

# Weekly highlights by **L'ECONOMISTE** *30 ans de fidélité*

## Public procurements Details of the reform



**Assistance to the hotel industry: Marrakech grabs the lion's share**

**Social Security contributions: Generalized electronic filing and electronic payment**

**Pension reform: An inevitable shock!**



**Fez and Granada, "magical cities"**

### EDITORIAL

### Momentum

Meriem OUDGHIRI

**I**NNOVATING can pay off! The examples in the world are legion. Inventiveness and creativity have given rise to many industries and businesses in high value-added sectors.

Morocco celebrated World Intellectual Property Day on April 26, placed precisely under the theme of innovation and creativity as a lever for economic and industrial recovery.

There is an opportunity once again to make the domain accessible to a greater number and to explain how intellectual property can be a powerful stimulus for economic growth. Hence the importance of information to demystify the concepts that still remain vague for a large part of the operators. Indeed, this system can only truly flourish if its advantages are understood, assimilated, and protected by strictly enforced laws.

A company does not innovate for the sole purpose of filing a trademark or a patent. A company innovates to be more efficient than its competitors, to stay one step ahead, and therefore to gain market shares. In other words, one must have the ability to bet on the future and create sources of progress, and understand that this is a strategic investment for the business, and not a cost.

On the other hand, this implies that public policies must encourage and subsidize investment in R&D. It is these companies, bearers of wealth in the medium and long term, that Morocco must preserve.

It is a major project that the country has been working on for years now. The pandemic has been an accelerator of innovation and inventiveness. The pandemic made it possible to discover nuggets in unsuspected corners. A momentum that should be kept by all means. □



## Weekly highlights

### Assistance to the hotel industry

# Marrakech grabs the lion's share

**T**HE first assistance to hoteliers should arrive next May, and Marrakech grabs the lion's share. Indeed, out of the 495 applications submitted so far, 187 come from the Marrakech/Safi region, namely 38% of the overall assistance. Nothing more normal: Marrakesh represents 40% of Morocco's hotel bed capacity with 80,000 beds, and some hotels are still closed as a result of the health crisis. The Government's support could help hotel managers undertake repair work to prepare for reopening. In any case, nearly 500 applications are being processed, but the Ministry of Tourism and especially the director of the SMIT (Moroccan Corporation for Tourism Engineering), responsible for granting this assistance, had promised to provide a quick answer to the applications. Theoretically, the applications which were submitted to the SMIT last March should be satisfied in May, in particular for establishments whose



Accommodation establishments will benefit from a fund to improve the offering and invest in renovation by requesting financial support from the S.M.I.T. corporation

applications are in compliance with the requirements. It should be noted that the evaluations of the applications will be made according to the turnover of the hotel, the number of jobs, in addition to the investment and offering improvement project. To benefit from

the Government's support, hotels and other accommodation units must also undertake not to pay dividends for 2021/2022/2023. The request for support that must be issued by the hotel units must therefore relate to service or quality improvement projects, wit-

hout however exceeding 10% of the turnover achieved for the 2019 financial year with a ceiling of 10 million MAD. "The methodology and the approach for implementing this measure of financial support from the Government for Tourist accommodation establishments (EHTs) have been agreed in close consultation with the parties concerned, namely the Ministry of Economy and Finance and the professionals", says the tourism department. The goal is to support the investment effort of accommodation establishments wishing to prepare for a rapid restart of activity. As a reminder, the Government has granted an emergency plan to the tourism sector of 2 billion MAD, one of which is dedicated to accommodation establishments wishing to prepare for a rapid restart of activity. 80% of the overall budget is dedicated to improving the quality of the offering and 20% for the quality of service. □

