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Confédération Générale des Entreprises du Maroc

National RoundTable

# Towards Strengthening the Integrity of the Private Sector in Morocco

What roles for the public sector, companies and civil society in promoting transparency in business?

Casablanca, Kingdom of Morocco

24 October 2012

## Final Report

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## Introduction

1. The Ministry in charge of General Affairs and Governance (MAGG) and the General Confederation of Moroccan Enterprises (CGEM), co-organized a national roundtable entitled «Towards Strengthening the Integrity of the Private Sector in Morocco», on 24 October 2012 in Casablanca, in cooperation with UNDP's Regional Project on Anti-Corruption and Integrity in the Arab Countries (UNDP-ACIAC) and the MENA-OECD investment Programme. 70 participants representing the public sector, the private sector and civil society took part in the roundtable alongside regional and international experts specialized in investment, development and the fight against corruption. Participants engaged in a series of interactive discussions which led to building a common ground so as to identify the way forward to strengthen integrity and promote transparency in Morocco's business environment. The report hereunder summarizes the key ideas discussed at the roundtable and suggests follow-up actions.

## Opening Session

2. The round table was opened by H.E. Mr. Mohamed Najib BOULIF, Minister Delegate at the Prime Minister's Office in charge of General Affairs and Governance. In his opening remarks, Minister Boulif stated that the enhancement of the business climate is a priority for Morocco in the current economic context and that transparency and the fight against corruption are of a paramount importance. He also underlined that the fight against corruption requires the involvement of all parties concerned: public sector, private sector and civil society. He also recalled the importance and relevance of the reforms launched in 2011 which, for the first time in Morocco's history, dedicated an entire section of the new Constitution to good governance and anti-corruption and constitutionalized the institutions in charge of those issues. These developments signal the Government's determination to place the fight against corruption amongst its top priorities. Within this framework, the Ministry in charge of General Affairs and Governance plays a major role – alongside the Ministry for Public Service and Modernization of Government Administration – in improving the business environment in Morocco, strengthening the legislative framework and in sustaining partnerships with international organizations with the aim of promoting transparency in the private sector. Minister Boulif underlined that Morocco was Party to a number of international instruments dealing with the issues at stake, urging that it is now time to act by implementing the relevant laws and processes.

3. Ms. Meriem BENSALAH CHAQROUN, President of the CGEM welcomed the awareness that stakeholders demonstrated on the need to promote a healthy, clean and transparent business environment. She added that the most competitive economies are those which placed transparency as the very heart of their values and standards. Ms. Bensalah Chaqroun underlined Morocco's determination to strengthen investors' confidence and to further develop the national economy. The country is fully aware of the devastating effects of corruption and has made significant efforts to combat this scourge using namely international legal instruments such as those developed by the UNDP and OECD. CGEM had affirmed its full commitment to promote ethical business through the establishment of an Ethics Committee in 1998, which was later known as the Committee for Ethics and Good Governance, whose main mandate was to raise awareness among business operators on the risks posed by corruption and to promote good corporate governance, these being essential elements for the establishment of trust in the private sector. Ms. Bensalah Chaqroun gave an overview of the CGEM's efforts in that respect, such as the development of a study on corporate governance in Morocco, recalling some of the recommendations contained therein including the need to raise awareness about available legal instruments on corporate governance, the training of business managers and the development of a corporate governance code. Concluding, Ms. Bensalah Chaqroun referred to the Social Responsibility Charter that CGEM had adopted in 2006 and which featured a line of action against corruption and the "CGEM Label" for corporate governance which aims at promoting a business culture based on a transparent

management of sustainable development principles. The label has recently been recognized as fully compliant with international standards.

