Summary

of the Report on the sector of Public Entities and Enterprises (EEP)
attached to the 2015 Finance Bill

For the purpose of consolidating the achievements and pursuing the process of accelerating the rhythm of economic and social development of Morocco, in line with the Royal Instructions, the Government objectives, fixed for 2015, are based on four fundamental pillars which target:

- Strengthening trust in the national economy and improving its competitiveness, as well as encouraging the investment of the private sector and supporting enterprises;
- Accelerating the implementation of the Constitution, major structuring reforms and advanced regionalization;
- Consolidating social and territorial cohesion, social programs and promoting employment;
- Pursuing the efforts of progressive recovery of macroeconomic balances.

Within this framework, Public Entities and Enterprises (EEP) will have to intensify their efforts and accelerate the rhythm of their realization to contribute more to the preservation of the achievements and stimulation of growth and investment in accordance with the Royal Will.

In fact, the EEP, globally viable at the economic and financial levels, should contribute to hauling Morocco to new levels in economic growth and wealth creation, while at the same time strengthening the mechanisms of higher transparency and renewed governance.

I - Public portfolio performances

The public portfolio is mainly characterized by the diversity of the legal status of its components and the activity sectors it covers. At the end of August 2014, it comprised the following entities:

- 243 public entities functioning mainly in the fields of infrastructures, agriculture, health, education, urbanization, water and electricity planning. During 2014, the portfolio witnessed the creation of the "National Agency for the Evaluation of Higher Education and Scientific Research" of "Mohamed V University in Rabat" (resulting from the fusion of Mohamed V University in Agdal and Mohamed V University in Souissi) and of "Hassan II University in Casablanca (resulting from the fusion of Hassan II University in Ain Chok and Hassan II University in Mohammedia)."

- 42 public enterprises with direct participation in the Treasury, mostly dominated (35 units, i.e. 83%) by the most important State companies including OCP SA, HAO, ADM, Barid Al Maghrib, CAM, MASEN and RAM.

Besides, 17 companies stem directly from the territorial communities.

Some of the abovementioned EEP hold 

subsidiaries or stakes with a total number of 437 entities including 229 which are mostly held by the State (direct and indirect public participation higher that 50%).
In addition to the diversity of the EPPs status, the public portfolio is distinguished by an important penetration in the regional and local levels with 202 EEP (176 public entities, 9 Public Limited Companies with direct participation in the Treasury and 17 Public Limited Companies of the territorial communities), reflecting, therefore, a significant contribution to the territorial development of the country and a real involvement in strengthening deconcentration and decentralization of the public action. This significant territorial penetration represents a first class opportunity in the framework of advanced regionalization.

1.1. - Investments

EEP investments at the end of 2013 (MAD 78 billion) show a slight increase compared to 2012 (MAD 77.5 billion). More than 56% of investments was carried out by 4 EEP: OCOP Group (MAD 19.1 billion), CDG Group (MAD 10.5 billion), ONEE (MAD 8 billion) and HAO Group (MAD 6.3 billion).

The potential achievements during 2014 exceed MAD 80 billion, confirming, therefore, the stability of EEP investment at high levels.

The following graph presents the evolution of investments carried out by the EEP for the period from 2005 to 2013:

![Evolution of the investment carried out by the EEP in billion MAD](image)

The estimated investment volume of EEP for the fiscal year 2015 is MAD 114.9 billion, therefore, registering a slight decline of 3% compared to the forecasts of the fiscal year 2014 (MAD 118.5 billion) mainly because of the return of the OCP Group investment to usual levels following the peak achieved in 2014 (details hereinafter).
Sectors of infrastructures, water, energy, mines as well as the social sectors and that of housing monopolize in 2015 about 80% of EEP investments.

This investment effort of the EEP reflects the involvement of these bodies in the implementation of sector strategies and delivery of structuring projects of the country in numerous sectors such as infrastructures, transports, energy, phosphates, housing and agriculture.