Badra BERRISSOULE

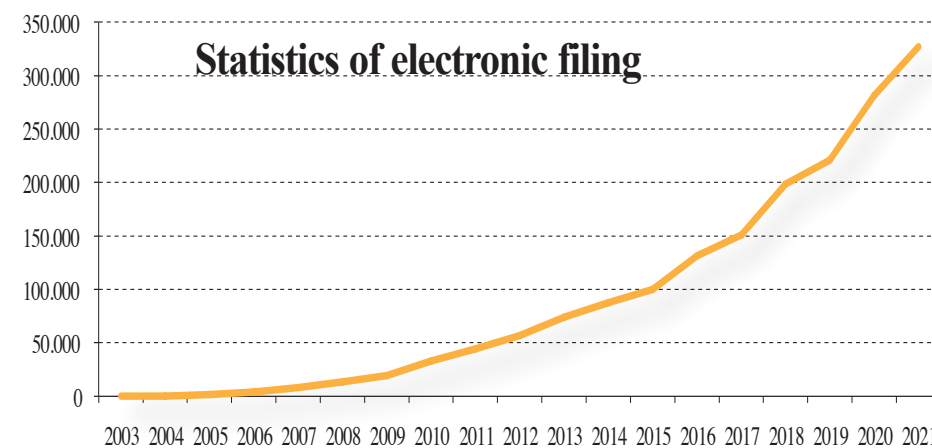
### Social Security contributions

# Generalized electronic filing and electronic payment

**E**-filing and online payment of Social Security contributions have become compulsory since March. The obligation concerns all members of the general scheme regardless of the number of employees. Latecomers can register via the Damancom web portal without having to go to the branches of the Social Security (CNSS).

The law providing for this generalization was published in 2019 and the implementation had to wait for the publication of decree 2.19.718 of March 03, 2020. The law was carried out gradually over 24 months, giving small businesses the time necessary to prepare for it and to organize. The decree distinguishes between old CNSS affiliates and new ones.

Companies which were registered with the Social Security before the publication of the decree and which had declared their employees during the 12 months preceding the date of its enactment have benefited from a specific time period for the implementation of the new rules. This time period depended on the number



At the end of 2021, the Damancom web portal enabled 283,240 companies representing 97% of affiliates to declare their employees online, which represents an increase of 10% compared to 2020

of employees. The companies with an average of 5 or more employees switched to online filing and online payment within 6 months. 12 months were granted to companies with an average of 3 or more employees and 24 months for entities having one employee on average.

For their part, the companies that were affiliated to CNSS but which had not made any filing during the 12 months preceding the publication of the decree quickly complied with the

generalization of the new measures. The same is true for newly registered entities, even if they only have one and only employee.

Established in 2003, Damancom's rollout took place gradually. This service has made it possible to reduce the complaints and errors that previously poisoned the relations of the national social security agency with companies. Damancom also ensured optimization of operating costs. At the end of 2021, the web portal

enabled 283,240 companies representing 97% of affiliates to declare their employees online. This represents an increase of 10% compared to 2020. Similarly, the number of telepayment companies increased by 28.8%, reaching 197,486 companies, i.e. 80% of the total number of companies.

That said, the law provides for penalties for non-filing or late filing. The amount of the penalty is 50 Dirhams per employee declared via paper or contribution payment slip, capped at 5,000 Dirhams per month. Fines must be paid 15 days after their notification. The same penalty applies in the event of non-payment online.

In the event of late payment of contributions, the CNSS draws up a statement of income with a view to recovering all or part of the contributions, increases and penalties unduly retained by the employer. Debt collection and, where appropriate, legal proceedings, are exercised, as in the case of direct taxes (Article 28 of the "Dahir" (Royal Decree) of 1972). □

Khadija MASMOUDI



## Public procurements: Details of the reform

**T**HIS is a first: before adopting a draft decree within the cabinet (the Government Council), a minister presents its content to the M.P.s members of the Finance Committees of the two Chambers of Parliament. The Ministry of Economy and Finance did so on Wednesday April 27 with the reform of the public procurement decree. Usually, the Government, jealous of its prerogatives, works in its own corner without giving the slightest importance to the opinion of the legislative power. This time, Fouzi Lekjaâ, the Minister Delegate, in charge of the Budget, has done otherwise. By acting in this way, the Minister expresses the desire to develop transparent relations of trust with the M.P.s. This participatory approach aims to involve them in debating and making proposals to improve the text, which has not changed since 2013.

