bank approved a USD500-million loan for digital inclusion reforms, which comes after criticism of banks not doing enough to support businesses during the height of COVID-19. ✖

## INTERVIEW



## SHARING *expertise*

Asma Invest does not seek to become the largest real estate operator, but one of the best in terms of quality.

Hicham Safir  
CEO,  
ASMA INVEST

**Moroccan housing market is going through a correction, not a crisis**

**Asma Invest to focus on middle-income segment and SMEs**

There has been a major change in Asma Invest's business plan since its establishment in 1992. Would you elaborate on the changes since 2015?

The major change since 2015 was an important capital increase of MAD1.2 billion (USD122.8 million) from its shareholders. We have almost tripled our capital. We are proud that our shareholders, the governments of Morocco and Saudi Arabia, still see us as an investment tool and a means to better connect the two countries. We are continuing our strategy of being a majority holder—if not a 100% owner—of our businesses. We are still in the process of exiting our minority shareholdings. The idea is to completely move into projects that we operate and diversify the sectors we operate in. Today, real estate accounts for around 50% of our portfolio and agriculture 15-20%. We want to not only continue growing in real estate and agriculture, including agri-business, but also open up to other sectors to achieve a mixed portfolio, ideally with real estate investments comprising 30%-35% and agriculture/agri-business around 25%. We are trying to move into the education and health sectors and are screening opportunities. We are also trying to move further into the industrial sector and industrial zones where we already have a presence. We are currently shareholders in two industrial companies well known in Morocco: Sapino, which prepares industrial zones, and Tanger Med Zones (TMZ), a subsidiary of the Port of Tangier.

What added value does Asma Invest bring as an investor-operator, and what makes you stand out from other operators in the real estate sector in particular?

We have a talented pool of people here, and we are raising them up to be the best team in Morocco. We do not plan to become the largest real estate operator, but one of the best in terms of quality and targeting the middle-income segment in Morocco. We might also offer our expertise to third-party investors either inside or outside of Morocco. We have been approached by investors because we have ex-

cellent projects in Casablanca Finance City, where we are the biggest real estate operator so far. We also serve as a co-investment vehicle: we create projects, package them, and find investors to join us for these projects. This means we can do two or three projects with the same amount of money we would need to do one project on our own. It is also good for those investors, because Asma Invest knows the market, from investing to operating. The biggest project we are currently working on is a MAD1-billion (USD100 million) project in Casablanca. For this, we opened up 40% of the capital to investors from outside Morocco.

Can you elaborate on about Asma Invest's approach to sustainability?

I received a certificate from MIT on strategies for sustainable business. Sustainability is dear to Asma Invest, and I wanted to put it into practice, especially in real estate. Building sustainable housing can cost the same as normal housing. We are having serious discussions internally about how to operate in a more sustainable way. Something we already do is build properties that are energy saving in terms of heating and cooling. For example, we use thermal and acoustic insulation, which is more energy efficient and reduces utility bills. We are thinking about solar energy use and many other environmentally sound practices that we can adopt.

What key areas will Asma Invest be focusing on in 2020?

In 2020, we are putting greater effort into agriculture and agri-business where we want to grow more. In the real estate sector, we are diversifying into other cities, rather than just operating in Casablanca. We have been successful in Casablanca, so the idea is to replicate this business model in other Moroccan cities. We are trying to leverage our know-how while finding financial leverage from outside, such as from banks and investors. ✖

### BIO

Hicham Safir has been CEO of Asma Invest, a USD200-million investment JV between the Saudi and the Moroccan governments, since 2015. He spent more than 15 years in investment banks in the UK and the UAE. He also served as chief investment officer at Ithmar, Morocco's sovereign wealth fund, between 2012 and 2015. He is a mathematics and IT engineer (France's grande école), holds an MSc in finance from Imperial College in London, and is a certified director from INSEAD, France.



# move with THE TIMES

In light of several structural changes to Morocco's capital markets, including greater professionalism and better standards on an international level, CDG Capital Bourse has adapted accordingly and emerged more successful.

Rachid Outariatte  
PRESIDENT,  
PROFESSIONAL ASSOCIATION OF BROKERAGE FIRMS (APSB)  
& CEO, CDG CAPITAL BOURSE



**As president of APSB, what are your thoughts on the lack of liquidity that brokerage firms are facing and its impact on the capital market?**

For traders and the market, which is a healthy one, it is important that the stock prices, with significant trades, reflect the economic reality of the companies and therefore the market. Our exchange market is dominated by institutional owners, which is a positive thing, as institutional investors have a long-term outlook. Institutional buys, however, tend to establish solid and lasting trends. On the other hand, they play an increasing role in cross-sectional variation in stock market illiquidity. Insurance companies, for example, invest almost 50% of their assets in the equity market, which is more than the international standards (less than 10%). In recent decades in Morocco, there has been rapid growth in institutional ownership of common stocks and an increasing presence of institutional traders in stock market that reduced the free float, meaning less shares for sale, which has implications for the liquidity, prices, and valuation of Moroccan equity markets. Another factor is that MSCI downgraded Morocco from emerging market to frontier market for a single reason, namely liquidity. Morocco went from being a market exposed to billion-dollar investments on the radar of major international institutions to the frontier index, a market where there are not as many assets as in emerging markets, even if the Moroccan allocation is higher. It is necessary to implement, or rather amend, the law on securities borrowing and lending. Since there are new laws in the pipeline, we want to include in the first law on lending and borrow-

ing securities the different investors that were excluded from the original law text. A new pool mode that allows anonymity of transactions, which is important too, was also introduced.

**You have been the head of CDG Capital Bourse for almost 12 years. What have been the major achievements?**

Many structural changes (new rules, greater professionalism, and better standards on an international level) have occurred in the stock exchange sector in general, and the APSB, as a stakeholder, took part of this new dynamic. For example, the watchdog became more independent, strong, and efficient, and the stock exchange demutualized, modernized its information system, and set up a new ambitious strategy. Maroclear (Central Depository of Securities) has issued several updates of its information system with new standards and new rules, so we had very challenging years. As for CDG Capital Bourse, these 12 years have been particularly intense since we adopted new strategies aimed at improving our staff expertise and customers experience to stay on top of market trends. We launched the best online stock exchange platform for retail and digitalized our order management system (OMS) that enables us to process client orders from end to end for institutional. We have also developed and implemented an accreditation procedure to ensure that every professional in the field has the appropriate skills and knowledge to practice. This is an important measure for our market because it guarantees that our clients, both local and foreigners, interact with qualified professionals.