4. Ms. Ayshanie LABE, UNDP Deputy Resident Representative for Morocco, started by indicating that the 24<sup>th</sup> of October 1945 was the founding date of the United Nations Organization and marked the entry into force of its Charter. She went on to add that the roundtable reflected the spirit of the UN Charter and offered an opportunity to promote “*social progress and better standards of life in larger freedom*”<sup>1</sup>, and that the meeting was to focus on transparency and integrity in the private sector, two concepts that were critical for the development of Morocco. Strengthening transparency in the business environment is a determining factor to also strengthen the trust between citizens and the private sector. Ms. Labe then recalled the global tool for combatting corruption which is the United Nations Convention against Corruption (UNCAC) that Morocco had ratified in 2007, and in particular its Articles 12 and 13 dealing directly with the private sector. She also recalled that the role of the private sector in sustainable development had been recognized repeatedly in the Rio+20 Summit Report where Heads of State and Government as well as high representatives clearly indicated that no concrete measure for sustainable development could see the light of day without a global alliance between peoples and representatives of the public sector, the private sector and civil society. She added that the Arab Anti-Corruption and Integrity Network (ACINET) identified the strengthening of the private sector’s role in the fight against corruption as a major component of its action plan for 2012-2013. Concluding, the UNDP Representative acknowledged Morocco’s political will to fight corruption, adding that without political will, nothing could be achieved.

5. Ms. Nicola EHLERMANN-CACHE, Deputy Head of the MENA-OECD investment Programme, congratulated the Ministry in charge of General Affairs and Governance and CGEM for today’s event. She then explained that the aim of the MENA-OECD investment Programme, under the co-chairmanship of H.E Minister Mohamed Najib BOULIF, was to exchange experiences and good practices in view of improving the business environment for the economies of the Middle East and North Africa region and those of OECD countries. In this respect, it had been noted that Morocco has progressed with regards to OECD standards: in 2009, the Kingdom signed the *OECD Declaration on International Investment and Multinational Enterprises* and adopted its *Guidelines for Multinational Enterprises*. These Guidelines encourage companies to contribute to economic, social and environmental progress through voluntary actions in ten specific areas including integrity and probity. The Moroccan Agency for Investment Development (AMDI) is the national focal point in charge of promoting these principles. In addition, Morocco is also implementing several recommendations identified in the OECD’s assessment of Morocco’s *Business Climate Development Strategy*, through the enhancement of public-private dialogue. Morocco also placed anti-corruption as a priority through its implementation of the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*. 34 OECD Member Countries and 5 other State Parties<sup>2</sup> translated this legally-binding instrument in their national legislations which led to an increase in the number of civil and criminal prosecutions undertaken against individuals and corporate bodies. This has also led companies to increase their level of vigilance when undertaking international business transactions and integrity is now seen as a positive element in the business climate. In this context and following a number of consultations, the State Parties to the Convention and the private sector developed a *Guide of Good Practices in Internal Audits, Ethics and Compliance*. This roundtable, along with the training for companies which is organized jointly with the CGEM on the next day can contribute to raising awareness of the benefits arising from a better implementation of the principle of integrity by the various stakeholders.

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<sup>1</sup> For the full text of the Charter, see <http://www.un.org/en/documents/charter/>

<sup>2</sup> Argentina, Brazil, Bulgaria, Russia and South Africa.

## **Session I: Strengthening integrity and preventing corruption in the private sector: international standards, comparable experiences and state of affairs in Morocco**

6. H. E. M. Abdessalam ABOUDRAR, Chair of the Central Authority for Corruption Prevention (ICPC) and of the Arab Anti-Corruption and Integrity Network (ACINET) presided the Session and paid tribute to the presidents of the CGEM who, in the aftermath of the 1996 public morality campaign, recognized the importance of the role of the private sector in the fight against corruption in business transactions. Mr. Abouddrar explained that the ideas put forward during those days were still valid today especially the idea according to which in an open business environment, companies must combat corruption and act ethically if they are to remain competitive. This requires the full involvement of the company at the individual level and the integration of ethics as a core business principle so that trust may be established amongst all partners concerned. Mr. Abouddrar expressed his conviction that this type of action is much more effective at the sectoral level as some business sectors are more affected by corrupt practices than others and that tools such as 'integrity pacts' can help curb corruption. The speaker then alluded to the development of certification tools (similar to quality certification schemes) to support integrity measures taken by enterprises, and reiterated ICPC's commitment to put those certification tools at the disposal of companies to showcase pilot experiences in the field of corporate integrity while underlining his reservations with regards to such tools.

