

MOROCCO

Modernization boosts economy and society

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Bold and determined programs designed to build Morocco's unity, democracy and development are driving the nation's transformation

KING MOHAMMED VI ascended to the throne in July 1999. In the 11 years since he was crowned, the King has focused his efforts on improving the lives of Moroccans by spurring economic growth and employment, and by promoting democracy and freedom of the press.

In his speech last year marking the 10th anniversary of his coronation, the King spoke about the progress the country has made, and was frank about the challenges that lie ahead in the effort to modernize and develop.

"I consider it my responsibility to tell you unequivocally that we need to pursue bold and determined programs to eliminate obstacles and correct the wrongs that have thwarted our efforts," he said during the speech. "Our goal is to successfully build Morocco's unity, democracy and development. We therefore need to develop our country and put it in a position where it is able to meet its challenges in a global environment that is facing many constraints and undergoing a major transformation."

The reforms that have been carried out under the King's guidance have already transformed the country and its economy. Gross domestic product has grown at a steady

pace of 4-5% every year since 2000, even during the years of the global economic crisis, and the economy poised to continue to expand at that pace in coming years.

There have been many different sources of economic growth during the period. King Mohammed's governments have passed laws opening up the economy to foreign investment, and in 2006 signed a free trade agreement with the U.S. that has helped double Moroccan exports to the States.

The openness of Moroccan culture to foreign influences, and the stability of its government and society have proven to be highly attractive to foreign investors. The King's influence, and his popularity with the Moroccan people, have also been influential in this area, says Khalid Naciri, Minister of Communication and the government's official spokesman.

"Our luck as a country is that the King is very much involved in this development process," Mr. Naciri says. "He strongly believes in the need to build a modern and democratic society. This is something he echoes very often in his speeches and it is a vision we must achieve at all cost."

One area where that vision has progressed greatly is in the development of a free and open press. There are now 22 daily newspapers published around the country, along with weekly and monthly publications, that are free to criticize the government, and many of them even receive government subsidies, regardless of their content.

The improvement of the economic, social and cultural situation in Morocco has been a great draw for young Moroccans who have left the country to seek an education



Annual GDP growth over the past 10 years has been around 4-5%, and Moroccan exports to the U.S. have doubled since the signing of a free trade agreement in 2006

or a job elsewhere, says Kamal Kassis, chairman of the American Chamber of Commerce in Morocco.

"In the past, there was an important brain drain movement towards Europe, particularly to France, from young people who left the country for education and training purposes," he says. "In the past five years those young talented people started coming back to the country with new skills, ambition and happy to return."

Another anchor for stability in Morocco has been its close and friendly relationship with the U.S., a relationship that has endured for more than two centuries. King Mohammed VI and his government look forward to many more years of strong diplomatic and commercial ties.

"Moroccans look at the United States with a lot of consideration and respect, especially because of the history between these two countries," says Mr. Naciri. "The U.S. is a great nation with huge international responsibilities. You can count on Morocco and the Moroccan authorities for a positive outlook on the United States."

BILATERAL RELATIONS

A unique historical relationship gets stronger

Morocco was the first country to recognize U.S. independence, in 1777, and the two countries have been close friends and allies ever since

The Treaty of Peace and Friendship ratified by the U.S. Congress in 1787 and renegotiated in 1836 began the longest continuing treaty relationship in U.S. history. Along with the diplomatic relationship, commercial ties between the two countries have a long history. The free trade agreement that took effect on January 1, 2006, has already contributed to a rapid growth of trade, with U.S. exports to Morocco tripling and Moroccan exports to the U.S. doubling since then.

The U.S. Embassy in Morocco has long been involved in improving the links between the two countries and has been involved in many programs to help spur economic growth, encourage and improve edu-

cation, and attract more U.S. investment to Morocco.

"We want to deepen the friendship and partnership link that comes from bringing American businesses here," says U.S. Ambassador Samuel L. Kaplan. "If you want to create friendship, it comes from educational relationships, and just being here to tell people that we care about what happens in Morocco and if we can be of assistance we will do it."

The U.S. diplomatic team in Morocco are rightly proud of an educational program started here years ago called the Access Program, which brings students aged 14 to 18 to classes to learn English. The program has been so successful it has been extended to 50 more countries.



SAMUEL L. KAPLAN
U.S. Ambassador to Morocco

In February, Morocco and the U.S. reaffirmed their strong commitment to work together to preserve and protect the environment, and to ensure sustainable development. A new action plan was signed that will guide deeper environmental cooperation between the two nations through 2012.

A UNITED WORLD
SUPPLEMENT PRODUCED
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MOROCCO
TRAVEL FOR REAL

'Our assets and activities are improving our profitability even in times of crisis'

Mohamed El Kettani, CEO of Attijariwafa bank, provides an overview of Morocco's banking sector

How would you assess the current state of Morocco's economy?

Morocco has initiated very important infrastructure programs, including the construction of highways, ports, airports and power plants. Morocco is an open mine. This has enabled us to disconnect economic growth from the generosity of heaven, because the agricultural sector accounted for 20% of Morocco's GDP and so when there is a drought it is felt on the economy. Over the last decade, the negative effect of drought on the country's GDP growth and wealth creation has been substantially reduced while other areas of the economy continue to grow.

