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Morocco's Entrepreneurial Landscape and Social Impact Funding Ecosystem During the COVID-19 Pandemic

O panorama empresarial de Marrocos e o ecossistema de financiamento do impacto social durante a pandemia de COVID-19

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Abstract: Many entrepreneurial and other collective initiatives create social impact in addition to economic gains. In this paper, we will discuss these initiatives with a focus on the financing ecosystem that is crucial to these organizations. We first discuss the social and solidarity economy before talking about entrepreneurship and social enterprises. We focus next on cooperatives, which are very important in our context for the impact they contribute to achieve.

The topic of the social and solidarity economy (SSE) in Morocco garners extensive attention within economic, political, and academic circles. Given the unique Moroccan backdrop, regional advancements, demographic dynamics, and economic traits, it accentuates considerable social issues and amplifies the significance of SSE entities, especially concerning their target audience. The SSE landscape, comprising a diverse array of organizations, has continually adapted and expanded since the country gained independence to address the distinct features of its environment.

This article is the result of an extended presence in our research field. We collected qualitative data after several interviews that we compared with official data presented in the paper. In this article we made an inventory of the key characteristics of the SSE sector before discussing the measures taken in the aftermath of the covid-19 pandemic. We finally highlight the need to finance cooperatives and to encourage the digitalization of their business models.

Keywords: Social, Financing, Ecosystem, cooperatives, Impact

Resumo: Muitas iniciativas empresariais e outras iniciativas coletivas criam impacto social para além dos ganhos económicos. Neste documento, discutiremos essas iniciativas com foco no ecossistema de financiamento que é crucial para essas organizações. Começamos por discutir a economia social e solidária antes de falarmos do empreendedorismo e das empresas sociais. De seguida, focamos as

cooperativas, que são muito importantes no nosso contexto pelo impacto que contribuem para alcançar.

O tema da economia social e solidária (ESS) em Marrocos é objeto de grande atenção nos meios económicos, políticos e académicos. Dada a singularidade do contexto marroquino, os avanços regionais, a dinâmica demográfica e as características económicas, acentuam-se as questões sociais consideráveis e amplifica-se a importância das entidades da ESS, especialmente no que diz respeito ao seu público-alvo. O panorama da ESS, que inclui um conjunto diversificado de organizações, tem vindo a adaptar-se e a expandir-se continuamente desde a independência do país para responder às características distintas do seu ambiente. Este artigo é o resultado de uma presença prolongada no nosso campo de investigação. Recolhemos dados qualitativos após várias entrevistas que comparámos com os dados oficiais apresentados no documento. Neste artigo, fizemos um inventário das principais características do sector da ESS antes de discutirmos as medidas tomadas na sequência da pandemia de covid-19. Por fim, destacamos a necessidade de financiar as cooperativas e de incentivar a digitalização dos seus modelos de negócio.

Palavras-chave: Social, Financiamento, Ecosistema, Cooperativas, Impacto.

Introduction

Many entrepreneurial and other collective initiatives create social impact in addition to economic gains. In this paper, we will discuss these initiatives with a focus on the financing ecosystem that is crucial to these initiatives. We will first discuss the social and solidarity economy before talking about entrepreneurship and social enterprises. We will focus next on cooperatives, which are very important in our context for the impact they contribute to achieving.

The social and solidarity economy (SSE) in Morocco is currently a central topic of extensive discourse within economic, political, and academic circles. The particular Moroccan backdrop, in conjunction with ongoing developments in the region, is compounded by its demographic and economic attributes, resulting in substantial social challenges. These challenges, in turn, underscore the indispensable role of SSE organizations, especially concerning the communities they cater to. The SSE landscape, consisting of a plethora of organizations, has persistently adapted and expanded since the country gained independence to address the distinctive aspects of its context.

The involvement of the state in Morocco's social and solidarity economy is of paramount significance, both in terms of the numerous public agencies dedicated to related matters and the financial resources allocated for this sector. Public authorities are keenly aware of the critical function these organizations perform in facilitating the integration of young individuals, empowering women, especially in rural areas, and enhancing access to education, among other pivotal aspects. Notably, the SSE sector has experienced substantial growth, largely attributed to the introduction of the National Initiative for Human Development (INDH) in 2005.

The INDH, considered one of Morocco's most substantial social initiatives to date, has placed particular emphasis on nurturing the associative and cooperative sectors, acknowledging their ability to meet the needs of the specific segments of the population targeted by the initiative. Consequently, since the inception of the INDH in 2005, there has been a conspicuous proliferation of associations and cooperatives. However, this expansion has created heightened demand for available sources of financing.

