

I. STATEMENT OF WORK **IMPROVED BUSINESS ENVIRONMENT PROGRAM**

1. Purpose

The purpose of the Improved Business Environment Program is to make government more responsive to the needs of business, so that the latter may more effectively contribute to Morocco's goals of expanded economic growth and job creation. The program will help to improve the overall business climate, facilitate access to finance for small business, and help Morocco meet its commitments under the recently negotiated Free Trade Agreement with the United States. The program should achieve the following results:

- 1. Improved Policy, Legal and Regulatory Environment**
- 2. More efficient and effective Judiciary**
- 3. Improved Support Systems for Financial Markets Expansion**
- 4. More growth-oriented Tax policies, laws, and regulations:**

2. Background

2.1 Challenges:

Although Morocco has made great strides in improving its overall business environment, particularly in the areas of macroeconomic stability, infrastructure development, creating separate commercial courts, and customs clearance, more needs to be done to update the legal framework to international standards, to make transparent and consistent the administration of justice, and ensure access to finance for the small businesses that make up 80 percent of the economy.

Policy, Legal, and Regulatory Reform

At the macro-economic policy level, Morocco has had outstanding success in controlling inflation, privatizing state-owned enterprises and reducing government debt. Substantial progress has also been made at the microeconomic level in areas such as the simplification of business creation and the establishment of specialized commercial courts. However, provisions of law are not always clear, resulting in problems in implementation; nor are they completely in line with international standards and undertakings made under the Free Trade Agreement with the United States. For example, current law does not allow customs officials to seize goods clearly in violation of intellectual property right stipulations without first securing direct authorization from the courts.

Judicial Reform:

Progress has also been made in improving the competence of the separate judiciary that now treats commercial law cases. However, the creation of separate commercial courts is still relatively new, and with frequent change in the body of commercial law as well as a rapidly growing case load, judges and lawyers are hard pressed to keep up with emerging practice in interpretation and application of commercial law. Neither the judiciary nor the legal profession require mandatory continuing legal education, though not insubstantial trainings are made available both by local bar associations and the national training center for judges.

Lack of transparency, incertitude about the outcome of legal processes, and a perception that similar cases are not treated equally discourage investment and hinder the development of bank finance. While precedence does not figure as largely in civil code systems such as Morocco's, supreme court judgments on matters of law do have authority; yet these are not widely published and distributed among the judicial and legal profession, therefore impeding uniformity of application. Guides of procedure could also assure more uniform treatment of cases, such as in bankruptcy and other matters. The commercial court system has received an initial phase of computerization, and the public is now able to track the status of a particular case. Nonetheless, case management information systems could be more fully developed to classify cases as to degree of complexity, expected duration, subject matter, and other indicators so as to better allocate resources and organize workflow.

Execution of judgments is made more difficult by the fact that bailiffs enforcing decisions made by commercial court judges are not directly responsible to judicial officials. Furthermore, reliance on courts to order enforcement, places burdens on court resources, that might better be shouldered by regulatory or enforcement agencies.

Constraints on Access to Finance

In the 1990's a major program of financial reform was implemented and included removal of mandatory investments in treasury instruments to finance the government deficit, relaxation of interest rate controls, development of guarantee instruments for loans to small and medium enterprises, and development of capital markets fed by the placement of new issues on the stock market via privatization. Despite these reforms, banks remain highly liquid, heavily invested in Moroccan treasury issues, and prospect little beyond their customary, well established clients. Indeed, banks serve just the very top margins of the Moroccan economy; 80% of households do not have established relationships with banks.

Small businesses are underserved. This lack of articulation of Morocco's financial sector impedes development of small businesses and the exploitation of opportunities open to business, both small and large. Solid information upon which to assess cash flows, creditworthiness and credit risk is typically only available from corporations (societe anonymes) and large limited liability companies whose accounts are required to be audited by a certified accountant (commissaire des comptes). Even then, financial statements are not prepared and published on a timely basis. With World Bank help, efforts are planned to revise financial accounting requirements so as to make financial reporting more transparent, strengthen the accounting

profession and improve the quality of statutory audits of financial statements, strengthen enforcement to insure heightened disclosure in financial statements and better timeliness for publicly traded companies. The far greater number of smaller limited liability companies and proprietorships are subject to less stringent reporting requirements and are said typically to keep three sets of books: one for the tax authorities, one for banks, and one for the owners. While efforts are underway to maintain and exchange information on non-performing borrowers, such information tends to be shared only among members of a particular segment of the financial sector, not all financial sector institutions. Other types of creditworthiness information such as payment history to utilities have not been packaged or exploited for use by financial institutions.

