

Summary of the report on the sector of Public Establishments and Enterprises (PEE) attached to the 2016 Finance Bill

The Public Establishments and Enterprises (PEE), key players in the national economy, contribute significantly to the implementation of public policies, the execution of structural projects and the creation of conditions encouraging private investment and allowing the acceleration of the pace of social and economic development, diversification of sources of growth and improvement of living conditions of citizens.

In this regard, government policies regarding the PEE aim at strengthening their role in the economic and social dynamics through the acceleration of the implementation of their investment programs and the improvement of their performance and quality of service provided to users, while ensuring that their mode of governance is continuously strengthened.

Therefore, many projects are carried out in order to strengthen the performance of PEE and improve the efficiency of their management, particularly through the reform of the system of governance, control and transparency of PEE, the contractualization of their relations with the State and the implementation of active management of the portfolio.

I – Public portfolio performance

The Role of Public Establishments and Enterprises (PEE) in the economic dynamics of the country is expected to consolidate in 2016 and that will be in harmony with the goals of encouraging domestic and foreign private investment.

This development is reflected in the consolidation of the consistency of the public portfolio and its operational and financial performance that continue to grow, further supporting the qualitative changes in the economic and social development model of Morocco.

1.1- Overview of the public portfolio

The **composition of the public portfolio** is as follows:

- **212 public establishments**, mainly covering seven sector groups operating in key areas of the national economy, namely agriculture, health, education, urban planning and territorial development, infrastructure, energy and financial sector.

It should be noted that in 2015 and with the entry into force of the new regional division, the number of Professional Chambers was reduced from 72 to 40 Chambers (12 Chambers of Crafts against 24 previously, 12 Chambers of Agriculture against 16

and 12 Chambers of Commerce, Industry and Services against 28), it being specified that the number of Chambers of Maritime Fisheries remained unchanged (4). Similarly, this portfolio has witnessed the creation of the National Agency for Medicinal and Aromatic Plants.

- **44 public enterprises** with direct participation of the Treasury, represented mainly (37 units, that is, 84%) by the most important companies with public participation of the Treasury: OCP public limited company, HAO, ADM, CAM, MASEN, Barid Al Maghrib and RAM.

The **sectoral distribution** of this sector highlights the relative importance of PEE operating in the socio-educational sectors which represent 30% of the public portfolio, followed by those active in the sector of housing, urban planning and territorial development with 21% . The sector of agriculture and maritime fisheries represents 12%, while the natural resources component (water, energy and mining) absorbs 15%.

Moreover, some of these PEE own **subsidiaries or stakes in the total number of 442 units** of which 236 are majority owned (direct and indirect public contribution greater than or equal to 50%) and 206 are minority owned (direct and indirect public contribution less than 50%).

The public portfolio is distinguished in particular by a strong **presence at regional and local levels with 172 PEE** (145 public Establishments, 9 Enterprises with direct contribution of the Treasury and 18 enterprises under the *Territorial Collectivities* (Local Authorities)). This distribution thus reflects a substantial contribution of the public portfolio to the territorial development of the country and a real commitment to strengthening the deconcentration and decentralization of public action.

1.2 - Investments

The estimated investment volume of PEE for the **2016** financial year is **MAD 108 billion**, which confirms that these investments will be maintained at a high level and that being in accordance with a resolutely proactive choice of public authorities in this matter. Up to 70% of this investment effort will be carried out by forty PEE or groups of PEE as is shown from the table below:

Main Investor PEE (in MAD Million)	Forecasts 2016
OCP GROUP	20 000
ONEE (Office of electricity and water)	13 223
CDG GROUP (Deposit and management Fund)	12 250
ONCF	10 000
HAO GROUP	7 000
ADM	4 000
Public companies of Water and electricity distribution (12)	2 667
ORMVA (Regional Office for Agricultural Development) (9)	2 329
AREFs (Regional Academy for education and training) (16)	1 978
TMSA (Tangier Mediterranean Special Agency)	1 584
Other PEE	32 969
TOTAL OF THE SECTOR	108 000

