



# DATA COLLECTION PROCESSES AND DEFINING MICRO, SMALL AND MEDIUM ENTERPRISES



CASE STUDY

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## ACKNOWLEDGMENTS

This case study is produced by a joint subgroup consisting of the Financial Inclusion Data Working Group (FIDWG) and the SME Finance Working Group (SMEFWG).

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We would like to thank AFI member institutions, partners and donors for their generous contributions to the development of this publication.

## INTRODUCTION

Over the past two decades, Morocco has made significant social and economic progress largely owed to public investments and political, institutional and sectoral reforms and measures to ensure macroeconomic stability.

All this led to accelerated growth and to improvements towards eradicating extreme poverty, increasing life expectancy, gaining greater access to basic public services and significant development of public infrastructure. During the period between 2000 and 2017, Morocco enjoyed the fastest per capita growth in the Middle East and North Africa region and had the fourth largest foreign direct investment inflows in Africa in 2017.

Bank Al-Maghrib became an AFI member institution in 2010 when financial inclusion became one of its

top strategic priorities from the onset. The Bank Al-Maghrib took a set of measures urging the banks that it regulates to develop strategies to increase the population of individuals and micro, small and medium enterprises (MSMEs) with access to finance and banking products.

In 2015, Moroccan financial authorities (Bank Al-Maghrib, the Ministry of Economy and Finance) started working on a National Financial Inclusion Strategy (NFIS) to address barriers to financial inclusion and offer a wide range of financial products and services tailored to the needs of different segments of the population.<sup>1</sup> Under technical supervision of the Bank Al-Maghrib and the Ministry of Economy and Finance, the NFIS was officially presented in January 2019. It includes a roadmap to tackle challenges Morocco is facing to access financial services particularly in rural areas, as well as women, youth and very small enterprises (VSE) and micro-enterprises (MICRO).

<sup>1</sup> AFI. 2020. Morocco National Financial Inclusion Strategy.

<sup>2</sup> Bank Al-Maghrib, Moroccan SMEs Observatory, 2018, Annual report 2018

### Macroeconomic situation in Morocco



#### NATIONAL CURRENCY:

Moroccan Dirham  
(MAD)

#### CAPITAL:

Rabat

#### MAIN CITIES:

Casablanca, Tangier,  
Fez, Meknes,  
Marrakech, Agadir

#### POPULATION:

36.1 million

#### ADULT POPULATION (15 YEARS OLD AND ABOVE):

26.63 million ;  
49 % Men : 51 % Women

#### REGISTERED ENTERPRISES IN 2018<sup>2</sup>:

507,353 total registered enterprises (including dormant and/or inactive), with 249,131 active in 2018.

#### EXCHANGE RATE ON 01 NOVEMBER 2021:

MAD 1 = USD 0.11,  
USD 1 = MAD 8.96  
MAD 1 = EUR 0.09,  
EUR 1 = MAD 10.89

#### GROSS VALUE ADDED (IN PERCENTAGE OF GDP):

agricultural (11.4),  
industry (26.0),  
services (50.0)

(Source: The World Bank, 2020)

#### PUBLIC DEBT:

64.69% of GDP

#### UNEMPLOYMENT RATE:

10.5%

(Source: HCP, December 2020)

#### INFLATION RATE:

0.7%

(Source: HCP, December 2020)

#### GROSS DOMESTIC PRODUCT (GDP):

USD 112.8 billion

(Source: The World Bank, 2021)

## BACKGROUND: MOROCCO MSME LANDSCAPE

### A. ECONOMIC BACKGROUND AND MSME CONTRIBUTION

The MSMEs are the predominant type of enterprise in Morocco totaling 99.4% of all enterprises. They include more than 85.8% of MICRO whose turnover is not exceeding MAD 3 million (approx. USD 335,000). However, even though MSMEs make up most of the enterprises in Morocco they account for only 36.7% of the total revenue and 36.6% of the added value.

Only 27.3% of MSMEs overall turnover is generated by export activities and added value of MSMEs (excluding financial enterprises).<sup>3</sup> Most Moroccan MSMEs operate in sectors which consume limited financial resources.

# 54%

In 2018, more than 54% were concentrated in the trade and construction sectors generating 48% and 64% of their respective sector value-added or GDP.

Finally, since they employ nearly 73% of declared workforce, MSMEs are the main job providers in Morocco.

The MSMEs are very important for the Moroccan economy. However, Morocco needs a consolidated database comprising all MSME-related information. While several government agencies have databases on specific enterprises, a centralized system or a database of MSME-related information is not in place. One such a database would consolidate and qualify the MSME data to generate value-added statistics to conduct multidimensional and temporal analyses of MSMEs behavior. Various available databases contain information that is not easily cross-compared because they primarily serve operational purposes of their respective institutions. In addition, much information from such databases is not currently fully disaggregated by indicators such as sex. Collecting disaggregated data enables stakeholders to garner an in-depth data-driven

understanding of the entire MSME sector, including its various sub-sectors, such as women and youth. In turn, evidence-driven policy can be tailored to enhance the financial inclusion of the unserved and underserved segments of the Moroccan population. In that vein, developing a clear understanding of different market groups and responding to their needs effectively is more challenging for both financial policymakers and regulators and financial service providers (FSPs).

In 2013, Bank Al-Maghrib took the initiative to establish the Moroccan Observatory of MSMEs (the Observatory) by raising awareness among various stakeholders about the importance of joining this large-scale national project. The main mission of the Observatory is to provide the public and private sectors with MSME information using statistical indicators, visual infographics and general and thematic studies. The purpose of information produced by the Observatory is to allow for data-driven and evidence-driven policy and decision-making by the Moroccan government.

The Bank Al-Maghrib brought together ministerial departments, public institutions, enterprise representatives and the banking sector to sustain this national-level effort. Although the Observatory faced several challenges to lay foundations for a unified information system on Moroccan enterprises, this is a groundbreaking effort because it is the first time that such a system has been built by combining data from several public institutions, such as the General Tax Administration of the Kingdom of Morocco (DGI), Moroccan Office of Industrial and Commercial Property (OMPIC), National Social Security Fund (CNSS) and the Bank Al-Maghrib.

Figure 1 presents the process map for the inter-agency coordination with the Observatory.

In 2020, the Observatory issued its first report within a context where the economic situation was impacted by the COVID-19 pandemic, support measures for enterprises were being implemented and the new development model (NDM) of Morocco was underway.

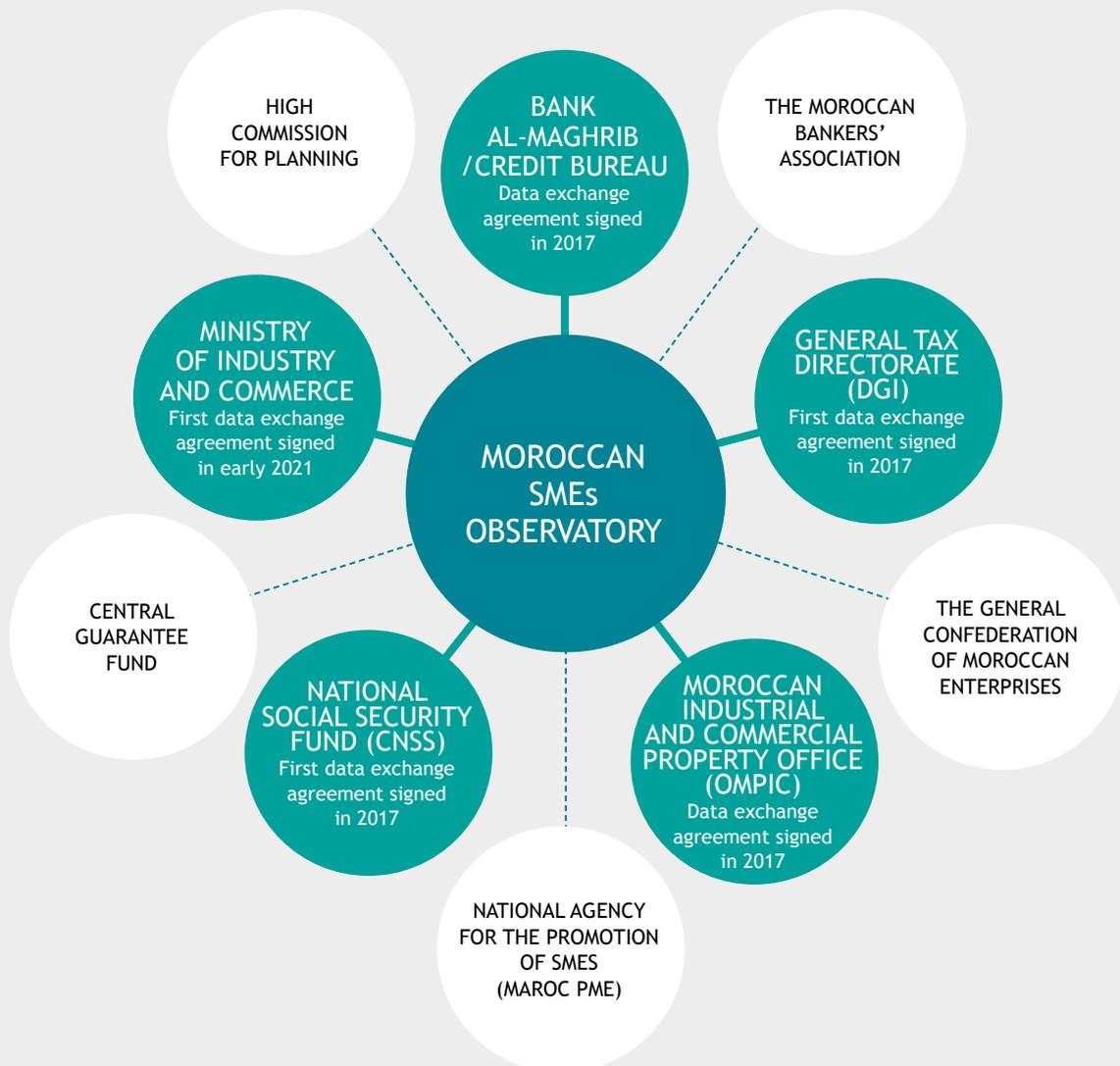
3 Given their weight in the economy, financial enterprises are excluded from the scope of studies investigating the economic and financial behavior of MSMEs to avoid bias.