**How did APSB and the stock exchange manage the COVID-19 crisis?**

The market and operators have demonstrated strong resilience and a great capacity for adaptation and innovation. Indeed, stockbroking firms were able to reorganize themselves rapidly into teleworking and adopt measures to protect their employees and customers. Thanks to the mobilization and collaboration of the various partners, the Moroccan Capital Markets Authority, the Casablanca Stock Market, and Maroclear, the market operated normally, and clients were able to carry out their operations in the best conditions. During this period, volumes experienced a significant increase with a notable increase in volatility. This is due to the uncertainty about the impact of COVID-19 on firms and the economy. ✖

## BIO

Rachid Outariatte is the President of APSB & CEO of CDG Capital Bourse. He is also a certificate independent director of the Moroccan Institute of Directors. Outariatte holds an executive MBA from the National School of Bridges and Roads and a DEES in banking and finance from the Conservatory of Arts and Trades (Paris). He graduated from the Higher Institute of Business Administration (ISCAE). He previously held several management positions in Société Générale Group Morocco including director of the private management sector, member of the management board of Sogécapital Gestion, and director of the Front de Sogécapital Bourse.

## INTERVIEW



Abdessamad Issami  
CEO,  
UMNIA BANK

## PLAYING *a key role*

With a new version of its application that meets 95% of its customers' needs, Umnia Bank has allowed its clients to bank safely from home without having to go to a branch.

### BIO

Abdessamad Issami is currently CEO of Umnia Bank. Previously, he was deputy general manager of CDG Capital, manager of the investment bank division of BCP Bank, and general manager of Upline Securities. He was also a board member of the Casablanca Stock Exchange. During his experience within the investment banking industry, Issami closed M&A, JV, privatization, and private and public offerings transactions. He holds an MBA from École Nationale des Ponts et Chaussées Paris, is a Certified Financial Analyst HEC Paris, and is an industrial engineer from École Mohammadia d'Ingénieurs Rabat.

### How was the Moroccan participatory environment built up?

We deployed our services progressively, as the Moroccan Central Shariah Board approved contracts. We first deployed mortgage financing contracts, then equipment for individuals or industries (cars), an investment mandate that allows participation banks to finance themselves with the Moroccan banking system or institutional investors, and, finally, a contract of investment deposits, which is the savings product for individuals and institutional investors. The Moroccan participatory environment was built gradually by responding to the financing needs of individuals and economic agents primarily on tangible goods, then through the establishment of a mechanism for financing the banking system, and finally investment deposits in 2019. During this period, there was support at the fiscal level because the finance law of 2016 established fiscal neutrality between the participatory and conventional systems. The finance laws of 2018 and 2019 each brought a number of tax measures that accompanied the establishment of products of participatory banks. 2019 was a rich year because it resulted in, among other things, the completion of this fiscal project as well as the issue of sukuk by the state in 2018.

### Liquidity is a major challenge in the banking sector. Does it also affect participatory banking?

Indeed, one of the main challenges facing the participatory sector in Morocco is that the level of financing far exceeds the deposits collected by participation banks. There are five participative banks and three windows, so there are eight operators in Morocco. The five banks are all subsidiaries of large Moroccan banks, and the three participative windows depend on French banks operating in the Moroccan market. At the end of 2019, the entire participative environment collected the equivalent of MAD3 billion in deposits and approximately MAD335 million in investment accounts. In comparison to financing, with MAD9 billion in resources, there is a huge gap. This

gap is financed mainly by Wakalat Al Istitmar, provided by the head banks of the participative banks. This is the main challenge. We started talks with the central bank in order to put in place other mechanisms to allow participation banks to fill this liquidity gap.

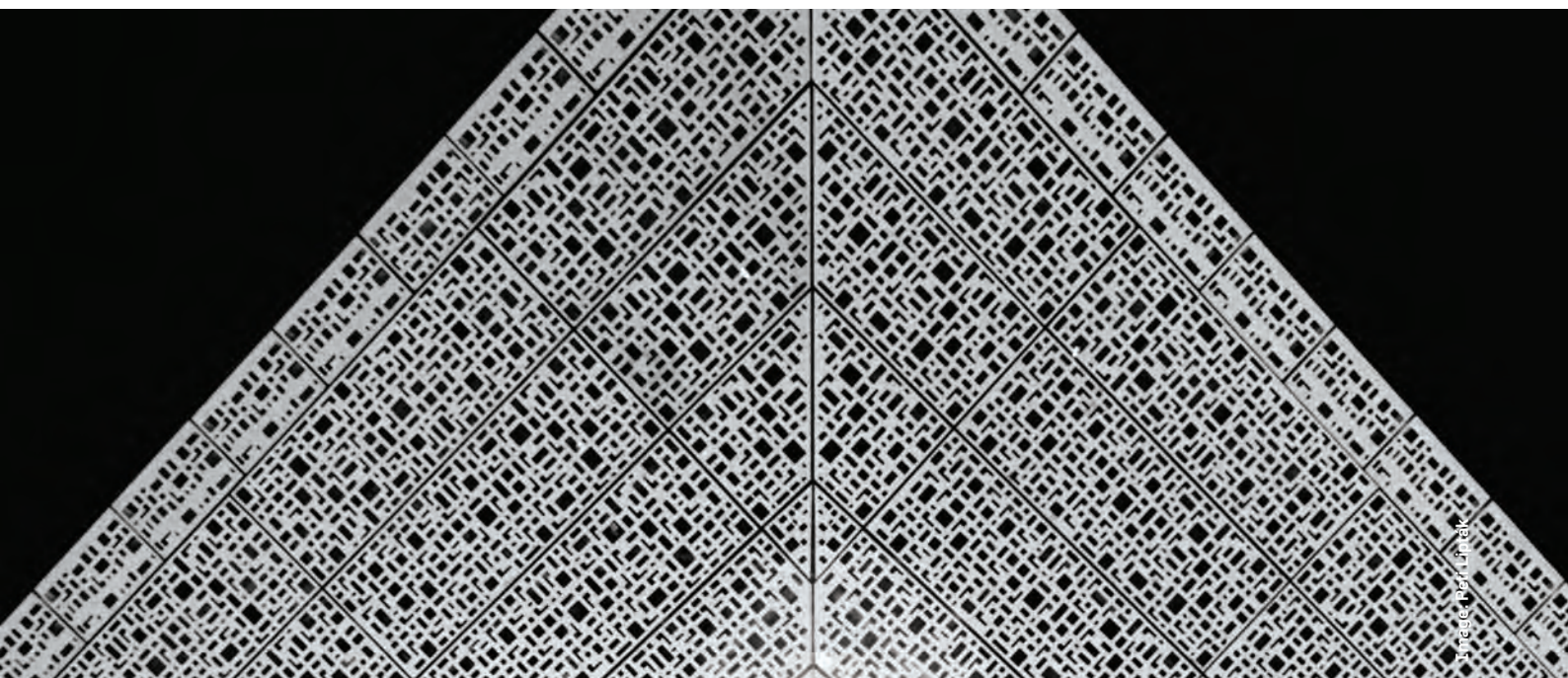
### How has COVID-19 affected your short-term strategy?