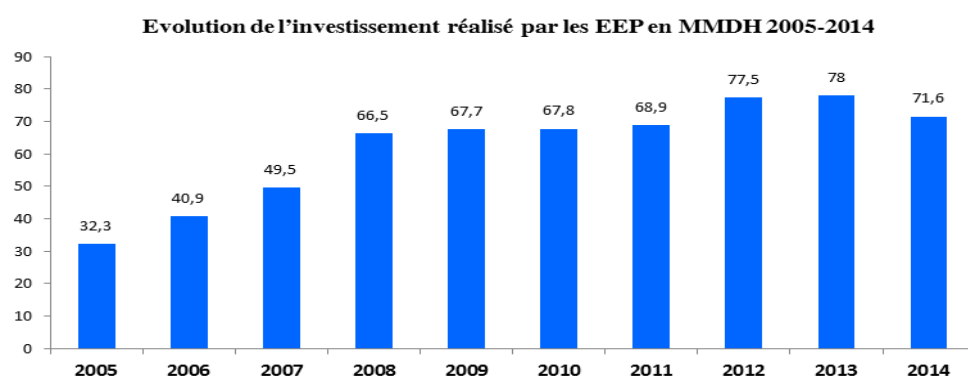
This investment effort of PEE is sustained by the country's strategic visions covering key sectors. Thus, the sectoral breakdown shows that 97% of PEE investment will be dedicated in

2016 to sectors of infrastructure, transportation, water, energy, agriculture, mining, financial sectors, housing and the social sectors.

Moreover, the **regional distribution** of investment of PEE has improved in all regions of the Kingdom and that, with a rebalancing in favour of certain regions. Therefore, the share of Casablanca-Settat region has declined from 40.5% in 2014 to 36.8% in 2016 in favour of other regions which have experienced an increase in their shares, namely Rabat Sale-Kenitra (4.8 points), Draa-Tafilalet (0.1 points), Guelmim-Oued Noun (0.13 points), Fez-Meknes (0.25 points), Dakhla-Oued Ed-Dahab (0.12 Points).

Regional Distribution of PEE investments (Forecasts 2016)		
Regions	Amount (MAD million)	Share
Casablanca - Settat	39 731	36,8%
Rabat- Salé -Kenitra	28 491	26,4%
Tangier –Tetouan –Al Hoceima	11 212	10,4%
Marrakech –Safi	6 611	6,1%
Fez – Meknes	5 130	4,8%
Oriental	3 686	3,4%
Souss – Massa	3 354	3,1%
Beni Mella – Khenifra	3045	2,8%
Laayoune – Sakia El Hamra	2 479	2,3%
Daraa – Tafilalet	2 189	2,0%
Guelmim – Oued Noun	1 401	1,3%
Dakhla – Oued Eddahab	670	0,6%
TOTAL	180 000	100,0%

As for the pace of implementation, it has continued to grow during the period 2005-2014 as shown in the graph below, exceeding MAD 70 billion per year over the last three years:



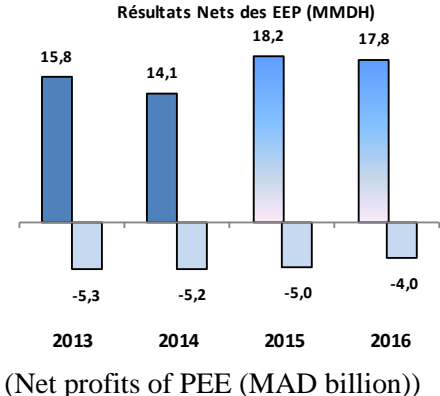
(Evolution of the investment achieved by the PEE in MAD billion 2005-2014)

1.3 – Financial performance

In 2016, the estimated turnover of PEE is expected to record an increase of 6% compared to the fiscal year 2015 to reach MAD 223.8 billion. This development is particularly related to the expected improvement in the turnover of the OCP Group, the ONEE, RAM and public electricity and water Distribution Companies. This growth of the production of PEE confirms the trend observed in 2015 and 2014. Thus, the probabilities of closing the year 2015 show a turnover of MAD 211.2 billion, by an increase of 7% compared to 2014. This increase is primarily due to the continued growth of sales of OCP Group in connection with the increase in the export turnover of the ONEE, Distribution Companies, HAO Group, ONDA and OFPPT.