In any case, the voluminous draft decree required several months of work within the Ministry of Finance. The draft decree comprises 173 articles concerning 61 measures that this department intends to introduce in the reform of public procurements. These measures represent 200 billion MAD per year, or 20% of GDP. For this year, the planned amount is 245 billion MAD. This constitutes 70% of the turnover of the construction sector and 80% of the transactions of the engineering sector.



*The reform proposes to introduce the national call for tenders as a new procedure, reserved for Moroccan companies, with a ceiling depending on the type of work (works, supplies, and services) ( Ph. L'Economiste)*

### • Strengthened national preference

Today, the mechanisms for granting preference to national companies in access to public contracts are limited. To change this situation, the reform proposes to introduce the national call for tenders as a new procedure, reserved for Moroccan companies, with a ceiling depending on the type of work (works, supplies and services). Thus, the reform proposes to set the ceiling at 10 million MAD for works contracts and at 1.5 million MAD for supply and service contracts. Another new measure aims to broaden the application of the national

preference mechanism to also cover procurement of supplies, services, and studies.

### • Improved assessment of financial bids:

The current legislation gives the tender commission discretionary powers which allow it to accept or refuse the supporting documents submitted by competitors with regard to their abnormally low bids. The draft decree introduces a measure aimed at the methodical elimination of this type of bids, as is the case for excessive bids.

### • A boost for SMEs, cooperatives, and self-entrepreneurs

According to Article 156, the contracting authority is required to reserve 30% of the estimated amount of the contracts that it intends to issue for these categories of operators. An order of the Minister in charge of Finance sets the conditions and methods of implementation. Similarly, the contracting authority is required to publish at the beginning of each budget year on the public procurement portal, the list of contracts for the previous year for SMEs, cooperatives, unions of cooperatives, and self-entrepreneurs. □

Mohamed CHAUI

## Pension reform: An inevitable shock!

### ■ Growing number of meetings with the Head of Government

**W**ILL the Government's offer to the social partners, engaged for several weeks in social dialogue negotiations, be accompanied by proposals concerning the reform of pension schemes? This urgent issue was the subject of several meetings with the Head of Government. The latest meeting was held on Tuesday, April 19, i.e. the day after the announcement of the downward review of growth forecasts for this year. The situation is difficult: households and businesses are facing an unparalleled rise in prices and the stigma of the health crisis is still there. In such a situation, the announcement of even

a gradual pension reform is a shock. Even though the systemic reform will not be carried out quickly, the parametric changes always remain unpopular, especially since they affect the legal retirement age, the contribution rate, and the generosity of the pension schemes.

The overall architecture of the reform has been decided, with a public cluster and a private one, but before achieving this, what remains to be done is to ensure convergence between the different funds, to reduce disparities, and to grant fair remuneration in relation to the contributions paid. This major project is not likely to be easy, but the Government has no other alternatives in the face of the deficits which await all the funds: in 2029 for the CNSS scheme and in 2023 for the

CMR (Moroccan Retirement Fund), which manages the retirement of civil servants, and whose reserves are expected to run out as early as 2026. In the case of the RCAR (Collective Retirement Allowance Scheme (RCAR), the technical deficit (experienced since 2004) will widen further to reach 53,6 billion MAD over the 60-year timeline. From 2028 onwards, the pension plan will experience its first financial deficit and the reserves will begin to fall to finance the social benefits to be provided by the plan.