There has been a diversification of the kingdom's industrial, commercial and service potential. This paradigm shift has been of benefit to Morocco. Through various contracts involving tourism and industry, eight key sectors of the Moroccan economy have had comparative and competitive advantages over other competing countries in the areas of automotive equipment, aerospace equipment, textiles, apparel, the electronics industry, agribusiness, offshoring, and tourism.

We have also expressed interest in huge infrastructure projects as key areas of global competitiveness. It also focuses on SMEs/SMLs and on the craft industry. Today the craft industry has a strategic medium to long-term outlook. Small-scale companies also have an outlook.

What were measures taken specifically by the bank to restore security and reassure investors that Morocco remains a stable and safe environment to invest their money?

We have a 30% market share, so we occupy an important position in terms of indicators. We therefore decided to anticipate the problems ourselves so that our customers would not be in difficult situations.

We foresaw a reduction of cost of risk but thankfully we are below our expectations. The cost of risk at Attijariwafa bank is abnormally low, since the level was 0.3%. At the international level 0.3% is very low, and we were expecting some 0.7%. Finally we ended up with 0.5%, which is unusual in a period of global financial crisis.

So, Attijariwafa bank negotiated a turn toward very good conditions and our assets and activities are improving our profitability even in times of crisis. The Attijariwafa bank Group



Attijariwafa bank has an overall 30% market share and has devised a program that helps small businesses, which form the backbone of the bank's strength, better manage their operations

achieved a double-digit growth in economic and financial indicators. This was due to the proximity of our teams to our clients, as well as to the development of products and services to help ailing industries.

We were the first to act alongside the government to implement measures of the strategic monitoring committee.



MOHAMED EL KETTANI
CEO of Attijariwafa bank

How does your bank help small and medium-sized enterprises?

Attijariwafa bank owes its current strength to small businesses. Hundreds and hundreds of thousands have been the backbone of Attijariwafa bank and will continue to take all the credit in the year to come because the country's economic growth depends on it and that's why we have improved our offer. It is a complete package for those small businesses because our economy revolves around major infrastructural projects, large companies, and SMEs.

There is a group of small companies working on their behalf.

Then we came up with an innovative technological formula in terms of cost and diversity of supply to assure businesses of our full support.

We support entrepreneurs and private individuals.

There has been an unfortunate trend for years, whether at the grocer's on the street corner, the mechanic, the small

clothes factory or the developer, everything hangs around one man or woman who usually fails to separate their personal finances from company finances.

So we designed a concept in which we advise them and train them on how to manage a small business in the right way.

How important is the free trade agreement with the U.S. to Morocco's economy?

Since the first signing to date, in three years, we have doubled the volume of trade between Morocco and the United States. We went from 11 billion dirhams (\$1.3 billion) to 22 billion dirhams between imports and exports. As banking insti-

tutions at the regional level, we seized this opportunity to conclude a cooperation agreement with Exim Bank. We have started preliminary work together, which is to identify all companies potentially interested in the American market. It has looked at every opportunity and has organized seminars, information and training sessions.

ATTIJARIWAFABANK

Africa's third largest bank focuses on individual needs, country by country

Subsidiaries of Morocco's number one bank work together as a network of regional centers taking banking further

Attijariwafa bank was created in 2004 from the merger of two of Morocco's oldest lenders: Banque Commerciale du Maroc (BCM) and Wafabank. Both banks had more than a century of banking activity in the country before the merger, and the combination made it the biggest bank in Morocco and the third biggest in Africa.

The bank plans to continue to grow in its home market, but has ambitious projects abroad as well. Attijariwafa bank sees Africa as its natural market and wants to become the continent's lender of choice, while at the same time making sure to help the region's poorest and least fortunate citizens to improve their lives.

"We have three statements:

To be the undisputed leader in Morocco, so we have not forgotten Morocco," says Mohamed El Kettani, CEO of Attijariwafa bank. "The second strategy of our vision is to be the reference banking and financial group incorporated in Africa. Our third vision statement is that given our size we want to be an active citizen and promote social responsibility, which will be translated into the promotion of education, because Africa shares a common denominator: ignorance and illiteracy. We therefore wish to contribute to the fight against illiteracy and ignorance."

Attijariwafa bank is well placed to make a difference to people around the continent by offering them a wide variety of

banking services, and acting as a hub for investment between Europe, the U.S. and Africa.

"When we move into sub-Saharan Africa today, we do not want Casablanca to be the center," Mr. El Kettani says. "We tell our brothers in Africa: when we come to Gabon, we are Gabonese. When we come to Mali, we are Malian. When we come to Tunisia, we are Tunisian, etc. Each bank becomes the center for its fellow member, and it is that bank that must develop synergies with the others."

Of course, Attijariwafa bank isn't only interested in making money from Africans; it is also deeply involved in improving their educational opportunities through its Attijariwafa bank Foundation. The organization is involved in helping schools and students at every educa-

tional level, from primary up to university. The broad scope of its efforts is a good reflection of the bank's overall efforts to grow in Africa and be a positive force on people's lives.

"For example in Cote d'Ivoire, there are 3 million neighboring Burkinabés and about 2 million Malians. So if my affiliates in Burkina Faso, Mali and Cote d'Ivoire do not work together there, we'll miss out on 5 million potential customers. So Morocco will never be the center. Each branch and each country is the center for others and all must interact with our presence in Europe because we have a banking subsidiary called Attijariwafa bank Europe, which is fully owned by the bank with a license from the Bank of France and a European license. We have 60 branches in seven European countries."