The value added of the PEE is expected to stand at around MAD 75 billion in 2016, increasing by 5% compared to closing probabilities of 2015 (MAD 71.4 billion), a year in which five organizations will produce nearly 60% of the total added value; These organizations are the OCP Group, ONEE, CDG Group, RAM and the ANCFCC (Land Registry Office). In 2014, the VA had stabilized at around MAD 73 billion, with over 60% generated by five organizations. These organizations are the OCP (MAD 20.5 billion), CNSS (national social security fund) (MAD 8.4 billion), ONEE (MAD 8.2 billion), CDG Group (MAD 5.4 billion) and the ANCFCC (MAD 4.1 billion). With regard to GDP, the VA of PEE would represent 7.3% in 2015 against 7.9% in 2014.

The evolution of the Net Profits of PEE in 2016 confirms the general trend observed in 2015 and 2014 which is mainly due to a slight improvement in the profits of the Distribution Companies, ONDA and CCG (central guarantee fund). The forecasts of closing 2015 show an increase in profits reaching MAD 18.2 billion, and losses amounting to about MAD 5 billion. This evolution is mainly due to the expected increase in the profits of OCP Group, Distribution Companies, TMSA Group and RAM. The retained earnings, meanwhile, will mark an improvement in 2015, especially that of ONEE, MASEN and SNTL.



With regard to financial structure, the total assets of PEE would amount to MAD 1.231 billion in 2016 mainly due to the improvement of the Assets of OCP, ONCF, ANP, FMDT, Hassan II Fund and ONDA.

As for the equity capital of the PEE, it will continue its consolidation in 2016 and 2015 just like what was recorded in recent years (MAD 452.5 billion in 2014).

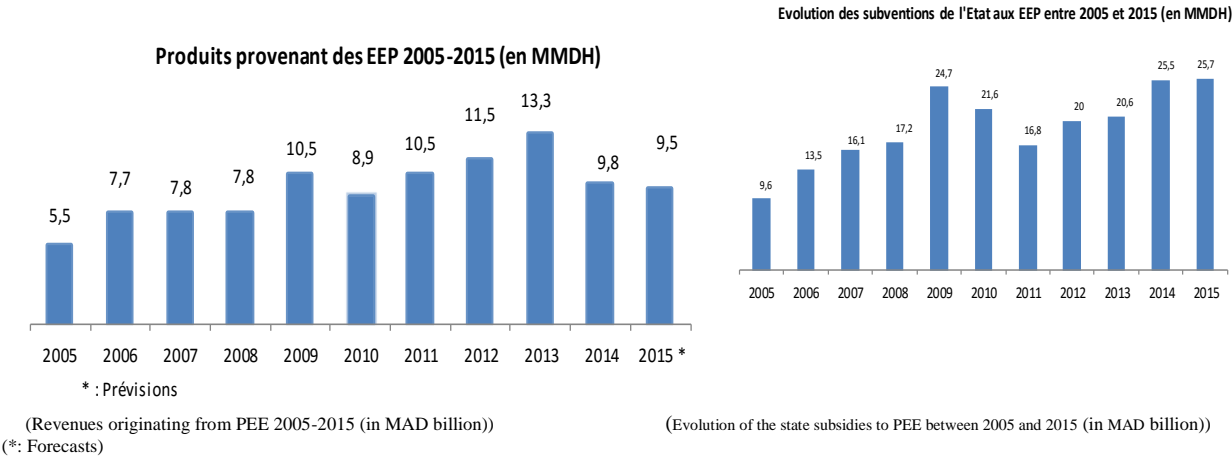
Regarding the debt of PEE, its evolution is concomitant with their investments, assets and equity capital. This debt is expected to record a slight increase in 2015 and 2016, compared to the level reached in 2014, a year during which the financial debt rose by 15.6% compared with 2013 (MAD 214.7 billion against MAD 185.8 billion). Nearly 80% of these debts are made by 6 entities undertaking major investment programs: ONEE, OCP Group, ADM, ONCF, TMSA Group and CAM.