The issue of financing mechanisms in the ecosystems of the social and solidarity economy in Morocco is thus becoming increasingly relevant. In fact, despite the interest in this sector shown by public authorities, the available means of financing are few and must be diversified further in order to become accessible for a greater part of the population. Since the beginning of the pandemic in Morocco, the state has taken several measures to finance its small businesses that were hit hard. In this paper we make an inventory of the sector before discussing the measures taken in the aftermath of covid. We highlight the need to finance cooperatives and to encourage the digitalization of their business models.

1. Funding the Social Sectors: A Challenging Endeavor

1.1. Social enterprises and the struggle of financing

Social enterprises primarily rely on earned income, derived directly from trading profits or contracts awarded by government and other entities. However, accessing credit poses a significant challenge for these enterprises, as highlighted by Social Enterprise UK in 2011. While social enterprises primarily depend on internal resources like grants and philanthropic funding, the shortfall in external

funding significantly affects their growth and expansion. Scholars have stressed that social enterprises often grapple with resource constraints and capitalization issues. To address these challenges, social enterprises can adopt two distinct approaches.

One approach is the "bricolage" strategy, wherein social enterprises leverage their governance structures and stakeholder networks to access and create resources. They use persuasive strategies to establish legitimacy and achieve financial sustainability, as described by Sunley and Pinch in 2012. In this context, bricolage signifies resourcefulness, a refusal to be constrained by limitations, and a reliance on improvisation, as articulated by Baker and Nelson in 2005. According to this approach, social enterprises do not seek conventional business credit because they can reconfigure existing resources, as highlighted by Sunley and Pinch in 2012.

Conversely, "bootstrapping" behavior in social enterprises involves minimizing the need for external financing by reducing operational costs, improving cash flow, or utilizing internal financial sources within the organization, as elucidated by Ebben and Johnson in 2006.

Challenges related to information asymmetries, high transaction costs associated with small loans, and poor credit ratings affect both social enterprises and small businesses when it comes to accessing financial resources, as noted by Neeley and Van Auken in 2009, Ebben and Johnson in 2006, and Cassar in 2004. Additionally, like small businesses, the initial startup phase is critical for social enterprises due to the unconventional nature of their activities, as highlighted by Mavra in 2011.

The difficulty in attracting external financing is compounded by a lack of understanding of social enterprises, limited knowledge about their products, and the challenge of measuring their performance. Moreover, both social enterprises and small businesses often require small-sized loans, which can increase transaction costs for lenders. Furthermore, the hybrid business structure of social enterprises may give rise to legitimacy and legal issues. Despite their similarities to small businesses, social enterprises also differ in how they fund their operations. Being

double bottom-line organizations, they must carefully balance financial and social performance considerations in terms of financing.

To address these challenges and enhance the availability of finance for social enterprises, new initiatives have emerged, with social finance and impact investing gaining momentum. Social finance, defined as the practice of investing capital to generate a positive social and/or environmental impact while also yielding a financial return, encourages solutions that prioritize creating a positive impact, as articulated by the Task Force on Social Finance in 2010. It encompasses various socially oriented financial activities, such as impact investing or microfinance, harmonizing social and financial returns. Impact investing, as one of the initiatives within the framework of social finance, first appeared in 2007 and involves investments made with the intention of generating measurable social and environmental impact alongside a financial return, as defined by Martin in 2013.

2.2. Financing social Entrepreneurship

Understanding social entrepreneurship can be challenging due to its multifaceted nature, but it offers a range of perspectives for exploration (Mair and Marti, 2006). These perspectives converge in defining social entrepreneurship as an entrepreneurial approach aimed at creating social impact. The term "social impact creation" is defined by the Board of the social economy in its 2011 report as a collection of outcomes stemming from an organization's activities, affecting both its external and internal stakeholders, its geographic area, and society as a whole.

In essence, social entrepreneurship is viewed as an innovative endeavor focused on generating social value, which can occur within or at the intersection of nonprofit, commercial, public, and governmental sectors (Austin et al., 2006). Additionally, it is considered a process that involves all organizational processes employed to achieve this goal (Zahra et al., 2008). In simpler terms, social entrepreneurship encompasses any entrepreneurial initiative where the social or environmental purpose is equal to or greater than the economic objective (Sibieude, 2011).