Bank Al-Maghrib ensures liquidity and confidence

The central bank has gone to great lengths to make the banking sector strong, stable and trustworthy

Bank Al-Maghrib is Morocco's central bank, tasked with maintaining price stability and overseeing the country's financial system. Keeping price increases under control is an obsession at most central banks, and in this area Al-Maghrib and its governor, Abdellatif Jouahri, have excelled, helping maintain the inflation rate for 2009 under 2%, which is the same goal set by the European Central Bank.

In fact, the inflation rate for last year came in at 1%, and this year consumer prices are expected to rise less than 2% as well, a situation that has permitted the central bank to relax its monetary policy and cut its benchmark interest rate early last year to 3.25%, the lowest since 2002.

During the past few years, Al-Maghrib has also safely ushered the country's financial institutions through the economic cri-

sis that shook much of the world. Al-Maghrib took several actions to ensure the crisis wouldn't bring down any of Morocco's banks, the governor explains.

"With respect to the financial and banking plan, we officially announced that we will provide all liquid cash needed by the banking sector on the money



ABDELLATIF JOUHARI,
Governor of Bank Al-Maghrib

market," he says. "Having done this, we set up a crisis monitoring unit to keep a close eye on the banking sector. We do monthly reporting; we do follow up on some of the sectors that have experienced some difficulties. And we keep a keen eye on outstanding credit status, which means when debt repayments become difficult."

The central bank also reduced the reserve requirement for banks several times last year, and once more this year, to 6%, to permit lenders to inject more liquidity into the economy. As a result of these actions, Morocco's banks are stable, financially strong and well managed, demonstrating very clearly how effective the central bank has been at overseeing lenders.

The effectiveness of Al-Maghrib is partly the result of reforms undertaken in recent



The central bank set up a national arbitration system between banks and clients to help boost Moroccans' trust in financial services

years, and also partly from efforts by the bank to increase cooperation with foreign central banks, including the U.S. Federal Reserve and the ECB.

The Federal Reserve, for instance, sent a group to Morocco to help Al-Maghrib refine its communication policy, which signals to financial markets what direction economic growth, inflation, and monetary policy are likely to take in the near future.

Another area where the bank has been working hard is increasing the number of Moroccans who use banking sectors, especially low and middle-in-

come Moroccans. At the end of 2009, only an estimated 30% of Moroccans were using banking services, excluding Post Office counter operations.

Al-Maghrib has asked financial institutions to work to increase that figure to 40% by the end of 2011 by making an effort to establish a good relationship with their clients based on mutual respect and trust. It has also set up a system to protect consumers in the event a relationship turns sour.

"We have put in place a system of national arbitration between the banking sector and

the customers; it means minor disputes on a case involving for example a maximum amount of 100,000 dirhams (\$11,840) should not forcibly be settled through the courts, but by the arbitrator," Mr. Jouahri says.

To help gain Moroccans' trust in the financial system, Al-Maghrib set up the system in a way that makes sure consumers are favored over the banks. The arbitrator's decision is binding on banks, but not on bank customers, thus permitting clients that aren't happy with a decision to then turn to the legal system.

One of the world's best bourses

The high performing Casablanca Stock Exchange has seen a decade of growth and a raft of successful IPOs

Stock markets are an essential part of any economy, providing growing businesses with access to plentiful, relatively inexpensive funding, and giving investors a place to increase their capital by harnessing a region or country's economic growth.

The Casablanca Stock Exchange (CSE) has been one of the world's best performing bourses for the past 10 years, with an annual average increase of about 15%. The country's economic growth has been a big contributor to those rises, as has a string of initial public offers (IPOs) that have boosted liquidity and market capitalization.

The CSE actively seeks out IPOs in order to give the exchange the kind of liquidity necessary that helps make it an even more attractive place for foreign investors. The bourse doesn't limit its search to just Moroccan companies, though, according to Karim Hajji, the CSE's chief executive officer. "We are also looking at having some IPOs from the African region," he says. "Of course, they won't be very large IPOs, because we cannot allow too much foreign exchange flow out of the country, especially given the current situation, but we are going in principle to go up to €100 million (\$130 million) for IPOs in sub-Saharan Africa and we're going to go after that. If we want to become a hub in the area, we also have to favor IPOs from the region and become, I would say, a liquidity hub in the region."

One important part of the Moroccan All Shares Index, or MASI, are companies that were formerly state-owned, or that are now only partially state-

owned, after the government sold stakes in them to the public. Maroc Telecom, for example, was the subject of a very successful privatization in 2004 that left only 30% of the company still owned by the state. The company is the most heavily weighted share in the MASI, at 19.4%, and has already risen more than 10% this year.

State-owned companies that could potentially be privatized and join the exchange are Marsa Maroc, which operates the coun-

try's port facilities, and Group OCP, the world's leading phosphate rock and derivatives company, according to Mr. Hajji.

"We rely a lot on the privatization program of the Moroccan government," he says. "In our market, it's always the government that is giving the example and pulling the rest of the market up. That's what happened in 2004, when the market had some problems: it was the privatization of Maroc Telecom which helped the market regain confidence and once more become active."

