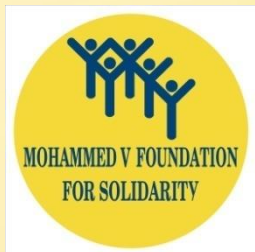




مركز محمد السادس لدعم القروض الصغرى التضامنية  
MOHAMMED VI SUPPORT CENTER FOR SOLIDARITY MICROFINANCE

# Elements of study and analysis on Microfinance in Morocco

Octobre 16, 2019





# History of Microfinance in Morocco



- Largely inspired by the Grameen Bank model, specialized microfinance associations were created. Civil society actors were on this path. For example, the Zakoura association was created in **1995**, Al Karama in **1996**, Al Amana and Fonddep in **1998**.
- Since **1998**, the UNDP (United Nations Development Program) MicroStart program has been involved in the development of these associations, providing them with technical and financial assistance.
- USAID was providing 16 million \$ in support to non-governmental organization (NGO), which benefited the Moroccan association Al Amana primarily.
- The **1999** Microfinance Act has required NGOs to isolate their microfinance activities in order to better control risk and ensure their financial viability.

# History of Microfinance in Morocco

- In year **2000**, the Moroccan State became aware of the impact of microfinance associations activities on the reduction of poverty, and decided, through the Hassan II Fund, to subsidize the sector with 100 million MAD (10 million €).
- During the “International Year of Microcredit”, Morocco was awarded by the United Nations Organization (UNO) on November 7, **2005**, which awarded the trophy of merit for its achievements.
- Sectoral watch is exercised by the Ministry of Finance and supervision is provided by Bank Al-Maghrib from **2007**.
- Bank Al-Maghrib expanded its sector supervision in **2015**.



# History of Microfinance in Morocco



- In **2012**, the history of Microfinance in Morocco has been an important turning point. After almost 20 years of existence, Microfinance has adopted its first national strategy which provides state support for the sector in order to serve **3.2 million beneficiaries by 2022**, with a target outstanding of **25 billion of moroccan dirhams (MAD)**.
- Given these objectives, major challenges must be met, notably through the establishment of good governance and regulatory oversight as well as the inclusion of responsible financing and a culture of product diversification.



# International Microfinance Symposium in Morocco – October 11 & 12, 2012





# Place of micro-credit in the social economy



Micro-credit occupies a privileged place in the social economy. It is a special activity because it is social, economic and financial.

■ It is **social** because it contributes to the economic integration of socially disadvantaged people and thanks to small loans can create or develop their own production activity or services. An appropriate accompaniment of the beneficiaries of the Micro-Credit can allow them to evolve favorably and to improve their material situation and that of their family.

■ It is **economical** because Micro-Crédit contributes to the promotion of employment and the improvement of the economic fabric. The small units created can develop and gradually fit into the organized sector of the national economy.

■ It is **financial** because it uses methods and procedures to manage loans and resources very rigorous with constant concern, the solvency of customers and the profitability of funds to manage.



## Place of micro-credit in the social economy



- Microcredit has brought Morocco a breath of fresh air for micro-entrepreneurs who have been able, thanks to this instrument, to increase their incomes and improve their economic and social situations.
- In a potentially important market, micro-credit is now one of the instruments for developing the social economy through a participatory and integrated approach that takes into account the needs of the population and the optimization of available financial resources.