1.4 - Financial relations between the State and the PEE

With respect to budgetary subsidies in favour of PEE, The forecasts under the 2016 finance bill are around MAD 25 billion. The mobilization of these subsidies is mainly due to the support provided for the investments of PEE in strategic projects and structural projects, the

scope of programs intended for socio-educational sectors. The achievements under the 2015 Finance Act have reached MAD 17,295 million at the end of August 2015 (against MAD 16,078 million at the end of August 2014), that is, an achievement rate of 67% compared to updated forecasts for the year 2015 (MAD 25,772 million) .

Forecasts of revenues originating from PEE under the 2016 Finance Bill are evaluated at MAD 8330.4 million. Given the non-renewal of the exceptional operation related to the granting in 2015 of 4G license (forecasts MAD 1.500 million), we note that there is an increase by 4% in the revenues originating from PEE programmed for 2016 compared to the previous year. This increase is primarily due to the increased contributions of Bank Al Maghrib and SODEP in parallel with the introduction of new contributor PEE, namely ONHYM (National Office of Hydrocarbons and Mines), CNPAC (National Committee for Prevention of Traffic Accident) and CCG and that being in connection with the evolution of their profits and their cash. In 2016, dividends and profit shares represent nearly 67% of the forecasts in respect to the revenues originating from PEE in 2016. Concerning the Finance Act 2015, the payments at the end of September 2015 reached MAD 6.376 million, that is, an achievement rate of 67% compared to the forecasts of the Finance Act estimated at MAD 9.517 million.



II – The PEE, major players in the economic and social policy

PEE are showing an increased dynamism in many sectors whether they be infrastructure development programs or strategies relating to energy and mining, housing, tourism and social programs regarding in particular education, training, health, and the opening up of rural areas.

With regard to infrastructure, significant investments are planned by PEE through projects in rail and air transport, highways, ports and airports as well as urban transport. This will result in the continuation of the construction of the High Speed Line in addition to the modernization and strengthening of the railway network capacity, highway infrastructure with the continuation of the works of 258 km of motorway sections knowing that 1511 km are already in operation, port works with the construction of the Tanger Med II port which will allow to increase the capacity of that port to 8,000,000 TEUs and construction of the port of Safi as well as the launch of the works of Nador West Med port,

airport infrastructure with the development of capacities correspondingly with the evolution of traffic and logistical areas especially Zenata so as to reduce costs and optimize the flow of goods.

With respect to agriculture, the intervention of PEE under the Green Morocco Plan (GMP) will allow the implementation of several projects for the support of agricultural sectors with high value-added as well as economically viable projects to improve farmers' incomes. In this regard, the PEEs concerned continue to work for the development of the sector by contributing to the creation of a highly productive export-oriented agriculture and the solidarity enhancement of the farmers' production fabric to improve their income. Thus, since the launch of GMP in April 2008, the Moroccan agriculture, whose production systems are now less exposed to climate hazards, experienced an annual growth rate of 7.6% and 1.7-fold increase in the pace of investment in the sector. This plan has allowed achieving an increase of 34% in food exports which makes the country ranks third in the MENA region and fourth in Africa.

Moreover, the efforts have been intensified to successfully carry out Halieutis Plan for the preservation and enhancement of fishery resources, the upgrading of the industry and the strengthening of its contribution to the country's economic and social development, while creating three fishery hubs of excellence in Laayoune-Dakhla, Agadir and Tangier that should ultimately attract investment of MAD 10.5 billion. In this regard, the PEE operating in this sector reinforce their actions for the development of fisheries infrastructures and the management of these infrastructures in an integrated and comprehensive approach, the preservation of the quality of fish products, consolidation of the system of control and enhancement of resources as well as the development of aquaculture.