With limited reliable information on cash flows and on the overall creditworthiness of clients, financial institutions only extend credit when secured against real assets. Liens and guarantees on fixed and moveable assets, working capital, and owner off-balance sheet assets are all typically required before any bank credit is made available. Such multiple undertakings from the borrower increase transaction costs to both the borrower and banks and depress the availability of credit. The smaller the client and the loan amount, the more costly is the weight of registering liens, and in the case of default, obtaining recoveries through legal and judicial processes. Lien registries at the major commercial courts are being computerized, but on-line retrieval is not yet operational and the extent of re-engineering of lien registration processes is unclear. Lack of predictability in work out and bankruptcy proceedings may also account for some of the reluctance of banks to extend credit to all borrowers.

As for microfinance, the industry developed rapidly beginning in the early 1990s and has now reached about 300,000 outstanding loans from a dozen institutions. Two larger institutions, one of which has received substantial USAID support (Al Amana), are the predominant players. To ensure its future growth and sustainability, however, the industry urgently needs to: reduce reliance on donor finance and expand sources of financing, expand its customer base (e.g. there are few loans made in rural areas where the impact of the FTA will be greatest); diversify product offerings beyond traditional group credits; share credit information on borrowers; and address weak corporate governance. The current legal framework for microfinance institutions requires them to be formed as non-profit associations; as part of this framework, they are exempted from interest rate ceilings which do apply to commercial banks and consumer credit companies. For microfinance institutions to receive risk capital and/or to accept deposits would require a revised legal framework. Movement toward larger credits and away from reliance on group or solidarity guarantees will require access to information on the creditworthiness of potential borrowers and on rapid, cheap, and effective means of securing liens on movable and immovable property pledged as collateral.

Taxation:

There is near universal agreement among businesspersons that high taxes on trade, business income, and labor are major obstacles to business expansion and job creation in the formal economy. Such taxes have encouraged the rapid growth of the informal economy, which leads to a host of other problems, including unfair competition, laborers without social security benefits, and businesses without access to formal sector finance. While there is a concern that lower tax rates would reduce overall revenue creation, already under pressure from free trade

agreements, a dwindling supply of privatizable enterprises, and tax avoidance and evasion strategies, it could alternatively be argued that lower tax rates may encourage a shift of the informal sector into the formal sector, a concomitant rise in overall tax revenues, and a more robust economy.

2.2 USAID Economic Growth Strategy

USAID's economic growth strategy is to assist Morocco in successfully responding to the challenges and opportunities of the more liberalized trading environment that will be brought about by the Free Trade Agreement with the US, the Association Agreement with the European Union, and Morocco's own reform efforts. There are three intermediate results (IRs) which are key to achieving this objective:

1. Increased productivity in agriculture and agribusiness
2. Creation of new business opportunities outside of agriculture and agribusiness
3. An improved business environment

The focus of this activity is on Intermediate Result 3.

2.3 Ongoing USAID Economic Growth Programs

The new program will be implemented in the context of USAID's ongoing efforts to create jobs and increase incomes by improving the business environment, increasing agricultural productivity, and promoting new business opportunities outside of agriculture. The programs mentioned below are either ongoing or recently completed and are funded under USAID's 2000-2004 economic growth strategy, "Increased Opportunities for Domestic and Foreign Investment."

Business Climate:

- *Commercial Law and Courts Modernization* (\$4.4 million,;2000-2005): Program of assistance to the Ministry of Justice for the modernization of commercial laws and courts in Morocco. Computerization assistance provided to the commercial courts of Marrakech and Agadir. Overall assessment of commercial law prepared and discussed with Moroccan counterparts; training provided on intellectual and industrial property rights; preliminary analysis completed on case management system information needs and on Ministry of Justice and selected court web sites. Work begun on assessing operation of bankruptcy law and its procedures, and working group organized to follow up on recommendations.
- *Investment Reform* (\$2.2 million; 2003-2005): Program is working with the national investment office and the regional investment centers to simplify existing procedures, improve transparency, and help regions develop and promote their investment potential to local and foreign investors. It builds on studies and pilot projects completed under Investors Roadmap Phases I, II, and III.