We had to ensure the health of our employees and our customers, as well as the continuity of service. We deployed different forms of work: teleworking for some central functions and rotations for the branch network employees. Thankfully, there were no issues for these first two weeks. We also encouraged our clients to use mainly digital means through mobile and internet banking. With regard to liquidity management, the central bank took a number of measures to support the banks, in particular the introduction of unconventional refinancing mechanisms by the central bank for the benefit of banks. The central bank had already lowered the key interest rate from 2.25% to 2%, and it took all the necessary steps to ensure satisfactory liquidity in the banking system. There was also implementation by the government at the level of the guarantee fund of a certain number of accompanying measures for banks in terms of guarantees.

### What role has digitalization played in your operations?

Earlier this year, we launched a new version of our application that meets 95% of our customers' needs. They can consult their balance, make transfers, pay their water and electricity bills and taxes, and so on. All these elements are there to manage this exceptional situation so people do not need to go out. We have even accompanied the national solidarity effort by setting up automatic transfers to the national fund of COVID-19, a fund set up by the King that helps all the vulnerable agents following this pandemic. The fund was set up in April in just two weeks. All these allow our clients to bank safely from home without having to go to a branch. ✖





# BREAKING DOWN THE BUDGET

Though estimates of total growth are likely to take a beating this year, Morocco's 2020 budget allotted additional funds for health and education, an expanded public sector, and sizably larger military spending.

**THE GOVERNMENT AND MINISTRY OF FINANCE** are doing everything in their power to make Morocco more attractive to investment, especially by enacting a set of budgetary policies that will see increased investments in health and education and public spending, even if also slightly reducing subsidies for basic items such as butane gas, sugar, and flour to MAD14.6 billion (USD1.46 billion) over the next year. That said, it is also honing its focus on boosting lower and middle class purchasing power, to which end it allotted USD2.6 billion in its 2020 budget.

The largest allocations of all were made to health and education, which will collectively receive USD9.1 billion in 2020, long-term investments needed to create and sustain a middle-class capable of perpetuating itself. This includes USD170 million for the RAMEL medical assistance scheme, in addition to a new Mandatory Disease Insurance (AMO) for students and USD350 million to strengthen social support and schooling for vulnerable groups, especially in rural areas.

The government also allocated nearly USD1.8 billion to reduce social and spatial disparities in terms of access to basic social services, health, and education. This last dispersal will overlap with Phase III of the National Initiative for Human Development (INDH), the King's long-term plan to boost the country's middle class, which has allocated USD2.2 billion for 2020 for a new series of income generating and employment initiatives.

In order to achieve the above, the government has budgeted hiring an additional 23,000 civil servants in 2020, 4,000 of which will serve in the healthcare sector and 16,000 in national education. How will it pay for the above? Assuming a cereals harvest of 7 million tons and an oil price of USD67 per barrel, the government originally calcu-

lated the economy would grow by 3.7% in 2020. Though this is now highly unlikely, it is also undertaking a number of privatization measures that are expected to generate USD300 million and a series of innovative financing methods that should generate another USD1.2 billion.

What are these? For starters, the government is revisiting its successful 2014 amnesty of getting Moroccans with offshore wealth to repatriate their capital, a policy that saw USD2.7 billion returned to Morocco that year alone. As a more immediate policy, it is also raising taxes on beer by 11% and wine by 14%.

Granted, with oil trading at below USD30/barrel in early 2020 thanks to both COVID-10 and the Russia-Saudi price war, the government's estimated 3.7% growth is unlikely. But this is why long-term investments in sectors critical to middle-class growth are all-the-more important. In addition to boosting the number of civil servants by 23,000, the government is also enacting wage hikes of 6% for public sector workers, well above the country's 2% inflation rate.

With total public investment of USD19.8 billion in 2020, a major increase of 44% on 2018, the government must continue to show it is serious about making the right fiscal decisions. So far, the international community believes it is, with Morocco's Doing Business ranking rising from 128th place to 60th between 2010 and 2019 alone.

The military budget is also set to balloon in 2020, surging by nearly a third from USD3.52 billion in 2018 to USD4.54 billion in 2020. This will include the creation of 5,000 new jobs, boosting total payroll in the sector from USD2.43 billion to USD3.32 billion. What's more, the 2020 budget also envisioned a whopping USD1 billion in equipment expenditure for the military, signaling that affronts to Morocco's sovereignty should be the least of her worries in the coming year. ✖



## INTERVIEW



Abdeslam Ababou  
CEO,  
RED MED FINANCE (RMF)

## A BRIGHTER *future*

By focusing heavily on financing, RMF seeks to help create an environment that will give Moroccans the opportunity to develop their projects and skills for the good of society.

### BIO

Abdeslam Ababou is the CEO of Red Med Finance and Red Med Asset Management. He has 30 years of experience in advisory financing services and has led several consulting missions, capital development, and restructuring transactions. He founded Red Med Finance in 2004 and Red Med Asset Management in 2011. Between 2000 and 2003, he was co-founder and CEO of Advisory & Finance Group and president & co-founder of Advisory Asset Management. He began his career at Bank Paribas in Paris and then London. He holds an engineering degree from ENSEEIHT France and is also a board member of several companies.

### What does RMF specialize in?

Red Med Group is an independent investment bank specializing in corporate finance and asset management established in Morocco in 2004. RMF provides a wide range of advisory and financial services to governments, major international and local companies, as well as SMEs. RMF's core business includes mergers and acquisitions transactions, financing through conventional products and capital market (IPOs, bonds issues, and so on), privatizations, and strategy consulting. In that context, RMF has developed a sharp expertise in key industries such as education, health, telecommunications, renewable energies, natural resources, agribusiness, retail, pharmaceutical, banking, insurance, and others. Red Med Asset Management (RMAM) has more than USD600 million under management through a range of eight UCITS funds (monetary, bond, equity, diversified, and dedicated funds).

### Can you tell us more about your clients?

Regarding the asset management activity, we work with major institutional Moroccan investors including private and public pension funds, insurance companies, banks, as well as SMEs and individuals. In 2019, RMAM was selected through a tender offer launched by a one of the largest pension funds in Morocco to manage a dedicated UCITS aligned with its risk/return profile. With respect to the corporate finance activity, RMF and its employees have contributed to the realization of some of the most important transactions in Morocco catering to both international and national companies. RMF has also advised SMEs on successfully moving up to new levels in terms of size and governance. RMF's services are based on tailored and innovative solutions to capture sustainable value for its clients, regardless of the size of the transaction.

