

Kingdom of Morocco



PUBLIC-PRIVATE PARTNERSHIP

MORROCAN EXPERIENCE IN INFRASTRUCTURES FUNDING:

A changing system

MI Abdellatif BENNANI/ BUDGET DIRECTOR

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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

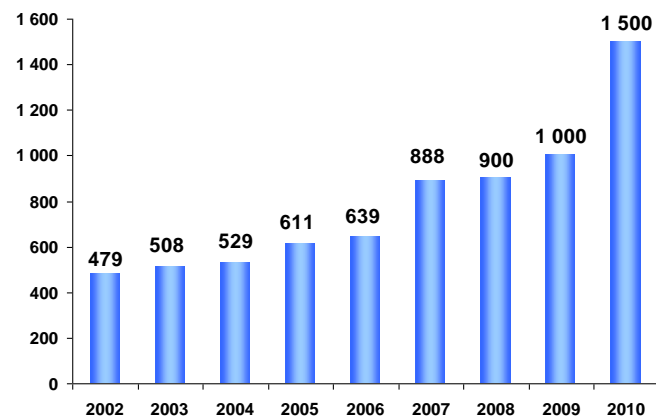
▶ Program-agreement State-ADM (Autoroutes Du Maroc) for the period 2004-2008

- ▶ **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.
-
- ➔ 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.

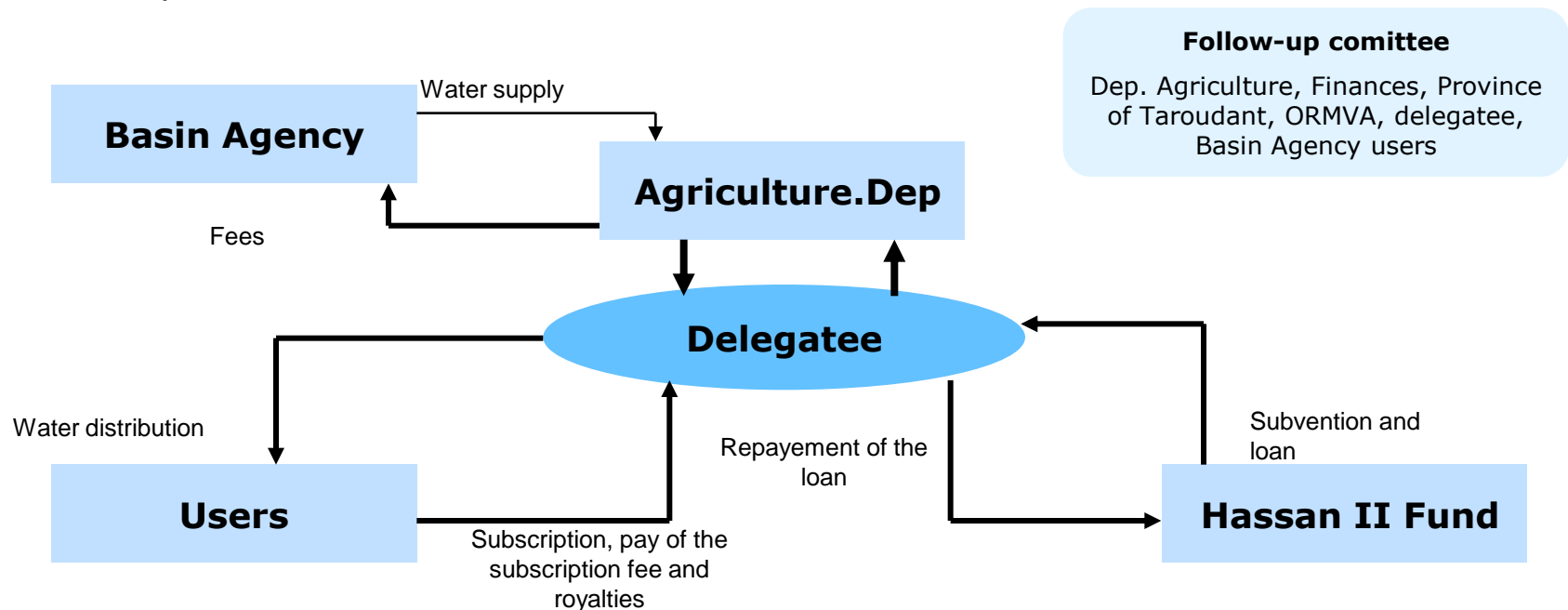
III. SOME SUCCESSFUL EXPERIENCES

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.

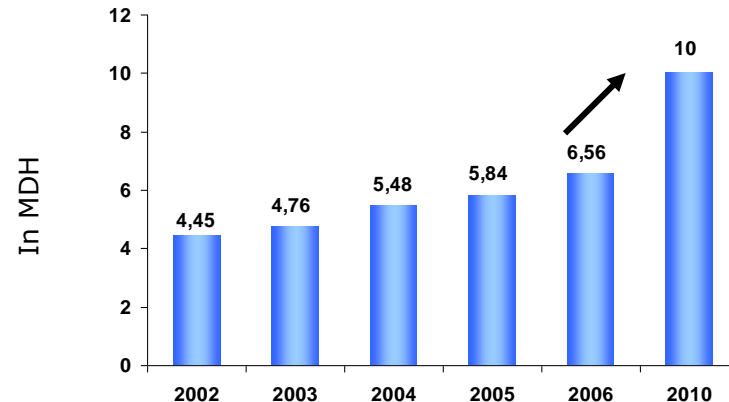
▶ **Total amount: 49 MMDH**

**State Contribution
(2002-2010)**

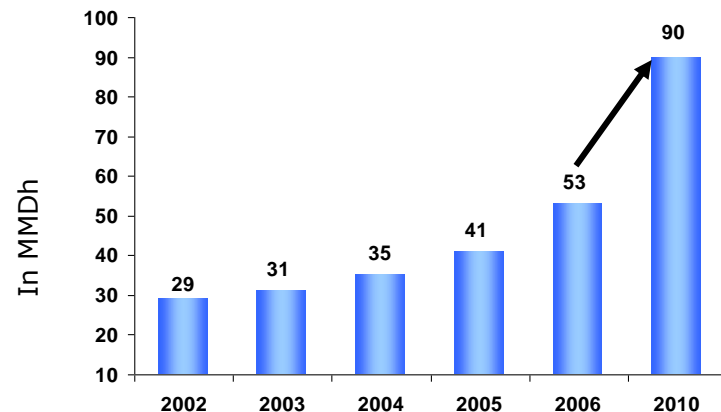
**Off- site
1.961 MDH**

**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 m², including 35.000 m² 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

- ▶ 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.**