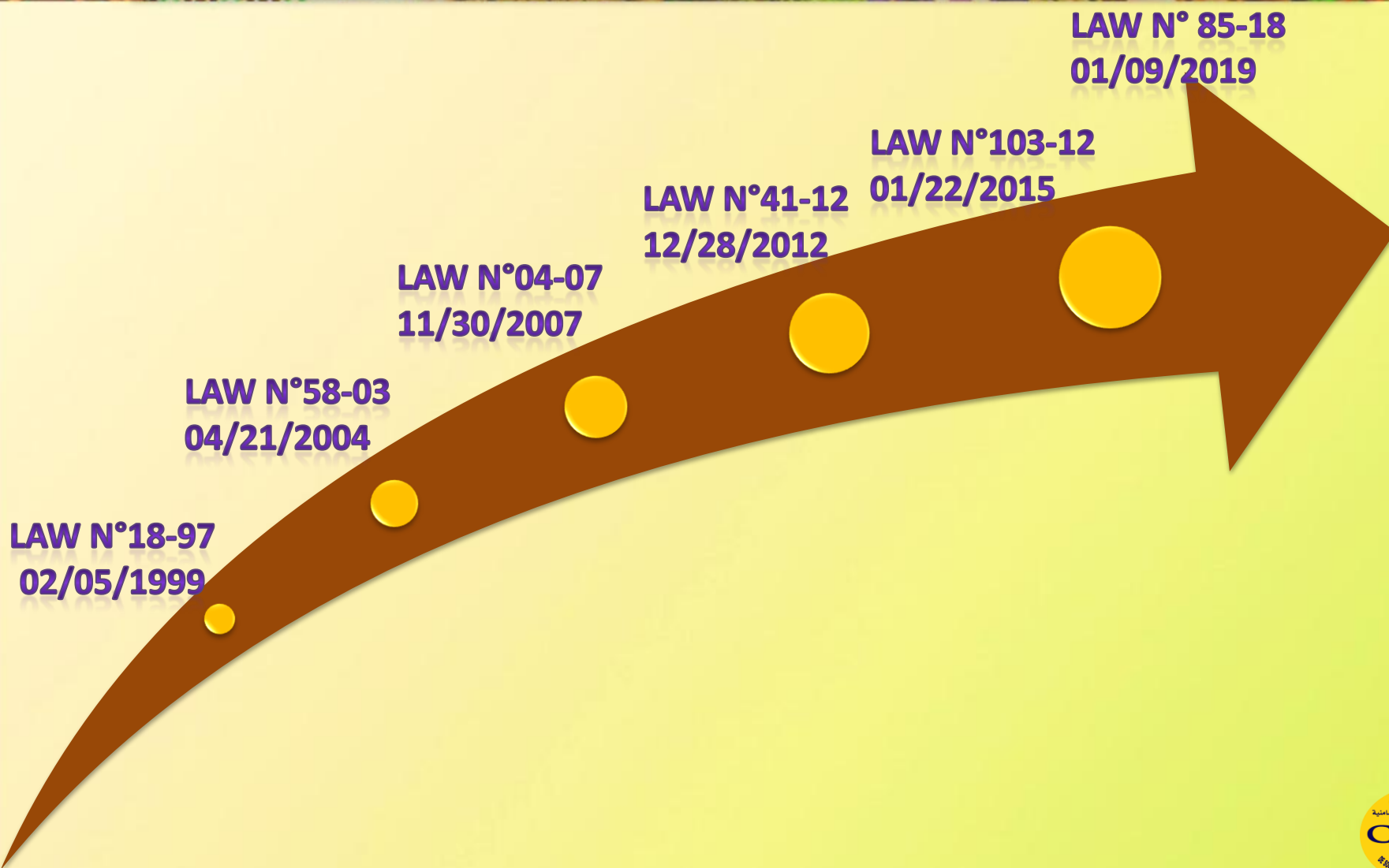
## Role of the loan officer (development officer)



- Micro-credit is not a charitable work, it is a professional financial activity at the service of disadvantaged populations.
- The loan officer is at the same time a social developer and a professional financial agent. It combines the human qualities of an activist motivated by desire and the will to participate effectively in the economic development of his neighborhood, his village or his region, and the rigor and professionalism of a financial agent who is always concerned about the proper use of funds to manage and the efficiency and profitability of his employment.
- The success of the micro-credit program depends largely on the quality of its agents and their good understanding of the social and financial mechanisms involved.



# THE ACTIVITY OF MICRO-CREDIT LEGAL FRAMEWORK



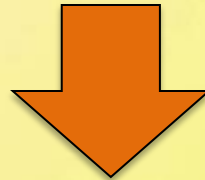
# THE ACTIVITY OF MICRO-CREDIT LEGAL FRAMEWORK

LAW N°41-12  
12/28/2012

# PRINCIPLES OF LAW N° 41-12 (2012)

The transformation of microcredit associations into finance companies should allow the integration of microfinance in the financial system, through:

- Access to capital and financial markets ;
- Strengthening supervision ;
- Strengthening the institutional framework, governance, accounting and prudential rules, control and customer protection.