- *Microfinance Sector Development* (\$1,200,000; 2003 to 2005): Local and foreign expertise to provide help to develop new products (e.g. housing, rural, tourism), establish a credit reference bureau, and improve information systems and governance.
- *Microfinance Guaranties* (about \$ 500,000 in guaranty authority; 2003-2008): Program makes use of USAID's Development Credit Authority (DCA) to provide loan guaranties for local microfinance institutions to raise up to about \$23 million in loan capital from private sources.
- *Rural Microfinance*: (\$ 700,000 equivalent in dirhams; 2003-2004): Program provides capital to microfinance associations for expansion into rural areas that may be affected by FTA.
- *Information & Communications Technology*: Program of capacity building for the telecommunications regulatory authority (ANRT). Assistance to training institutions and to information and communication technology business association.
- *Environmental Assistance* (\$ 280,000; 2003-2005): Program to provide training and capacity building to enable the Department of the Environment to better enforce GOM environmental laws. Funding supports logistics and travel of EPA experts.

Agriculture, Agribusiness Development, and Water:

- *Agricultural Strategy* (\$300,000; 2003-2005): Assistance to the Ministry of Agriculture to help prepare a strategy for agriculture sector reform that will better position Morocco for a World Bank structural adjustment loan.
- *Agribusiness Associations Development* (\$ 250,000; 2003-2004): The program is working with selected agribusiness associations on the export of fresh and processed agricultural products. Information and expertise is being provided on market demand, Sanitary and Phytosanitary Standards (SPS), Hazard Analysis and Critical Control Points (HACCP), packaging, pricing, and marketing channels.
- *Tree Planting* (\$ 300,000; 2003-2004): Fruit-bearing trees have been donated through rural based non-profit associations to families in rain-fed wheat growing regions (Meknès-Fès) in order to increase incomes and reduce migration to cities.
- *Souss-Massa Integrated Water Management Project (SIWM)* (\$ 8.2 million; 2000-2004): project aimed at introducing water saving/delivery techniques through the participation of all local water management stakeholders.

- Water Protection and Management Project (WPM) (\$ 3 million; 2001-2004): project introduced integrated rural development in targeted regions to protect the environment, control soil erosion and create income generating activities.

Business Development:

- Fast Track Trade Program (\$ 2.65; 2003-2005): The program is helping Moroccan companies to identify U.S. business partners and advising them on marketing, packaging, and U.S. environmental and safety standards.
- Rural Tourism (\$ 3.1 million; 2002-2005): The program supports local public and private organizations in developing and marketing new rural tourism products to complement existing beach and imperial cities destinations.

2.4 Other USAID Strategic Objectives

Other USAID Strategic Objectives being implemented under the Mission strategy for 2004 to 2008 will complement the work being undertaken by this program:

SO12 “Improved education and training for employment” will be focusing on activities supporting education in schools to convey market-relevant skills through the integration of information technology, civic education and training programs that strengthen accountability, leadership skills and the participation of women in economic opportunities.

SO13 “Improved Government Responsiveness to Citizens” will support national and local representative bodies, local government, and civil society. At the local level the focus will be on improving the responsiveness of local government to the needs of both citizens and businesses.

2.5 Other USG Activities

In addition to the USAID programs in Section 2.3 that are funded in part by the Middle East Partnership Initiative (MEPI), there are several other MEPI-funded programs that are managed by other U.S. Government departments or agencies (listed in rough order of relevance to the services required under this Request for Proposal):

1. Financial Services Volunteer Program (\$ 1.3 million; 20004-2005): With an office in Casablanca, this program furnishes volunteers from U.S. financial institutions for short-term assignments. Initial requests have concentrated on help in bank supervision, diagnostics on existing small business loan guarantee funds, capital market development, strategic planning for individual banks.