### Do you have any partnerships to assist with SME financing?

SMEs, which are keystones to the development of the economy, are involved in different activities pertaining to health, education, trade, agriculture, crafts, tourism, and so on. However, they face difficulties in accessing adequate financing due to the constraints of the

banking system, the limited offers of alternative financing, and the lack of resources available to them. The various public and private actors are fully aware of the economic and social importance of a strong and sustainable development for SMEs. In this context and in consultation with various public and private partners, RMF's main priority for the coming years is to strongly contribute to this project by providing effective support to SMEs in order to get competitive access to sources of financing combined with the adequate governance.

### What will happen in the finance sector in the coming years in terms of digitalization?

In the last few years, digital technologies have disrupted the financial sector all over the world. Technology innovation is enabling the digital deployment of traditional financial services (payments, bank transfers, and so on) and second-wave services (money transfer and blockchain). Digital technologies in the financial sector in Morocco are still at an early stage of development but growing fast. According to Bank Al-Maghrib, more than one-third of Moroccans do not have access to a bank account. A lack of access to such basic financial services hampers entrepreneurship and holds back economic growth. In the coming years, we will see the emergence of Moroccan fintechs that will unleash the potential of Moroccan digital startups, promote financial inclusion, and help the country reach its development objectives.

### What is your vision for 2020?

Morocco is a country with not only great potential but also great challenges. Efforts must be made to develop the country not only through its natural resources and economy, but also through its people. My ambition is to contribute to an environment that will give young people every opportunity to develop their projects for their own good and for the good of the society. We need to attract all those talented young people and give them the tools to develop their skills. My goal for Red Med is to play a role in this direction. We will focus heavily on financing, which we have highlighted as an objective for 2020, and will assist SMEs and young people to gain access to competitive financing. ✖



**Hazim Sebbata**  
CEO,  
CASH PLUS

**What is the role of Cash Plus in the Moroccan economy?**

We started with one service, namely international money transfer. Our initial goal was to connect citizens to the Moroccan diaspora through our partner Western Union. Proximity and speed are our greatest strengths. Over the years, we have been able to better understand Moroccans' habits regarding financial services and grasp their real needs, while taking into account the specificities of the local context. Today, with a wide payment point network, our main goal is to make a strong contribution to financial inclusion by offering innovative payment solutions that are tailor-made and affordable.

**How is digitalization changing the way you do business?**

Our business was strictly related to cash; the physical presence of an agency and a customer service manager is more reassuring than a mobile application. However, this does not keep us from offering the same services online, while providing awareness and assistance to the end customer. A full digital switchover is done gradually and starts with guiding the Moroccan customer through this transition.



**Joerg Weber**  
CEO,  
ALLIANZ MAROC

**What was the strategic reason behind the decision to start operations in Morocco?**

For the last five to six years, Allianz has been increasingly interested in Africa as an opportunity, and Morocco is the second-biggest market in Africa. We wanted to get a stronger foothold in Africa in the sense of a strategic option. The logic of investing significant management attention and paying significant acquisition premiums must come from a growth logic that says: if Africa in 20 years from now is what Asia has been over the last 20 years, then we would be sorry if we were not there in the early stages.

**What sets Allianz apart from all the other market players?**

Allianz is a European insurer with a worldwide network, global experience, and access to all kinds of competencies that we can bring in, be it the competencies of the people, access to capital, strong financial ratings, digital assets, or processes that local competitors do not have access to or only have access to a lower degree. There is still a long way between that and bringing it there to the local market, though in principle there is nothing that someone in the Moroccan market has that does not exist anywhere within Allianz.

**Rachid Maataoui**  
CEO,  
FINANCITÉ



**Is the current economic development model sustainable?**

The Moroccan economy has reached a stage that clearly justifies calling economic development into question. A commission has been set up with the aim of rethinking Morocco's development model. If we take a close look at what is happening in Morocco and where growth is coming from, the only answer is SMEs. It is the only sector that stands out today in terms of job generation and economic growth.

**What other steps can the government take to uplift the economy?**

Morocco does not have to go through all the phases that other countries have gone through. The fact that countries such as India and Brazil have been able to cross over to the other side despite having a poor structure shows that Morocco has great potential. The economy will not be able to grow if we remain on basic and classic patterns of reflection and strategy; we have to think out of the box. We have to move toward technology and digitalization. A case in point is that of HPS, a Moroccan innovative payments solutions and services company that has managed to become a multinational company. We should study HPS and formulate a strategy to support start-ups, technology, and innovation in order to build Morocco's future.



**Meriem Zairi**  
SENIOR MANAGING  
DIRECTOR,  
SEAF MOROCCO  
GROWTH FUND

**How would you describe your first two years operating in Morocco?**

After 18 months of operation, we are pleased to announce excellent KPIs and indicators, especially in terms of investments, where we were able to deploy more than 35% of our investable capital in five companies in less than 18 months. These companies were active in healthcare, fintech, and agritech. We are able to close two additional investments as we speak, one in cybersecurity and the other in fintech. We were able to increase the size of our fund by 35% and attract interesting institutional investors, namely Caisse Marocaine des Retraites and Asma Invest.

**How has COVID-19 impacted your operations in Morocco?**

On a macro level, it was a great opportunity for companies and the government to speed up their digital transformation. Another impact at the macro level was the importance of innovation. We launched an interesting initiative called Solidalite where we shed light on new projects by start-ups and innovation companies that help the government and its citizens to manage this crisis and overcome the associated challenges. On a micro level for us as an investment fund, our portfolio of companies has been affected in different ways, and we had to manage our portfolio to make sure they would survive the crisis and identify where we could support them. On top of this, we help them find opportunities to be seized.

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# Energy & Green Economy

## A GREEN DESERT

Morocco has made incredible progress toward sustainable energy over the last year, a fact recognized by the World Economic Forum (WEF) and the stakeholders we interviewed. This is due, in large part, to the increased political will and investment in renewables. WEF's Energy Transition Index 2020, which was published in mid-May and benchmarks 115 national energy systems, put Morocco at the top for the MENA and African regions. What's more, the 2019 Climate Change Performance Index ranked Morocco second globally.

As noted by WEF, robust frameworks are necessary to advance energy transitions and safeguard against shocks, such as COVID-19. Many interviewees in this sector were positive about the country's ability to develop such legislation. For Morocco, these frameworks need to be centered around incentivizing medium- to low-voltage, decentralized networks. Globally, energy systems are becoming increasingly decentralized, and Morocco is no exception.

There is incredible potential for renewable energies, namely solar, hydro, and wind power, to play a more pronounced role in the country's energy matrix should such frameworks come about. The northwest African powerhouse aims to reach 52% renewables in its national energy matrix by 2030. 10 years away from 2030, Morocco is also 10% away from its target, currently producing

42% of its energy from renewables. However, it is important to note that Morocco's industrial ambitions are intensifying local energy demands. Another challenge in implementing renewables is the intermittent nature of their power generation, making energy storage more important—or at least more in need of innovation—than conventional hydrocarbon sources.