**FIGURE 1: PROCESS MAP FOR INTER AGENCY COORDINATION**

Process map for inter-agency coordination with the Observatory



**FIGURE 2: LINK BETWEEN SME OBSERVATORY AND OTHER AGENCIES**



NEW DEVELOPMENT MODEL OF MOROCCO

The New Development Model (NDM) of Morocco recommends several strategic choices to support development of MSME's, including



Moreover, Morocco must integrate the informal sector through an incentive logic adapted to the nature and characteristics of the actors. The NDM report<sup>4</sup> supports strengthening and operationalization of public procurement as a strategic lever of productive development.

Indicators and analyses presented in the Observatory reveal pertinent issues concerning the national productive structures that constitutes an important component of the Moroccan economy, particularly for MSMEs. However, there is still much work that needs to be undertaken to develop sex- and age-disaggregated indicators and ensuing gender lens analysis to fully understand and meet the needs of various sub-segments of MSME market, including women and youth, to develop sound MSME policies that will help close the significant gender gaps that currently exist.

Together with the African Development Bank and the International Labour Organization, the Observatory participated in the development of a report<sup>5</sup> and a policy brief<sup>6</sup> on the impact of the COVID-19 pandemic on employment and MSMEs in Morocco, emergency measures, and prospects for recovery.

The Observatory is also collaborating with the Moroccan Economic Watch Committee, set up by the government

to tackle COVID-19 pandemic-related difficulties, by providing MSMEs demographic and economic indicators to guarantee better targeting of public aids intended for enterprises which suffered losses.

Following the receipt of 2019-2020 data from the Observatory's providers, a special emphasis on impact of the COVID-19 pandemic on Moroccan MSMEs will be included in the Observatory's annual report for 2019-2020. Employment and access to finance data will highlight, among other, the scope of job losses on regional and sectoral levels and performance of loan attribution to MSMEs with a focus on the most frequently requested types of credits by MSMEs during the COVID-19 pandemic.

4 Report on Morocco's New Development Model, April 2021

5 International Labor Organization, 2020. Impact De La Crise COVID-19 Sur L'emploi Et Les TPME Au Maroc.

6 African Development Bank, 2021. Note d'orientation politique - Impact de la crise Covid-19 sur l'emploi et les TPME.

## B. CHALLENGES FOR MSME DEVELOPMENT

There is an ongoing debate in Morocco about the best way to support the creation, growth and sustainability of MSMEs and how it can support both job and wealth creation. These debates are important from a perspective of the financial inclusion policy because many financially unserved or underserved people are engaged in informal economic activities or MICRO that, indeed, can grow and become more sustainable with the right support to people, communities and the country.

The Observatory aims to understand the basic characteristics of the SMEs in Morocco and works towards collecting timely and relevant data on all SME sub-segment (women-led and rural enterprises), as well as factors that contribute to their growth or hamper their development. Although some of these factors will be within the remit of the financial regulator and some outside (cultural and social norms), it is important to garner a holistic picture of both sets of factors, especially those impacting vulnerable segments of population (women, youth and forcibly displaced people).

Due to their small size, MICRO, especially those led by women, show several weaknesses in terms of balance sheet structure, productivity and profitability prompting a high proportion to exit the market within a relatively short period of time.

# 55%

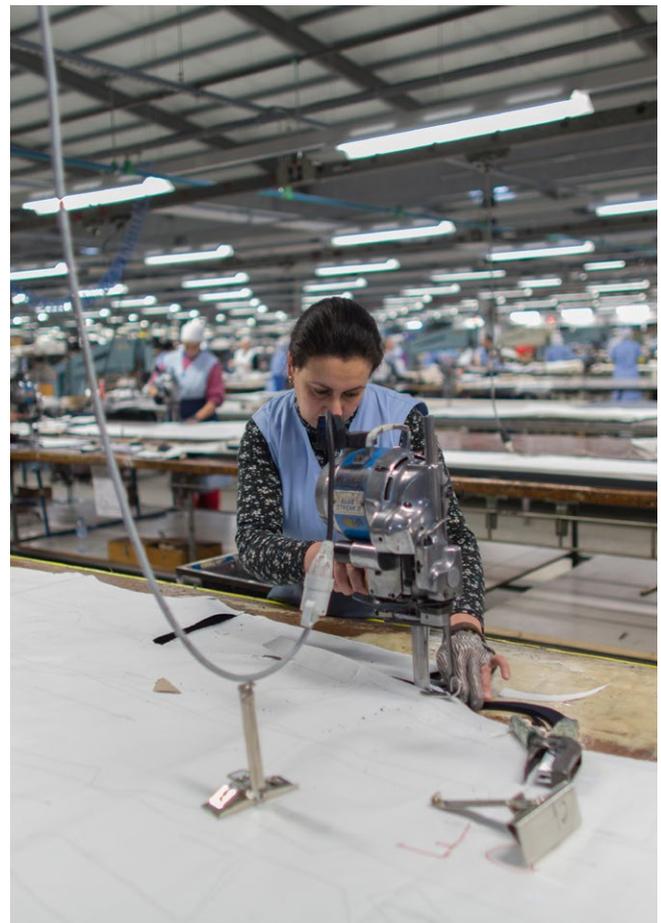
In fact, analysis shows that, on an annual average, enterprises that deregister before reaching the end of their five-year life represented more than 50% of the total deregistration over the 2016-2018 period.

Whilst SMEs are a drive for a job creation because of the churn that they experience and their generally short lifespan, the job creation they generate is not yet stable or sustainable in the long term. This is an opportunity to be addressed from a policy perspective. It is not possible to see if there is any gender dimension to the levels of deregistration until the disaggregated data is available.

Numerous constraints and barriers that Moroccan MSMEs face, especially administratively, such as access to sources of funding limit the progress of most SEs. This has been especially worrisome for women because they face a significant access to credit gap. It has also been observed that this is exacerbated by the lack

of an official national definition of microenterprises. Developing a national-level definition of SMEs, including what constitutes a women-owned or women-led SME, will support a range of policymakers and FSPs in delivering more effective solutions for the female segment of the Moroccan SME population in particular.

Finally, while the overall average access rate to bank credit stands at 39.4%, the penetration of bank financing for MICRO with a turnover not exceeding MAD 1 million (approx. USD 111,000) is more than three times lower, while that of large-sized enterprises (LEs) and medium-sized enterprises (MEs) converge at almost similar levels at 86.6% and 85.4% respectively. In absence of available national-level data, the gender gap in bank credit access for these sectors is unclear. It is highly unlikely that women are able to access credit in the same way or at the same rate as men as indicated by the global credit gap for formal women-owned SEs which stands at more than USD 300 billion (see Table 2 below).<sup>7</sup>



Clothing factory produces clothes for the Dutch retailers business, Morocco. (Photo by ton koene/Alamy Stock Photo).

<sup>7</sup> IFC. 2014. Women-Owned SMEs: A Business Opportunity for Financial Institutions.

## MSME DEFINITIONS

Like in many developing countries, defining Moroccan MSMEs presents a significant challenge because government or commercial institution uses a definition that is adapted to its specificities and core mission. Globally, a single official definition for MSMEs does not exist, much less a woman-owned or a women-led SME definition.

Several general definitions for both MSMEs and women-led SME have been proposed but no one can be considered as universal because each country contexts differ across the globe. This needs to be taken into account when developing a national definition of MSMEs, especially if such a definition also incorporates a definition for women-owned and women-led enterprises. Most proposed definitions depend either on quantitative or qualitative parameters or a combination of both. The absence of a common definition of SMEs at the national level is challenging for harmonization of data.

