



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

ACTIVITIES REPORT 2020





Upon the 10th National Solidarity Campaign launch, 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, aiming at integrating them into the socio-economic environment, thereby fulfilling the Foundation 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 Micro Finance Institutions (MFIs), promoting their activities through three main areas: training MFIs staff and beneficiaries on their products and services, promoting micro-enterprises and supporting the commercialization of their products and services, as well as the National Microfinance Observatory.

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Preamble

Over the years, microfinance has demonstrated its impact on poverty reduction and the economic and social inclusion of poor populations. It has also gone through some crises, notably the one related to the coronavirus pandemic in 2020.

With the expansion of Covid-19 around the world, the challenge for microfinance in different parts of the world in 2020 has been immense.

This is because, in the first half of the said year, the Micro-Finance Institutions (MFIs) experienced a clear slowdown, or even an impossibility to carry out their core activities: release of loans, their repayment and meet with clients.

The Portfolio At Risk (PAR) had an upward trend, albeit in different ways in different parts of the world, as a result of loan repayment challenges, which may be due to external constraints, mobility or health measures imposed by the states' authorities, or to difficulties encountered by the clients themselves, for whom the activity cannot always restart or is slowed down by the crisis context.

During the summer of 2020, there was a gradual recovery of MFI activity, with most of the operational difficulties encountered at the onset of the Covid-19 crisis fading away. At the same time, the major constraint that remained was the difficulty in collecting loan repayments, which implied an increase in PAR. Added to this was the deteriorating epidemiological situation in the world in the fall of 2020. The epidemic containment measures, then taken according to national contexts, again had an impact on the activities of MFIs and their clients. The rise in PAR continued into the end of the year and a return to normal was not yet on the agenda.

The Moroccan microfinance sector, like other sectors of economic activity in the Kingdom, suffered the harmful effects of the health and socio-economic crisis of 2020, due to the spread of the global Covid-19 pandemic.

At the end of 2020, national microfinance served 868,070 active clients (905,456 at the end of 2019, i.e. -4.12%). These clients are mostly individual borrowers, i.e. 625,145 (72% of the total), ahead of solidarity borrowers (236,844 or 27.3%) and VSBs (6,081 or 0.7%). Women represent 48% of the total sectoral active clients, and the rural world 33%. The sector granted an amount of loans of MAD 6.01 billion, against MAD 7.04 billion in 2019, i.e. -14.6%.

The outstanding loans amounted to MAD 8.02 billion, against MAD 7.39 billion a year earlier, i.e. an additional outstanding amount of about MAD 630 million, or an increase of 8.5%. Individual loans account for 77.5% of the total outstanding amount of the sector (solidarity loans, 19.2%) and the urban world accounts for 66% of the total. MCAs staff numbers were up 1.8% to 8,014, from 7,873 in 2019. The sector's network staff was 7,087, down from 7,089, or -0.03%, while the headquarters staff stood at 804, up from 784, or +2.55%.

The amount of the portfolio at risk over 30 days (PAR>30d) amounted to MAD 642.94 million, against about MAD 231.73 million in 2019, i.e. +177.4%. The PAR>30d rate stood at 8.01%, against 3.13% at the end of 2019, thus marking an increase of 4.88 points.

The number of branches stands at 1,688 (of which 979 are located in urban areas), against 1,691 at the end of 2019. As for mobile branches, they amount to 121 (of which 94 are in rural areas), against 129 in 2019, i.e. -6.2%.

In the critical context linked to the development of Covid-19 in Morocco, the Mohammed VI Support Center for Solidarity Microfinance (CMS) undertook, a number of actions within its areas of intervention and aimed at supporting, promoting and developing Microfinance in our country.

As such, the CMS devoted the year 2020 to the following key areas:

- Consolidation of the operational and managerial skills of human resources in the national Microfinance sector, particularly remotely;
- Accompaniment and support of micro-entrepreneurs through specialized training, provided mainly remotely;
- Development of the Microfinance Observatory's sector-wide projects initiated before 2020 and implementation of new projects dictated by the Covid-19 context;
- Pursued efforts in communication actions to develop the reputation and national and international outreach of the CMS.



**Highlights
of the Microfinance
Sector in 2020**

International :

Due to the global Coronavirus pandemic, the Microfinance industry held a limited number of webinars and no face-to-face scientific events.

Publications :

- **March** : "How does the Coronavirus affect the Microfinance sector" by the "Grameen Crédit Agricole" Foundation;

- **July** :

- "Barometer 2020 of Social Entrepreneurship" by "Convergences", a French platform for reflection, advocacy and mobilization;

- "The Covid-19 crisis: Varied impacts depending on the size of the Microfinance institutions" by ADA, Inpulse and the "Grameen Crédit Agricole" Foundation;

- **December** :

- "2020 Barometer of Sustainable Solutions" by the French platform "Convergences";

- "Appraisal of MicroInsurance 2020": A study by the MicroInsurance Network that provides information on the microinsurance markets in three regions: Africa, Asia, and Latin America and the Caribbean.

