

**Kingdom of Morocco**



# PUBLIC-PRIVATE PARTNERSHIP

## MORROCAN EXPERIENCE IN INFRASTRUCTURES FUNDING:

### ***A changing system***

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# SUMMARY

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***II***

***PUBLIC-PRIVATE PARTNERSHIP LEVERS***

***III***

***SOME SUCCESSFUL EXPERIENCES***

***IV***

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# I. OBJECTIVES

- ▶ **Support for the implementation of strategies and development programs and upgrade of the country:**
  - ▶ Development of motorways, ports, airports, railway and irrigation infrastructures
  - ▶ Creating of new tourist and industrial zones;
  - ▶ Delegated Management of local services: water, sanitation and urban transport.
  
- ▶ **Withdrawal of the State and improvement of services delivered to citizens:**
  - ▶ Take advantage of the technical expertise, managerial capacity and innovative technologies of the private sector;
  - ▶ Move from the concept of general interest to the notion of efficiency and performance.
  
- ▶ **Investment promotion:**
  - ▶ Diversify the sources of public infrastructure funding;
  - ▶ Encourage private initiative in a competitive market;
  - ▶ Generate and encourage job creation.

## ***II. PUBLIC-PRIVATE PARTNERSHIP LEVERS***

### **▶ At the strategic level:**

- ▶ **Proactive sectoral Visions:** Tourism (azure plan), Industry (Emergence plan), Craft, Transport ( motorway blueprint), Housing ( Development of social Product);
- ▶ **Signing of Programs-agreements with the private sector:** Tourism, Textile, Information Technology, Offshoring, Private education ...;
- ▶ **Economic Opening up:** Free trade agreements with in particular the United States and the European Union;
- ▶ **Preservation of the sustainability of the macroeconomic framework:**
  - Growth: 5% over the last 5 years;
  - Budget deficit in 2006: 1.7%;
  - Public debt in 2006: 57% of GDP.

### **▶ At the legislative level**

- ▶ Law No. 39-89 authorizing the transfer of state-owned enterprises to the private sector;
- ▶ Law No. 54-05 related to the delegated management of public services;
- ▶ Law No. 06- 99 on the freedom of pricing and competition;
- ▶ Charter Investment;
- ▶ General Tax Code;
- ▶ Laws relating to the liberalization of the telecommunications, railway, port, broadcasting sectors...

## II. PUBLIC-PRIVATE PARTNERSHIP LEVERS

### ▶ At the institutional level:

- ▶ Setting up of regulatory bodies: ANRT, ANP, HACA ...;
- ▶ Restructuring of ONCF, ODEP, ONE, SNMT, SODEA-SOGETA ...;
- ▶ Establishment of a privatization program of state-owned enterprises:
  - privatized state-owned enterprises: 71 (end 2006);
  - Global Income: 94 MMDH.

### ▶ At the level of the investment promotion:

- ▶ **Hassan II Fund:** boosting investment in the high potential sectors (50% of the product of privatization);
- ▶ **Investment Promotion Fund:** contribution to the promotion of economic activities and job creation
- ▶ **Housing Solidarity Fund:** Funding of social housing projects and the national program for the eradication of slums
- ▶ **Agricultural Development Fund:** promotion of the agricultural sector, improvement of productivity and diversification of products opportunities ;
- ▶ **Upgrade and warranty Fund: FOMAN** (advisory services and technical assistance), FOGAM (bank loans guarantee), FORTEX (textile and clothing), ISTIMRAR (Industry) .....