The objective of Law 41-12 is to allow the exercise of microcredit activities, directly by a microcredit association, or indirectly through a public limited company approved by Bank Al Maghrib.

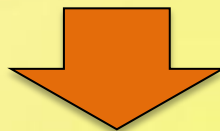
# THE ACTIVITY OF MICRO-CREDIT LEGAL FRAMEWORK

LAW N°103-12  
01/22/2015

# PRINCIPLES OF LAW N° 103-12 (2015)

**Broadening of Bank Al-Maghrib's supervisory scope to the micro-credit associations** with regard to:

- The granting and withdrawal of accreditation for the exercise of micro-credit associations activity by Bank Al-Maghrib ;
- Compliance with accounting and prudential rules;
- Macro prudential supervision;
- Customer relationship processing;
- The sanctions regime.



Bank Al-Maghrib is authorized to carry out on-site and document checks.



# THE ACTIVITY OF MICRO-CREDIT LEGAL FRAMEWORK

LAW N° 85-18  
01/09/2019

# PRINCIPLES OF LAW N° 85-18 (2019)

- The maximum amount of micro-credit has increased from 50,000 MAD to **150,000 MAD**.
- This ceiling however remains reserved for people:
  - entered in the Commercial Register, or
  - having the status of self-entrepreneur, or
  - subject to the business tax, or
  - entered in the Register of Cooperatives in the form of agricultural cooperative.
- For other customers, a maximum amount of **100,000 MAD** is allowed if the loan is intended to acquire, build, improve its housing, or have electrical facilities or drinking water supply.

# THE INSTITUTIONAL FRAMEWORK OF MICRO-CREDIT IN MOROCCO

## CCMC

### Micro-Credit Advisory Council

- Consulted on all issues related to the granting and development of micro-credit.
- Advises the Minister of Finance on the granting and withdrawal of accreditation, the maximum amount of micro-credit and the maximum interest rate to be applied by the associations of micro-credit.

## FNAM

### National Federation of Micro-credit Associations

- Legally represents the microfinance sector and works towards its development ;
- Establishes rules of ethics;
- Creates common services that promote microcredit.

## CMS

### Mohammed VI Support Center for Solidarity Microfinance

- Train the agents of microcredit associations and their beneficiary clients;
- Has set up an information and documentation system: The National Observatory for Microfinance;
- It offers its support for the marketing of microcredit beneficiaries' products.

# ACTORS IN THE MICROFINANCE SECTOR IN MOROCCO

Bank Al Maghrib

Mohammed VI Support Center  
for Solidarity Microfinance

Ministry of Finance

Supervisory  
authority

Support Structure

Support organization

الفدرالية الوطنية  
لجمعيات القروض الصغرى



Fédération Nationale  
des Associations de Microcrédit

Solidarity  
Microfinance  
Network

ARDI

ATTADAMOUNE

INMAA

ATIL

AMOS

ISMAILIA

FMCDN

TAWADA

AL  
AMANA

ATTAWFIQ

ARRAWAJ

AL KARAMA

BAB RIZQ JAMEEL

- JAIDA  
- BANKS



National  
donors


International  
donors

- USAID  
- KFW  
- CITI FOUNDATION



- AFD  
- GTZ

# STATE ACCOMPANIMENT STRATEGY



## Mobilization of financial resources:

- Establishment of a refinancing fund for micro-credit associations "JAIDA" created in 2007.
- Mobilization of financial resources in the context of bilateral and multilateral cooperation.



## Institutional strengthening:

- Establishment of a specific chart of accounts ;
- Expansion of Bank Al-Maghrib's supervision field ;
- Adhesion of micro-credit associations to the "Crédit Bureau".



## Tax incentives (exemptions):

- Donations granted by natural or legal persons to micro-credit associations are deductible from the taxable base for Corporate Tax or General Income Tax ;
- Equipment and materials for the operation of microcredit associations benefit from duty-free importation ;
- Credit operations carried out by micro-credit associations are exempt from value added tax (VAT).