<table>
<thead>
<tr>
<th>In MAD million</th>
<th>2014 Forecasts</th>
<th>2015 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCP Group</td>
<td>29,500</td>
<td>24,000</td>
</tr>
<tr>
<td>ONEE</td>
<td>11,578</td>
<td>12,713</td>
</tr>
<tr>
<td>CDG Group</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>ONCF</td>
<td>7,923</td>
<td>8,526</td>
</tr>
<tr>
<td>HAO Group</td>
<td>6,700</td>
<td>7,200</td>
</tr>
<tr>
<td>ADM</td>
<td>4,980</td>
<td>3,304</td>
</tr>
<tr>
<td>Distribution public companies (12)</td>
<td>2,767</td>
<td>2,813</td>
</tr>
<tr>
<td>ALEM</td>
<td>2,695</td>
<td>2,500</td>
</tr>
<tr>
<td>ORMVAs</td>
<td>3,089</td>
<td>2,320</td>
</tr>
<tr>
<td>ONDA</td>
<td>1,400</td>
<td>3,600</td>
</tr>
<tr>
<td>Other EEP</td>
<td>35,913</td>
<td>35,976</td>
</tr>
<tr>
<td><strong>Total of the Sector</strong></td>
<td><strong>118,545</strong></td>
<td><strong>114,952</strong></td>
</tr>
</tbody>
</table>

1.2 - Financial performances

Knowing that the weight of the OCP Group in the main aggregations of the public portfolio vary from 20% to more than 50%, the fiscal year of the main economic and financial aggregations of the EEP during the fiscal year of 2013, allow to note that, except for that some indicators of this Group registered a decrease in relation with the evolution of the world phosphates market which continues in the downward direction of phosphates since the fourth quarter of 2011, some favorable evolutions have been registered. In fact, the turnover, as well as the Added Value of the EEP sector, except OCP Group, improved by +2%. Similarly, the Net Bottom Line, except OCP Group, moved from a loss of MAD 637 million to a profit of MAD 2 billion.

Therefore, at the end of 2013, the Turnover registered a decrease of 4.8%, moving from MAD 199.7 billion in 2012 to MAD 190.1 billion. The closing forecasts of 2014 show a Turnover of MAD 196.4 billion, increasing by 3% compared to 2013.

Concerning the Added Value, it registered a decline of 8.8% in 2013, moving from MAD 79.5 billion in 2012 to MAD 72.5 billion. In 2014, and in the context of closing forecasts, the Added Value is expected to reach MAD 66.7 billion, decreasing by 8% compared to 2013. This is mainly because of the decline of the Added Value of ONEE and ANP.

The profit net bottom lines reached MAD 15.8 billion in 2013 against MAD 19.9 billion in 2012, whereas the total loss net bottom lines improved to reach MAD 5.3 billion in 2013 against MAD 6.4 billion the previous year.
1.3 - Financial Relations between the State and the EEP

The budgetary transfers of the State to the EEP, in 2013, were fundamentally intended for equipment and the increase of the capital to the proportion of 54% and to operating to 46%. At the end of December 2013, they reached MAD 20.598 million.

Concerning the application of the 2014 Finance Act, the total unfreezing amount at the end of September reached MAD 18.566 million, i.e. an achievement rate of 74% compared to the updated forecasts of 2014 (MAD 25.178 million).

In 2015, the State budgetary transfers to EEP, will continue to target priority sectors: teaching, health, agriculture, infrastructures and basic public services, with a particular attention to the mobilization of the required resources in appropriate time and an observation of the ability of the concerned EEP to fulfill their obligations in the contractual deadlines.

The forecasts of the products to be provided by the EEP, for the 2015 Finance Bill, are MAD 9.517 million against 2014 forecasts of MAD 10.841 million, i.e. a decline of 12% compared to 2014 and of 29% compared to 2013 (MAD 13.322 million). This forecasts' decline is mainly related to the decline of the contributions of ANCFCC, IAM and Bank Al Maghrib, a decline attributed to the decrease of their net bottom lines as well as that of OCP Group because of the demand downward cycle and the phosphates prices. The dividends and profit shares to come from EEP in 2015 represent 60% of the forecasts.