National :

• January 27: HM King Mohammed VI chaired a ceremony at the Royal Palace in Rabat to present the "Integrated Support and Financing Program for Enterprises" and to sign related MoUs;

• April 6: Distribution by the MCAs (Moroccan Micro-Credit Associations) of direct financial aid to poor households; aid provided by the Special Fund for the management of the Coronavirus pandemic;

• April 27: Celebration of the "Arab Financial Inclusion Day ", around the theme: "Towards a societal financial education promoting financial inclusion";

اليوم العربي
للشمول المالي
ARAB FINANCIAL INCLUSION DAY
27 April / ٢٧ نيسان



- April: Acceleration of the postponement of loan repayments for clients who request it, in a context of the Covid-19 crisis and the confinement of the Moroccan population;
- June 15: Ratification by the World Bank of a US\$ 500 million loan to Morocco to support its financial and digital inclusion reforms;
- June 28: Approval of a EUR 10 million loan to the JAÏDA fund by the EIB (European Investment Bank) to improve access to finance for micro-enterprises, through increased support for MCAs;
- November 11: Launch by Quantik Credit Bureau Maroc of the Q-Score MFI, a scoring tool adapted to Microfinance in Morocco, allowing a 360° vision of the future solvency of a client;
- November 12: Signature of a Framework Agreement between the Ministry of Economy, Finance and Administration Reform (MEFRA) and the CCG (Central Guarantee Fund) for the establishment of a guarantee fund for the benefit of MCAs in order to cover the restructured and additional credits granted in the framework of the response to the Covid-19 crisis.

In terms of Publications :

- July: "Semi-annual monitoring report on the economic situation in Morocco" by the World Bank;
- October: Report "Mobile money & financial inclusion: The Moroccan Case" of the 1st cycle of Conferences called "Digital act", sponsored by the telecom operator INWI and the Digital Development Agency.

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Skills Development Support

Following the Covid-19 crisis, all the major orientations initially planned for the year 2020 concerning the strengthening of skills and competences have been reconsidered.

Thus, following the example of the actors of the inclusive economy in Morocco and in the world, the CMS has set up an emergency plan to support the MCAs, their clients and their staff.

THE MAIN LINES OF THE COVID-19 CRISIS PLAN :

- CLIENT SURVEY AND STRATEGIC DIAGNOSIS OF MCAs ON THE IMPACT OF COVID-19 :

Thanks to funding from the Social Performance Task Force (SPTF) and the availability of the Validata survey platform, the CMS was able to conduct two very interesting studies, in this time of crisis, to assess the impact of Covid-19 on Moroccan Microcredit Associations, their staff and their clients. The two studies are listed below:

- Impact study of Covid-19 on the sector's customers;
- Strategic diagnosis for the pandemic impact study on MCAs and their staff.

- IMPLEMENTATION OF THE EMERGENCY ACTION PLAN FOR THE 3RD AND 4TH QUARTERS OF 2020 & DEVELOPMENT OF THE 2021 TRAINING PLAN :

The entire training program has been reviewed and adapted to the critical situation the world was facing in 2020. In fact, there have been :

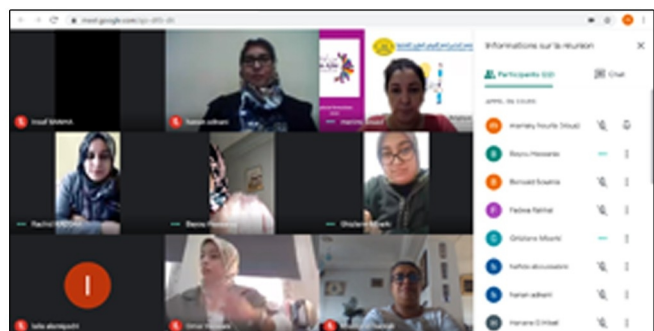
- Readjustment of the training plan in the second half of 2020 and preparation of the 2021 training plan;
- Implementation of new training channels, namely distance learning.

TRAINING ACTIONS CARRIED OUT IN 2020 :

- CMS / APEFE / MIN AJLIKI SKILLS DEVELOPMENT :

In partnership with APEFE, within the framework of the "Min Ajliki" program, the CMS provided training to women micro-entrepreneurs and staff of the Solidarity Microfinance Network on the following topics:

- Digitization;
- Personal development;
- The financial aspect of an Income Generating Activity;
- Communication and Commercial Negotiation;
- Project management in crisis situations.



- TRAINING OF CDG FOUNDATION AWARD WINNERS :

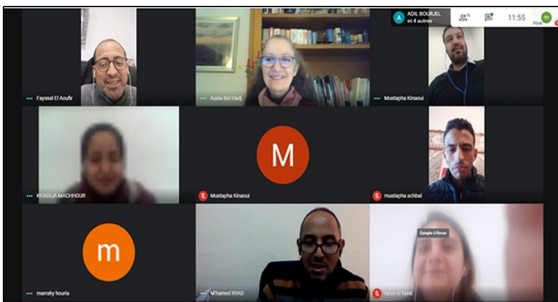
Prior to the CDG Foundation Award Ceremony on December 15, 2020, the CMS put in place a training program aimed at enabling the sharpening of the 163 awardees' skills on topics such as:

- Personal development and financial performance;
- Digitization;
- Budgeting;
- Savings;
- Sales and marketing techniques.

SPECIFIC INTER MCA TRAINING PLAN SEPTEMBER-DECEMBER 2020 :

In addition to the collaboration with the above-mentioned partners, the CMS has set up an emergency and remote action plan. As part of this plan, the "Microsoft Teams" and "Zoom Meeting" tools were installed.

As a result, the CMS was able to exceed its "Training Days" initially set targets.



The population targeted by these actions included :

- Top and middle management of MCAs;
- CMS staff;
- MCA back and front office staff;
- Micro-entrepreneurs benefiting from microcredit, all activities and types included.