The World Economic Forum is also concerned the COVID-19 pandemic will slow energy transition progress. But in Morocco, many were keen to point out the need for energy independence, especially in light of the viral outbreak.

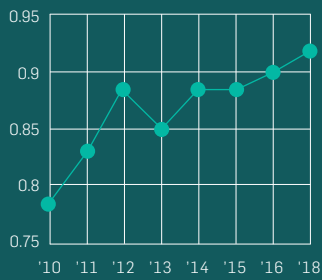
The country's political and financial investment in a sustainable energy sector has the potential to make Morocco a regional hub in this regard. A June 2020 report from the African Development Bank Group (AfDB) highlights the continent's energy infrastructure deficit as an obstacle, costing 2-4% of Africa's GDP annually. Morocco launched its solar power program in 2009, and AfDB expects the Noor Ouarzazate complex to play a catalytic role for the rest of Africa, where over two-thirds of the population still lack reliable access to electricity. Seeing as Morocco and the Gambia are the only two countries in the world on track to curb emissions at levels urged by the Paris Agreement, it seems Morocco and Africa may very well lead the way into a greener future. ✖



Owing to its sunny climate, solar panels are becoming an increasingly common sight in Morocco

## ELECTRICITY CONSUMPTION (MWh/CAPITA)

SOURCE: IEA



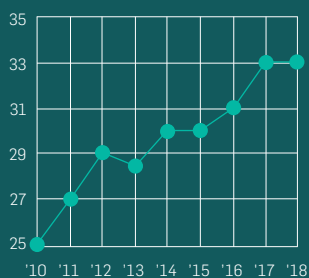
## ANNUAL CO2 EMISSIONS (MT)

SOURCE: IEA

2010	46.4
2011	50.75
2012	52.24
2013	51.52
2014	53.52
2015	55.37
2016	55.3
2017	58.15
2018	58.89

## TOTAL ELECTRICITY CONSUMPTION (TWh)

SOURCE: IEA





# high POTENTIAL

ONHYM is engaged in an energy transition for Morocco where renewable energies will be positioned more in the mix.



Amina Benkhadra  
GENERAL DIRECTOR,  
THE NATIONAL OFFICE OF  
HYDROCARBONS AND MINES  
(ONHYM)

## What new trends are you working on?

We have developed an energy strategy in which renewable energies take a prominent place, thanks to the strategic vision of His Majesty King Mohammed VI. Our 2020 goal aims for 42% of our electrical capacity to come from solar, wind, and hydraulic sources; the objective by 2030 is 52%. As a public organization representing the interests of the Kingdom of Morocco, ONHYM also has the mission to search for all the energy potentials of subsoil and geothermal energy. For several years now, we have done evaluation studies for geothermal on the whole country, and we have identified two large areas: Morocco's northeast and south. In the northeast, detailed studies have been carried out to identify the most favorable zones for geothermal energy. We have done a survey of all the potential pockets in the area that will undergo more refined work, since further drilling is necessary to precisely measure some parameters.

## Why is geothermal energy efficient for the country?

As a renewable energy source, geothermal energy is an underground source that does not emit CO<sub>2</sub>, making it sustainable as an energy source. There are countries in northern Europe like Finland that produce almost 70% of their electricity from geothermal sources. We are looking into all the potential sources. It is an ongoing process, and we will see results later as we go deeper into the data. We need more drilling to measure the gradients in some areas in detail, and we will move forward gradually to make sure this energy can find a place if the results are convincing.

ONHYM signed six petroleum agreements with international companies in 2019. What investment opportunities is the country offering to these international investors? ONHYM's mission is to attract the maximum number of international companies, majors, juniors, and independents to support exploration, which is one of our main missions, alongside

promotion. Most of the investments in the field of hydrocarbon exploration in Morocco are made by partners. Looking at investment figures, more than 96% is financed by foreign investors every year. These numbers are due to multiple reasons. One is that Morocco has favorable geology in sedimentary basins, but these have not been sufficiently explored despite the efforts made. Second is our hydrocarbons code, which is considered one of the most attractive in the world. We grant favorable conditions to those investing in exploration, including exemptions from customs duties and from VAT on important equipment and exemption of corporate tax up to 10 years from the date of production. In the event of discovery, the partner owns 75%. A third point is our global macroeconomic framework in terms of political security and geographical positioning. We wish to use our favorable position to increase our regional integration.

## What will be the role of ONHYM in the future if there is a shift toward more renewable sources of energy?

The goal for 2030 is 52% of the installed capacity to be from renewable sources. The country's energy strategy has four fundamentals: the country's supply security; energy availability at the best price; regional integration; and sustainable development and environmental protection. In order to have energy security, we need a diversified electricity mix where all sources have their place. We are engaged in an energy transition where renewable energies will be positioned more in our mix. Today, more than 80% of the global energy sources are thermal, namely coal, oil, and gas. The rest is split between nuclear and renewable energy. In 2040, 74% of this mix will still be thermal energy. Looking at the fossil fuels portfolio, coal and oil will fall, but gas will increase as it is considered clean energy. Therefore, despite the green revolution, thermal energies are still predominant but with a stronger emphasis on gas. ✕

## 2030 goal:

# 52%

of electrical capacity to come from solar, wind, and hydraulic sources

## BIO

Amina Benkhadra is the General Director of ONHYM. Her career started in 1982 at the Mines Research and Participation Office (BRPM), where she held several positions of responsibility. In 1994, she was appointed director of mines at the Ministry of Energy, Mines, Water, and Environment and secretary of state in charge of mining sector development. She became director of BRPM in 1998 and subsequently general director of the National Office of Oil Research and Exploitation. In 2007, she was appointed Minister of Energy, Mines, Water, and Environment. She graduated in civil engineering and mining from École des Mines de Nancy and holds a doctorate in engineering sciences and mining technologies from École des Mines de Paris. She also holds a double degree in management from Columbia University.

## INTERVIEW



Saïd Mouline  
CEO,  
MOROCCAN AGENCY FOR ENERGY  
EFFICIENCY (AMEE)

## INCREASED *efforts*

By promoting energy-efficient solutions and raising awareness of efficient energy in rural areas, AMEE is pushing Morocco's energy transition forward.

### BIO

Saïd Mouline is an engineer specialist in the energy and environmental space. He is a graduate of Grenoble Institute of Technology, France, and University of Pennsylvania in the US. He was previously president of the energy, climate, and green economy commission at the General Confederation of the Moroccan Companies (CGEM). He was advisor to the president of OCP and head of public private partnerships at COP 22 committee. He was also president of the Mediterranean Association of National Agencies for Energy Management (MEDENER).