Concerning the application of the 2014 Finance Act, the total payments' amount on September 30 reached MAD 7392 million, i.e. an achievement rate of 68% compared to 2014 forecasts.
In accordance with Government program, public authorities continue to make efforts for the purpose of implementing important structuring reforms.

In fact, the development model advocated by Morocco gave space to a diversification of the national productive tissue, a better networking in terms of infrastructure and equipment and a progressive balancing aiming at reducing territorial and social disparities. This was achieved thanks mainly to the different reforms undertaken by the country, the acceleration of the implementation of sector plans and strategies and to the implementation of the policy of big structuring projects wherein the EEP are strongly involved. In fact, EEP have contributed to the national development considering the performances carried out, during the last fifteen years, particularly in terms of infrastructures, public services, production and territorial development.

In this context, EEP, while consolidating the achievements, will continue their contribution to the economic and social dynamics and carry on playing the role of the driving force in the implementation of different sector strategies and in carrying out infrastructure projects that aim at improving the country's competitiveness, diversifying its growth resources and improving citizens' life conditions, therefore comforting the promising forecasts of Morocco, which is about to become a financial and investment hub in Africa.

Efforts are also oriented to implementing actions that aim at encouraging small and medium-sized enterprises, including granting to these enterprises 20% of the public demand and improving payment deadlines.

It is within this framework that falls the delivery, by EEP, of different structuring projects of the country directly and significantly impacting the national economy's competitiveness, particularly in the fields of rail, road and highway transport, port and airport infrastructures as well as their contribution to the implementation of sector strategies in terms of energy and mines, housing, tourism and social programs related particularly to education, health and access to rural areas.

Concerning infrastructures, many master plans in the horizon of 2030-2035 have been defined and stated in the development programs in the fields of roads, highways, railways, ports and airports which have been or are being carried out, reflecting a proactive strategy of strengthening and modernizing big infrastructures networks, allowing Morocco to become a strong link in the North-South.
commercial exchanges between Africa and Europe and East-West exchanges and, particularly, between the countries of the Mediterranean region.

In fact, consequent investments are being carried out through the abovementioned projects. Therefore, more than 1,500 km of highway have been put in service at the moment when the TGV project was making substantial progress in the implementation of its goals. Similarly, port and airport networks have registered the carrying out of many projects, including Tangier Med Port and the launching of the Nador West Med port complex as well as the recognition of Mohamed V airport in Casablanca as an international Hub at the Southern Bank of the Mediterranean.

Concerning logistics, the development of this sector constitutes a strategic priority to complete the process of strengthening the competitiveness of the Moroccan economy. Therefore, the national strategy for developing the competitiveness of logistics is defined as an integral strategy aiming at developing a differentiated and competitive offer whose implementation necessitated many agreements and conventions in addition the establishment in 2012 of the Moroccan Agency for the Development of Logistics (AMDL). The role of the latter is essentially the animation and coordination of this strategy.

For the purpose of accelerating the implementation of this strategy, many agreements and conventions were signed under the effective presidency of His Majesty the King on May 13, 2014. These agreements and conventions were about the mobilization of land for developing the national network of multi-flow logistics areas, improvement of the logistics competitiveness of the flows of construction materials, imports-exports and internal distribution, development of skills and training, development of the road link between Casablanca port and Zenata logistic zone, and the organization and operating of the Moroccan Observatory of Logistics Competitiveness (OMCL).

Within the framework of the Morocco Green Plan (PMV), aiming at developing the whole national agricultural and territorial potential, the EEP that are active in this sector, particularly, the Agricultural Development Agency (ADA) and the Regional Offices of Agricultural Development (ORMVAs), will continue to support the implementation of the Plan whose results, in terms of offer diversification, improvement of quality and added value and jobs, continue to grow, confirming the relevance of the choices of Morocco in this field. This Plan is based on two pillars: On the one hand, the proactive development of the strong-added-value vegetable and animal industries around integrated and aggregated projects of packaging and transformation and, on the other hand, the upgrading of actors and the carrying out of projects of conversion and/or aggregation in order to fight poverty.