These actions covered topics such as :

- Crisis management in the context of Covid-19;
- Tools for studying the impact of the crisis on MCA clients;
- Cyber security for inclusive finance;
- Respectful treatment of clients in the context of Covid-19;
- Marketing;
- Strategic Marketing;
- Digitization;
- Internal Control;
- Debt recovery Techniques & Management of unpaid debts;
- Risk Management;
- Universal Standards for Social Performance;
- Financial Education (Budgeting, Savings, Debt Management, Financial Negotiation).

QUANTIFIED ACHIEVEMENTS OF THE 2020 TRAINING PLAN :

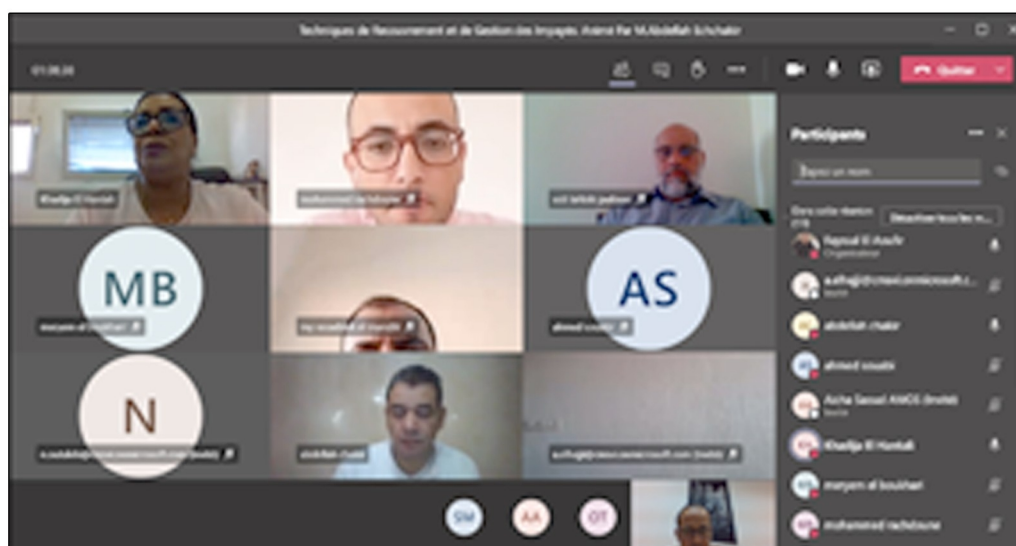
As mentioned earlier, the CMS training programs were carried out largely remotely and involved all categories of staff of the Moroccan Microcredit Associations, as well as micro-entrepreneurs.

Thus, a total of 9,135 people were trained in 2020. The following table details the number of beneficiaries of the CMS training programs, whether they are MCA agents or Micro-Entrepreneurs (ME).

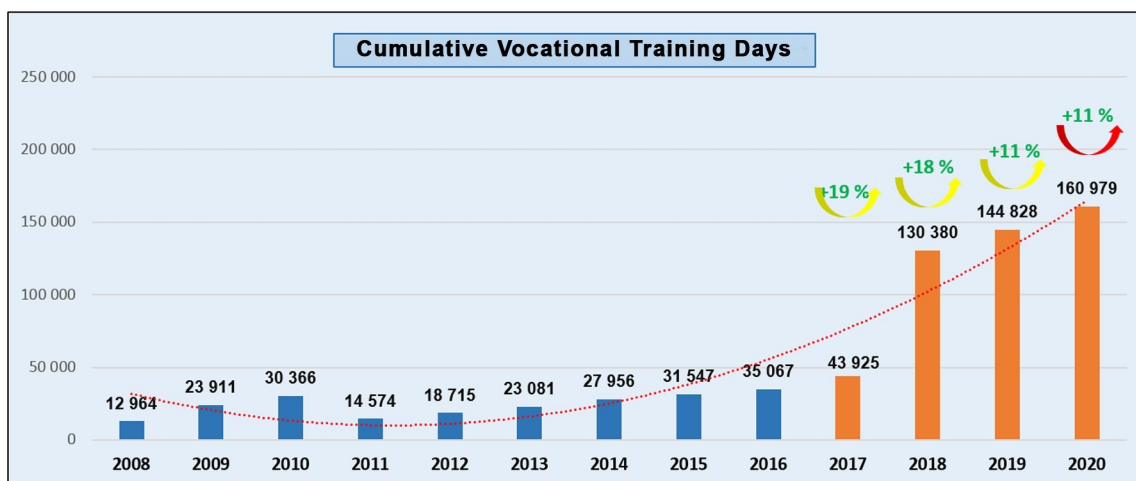
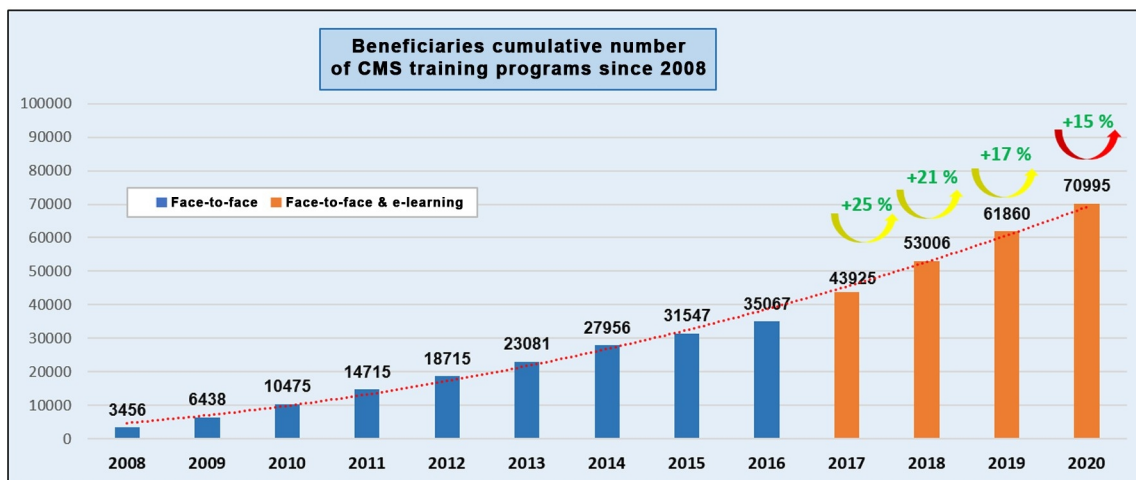
Designation	Number of training days	Number of participants	PTD(*)
Certifying training	64	2	128
Specific & planned trainings MCAs Agents	213	3.671	4.455
Training of Micro-Entrepreneurs (ME)	98	1.579	3.110
Training engineering	210	1.909	1.050
Logistical Support	65	1.044	2.134
E-learning training of MCAs Agents	5.162	902	5.162
E-learning training of ME	4	28	112
TOTAL	5.816	9.135	16.151