The government is doing more than just selling stakes in state-owned companies to get more companies listed on the market. The tax code has been changed to encourage privately owned businesses to go public. Companies that increase their

share capital through an IPO can get a 50% reduction in corporate tax, and companies that sell already existing shares are eligible for a 25% reduction.

That incentive has been very profitable for the companies that take advantage of it, but it also has advantages for the fiscal authorities, Mr. Hajji explains, because companies that go public tend to be more profitable and are definitely more transparent. "Companies which go public bring in more money to the tax

authorities than companies that are not public," he says. "In fact, the stock market accounts for a little bit over 20% of total corporate tax rate fully paid by listed companies and there are only 77 of them. That gives you an idea of the magnitude of the progress that can still be made."

Making sure that there are enough interesting companies trading is only one side of attracting investors to a stock market. Another side is making sure that the exchange is modern, easily accessible and transparent enough to win over investors who might be wary of sending their money to some countries.

The CSE has an electronic trading system that was supplied by NYSE Technologies, the world's leading provider of such systems. The Casablanca Exchange is currently looking at upgrading the system to permit derivatives trading, which can start when the parliament approves a proposal to start a derivatives market.

The introduction of online trading has also attracted many investors. There are currently four brokerage firms in Moroc-

co that offer this service, which has proven to be very popular and is helping fuel the growth of individual investors here.

Morocco's brokerage houses are also contributing to the success and popularity of the exchange. The firms are all very efficient, and employ highly trained brokers and other workers who have gone through very thorough training programs. All the traders on the CSE must have a degree.

The final important part of

the puzzle is the regulatory and banking structure of Morocco. The country has a strong banking system with an effective central bank that is also the financial system regulator, the Al-Maghrib Bank.

Moroccan law permits the easy repatriation of principal, interest and proceeds from equity sales; foreign investors pay no capital gains tax and there are no limits on how much of a Moroccan company foreigners are allowed to own. All that, com-

bined with Morocco's strategic geographic position between Europe and Africa makes the country an ideal destination for U.S. investors, Mr. Hajji says.

"Morocco is a land of opportunity for U.S. investors and a very good place to be, and to do business with Europe," he boasts. "Having a platform in Morocco for exports to Europe for U.S. companies really makes a lot of sense and the Casablanca Stock Exchange is here to enable such companies to be listed here."



'MOROCCO IS A LAND OF OPPORTUNITY FOR U.S. INVESTORS AND A VERY GOOD PLACE TO BE, AND TO DO BUSINESS WITH EUROPE'

KARIM HAJJI
CEO of the Casablanca
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Going global

With 80 years of experience, the CSE is entrusted with organizing IPOs, managing trading sessions via its modern electronic trading system, and attracting investors to this burgeoning market.

The total market capitalisation was USD 64 743 million with a trading volume of USD 18 374 million at December 31, 2009.

Through its good governance practices, its opening to the international markets and by exporting its expertise, vision 2015 aims to double the number of listed companies, quadruple the number of investors and transform Morocco and its stock exchange into a major African investment hub.

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**Casablanca
Stock Exchange**

Creating Value



The modern, easily accessible and transparent CSE features an electronic trading system supplied by NYSE Technologies

BMCE Bank Group, an ambitious multinational

With over 50 years experience, the group is projecting itself into the future with technological innovation and unflinching social consciousness

The Banque Marocaine du Commerce Extérieur, or BMCE, one of Morocco's biggest banks, celebrated its 50th year in business in 2009. The lender had several reasons to celebrate last year, though, including rising revenue and a successful strategy of expansion into other markets.

BMCE's net banking income from activities in Morocco rose 25% in 2009 from the previous year, to 3.6 billion dirhams (\$419.5 million), mainly as a result of a 46.2% increase in revenue from market operations. Gross operating income rose 14.3% to 1.1 billion dirhams (\$128.2 million) in the same period.

"These performances are the offshoot of BMCE Bank's marked dynamism in market activities and an improvement in the revenues of the clientele, which was obviously aided by judicious positioning on the private individuals' and professionals' markets," says Othman Benjelloun, BMCE's chairman and CEO.

The bank's conservatism and desire to ensure its financial stability led it to more than double provisions in 2009 to 976.5 million dirhams (\$113.8 million), which led to a decline in net earnings of 37.6%, to 507 million dirhams (\$59.1 million). The desire to maintain a solid financial footing led the bank



OTHMAN BENJELLOUN, Chairman and CEO of BMCE

to increase its capital base by 6 billion dirhams (\$699 million) last year, through the sale of treasury shares to the CDG

Group, and a capital increase to be subscribed by the CIC Group, the bank's reference foreign shareholder, that should raise the investor's stake in BMCE to 25%. Likewise, the group intends to have a second capital increase, exclusively reserved for its employees.

The bank is now better prepared than ever to advance its chairman's vision for the future. Mr. Benjelloun wants to grow BMCE Bank Group into BMCE Bank of Africa within the next 50 years, with a presence in every country on the continent.

BMCE is already well on its way, with a presence in 22 countries, more than 9,000 employees worldwide, close to 2 million active accounts in Morocco, a domestic network of more than 560 branches, including 20 business centers, and one corporate branch, and more than 600 automated teller machines.

The CEO has already helped build up BMCE and make it a reference player in Morocco's capital markets, investment and advisory activities, along with giving it a strong positioning in the corporate market. The lender sells more than 170 different products and its insurance partner and reference shareholder, RMA Watanya, is the country's biggest personal and technical risk insurer.