In the mining sector, the strategy adopted by the OCP Group aims to strengthen its leadership in the global phosphate market relying on three pillars related to the increase in its transformation and production capacities, the strengthening of its competitiveness by reducing operational costs and the implementation of a proactive and aggressive commercial strategy for the development of new products and varieties of fertilizers through strategic partnerships.

Regarding the energy strategy, public entities concerned, namely ONEE, MASEN, ADEREE (Agency for the development of renewable energies and energy efficiency), SIE (Energy investment company), distribution Companies and CNESTEN (National centre for Nuclear energy, sciences and techniques), intensify their efforts to strengthen the electric power supply in order to keep pace with the development of the needs of the country while ensuring the implementation of the proactive renewable energy development policy. This strategy was reinforced in 2015 with the launch of the structuring project for the

construction of a gas terminal which will be dedicated initially to the production of electricity and will be then extended to eligible industrial activities. In this context, the performance of the management contract State-ONEE for 2014-2017 period is still continuing contributing to the growth of investment in means of production and infrastructure in order to ensure the country's electricity supply within the required conditions of safety, as well as the effective intervention in the field of liquid waste sanitation through the management of this service in 47 additional cities and increasing the treatment capacity by nearly more 147,000 m³/d, while improving the financial position and governance of ONEE.

In terms of the Tourism Vision 2020, the necessary actions are taken by the sector's public players to contribute to the increase and diversification of accommodation capacities, the promotion and marketing adapted to develop the attractiveness of tourist areas while improving service quality, the sustainability of the sector and the development of human resources training.

Some PEE also play a major role in the implementation of social programs in the sectors of education and training (AREF (regional academy of education and training), Universities, OFPPT (Office for professional training and labour promotion) ...), health (University hospitals), medical coverage as well as the targeted programs for the development of rural areas (PERG, PAGER and PNR II).

Concerning the State policy in the field of housing and urban development, the PEE in charge of the implementation of this policy work to strengthen their interventions particularly in terms of land development and land equipment, production of social housing, eradication of slums and urban upgrading. They also act for the treatment of threatened buildings, rehabilitation of old constructions, the organized expansion of cities and the creation of new urban centres and new cities.

The same applies to the actions of PEE aiming at the emergence of regional hubs of development and reduction of social and spatial inequalities particularly through the involvement of regional development agencies and PEE like AAVBR (Agency for the development of Bouregreg valley) or Marchica Med. The goal is to strongly take part and play a major role in the project of the advanced regionalization.

With regard to the oasis and argan tree areas which constitute a vast area covering nearly 40% of the country and consists of five regions, sixteen provinces and more than 400 communes (very small towns), the National Agency for Development of oasis and Argan areas (ANDZOA) has initiated the implementation of the strategy of

on October 4, 2013. To this end, the Agency has established a methodology for working with the different partners at sector and territorial level, based on consultation, coordination and mediation with its various partners acting in favour of the populations of the area of the Agency's action.

Furthermore and with respect to the strategic challenges of trade between Morocco and its African partners and the growth potential offered by the African economies, major investments and cooperation projects are carried out, under the leadership of His Majesty the King, by some PEE which are major players in the cooperation with Africa. Thus, the OCP, ONEE, MASEN, IAM, Marchica Med, OFPPT and RAM and other public establishments and enterprises contribute to make of Morocco an economic and financial Africa-oriented hub. For doing so, their interventions are directed to key sectors of the economy of African partners such as infrastructure, housing, mining, tourism, telecommunications, electricity, drinking water and sanitation. Similarly, their investments are accompanied by fruitful exchanges of skills and expertise particularly through training programs, exchange of experiences and expertise, technical assistance and technology transfer.

III – Improvement of the governance and efficiency of management of PEE

The year 2016 is expected to be the year of acceleration of the implementation of important reforms of which most have witnessed the establishment of legal and regulatory framework thereon in 2015.