It could lead to the uneven application of policies and contribute to distorting competition across the organizations in the economic market. This is an issue in Morocco because an enterprise might be eligible for aid for one organization, but not for another.

### C. STRUCTURE OF DEFINITIONS

The Observatory’s rigorous evidence-driven analysis is based on following concepts and definitions.

**Active legal entity:** an enterprise that has filed a tax return with the DGI, has declared at least one employee to the CNSS or has filed a balance sheet with the OMPIC during the year under review.

**Sectors of activity:** the Observatory adopted the 2010 Moroccan Classification of Activities (NMA) established by the Moroccan High Commission for Planning (HCP) in 2013 while drawing on the DGI and CNSS migration projects from NMA 1999 to NMA 2010.

**Balanced population:** a population of two-year shared enterprises. This approach allows to neutralize biases linked to entries and exits in the database.



Listed as World Heritage by UNESCO, the covered souk, Rabat, Morocco. (Photo by Hemis/Alamy Stock Photo).

### Categories of Enterprises



#### MICRO

Annual turnover does not exceed MAD 3 million

#### VSE

Annual turnover equal to or higher than MAD 3 million and less than MAD 10 million,

#### SE

Annual turnover equal to or higher than MAD 10 million and less than MAD 50 million

#### ME

Annual turnover equal to or higher than MAD 50 million and less than MAD 175 million

#### LE

Annual turnover of over MAD 175 million

## D. DEFINITION FROM DIFFERENT NATIONAL SOURCES

### LEGAL DEFINITION

Pursuant to the Government of Morocco Law 53-00 establishing the SME Charter from 23 July 2002, MSMEs are defined according to the following criterias:<sup>8</sup>

- > Management, which must be directly held by natural entities, either as owners, co-owners or shareholders,
- > Shareholding or the voting rights, which may not be held at more than 25% by one enterprise or jointly by several enterprises not included in MSMEs definition.

In addition, the Law 53-00 stipulates that:

- > **Existing enterprises:** to have permanent staff not exceeding 200 persons and an annual turnover not exceeding MAD 75 million (excluding taxes) during the last two financial years or a total annual balance sheet not exceeding MAD 50 million,
- > **Newly established enterprises:** to undertake a global initial investment program not exceeding MAD 25 million and to abide by an investment/ employment ratio of less than MAD 250,000.

As part of a project to implement a Small Companies Act by the Ministry of Economy, Finance and Administration Reform, a working group is reviewing a new definition of MSMEs. The purpose of this exercise is to improve the effectiveness of various instruments and mechanisms set up to support these MSMEs, including start-ups.

Given the strategic importance of including data to inform access to finance for women entrepreneurs, especially from formal enterprises, some studies have shown that the gender dimension is not yet included in this legal definition. It is hoped that it can be included in the future.<sup>9</sup> In anticipation, several institutions are adopting the turnover criterion in defining MSMEs setting it between MAD 50 and 200 million.

### PRUDENTIAL DEFINITION BY THE BANK AL-MAGHRIB

In 2006, Bank Al-Maghrib adopted MSMEs definition provided in the prudential regulations of Basel II<sup>10</sup>. Two decisive criteria were retained: annual turnover and the amount of bank credits granted to MSMEs. In that

#### MICRO shall fulfill two following conditions:

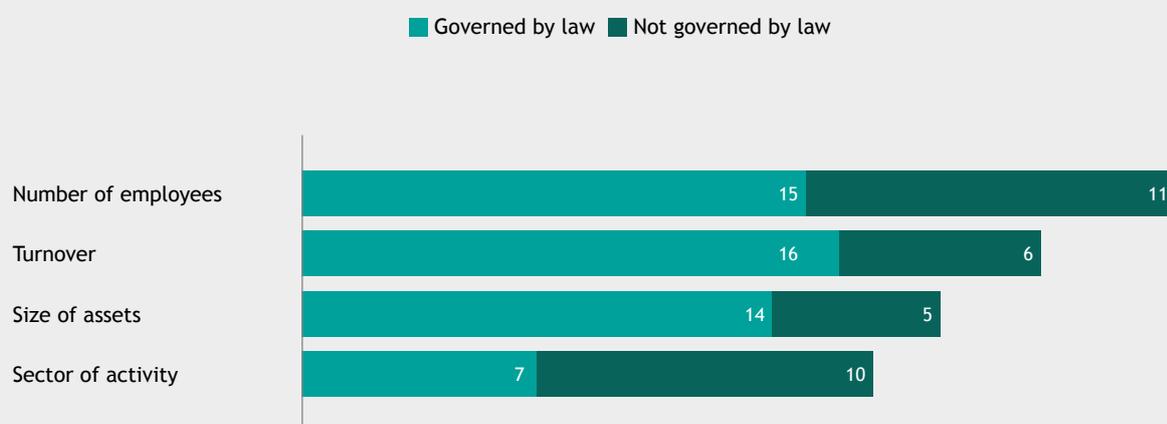
- > non-tax turnover shall be less than or equal to MAD 10 million
- > the total number of claims held against them by credit institutions shall be not more than or equal to MAD 2 million.

8 Morocco, Government of Morocco, Law 53-00, ARTICLE 1 (2002) Cf. Article 1 of the Official Bulletin No. 5036 of 27 Jumada II 1423 (5 September 2002), page 921.

9 EBRD. 2018. Banking for women in Morocco: An overlooked business opportunity.

10 BIS. 2004. Basel II: Revised international capital framework

FIGURE 3: CRITERIA USED TO DEFINE MSMEs (NUMBER OF INSTITUTIONS)



**SMEs shall meet one of the two following conditions:**

- > pre-tax turnover shall be higher than MAD 10 million and less than or equal to MAD 175 million
- > pre-tax turnover shall be less than or equal to MAD 10 million and the total number of claims held against them by credit institutions shall be higher than MAD 2 million.

Drawing on the outcomes of the analyses of the 2016, 2017 and 2018 data, the Observatory adhered to Bank Al-Maghrib’s definition retaining only the turnover criterion and refining the segmentation of MSMEs.

**E. SUMMARY OF MSME DEFINITIONS FROM AFI MEMBERS**

In 2018, AFI/SMEF-WG carried out a survey among 40 AFI member institutions to explore criteria, context, objectives and advantages and disadvantages of implementing MSMEs definition in emerging and developing countries.

81%

As portrayed in Figure 3, the survey has shown that 81% of AFI member institutions have adopted a definition for MSMEs, 50% of which falls under a law.

The main parameters used in the definition are the number of employees, the turnover and the size of assets; 86% of surveyed countries use two or more parameters.

As portrayed in Figure 4, the survey has also shown that no common definition is adopted at the regional level in developing countries in the African, Asian and Central American regions. The existing definition applies to specific areas.

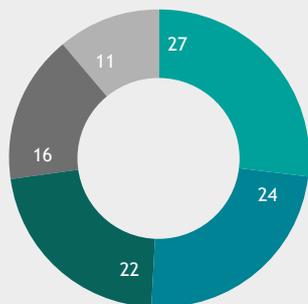
As portrayed in Figure 5, the survey has shown that definition of MSMEs is particularly used in the framework of targeting support from the state, facilitating data collection, improving data quality, etc.

Table 1 below summarizes the objectives and criteria used for the definition of MSME by benchmarked countries.



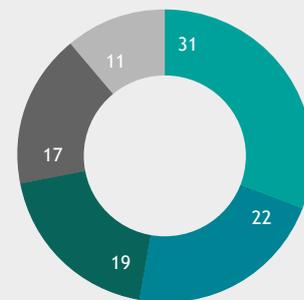
Industrial factory worker, Morocco. (Photo by THINK A/Shutterstock).

**FIGURE 4: FIELDS OF APPLICATION OF MSME DEFINITION, %**



- Granting bank loans
- State intervention in supporting VSMEs
- Statistical and economic studies
- Tax incentives
- International standards/Benchmark

**FIGURE 5: ELEMENTS CONSIDERED IN DEFINING MSMEs, %**



- Efficient targeting of the government support
- Easy data collection
- Quality of the data sources
- Standardization of government data
- Regional/international benchmark

**TABLE 1: OBJECTIVES AND CRITERIA USED FOR THE DEFINITION OF MSME BY BENCHMARKED COUNTRIES  
(AS OF JULY 2021)**

Authority	Are there multiple definitions?	Definition for women-owned or women-led enterprises?	Objectives of the definition	Criteria used
ZAMBIA	✓		Economic and statistical studies	N/A
BANGLADESH	✗		Economic and statistical studies	- Revenue - Number of employees - Capital
ARMENIA	✗		N/A	- Revenue - Number of employees - Capital
SWAZILAND	✗	✗	- Economic and statistical studies - Tax incentives - State intervention	- Revenue - Number of employees
PHILIPPINES	✓	✗	- Economic and statistical studies - Loan allocation - State intervention	- Revenue - Number of employees
PALESTINE	✓	✗	- Tax Incentives - Loan allocation - State intervention	N/A
MADAGASCAR	✓	✗	- Tax Incentives - Loan allocation - State intervention	N/A
SRI LANKA	✗		N/A	- Revenue - Number of employees
KENYA	✗	✗	- Tax incentives	- Revenue - Number of employees
MALAYSIA	✗	✗	- Economic and statistical studies - Loan allocation - State intervention - International benchmarking	- Revenue - Number of employees
JORDAN	✓	✗	- Loan allocation - Classification of financial data for bank customers	N/A
COSTA RICA	✗	✗	- Economic and statistical studies - Loan allocation - State intervention	N/A
SOLOMON ISLANDS	✗	✗	- Tax incentives - Loan allocation - State intervention - International benchmarking	- Revenue - Number of employees - Capital
EL SALVADOR	✓		N/A	- Revenue - Number of employees
FIJI	✓	✗	- Economic and statistical studies - Tax incentives - State intervention	N/A
AFGHANISTAN	✓		Economic and statistical studies	N/A

# IMPORTANCE OF DATA COLLECTION

## F. MAIN SME INDICATORS

An international benchmark exercise conducted by the Observatory in 2018 showed that demographic and economic indicators are widely used around the world.