After more than half a century of operations, BMCE Bank is Morocco's leading commercial bank. Chairman and CEO of the BMCE Bank Group, Othman Benjelloun, has successfully led the company through turbulent financial times

BMCE BANK GROUP

A reference model for growth in Africa

With enhanced coverage mechanisms branching out across the continent, BMCE Bank Group's far-reaching development strategy is consolidating its position

BMCE Bank is the heart of a much bigger Moroccan conglomerate called FinanceCom, which owns assets in sectors including insurance, telecoms, IT, media, and services, and has ambitious plans to expand in its home country and around the entire African continent.

The goal of the group is to become an international hub organization, joining together investors, depositors and borrowers from Africa, Europe, Asia and the Americas through its extensive branch network and its other, non-finance, units.

Among FinanceCom's many investments outside of the core bank business are Medi Telecom, a telco that this year reached 10 million clients; private equity unit Argan Invest; property managers Cap Estate; and Steria Medshore, a nearshore services provider.

The group's international operations include a presence in 22 countries through its BMCE Bank offices in Spain, Italy,

Germany, China, and several African countries, as well as its Bank of Africa subsidiaries. Its MediCapital Bank in London, now dubbed BMCE Bank International U.K., obtained its license from the U.K.'s Financial Services Authority in 2007, and since then has built up a well established banking platform. Its business lines include corporate banking, treasury and capital markets and advisory services.

Through the diligent efforts of the group's management, BMCE Bank has become the first bank in Morocco to receive an investment grade rating from Moody's Investors Service. The group has also received prizes for excellence in financial communication and HR management.



BMCE Bank is present in 22 countries including 14 in Africa

EDUCATION

'A real lever for development'

The basic concept behind the BMCE Bank Foundation is to integrate education with sustainable development

The BMCE Bank Foundation's Medersat.com program allows children from underprivileged backgrounds in rural areas to have access to modern facilities, methods, and educational materials, while also working to improve other aspects of the lives of students, their families, and their communities.

"The objective of this program is to contribute to the elaboration and implementation of an educational system that should serve as a real lever for sustainable development through the implementation of an integrated educational approach in local communities," says Dr. Leila Mezian Benjelloun, the foundation's president.

This is done through the recruitment of teachers in rural areas, their training and pedagogical support, and the implementation of income-generating activities to fight against poverty while improving basic drinking water and



DR. LEILA MEZIAN BENJELLOUN, President of the BMCE Bank Foundation

electricity facilities in villages where the schools are located.

The program has been hugely successful so far, with 60 schools already opened, including one in Senegal and one in Congo. That includes 136 preschool units that have been built and equipped, 370 teachers recruited and trained, and 12,000 students enrolled, half of whom are girls.

BMCE BANK FOUNDATION

Mobilizing knowledge in the kingdom

Through the Medersat.com program, BMCE shows its ongoing commitment to helping widen rural access to education for children and employment for women

The BMCE Bank Foundation was started in 1995 by the bank's chairman, Othman Benjelloun, a former chancellor of the Al Akhawayn University in Ifrane, to improve the educational opportunities of Moroccans.

The foundation, run by Dr. Leila Mezian Benjelloun, works closely with the Moroccan government and other partners including national and international education institutions to implement its ambitious and innovate projects.

Its "main mission is to promote and develop the concept of an integrated education intertwined with a sustainable community development," says Dr. Benjelloun. "The approach of

the foundation is based on partnership, participation and decentralization."

The organization's most important project is called Medersat.com, which has set up a series of schools around the country that endeavor to help underprivileged children benefit more from the education system, partly through improved teaching

and access to better facilities, and partly through improving the living conditions of the children and their families.

Helping women and girls is one of the main goals of the foundation and of Medersat.com. Half of the children attending the schools are girls, and 47% of the 370 teachers recruited for the project are women.

One of the many innovative projects associated with the Medersat.com schools is a cooperative effort in partnership with the Principality of Monaco that has established income-generating activities aimed at helping the women in certain villages gain financial autonomy.

The projects have been so successful at improving the standards of living of women in the villages by creating favorable conditions for the emergence of a culture of gender equality that it will be extended throughout the network, Dr. Benjelloun says.

The BMCE Bank Foundation's programs operate with the complete agreement and cooperation of the public education authorities. It is funded by BMCE Bank, which dedicates 4% of its gross operating income to the organization. Medersat.com, for example, has already received about \$50 million from the foundation.



One of the foundation's specific goals is to reduce illiteracy in rural areas

To succeed in your projects in Morocco and Africa, two major institutions are accompanying you, BMCE Bank and RMA Watanya, subsidiaries of the FinanceCom Group, a major financial player on the African Continent.

Thanks to its 50 years of experience and international dimension, BMCE Bank compels recognition as a key reference of the banking industry. Its synergy with RMA Watanya, the leading insurance company in Morocco, makes it an essential asset in your quest for a new horizon of opportunities.

EXPAND YOUR INVESTMENT HORIZONS IN MOROCCO AND AFRICA

www.rmawatanya.com www.bmcebank.ma

Credit Agricole du Maroc ripens grassroots potential

CAM is intertwined with the nation's agriculture sector and is the first port of call for any international company looking at getting involved

Credit Agricole du Maroc (CAM) has been deeply involved in Morocco's agricultural sector since it was founded in 1961. The lender has, since its creation, been the principal source of financing for farmers and for agribusiness in general. As the country's economy has opened up to foreign investment, CAM has adapted and now considers partnering with investors from abroad to be its most important activity, says managing director Karim Tajmouati.