## **SOCIAL MISSION OF MICROFINANCE**

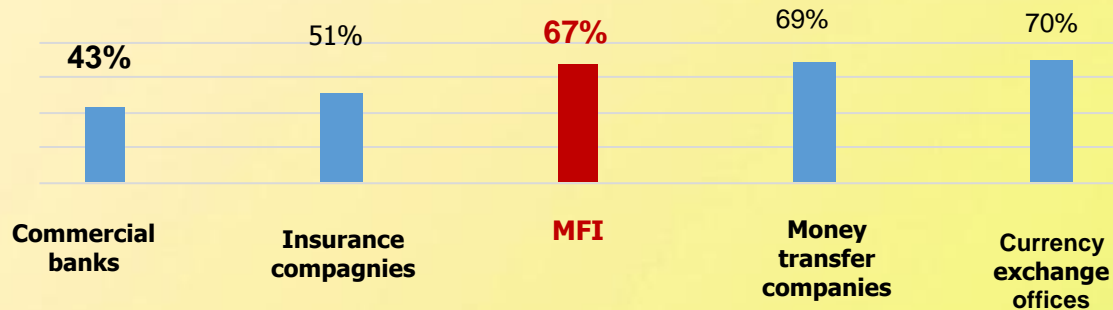
**Combining business creation, poverty alleviation and financial inclusion.**



**Being a key player in the fight against poverty by creating jobs and income-generating activities that are efficient, sustainable and integrated in the Kingdom's policies.**

# Customer satisfaction of Moroccan institutions

## Customer satisfaction rate of Moroccan financial institutions



Source: World Bank - 2013

## EVOLUTION OF ACTIVITY INDICATORS

Indicators	Déc. 2017	Déc. 2018	Evolution 2018/2017	August 2019	Evolution August 2019 /2018
Active customers	937,599	901,654	- 3.83 %	918,218	+1.83 %
Outstanding loans (in thousands of MAD)	6,743,552	6,810,238	+ 0.99 %	7,290,744	+ 7.05 %
30-Days Risk Portfolio Rate	3.12 %	3.11 %	- 0.01 pt	4.64%	+1.53 pt
Number of MFI staff	7,230	7,818	+ 8.13 %	7,938	+1.53 %
Number of agencies	1,651	1,678	+ 1.64 %	1,693	+ 0.89 %
Number of mobile agencies	140	131	- 6.43 %	132	+ 0.76 %

## SPECIFICITIES OF MICROCRÉDIT IN MOROCCO

- **Target Population :**
  - Economically weak people.
- **Purpose :**
  - Ensure their economic integration.
- **Financial aspect :**
  - Granting a "small" refundable amount.
- **Technical aspect :**
  - Training, project study, implementation support, monitoring & coaching.
- **Human aspect :**
  - Listening: information, advice, orientation.
  - Trust: allow poor people to realize their dreams and find the paths of dignity.

## SPECIAL FEATURES OF MICROCREDIT ACTORS IN MOROCCO

- The Moroccan actors of Microcredit are:
  - engaged in the **fight against poverty** ;
  - institutions working for financial inclusion ;
  - contributors to **job creation** ;
  - **a centerpiece** of the financial and socio-economic landscape ;
  - **key players** in the mechanism of financing the economic activities for a large section of the population.





## A KEY DEVELOPMENT SECTOR IN MOROCCO



- **More than 57 billion MAD of micro-credits** granted since its creation.
- About **7,940 direct jobs** currently in the Moroccan Micro-Credit Associations which are ranked among the first direct employers of the country.
- Two MFIs have been recognized in recent years as one of the top 15 employers in the country for their youth recruitment and integration programs.
- **More than one million indirect jobs** generated by the sector.
- **Four out of Moroccan MFIs rank among the top 30 in the world.**
- **Positive impacts on beneficiaries** according to several studies (CMS, MFI, Jaida, AFD, ...).