The strategy of the PMV comprises 16 regional plans concerning 1,506 projects mobilizing an investment of MAD 147 billion.

Concerning the Halieutis Strategy, the EEP involved in this sector include the National Fishing Office (ONP) and the national Agency for the Development of Aquaculture (ANDA), will pursue their activities to carry out the objectives of said Plan aiming at preserving fisheries resources, upgrading the sector and strengthening its contribution to the economic and social development of the country. In this context, the new program is based on an integrated sector strategy which is developed around three main lines: durability of the resource, performance and the competitiveness of the sector through realizing 16 structuring projects in the industries of enhancement and transformation of sea products with an important project. The latter aims to create three excellence
poles (Agadir, Dakhla-Laayoune and Tangier) which should attract investments of MAD 10.5 billion. The other projects of deploying Halieutis strategy aims essentially at developing aquaculture and infrastructures and landing facilities, as well as the planning of fisheries based on quotas and the sharing of scientific knowledge in this field.

Regarding ANDA, it witnessed the signature in April 2014, under the presidency of His Majesty the King Mohamed VI, of conventions related to developing aquacultural projects on the Atlantic Ocean and in the Mediterranean with a total cost of MAD 1.3 billion. These aimed at guaranteeing 500 jobs and a total annual production of 24,540 tons: 23,000 tons of fish and 1,540 tons of shellfish.

At the level of energy, renewable energies constitute the pillar of the national energy strategy which aims at reducing energy dependence and preserving environment. They are driven by, among others, the Moroccan Agency for Solar Energy (MASEN), the National Agency for Energy Efficiency and the Development of Renewable Energy (ADEREE) and the Société d'Investissements Energétiques (SIE). The year 2013 witnessed the effective beginning of works of the first phase in Ouarzazate (named Noor I). This aims at building a thermo-solar plant based on concentration using the cylindrical-parabolic collectors technology, with a capacity of 160 MW. The objective is reaching 42% of the installed capacity of producing electrical energy in 2020 from renewable energy sources through the solar an turbine integrated national programs, each of which having the objective of 2,000 MW. Similarly, ADEREE ended in 2014 the research on the general condition of energy efficiency aiming at defining Morocco's energy efficiency strategy in the horizon of 2030. This research allowed to define more than 220 actions and measures, which should generate significant economic, environmental and social impacts in many sectors (industry, construction, agriculture and fishing, public lighting...).

Concerning the sector of phosphates, and since 2009, the OCP Group has adopted a new strategy aiming at strengthening its position as the leader on the world market, while at the same time promoting its growth on transformed products and maintaining a balanced and flexible position in terms of demand. This is for the purpose of better enhancing the Moroccan strategic resources in phosphates with the objective of realizing 50 million tons per year in the horizon of 2025, while at the same time transforming the site of Jorf Lasfar into an international Hub for the chemistry of phosphates. The implementation of this strategy requires the carrying out, by OCP Group, of an ambitious development plan with a cost of MAD 188 million in the horizon of 2025. The amount of tangible investments increased by 75% in 2013 (MAD 18.8 billion) compared to 2012 (MAD 10.6 billion). This evolution results from the progress of many important projects including the pipeline for transporting phosphate from Khouribga to Jorf Lasfar, El Hallassa washing plant, the construction of a pulp filtration and drying unit, adaptation of the phosphoric workshop MP3 & 4 and the line E (adaptation to the use of phosphate pulp) as well as the four fertilizers granulation units.

At the level of mining sector, a new strategy has just been developed in the horizon of 2030 which aims at boosting mining activity by developing the geological infrastructure (National Geological Cartography Plan (PNCG)), encouraging the enhancement and transformation of ores at the local level and encouraging investment in research by involving national and international actors. This may be done by implementing an adapted and simplified legal framework through a new Act which should replace and abrogate the Royal decree of 1951.
as code of mining. The objective of this new strategy is to improve the turnover of the mining sector (excluding phosphates) and strengthen budget programs intended for research and mineral exploration through, particularly, a sustained involvement of the private sector.