## G. STANDARDIZE DATA COLLECTION AND COMPUTATION OF INDICATORS

In 2016, the first meeting of the Observatory board was convened. The first strategic plan for the period 2017-2019 was adopted thereby effectively launching its operationalization. With a view to achieving its objectives, the Observatory embarked on three structuring projects:

- > exchanging data with providers of information on MSMEs pursuant to the signed agreements
- > developing methodological approach to set up a consolidated database and
- > implementing underlying technology.

**TABLE 2: INDICATORS USED FOR THE DEFINITION OF MSME BY BENCHMARKED COUNTRIES AND ITS ALIGNMENT WITH THE OBSERVATORY**

Indicator	Issuing countries	Alignment with the Observatory
<b>DEMOGRAPHIC INDICATORS</b>		
Distribution of SMEs by size	Austria, Slovenia, Mexico, Belgium, Russia, France, Spain, Canada, Netherlands, Tunisia	Distribution of SMEs by size, globally and by sector
New businesses/Enterprise failure	France, Spain, Canada, Belgium, Russia	Number of new creations by sector and year Number of business failures by sector and year
Distribution by region	Spain, Canada	Distribution of SMEs by region and by sector through time
Distribution by sector	Austria, Slovenia, Belgium, Russia, France, Spain, Canada, Tunisia	Distribution of SMEs by region and by sector through time
Distribution by legal form	France, Spain, Belgium	Distribution of SMEs by legal form
Distribution by gender	France, Canada, Belgium, Netherlands	Distribution of SMEs by the gender of the founder or the manager
<b>ECONOMIC AND FINANCIAL INDICATORS</b>		
Turnover and added value by size, sector and region	France, Spain, Canada, Russia, Netherlands, Tunisia, Austria, Slovenia	Turnover growth by size and sector Added value growth by size and sector
Exportation	Austria, France, Spain, Canada, Russia, Mexico	Share and growth of exports by size and sector
Distribution of employees	Austria, Slovenia, Mexico, Belgium, Russia, France, Spain, Canada, Netherlands	Distribution of salaried employees by size and sector
Investment	France, Russia, Netherlands, Austria, Mexico	Investment growth by size and sector
Financing/Loans	France, Canada, Belgium, Netherlands	Investment Financing by type of investment and size of the SMEs Access to loans
Research and development	France, Canada	-
Public markets	France, Canada	-

The Observatory concluded data exchange agreements with the Bank Al-Maghrib, DGI, CNSS and OMPIC and was granted access to various databases. In addition, the Observatory developed a methodological approach to provide a good quality centralized database with acceptable error margins. However, numerous technical difficulties were identified in data exchange between institutions:

- > absence of a common identifier which made the cross-referencing and merging of databases a very complex operation; the Common Enterprise Identifier (CEI) is currently being implemented for the inventory
- > due to the fact the structure of these databases caters to the specific requirements of each body,

they do not allow for decision-making analysis

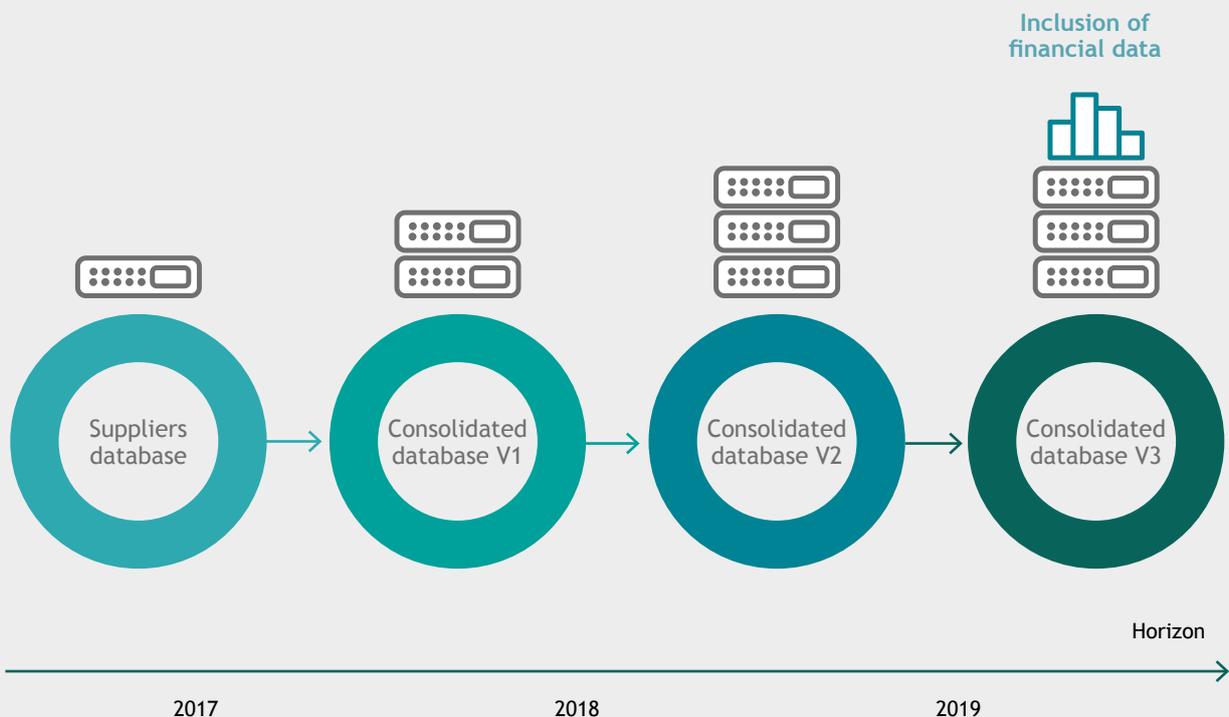
- > use of non-standardized reference systems specific to each institution
- > use of two nomenclatures to codify activities (NMA 1999 and NMA 2010)
- > unreliability of certain fields, missing and redundant data.

Data qualification was twofold:

- > companies were surveyed and their reliability improved based on two criteria: how active and how unique is the enterprise in the database (elimination of duplicates using statistical, probabilistic and text mining techniques)

FIGURE 6: OVERVIEW OF THE CONSOLIDATED DATABASE BUILDING PROCESS

### Versions of the consolidated database.



This process allows to improve data quality at each repetition.

- > enhancing descriptive data of enterprises and improving their reliability (turnover, sector of activity, region).

Repetitive cross-referencing and merging of data have been undertaken to assist in ensuring the data is as clean, reliable and valid as it can be:

- > to keep only the most qualified information in each database
- > to find the missing information as much as possible
- > to make the most of projects of migration to the new NMA 2010 thereby improving the reliability of the activity code for many enterprises en masse and automatically
- > to ensure the unicity of the enterprise in the database with a high probability to eliminate calculation biases caused by duplicates.