### What are your main operations in Morocco?

Morocco's energy transition, which relies on renewable energies and energy efficiency, demand long-term policies. The case of Morocco is interesting in this perspective: being the source of only 0.15% of the world emissions, the energy transition represents a political will of the highest level of the state and emerged not during the COP 22, but in 2009. Priority was given to renewable energies and energy efficiency, through two dedicated agencies, AMEE and the Moroccan Agency for Sustainable Energy (MASEN), in charge developing the largest projects around renewables. Both must go hand in hand. It is essential that a voluntarist policy in energy efficiency be developed in all sectors: electricity production, industry, urban planning, construction, transport, agriculture, and so on. Energy efficiency establishes itself as a key lever by being the most effective strategic approach so that countries meet their commitments to reduce greenhouse gases rapidly and at a lower cost. In 2020, the industrial, agricultural, and public construction sectors were the main targets of AMEE. We could make quicker progress if green financing was available. Even if renewable energies are easily financed today, energy efficiency requires more financial support.

### If people install solar panels on roofs, can they sell electricity back to the grid?

One can only produce electricity for personal use. Today, there are public projects for utilities, and MASEN is launching tenders and buying all the electricity produced from promoters. However, there is also a law allowing individuals to produce their own renewable energy and even sell it to another industry, though only on high tension. Low and mid tension is being debated. We have many completely private projects selling to other private companies. Steel, mining, and railway companies are purchasing electricity from private wind projects. We are pushing for legislation on small projects and for public buildings at the highest level of the state. All public buildings such as AMEE should be an example by using a solar roof where possible and reducing their energy bills.

**“All public buildings such as AMEE should be an example by using a solar roof where possible and reducing their energy bills.”**

### What are the biggest challenges to reach 15% energy efficiency by 2030?

In some cases, it will be easy, and in others it will be difficult. We are pushing to have national financial support for energy efficiency because we can help all farmers be more efficient. In industry, we also need more financing, though it is great that local banks have loans dedicated to energy efficiency. We also need water treatment stations for residential uses and biogas as energy, with the water being used for irrigation. There is a nexus between water, electricity, and energy. There is a program for all 12 regions in the country that we are discussing with mayors to have this energy efficiency reflected. They receive projects from hotels, industry, hospitals, and so on. We can check if the projects have an energy-efficient approach. We will also monitor energy efficiency and by law track the consumption of all big consumers in industry. We have a program to monitor and label all imports and to establish minimum energy performance standards.

### Can you tell us more about your energy-efficiency workshops in rural areas and how this will be implemented nationally?

Heightening awareness and capacity building are keys. We are raising the awareness of farmers in all regions. We train young people how to install and maintain solar pumps. We have a training center in Marrakesh called Green Platform that helps capacity building in different sectors linked to energy efficiency for Morocco and all of Africa. AMEE has 20 agreements with different agencies on the continent. The approach is to have young people who are locally trained doing the installation and maintenance of thousands of small projects. This is how we can create jobs by providing energy to millions of people. ✕



Image: Peti Lipták

## SOLAR SUPERPOWER

Morocco's ambitious renewable energy targets are being met with colossal megaprojects as the country is elevated to a leading position in Africa's clean energy drive.

**SINCE THE UNVEILING OF A NEW NATIONAL ENERGY STRATEGY** in 2009, Morocco has pursued some of the world's most ambitious energy targets. The backbone of this strategy is the country's ultimate goal of having 42% of its power from renewable sources by 2020. In addition, Morocco also has the broader aim to secure its energy supply, therefore reducing its dependence on energy imports. At its core, this will enable greater control of the cost of energy services, while also allowing for more attentive conservation of the environment by reducing greenhouse gases.

A few years ago, imported fossil fuels provided around 97% of Morocco's energy needs, according to the World Bank. Moreover, it is also worth noting that electricity demand has also doubled since 2010. Accordingly, the response of the government has been to pursue policies that favor the diversification of the energy mix and prioritize renewables.

Overall, Morocco has made remarkable strides to meet its energy targets. This is perhaps best evidenced by the large-scale megaprojects that have come online in recent years, most notably the Noor Solar Complex, which at present is the world's largest solar plant. Located in the southern city of Ouarzazate, the more-than-6,000-acre facility is an impressive display of Morocco's renewable energy ambitions. The statistics behind this megaproject are fairly extraordinary; it has an overall capacity of 580MW, which

is enough electricity to power a city twice the size of Marrakesh. Furthermore, the curved mirrors reflect rays to the top of a 243-m tower, which houses molten salt that is melted to create energy. The tower, which is the tallest on the African continent, can generate 500 degrees Celsius of heat. What is unique about this is that unlike conventional solar panels that deliver energy directly to the grid, the curved mirrors concentrate radiation to heat tubes of fluid, which are pumped to a power unit. The unit can hold the energy for use at a later time—specifically at night, when demand is higher.

The overall significance of a project of this magnitude is that it shields Morocco from the volatility of import costs. By harnessing energy from its abundant sunshine on such a mammoth scale, the country is now regarded as a regional leader in the exploitation of renewable energy sources. In the longer term, there is also the potential for Morocco to export its excess power to Europe, in what is called "green energy exporting."

In a continent with a rapidly urbanizing population, changing demographics, and an increasing appetite for energy, Morocco's is an example for the rest of Africa to follow. Perhaps most notably, the Noor solar plant means Morocco is actually on track to meet its renewable energy targets; at present, already 35% of Morocco's entire energy comes from renewable sources. ✕



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Sébastien Robert  
CEO,  
VOLTALIA MAROC

**What are the goals for the group in Morocco in the medium term?**

Founded in 2015, Voltalia Maroc support the group's ambitions in line with the national energy strategy. We should be able to start the construction of two projects in 2021 developed and authorized by the Minister of Energy: one wind project based in Laâyoune with an incredible capacity factor and one hydraulic project in the region of Beni Mellal. We have developed additional projects, some already authorized, which could be launched depending on the evolution of the high-tension market customers in the coming years. We also provide services for turnkey solar projects (construction and operation) addressed at large private industries in Morocco. We also provide our services with our subsidiary HELEXIA for industrial auto-consumption projects, including financing and globally energy management system. We are confident about the huge investment potential in Morocco and look forward to seeing the new regulation come to fruition.

Jean Pierre M. Boutroy  
CO-FOUNDER &  
COUNSELOR TO THE CHAIRMAN,  
ATLANTIS CENTER



**Can you give us an overview of Atlantis Center's operations and its achievements over the years?**

We started organizing the African Security Forum, the most visible part of our activity, five years ago. Our think tank is for specialists and talent from around the world. This is not visible to most people, which is why we have the forum, where we have many people from the public and private sectors. With the African Security Forum, we discuss all the topics around security in Africa. We have sessions on immigration, money laundering, cyberactivity, terrorism, and radicalization. The main problems are certainly migration and the issues with borders. Education is also extremely important.