Regarding the implementation of the tourism vision 2020, the contribution of the concerned EEP (the Moroccan Company for Touristic Engineering, Moroccan Fund for Tourism Development and the Moroccan National Office of Tourism) is decisive due to the undertaking of important investment projects and promotion activities despite a difficult international context. This is how, according to the last statistics of the World Tourism Organization, Morocco occupied the first position in the ranking of the most visited African countries in 2013 with 10 million foreign tourists, followed by South Africa and Tunisia, occupying respectively the second and third positions.

Concerning the telecommunications sector, Morocco appears among the African countries that have one of the most dynamic sectors of IT and Communication Technologies (TIC) in the Region. This allowed the country to stand as a link between Western Africa and Europe. Therefore, communications prices registered significant decreases in the end of 2013 with 23% for mobile phones, 13% for fixed phones, 14% for ADSL Internet and 22% for 3G Internet. Similarly, in terms of the "Internet maturity level", Morocco occupies the second position in the ranking of 14 countries. These are the results of strategy currently implemented in Morocco, which aims at enlarging access to broadband by developing optical fibers networks in the most isolated Regions and launch a 4G network.

Concerning the forecasts of the sector, a guideline memo project in the horizon of 2014-2018 is in progress. This roadmap should consolidate the achievements of Morocco in the field of telecommunications and give more visibility to the actors of the sector. Note also the program "PACTE" which promotes access to telecommunications. It is one of the main projects of the plan "Digital Morocco 2013" which aims at covering unserved 9.263 "white localities" with telecommunications means for an amount of MAD 1,443.57 million. In the end of 2013, the number of served localities reached 7,956, i.e. 90% of localities whose coverage has already been attributed by the Management Committee of Telecommunications Universal Service (CGSUT)).

The EEP are also involved in implementing social development programs. Therefore, the policy of the Government in terms of education and training for the period 2014-2017 is founded on four strategic choices, namely support of schooling, improvement of the quality of teaching, development of the educational system governance and the strengthening of human resources. Concerning higher education, the strategy for the period 2013-2016 focuses on improving higher education system governance as well as developing scientific research and international cooperation. In addition, the Government has implemented an action plan, in terms of health, for the period 2012-2016 aiming at strengthening the achievements and overcoming the sector's problem areas. These different strategies aim at improving human development indicators in terms of access to education and health. From another perspective, the EEP are also actors of the governmental policy to strengthen social cohesion and fight against instability.

On the other hand, EEP play a first grade role in the implementation of the Government strategies intended for promoting rural areas, improving life conditions
of the citizens and creating necessary conditions to ensure a balanced and sustainable development through the Global Rural Electrification Program (PERG), the Generalization of Access to Potable Water (PAGER) and the Rural Roads National Program (PNRR 2).

Similarly, the important territorial presence of the EEP, with nearly two thirds of the public portfolio at the regional or local level, constitutes a real opportunity in the perspective of implementing the advanced regionalization. The activity of these EEP is usually decisive in their action perimeter, contributing therefore to the provision of basic services (water and electricity distribution, urban transports, medical care, education...), to harmonious development of regional spaces (territorial development agencies...) or to delivery of mega projects in strong development potential regions (Bouregreg, Marchica...). Therefore, they contribute to the emergence of real national and regional development poles and to the equipment of industrial zones.

III - Improvement of governance and efficiency of the EEP

The year 2015 is forecast to witness the consolidation of operational, economic and financial performances of the EEP achieved particularly during the years 2013 and 2014. In this context, and in addition to the different undertaken reforms aiming at accompanying the sector liberalization, economic openness and the improvement of the yield and quality of the provided services, the EEP will work to better strengthen their governance and their transparency and increase the efficiency of their interventions.

The deployment of governance best practices boost the development of a competitive economic tissue, promotion of an atmosphere of trust, attraction of national and foreign investment, facilitation of enterprises access to capitals and the strengthening of their viability and durability.