The year 2015 is particularly marked by the finalization and implementation of structural reforms for the national economy. Besides the reform of the Organic Law relating to the Finance Acts, the year 2015 saw the publication of the new legal framework governing the Public-Private Partnership (PPP).

Similarly, as part of the efforts made to improve the business climate, particularly the transparency of small and medium enterprises, the chartered accountant profession has been provided with a dedicated legal framework.

Other reform projects are being carried out with the aim of further improving the governance of PEE and strengthening the efficiency of their actions and the quality of their interventions with a view to better contribute to improving the competitiveness and productivity of the national economy, developing the connectivity of territories, attracting investment and reducing factor costs. This relates particularly to the consolidation of Governance and Transparency of PEE, enhancement of the mode of awarding of public procurement and the establishment of an Active Portfolio Management policy.

3.1 - Public-Private Partnerships: lever for the development of public investment

The effort of public investment, as the engine of sustained growth, is expected to develop by organizing Public Private Partnerships (PPPs) governed by new legal and regulatory framework implemented in 2015, reflecting the determination of the Government to make PPP a key lever for accelerating public investment, so as to increase the supply of infrastructure and quality services.

In this regard, the new law on PPPs laid down the rules related to the competition and transparency in the award of PPP projects, the preliminary appraisal of projects and the competitive dialogue to maximize the chances of getting the best deal. This law also introduces the optimized sharing of risks to ensure the maintaining of the balance of the contract as well as the monitoring and control mechanisms during the project's operating and execution phases.

3.2 - Reform of the system of Governance and financial control of the State on the PEE and the reinforcement of internal control of these entities

The efforts made to improve governance and financial control of the State on the PEE are expected to be crowned in 2016 by presenting the **bill relating to the governance and financial control of the State on PEE** for approval. It should be noted that in January 2015, the bill was published on the Site of the SGG (Secretariat-General of the Government) and has been finalized in consultation with the departments and agencies concerned.

In line with the reform of the Organic Law relating to the Finance Acts which aims to improve the clarity and comprehensibility of public action and orient it towards the achievement of clearly defined results while ensuring greater transparency of their budgets and governance. This reform will be conducted by consolidating the gains resulting particularly from the implementation of Law No. 69-00 related to the financial control on public companies and other organizations and the Code of good governance practices of PEE and making some improvements both in governance and the financial control of the State on PEE.

With regard to governance, the bill proposes to clarify the different roles of the State as a strategist, shareholder and owner, guide and controller especially by strengthening and formalizing the role of the strategist State through the development of the strategic orientations within the PEE as clear and measurable objectives particularly through the contractualization. The bill also introduces rules aiming at the professionalization and operationalization of the deliberative bodies through the limitation of their size, the institutionalization of the high-ranking civil servant nomination process, the introduction of independent high ranking civil servants, the consecration of the concept of responsibility and obligation of attendance and active participation of the high

ranking civil servants. Similarly, the project enshrines accountability and evaluation of deliberative bodies, the generalization of the specialized committees emanating from the deliberative body and the increased accountability of the authorities supervising the PEE particularly with regard to the formulation of strategic orientations related to the PEE.

Regarding the financial control, the project aims to improve the efficiency of the control and orient it towards performance assessment and prevention of risk, especially through clarifying its goals (timeliness, regularity, reliability and performance) and responsibilities of its players, the introduction of a new type of control (a priori, support, and a posterior and contractual) and the optional extension of financial control to include other public entities.

The improvement of the efficiency of control is also sought through the introduction of a new dynamic classification of PEE which allows defining the type of control applicable to each category of PEE.

A detailed roadmap was developed to conduct this reform from the perspective of change management through programming medium and long term actions aiming at the strengthening of human resources, improvement of the information system of the DEPP (Directorate of Public Enterprises and Privatization), development of communication and upgrading of the organization.

Meanwhile, the process of implementation of the code of good governance practices of PEE will be intensified in 2016 through the acceleration of the adoption of governance improvement plans by the deliberative bodies of the PEE and the implementation of different instruments of governance at the level of a large population of PEE.