2. U.S. Department of Commerce, ending September 2005, \$1,215,000

- expert assistance to bring Moroccan laws or regulations into compliance with FTA;

- assistance to negotiate and finalize MOUs between US organizations and Moroccan agencies to implement commitments in field of standards;
- Follow up technical assistance in standards, intellectual property, and government procurement.

3. U.S Patent and Trademark Office, ending December 2006, \$1,030,000 (includes Gulf, Middle East, and North African Countries)

- Production and dissemination of trademark, design and patent protection and enforcement guides and materials in Arabic. To be designed for education of audience ranging from general public to legal practitioners regional and sub-regional workshops on customs administration and investigation, anti-smuggling, protection and enforcement at border of IPRs;
- workshops and seminars for judges and prosecutors on IPR protection and enforcement to develop greater awareness of the state of law, best practices, sentencing guidelines, e-commerce related issues;
- Study tours to US for judges and prosecutors on intellectual property development, protection & enforcement.

4. U.S. Department of Labor, ending December 2006, \$340,000

- Three day Casablanca conference for North Africa on labor law administration and enforcement, unemployment compensation systems, labor market information systems, industrial relations and mediation/conciliation, and work visa programs;
- training of trainers workshop on FTA's labor component and in-country workshops conducted by newly trained trainers
- Study tours to US.

5. U.S. Department of Agriculture, through December 2005, \$1,015,000 (plus Section 108 local currency equivalent \$400,000)

- Seminars on U.S. and international food safety standards;
- Risk assessment re plant pests, animal disease, food safety. Information exchange on appropriate level of sanitary and phytosanitary protection. Training in dispute resolution mechanisms;
- Food safety inspection practices. Visits to US inspection centers and food plants, technical assistance to Moroccan trade associations and agroprocessing facilities to minimize food contamination
- Review of Moroccan animal and plant health regulations and standards, visits to U.S. for seminars with inspection experts to upgrade Moroccan regulations and standards to international norms;
- Training of Moroccans on point of entry inspections on food safety & animal health;
- Seminars on food safety and consumer education techniques;

- Training and visits to US on food labeling shelf life requirements;
- Enhance understanding of international standard setting bodies;
- 5 Moroccans to Borlaug Fellowship;
- Training and technical assistance to GOM and trade associations on collection and dissemination of production and price information and their regulation.

2.6 Donor Coordination

The World Bank has completed a project assisting the modernization of six of the eight commercial courts and supporting the training center for judges. Assistance was also provided to create a better legal and institutional framework for arbitration. The World Bank will be providing modest assistance to help modernize accounting standards and to reinforce the professionalization of chartered accountants. The IFC is financing a feasibility study on the creation of a centralized depository of financial statements and analysis of such data so as to improve the availability, reliability and use of financial information for assessing credit risk. The IFC is also providing selected training to financial institutions on small business and microcredit lending. A variety of European Donors and the EU itself have created loan guarantee funds for the benefit of SMEs.

3. Expected Results

The contractor shall work with the commercial courts, the legal profession, the Ministries of Justice, Finance, and Commerce and Industry, and Economic & General Affairs, Bank Al Megrim (central bank), the financial sector and its professional associations, and other interested parties to achieve the following results (for each result, the offeror should propose performance indicators such as those used in the World bank's "Doing Business 2005", which will be finalized in the contractor's Work Plan):

3.1 Improved Policy, Legal and Regulatory Environment:

Improved public policies and practices, laws, and regulations that facilitate the conduct of business, investment, finance and trade.

3.2. More efficient and effective Judiciary:

3.2.1 Improved consistency, speed, and transparency in making commercial law judgments.

3.2.2 Rapid and effective enforcement of laws and judicial decisions.

3.3 Improved Support Systems for Financial Markets Expansion:

3.3.1 A credit reference bureau open to all providers of credit that supplies reliable and timely information on the payment histories of businesses and individuals.

3.3.2 Improved systems for the preparation, audit, and publication of financial information.

3.3.3 Improved efficiency and transparency in operation of collateral and mortgage registries, and other procedures affecting the surety of pledges made for the purpose of obtaining finance.

3.3.4 A legal and market framework that allows microfinance institutions to transition to a commercial, self-sustaining basis free of dependence on donor finance.