(*) PTD: Professional Training Days

In addition, the total number of beneficiaries of the CMS face-to-face, e-learning and logistical support training activities reached a total of 70,995 beneficiaries at the end of 2020, corresponding to a total of 160,979 days of equivalent professional training.



The following two graphs show the evolution of the cumulative number of beneficiaries of CMS training actions and their equivalence in vocational training days over the period 2008-2020:



In conclusion, it is important to underline that, despite the crisis caused by the Covid-19 pandemic, the CMS was able to keep its commitments for the year 2020 by adapting its tools and its way of doing things.

The crisis enabled the CMS to be innovative and to seek other channels of knowledge transmission and skills transfer in order to fully fulfill its mission as a support organization for the microfinance sector in Morocco.

The background is a light yellow color with several thick, dark yellow lines crossing each other at various angles, creating a geometric pattern of overlapping triangles and quadrilaterals.

Commercial Development and Promotion of Micro-Enterprise

Due to the Covid-19 pandemic and sanitary measures, all the events have been cancelled – namely the Regional Meetings of Micro-Entrepreneur (RRME) of the CMS, the 36th edition of the Ramadan Trade Fair in Casablanca, the 9th edition of the National Exhibition of Social and Solidarity Economy (ECOSS) in Beni-Mellal and the 15th edition of the International Exhibition of Agriculture in Morocco (SIAM) in Meknes.

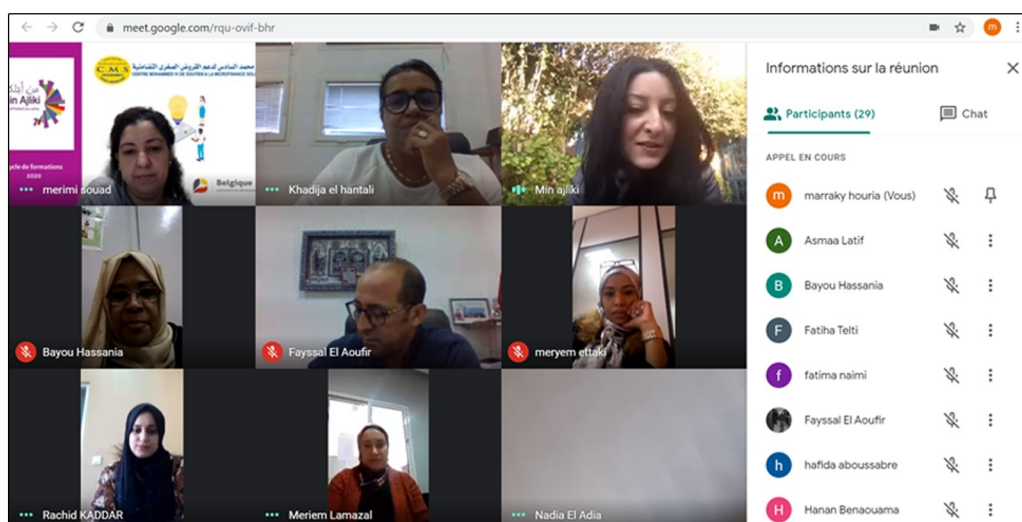
As a result, the support actions to micro-entrepreneurs by the CMS, continued in 2020, have mainly concerned the accompaniment through the following programs:

- APEFE's "Min Ajliki" program;
- Program by the Ministry of Tourism, Handicraft, Air Transport and Social Economy to support its partners;
- Program of the Mohammed V Foundation for Solidarity, the CMS and the Casablanca-Settat Region for the promotion of economic micro-activities through micro-credit;
- National program of the CDG Foundation, the CMS, the FNAM and the JAÏDA Fund to support Income-Generating Activities (IGA).

"MIN AJLIKI" PROGRAM :

Resulting from a partnership with the Association for the Promotion of Education and Training Abroad (APEFE Wallonia-Brussels), the "Min Ajliki" program aims to promote female entrepreneurship.