3.1 - Deployment of Best Practices Code of EEP governance

The process of implementing the Best Practices Code of EEP governance, launched in March 2012, continues through sustained campaigns of communication, popularization, training and deployment allowing, in addition to an adequate implementation of the code's recommendations, to better improve its content and prepare relays which contribute to diffuse and ensure its effective implementation with a large number of EEP.

The organized actions, involving the concerned ministries and EEP, led to the effective implementation of the Code by the gradually generalizing the carrying out of governance inventories and governance improvement plans as well as by developing forms of governance documents.

Regarding the functioning of the EEP legislative bodies, the carried out actions led to a better programming and a high rhythm of meetings of the boards of directors, supervisory boards and other EEP legislative bodies as well as a high motivation of the specialized committees stemming from said boards; particularly audit committees.
3.2 - Development of EEP management tools

Within the framework of the reform of public procurements transfer, the enforcement, on January 1, 2014, of the Decree No. 2-12-239, dated March 20, 2013, relating to public procurements, allowed to strengthen the equal access of rivals to the public procurement, a higher fairness in treating bidders as well as the increased dematerialization of procedures for more transparency and efficiency of the public expenditures. Similarly, and enhancing the harmonization of the public procurement transfer procedures, the field of application was enlarged to include Territorial Communities and some Public Entities (EP), while at the same time taking into account their special characteristics in accordance with the Act No. 69-00 relating to the State financial control over public enterprises and other bodies.

Besides, within the framework of the modernization and harmonization of work methods of the State Controllers and Paymasters and the standardization of the list of documents, the Ministry of Economy and Finances (DEPP) has established two lists of documents of the public entities expenditures intended for State Controllers and Paymasters and Accountants. These lists make available for the different controllers a standardized reference framework for the carrying out of their control operations with relation to expenditures commitment as well as their payment. This work is part of a global standardization framework for the whole procedures of control of the public entities expenditures which includes the establishment of expenditures’ lists as well as control manuals and guides for Paymasters, Accountants and State Controllers.

At the level of external audits, the carried out actions intend to strengthen the efficiency of the State financial control by directing it towards the performances monitoring, the prevention of risks and the preservation of resources, in addition to management regularity and compliance. The audit operations, carried out during recent years, concerned nearly all the activity sectors: energy, mining, transport, airports, electricity, water and liquid sewage, housing, agriculture, health, education and training. In this regard, it should be noted that 63 audit operations have been carried out during the period 2000-2013, which allowed establishing action plans enabling to find solutions for the observed insufficiencies and dysfunctions.

Similarly, the improvement of transparency in the management of public affairs, good governance, information access act, performance reporting and diffusion of financial and extra financial information on EEP, constitutes an irreversible choice, particularly with the publication in 2013 of the Decree No. 2.13.882 and the Decision of the MEF (Ministry of Economy and Finances) No. 3268-13 both relating to the commitment of publishing the accounts of EEP on the Official Gazette at least seven months after the date of the fiscal year closing. This new package implemented since 2014 for the accounts of 2013, states that Public Entities, which hold an accounting in compliance with the General Code of Accounting Standards (CGNC), will be required to publish, on an annual basis, their company and consolidated accounts on the Official Gazette. The other EEP, whose accounting does not comply with the CGNC, will be authorized to, as a transitional measure pending compliance with said Code, publish on the Official Gazette a simplified accounting condition, carried out based on a form determined by the Decision of the Ministry in charge of Finances.
3.3 - Reform of the package of governance and State financial control over EEP

The year 2015 will be marked by the completion of the project reforming the package of governance and State financial control over the EEP which was launched in 2012. Said reform aims at implementing and clarifying the rules of public entities good governance and improving the financial control efficiency, currently governed by the Act No. 69-00 dated November 11, 2003.

The project of reforming the package of governance and State financial control over EEP, included in the Government legislative plan, is designed to better redirect said control towards a reliable and risk preventing management which also includes the main concerns of an efficient governance.

Similarly, the new legal and regulatory framework, suggested to govern the package of EEP control and governance, takes into account the necessity of strengthening the correlation between governance and financial control and the establishment of a relevant and operational segmentation of the public portfolio which is based on the financial challenges and the EEP management quality, as well as on the good functioning of their package of governance and internal control.