# POSITIONING THE MOROCCAN SECTOR OF MICROCREDIT IN THE WORLD


## Number of customers

Rank	Country	Clients number ( <i>in millions</i> ) in 2017	Percentage of customers compared to the global level	Evolution of the clients number between 2016 and 2017
1	India	50.9	36.6 %	+ 5.8 %
2	Bangladesh	25.6	18.4 %	+ 3.5 %
3	Vietnam	7.4	5.3 %	+ 2.8 %
4	Mexico	6.8	4.9 %	- 3.8 %
5	Philippines	5.8	4.2 %	+ 16.3 %
6	Pakistan	5.7	4.1 %	+ 25.9 %
7	Peru	5.1	3.7 %	+ 9.5 %
8	Brazil	3.5	2.5 %	+ 1.1 %
9	Colombia	2.8	2 %	- 0.7 %
10	Cambodia	2.4	1.7 %	- 4.7 %
	<b>Morocco</b>	<b>0.94</b>	<b>0.7 %</b>	<b>+ 1.6 %</b>
	<b>WORLD</b>	<b>139</b>	<b>100 %</b>	<b>+ 5.6 %</b>


# POSITIONING THE MOROCCAN MICROCREDIT SECTOR IN THE WORLD

## Loans outstanding

Rank	Country	Microcredits outstanding (\$ billion) in 2017	Percentage of the loans outstanding compared to the global level	Evolution of the outstanding between 2016 and 2017
1	India	17.1	15 %	+ 26.3 %
2	Peru	12.6	11 %	+ 17 %
3	Cambodia	8.1	7 %	+ 21.6 %
4	Vietnam	7.9	7 %	+ 18.9 %
5	Bangladesh	7.8	7 %	+ 17 %
6	Colombia	6.3	6 %	+ 5.6 %
7	Mexico	4.4	4 %	+ 5.5 %
8	Brazil	2.6	2 %	+ 2.7 %
9	Pakistan	1.8	2 %	+ 39.6 %
10	Philippines	1.3	1 %	+ 17.5 %
	<b>Morocco</b>	<b>0.7</b>	<b>1 %</b>	<b>+ 4.26 %</b>
	<b>WORLD</b>	<b>114</b>	<b>100%</b>	<b>+15.6 %</b>



# PRESENTATION OF THE MOHAMMED VI SUPPORT CENTER FOR SOLIDARITY MICROFINANCE



- Upon the launch of the 10th National Solidarity Campaign, his Majesty King Mohammed VI, may God assist Him, inaugurated on **November 8, 2007** the Mohammed VI Support Center for Solidarity Microfinance (CMS).
- The CMS shows the importance that Mohammed V Foundation gives to solidarity with people in precarious situations, with a view to integrating them into the socio-economic fabric, thereby fulfilling the Foundation's mission which places sustainable development at the heart of its strategy.
- The CMS, created in consultation with the major microfinance stakeholders in Morocco, strives to support the efforts made by the Microcredit Associations (MFI), promoting their activities through three main areas of intervention: training MFIs' staff and beneficiaries of their products and services, promoting micro-enterprises and supporting the commercialization of their products and services, as well as the National Microfinance Observatory.

# **CMS INFRASTRUCTURE**

- ✓ **15 training rooms**
- ✓ **1 multimedia room**
- ✓ **1 exposition room**
- ✓ **1 amphitheater (120 places)**
- ✓ **1 conference room**
- ✓ **1 library**
- ✓ **1 Board room**
- ✓ **1 restaurant.**