The parametric reform will inevitably be the first step in this gigantic reform project. The reform carried out by the CMR fund for the benefit of civil servants had at least the merit of reducing the accumulated deficits by

53% by 2063 and the technical deficit over the 2017-2026 period by 120 billion MAD. This fund, where contributions reach 28% and the retirement age is set at 63, does not have sufficient leeway for new changes. Salvation will come from a link-up with the RCAR. It remains to be seen which scenario will be favored by the Government for the move to concrete actions. Also remains to be seen what will be the position of the trade unions. beforehand, the RCAR should proceed with the gradual extension of the retirement age to 63 years. This adjustment will allow RCAR to postpone the date of occurrence of the first deficit and to align itself with the civil pension plan managed by the CMR. □

Khadija MASMUDI



## Weekly highlights

# Fez and Granada, “magical cities”

**“F**EZ and Granada. The *Magical Cities*”. This is the title of the photography exhibition which opened on Saturday April 23, 2022 in Fez. The exhibition, which runs until April 30, 2022, is the work of Spanish photographer Rafael Carmona Roldán.

Organized by the Cultural Council of the Embassy of Spain in Morocco and the Cervantes Institute of Fez, in collaboration with the Ministry of Culture of Morocco, this exhibition highlights the similarities between the two cities. Fruit of a shared history and a common cultural tradition that, despite the centuries that have passed since the disappearance of the Al-Andalus civilization in the Iberian Peninsula, these similarities are still visible and recognizable in architecture and urban planning of the two twin cities. In their heyday, these cities were the capitals of their respective Kingdoms and the focus of a rich cultural life in which flourished the exchanges of artists, intellectuals, and architectural models, among which one finds the Alhambra of Granada, and the Al-Qarawiyyine Mosque and Koranic schools in Fez. The result of this fieldwork, carried out during the fall of 2021, is an exhibition in which images of Fez and Granada are combined together, where it is difficult for the viewer to distinguish them when facing a scene. The selection of photographs for this exhibition was made expressly for its presentation in the city of Fez on the initiative of the Cultural Council of the Spanish Embassy in Morocco and of the Cervantes Institute in Fez, with the support of the regional office of the Moroccan Ministry of Culture in Fez, which made its gallery available for the presentation of this fascinating exhibition.

For many experts, this exhibition could be an opportunity to dust off relations between the two cities, especially after the warming of diplomatic relations between Morocco and Spain. Being unanimous, the authors of this twinning agree that in terms of culture, Fez and Granada share the rich artistic heritage to be preserved and safeguarded that Andalusian music represents. This music deserves to be listed as part of the intangible heritage of Unesco. It should be noted that in these two cities, the Islamic civilization has



Between Fez and Granada, there are great visible and recognizable similarities in terms of architecture and town planning. To the left, a garden of the Spanish city. To the right, the Moqri Palace located in the Ziyat district in the medina of Fez



left as a legacy an often-resplendent past. From Granada, with the citadel of the Alhambra, to the emblematic medina of Fez, the Muslim dynasties

distinguished themselves by their architectural refinement. Both cities have world-renowned architectural marvels.

To taste the fair value of this heritage, the Private University of Fez and the University of Granada promise to hold cyclical conferences. The leaders of the two institutions have signed a twinning agreement to this effect.

“From Andalusian Fez to Moorish Granada, the nostalgia for the brief golden age, during which the two cities maintained a fruitful relationship is not extinguished”, say historians. Located in the South of Spain, at the feet of the Sierra Nevada, Granada is the true pearl of Andalusia. The city concentrates an exceptional heritage that is on the Unesco list, in particular for the legacy of the Nasrid era (1238-1492), which left sumptuous traces of a prosperous past. The small streets of Granada; the Bañuelos, magnificent Arab baths dating from the 11th century, recently restored; and the Albaicín, an old labyrinthine Arab district with white Moorish-style houses, make the beauty of this city. □

Youness SAAD ALAMI

### World fame

**T**HE city of Fez owes its worldwide fame to the richness and diversity of its civilizational heritage and to the various scientific, political, and intellectual personalities it has produced. Its medina, the oldest and largest in the world, is the model example of an Oriental city. It is also placed under the protection of Unesco. The city was founded by Idris the First in 789. “From the Idrisids to the Alaouites, from the Andalusians to the Jews, all dynasties and all peoples have left their mark on the city”, historians say. □