"This is our core business," he explains. "CAM is now the haven for all the international investors who want to invest in Morocco's agriculture and agri-industry. In CAM, the first thing a foreign investor seeks is a sound knowledge of the distinctive features of the Moroccan market and the expertise of bankers and financiers, teams who deal with all financial operations. We carry out regular monitoring of international investors who are at the exploration stage or ready to invest in Morocco and, of course, for those interested in our area of activity."

Morocco's agricultural sector and CAM have benefited mutually from the government's Green Morocco Plan (GMP). The GMP is a program announced in 2008 that has been investing to make the country's farms more competitive and make the nation self-sufficient in food supply. CAM is the official financier of the plan.

An important part of the GMP involves keeping small farms viable in a country where 40% of

the population works in agriculture. The plan has already improved productivity and work conditions across Morocco.

"The Green Morocco project, which gave visibility to national and international operators, will have positive impacts on 40% of the Moroccan population," says Jamal Eddine El Jamali, CAM's secretary general. "This contributed both to the development of modern agriculture and support to small farmers. Moreover, we have had excellent harvests over the past three years thanks to a favorable climate; we foresee the implementation of many more projects and investments in this sector.

This comes as a good opportunity for the bank to fund these projects."

Though started as an agricultural bank, CAM has spent the past 12 years spreading into other areas, including financing crafts industries and housing, eventually becoming one of Morocco's biggest universal banks. The agriculture sector remains its focus though, and CAM has made an important investment in technology designed to help farmers by providing them with business networks, information on project finance, and on agricultural statistics.

The bank also places major importance on promoting social responsibility and culture, and on protecting the environment. In January of this year, CAM created the Credit Agricole Foundation of Morocco for Arts and the Rural Inheritance to help raise the living standards



Although launched as an agricultural bank, and today 80% of its branches are in rural areas, CAM has spent the past 12 years entering various other financial areas

of rural populations. As part of its efforts to improve the quality of life in Morocco, the bank recently created a Direction of Financing of Sustainable Development to encourage energy efficiency and the use of renewable energy sources.

Another important way that the bank helps its clients, and the country, is through the ARDI Foundation, CAM's microfinance unit. It targets 40% of Morocco's farms that consist of less than one hectare and whose activities include non-agricultural sources of income as well, such as crafts and trade.

CAM's effort to reach out to rural clients has seen the num-

ber of active clients rise from 20,000 to 100,000 in three years, with a goal of doubling that by 2013. The bank has gone from 30 branches three years ago to 200 now, 80% of which are located in rural areas.

"The vision of the bank is to be a universal bank, but also to be involved in a public service mission," says Mr. El Jamali. "Our structures allow us to support the GMP and to help ensure that its impacts are effective on the ground at all levels. Most important is our interest and our ability to assess each category and see how we can effectively respond to the financing needs of rural areas."

INTERVIEW

'Our investment bank Holdagro is the first of its kind'

Karim Tajmouati, CAM's MD, highlights the importance of agriculture on the economy and combining agricultural and banking expertise

How has the economy managed to avoid the worst of the global economic crisis?

An economy such as ours can in no way be completely insulated from what is happening internationally given that it is largely affected by what goes on in the European economy. There are two facts that can explain this resilience. The government and major economic players in Morocco were proactive and intelligently coordinated. The Ministry of Economy and Finance played a very constructive role in conducting and structuring each sector of the economy to that effect. After one year, it is obvious that this effective reaction and management of the crisis bore fruit. They succeeded in significantly limiting the negative impacts that we could have suffered.

How has the focus on domestic demand helped spur growth?

Morocco has proven to have a strong economy because it is an emerging economy. This is an economy that responds to domestic need, and through sector-based activities in agriculture, agro-industry, technology, ICT, industry, tourism, etc. All of these plans offered an unprecedented visibility to Morocco's economic operators, which have over the past 10 years structured and developed the Moroccan economy. The government continued to

efficiently play its role as an investor. The various projects that were launched and which are necessary for the modernization of the kingdom were maintained. The ripple effect of this policy greatly contributed to maintaining a momentum and a general climate of confidence for the Moroccan economy.

Can you tell us about the importance of CAM's specialized unit in green projects on the agricultural sector?

We created an investment bank, Holdagro, which is the first of its kind in the country or even in the region. It is a mer-



KARIM TAJMOUATI, Managing Director of Credit Agricole du Maroc

chant bank that is specialized only in green projects. It focuses only on areas related to agriculture and agro-industry. It carries out all merchant bank activities: it advises on project structuring, mergers, acquisition, reconciliation, market exploration, modernization, etc. This vast experience enables CAM to combine its knowledge of the agricultural sector accumulated over the decades with the expertise of bankers and financiers.

GREEN MOROCCO PLAN

Financing small and medium-sized agricultural plantations

In addition to its alliances with the government and the Millennium Challenge Account, CAM's microfinancing helps fight poverty and aids around 40% of the farming community

Credit Agricole du Maroc's (CAM's) main business sector is agriculture, so naturally the bank is deeply involved in projects to develop Morocco's farms and food processing industry. The Green Morocco Plan announced in 2008 is the guiding program for the government's different projects to make farming more productive, and CAM is closely involved in most aspects of the initiative.