7. Mr. Samir OUFRIID, Siemens Regional Compliance Officer for Morocco, highlighted the importance of the values which underpin Siemens and the fact that integrity and ethics may cause losses on the short term but that the absence of those values could generate more significant losses on the longer term. He noted that the message from the top management had a critical role to play in instilling a culture of integrity in the company. Mr. Oufriid explained that Siemens's compliance programmes were designed to comply with the internal rules of the company and with the laws and regulations of the country where the company operates. He indicated that the company developed a compliance monitoring system based on three pillars: prevention, detection and response. Prevention is ensured through the formalization of procedures relating to the company's code of ethics as well as through inhouse training activities for both its employees and external stakeholders with whom the company interacts. In conclusion, the speaker suggested a three-pronged approach to promote transparency: the establishment of a sustainable partnership with all stakeholders; a strict system of selection of outsourcers who must also fully adhere to Siemens's Code of ethics, and; collective action through the initiation of local and international alliances to combat corruption.

8. Mr. Kemal TAPKAN, Chief Auditor and Compliance Officer at Borusan Holding, a Turkish company, introduced the company he represented indicating that it was a family-owned business which had its own ethical code since the 1950's. The growth and expansion of the company, its international market share and risks associated with its reputation were all factors that led the owners to move way from a family-based business model to a more corporate one based on modern management practices and which included the principle of integrity. He referred to a number of initiatives taken by Borusan Holding to strengthen transparency and integrity while underscoring the need to test a company's code of ethics against the realities of the ground and review it accordingly, taking account of the needs of the company and its business environment. Mr. Tapkan hinted to the need i) to train staff members to the procedures of the company, ii) launch a dedicated hotline where people can call to report cases of corruption, iii) establish procedures for the investigation of alleged cases of corruption, including the reporting of suspicious cases to the Turkish authorities as required by law. He concluded by explaining how ethical rules were applied and monitored by a 5-member board of ethics.

9. The discussion that followed highlighted that it was important not to sacrifice the future for short-term petty gains and the need to enshrine formal ethics by adopting practical and « lively » regulations which need to be discussed with the employees to ensure ownership. Participants indicated the need to support the

private sector in designing a mechanism to formalize ethical values and translate them into policies and codes of conduct which can be implemented as part of the daily life of the company, and monitored. Panelists also concurred on the importance to act collectively and in the framework of lasting partnerships with suppliers so that the same values and best practices may be disseminated and thus foster a virtuous circle. Another point raised was the fact that it was up to private sector entities to act in view of enhancing integrity without having to wait for Government authorities to take the first step in that direction.

10. Ms Amina BENJELLOUN, Special Adviser at the Office of the Prime Minister, and Head of the Economic Promotion Department at the MAGG, indicated that growth and jobs result from wealth creation which, in turn, is intimately related to transparency, given the latter's impact on investment. Ms. Benjelloun reassured that Morocco managed to mitigate the effects of the economic crises which repercussions were felt regionally and internationally thanks to the policies taken by the Government. The latter has reiterated its determination to place the fight against corruption at the heart of its policies and at the top of the national economic debate. Ms. Benjelloun listed five pillars which, according to her Ministry, constitute a growth leverage, namely:

- Strengthening public-private partnership (through the establishment of a National Committee for Business Climate (CNEA), simplification of procedures and formalities for the establishment of companies, setting up of a mechanism to address cases of administrative abuse etc.) ;
- Strengthening of the constitutional and legal arsenal;
- Promoting the principles of good corporate governance through the establishment of a Moroccan Institute of Directors;
- Further work on the relationship between the informal sector of the economy and the fight against corruption ; and
- Bringing Morocco closer to international standards and practices.

Concluding, Ms. Benjelloun reasserted the need to strengthen these efforts which, if carried out collectively and in an integrated manner, would prove to be even more effective. She also underlined that, in the fight against corruption, it was important to raise the awareness of the public and work to change mentalities.

11. Mr. Zakaria FAHIM, Chair of the Ethics and Good Governance Committee at the CGEM, declared that to encourage businesses to strengthen ethics and good governance, a strong signal is needed from the highest government authorities. Since a business venture seeks to create value, it therefore needs support and visibility. To do so, there's one common denominator that must be secured: the establishment of trust between the private sector, the public sector and the citizens. Mr. Fahim also referred to the need to implement procedures provided under current legislation and ensure follow-up thereon. Taking the example of the webportal "[www.stopcorruption.ma](http://www.stopcorruption.ma)", he revealed that only around 60 of out of 1,000 complaints, reported through this portal, were investigated and led to legal proceedings. Concluding, Mr Fahim underlined the importance of changing public perception on corruption while raising the Government's awareness on this topic while closely collaborating with civil society organisations.