In alignment with these perspectives, we support the idea of diversifying financing methods and creating hybrid entities that bridge profit and non-profit domains. Social enterprises inherently pursue both social and economic goals, often

referred to as the "double bottom line," with a focus on financial self-sufficiency to ensure their resilience, as articulated by Dorado and Haettich (2001). Within this context, social entrepreneurship includes nonprofit organizations that utilize business strategies to achieve financial independence while advancing their social missions (Lasprogata and Cotton, 2003). Thus, achieving financial autonomy becomes pivotal for generating and sustaining social impact. Given the distinctive nature of social enterprises, which may not attract as many stakeholders as for-profit businesses distributing dividends, it becomes evident that the availability of robust financial resources is crucial for creating social value.

3. Financing ecosystem in Morocco, Trends and barriers

3.1. Entrepreneurial finance in a Moroccan context

Morocco has implemented a series of reforms aimed at enhancing its entire financial system to increase its appeal for both domestic and international investments. Indeed, Morocco has introduced legislation and regulations that have allowed for a sustained increase in credit granted at all levels of the Moroccan economy. Among these measures, a credit bureau became operational at the end of October 2009 with the responsibility to develop credit information files through the processing, preservation, consolidation and analysis of indebtedness data of all credit institutions in Morocco. This system instituted the monitoring of key indicators to promote investment and improve the overall supply of finance.

Thus, in terms of financing the economy, the credits recorded a rise at the end of June 2018, driven by the growth in equipment credits (+9.9%), consumer credits (+5.6%) and real estate credits (+3.3%) according to the economic report (#258) published by the Department of Studies and Financial Forecast of the Moroccan Ministry of Finance.

Morocco is also home to the top-ranked financial center in Africa (Casablanca Finance City), ahead of Johannesburg (52nd globally), and the 3rd in the MENA region behind Dubai and Abu Dhabi, according to data from the Global Financial Centers Index (GFCI) Report, carried out in partnership by the UK's Z/Yen think-tank and China Development Institute (GFCI, 2018). After being ranked 35th globally in 2017, Casablanca Finance City is doing better in 2018, since the

financial center of the Moroccan economic capital has gained three places to settle in the 32nd position. Confidence in this financial market is further accentuated by the Supervisory Authority for Moroccan Stock Exchange Transactions, the Securities Ethics Council (CDVM), now having sufficient power to carry out its mission – evidenced by its ability to act with sanctions against certain listed companies, for example.

However, despite the rise in loans and the growing importance of this financial center, the reading of the main indices of the Casablanca Stock Exchange shows a downward trend in the Moroccan stock market whose indices continued, at the end of July 2018, their decline of 5.2% and 5.4% respectively compared to the end of December 2017. Morocco also has a primary and secondary bond market; however, they are low paying and much less dynamic than that of equities. Morocco has also established a legislative framework covering private equity and venture capital, funding mechanisms essential to the development of companies, as they finance the most critical stages of the company life-cycle: priming and development.

As a result, the country has more than 20 active funds, including two for SMEs under the Emergence Plan, a network of Business Angels created in 2008 (Medibtikar) etc. This approach is bolstered by the microfinance sector, which is organized through the National Federation of Microcredit Associations and the Mohammed VI Center for Solidarity Microfinance Support. Furthermore, the national guarantee system has undergone restructuring with the Central Guarantee Fund (CCG) development plan, transforming it into the sole actor in the national institutional guarantee framework where the Moroccan State holds a pivotal position since 2009.

Indeed, the national guarantee fund is "charged with a mission of general interest which consists, among other things, of sharing risks with financial sector players to facilitate access to financing" according to its institutional presentation. This intervention in favor of companies (5,200 very small businesses between 2009 and 2012 to 17,968 between 2013 and 2016) was carried out through the guarantee, the co-financing and the financing of the top of the balance sheet according to the last report of the CGC. The Moroccan banking sector markets leasing and factoring which benefit from a well-established regulatory

framework. In general, the OECD has raised a structural problem related to bank credit capacity in Morocco. This bank credits offer is more focused on large projects than on entrepreneurship (OECD, 2011). To this problem are added the guarantees required by the banks for the granting of credits, which remain very high (the pledge of real estate is generally required, thus the assets constitute the tangible guarantee to be backed by the bank credit file). This trend has been confirmed empirically by entrepreneurs who believe that these banks' requirements constitute one of the main obstacles to accessing financing, which mainly affects the majority of small structures in the Moroccan economy.