"The GMP has a philosophy and the role of the CAM is in perfect response to it," says Karim Tajmouati, CAM's man-

aging director. "This philosophy aims at combining the modernization and restructuring of agriculture in Morocco, and promoting socio-economic development in the rural areas."

The GMP was started with a budget of 20 billion dirhams (\$2.34 billion) to be spent over five years. One billion dirhams is earmarked for rural microcredit, another 5 billion dirhams (\$578 million) for the Agricultural Development Financing Agency (SFDA), and the rest is for use by several food networks, including fruits and veg-

etables, cereals and legumes, sugar and fats, red meat and poultry, fisheries, rural housing, and rural tourism.

"The focus is not to make money but to fight poverty through microfinance," says Jamal Eddine El Jamali, secretary general of CAM. "This is an essential social action and through it we are able to help about 40% of the farming community."

CAM is also a partner in international programs, including the Millennium Challenge Account, a program started by the U.S. government to reduce poverty around the world. The



CAM has funded a huge array of projects designed to modernize and diversify Morocco's farming and food industries

Millennium Challenge provides a large part of Morocco's agricultural investment needs for proposals that meet the program's criteria, with much of the rest of the funding provid-

ed by the farmers themselves.

One ongoing project developed through the cooperation of CAM and the Millennium Challenge is planting trees that require a minimum of five years

to start bearing fruit. The program also finds ways for farmers to generate revenue in the meantime, so they can wait the necessary years to reap the fruit of the trees.



The Credit Agricole of Morocco (CAM) is the pillar of rural and agricultural development in Morocco. By financing agricultural and other activities, we enable farmers to find innovative and effective answers to their problems and help boost the economic and social development of the rural world.

Power generation partnerships aim to maximize resources

ONHYM, the National Hydrocarbon and Mining Company, is focused on boosting both supply and efficiency

The Ministry of Energy, Mines, Water and Environment's priority for several years has been to make Morocco less dependent on energy imports. The department aims to achieve this by seeking out resources within the country, and by making citizens and industries more energy efficient, according to Amina Benkhadra, Minister for Energy, Mines, Water and Environment.



AMINA BENKHADRA
Minister for Energy, Mines, Water and Environment

"In addition to resource diversification and renewable energy development, priority is given to energy efficiency in all sectors, whether in industry, construction, transport or current consumption," says Mrs. Benkhadra. "It seeks to assist all consumers, residential and industrial, so they can learn to consume less while consuming more."

The National Hydrocarbon and Mining Company, or ONHYM, is the part of the ministry in charge of exploring and exploiting Morocco's petroleum and other mineral resources, with the exception of

phosphates. ONHYM is the state organization that is empowered to enter into partnerships with national and international companies to carry out those functions.

ONHYM is currently involved in a partnership with Petrobras of Brazil and France's Total to set up a pilot plant to produce electricity using Morocco's oil shale resources from the Timahdit deposit. Petrobras is one of the world's most experienced companies at exploiting oil shale, having started in the 1950s.

Another area ONHYM is exploring to reduce Morocco's energy imports is the use of nuclear power. In July of this year a framework agreement was signed committing France to help Morocco prepare for starting a civilian nuclear en-



Renewable energy projects are planned to account for 42% of Morocco's installed generation capacity by 2020, demonstrating the country's strong commitment to massively reducing its greenhouse gas emissions

ergy industry. Morocco has the world's largest phosphate deposits, which contain uranium that can be processed for use to fuel nuclear plants.

Building a nuclear power plant requires long-term planning and preparation, but Morocco has more immediate energy requirements, and ONHYM is already working on meeting those needs. A 1,300-megawatt coal-powered plant, using some of the cleanest technology available, is scheduled to begin production in 2014. Another 700MW of generating

capacity are also being added to the Jorf Lasfar facility.

The ministry and ONHYM are very much in favor of using renewable energy. They have plans to build a 1,550MW renewable plant by 2012 that will mostly be powered by wind. In the medium-term, the government plans to take advantage of Morocco's sunny climate through a 2,000MW solar project that is scheduled to be completed by 2020.

When all those projects are completed, by 2020, renewable energy is planned to account for

42% of Morocco's installed generation capacity, with 14% coming from hydro-electric projects, 14% from wind and 14% from solar: a strong demonstration of the country's commitment to reducing hothouse gases.

"All energy, industrial, and other policies take climate change into account," says Mrs. Benkhadra, who is also ONHYM's managing director. "We are working with the various ministerial departments to cut tons of CO₂ through the use of new production practices to reduce greenhouse emissions."



The Ksar, a group of earthen buildings surrounded by defensive walls, of Ait-Ben-Haddou near Ourzazate in southern central Morocco has been a UNESCO World Heritage site since 1987 and features in several Hollywood movies, such as *Lawrence of Arabia* and *Gladiator*

TOURISM

MNTO targets new markets that are missing out

The Moroccan National Tourist Office is taking the nation's tourism delights beyond its traditional European catchment areas to raise its profile around the world

Morocco has been a destination for travelers seeking exotic locales for more than a century. Mark Twain visited the country in 1867, and extolled the wild diversity of people and history on view in Tangier in his book *The Innocents Abroad*.