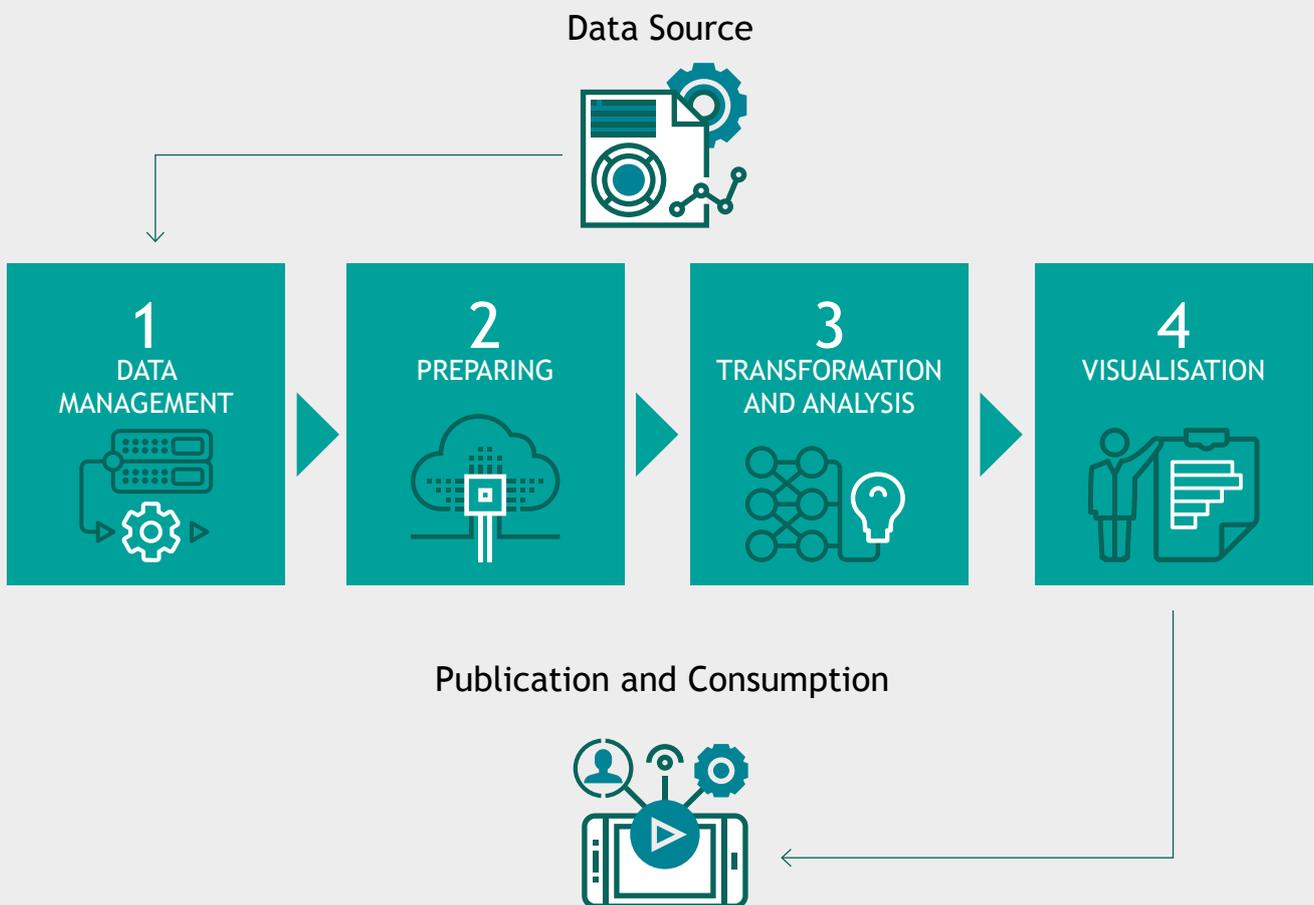
The significant quality improvement is inherent to the implemented process, considering that it is repetitive and that it evolves through learning about the data.

**H. IMPROVE NATIONAL STATISTICAL CAPACITY TO ENHANCE DATA AVAILABILITY AND QUALITY**

Implementing a consolidated database allows standardizing and unifying information about enterprises via general agreement between all information sources, particularly by launching a study on the project of harmonizing definitions and repositories.

To strengthen its technical abilities, the Observatory set the foundations for a decision-making information system, thus enabling technological bases necessary for industrializing its activities and ensuring their future development. This project aims to set up a “data factory,” which allows automatization of the entire chain of values, starting from data reception via visualization to use.

FIGURE 7: DATA EXPLOITATION PROCESS



# INITIAL STEPS IN DATA COLLECTION FROM THE PERSPECTIVE OF EMERGING AND DEVELOPING ECONOMIES

## I. ADDRESSING GAPS IN STATISTICAL CAPACITY

It is necessary to address the following problems to fill the gaps related to statistical data:

- > **Lack of a common key:** the lack of a common identification key, such as the CEI, complicates database cross-referencing and merging operations,
- > **Completeness:** partial fill rate for turnover and number of employees,
- > **Quality:** anomalies, redundancies, etc.,
- > **Cohabitation of sectoral nomenclature:** in the case of Morocco, the use of two nomenclatures in the codification of the activity (NMA 1999 and NMA 2010),
- > **Multiple repositories:** the use of non-standardized repositories specific to each administration (court code, city, legal form, etc.),
- > **Base structure:** the structure of databases transmitted is intended for the missions specific to each organization, not for decision analysis.

## J. MSMEs AND FINANCIAL INCLUSION

AFI Guideline Note no.16 concerning the SME Financial Inclusion Indicators Base Set (SME Finance Base Set) was developed in 2015 by the AFI SME Finance Working Group in consultation with the AFI Financial Inclusion Data Working Group. However, it does not have limitations on dimensions of access and usage because the SME Finance Base Set replicate indicators similar to individual access to finance. The Moroccan data collection process case study can provide guidance in the development of financial inclusion indicators tailored to MSMEs framework with a focus on demographic, economic and financial data necessary to measure the financial inclusion dimensions of access, usage and quality tailored to the current MSMEs context.

Understanding differences between the many categories of MSMEs will allow a better assessment of their financial inclusion needs through specific indicators. This is why it is important to study MSMEs demographics, economic behavior and financial

structure. This process will allow policymakers and regulators to develop data-driven and gender-sensitive policies and regulations tailored to different categories of MSMEs with different needs at different stages of their life cycle. Such policies will also help different categories of MSMEs in times of difficult circumstances, such as the current COVID-19 pandemic. Determining various demographic and economic characteristics of every category of MSMEs will improve targeting when it comes to economic support and stimulus measures. In cases where data can be disaggregated by sex, financial policymakers and regulators will be able to move from the risk of replicating the norm by using gender-neutral policies towards developing gender-sensitive or gender-transformative policies.



Sex-disaggregated data can allow FSPs to see the different segments of the women's market and develop products and services that meet the needs of this untapped population group.

The Observatory also worked on providing indicators pertaining to outstanding loans for MSMEs who have access to finance. These indicators are relative to the type of loans (working capital, investment, etc.) and the evolution of non-performing loans. Furthermore, they can enable keeping track of “financial scoring” of different categories of MSMEs, allowing loan institutions to assess risk with better tools when deciding on types of financing for MSMEs. Indeed, good financial scoring, through precisely measured risk, will help MSMEs benefit from reduced interest rates and lower guarantees. In addition, depending on the enterprise's risk profile, it will help MSMEs to avoid excessive financing conditions applied to these segments of enterprises previously considered as “high risk.” This issue is specific to SMEs because LEs benefit from relaxed financing conditions due to the higher employee count and larger economic contributions. Generally, the studies that were conducted in developing countries demonstrated that once sex-disaggregated data becomes available, it allows financial policymakers and regulators to tackle the existing gender gap in access to credit through measures such as alternative credit scoring and more flexible collateral, especially for women.

## K. THE OBSERVATORY INDICATORS

TABLE 3: ECONOMIC INDICATORS PRODUCED BY MOROCCO SME OBSERVATORY (NOT DISAGGREGATED BY SEX)

Indicators	Data sources	Calculation formula	Purpose of indicator
Revenue	Consolidated Data	$\Sigma$ sale of goods and services	Indicates the amount of money an enterprise received in exchange for its goods and services
Distribution of MSMEs by the number of employees	CNSS	N/A	Determine which MSMEs category has employed the most and least of the workforce
Net job creation by enterprise's age, workforce size	CNSS	N/A	Indicates characteristics of enterprises who create most and least jobs
Distribution of employees by sector of activity	DGI	N/A	Determine sectors providing most and least job opportunities
Employment distribution by region	DGI	N/A	Determine regions that provide most and least job opportunities
Export revenue	DGI	$\Sigma$ sale of goods and services dedicated to exports	Determine the amount of money an enterprise receives in exchange for its exported goods and services
Added value	DGI	Revenue - Immediate consumptions	Indicates the additional economic value that an enterprise adds to its products and services before offering them to customers

TABLE 4: DEMOGRAPHIC INDICATORS PRODUCED BY MOROCCO SME OBSERVATORY (NOT DISAGGREGATED BY SEX)

Indicator	Data source	Purpose of indicator
Distribution of MSME by size	Consolidated data	Determine the number of each category of MSME
Distribution of MSME by region	Consolidated data	Determine which regions host most and least MSME
Distribution of MSME by sector of activity	Consolidated data	Determine the sectors in which MSME operate
Distribution of MSME by legal form	Consolidated data	Determine the most predominant legal forms of MSME
Distribution of MSME by size	OMPIC	Determine the number of new enterprises created each year
Distribution of MSME by size	OMPIC	Determine the number of deregistered enterprises each year

TABLE 5: FINANCIAL INDICATORS PRODUCED BY MOROCCO SME OBSERVATORY (NOT DISAGGREGATED BY SEX)

Indicators	Data sources	Calculation formula	Purpose of indicator
Net cash ratio	DGI	Working capital - working capital requirement	Determine the amount of cash remaining after transactions
Equity to Fixed Assets ratio	DGI	Permanent capital/fixed assets	Indicates how much permanent capital has financed the company's fixed assets
Productivity ratio	DGI	Revenue/Number of employees	Measures the performance of enterprise employees by providing information on the average revenue generated per employee
Profitability rate	DGI	Net income/Revenue	Expresses the proportion of the enterprise's margin from its revenue
Return on equity	DGI	Net income/Equity	Measures financial performance of equity
Working capital requirement (in days of revenue)	Consolidated data + the Trade Registry (CIFEN)	(Current assets - Current liabilities)/Turnover*360	Measures the amount of money needed to finance the gap between disbursements (payments to suppliers) and receipts (payments from customers)

## L. OBSERVATIONS AND KEY FINDINGS FROM MONITORING THE INDICATORS

Observations in this section are based on the Observatory's Consolidated Database, which consists of 249,131 enterprises.