Omar Belamamoun  
FORMER CHAIRMAN & CEO,  
PLATINUM POWER

**What have been the highlights for Platinum Power in Morocco?**

Platinum Power is a pan-African developer of renewable energy projects. We started by developing the first hydropower projects in the country. In the first few years, we focused on the hydro technology, and the first concessions we received in 2013 were the first ever allocated to the private sector. We have six hydro projects in Morocco that are fully permitted from the government and the different agencies. We have also initiated the development of two wind projects in Morocco, and development is still ongoing. A few years ago, 20% of Morocco's power was imported from Spain, and in 2018 the country started exporting to Spain. Morocco brought more capacity into the grid; in 2009-10, it had 6,000MW of installed capacity, and it is now above 12,000MW. Our country will become an important exporter of power to Europe.

Damien Granjon  
MANAGING DIRECTOR,  
QAIR



**What brought Qair to Morocco?**

The Quadran group changed its name to Qair, though we remain independent producers of renewable electricity. We became interested in Morocco after the government introduced a new policy for renewable energy projects, Law 13-09, in 2010. Qair Maroc realized the opportunity on offer and entered Morocco, first for wind power and then for solar power at the beginning of 2015. Today, we are still waiting to connect our first wind farm to the national HV grid. We have invested more than EUR7 million but have yet to operate our plants. However, we are still here because we believe in Morocco's renewable energy potential. Morocco has the potential to reach the ambitious goals for 2020 and 2030. There are several big projects being developed in Morocco, so the ecosystem is growing.



Alykhan Kassam  
GM NORTH AFRICA &  
VP AFRICA,  
JOHN COCKERILL  
SERVICES

**How is John Cockerill advancing innovation in Morocco?**

John Cockerill is always on the lookout for innovative solutions across its portfolio, the most recent of which is in energy, where we invested in green hydrogen solutions. There is a market for hydrogen in Morocco. The regional office in Casablanca is the link between our headquarters and related technology and local players. One of our main focuses is creating as much local value as we can and participating in as many international projects additionally to the local ones. That also requires going for technological ventures. We are currently engaged in an R&D project with MASEN to look into new technological solutions in CSP, energy storage, and steam generators. As a designer and manufacturer of these products, it is an opportunity to better understand the technical behaviors of future solutions while increasing the local added value and reducing the offshore share sourced from overseas.

## INTERVIEW

# ABOVE *and beyond*



Elecnor plays a crucial role in developing energy sources, whether in terms of transmitting power, developing non-conventional renewable energy, or ensuring efficient energy use in installations.

Jaime Real de Asúa  
PRESIDENT,  
ELECINOR

## 55%

turnover from  
international markets

## EUR74.3

million in profit in 2018

Elecnor was founded in 1958. How has the company developed since then?

Elecnor has transformed significantly over the years, venturing into sectors such as energy infrastructure, renewable energy, and new technologies. The company has also expanded its international presence over the years and is listed on the Spanish stock market. In 2018, Spain made up approximately 45% of our turnover, with the rest coming from international markets. At this time, we have a presence in 55 countries, while the order book also shows the relevance of international business for us. In 1H2019, 78% of orders came from non-domestic markets, meaning the backlog of our international portfolio was more than EUR1.7 billion in this period.

In 2018, you reported almost EUR74.3 million in net profits. What is your strategy to grow further?

We have two areas that complement and strengthen each other. First, Elecnor has evolved into a world leader with the capacity and determination to develop, create, and operate energy infrastructures, as well as becoming a leading provider of specialized industrial engineering services. We have a strong culture of service that serves to build strong, trusting relationships with our long-term customers. The second part is our concession business in the renewable and transmission lines sectors. Our first subsidiary was launched in Venezuela in the 1960s. We lead international expansion and have decades of experience in America and Africa. As a result, we have a deep knowledge and experience of the countries we work in. Elecnor will keep opening new markets, always driven by prudence. In this sense, it is crucial to analyze all the details of a potential new market, as well as study the competitive environment and evaluate our strengths over competitors. In keeping with this strategy, profits have registered increases of around 4% per year for the last three years. Thus, net profit was EUR68.5 million in 2016, EUR71.2 million in 2017, and EUR74.3 million in 2018. In the first six months of 2019, net profits increased by 5% on the same period YoY.

Do you work with local partners in countries such as Brazil, Chile, and Mexico?

Consolidating and positioning the company in these markets has taken many years of work, and involved collaborating with and learning from local private- and public-sector partners. We enter a country alone or by forming temporary unions. Depending on the potential of the country, and whether there are real possibilities of long-term success, we establish a branch or a subsidiary. The three countries that you mentioned are an example of this. We have been working there consistently for several decades. Thanks to our solid 35-year history in the country, Brazil is the second-most important market for Elecnor after Spain. Notable projects include the wind farm in Rio Grande do Sul, one of the largest in the southern hemisphere, and building more than 8,000km of power transmission lines. Elecnor first began operations in Chile in the 1980s. By 1994, we had already overcome a great challenge: building two hydroelectric power plants on the River Duqueco. Elecnor now plays a crucial role in energy development in the country, in terms of transmitting power, developing non-conventional renewable energy, and ensuring efficient energy use in installations. Mexico is also a key market for us and is the result of an extensive 25-year history in the country, evidenced by remarkable projects such as the construction of 65 electrical substations with a total of 7,000MVA of installed power, in addition to the laying of 1,100km of transmission lines and 255km of optical fiber, without forgetting our EPCs in combined cycle plants.

How much is the company focusing on Latin America?

The Latin American market was our first international one, but Elecnor is a global company, and we are present in all five continents. In the Americas, we are also working in countries as competitive as the US and Canada, while we also have a stable presence in Africa, particularly in key markets such as Cameroon, Angola, and Ghana. We also work in Middle Eastern countries such as Oman and Jordan. Australia is as an interesting market where we have also undertaken some ambitious wind and solar projects. I would also like to highlight the international expansion we have achieved in Europe, where we have won unique projects in the UK, Italy, Portugal, and Norway over large local companies. ✖

### BIO

Jaime Real de Asúa is the non-executive president of the board of directors of Elecnor and its executive committee. From 2009-2017, when he was appointed as non-executive president, he was vice president of the Elecnor board of directors. Within the Elecnor group, he also held the position of director of the subsidiary of Elecnor Enerfin and Celco Concesiones e Inversiones. He was also secretary and director in Cantiles XXL. Previously, he held executive positions at Portland Valderribas and Carbocem, both of FCC. Also, he was director and chairman of the Appointments and Remuneration Committee of Viscofan and director of Tasdey. He was also a member of the Advisory Board of BBVA in the Northern Zone. He has a degree in industrial engineering, specialized in industrial organization, from the Higher Technical School of Industrial Engineers (ETSII) of Bilbao.