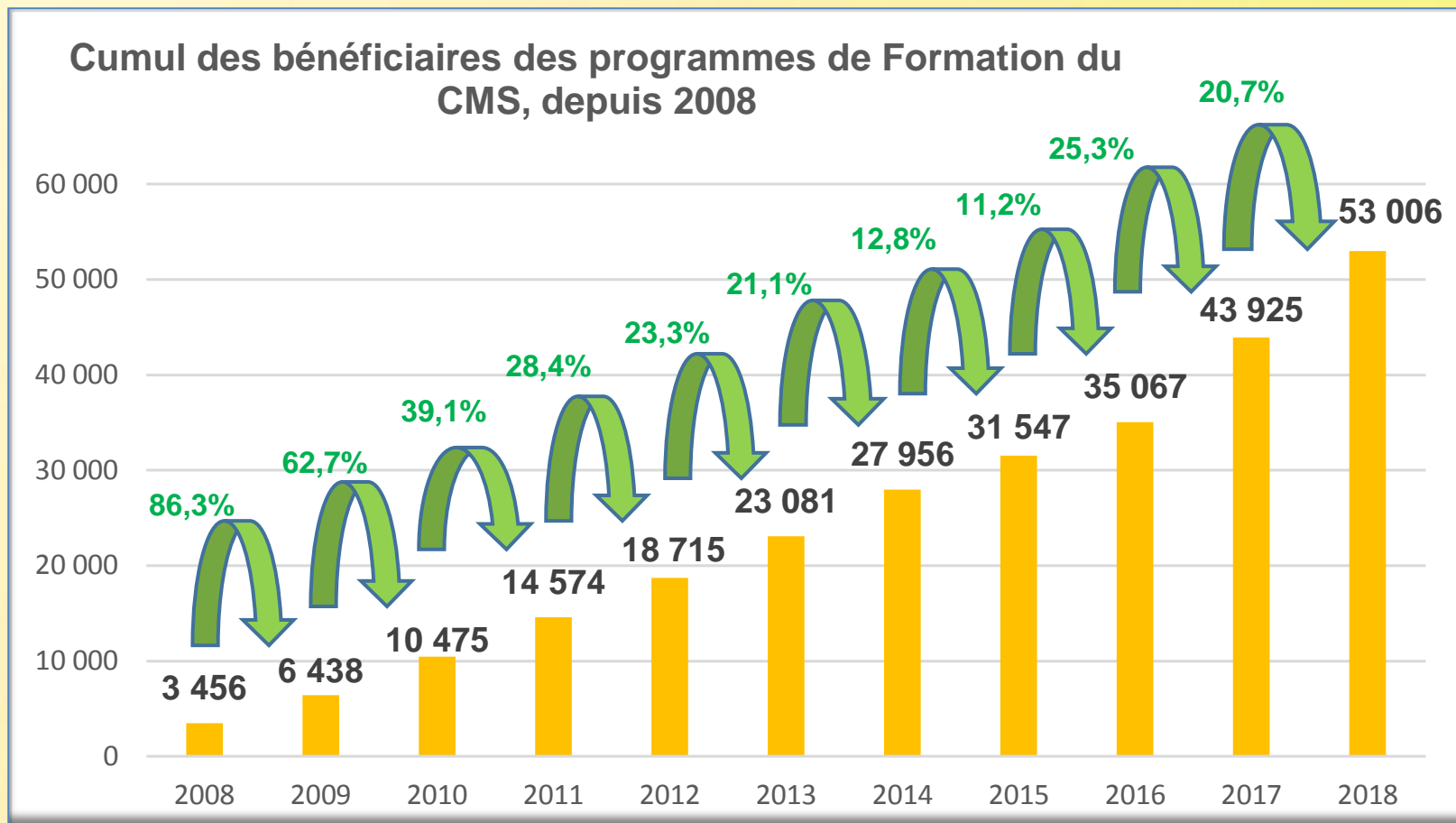


## CMS PARTNERSHIPS



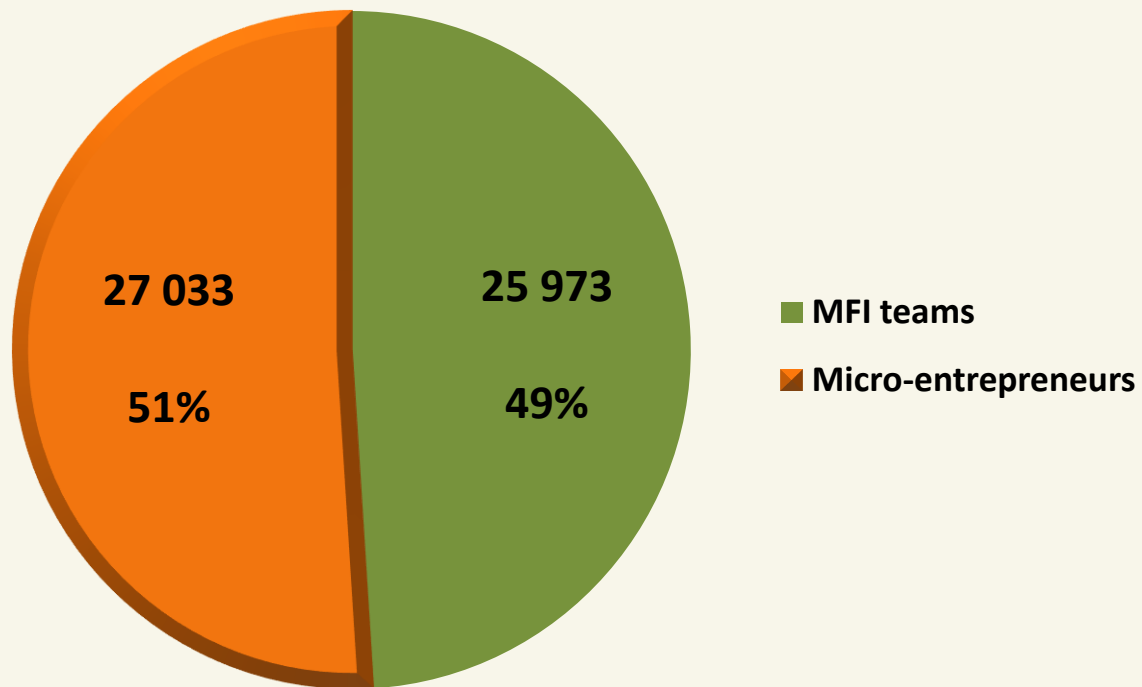
- ✓ **National** : Mohammed V Foundation for Solidarity, FNAM, MFIs, Banque Populaire, Crédit Agricole du Maroc Bank, OFPPT (Office of Professional Training and Labor Promotion), Caisse de Dépôt et de Gestion (Deposit and Management Office), Jaida, Ministry of Economy and Finance, Bank Al-Maghrib (Central bank), ...
- ✓ **International** : SPTF, Smart Campaign, GIZ, OIT (International Labor Organization), ADA Luxembourg, Frankfurt School, ILO (International Labour Office), APEFE (Association for the Promotion of Education and Training Abroad), Citibank, CFPB (The Higher School of Banking - France),...

# Cumulative beneficiaries of CMS training programs at the end of 2018



# Beneficiaries of CMS Trainings

Distribution of beneficiaries of CMS trainings  
at the end of 2018



## Micro-Entrepreneur regional and national meetings

YEAR	CITIES	Number
2008	Meknes	8
2009	Casablanca / Meknes	250
2010	Fes / Marrakech / Meknes	193
2011	Casablanca / El Jadida / Figuig / Meknes	555
2012	Beni Mellal / Tiznit / Tetouan / Meknes	1,008
2013	Errachidia / Casablanca / Agadir / Oujda / Meknes	1,024
2014	Casablanca / Tanger / Nador / El Hajeb / Meknes / Mohammedia	1,291