### KEY FINDINGS FROM MSME INDICATORS

Predominance of MSMEs in the national productive structures

- > 99.4% are MSMEs of which:
  - 85.8% are MICRO (turnover less than MAD 3 million)
  - 8.1% are VSEs with a turnover between MAD 3 and 10 million
  - 4.9% are SEs (turnover between MAD 10 and 50 million)
  - 1.1% are MEs (turnover between MAD 50 and 175 million)

### IMPORTANCE OF MSME IN THE LABOR MARKET

- > In 2018, MSMEs employed 73% of the workforce declared to the CNSS
- > MSMEs that deregistered before reaching the end of their five-year life created more than 80% net employment (LEs created 7.4%).

### CHARACTERISTICS OF MSMEs IN THE NATIONAL PRODUCTIVE STRUCTURES

- > More than 30% of identified enterprises operate in commerce while 24% operate in construction and account for 60% of the global turnover
- > 66% of enterprises are concentrated in the Tangier-El Jadida axis, of which 40.3% of them located in the Casablanca-Settat region
- > Enterprise creation jumped in 2018 with 46,000 new start-ups 35% of which are in the Casablanca-Settat region and mostly operating in trade and construction
- > In 2018, deregistration of enterprises fell by 1.8% to 5,587 enterprises more than half of which deregistered before reaching the end of their five-year life.

### LOW CONTRIBUTION OF MSMEs TO THE ECONOMY

Despite their preponderance, MSMEs only achieve

- > 36.7% of the overall turnover
- > 27.3% of overall turnover from exports
- > 36.6% of added value (excluding financial sector)

### LIABILITY STRUCTURE

- > Analysis of the structure of liabilities reveals that equity constitutes the first source of financing for

enterprises (28.7%), followed by the financial debt (20%), commercial debt (19.4%) and debt to partners (17.5%)

- > The rate of access of enterprises to bank financing shows significant disparities between different segments (no gender-disaggregated data yet)
- > The overall average access to credit rate is 39.4%; levels vary according to different categories of enterprise. Whereas the average is around 86% for LEs and MEs, MICRO with turnover less than MAD 1 million have a financing access rate of 13% and those with turnover between MAD 1 and 3 million have 40.3%
- > 41.4% of enterprises receiving bank financing are in the Casablanca-Settat region.
- > LEs represent 60.5% of bank financing recipients, and remainder distributed to MEs (14.2%), SEs (12%), VSEs (4.1%) and MICRO (9%).

### POSITIVE NET CASH POSITION AMONG THE MAJORITY OF MSMEs

- > 40% of LEs and MEs have a positive cash flow. This proportion is 92% for MICRO, 74% for VSEs and 60% for SEs. This confirms their low level of investment and the lack of activity dynamism.

### THE PRODUCTIVITY RATIO OF LEs IS 5.5 TIMES HIGHER THAN THAT OF MICRO

- > The productivity of LEs is 2.8 times higher than that of other categories of MSMEs. These differences could be explained by organizational, technological, and human factors,
- > MICRO show a negative rate of profitability and a negative rate of return on equity (no gender-disaggregated data yet),
- > The profitability rate for LEs is 4.8%, compared to 2.4% for MICRO (pulled down by MICRO whose rate of return has deteriorated to -7.6%),
- > The average profitability of LEs stood at 8.2% while that of MICRO was at 2.6% (pulled down by the underperformance of MICRO with a negative ratio of -11%).

# GUIDELINE ON DATA COLLECTION BY SME OBSERVATORY

## M. MANDATE OF THE OBSERVATORY

Availability of quality, timely and reliable disaggregated data on MSMEs is a decisive step towards designing relevant and gender-sensitive/transformational policies targeting this segment of enterprises. See table below.

## N. ACTIONS UNDERTAKEN AND DATA COLLECTION CHALLENGES OVERCOME BY THE OBSERVATORY

Other actions undertaken by the Observatory include setting up an information system based on data sciences technology (big data, machine learning and data mining) to improve the quality of data and extract relevant information, as well as industrializing the process of calculating indicators and the production of decision-making tools.

## IMPLEMENTATION OF THE DATA STRATEGY: BUILDING THE CENTRAL DATABASE

This database contains information on all formal Moroccan enterprises, sector of activity, size and region (for classification purposes) and characteristics (turnover, added value, employment, investment, balance information); it does not yet include information on the sex of the enterprise owner.

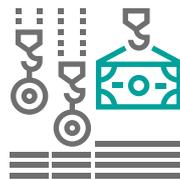
To make sure the database is updated, it is necessary to set up an institutional framework of cooperation between the Observatory and providers of the administrative data. This cooperation would ensure a continuous supply and easy linkage of data from multiple sources to the Observatory database and through a common identification system to allow the qualification and enhancement of data which would prove vital in the long run.

The Observatory is faced with the specifications of each partner's files and must work on delimiting the perimeter of necessary variables to calculate the indicators produced (format, type, confidentiality, security, frequency, depth of the history, the modalities of exchange, etc.).

The Observatory ensures a better process of leveraging data to enable Morocco to deal more efficiently with MSMEs challenges through:



**MAKING AVAILABLE STATISTICAL DATA ON MSMEs** and establishing quantitative and qualitative indicators on the conditions of access to bank financing and support mechanisms to help the government set up gender-sensitive and evidence-based policies and encourage banking institutions to finance MSMEs to close the gender gap in access to credit.



**CARRYING OUT THEMATIC OR GENERAL STUDIES AND ANALYSIS ON MSMEs** to inform public and private actors about its evolution and development. It will also allow for the sub-segments of MSME sector (women-led and rural enterprises) to be studied.



**ANALYZING THE IMPACT OF GOVERNMENT POLICIES SUPPORTING MSMEs** and making recommendations, particularly about opportunities to close the gender gap in access to finance and how to support the financial inclusion of other vulnerable groups.

# CORE INDICATORS FOR THE SME ACCESS TO FINANCE

Access to finance represents an important factor of growth and development of enterprises. Generally, enterprise financing could be provided either through the bank and market debt or own resources. This section presents the structure of liabilities by category of enterprise based on the financial statements of enterprises studied. It also shows their access to bank financing according to data obtained from the Credit Bureau.

It is important to note that women-owned and women-led enterprises face a different set of circumstances and constraints when it comes to running enterprise or accessing finance. Due to these constraints, many women-led enterprises are forced to resort to informal sources of finance. Generally, they start their enterprises with less capital than men because they have less exposure to business and less opportunity to own assets. In other words, they are less resilient to economic shocks. Finally, due to discriminatory lending practices found in many FSPs coupled with cultural and social norms, women-owned and women-led enterprises are frequently less able to have the opportunity to access credit which disadvantages them even further.

## O.ACCESS TO FINANCE AND USAGE

An analysis of liabilities at the end of 2018 shows that equity capital is the leading source of financing overall (28.7%) which is up 1.6 points, followed by financial debt (20%) which is down 1.2 points compared to 2017 (Figure 8).

Commercial debt (19.4%), unchanged from 2017, is the next source of financing to relieve enterprises' cash flow. This is because its level of financing can reflect long supplier payment deadlines as evidenced by various studies carried out by the Bank Al-Maghrib. Resort to debt from partners, under unblocked current accounts, ranks fourth among the various enterprise financing instruments (17.5%).

Table 6 shows much differentiated situations in the structure of corporate liabilities analysis. The debt to MICRO associates, the sector where women-owned enterprises are primarily concentrated, represented 45% of their total liabilities in 2018 as opposed to 47% a year earlier. On the other hand, the equity shares of the MICRO are less than 20% while their financial debt is limited to around 11%. The LEs hold relatively significant amounts of equity and financial debt (nearly 32% and 30.5% respectively), followed by commercial debt (22.2%) and debt to partners (2.4%).

The Observatory also calculated the liabilities structure by activity and enterprises' age; these indicators are still unpublished, pending the results of reliability tests. Bank loans represent 97% of global financial debt; remainder is made up of bonds. This indicates that enterprises hardly resort to private debt market to access credit.