3.4 More growth-oriented Tax policies, laws, and regulations:

Tax policies, laws, and regulations that encourage economic growth and job creation.

3.1 Improved Policy, Legal and Regulatory Environment:

The contractor shall:

- Review prior legal reform assessments including those completed by the USAID Commercial Law Program project, the Commercial Law Development Program of the US Department of Commerce, the US Patent and Trade Office, and the World Bank.
- Work with responsible officials from the public and private sectors in order to elaborate revisions to laws, regulations and policies affecting the conduct of business.

- With a reform agenda agreed upon, assist in review of provisions and problems encountered in application of current laws, policies and regulations, organize and collaborate with working groups to draft suggested changes and to incorporate international best practices. The status of reform efforts will vary from one area to another, and the contractor shall furnish expertise through the continuum of actions necessary from identification of problems, to collaborating with working groups organized around particular topics, to advising on drafts circulated at the Ministerial and Secretary General of the Government levels, to advising Parliament in its review of draft legislation.
- Once, new laws, regulations and policies are approved, assist in developing training for the concerned public and private officials on the content and interpretation of legal provisions, thereby assuring a more common understanding of their intent and application.

The scope of this assistance shall include but not be limited to company law, securities law, competition law, bankruptcy law, law on patents, trademarks and intellectual property, e-commerce, laws on collateral and mortgages.

3.2 More Efficient and Effective Judiciary

3.2.1 Improved Consistency, Transparency and Predictability in Judgments

The contractor shall:

- Formulate and implement a program of continuing education in areas of commercial law for judges and lawyers who are accredited and active members of local bars. The program shall have mandatory and elective elements. A range of Moroccan providers and venues shall be used to organize delivery of courses, including faculties of law and practicing lawyers. Educate the judiciary and local bar associations regarding the need and merit of continuing mandatory education, with a view to institutionalizing a requirement for mandatory continuing education.
- In the interests of promoting greater consistency, predictability, and transparency in commercial court judgments, work with the commercial courts and the Ministry of Justice to develop an electronic and paper publication of seminal judicial opinions and of guidelines on interpretation of contentious statutes and on such matters as administration of bankruptcy proceedings. The contractor may include use of private providers of legal information (for example, Artemis, a Moroccan private firm now provides on-line subscription to revised statutes and other legal and judicial information).
- To improve consistency and efficiency of bankruptcy, restructuring, and liquidation procedures, develop and provide training for judges, bankruptcy trustees and workout specialists. Training of trainers and development of training manuals and materials will be employed. The contractor shall strive to institutionalize this training program and to

gain recognition by the courts of the value of utilizing experts accredited with such training.

- Develop Morocco specific case and disposition typologies for use in case management systems for the commercial courts and assist in putting these systems in place throughout the commercial court system. Such typologies must allow for distinguishing among classes of cases as to subject, degree of complexity (e.g. simple or complex), and projected length of case disposition. Prepare manuals explaining the typologies and terms employed. Train clerks and other court administrative personnel as well as lawyers practicing before the courts in operating these systems. Train court administrators in developing analyses from the data obtained from the case management system for the purposes of improving allocation of resources and expediting workflow.
- Review the current system of court-appointed experts, recommend improvements, and assist in implementation of such improvements.

3.2.2 Rapid, Effective, and Coordinated Enforcement of Laws and Judicial Decisions

The contractor shall:

- Work with the courts system, the Ministry of Justice, and representatives of bailiffs to examine jointly how enforcement of judicial decisions can be improved. A change in law may be necessary to place bailiffs under the direct authority of the judiciary. Provide expertise and training to implement agreed upon recommendations. Such assistance may include help in developing a code of ethics for bailiffs, preparation of guides for prosecutorial use in monitoring bailiffs' performance, software for tracking enforcement actions, improving case management information systems especially on party identifier and contact information, and development of private licensed process servers.
- Review data on case loads and statutes of regulatory and enforcement agencies to identify areas where commercial courts are overly relied upon to reach and enforce decisions that might otherwise more effectively be administratively determined and enforced by cognizant regulatory and enforcement agencies, such as Customs, OMPIC, CDVM, ANRT, Ministry of Agriculture. Review sufficiency of the police and enforcement powers of such agencies and schedule of penalties. For example, customs officers require a court order before seizing goods clearly infringing intellectual property right protections, making enforcement of protection of trademarks and copyrights particularly problematic.
- Organize and collaborate with working groups including representatives from such regulatory and enforcement agencies to assist in draft correcting legislation and regulations, drawing upon international best practices.