These actions will allow consolidating the gains recorded in 2014 and 2015 during which nearly 30 PEE have adopted, by their deliberative bodies, governance improvement plans. These entities have also shown remarkable improvement in their governance practices through the establishment of specialized committees especially the Audit Committee and the Governance Committee. Similarly, many PEE have enriched their websites by publishing financial and non-financial information, established risk management instruments by particularly adopting risk mapping and strengthened the paperless handling of their procedures.

Finally, and to enable better positioning of PEE and strengthen their contribution to the dynamics of economic and social development of the country, efforts are continuing for the gradual generalization of multiyear contractual relations between the PEE and the State.

In this respect, the Management-Contracts currently in force, State-ONEE (2014-2017), state-AAVBR (2014-2018), BAM-State (2013-2017), State-RADEEMA (Marrakech public autonomous company of water and electricity distribution) (2013-2016) , State-RAM (2011-2016), State-ONCF (2010-2015) and State-ADM (2008-2015), are being assessed and monitored periodically in accordance with the contractual provisions specific of each case . In addition and in parallel with the said works of assessment and monitoring, a number of new projects are being initiated and/or finalized. These projects concern in particular the ANP, ONDA, AMDI, WRC, RAM, ADM, ONCF, SNRT and SOREAD 2M.

Mention should be made of the financial, economic and social stakes that characterize some special contractual relations between the State and certain entities. These contractual relations concern the management-contracts between State-ONEE and State-RAM which are the subject of a regular quarterly monitoring assisted by external firms.

3.3- Enhancing transparency of PEE

With regard to the improvement of the business climate, actions will be undertaken during the year 2016 for the continued development of **PEE management instruments**, the consolidation of their transparency and the convergence with international accounting standards, improvement of their relationships with the stakeholders who are able to contribute to the facilitation of doing business in Morocco. This should be built on the real progress made in the years 2014 and 2015 which were marked by the conduct of many operations and the finalization and/or the effective implementation of numerous legislative and regulatory frameworks in this matter.

In the context of the implementation of the new public procurement regulation, the decree of the Minister of Economy and Finance No. 1485-14 of April 25, 2014 has fixed the list of establishments which have to enforce the public procurement regulation. The criteria governing the fixing of that list relate mainly to the nature of tasks and expenditure operations of the agencies involved and the importance of budgetary transfers in the financing of their budgets. Thus, 125 PE are obliged to implement the abovementioned decree for the award of their procurement orders. The other PEEs have established their own regulations properly aligned with the new decree on public procurement.

On another level, a special support for PEE is provided with regard to the **deadlines for the payment of PEE suppliers** with the aim of improving the effectiveness of their government procurement order and in the context of efforts made by the Government. In this regard, the Ministry of Economy and Finance, while ensuring the improvement of the deadlines of the approval of

PEE budgets and the support for these entities in the performance of their investment programs, undertakes two types of actions:

- Structural actions to better activate the general and structured procedures concerning essentially the improvement of the efficiency of financial control of the State on the PEE, the optimization of the mobilization of financial resources for PEE and the sensitization and support for PEE managers in improving payment deadlines;
- Specific actions to support some PEE which are experiencing payment delays to regularize their situation, especially the ONEE, AREFs, Universities and ONDA.

Similarly, with regard to financial control, the Ministry has ensured the preparation of two **lists of supporting documents for expenditures** of public establishments intended for state controllers, paymasters and accounting officers.

The operations of **PEE external audits** launched by the Ministry of Economy and Finance, after the approval of the Head of Government, were continued with the aim of verifying the efficiency of the process of governance, management risk, control and setting of strategic objectives of the PEE. During the fiscal year 2014, missions of monitoring and assessment of the implementation of the recommendations of external audits were carried out with the following PEE: CNESTEN, AREF of the region of Marrakech-Tensift-El Haouz, ANAPEC (national agency for the promotion of employment and skills), ANP (national ports agency), ONHYM, AREF of the region Tangier-Tetouan and Mohammed V University in Rabat (ex Mohammed V University -Souissi). The main recommendations implemented by the audited PEE concern aspects related to governance and management, especially the adoption of legislations, the establishment of a new organization, the establishment of information systems and performance indicators, the preparation of a human resources master plan , the formalization of procedures, the establishment of general accounting and the drawing up of the property inventory. The monitoring of the implementation of recommendations of external audits has prompted the audited PEE to launch several projects of reform and structural projects, which had a positive impact on their management with regard to the improvement of governance and modernization of management tools.