3.2. A Strategy to Encourage Entrepreneurship Based on Financing

Considering the significant role that investment, particularly Foreign Direct Investment (FDI), plays in the Moroccan economy, Morocco has adopted a strategy aimed at promoting entrepreneurship and expanding support for its growth. This strategy involves a diverse array of funding programs, tax incentives, and other measures. Morocco's commitment to this approach is evident through its accession to the OECD Declaration on International Investment in November 2009. This decision was made at the MENA-OECD Ministerial Conference in Marrakech, where Morocco signed the OECD Declaration on International Investment and Multinational Enterprises, aligning itself with the other 41 signatory countries. Among the programs that aim to promote entrepreneurship, we can mention the 2020 strategy of 'Maroc PME', which aims to stimulate investment and innovation, the industrial development fund and investment with direct aid granted to industrial ecosystems, etc. Moroccan Banks and the state are also collaborating to provide financing through young promoters' credits.

This type of loan is designed for individuals in Morocco aged between 20 and 45, provided they possess educational qualifications (higher education, vocational training, or a vocational certificate). This funding can encompass up to 90% of projects, with a fixed cap that cannot exceed approximately €92,000. The financing is split equally between the government and the commercial bank, each contributing 45%. Similarly, there exists a support program known as "Moukawalati" for the establishment of small businesses. This government initiative is aimed at graduates

of vocational training, higher education, and even individuals without formal degrees who have entrepreneurial ideas. This program provides assistance in three phases, in addition to simplifying access to credit.

The first phase is to help develop the business plan for the creation of the project. During the second phase of negotiations with the bank, Moukawalati provides assistance with the rectification of the business plan in addition to the follow-up of the formalities. Finally, after the start-up, Moukawalati provides an accompaniment of 12 months that includes a strength/weaknesses diagnosis of the companies created. In its financing component, Moukawalati offers two funding options. An interest-free advance representing a maximum of 10% of the investment, limited to 15 000.00dhs (1 380.56 €) repayable over 6 years, including three of grace, as well as a credit guarantee from the state of up to 85% that can be delegated to banks, thus drastically reducing the processing times.

Participatory loans are also part of the financing available for Moroccan organizations. The Bank Al Amal equity loan, for example, targets Moroccans who have resided or are still residing abroad and who wish to set up or develop businesses in Morocco. In this context, Bank al Amal jointly finances with another bank the creation/development of the company excluding for those operating in the housing and trading sectors. This funding is capped at 40% of the investment for a period of 2 to 15 years. Since 2017, Morocco has witnessed the introduction of fresh avenues for financing through Islamic finance, often regarded as an alternative approach. This Islamic finance concept pertains to economic, financial, and commercial activities that adhere to the principles and guidelines outlined in the Qur'an, the teachings of the Prophet Muhammad (PBUH), and Islamic jurisprudence. This financial system strictly prohibits significant risk or uncertainty (such as short selling and reliance on unforeseen events), rejects speculation (known as Maysir), and is founded on the principles of profit and loss sharing among stakeholders, as well as asset backing.

As a result of the recent authorization of Islamic finance in Morocco, a new banking landscape has emerged within the kingdom. This landscape is primarily comprised of institutions such as Bank al Yousr, Bank Assafa, Umnia Bank, Dar

Al-Amame (a subsidiary of the Société Générale Group), Nejma (part of the BMCI BNP Paribas group), and Arreda (a member of the Crédit du Maroc group).

Since 2017, these Islamic participative banks have been offering new products for a segment of customers who are reluctant to engage in traditional banking practices that may be contrary to their beliefs.

The financing offer proposed by these participating banks in Morocco includes three main products:

- The "Moudaraba" (participative technique of Islamic finance where the financier entrusts his money to a manager in a contract that combines capital and know-how in order to generate profits that will be redistributed.
- The "Ijara" (financing contract that is similar to traditional leasing), this contract stipulates the purchase of a financier (most often Islamic banks) of a property that will be rented to the contractor. The terms of rental, transfer of ownership are determined in advance and accepted by the contracting parties.
- The "Murabaha" technique of Islamic financing based on an asset. It consists of financing a tangible good in accordance with the principles of Islamic finance. This financing, the payment terms of which are predetermined, stipulates the intervention of a financier who will acquire the property and then resell it to the contractor for a price increase. The financier is required to keep ownership of the property to prevent this transaction from becoming a loan at interest.

Morocco offers the opportunity to access "honor loans" without interest, subject to specific eligibility criteria. These loans are provided through the *Entreprendre Maroc* network, an organization formed by business leaders in 2004. The loans are interest-free and come with a repayment period of five years, along with guidance and mentorship from seasoned business leaders. These business leaders serve as "business angels" by personally committing themselves and providing their financial support, availability, skills and networks for the success of the supported company. In addition to these means of financing, some companies offer, as part of their Corporate Social Responsibility, support for business creation.