12. The Secretary General of Transparency Morocco, Mr. Abdessamad SADDOUQ, recalled that the private sector is an essential player in the fight against corruption and thus must be fully involved in this process. He then went on to pinpoint the failure of the linkages between the collective engagement of syndicates and the commitment of companies individually while stressing the challenges the latter had to face in an environment where corruption was rife and considered a necessary evil. The speaker also added that risks such as court proceedings and the negative consequences that a company involved in corruption may have to bear were still not convincing arguments especially in the absence of a mechanism to protect companies that operate in a corrupt environment. Mr. Saddouq declared that it was of paramount importance for the CGEM and other organisations to be present in the discussions revolving around transparency and integrity in Morocco and on

more specific issues such as the whistleblower protection, access to information and the budget law, in order to break away from rhetoric and mobilise effectively. Finally, he added that all three stakeholders (private sector, public sector and civil society) have a role to play in anti-corruption, adding that the current circumstances were favorable to such work.

13. Mr. Hazim SBATA, President of the *Young Leaders Center* (CJD), focused his presentation on public procurement, indicating that it was the duty of government authorities to ensure that the private sector was properly regulated and that it acted in accordance with the principles of integrity. If Government worked only with ethical and responsible companies he said, that would have a positive impact on the business climate in the country. The speaker went on to add that corporate responsibility should be used as an essential criterion when allowing business entities to bid for Government tenders and take part in public procurement. Mr. Sbata made several proposals such as the need to train professional procurement officers in Morocco, to authorize variants in public procurement selection criteria and technical specifications, monitoring by external entities other than Government and independent from the “system” and giving preference to local suppliers in the award of public contracts so that Government may purchase at lower prices while, at the same time, giving a boost to the local economy. For Mr. Sbata, it was important to formulate, communicate and share the values of integrity with the stakeholders and instill those values in work ethics.

14. The discussions during the second part of the session highlighted the need to make the current available processes relating to transparency and integrity in the private sector, better known and make sure that they are implemented. Participants also discussed the fact that international ranking systems such as *Doing Business* were not an end in themselves and that they should be used to identify the gaps and overcome them. Finally, some participants were skeptical regarding the introduction of some sort of « integrity » label or certificates (similar to existing quality labels for instance).

## **Session II: Enhancing integrity and preventing corruption in the private sector: what measures to improve transparency?**

15. M. Arkan EL-SEBLANI, Director of UNDP-ACIAC, chaired the second session and indicated that the aim of the meeting was to find a common ground for the public sector, the private sector and civil society with a view to strengthening the role of the private sector in the fight against corruption. He noted that efforts and discussions on this topic exist in the Arab region but that initiatives were still at an early stage. He then indicated that the roundtable is organized in the wider context of previous activities organised by UNDP and its partners, including the MENA-OECD investment Programme, adding that it was based on the [Regional workshop on enhancing Transparency in the Private Sector and the Role of Different Stakeholders in Arab Countries](#) which took place in Tunis on 7 and 8 June 2012, and that following other local round tables which will be held in Arab countries over the coming few months, a second regional workshop will take place in December to track progress made, maintain the momentum around the issue and identify follow-up actions.

16. Mr. Muhyieddeen TOUQ, International Expert and Principal Adviser to UNDP-ACIAC, introduced the main provisions of the United Nations Convention against Corruption (UNCAC) which deal with the private sector. He identified several roles including participation in the development of public policies and action plans, awareness raising on the negative effects of corruption and the strengthening of public-private partnership. Mr Touq reviewed the provisions of Article 12 of the Convention which deals with accounting and auditing standards, sanctions to ensure the integrity of the private sector, means for the prevention of corruption in the private sector and other issues. He also hailed the role played by the private sector in the fight against corruption at the global level and recalled that during discussions of the Group that was negotiating the Convention under his chairmanship, the expectations from the private sector were rather modest and the attention lent to this subject had yet to reach the desired level.