A support plan for 62 women micro-entrepreneurs whose activities were impacted by the health crisis was set up in 2020, within the framework of this program. Through individual interviews, it allowed for a relatively detailed diagnosis of the activities and to identify the problems encountered by the people interviewed. The women beneficiaries were accompanied by the CMS and the various program partners.



SUPPORT PROGRAM FOR THE PARTNERS OF THE MINISTRY OF TOURISM, HANDICRAFT, AIR TRANSPORT AND SOCIAL ECONOMY :

Within the framework of its action plan aiming at mitigating the economic and social repercussions of the Covid-19 pandemic, the Ministry of Tourism, Handicraft, Air Transport and Social Economy has launched the 1st edition of the Call for Proposals "MOAZARA" for the contribution to the financing of development projects, for the year 2020, for the benefit of foundations, associations and networks of development associations, working in the sector of Social and Solidarity-based Economy.

The CMS responded to this call for projects by submitting the following 3 projects :

- Digital platform for information and distance learning, for capacity building and qualification of professionals working in the field of Social and Solidarity Economy;
- Economic and financial feasibility study of the Mohammed VI Support Center for Solidarity Microfinance (CMS) project for the economic empowerment of rural women;
- Accompanying micro-entrepreneurs through digital marketing (e-Commerce dedicated to the marketing of products and services, of the various components of the Social and Solidarity Economy).

At the end of December 2020, the said ministry selected the CMS to conduct the following training modules for the benefit of 60 women in the cities of Fez and El Jadida :

- In Fez: training on digitalization, marketing, strategic marketing, marketing of handicrafts internationally and quality certification;
- In El Jadida: training in Financial Education, digitalization, strategic marketing, marketing, marketing of handicraft products internationally, and certification of the ONSSA (National Food Safety Office).

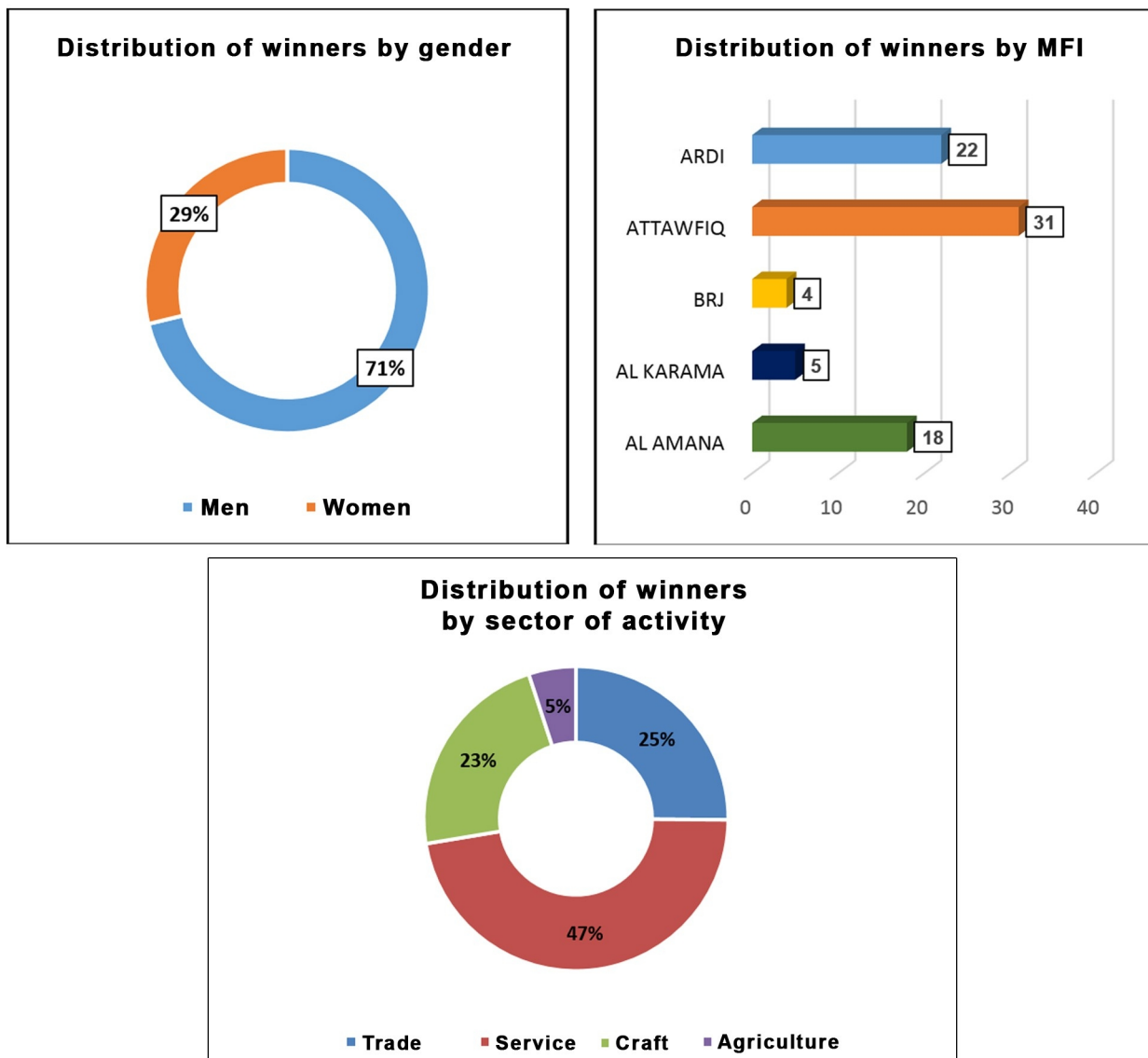
PROGRAM FOR THE PROMOTION OF ECONOMIC MICRO-ACTIVITIES THROUGH MICRO-CREDIT :

The Mohammed V Foundation for Solidarity and the Region of Casablanca-Settat, in partnership with the Mohammed VI Support Center for Solidarity Microfinance (CMS), have launched a support program for micro-project holders (IGA projects) in the Casablanca-Settat region.