### III. SOME SUCCESSFUL EXPERIENCES

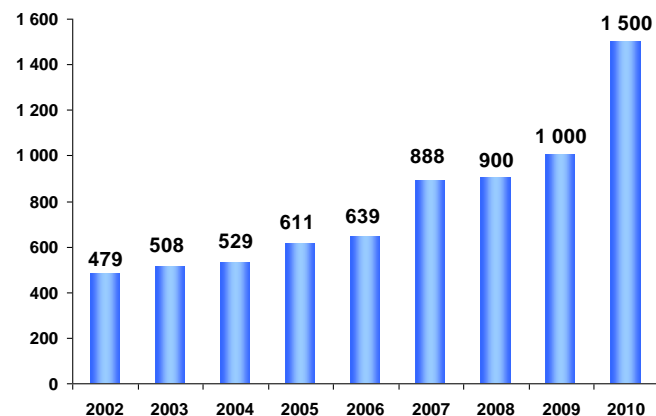
#### ▶ Program-agreement State-ADM (Autoroutes Du Maroc) for the period 2004-2008

- ▶ **Objective:** Construction of 1,500 km of highways on 2010;
- ▶ **Program cost:** 37 MMDH (28 MDh of which correspond to projects planned under the program-agreement);
- ▶ **Funding:**
  - General Budget: 3,6 MDH (9,7%);
  - Hassan II Fund: 4,6 MDH (12,3%);
  - Borrowings: 27,8 MDH (78%).
- ▶ **Network put into service:** 784 Km (conceded to ADM);
- ▶ **Achievements underway:** 635 Km.



- ▶ **Accelerating the pace:** 160 Km/year instead of 40 on 2005;
- ▶ **Effect of leverage for funding:** 4.5 the contribution of the general budget and the Hassan II Fund.

Evolution of the pace of achievements (in Km)



### III. SOME SUCCESSFUL EXPERIENCES

#### ► **Agreement with TMSA (Tangier Mediterranean Special Agency)**

- ▶ Offered services: containers activities, passengers, international road transport, cereals, oil and cargo;
  - ▶ Freight: 8.5 MEVP (5 MEVP on Tangier Med II);
  - ▶ **Passenger traffic and roll-on/roll-off: 1 million passengers and 700,000 trucks;**
  - ▶ **Cost:** 27 MMDH (including 7 MMDH for Tanger Med II);
  - ▶ **Funding:**
    - State and SOE: 10,2 MMDH (infrastructures of connexion and Off-site work );
    - Hassan II Fund: 3,4 MDH;
    - Balance: grants and loans.
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- ➔ Concluded Concessions: two container terminals, towing services, rescued assistance and services of water, electricity, sanitation, etc.
  - ➔ Development of relationships with world-famous operators: MAERSK, ...
  - ➔ Setting up of the Project as a part of an integrated vision leading to a regional hub of economic, social and territorial development;
  - ➔ Establishment of industrial, logistical and tertiary zones and emergence of a competitiveness pool in the immediate vicinity of the port;
  - ➔ Attraction of foreign investment (eg proposed alliance Renault Nissan) and the creation of 145,000 direct and indirect jobs in 2015.