17. Mr. Fayçal DERBEL, Adviser at the Arab Institute of Business Managers (IACE), gave a short presentation on the outcomes of the Regional workshop held in Tunis on 7 and 8 June 2012 under the theme: « *Enhancing Transparency in the Private Sector and the Role of Different Stakeholders in Arab Countries* ». Mr. Derbel then dealt with an important element which was somewhat absent from the debate, i.e. the remuneration level of civil servants. Indeed, civil servants in the region are sometimes given relatively low wages which could create favourable conditions for corruption. He urged for this situation to be rectified and quoted Ibn Khaldun to make his point: « *the root of corruption is to be found in the passion for luxury among leaders* ». Concluding, Mr. Derbel indicated that international rankings did not always reflect the reality on the ground.

18. The deputy director for international affairs, at the French employers association MEDEF, Mr. Emmanuel MONTANIÉ, started off his intervention by saying that the fight against corruption was both a moral and a business issue. For economic reasons, the private sector must actively fight against corruption. Mr. Montanié reviewed the evolution of the discourse on corruption over the last decade, indicating that the current context allows for a more open and serious debate on the issue, moving from mere compliance requirements to prevention. Corruption has also evolved and small and medium companies (SMEs) are finding difficulties to compete on a level playing field in today's world. The MEDEF found out that, unlike larger multinationals, French SMEs were not always adequately informed about corruption-related risks abroad. Given this situation, the MEDEF developed a user-friendly practical guide for SMEs explaining the risks entailed and the prevention measures that can be put in place by companies. On a concluding note, Mr. Montanié expressed his conviction that corruption was an issue of citizenry and that collective action was needed to combat it.

19. Mr. Jawad BENHADDU, Member of the Ethics and Good Governance Committee at the CGEM pointed out the efforts made by the CGEM in the fight against corruption by focusing on the development of partnerships and tools. He then described a tool on integrity, which was developed by the CGEM, enabling companies to carry out regular self-assessments, monitoring their own progress and measuring the impact on their work. He also stressed the need for an educational approach to ethics by developing educational material.

20. At the end of the second session, Mr. El-Seblani thanked all the panelists and invited the participants to split into 3 groups, representing the public sector, the private sector and civil society, so as to discuss ideas which would then lead to specific and concrete actions which may be implemented by each group of stakeholders, while preserving the synergies between the various actions.

The public sector group was moderated by Ms. Olga Savran, Chief Adviser for the fight against corruption at the MENA-OECD investment Programme, while the conclusions of the parallel session were reported upon by Ms. Amina Benjelloun.

Ms. Nicola Ehlermann-Cache facilitated the session for private sector group and Mr. Zakaria Fahim was appointed as rapporteur of that group.

As civil society was not strongly represented at the roundtable, a discussion was held between Mr. Arkan El-Seblani, Mr. Muhyieddine Touq and M. Abdessamad Saddouq. They agreed that civil society organisations needed to play a more active role in strengthening transparency in the private sector and that a workshop specifically dedicated to civil society organization is important.

The three groups came up with the following recommendations:

## **Session III: The role of different stakeholders and the importance of public-private dialogue in the enhancement of transparency in the private sector**