3.2.3 Establishment of improved organization systems in commercial courts

The contractor shall:

- Review the court reorganization study funded by USAID under the program *Commercial Law and Courts Modernization*;
- Assist the Ministry of Justice and the implementation of the recommendations of this study in the jurisdictions outside of Marrakech and Agadir.

3.3 Improved Support Systems for Financial Markets Expansion

3.3.1 Improved Access to Data on Creditworthiness

The contractor shall:

- Investigate various sources of data available on payment histories of individuals and businesses, including records of electricity, water, and telephone utility companies and of large wholesale/retail distributors. The status of current and planned data banks at the Central Bank, at the associations of bankers, of leasing companies, and of consumer credit companies on non-performing loans and other indicators of default shall also be examined. Working with agencies holding such data, assess how a consolidated, real time data base on individual and business creditworthiness indicators might be created which all financial sector institutions, including microfinance associations, would be allowed to access.
- Assess and formulate recommendations for overcoming legal impediments to the creation of such an information system, including consumer privacy, data protection, and bank secrecy issues. Showcase other country experience in this area, including that of credit reference bureaus in the United States. In this task, the contractor should promote the concept of private sector provision of creditworthiness data services.
- Working with financial sector representatives as well as those of supervisory authorities, develop a model concession agreement that would be put out to international bid to interested international credit reference bureaus for the establishment and operation of a Moroccan credit bureau to furnish both positive and negative real time current data on the creditworthiness of individuals, sole proprietorships and other businesses. The terms of the concession agreement may include granting a time-limited monopoly to the successful bidder for the operation of a credit bureau. A sharing of start-up costs may be necessary, in which case the contractor should explore with USAID possibility of securing Government of Morocco approval for utilizing USAID local currency resources for this purpose.

3.3.2 Improved systems for the preparation, audit, and publication of financial information

The Contractor shall:

- Review current efforts underway by professional organizations, enterprises, financial institutions, and/or donors to improve financial reporting and auditing.
- Recommend any additional technical assistance and training needed to develop and implement improvements in the preparation, audit, and publication of financial information.
- Execute technical assistance and training for public authorities, professional organizations, audit and accounting firms, enterprises, and financial institutions.

3.3.3 Efficient, Transparent and Equitable Moveable and Real Property Lien Systems

The contractor shall:

- Evaluate the workings of collateral registries for movable property, and the provisions of collateral law with a view to ensuring that these operate effectively for the extension of finance based on pledges against movable assets and at a cost affordable to potential users. Enhance the operation of such registries, by such measures as easing ready access to lien information by lenders and other interested parties and by expediting registration of liens execution of foreclosures pursuant to court action.
- Evaluate the workings of mortgage and titling registries for immovable property, and the provisions of mortgage and land law with a view to ensuring that these operate effectively for the extension of finance based on pledges against immovable assets and at a cost affordable to potential users. Assistance shall be provided to enhance the operation of such registries, including measures to ease ready access to land titling and mortgage information by lenders and other interested parties and to expedite registration of foreclosures pursuant to court action.

3.3.4 Microfinance Institutions Transitioned to be financially Self-Sustaining

The contractor shall:

- Work with larger Moroccan microfinance institutions to review the potential to place such institutions on a more self-sustaining financial, commercial basis. Options to be explored include (i) transition to specialized financial institutions authorized to take deposits, (ii) conversion to commercial banks or partnerships, capital participation, or mergers with commercial banks or other financial institutions (e.g. consumer credit companies), and (iii) development of a range of revenue enhancing commercial products such as insurance, smartcard, electronic “purse” cards.