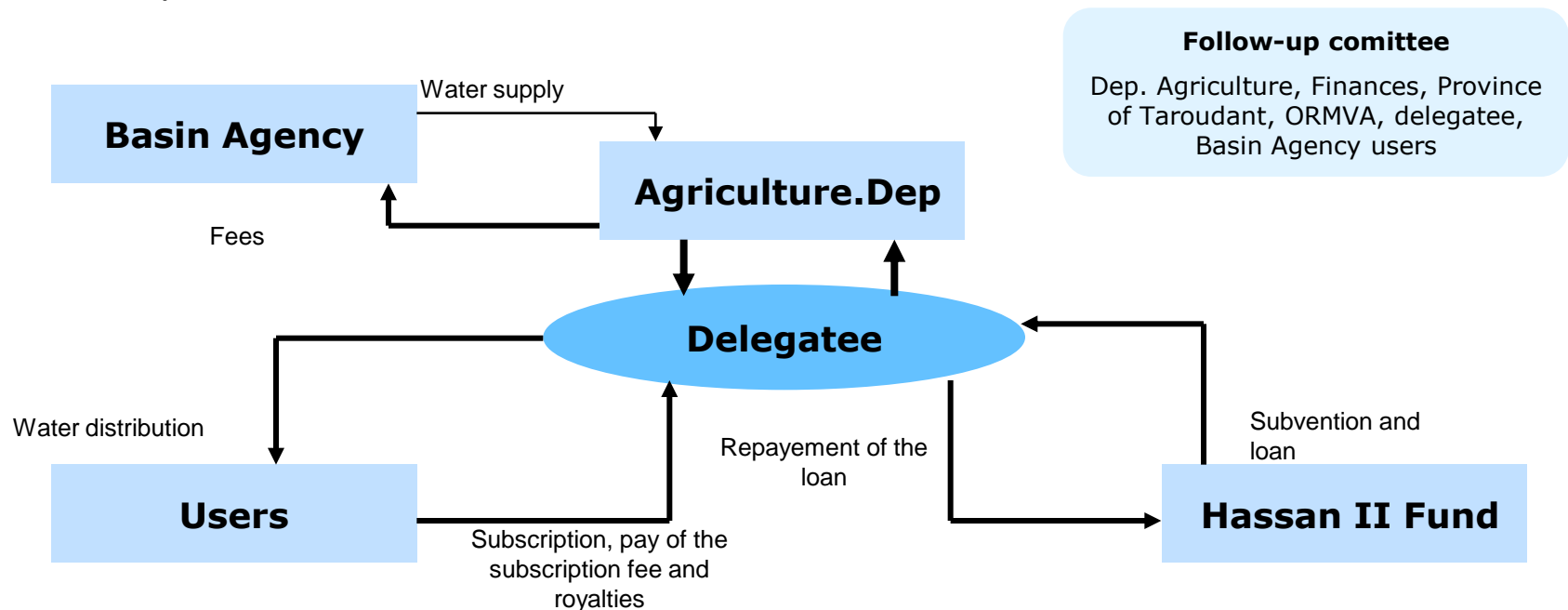
### III. SOME SUCCESSFUL EXPERIENCES

#### Delegated management agreement of Sebt El Guerdane perimeter signed with a private partner (2005)

- ▶ **Surface:** 10.000 ha;
- ▶ **Cost:** 950 MDH;
- ▶ **Funding:**
  - Hassan II Fund: 475 MDH (50%: subvention et 50%: concessional loan);
  - Company AMENSOUSS: 475 MDH (Design, construction, operation and maintenance of water supply for irrigation in the project perimeter over a period of 30 years).

#### Impact:

- Rationalization of water use;
- Improved Performance.



### III. SOME SUCCESSFUL EXPERIENCES

#### Framework agreement between the government and the federation of tourism

##### Objective at the horizon of 2010:

- Drain 10 million tourists;
- Achieving 80,000 additional rooms;
- Creating 612,000 jobs;
- Achieving 80 MMDH of tourist revenue.



- ▶ Contribution of the Hassan II Fund to off-site infrastructure funding off-site for the six new resorts
- ▶ Making Available the required land;
- ▶ Implementation of the strategy to promote the destination Morocco;
- ▶ Developing internal Tourism: suitable products and creating national tour;
- ▶ Development of Vocational Training in this area.