Furthermore, pursuant to decree No. 2.13.882 dated December 16, 2013 laying down the forms of **publication of the annual accounts** of public establishments in accordance with Article 20 of Law No. 69-00 the financial control of the State on Public Enterprises and other organizations, a circular was issued on January 30, 2014 to all heads of Public Establishments (PE) demanding from them to set

about publishing their annual accounts within seven months after the date of the fiscal year-end. Regarding public establishments which have not yet kept the books in accordance with CGNC (General code of accounting standards), they are allowed, on a transitional basis and pending the establishment of such accounts, to published in the Official Journal a simplified accounting situation.

Similarly, the actions undertaken in order to consolidate transparency and improve the clarity and comprehensibility of the Moroccan company accounts relate in particular to the implementation of Law No. 127-12 regulating the chartered accountant profession and establishing a professional Organization Chartered Accountants and the convergence with international accounting standards.

The project of **convergence of the General Code of Accounting Standards (CGNC)** with the international accounting standards is one of the structuring projects for the coming years. The objectives of this project relate in particular to the satisfying of the needs of operators, including foreign investors interested in a high quality accounting standard and perfect comprehensibility and clarity and comparability of the corporate and consolidated accounts of companies.

In terms of social and environmental responsibility (SER) and sustainable development, many PEE recorded significant progress. Therefore, by way of illustration, OCP integrates social, environmental and economic challenges at all levels of its activity and that, in connection with its global leadership position. Similarly, ADM Company conducts continued actions of rehabilitation of schools, landscaping programs, construction of bridges on motorways to improve safety conditions for users and residents ... These actions are accompanied by the definition of a social responsibility charter laying down, in particular, the commitments with regard to the anchoring of ethical rules and culminated in the granting to ADM the Label of CGEM (General Confederation of Moroccan companies) for Corporate Social Responsibility. the same applies to HAO Group which launched in 2014 a study related to the establishment of an Environmental and Social Management Plan which aims to define the level of commitment of the Holding to the social, environmental and economic aspects.

3.4 - Implementation of active management of the public portfolio

The Ministry of Economy and Finance has conducted in 2014 a study, supported by a research carried out by an external firm and consultation with the main PEE and the ministerial departments concerned, to identify the actions required to determine and govern the role of the State as shareholder, and this aims at establishing an Active Management of the public Portfolio (AMP). This mode of management is founded on the necessity to better embody the role of the State as

shareholder, in addition to two other roles played by the State, namely the strategic support and control.

The results of this study have also found that it is required to formalize public shareholder strategy governing the function of the State as shareholder to clarify the guidelines of this function within the framework of a charter and determine the first scope of PEE which shall be subject to this mode of management. The proposed scope was selected on the basis of criteria which allow assessing the benefits of applying such active management, especially the PEE socio-economic challenges, the State's expectations of this entity, type of activity and stage of development.

With regard to the commitments towards its portfolio, the State as shareholder will contribute, through this Charter, to the development of the PEE and encouragement of synergies, establishment of a responsible, clear and transparent dividend policy, and respect for the autonomy of management and the corporate interest of PEE. On the other hand, the PEE are called to develop viable models of growth, preserve and develop the value of public assets, meet the obligation of transparency and accountability, manage the PEE on the basis of performance and improve reporting and develop internal skills.

Finally, the study concluded by proposing a bill related to the active management of the public portfolio, incorporating the principles and rules needed to regulate and govern the main functions related to active management (opening of the capital, assignment of minority shares, merger / demerger, capital increase ...).