

I must thank the IRES for inviting me to this seminar on “The role of stakeholders in the dynamics of reforms in Morocco” organized on April 21<sup>st</sup>, 2011.

We are now in the second part of this seminar, while listening to the content of interventions in the first session, and given the level of sharp debate, I decided to revise my presentation and go directly to the proposed alternatives we could deploy in the future to improve the impact of our reforms.

I understand that the IRES’ aim is not simply to make findings of drawbacks and inefficiencies, but to act on the basis of actual observations to build a long-term vision which could enable us to find the right formulas for the “future nodes” as stated in the introduction of Mr. President.

A- I would like to bounce about the latest interventions of the first part and associate it with the problem of knowledge, including access to knowledge as one of the future nodes.

Please allow me to talk about the media reform. I participated for more than 6 months in the dialogue of national and media societies as a member representing the parliamentary group NIR UC.

We are now on the eve of releasing a White Paper and in this regard I would like you to share with you some ideas. Of course it is essential to reform the press law, including removing the majority of custodial sentences that have become today completely obsolete, especially after the February 20 movement and the speech of His Majesty the King's on March 9<sup>th</sup>, 2011.

Of course it is important to “constitutionalise” freedom of expression and access to information, but if the production of content is not given as much attention as necessary, the constitutional reform, as good as it could get, will only be partially fruitful.

The best constitutions are what men make! Salma said A.G. in the France Radio editorial, giving as an example the exceptions of the of General De Gaulle constitution.

The fundamental question we must ask ourselves: what vision we want for the society?

How do we imagine the future of our society and what are the standards to be taken into consideration? In our NIR UC proposal, we have given great importance to the notion of content, the need to form the content creators, and especially to decide clearly on what Moroccan society we want, in order to ensure that our content is produced accordingly.

B- While preparing my remarks, I said that I am not here as one of the experts or academics, thus, Given the objectives IRES is looking forward to attain, I decided that I can only add something to this debate if talking in my capacity as a Moroccan Entrepreneur and politician.

Hence, I chose two examples to illustrate the problem of reforms: one in the political field and the other in the field of business.

## I: Compensation Fund

In the presentation of the seminar program, one of the four questions was: Is that coalitions are formed to support them or fight against certain public policies?

To this end, I have decided to give my presentation on the problem of the compensation fund in Morocco.

Again to go straight to the point, I will not go into the details certainly known to all the experts here concerning international issues related to fluctuations of raw materials. We might be certain that all trends are on the rise. However, The problem is that our compensation fund is indexed to the price of raw materials, and in this case the price of a barrel of oil. The events of the Arab Spring that we could not predict at the time of the establishment of the Law of finance, also contributed to the increase in oil prices, thus, nobody today can predict future developments.

Two months ago, 17 MMAD was given as a matter of emergency in order to avoid the re-increases in the consumer products, considering the social tensions that our country is going through.

Salah Eddine MEZOUAR, Minister of Finance described yesterday the compensation fund as “nuclear fusion centre” alluding to the danger and uncertainty that Japan currently is living.

I will not dwell on a fact which is known" inefficiency due to not targeting this compensation fund. I will not forget to remember that this compensation fund created pockets of cash, and I will not mention for example the case recently reported by the press. It is the case of sugar.

Since the beginning of my mandate in 2007, and governmental and political members are consistently preaching on the necessity and urgency of reforming this compensation fund.

The problem today is that we are in the pre-election period and no political party wants to take the responsibility of such unpopular reform!

We all know that political parties, for electoral concerns, will always favor short term projects and medium term projects, although rarely. Long term projects are difficult to sell in political terms. That is why I believe that democracies have their limits.

Of course it is important to democratize the country, but we, as a country that aspires to build and develop itself, have to observe keenly what happens in Western countries, adopt successful experiences, and identify the limitations of the existing systems.

Morocco in recent years has embarked working on long term projects, and these projects allowed the country to make qualitative leaps, thus wining decades, towards

development. I quote the Tanger Med project which now connect Morocco with 120 ports all over the world, or the energy project which will eventually enable us to keep updates with the oil-producing countries.

These projects, having been established for more than 20 years cannot be used as a supreme authority that is able to exceed the political electoral concerns. The reform of the compensation fund cannot see the light unless upon agreement of all parties including the opposition.

The common goal is to save the state budget and all must responsibly share the consequences of the decision of this reform. All must share the responsibility of finding an alternative to this reform so that no Moroccan citizen suffers severely or die of cold because the gas cylinder has quadrupled in price!

## II: Reforms dedicated to strengthening SMEs

Imtiaz and Moussanada programs, although consisting of a full and coherent support mechanisms, covering all the needs of SME, are only a means of modest support not up to the expectations. Nevertheless, there are financial aids amounting to 5 million Dirhams for Imtiaz program.

For being relevant, even in this case, I will not dwell on issues known to all especially the administrative complexities or ignorance of the business environment.

I'll go straight to what I consider to be the weakest link in this process, and that is the relationship with banks and bank rating:

During the design of this reform, it was necessary to choose the selection criteria which are normal in this case. However, bank rating criterion was introduced although, at the cultural level, it is completely unknown to Moroccan entrepreneurs, especially to the targeted SMEs. The latter due to structural difficulties, do not have the time to be update its knowledge of the international banking concepts.

In addition, our Moroccan banks who have undoubtedly risen to international standards, have inadvertently become "autistic" to the problems of the small Moroccan SMEs.

The applicable lending rates and the fees charged are not regulated. In addition, guarantees requested in terms of business loan are still too high and sometimes include even personal property.

Today in France, one of MEDEF's claims is to prohibit the taking of personal guarantees for an obvious reason which the risk of social degradation of a family that a cyclical bankruptcy may cause.

Moreover, banks were given the possibility of selection according to the category of business. Thus, rating criteria are differs from one bank to another.

Therefore, this system has selected the most wealthy companies that did not need this much “Imtiaz” (advantage), unlike seriously structured small businesses that invest in their development.

This is a good example of a well designed reform that useful for SMEs. However, it did not reach the targets it was basically designed for.

To conclude, I will allow myself to pose a philosophical idea since the debate today is about languages: Should we speak classical Arabic or Amazigh!

Does Illiteracy means to be Amazigh and not understand Arabic, speak Arabic and not understand the Amazigh, speak the dialect and not understand classical Arabic, or finally be French and understand only very little dialect and classical Arabic and no Amazigh?

In the case of successful reforms, I think the most important thing is to speak the language of the target reforms; the most important is to choose the appropriate language to be heard and understood!

In the case of the National Initiative of Human Development, the dialect or Arabic or Amazigh must all be used whenever necessary.

In the case of Imtiaz however, banking language should be translated.

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