For example, the Maroc Telecom Association for the creation and promotion of employment helps young people between the ages of 20 and 39 start businesses through financial support and accompaniment. This initiative offers an interest-free loan of up to € 9 200 to an investment ceiling of € 27 000. Beyond what has been described, additional means of financing and support for business development exist in Morocco; the following table cites a non-exhaustive list of these funds.

Table 1 : Other means of financing and support in Morocco

Name	Organization	Description	Phase concerned
At-Tahfiz-Leasing	Dar ad Damane	For companies just starting up or with less than one year of activity; Operating in sectors other than deep-sea fishing, agriculture (farms) and the liberal professions	Creation
SEAF Morocco Capital Partners	SEAF Morocco Growth Fund	Acquisition of a direct or indirect stake in the capital of innovative companies in the creation and post-creation phase.	Priming
Créativité et codéveloppement	Maroc PME®	Support and financing of creativity and co-development projects (grant)	Investment / Development
Damane créa	CCG	Guarantee of medium and long-term investment credits and leases.	Creation
Finéa Cautions	FINEA	Guarantees provided to cover the pecuniary guarantees required by the principals to bid on a public contract.	Exploitation
Capital amorçage	Azur Innovation	Take direct or indirect stake in the capital of innovative companies in the creation and post-creation phase.	Priming / innovation
Fond de garantie touristique CCG	Fond de garantie touristique CCG	Guarantee of medium and long-term bank loans for the development of accommodation and/or tourist animation products.	Creation

These instruments of financing are limited to the for-profit economy, however their transposition (or even their application as they are) to the social and solidarity economy should be considered. Accompanying programs such as "Moukawalati" can easily be applied to the social and solidarity economy with some adaptation to our context. For example, a possible adaptation could reconsider the amounts granted in order to reach a greater number of organizations while promoting sustainability through accompanying actions carried out by qualified professionals.

The modes of financing proposed by Islamic finance should also target organizations of the social and solidarity economy. Indeed, this ethical finance converges with the objectives pursued by the social and solidarity economy in Morocco especially as it can act as an alternative to microcredit for people wishing to avoid loans by interest for religious convictions. To support this funding ecosystem, it is necessary for the guarantee funds to broaden their scope of intervention to include social and solidarity economy organizations. Warranty services are indeed few as we explain in what follows and do not benefit the majority of the organizations of the SSE in Morocco. This situation is at the core of most of the funding issues raised by SSE organizations. Indeed, guarantees constitute a major obstacle to access to bank financing and consequently to the development of social and solidarity economy organizations. A strategy grouping these different mechanisms with a desire to make them benefit the Moroccan social and solidarity economy would thus be undeniably beneficial to this sector.

3.3. Social impact financing ecosystem in Morocco

3.3.1. Social and solidarity economy and funding

There is a wide range of financing alternatives available, but small SSE organizations (including cooperatives and associations) continue to face significant challenges in accessing funding. These challenges stem from the stringent collateral requirements, rigorous selection criteria, and the fact that many financing options are only accessible to individuals with a specific level of equity, among other factors. Moreover, certain financing measures and resources are tailored to specific sectors, particularly those that require substantial capital and significant investments, such as the industrial sector. Thus, it remains clear that the majority of conventional means of financing are not compatible with the specific needs of the social and solidarity economy in our context, which present for the most part an apparent degree of risk and uncertainty given the dependence on external factors (climate, for example, for the activities of agricultural cooperatives that are numerous in the Moroccan the social and solidarity economy). Indeed, social and solidarity economy organizations in our country challenge many commonly accepted rules of the conventional economy while pursuing social impact. For

example, the profile of the holders of some small SSE organizations (cooperatives and other income-generating activities) does not always match with that of the educated, experienced entrepreneur with multiple means of financing at any stage of maturity of his organization. Many of the beneficiaries of these structures (especially in the case of agricultural cooperatives that are the majority in Morocco) have a relatively low level of education, lack of work experience and live in precarious situations. The cooperatives and other SSE organizations are vital to these populations and therefore contribute to a strong social impact

The cooperative sector in Morocco is thus perceived as precarious by the vast majority, which tends to give rise to financing problems. Several national actors in social and solidarity economy have highlighted the need to act to improve the image of the ESS in the kingdom where it is viewed as "the economy of the poor". Apart from the characteristics of cooperative members in Morocco, including their income-generating activities and their reach in terms of geography and growth, these factors consistently prevent them from accessing conventional forms of financing due to their vulnerability. Consequently, there is an increasing competition for limited financing options, primarily reliant on government subsidies and the microfinance sector. These collective findings underscore the challenges faced by this sector in the presence of various structural and financial obstacles, necessitating specialized financial mechanisms and holistic funding models to furnish them with the essential resources and backing required for the continued existence and longevity of their organizations. For other SSE structures, the demand for funding varies depending on the sources of income. In fact, when the revenues generated from civil society, members or international funds fail to meet all the needs, they must turn to the state. Regional councils (elected bodies) also manage to allocate budgets for these structures, although political affiliations interfere with the selection processes of beneficiaries.