- Advise partner microfinance institutions on their strategic planning for transitions to a self-sustaining basis and complete market studies to inform the strategic planning process of partner microfinance institutions.
- Examine legal and prudential supervision models appropriate for the range of transition options of interest to Moroccan microfinance institutions and work with concerned Government of Morocco agencies (the Ministry of Finance, Bank Al-Magrib (the Moroccan Central Bank)) to secure agreement on the scale, type, and institutional and legal framework for regulatory and supervisory powers to be exercised over microfinance institutions that chose to transition from non-profit association status. Furnish expertise in legal drafting for preparing draft texts for the agreed upon legal framework.
- For microfinance institutions transitioning to a more self-sustaining commercial basis, provide training and expertise in new product development and conformance with new prudential regulation.

3.4 More growth-oriented Tax policies, laws, and regulations:

The Contractor shall:

- Working closely with the Ministry of Finance and private business representatives, analyze the impact of existing tax policies, laws, and regulations on economic growth and job creation. Consider the full range of business and employment taxes, including the value-added tax (VAT), customs duties, income taxes on companies and individuals, etc. and their impact on tax evasion and avoidance strategies practiced by the private formal and informal sectors.
- Develop or refine a model or models that will demonstrate the impact of alternative policies and rates on the tax base, tax revenues, investment, and job creation.
- Recommend changes, develop implementation plans, and assist in the implementation of actions that would both encourage economic growth and job creation while at the same time provide sufficient revenues to improve the quality of government services.

4. Coordination with Other Activities

The Contractor shall coordinate its activities with other USAID-funded and MEPI activities, as well as other donor initiatives by:

- Disseminating the results of program-funded activities.
- Publicizing the activities of the program in the local media or other venues with the prior authorization of USAID.
- Participating in periodic meetings of USAID-funded Contractors and recipients.
- Participating, at the request of USAID, in donor coordination meetings, such as the World Bank, related to the business environment and finance.
- Suggesting other donor initiatives to supplement and complement the program.

5. Environmental Compliance - (IEE)

USAID/Morocco has an approved Initial Environment Examination (IEE) for SO 11, and the contractor will carry out the recommendations set forth in the IEE.

6. Gender Considerations

Gender disparities prevail in the Moroccan rural and urban areas. The contractor shall support approaches that attempt to reduce existing disparities and mitigate constraints to women's investment in the agricultural sector with the ultimate aim of increasing their incomes. Examples of concerns to be addressed could include, but not limited to, women access to capital, reduced workload, decision making, income control and so forth.

7. Monitoring and Evaluation:

The Contractor shall develop an MIS system based on the above description of expected results and those which will contribute to the achievement of program objectives. To evaluate program impacts, the contractor will need to implement a baseline, identify control groups, and utilize best practices in evaluation (that include the use of quantitative and qualitative methodologies).

8. Key Personnel:

The key personnel whom the Contractor shall furnish for the performance of this contract are as follows:

<u>Position Title</u>	<u>Name</u>
1) Chief of Party	[To Be Determined]
2) Project Administrator	[To Be Determined]
3) Senior Legal/Judicial Reform Specialist	[To Be Determined]
4) Senior Microcredit/Small Business Finance Specialist	[To Be Determined]

The key personnel identified above are considered essential to the work being performed. Unless otherwise agreed to by the Contracting Officer, the Contractor shall be responsible for providing such personnel for performance full time and for the term of this contract. Failure to provide key personnel designated above may be considered nonperformance by the Contractor unless such failure is beyond the control, and through no fault or negligence of the Contractor. The Contractor shall immediately notify the Contracting Officer and the CTO of any key personnel's departure and the reasons therefore. The Contractor shall take steps to immediately rectify this situation and shall propose a substitute candidate for each vacated position along with a budget impact statement in sufficient detail to permit evaluation of the impact on the program. No replacement of personnel shall be made by the Contractor without the written consent of USAID whether provided in advance or by ratification.

9. Roles and Relationships

The Contractor shall be responsible to USAID/Morocco for all matters related to the execution of this contract. Specifically, the Contractor shall report to the USAID Cognizant Technical Officer (CTO) located within the Office of Economic Growth (EG) for technical and program direction. In addition, the Contractor shall report to the Regional Contracting Officer (RCO) located in USAID/Jordan for all other contractual issues related to this activity.