These two objectives are intimately related insofar as the good functioning of the governance package constitutes one of the main keys to efficient control, oriented towards performance and safeguarding of the public heritage. Similarly, a detailed roadmap was drafted for driving this reform in the perspective of managing the change of including mainly the components: "Human resources", "information system", "communication" and "organization".

The implementation of this reform will allow to consolidate the achievements, within the framework of deploying the Best Practices Code of EEP governance, in terms of improving EEP management and holding their legislative bodies accountable. At the level of control, it is a question of redirecting the control towards the evaluation of performances, prevention of risks and verification of compliance with the regulation in force, strengthening its efficiency, generalizing it to include other entities not submitted to financial control and unifying it. It is also a question of assessing the adaptability and improvement of the control as well as the assistance and advice it provides to these bodies.

Finally, there is space to recall that this reform is in phase with the project of reforming the Organic Law on Finance Acts (LOLF) which aims at improving the understanding of the public action and direct it towards achieving clearly predefined results, while at the same time ensuring a better transparency of their budget and governance.

3.4 - Generalization of the contractualization of State-EEP relations
The process of the contractualization of State-EEP relations, as a vehicle for improving the management of the public portfolio in view of its contribution to holding managers accountable, assessing the performance and to improving the EEP efficiency, witnessed a turning point after, mainly, its enshrining as a priority in the Government program and also after the publication of the Contractualization Methodological Guide and the Circular of the head of Government No. 8/2013, dated May 15, 2013 relating thereto and which targets the gradual generalization to the whole portfolio of EEP.

In complementarity with the actions carried out within the framework of the best practices code of EEP governance, launched in 2012, the Methodological Guide of State-EEP relations Contractualization, edited in 2013, represents the roadmap of the contractual process with the aim of generalizing it in accordance with the provisions of the abovementioned Circular of the head of the Government. Said Guide determines the provisions that should be treated in the Agreements to be entered into, defines the different phases of the contractualization process and fixes the formalities of the follow-up and assessment of said Agreements.

In this framework, and in accordance with the instructions of the Government, the process of generalizing the contractualization of the State-EEP relations continues with the conclusion of new program-contracts and the preparation of others. In fact, the years 2013 and 2014 were marked by the conclusion of three new program-contracts with the National office of Electricity and Drinking Water (ONEE), Bouregreg Valley Development Agency (AAVBR) and Barid Al Maghrib Group (BAM).

Concerning the Program-Contract between the State and ONEE, for the period 2013-2017, it sets forth the measures and engines required to adjust the financial situation of the Office (streamlining the expenses, transfer of non strategic assets, enhancement of investments, tariff adjustment, improvement of governance and consolidating synergies actions) in order to enable it to fulfill its commitments, carry out its investment program, while at the same time preserving its viability and durability and strengthening its governance. By virtue of this contract, the ONEE undertakes to carry out an investment plan of a cost of MAD 49.9 billion of which MAD 30 billion is intended for electricity and MAD 19.9 billion for potable water, improvement of energy mix and the reserve margin, improvement of performances and the implementation of streamlining plan. This global process will enable ONEE to contribute to the financing of this development plan through the planned internal savings.

3.5 - Implementation of an active management of the public portfolio

Taking into consideration the pressing needs of good governance, transparency and of correlation between responsibility and accounts adjustment, it seems necessary to make a deep qualitative and quantitative diagnosis of the evolution of the public portfolio structure.

Within this framework, and in continuation of the works carried out mainly at the level of EEP control and governance, improvement of financial and extra-financial information of said EEP and public procurements transfer, the Ministry of Economy and Finances, in its capacity as the representative of State's shareholder, makes a study aiming at implementing an active management of the public portfolio, through launching in 2013 of a study relating to the implementation of an active management of the public portfolio aiming at strengthening the integration of the EEP in the national economy (openness, competitiveness, diversification of growth resources and development of investment), improving the financial condition of the public portfolio (yield of the shareholders' equity, enhancement of bottom lines, control of results and budgetary transfers) and the drafting of guidelines for the shareholders representing the State (implementation of public policies, preservation of interests and heritage, good governance and dividends policy).