3.3.2. Demand and Supply of finance to SSE actors

As per the 2015 report from the Economic, Social, and Environmental Council of Morocco, associations rely primarily on two sources for funding: the state budget and international funding. Additionally, they receive financial support from

membership fees, donations, and grants from the private sector. Despite the dynamic nature of the associative sector driven by the national initiative for human development, this report highlights several structural weaknesses. According to the same source, the associative sector encounters impediments that hinder its growth, such as challenges in securing funding, a lack of suitable facilities and equipment, and difficulties in mobilizing volunteers and skilled personnel. These issues are further compounded by the absence of up-to-date and dependable data for a comprehensive analysis of the sector's financial challenges and deficiencies on a day-to-day basis.

Therefore, we deliberately chose to analyze the cooperative sector for the relative abundance of data compared to other branches of the SSE. For this, we will analyze the figures concerning cooperatives for the year 2015 (latest official figures published in the statistical yearbook of cooperatives and their unions in Morocco published in 2017). This choice is explained by the fact that the statistical yearbook of cooperatives and their unions is the main statistical reference of cooperatives in Morocco. The previous directory was published in 2010, which shows a certain gap in terms of updating the data.

Thus, for the latest official data on cooperatives, we are faced with a small proportion of reporting cooperatives of 5,375. The data provided by the statistical directory of the development and cooperation office are as follows:

Table 2 : Data on cooperatives and their unions (last official data)

Indicator	Amount (in Moroccan Dirhams)
Immobilized asset	2 610 098 284
Turnover	9 559 249 323
Total purchases	6 983 713 724
Excess (a)	448 118 438
Deficit (b)	-107 321 032
Self-employment (c)	426 984
Paid employment	35 472
Payroll	534 268 628

(a) Only for 1958 cooperatives with surplus

(b) Only concerns 359 cooperatives with a deficit

(c) For existing cooperatives in 2015 with the exception of those related to housing and consumption

Source : Statistical Manual of Cooperatives and their Unions for 2015, p. 13

These indicators are derived from 2015 data for 5 375 “most dynamic cooperatives¹” for which economic data is updated in the national database of cooperatives. At this level, it is important to note that housing and consumption cooperatives are not included by this census. In addition, the total number of reporting cooperatives represents only 34% of the total number of those registered for the same year (15 623 with a capital of nearly 6 449 841 472 Dirham). The turnover recorded (about 9.5 billion Moroccan Dirham) increased by 23% compared to the data of the fiscal year 2010. This significant increase in turnover represents an average of 1 778 463.68 Dirham per cooperative. For purchases, the 5 375 declaring cooperatives accumulated 6 983 713 724 Dirham representing 1299 295.57 Dirham per cooperative. Fixed assets amounted to 2 610 098 248 dh, which represents an average of 485 600 dh per cooperative. The cooperative sector employs some 35 472 non-cooperative members (29 members per cooperative on average). As a result, the wage bill of the cooperative sector according to the figures of the Office for Development and Cooperation is of the order of 534 268 628 Dirham which represents an average of 99 380 Dirham per cooperative.

This comparison between the turnover, purchases in addition to the average fixed structure of 485 600 Dirham, coupled with the pressure of the payroll, suggests short-term liquidity needs not revealed in the statistics as well as for the ongoing funding of cooperatives. As a result, the analysis of surpluses reveals that only 36% of the 5 375 cooperatives were able to make profits (1958 cooperatives). It should be recalled that this figure corresponds to only 12.5% of all cooperatives although this proportion is not significant. This total surplus is 448 118 438 Dirham which corresponds to 485 509 Dirham per cooperative. For cooperatives in deficit situations as identified by the statistical yearbook, there are 359 for a total deficit of (- 107 321 032 Dirham), an average of (-298 944 Dirham) per cooperative.