FIGURE 8: STRUCTURE OF ENTERPRISES' LIABILITIES (2017-2018)



Source: AFI Data Portal

39.4%

The overall average access rate to bank credit stands at 39.4%, albeit at varying levels for different categories of enterprises.<sup>11</sup>

While LE and ME converge at almost similar levels (86.6% and 85.4% respectively), the access rate for other categories is unequal and reflects a very low degree of penetration of bank financing for VSEs and MICRO with a turnover not exceeding MAD 1 million where the rate is more than three times less important than the overall average.

The age of an enterprise is one of the factors that influence its access to bank financing. Enterprises over 10 years of age have a 63% access to finance.

The rate declines as the age of the enterprise declines to a less than 10% only for enterprises not exceeding two years of existence. This also highlights difficulties that women have in accessing finance because they generally run smaller and younger enterprises than their male counterparts.

In terms of outstanding amounts, 76% of financing was awarded to enterprises older than ten years contrasted with 2% for start-ups with less than two years of existence.

<sup>11</sup> The number of enterprises that have benefited from credit as a proportion of the population of enterprises in the same category.

TABLE 6: SHARE OF LIABILITIES BY CATEGORY OF ENTERPRISE, 2017-2018 (PERCENTAGE)

Source of financing	Micro (0-3)		VSE (3-10)		SE (10-50)		ME (50-175)		LE (>175)	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Shareholder equity	19.3	19.2	26.2	28.2	29.2	31.5	29.9	31.9	29.4	31.8
Financial debt	11.1	11.3	9.9	9.9	12.2	12.3	20.8	18.5	32.2	30.5
Commercial debt	9.6	9.9	18.4	18.2	21.7	21.8	23.4	24.6	22.4	22.2
Debt to partners	47.4	45.4	31.7	29	18.5	17.3	10.5	10	2.7	2.4
Miscellaneous debt	12.6	14.3	13.9	14.7	18.4	17.1	15.5	15	13.3	13.2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

TABLE 7: ACCESS TO BANK FINANCING BY CATEGORY OF ENTERPRISE, 2018 (PERCENTAGE)

Enterprise category (in million MAD)		Breakdown of enterprises (%)	Breakdown of bank loans (%)	Average rate of access to financing (%)
Micro	[0.3]	62.9	9.1	16.2
	[0.1]	44.7	7.4	13.01
	[1.3]	18.2	1.7	40.3
VSE	[3.10]	17.7	4.1	55.4
SE	[10.50]	13.7	12.0	72.4
ME	[50,175]	3.7	14.2	85.4
LE	>175	1.8	60.5	86.6
<b>Total</b>		<b>100</b>	<b>100</b>	<b>39.4</b>

## P. QUALITY OF SME FINANCE INSTITUTIONAL SETUP

The NFIS focused on multiple aspects: acceleration of the development of alternative models of financial inclusion, particularly development of mobile phone payment, the role of microfinance institutions and inclusive insurance.<sup>12</sup> This strategy also relies on the promotion of “classical” models to increase financial inclusion by ensuring appropriate conditions to speed up access to various banking services and strengthening of risk management tools for vulnerable groups, developing a framework and tools to facilitate access for SEs and individuals to finance.

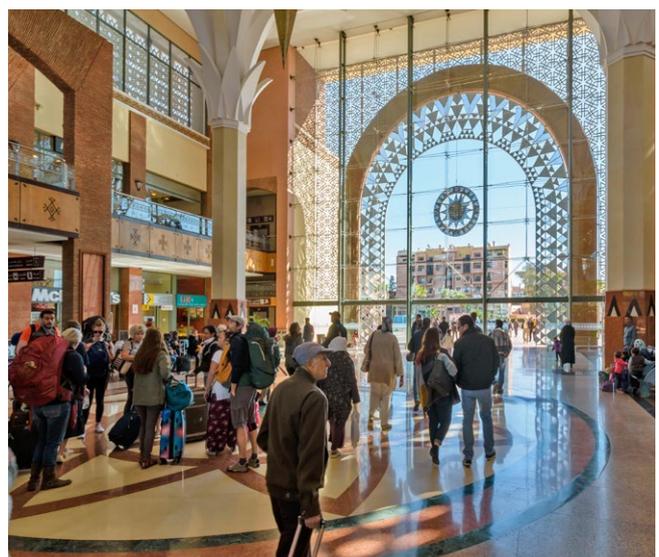
The NFIS includes the following focus related to MSMEs:

- > Since MSMEs form the backbone of the Moroccan economy and the vital source of its economic growth and social inclusion, Bank Al-Maghrib, in partnership with private and public organizations, decided to create an Observatory whose main mission is to centralize data and information on the national and regional environments of MICRO, VSE, SE and ME. The Observatory is responsible for establishing quantitative and qualitative indicators to measure the conditions of access to bank financing and support mechanisms.
- > The Bank Al-Maghrib has taken the initiative to coordinate, with stakeholders, financial education actions, as part of a long-term strategy laid out by the National Financial Education Foundation, established in early 2013, whose primary mission is to implement the national education strategy. The Foundation plans to establish outreach and financial education programs tailored to different segments of population, also including the MSMEs segment, to promote their financial inclusion.
- > Other measures have also been taken to strengthen the governance and financial transparency of enterprises, particularly in 2009 when the Bank Al-Maghrib established the Credit Bureau, and the standardization of information to be provided by enterprises in loan applications, to centralize positive and negative information on loans given to private and legal entities.
- > Since 2005, the Bank Al-Maghrib also enabled the development of refinancing instruments for MSMEs to improve their funding conditions, mainly through the establishment of the Moroccan Central Guarantee Fund. In 2009, in consultation with the banking industry, the Bank Al-Maghrib also set up a banking mediation mechanism, creating an independent mediation center between credit institutions and their customers.

- > In the Moroccan NFIS, women, especially women in the rural areas, including women entrepreneurs, are identified and targeted as part of the vulnerable groups. Different studies have been undertaken related to women-owned and women-led enterprises. In 2018, the European Bank for Reconstruction and Development developed some measurements including a demand-side survey which pinpointed the potential market that women-led SMEs represent in business loans and other financial needs<sup>13</sup>.

Following the Orientations of His Majesty the King Mohammed VI of Morocco calling for more support and facilitation of access to credit for MSMEs, the Moroccan government and Bank Al-Maghrib, in collaboration with the banking system, drew up an ambitious program focused on several aspects, including the creation of new guarantee funds. In addition to easing prudential rules, the Bank Al-Maghrib has set up a mechanism for unlimited refinancing at a preferential interest rate of 1.25% for the benefit of the categories targeted by the Royal Orientations to support this program.

Within this framework, a fund was established by the state and the banking sector with an initial envelope of MAD 6 billion over a period of three years. Resources of this fund have been reinforced by an additional MAD 2 billion granted by the Hassan II Fund for Economic and Social Development and dedicated to the financing of economic activities in the rural world.



Marrakech railway station, Morocco. (Photo by John Bracegirdle/Alamy Stock Photo).

<sup>12</sup> AFI. 2020. Morocco National Financial Inclusion Strategy.

<sup>13</sup> EBRD, Banking for Women in Morocco: an overlooked business opportunity. <https://www.ebrd.com/documents/gender/banking-for-women-in-morocco-an-overlooked-business-opportunity.pdf>

## LESSONS LEARNED AND NEXT STEPS FOR THE MOROCCO SME OBSERVATORY

This case study summarized a series of considerations that the Moroccan SME Observatory had to consider before achieving a coordinated approach to MSME data collection in their country.

The absence of a data breakdown by male-owned and male-led and women-owned and women-led MSMEs meant that sex-disaggregated data on MSMEs was not available leaving ongoing analytical issues to persist.

This obstacle underlies a broader issue that affects coordination between government institutions in matters of governance, production, circulation and optimization of the use of data. This is particularly challenging in strengthening the effectiveness of public policies and developing gender-sensitive policies in the future, evaluating their impact and providing more transparency. High-level negotiations enabled engagement and close collaboration with stakeholders. This has led to federating data providers around the Observatory's vision concerning the sharing and use of data produced by national bodies in charge of MSMEs.

This fundamental step in the Observatory's production process is an example of successful collaboration in data sharing and partial overcoming of the brakes that hinder this type of cooperation. Indeed, a political strategy based on data requires evolution towards a less vertical model where the data essential to the piloting and evaluation of public policies are made available to all actors with a capacity for fast exchange and interconnection. This development also implies a reflection on the legal framework governing the exchange of data within administrations.

These factors have prompted the Observatory to call for acceleration of signing new data exchange conventions with various data providers as well as amendments to the already signed conventions, depending on Observatory's needs.

The Observatory also continues advocating for further adjustments to laws which limit data exchange between different government institutions.

These steps are fundamental actions of the Observatory's 2021-2023 strategic plan which takes into consideration various contextual elements (public policies, sectorial strategies, regional development plans and the NFIS). This new strategic plan aims to industrialize and boost issuance of indicators by integrating new perimeters (non-structured physical entities or the informal sector) while anchoring the Observatory in the era of "data science" by putting data at the service of enterprises and supporting policies for MSMEs and by measuring their effectiveness and impact. The Observatory also aspires to open to further cooperation with a focus on Africa and the Middle East and North Africa region.