The Contractor shall receive policy guidance and non-financial support needed for the implementation of the program from an oversight committee consisting of USAID, the private sector, and any other relevant government agencies. The committee will meet at least semi-annually to review program progress and the Contractor's proposed annual work plans, and to approve or request revisions to such annual work plans.

The Contractor shall meet regularly with USAID/Morocco, representatives of the public and private sectors to coordinate the implementation of all program activities.

The Contractor shall facilitate the active involvement of all interested parties (e.g., business associations) in any policy dialogues/reforms with GOM partners based on analysis and recommendations developed by the Contractor.

10. Reports

The Contractor shall submit the following reports during the life of the contract

- **Initial life-of-Program Work Plan:** Within two months of the effective date of the Task Order, the Contractor shall provide a draft work plan for the entire life-of-program. The work plan will be linked to the objectives and deliverables of the Task Order and should describe the type and magnitude of planned tasks, proposed results indicators, the individuals to be involved and the level of effort required for each. It should also contain a timetable showing the expected schedules of activities (with benchmarks), where and when the tasks will be carried out, the expected levels of effort and a proposed budget for each activity. This work plan will also describe in detail how the Contractor will mobilize operations for quick activity start-up, (e.g., setting up in-country operations, hiring staff and establishing an office) and will set benchmarks for the start-up, the first year, and the remaining life of Program. It will reflect the Contractor's final revised proposal, the requirements of the task order, and discussions and agreements reached with USAID in the course of the initial month of contract implementation. Work Plans may be amended at any time as mutually agreed upon by USAID and the Contractor. All work plans will be approved by the USAID CTO.
- **Subsequent Work Plans:** One month prior to beginning of each year of the Task Order, the Contractor shall submit a revised Work Plan specifying the activities to be undertaken and how to achieve results during each year of the Contract.
- **Quarterly Reports:** The Contractor shall submit quarterly reports that describe progress (including progress against agreed upon indicators) made in achieving results within the time frame specified in the report, identifying obstacles faced by the Activity and how they were (or will be) overcome, report on the financial status of the Task Order and subcontracts, the level of effort expended and remaining, and shall discuss activities to be carried out in the following quarter. Quarterly Reports will be due no later than seven calendar days following the end of the quarter and will include the work plan update described above. The quarterly report shall also include information on the financial status of the contract, including budgeted amounts by line item, committed, disbursed, and expended (i.e. disbursement plus accruals).
The contractor will provide an accounting of the host country contribution to the contract activities, on a quarterly basis.

- **Annual Progress Reports:** Annual Report shall be a complete progress report, showing results at the Intermediate Results level, with result names, indicators and back up data. The Contractor should submit the report on November first of each year of the contract. This information will be used in USAID Annual Reports. This end-of –year report will be submitted to USAID.
- **Final Report:** Thirty days prior to the end of this Task Order, the Contractor shall submit a draft Final Report providing a full accounting of its activities in Morocco, progress made, results obtained and comments and suggestions for the continuation of activities. This is to be a comprehensive report of all Task Order activities carried out. Fifteen days after submission of the draft, the USAID CTO will provide the Contractor with comments. The Final Report will be submitted one week prior to the end of the Task Order.

Report Submission: In addition to any requirements under the contract under which this task order is executed, all reports produced under this Task Order, including work plans and other products/deliverables, should be submitted to the USAID Cognizant Technical Officer (CTO) (Office of Economic Growth). All reports, including annual work plans, must be completed and submitted to the CTO in both English and French, four (4) copies in English and six (6) in French.

In addition to hard copies the Contractor shall provide the USAID CTO and the Contract Officer for USAID/Morocco with an e-mail containing each report and annual work plan in Word. Financial sections of the report are to be submitted in MS EXCEL. The Contractor will also provide the USAID CTO with these reports on an appropriately labeled compact disks and diskettes. The Contractor will confirm with USAID the software versions to be used, preferably a Microsoft reporting software.

A hard copy of the final report and an electronic copy of the report saved on CD or diskette should be submitted to the following address:

Document Acquisitions
USAID Development Experience Clearinghouse
8403 Colesville Rd Suite 210
Silver Spring MD 20910-6344 USA

An electronic version of the final report should be submitted online at:

docssubmit@dec.cdie.org.