The active management of the public portfolio also has a major objective which is the drafting of clear and visible guidelines for the State's Shareholders, stated in a public Charter of the shareholding strategy. It is mainly about the implementation of public policies and strategies, preservation of public interests and heritage, consolidation of good governance and adoption of a long lasting, visible and balanced dividends policy.
In this regard, a deep diagnosis of the public portfolio was made and enriched with an international benchmark and consultation of the main concerned EEP and ministerial departments. One of the major observations is that this portfolio contains very important social, economic and financial issues, while at the same time being marked by an obvious dynamic evolution through the important development of industries, sometimes devoted to strategic structuring projects of the national economy. Finally, the major problems raised by the current framework of the public portfolio management have been treated in the legal, institutional and procedural framework which governs this management. Said framework should be improved and completed to be adapted to the dynamic aspect of the public portfolio.

3.6 - Convergence towards international accounting standards

Within the framework of orientations of the Government program in terms of modernizing the Moroccan accounting and financial arsenal, the project of convergence of the General Code of Accounting Standards (CGCN) towards international accounting standards, namely the international accounting reference IAS/IFRS, aims at modernizing the financial information framework and creating an atmosphere of trust and economic visibility for investors.

At the end of the works carried out in 2013, and during the year 2014, after the establishment of the Specialized Technical Commission in charge of drafting this project, said project will be based on the general philosophy of IFRS, which places the investor in the center of accounting and financial information recipients, while at the same time ensuring a gradual and inexpensive implementation of said project, inside the concerned enterprises and taking into account the special characteristics of Small and Medium-Sized Enterprises/Very Small Enterprises.

At another level, a draft bill on consolidated accounts (with the commitment of applying IFRS standards for Public Interest Entities) has been prepared. The main objectives of this bill is the assessment of the real financial condition of economic Groups, a better comparability of their performances and the improvement of decision making at the level of the legislative bodies.

Besides, and concerning organization of accountancy, the draft bill No. 127-12 which regulates the profession of accredited accountants and establishes a "professional organization of chartered accountants", was adopted by the Commission of Finances of the Chamber of Representatives on September 30, 2014. This project aims at harmonizing the institutional and professional organization of the chartered accountant with the new constitutional orientations supporting the good governance and the adjustment of accounts. In addition, it has the ambition of participating in the improvement of the business climate in Morocco and, therefore, the strengthening of the country's attractiveness and the enhancement of investment.

3.7 - EEP Social and environmental responsibility
In order to promote the publication of sustainable development and the societal responsibility reports, by EEP in Morocco, a guide entitled "Publication of sustainable development and societal responsibility report in Morocco" was established for the EEP for the purpose of establishing definitions, concepts and introduction strategies in order to enable them better take into account the dimensions of "Sustainable development" and "Societal responsibility" in their correspondences and publications.

3.8 - Public-Private Partnership: engine for the EEP investment development.

The year 2014 witnessed the continuation of the process of adopting the draft bill No. 86-12 on Public-Private Partnerships. In fact, said draft bill is in the adoption process by the Chamber of Representatives in the second reading.

This draft bill on Public-Private-Partnerships (PPP), made within the framework of a participative approach bringing together all the stakeholders including EEP and the concerned ministerial departments, aims at determining a unified general framework inciting development of EEP in Morocco for the benefit of the State, State Public Entities and Public Enterprises.

This PPP general framework favors the generalization of the license for the public sector to enter into PPP contracts, prior assessment of projects, introduction of the concepts of "Competitive dialogue" and of the ratio of quality/price ("Value for Money"), establishment of risk sharing and remuneration based on the level of performance as well as mechanisms of follow-up and projects’ control.

This partnership approach will constitute a new relay for the realization of infrastructures and provision of public services. It will also allow strengthening the involvement of the private operators in the development of public projects, diversifying operating modes: managerial innovations, financial and projects engineering, assessment..., while at the same time improving the economic governance and business environment in terms of efficiency, speed and transparency.