In addition, this plan will strengthen the Observatory's organizational structure through various tools, such as a decision-making information system. The Observatory's vision is to set up a data lab or a data factory which would include automation of all the value chains from the reception of data to their visualization and consumption.

Finally, the strategic plan also includes making the Observatory's databases more reliable with a five-level reliability strategy.

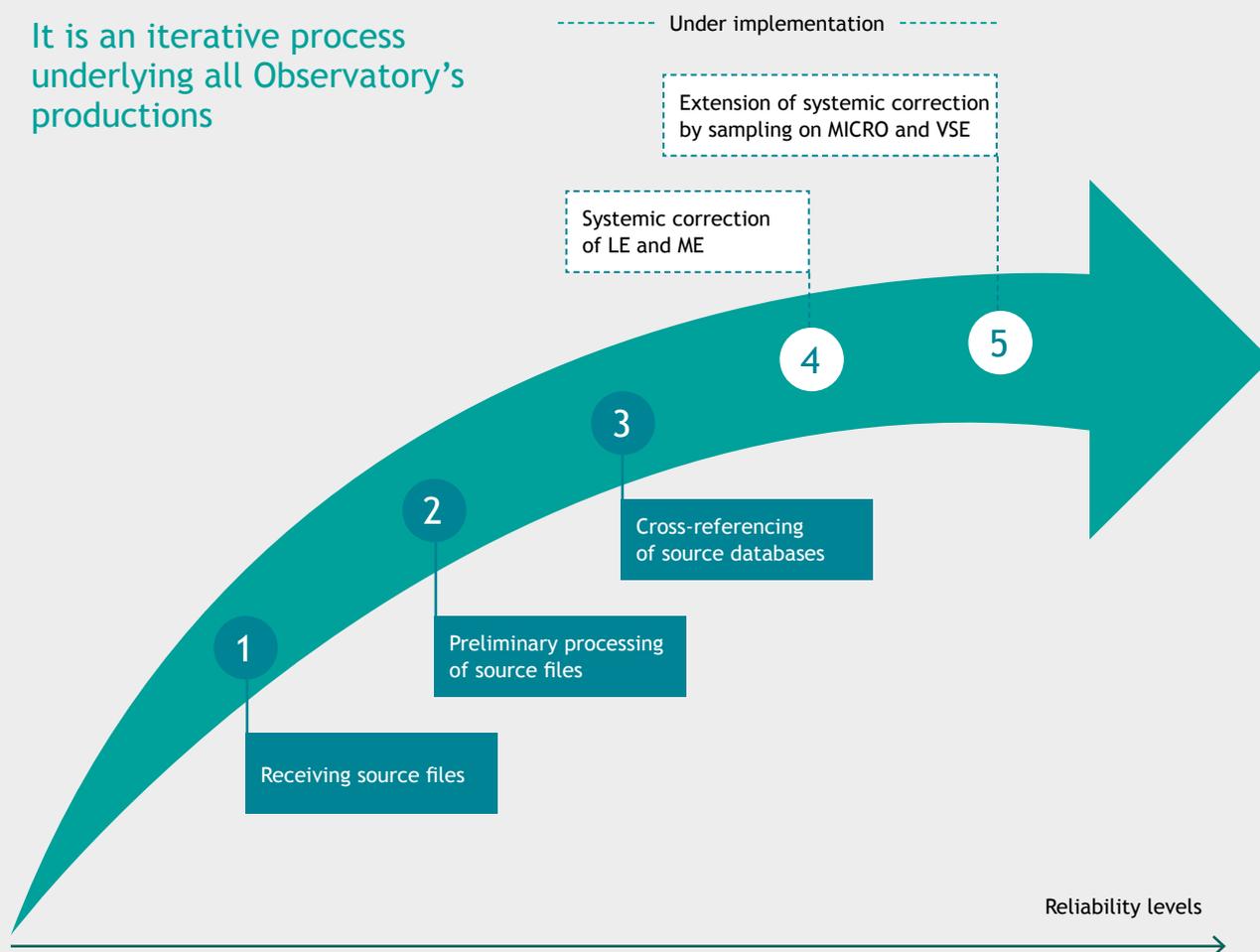
These measures will allow the Observatory to expand its scope of production through the integration of new enterprise populations into the centralized database, such as physical entities, independent entrepreneurs, cooperatives, etc.

In addition to the 2019 Annual Report, the Observatory plans on producing various studies.

- > **Regional and sectoral studies (in cooperation with Regional Investment Centers in Morocco):** improving knowledge of the regional productive structures to put in place policies that encourage investment and employment.
- > **Creation of a scoring model for access to financing for MICRO (in cooperation with CDG Capital and Mohammed VI Polytechnic University):** improving the bankability of projects and the overall conditions of access to financing for MICRO, by extension.

## DATA RELIABILITY STRATEGY (MULTI-YEAR PROCESS)

It is an iterative process underlying all Observatory's productions



> **Cooperation with the Department of Studies and Financial Forecasts of the Moroccan Ministry of the Economy and Finance concerning the following specificities :**

- Establishment of a mechanism for evaluating the effectiveness of public financial assistance for MSMEs: the Observatory's first annual report revealed several weaknesses in the financial structure of MICRO which raise many questions about the effectiveness of public aid mobilized for enterprises under various programs;
- Impact of COVID-19 pandemic on MSMEs: to provide a national assessment of the COVID-19 impact on MSMEs based on indicators already produced and those that could be produced from data collected and processed by the Observatory;
- Inventory of zombie enterprises in Morocco: "zombie" enterprises, which are enterprises that are at least ten years old and whose operating

income is insufficient to cover interest charges for at least three consecutive years, consume part of the productive resources thereby slowing down the development of sustainable enterprises. Ultimately, overall growth and employment may suffer the consequences.

- > **Phase II of the study on the impact of COVID-19 on employment and MSMEs in Morocco (in cooperation with the African Development Bank and the International Labour Office):** the second phase of this study, which is in the framing phase, would focus on the vulnerability of enterprises by analyzing certain financial indicators in more detail.
- > **A study on agrifinance (in cooperation with the World Bank):** to identify avenues to be explored by public and private actors to remove barriers to financial inclusion in the agricultural sector on both the supply and demand sides.

- > **A study on the evolution of enterprise failures and enterprise creations in Morocco during the 2014-2020 period:** to assess the life cycle of enterprises in the country and identify the profile of enterprises facing difficulties to set up tailored aid policies.
- > **A study on the most promising enterprises (with a turnover between MAD 10 and 50 million):** to identify these enterprises' profile to set up tailored policies to help them grow, gain better access to financing with more interesting conditions, go public, etc. because they have a considerable potential for growth in Morocco.
- > **The addition of gender component in MSME data collection process:** the gender concept including women-owned and women-led enterprises could not be included at this time as the data is not available. It is hoped that this aspect can be fully included in the future as work continues to progress in the Observatory.

The Observatory has also started thinking about a proper methodology to accurately measure the informal sector and deal more precisely with its complexity, as well as the topic of women's entrepreneurship and the gender approach in business.

The Observatory notes that the current lack of a national definition of MSMEs and unavailability of disaggregated data on women-led and women-owned SMEs is holding back policy efforts to tackle the gender gap in both women's financial inclusion and women's access to credit. Working with the FSPs to develop the necessary data collection templates and disaggregated data analysis will support the development of effective products and services specifically aimed at the women's market.

On the Observatory side, the institution is currently working on a methodology to tackle the issues related to women-led MSME finance. Technically, the completion rate of sex-related data is low. The Observatory is in the process of negotiating new databases from the DGI and the OMPIC. Legal barriers related to data privacy must also be overcome in order to use the data in a transparent manner. The Observatory is also working on a new algorithm, based on text mining, which will make possible to analyze the data in more granularity.



Clothing factory produces clothes for the Dutch retails business, Morocco. (Photo by ton koene/Alamy Stock Photo).

## ABBREVIATIONS

<b>CEI</b>	Common Enterprise Identifier
<b>CNSS</b>	National Fund of Social Security
<b>DGI</b>	General Tax Directorate
<b>FSP</b>	Financial Service Provider
<b>GDP</b>	Gross Domestic Product
<b>HCP</b>	High Commission for Planning
<b>LE</b>	Large Enterprises
<b>MAD</b>	Morocco Dirham
<b>ME</b>	Medium-Sized Enterprises
<b>Micro</b>	Micro-Enterprises
<b>MSME</b>	Micro, Small and Medium Enterprises
<b>NDM</b>	New Development Model
<b>NFIS</b>	National Financial Inclusion Strategy
<b>NMA</b>	Moroccan Nomenclature of Activities
<b>OMPIC</b>	Moroccan Office of Industrial and Commercial Property
<b>SE</b>	Small Enterprises
<b>SME</b>	Small and Medium-Sized Enterprises
<b>VSE</b>	Very Small Enterprises

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