That diversity is present not just in Tangier, of course. The Moroccan National Tourist Office (MNTO) has for years been promoting the incredibly wide

range of peoples, geographies, food, and historical monuments that are on offer throughout the country, destinations and experiences that make Morocco so special for visitors.

"What we can offer that others cannot offer, is a strong link with the Moroccan culture, the Berber culture, the traditions of the south in the Sahara, and the Kasbahs," says Abdelhamid Addou, chief executive officer of

the MNTO. "This is our positioning and that is why we came out with a campaign that Morocco can nurture the soul. Only authenticity and real culture can nurture somebody's soul."

Since Twain's visit more than a century ago, the importance of the tourist industry in Morocco has grown substantially, and it is expected to represent about 14% of gross domestic product this year. The govern-

ment has been promoting the industry very actively for years, and one of its goals is to reach 10 million tourists coming to the country this year.

One of the ways the MNTO promotes Morocco is through its delegations to countries that are major sources of tourism. There are delegations in France, Germany, the U.K., Spain, Italy, the U.S., Canada, Switzerland, Belgium, Austria, Sweden, and Portugal.

France, the U.K., Germany, and Spain are the four biggest source countries for tourism to Morocco and now the MNTO is concentrating its efforts on attracting visitors from other parts of the world.

"We cannot focus anymore in the traditional areas from where we got most of our customers, i.e. Paris, London, Madrid, Barcelona areas, etc.," says Mr. Addou. "We need to go to the regions, which is why we have pushed a lot in terms of marketing to new regions in Europe and this has also brought new airlines, a new capacity."

Europe's low-cost airlines provide an excellent way for entering new markets, says the CEO. In the past year new routes that have started up include Manchester-Marrakech, Liverpool-



'MOROCCO CAN NURTURE THE SOUL; ONLY AUTHENTICITY AND REAL CULTURE CAN DO THAT'

ABDELHAMID ADDOU
CEO of the MNTO

Agadir and Lyon-Agadir. Other routes that are opening are Dusseldorf-Agadir, Berlin-Marrakech and Moscow-Agadir.

The Scandinavian countries represent another opportunity. In the 1970s and 1980s Morocco was a popular destination for people from the region, then the country lost ground to competing beach resorts such as Sharm el Sheikh. The MNTO

hopes to win many Scandinavians back by promoting Morocco's cultural options, in addition to its sunny, sandy beaches.

The MNTO is also working on attracting more American visitors by offering them more direct air routes from the U.S., such as New York-Marrakech, which would complement the current New York-Casablanca route, and possibly direct flights from Atlanta or Chicago.

"We need to have New York-Marrakech as a direct flight, especially with all the new brands we have in Marrakech," Mr. Addou explains. "It is something that is key for American tourists."

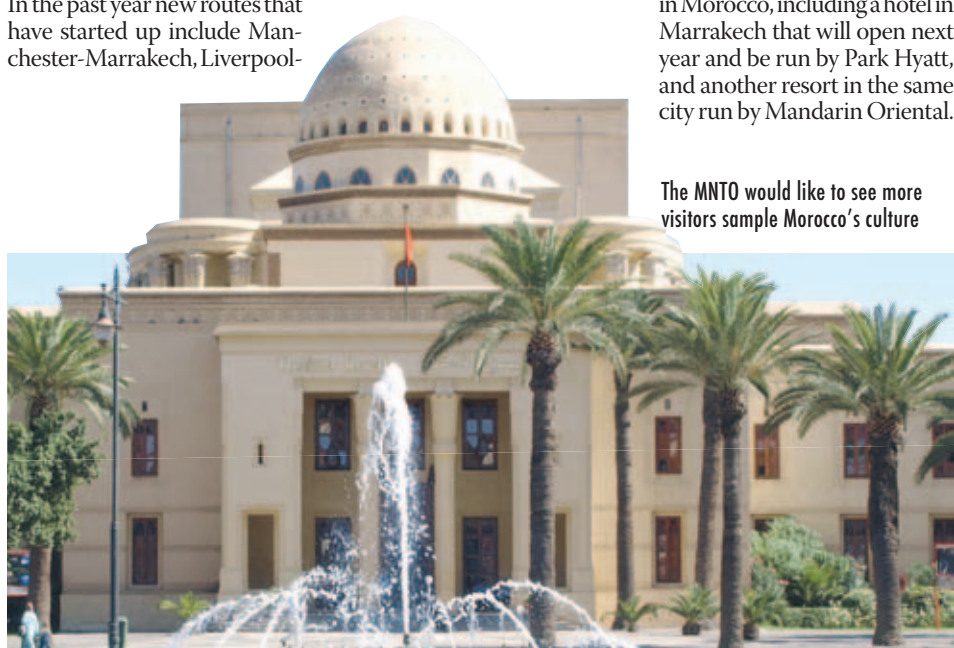
The MNTO is looking at other, non-Western, markets as well. Middle Eastern countries such as the United Arab Emirates and Qatar, are a growing source of tourism to nearby countries, with an increasing number of people from the region traveling to destinations such as Malaysia. They represent a natural market for Morocco, according to Mr. Addou.

One way to attract new visitors is to emphasize the growing availability of luxury resorts in Morocco, including a hotel in Marrakech that will open next year and be run by Park Hyatt, and another resort in the same city run by Mandarin Oriental.

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The MNTO would like to see more visitors sample Morocco's culture