Considering the financing challenges encountered by cooperatives and other entities within the social and solidarity economy, microfinance emerges as a viable alternative to conventional funding methods that typically exclude a large portion of these initiatives from their sphere of operation. Microfinance receives special

¹ Classification used by the ODCO for cooperatives that regularly update and report their data

attention from the public authorities in Morocco because of its role in financing the social and solidarity economy sector. Indeed, a public institution is dedicated to this field (Mohammed VI Centre for Support to Solidarity Microfinance) which, among other things, is responsible for publishing quarterly trends as well as a monthly dashboard of microfinance in Morocco. The cross-reading of the latest publications of the center shows a slight decline of the microcredit sector compared to the same period of the previous year in terms of active borrowers (964 144 in 2017 against 943 457 in 2018). For the year 2018 (figures cumulated at the end of September), 37% of the loans were subscribed by collective borrowers (solidarity loans). 62% of loans were taken by individual borrowers and the rest by legal persons (SMEs). There is perfect parity between men and women in access to microcredit; however, rural people represent only 34% of the clients of these organizations.

The decline in borrowers was accompanied by the increase in the portfolio at risk² less than 30 days late including healthy outstanding (+ 1.9%), 30 to 60 days late (+8.9%), 60 to 90 days late (+ 3.7%), 90 to 180 days late (+10.5%) and more than 180 days late (+23.5%). In addition, outstanding loans recorded by microcredit institutions have increased by 2.7% compared to the same period in 2017. However, the sector experienced a recovery in the third quarter of 2018 compared to the second quarter of the same year. In fact, according to data for the third quarter of 2018, the number of active beneficiaries of microcredit institutions stood at 94 4625 clients, which represents an increase of 0.27% compared to the second quarter of 2018. These clients accumulated an average outstanding of the order of 7 402 dh at the end of September 2018, an increase compared to the end of June of the same year (7 375 dh).

In general, microcredit has distributed in Morocco an outstanding amount of 6 992 billion dirhams at the end of September 2018, compared to 6 948 billion dirhams at the end of June 2018. This amount has therefore increased by 0.63% in this quarter, despite vacations and religious holidays (Aid al Adha, the largest religious holiday in Morocco, took place on August, 22nd 2018). To cater to the

² Value of the outstanding balance of all loans in arrears, the Loan Portfolio at Risk is generally expressed as a percentage rate of the total loan portfolio currently outstanding.

unique needs of its clients, the microfinance sector had a workforce of 7,680 employees by the conclusion of the third quarter in 2018. This marked a 2.6% rise in comparison to the prior quarter, which ended in June 2018. This employee count translates to 139 customers per agent, a slight reduction from the 143 recorded at the end of June in the same year. For the risk portfolio at more than 30 days, it increased significantly by 14% in one quarter. Indeed, the latter was established at 419 330 million dirhams at the end of September 2018 against 367 695 million dirhams at the end of June 2018. The rate of portfolios at risk therefore followed the same trend from 5.29% in the second quarter to 6% in the third quarter for an increase of 0.71 points.

Table 3 : Data on the microcredit sector in Morocco.

	Feb 2020	Feb 2019	Evolution rate Feb 2020/Feb 2019
Active borrowers	908 251	887 815	2,30 %
Men	467 577	453 074	3,20 %
Women	440 674	434 741	1,36 %
Active borrowers			
Individual	591 757	557 127	6 %
Solidarity	310 430	327 096	- 5.10 %
Very small company	6 064	3 592	68.82 %
Active borrowers			
Rural	294 880	299 552	- 1.56 %
Urban	613 371	588 263	4,27 %
Decomposition of the risk portfolio			
Total outstanding credit (Dirham)	7 534 530K	6 828 803K	10.3%
30-day risk portfolio rate	2.97%	2.79%	0.18 point

Source: Adapted from the monthly table of microfinance in Morocco (February 2020) C.M.S

It becomes evident that agricultural cooperatives, which constitute the majority within the realm of Morocco's social and solidarity economy and naturally operate in rural areas, suffer from inadequate funding. In fact, there is still a need for several efforts to enhance the accessibility of funding options for SSE organizations. Nevertheless, the portion of SSE entities financed through microcredit and the significance attributed to this type of funding in Morocco establish it as a pivotal financial tool in our nation. Microfinance, in fact, holds a significant position among the financing methods available for the social and solidarity economy and seamlessly integrates into all the financing mechanisms introduced by the

government, such as supplementing the funding of the National Initiative for Human Development (INDH), for instance. The data concerning the microcredit sector in Morocco presented in the previous table indicates that, despite a slight decrease, it remains a pertinent financing mechanism in support of the social and solidarity economy.

4. Conclusion and discussion : The Post-covid Outlook

On March 20, 2020, Morocco declared a state of health emergency, causing disruptions in the lives of many individuals, particularly those who were isolated and economically disadvantaged. Across all regions of the country, social and solidarity economy (SSE) enterprises engaged in commercial activities suddenly found themselves devoid of any means of sustenance.