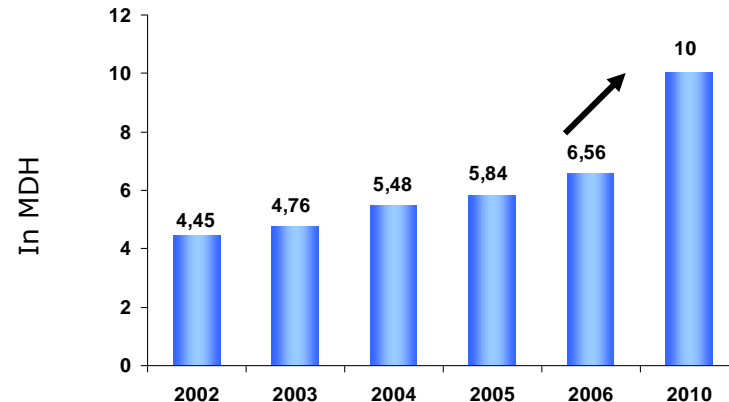
▶ **Total amount: 49 MMDH**

**State Contribution  
(2002-2010)**

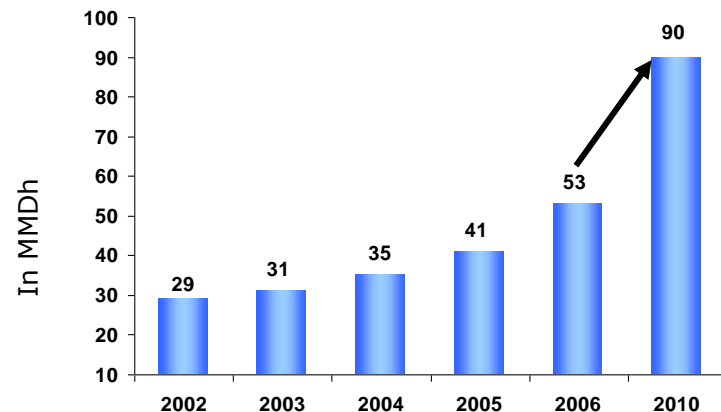
**Off- site  
1.961 MDH**

**Promotion  
3.500 MDH**

Evolution of tourist arrivals



Development of tourism revenues



### **III. SOME SUCCESSFUL EXPERIENCES**

#### **▶ CASANEARSHORE : partnership between the ministry of industry, trade, the Wilaya and Casablanca city and CDG**

- ▶ **Surface:** 53 ha;
- ▶ **Cost:** 1.700 MDH;
- ▶ **Jobs creation:** 30.000 (in 2014);
- ▶ **Contribution to GDP** : 15 MMDH;
- ▶ **Offer:**
  - Ensure Training courses in the 12 needed speciality to develop offshore in Morocco.
  - Pressure tax linked to the IR not exceeding 20% reimbursement by the State of the remainder;
  - Complete detaxation the first two years of employment,
  - IS at 0% during the first 5 years and 50% reduction beyond
  - One Service per zone;
  - Taking charge of the training of up to 50,000 Dh per employee on the first 3 years from the date of hire.



- ▶ First installment (December 2007 and June 2008):
- ▶ 57.000 m<sup>2</sup>, including 35.000 m<sup>2</sup> of offices;
  - ✓ 3.600 jobs including 1.600 new jobs.

**32 companies have signed lease contracts with CASANEARSHORE**

### ***III. SOME SUCCESSFUL EXPERIENCES***

#### **Delegated Management of public services**

##### **▶ Delegation of Service of distribution of Water, Electricity and Sanitation:**

- Casablanca: LYDEC (1997);
- Rabat –Sale: REDAL (1999);
- Tangier- Tetouan: AMENDIS (2002).

##### **▶ Establishing of sewage and solid sanitation programs:**

###### **Sewage:**

- Cost: 43 MMDH (over 20 years);
- Goal: reduce the pollution caused by sewage to at least 60% and reach a rate of connection to the global network by 80% in urban areas;
- State and Local contribution: 1.25 MMDH for the first phase (2006-2008), amounting to 4.8 MMDH contribution.

###### **Solid Sanitation:**

- Cost: 37 MMDH (over 15 years);
- Objective: To ensure the collection and cleaning of household waste in urban areas and achieve a collection rate of 90% instead of 70% at present;
- State and Local contribution 300 MDH / year during the first installment (5 years).

#### **Impact**

- ▶ Modernization of means of payment;
- ▶ Improving the rate of return on networks,
- ▶ Preservation of the environment,
- ▶ Widespread social connections

## ***IV. IMPROVEMENT AXES***

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- ▶ Deepening Public-Private Partnership in view of a regional planning;**
- ▶ Enhancement of management capacities of local collectivities for conducting the public-private partnership;**
- ▶ Adapting of the partnership promotion instruments: revision of the investment charter;**
- ▶ Establishment of a regular monitoring of partnership agreements: transparency, accountability and truth prices.**