

Morocco

In MENA ES 2013-14, the top three business environment obstacles identified by Moroccan firms were competitors' practices in the informal sector; corruption; and workforce skills (Chart 1). Young firms were most concerned about corruption, access to land and problems related to transport.

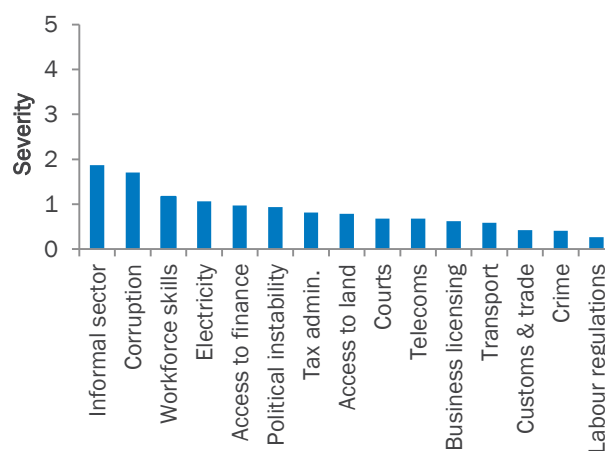
Intense informal sector competition and concerns about workforce skills

Competitors' practices in the informal sector appeared as the main constraint to doing business in Morocco. The share of firms that reported competing against firms in the informal sector was 47.3%, trailing only Egypt with 48.1% (Chart 2). The informal sector in Morocco is large, accounting for an estimated 40% of the official estimated GDP in 2014. Those living in rural areas, especially young people and women, face difficulties finding jobs in the formal sector and are therefore relegated to working in the informal sector. Also, some small businesses prefer to operate in the informal sector in order to avoid complicated bureaucratic procedures and payment of taxes.

Corruption was the second most severe obstacle facing Moroccan firms. As in other SEMED countries, personal contacts and informal gifts or payments are often used to facilitate or speed up administrative or customs procedures. Of firms surveyed, 18.2% reported that an informal gift or payment was expected or requested to obtain an import licence – the highest in SEMED and 2.6 times the average in the rest of the EBRD region (6.9%, Chart 3). In addition, 7.5% of firms reported that an informal payment or gift was expected or requested by tax officials – above the SEMED average of 6.2%, but below the rest of the EBRD regional average of 8.6%. When it comes to the court system, 65.3% of firms tended to disagree or strongly disagree that the court system was fair, impartial and uncorrupted, compared with the SEMED average of 53.4%.

Workforce skills were the third major constraint. Tertiary education does not provide the young with the necessary skills that are demanded by the private sector. Although the government has managed to increase the number of children enrolled in primary and secondary schools, the quality of this education lags behind. According to the African Development Bank, there is also a skills mismatch in the form of an oversupply of university students majoring in social sciences, education and humanities (around 75% of Moroccan students). Only around 18% of students pursue scientific, technical and engineering subjects at university – the fields that offer most of the jobs in the private sector.

Chart 1. Business environment obstacles



Estimated for a hypothetical "average" firm. Higher values correspond to a weaker business environment.

Chart 2. Competition from the informal sector

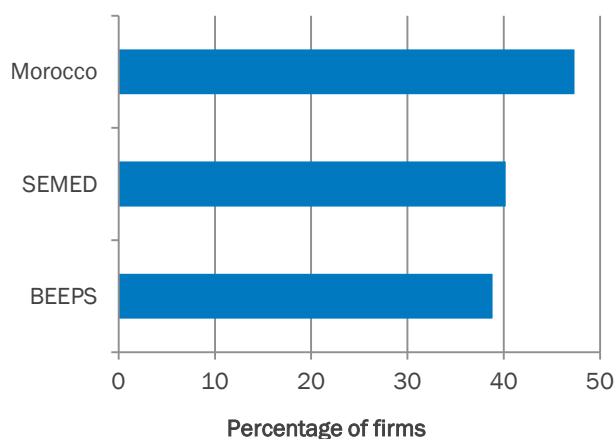


Chart 3. Informal payment to obtain an import licence