The objective of the program is to provide the necessary support and assistance to the target population through the creation and development of stable, job-creating and income-generating economic activities (so-called "IGAs").

This support comes as part of the fight against precariousness, promoting the economic and financial inclusion of beneficiaries and, consequently, their integration into the socio-economic fabric.

After a selection based on eligibility criteria set within the framework of this program, 80 micro-entrepreneurs, who are clients of the Microfinance sector in Morocco, were selected and benefited from an equipment grant totaling 1.9 million dirhams.



NATIONAL PROGRAM TO SUPPORT INCOME-GENERATING ACTIVITIES

The CMS took part in the 6th edition of the IGA Support Program by supporting the creation of the Young Micro-enterprise, a program set up in partnership with the CDG Foundation, the Jaïda Fund and the FNAM (National Federation of Microcredit Associations).

This program aims to promote the economic autonomy of the most disadvantaged young people and to facilitate their integration into the economic and social fabric of the country by contributing to the financing of their micro-projects.

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Microfinance Observatory

During the year 2020, which was characterized by the spread of the Coronavirus pandemic and its health and socio-economic repercussions, the CMS Microfinance Observatory carried out several sector-wide projects. These are mainly the following projects:

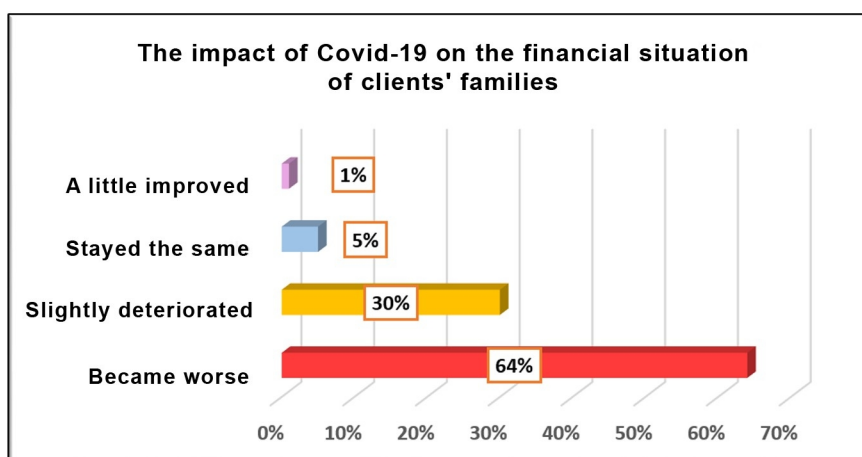
SECTOR REPORT AND REPORT BY MCA ON THE SURVEY OF COVID-19 IMPACTS ON MICROFINANCE CLIENTS IN MOROCCO :

The CMS, in partnership with the Social Performance Task Force (SPTF) and with the support of the MCAs, conducted a survey on the impact of Covid-19 on Microfinance clients in Morocco, from June 11 to 25, 2020.

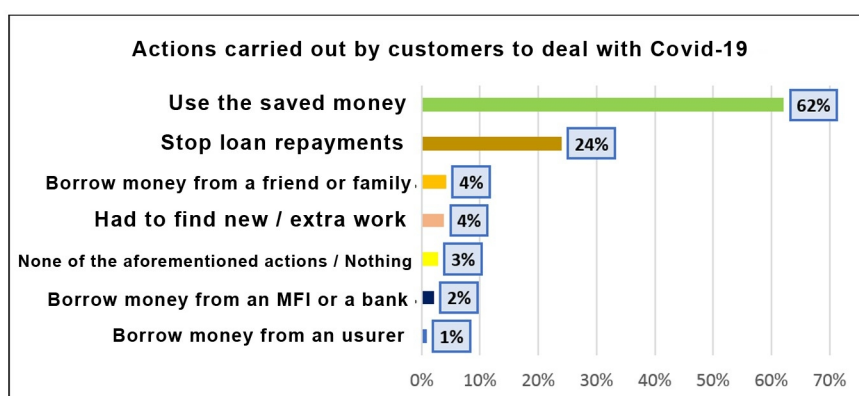
Interesting results were obtained, which were the subject of a sectoral report and a report by MCA.

Thus, for the observed population of the area :

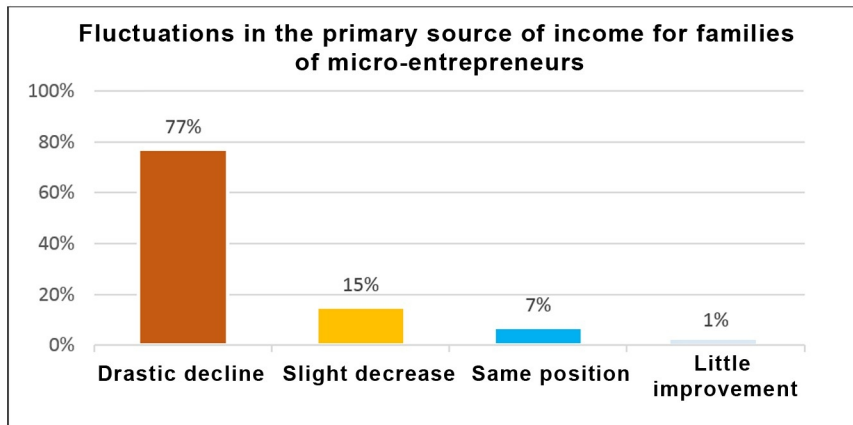
- The financial situation of micro-entrepreneurs' families has deteriorated for 94% of the respondents, following the Coronavirus:



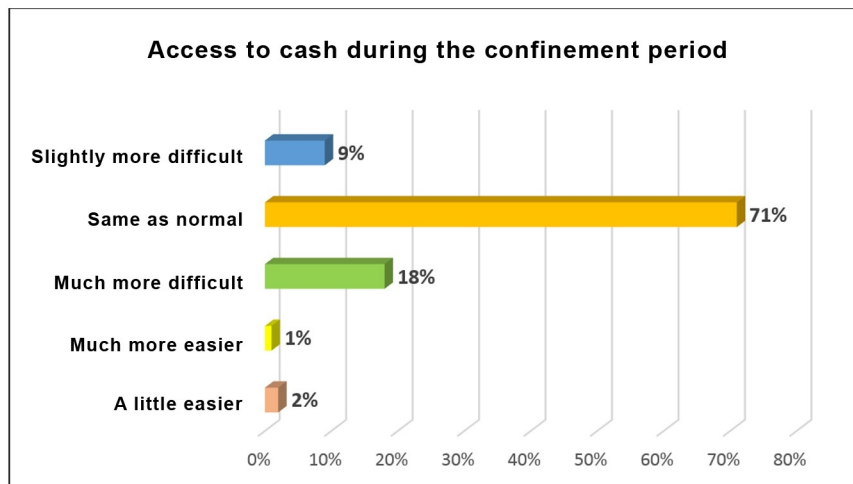
- To cope with the pandemic, micro-entrepreneurs have primarily resorted to using their savings (62%) or stopping repayment of loans (24%).



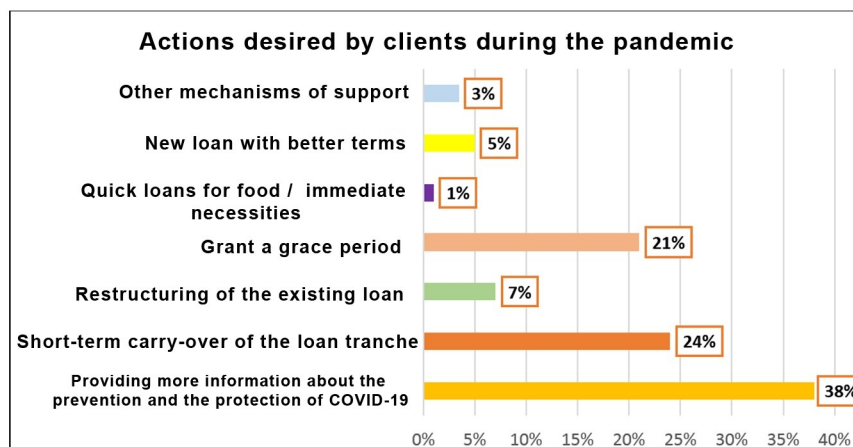
- The most important source of income of the respondents decreased drastically for 77% of them, decreased slightly for 15%, remained the same for 7% and improved slightly for 1%:



- On the question of access to cash during the pandemic, the majority (71%) of respondents said that access remained the same as in normal times, while 27% said they had experienced difficulties in accessing cash:



- Regarding the expectations of micro-entrepreneurs who are clients of MCAs during the pandemic, providing more information on prevention and protection against Covid-19 comes first (38% of respondents), followed by the short-term deferral of the loan tranche (24%), a grace period (21%), the restructuring of the existing loan (7%) and the wish for a new short-term bridging loan (5%).



Based on the conclusions drawn from the survey, recommendations were suggested and an action plan was developed by the CMS for the accompaniment of micro-entrepreneurs, during the 4th quarter of 2020 and the year 2021.

SECTORAL AND MCA REPORT OF THE COVID-19 IMPACT SURVEY ON MCA STAFF :

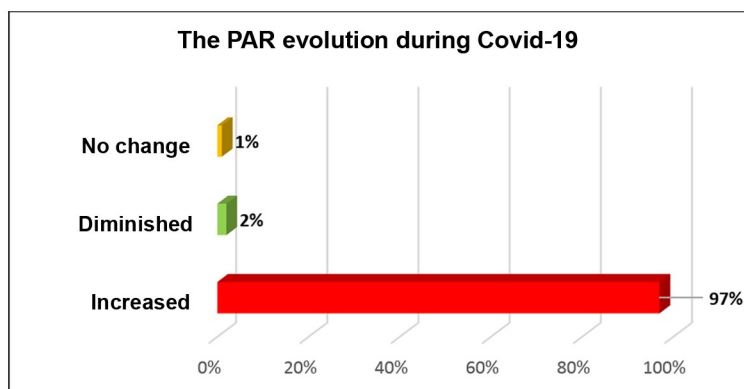
The survey of Covid-19 impacts on MCA staff took place from 3 to 12 August 2020 and covered all regions of Morocco. It was conducted remotely by the CMS, in partnership with the Social Performance Task Force (SPTF) and the MCAs. The target population was the top management, middle management (back-office) and front-office (field staff) of the MCAs.