### **Recommendations by the group of representatives from the public sector**

1. Accelerate the project on the **simplification and standardisation of administrative procedures** applicable to companies, and namely the project allowing for the creation of companies online as well as the self-entrepreneur scheme (draft law under discussion in parliament), while furthering the dematerialization of administrative procedures to provide operators with more visibility and reduce corruption temptations;
2. Lobby for the adoption of a **reform of the public procurement decree** to strengthen the principles of competition and fair and equal treatment of all bidders and consolidate transparency mechanisms through the dematerialization of the public procurement process;
3. **Conduct training for staff** in charge of preparing public procurement notices and drafting manuals of procedure leading to the award of public contracts. OECD Guidelines on public procurement may be used for this purpose;
4. **Assess the level of efficiency of the** « [www.stopcorruption.ma](http://www.stopcorruption.ma) » web portal, which serves as a mechanism for companies to detect and report cases of corruption and ensure its convergence with the MAGG's project on administrative abuses;
5. Accelerate **the overall reform of the judiciary** through an integrated and participatory approach in order to increase the level of trust in businesses;
6. Develop a **national programme for the training and capacity building of civil society organisations** involved in private sector transparency (through the Ministry in charge of relations with Parliament and Civil Society) ;
7. **Ensure greater consistency with all national bodies and entities** which work in the field of good governance by promoting co-ordination between their actions and dissemination of information from their respective databases;
8. Encourage companies awarded government contracts to claim, without risk of reprisal, the payment of a **moratory interest** in case of late payment, in accordance with applicable legislation;
9. Take strong measures against the **economy of rent** to increase transparency and strengthen market rules while gearing towards a gradual sectoral liberalisation through the introduction of specifications that define the technical and administrative requirements for the award of operating licences and permits, for instance;
10. Design a **pricing benchmark** accessible to all citizens and companies and which shall be reviewed at time intervals to be determined;
11. Encourage a stronger involvement of companies and a wider **public-private partnership** in all activities aiming to enhance transparency in the private sector ;
12. **Inform and disseminate on a wide scale** all fraudulent and corrupt practices detected in the public sector;
13. **Complete the legal and institutional framework relating to transparency** in the business environment and assist companies in its implementation (through communication, information and public awareness campaigns);
14. Accelerate the adoption of the **National Strategy for the Development of Micro-Enterprises**, which will require the enactment of the status of *"self-entrepreneur"* and favour the migration of those business



structures operating informally (and which tend to survive through corruption-related acts) towards the formal economy.

### **Recommendations by the group of representatives from the private sector**

1. **Communicate on the constructive role** that the private sector can play in the economic development of the country and ensure that its responsibility and role in combatting corruption are well understood;
2. Encourage Government to develop **training programmes for public sector officials** involved in the development of integrity and transparency policies for the private sector, including through e-learning ;
3. Educate corporate officials on their **rights and duties**, in the framework of corporate transparency;
4. Include courses on the **importance of compliance programmes** in universities while monitoring the development of such educational material by UNDP-ACIAC and other organisations ;
5. Develop **integrity hubs**, through collective and sectoral actions, with the help of professional federations where that is possible or with the assistance of large companies capable of carrying out such activities, and encourage the engagement of SMEs;
6. **Consolidate what already exists**, i.e. fully develop initiatives in support of integrity and ensure those initiatives are fully operational (e.g.: ensure the «Stop Corruption » portal is fully functional) and that the legal and institutional rules and regulations are implemented;
7. **Consult the National Focal Point** (NFP) in charge of the OECD Guidelines for Multinational Enterprises on the possibility of involving the private sector;
8. Identify, with the private sector and in consultation with public authorities, **information that may be made available** to the public;
9. **Hold all private and public stakeholders to account**, and follow up on any action taken in this regard;
10. Support efforts for the **protection and promotion of corruption whistleblowers**, with a focus on the notion of public interest – which is not present enough;
11. **Link the efforts of the private sector** to relevant regional or international associations or organisations (e.g.: OECD – BIAC committee) to better advocate the positions of the private sector ;
12. Exert pressure on the Government and parliament to accelerate the **reform of the judiciary** and put an end to impunity;
13. Develop a list of businesses that operate in the **informal sector** by type and identify efficient means enabling those companies to shift to the formal economy and operate in a more competitive manner.

The rapporteurs of each group submitted their recommendations. The organisers then thanked the UNDP and the OECD for their support while Ms. Ehlermann-Cache and Mr. El-Seblani thanked the organisers as well as the participants for having attended and actively participated. They noted that the meeting of 24 October initiated discussions around possible recommendations which may be detailed in the future. A report summarizing the discussions and conclusions of the roundtable will be disseminated and the OECD, UNDP and their partners remain committed to follow up on the outcomes of all local roundtables that will be held in other Arab countries so that a common vision may be achieved among the three groups of stakeholders with the purpose of strengthening transparency and integrity in the private sector. Mr. El-Seblani informed that a second regional workshop was going to be held in December and that the organisers would communicate with the participants so that a representative group for Morocco may be invited to attend that regional workshop.

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