The revenue that typically sustains these organizations and supports the livelihoods of their members and their families experienced an abrupt interruption. In response to this significant social crisis, various economic measures were put into action. A noteworthy initiative, executed under the guidance of King Mohammed VI, involved the establishment of a Solidarity Fund with a current endowment exceeding MAD 30 billion. This fund serves multiple purposes, including the provision of allowances to employed individuals affiliated with the National Social Security Fund (CNSS) and the most vulnerable families benefiting from the Basic Medical Assistance Scheme (RAMED).

During the period of lockdown, 34% of households found themselves without any source of income due to the suspension of their economic activities. This percentage slightly varies among different demographics, with rural residents experiencing a slightly higher rate of 35% compared to 33% among urban residents. Furthermore, it reaches 44% within impoverished households, 42% among those living in precarious housing conditions, 54% among artisans and skilled workers, 47% among traders, and 46% among agricultural laborers.

Consequently, numerous stakeholders in the social and solidarity economy have experienced substantial setbacks, although an exact quantification remains elusive due to the absence of dependable statistics. Approximately one in five households, totaling 19%, received governmental assistance to mitigate the impact

of job loss. Of this group, 13% benefited from the RAMED program, while 6% received aid through the formal employee assistance program (CNSS).

According to a telephone survey conducted by the High Commission for Planning involving 4,000 companies at the start of April, nearly 142,000 companies, accounting for 57% of all businesses, reported having either temporarily or permanently halted their operations. Out of this total, over 135,000 businesses had temporarily suspended their activities, while 6,300 had permanently ceased operations. The pandemic has disproportionately impacted the smallest businesses. Very Small Enterprises (VSEs) make up the majority at 72%, followed by Small and Medium-sized Enterprises (SMEs) at 26%, and Large Enterprises (LEs) at only 2%, all experiencing temporary or complete cessation of operations. It is regrettable that there is no institutional study specifically targeting the Social and Solidarity Economy (SSE), mainly due to the challenges posed by restricted mobility and the lack of available information and databases. Nevertheless, we can draw inferences from the data presented and its sectoral implications for SSE organizations.

In the agricultural sector, where cooperatives are prevalent, there was a notable loss of 258,000 jobs, representing a 7.9% decrease in the third quarter of 2020 compared to the same period in 2019. This decline was more pronounced in rural areas, accounting for 260,000 job losses, while urban areas saw a creation of 2,000 jobs.

The "industry, including handicrafts" sector experienced a loss of 61,000 jobs, with 44,000 in urban areas and 17,000 in rural areas, resulting in a 4.8% reduction in employment within this sector. In the "services" sector, a nationwide loss of 260,000 jobs occurred, with 196,000 in urban areas and 64,000 in rural areas, translating to a 5.2% decline in employment in this sector.

The decline in employment affected all employment categories, with wage employment decreasing by 157,000 (a 3% decrease), self-employment dropping by 264,000 (a 7% decrease), and unpaid employment declining by 160,000 (a 10.3% decrease).

Despite the economic support measures implemented for the population, millions of Moroccans in the informal sector remain without a source of income.

In this context, an informational report published jointly by the Office of the High Commissioner for Planning and the World Bank in 2017 revealed that around 59.2% of Moroccan workers were involved in informal employment. The International Labour Organization underscores the importance of integrating these informal workers into the formal economy to ensure their access to decent job opportunities. To facilitate this transition, regulatory measures have been introduced to promote the establishment of Social and Solidarity Economy (SSE) entities. Presently, SSE provides employment for 5% of the Moroccan population, a figure that is anticipated to grow, driven by the increasing trend of SSE establishments, as promoted by Law 12-112. However, the crisis triggered by the pandemic has temporarily slowed down this progression. It has, however, underscored the pivotal role played by SSE organizations in the economic recovery, particularly in rural areas.

Furthermore, the COVID-19 pandemic crisis underscores the necessity of reevaluating social business models and encouraging collaborations between entrepreneurs, public authorities, and research entities to enhance the resilience of organizations that were severely affected during this episode. We also recommend the establishment of a support fund dedicated to social and solidarity economy institutions and the launch of local representation-based incubators and support structures to provide targeted assistance, ensuring the sustainability of SSE organizations in Morocco. Additionally, considering the drop in activity caused by COVID-19, it is essential to contemplate the integration of cooperatives and associations into the "Damane Oxygène" program to mobilize financing sources that have dwindled. Lastly, there is a pressing need to reconsider social business models and digitalize processes. Indeed, the pandemic has underscored the importance of digitization to enhance the sustainability of organizations operating in the social sector. The crisis has also emphasized that funding should be utilized to maintain social impact through robust business models and diversified activities.

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