The survey questionnaire was developed by the CMS expertise, validated by the SPTF and made available online by the Validata software group.

A sector report and a report by MCA including the methodology and results of the survey were prepared.

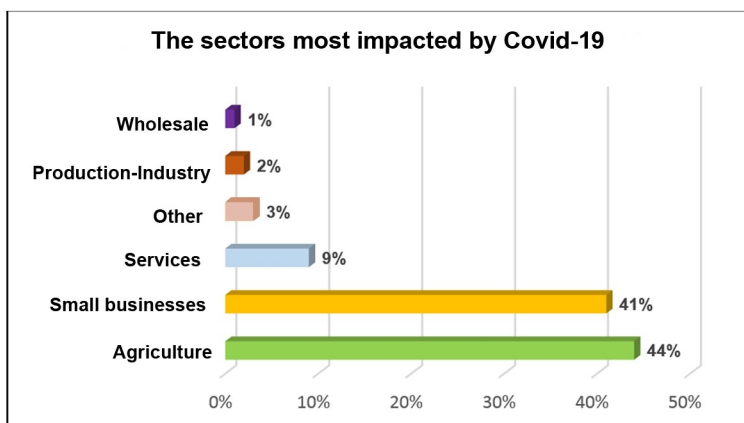
The main results of the survey for the sector can be summarized as follows:

- The financial situation of MCAs has deteriorated for 81% of respondents. It has even deteriorated significantly for 21% of them :

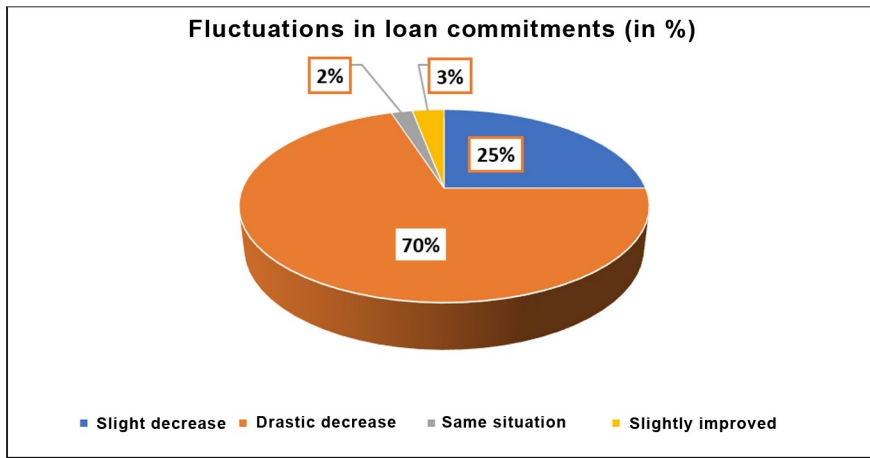


- Increase of the Portfolio At Risk (PAR), during the Coronavirus crisis, for 97% of the respondents;

- 44% of respondents believe that agriculture is the sector mostly affected by Covid-19. As for 41% of the respondents, they think that Small Businesses have experienced the most impact, while 9% of them consider that it is the Services sector that has suffered the most negative consequences from the pandemic :



- As for the fluctuations in loan commitments during Covid-19, 70% of the respondents consider that they have decreased drastically, against 25% for whom their decrease was slight, as shown in the following graph :



Following the results of the survey, the CMS drew up an action plan for support, guidance and training for MCA staff and clients.

FOLLOW-UP OF THE PROJECT "ELECTRONIC PLATFORM FOR FINANCIAL AND SOCIAL REPORTING OF MICROFINANCE IN MOROCCO" SUPPORTED BY THE DEAUVILLE INITIATIVE OF THE WORLD BANK :

Within the framework of the World Bank's Deauville Initiative aimed at supporting the development of Microfinance in Morocco, the CMS Observatory has been closely monitoring the "Electronic platform for financial and social reporting on Microfinance in Morocco" project.

The idea of setting up this CMS project came about as a result of two observations :

- The fragmentation of data received and used for sectoral reporting purposes does not allow for a complete and analytical view of the sector as a whole;
- The absence of a computerized tool, which should lead the MCAs to share their figures, periodically and at a high frequency, for greater visibility and risk anticipation.

The project of the online platform "Microfinance Observatory" of the CMS is therefore aimed at improving the monitoring of the activity of the Moroccan microfinance sector. It is a space for automatic storage, exchange and sharing of data with the MCAs, their analysis and warning of risks in the sector.

In view of the implementation and operation of this project, the CMS has essentially devoted the year 2020 to the continuous improvement of the "Microfinance Observatory" web portal, of all its sections – form and content.

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Communication & Partnerships

Communication continued to support all the actions carried out by the CMS during the year 2020, in particular the implementation of the new platform of the Microfinance Observatory as well as the preparations for the 7th and 8th editions of the National Micro-Entrepreneur Award.



With a continuous objective of supporting the Microfinance sector in Morocco, the CMS kept broadcasting its electronic newsletter “Industry’s Flash Info” with 11 issues in 2020 – that is a total of 89 issues in 6 years. Similarly, it continued to regularly update the content of its website through information related to the various actions organized by the CMS.

The CMS took part, on March 13, 2020, in a ceremony organized by the Embassy of the Netherlands in Rabat and the Moroccan Center for Innovation and Social Entrepreneurship (MCISE), which marked the end of the 2nd edition of the "Orange Corners Morocco" program. This was an opportunity to promote the activities of the CMS to the various participants.



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