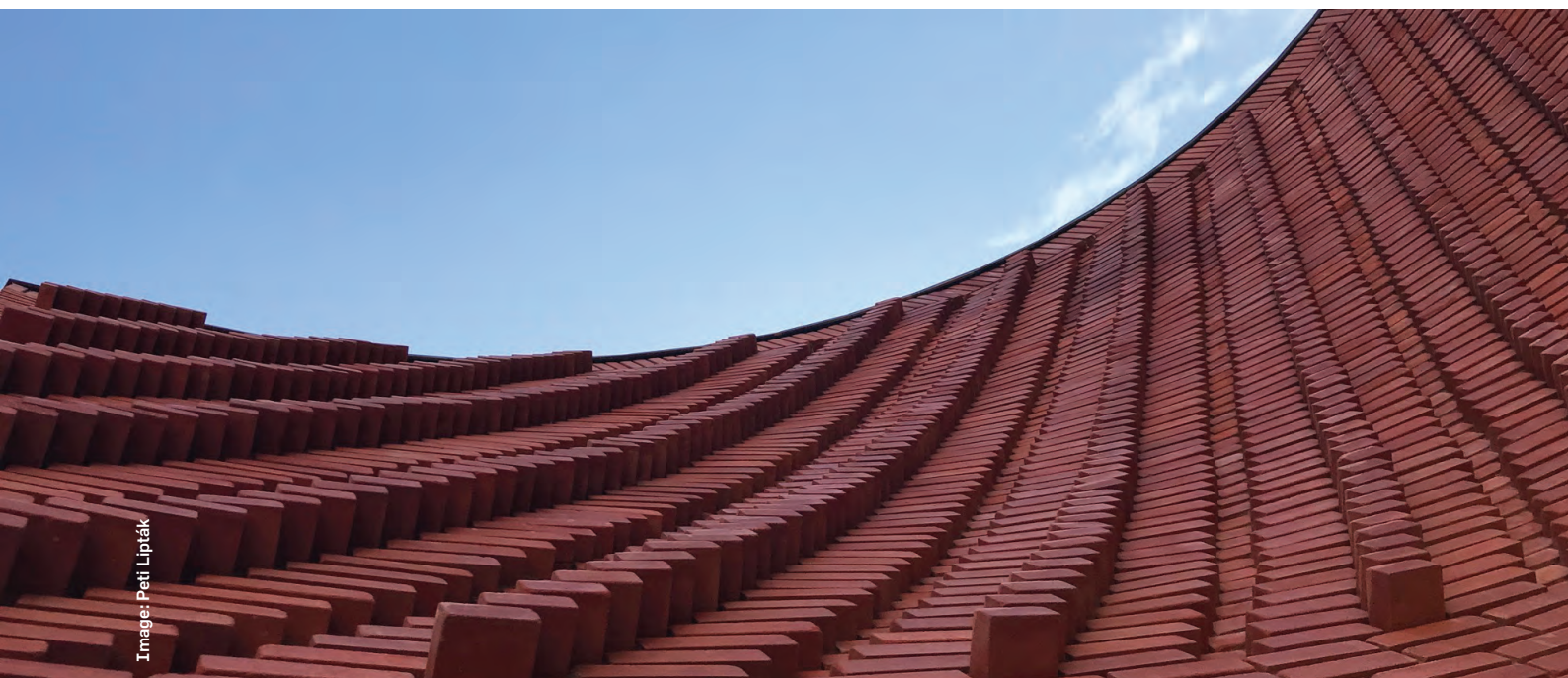


Image: Peti Lipták

## MIX IT UP!

Morocco's ambitious plan to boost its total renewable energy share to 42% by 2021 and 52% by 2030 will depend on its ability to exploit its promising solar and wind capacity.

**WITH 32% OF MOROCCO'S TOTAL ENERGY MIX** coming from renewables, the country is already more than twice as sustainable as the global average renewable mix of 13.5%, according to the International Energy Agency. But global standards are not much to go by, and less to live and thrive on, which is why Morocco is pushing forward with King Mohammed VI's ambitious target of extending the country's clean energy output to 42% of total production by 2021 and an impressive 52% by 2030. How will it do so?

First: by boosting investment in renewables research, improving its strategic international partnerships, and boosting the industrialization of key renewable energies. The bulk of these, of course, will come from solar. In addition to committing to boosting the country's solar output by 2,000MW by 2021, the Moroccan Agency for Renewable Energy (MASEN) announced in January the deployment of an additional 1,000MW of solar projects, part of which will stem from boosting output at the country's landmark Noor solar field in Drâa-Tafilalet, already the world's largest concentrated solar power plant.

To achieve the above, the government put out a tender in January for a series of nine solar projects that would extend from Boujdour in the country's deep southwest on the Atlantic Ocean to the town of Guercif in the far northeast, some 1,800km away. With each site along the way generating between 5 and 20 MW, the total boost to the kingdom's renewable mix would be roughly 400MW. Once the first phase of Noor comes online, Noor Midelt I, a combination of photovoltaic solar energy and concentrated solar energy, the USD800-million project should produce 800MW of renewable energy for the kingdom.

In addition to being strategically well placed at the entry to both the Mediterranean and the African continent, not to mention the

confluence of the Atlantic with the Mediterranean, Morocco is enormously well-poised to help provide renewable energy to Europe by way of its connection to Spain's electrical grid through two separate 400kV/700MW lines. This means that once the country meets its own ambitious targets, it will rapidly and seamlessly be able to provide large amounts of clean energy to Europe.

According to MASEN's estimate, the country has total wind potential of 25,000MW, 6,000MW of which is realizable by 2030. And with 3,000 hours of sunshine per year, it also has the capacity to provide 5KWh/sqm/per day. And that's hardly all. The agency also estimates the country has 200 sites capable of hydraulic generation, in addition to important stores of biomass. To capitalize on the latter, the country's Solar Energy and New Energy Research Institute (IRESEN) is also launching a biogas and biomass research center in Fes.

With 75% of urban waste and 85% of rural consisting of organic matter, the potential to convert Morocco's biomass into renewable energy is huge. In addition to reducing Morocco's CO<sub>2</sub> output by nearly 8 million tons, according to the Ministry of Energy, converting the country's biomass would also provide an additional 10,000 jobs, IRESEN estimates.

By increasing wind energy from 280MW in 2010 to 2,000MW by 2020, as MASEN intends, and total solar and hydraulic capacity each to the same amount, Morocco expects to invest USD19 billion in renewables in 2020 alone, a process also expected to create some 50,000 jobs. With the right legislative framework and increasingly diverse international partnerships, including but far from limited to France EDF Renewables and the UAE's MASDAR, Morocco has the necessary inputs to achieve the king's ambitious targets. Whether they are sufficient will soon be seen. ✖