2015	Berrechid / Safi / Meknes / Tiznit / Chefchaouen / Casablanca / Oujda	1,590
2016	Meknes/ Ouezzane / Marrakech / Casablanca / Rabat / Mohammédia	585
2017	Rabat / Meknes / Casablanca / M'diq	826
2018	Meknes / Casablanca / Larache / Agadir / Rabat	914
TOTAL		8,244

# National Award of the Micro-Entrepreneur

- Organized annually by the CMS, in partnership with FNAM, the **National Award of the Micro-Entrepreneur** is a forum for encouraging micro-entrepreneurs who have distinguished themselves in many fields of action, while improving their living conditions and / or those of their families, through the creation of a high-added-value activity, the formalization of their activities, or their ability to reintegrate into their socio-economic environment.
- During **the sixth edition** of the National Award of the Micro-Entrepreneur, organized on **October 18, 2018** at the CMS, a large event honored **32** laureates (including 20 women), selected from 186 candidates.
- From 2012 to 2018, **164** micro-entrepreneurs received a trophy at the National Award of the Micro-Entrepreneur ceremony, 60% of whom were women.



# National Award of the Micro-Entrepreneur 6th edition









# THANK YOU FOR YOUR ATTENTION



مركز محمد السادس لدعم القروض الصغرى التضامنية  
MOHAMMED VI SUPPORT CENTER FOR SOLIDARITY MICROFINANCE

