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MOROCCO | THE HUB OF AFRICAN FINANCIAL INTEGRATION?

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The author | Paul GOLDSCHMIDT, a Belgian national, graduated from the Université Libre de Bruxelles Business School and has a degree in Commercial and Financial Sciences. He joined Goldman Sachs in New York (1962-69), then Goldman Sachs International in London as a Director (1970-1985). After 7 years as consultant in the financial services sector in London and Monaco (1985-1993), he was appointed Director of the Financial Operations Service in the Economic and Financial Affairs General Directorate of the European Commission (1993-2002) where he played an important role in the harmonisation and the reform of the European financial markets during the introduction of the euro. He was also a Board Member of the European Investment Fund (2001-2002). Since 2002, he has been writing about current affairs in the European political and financial sphere and taking part in many international conferences. He is a member of the Advisory Council of the Thomas More Institute.

| Summary

| Introduction

In a world where globalisation is a reality, Africa should become quickly and fully integrated in the process in order to meet the legitimate expectations of its population. Indeed, the continent, which admittedly faces great difficulties but also boasts considerable strengths, should bring its muscle to bear, whether in the political, economic, social or cultural spheres.

At present, Africa is only very modestly integrated into global production and commercial circuits (3% of world trade[1]). However, the exploitation of its vast raw materials resources should play a crucial role in the capture of the continent's enormous wealth. Exports of raw materials are already used to supply production circuits situated more often than not in emerging countries. On a planetary scale, they participate in the distribution of an ever expanding range of consumer goods, in response to demands created by the rising living standards of a growing part of the world's population.

The great geopolitical upheavals of recent years, especially the progressive emergence of a multi-polar interdependent world, highlighted by the rapid growth of the BRICS, have already had profound effects in Africa. Thus Chinese economic growth, forcing the diversification of the country's sources of supply, has been a factor from which the African continent is one of the main beneficiaries. New types of partnerships have been negotiated accelerating investments in infrastructure, the need of which is urgent if Africa wishes to meet the dual challenge of a demographic explosion and a substantial improvement in the living standards of its population.

This in-depth reorientation of economic circuits creates progressively a new equilibrium at global level. The industrialised countries, which in the past played a predominant role, need to adapt to this new environment where their former supremacy will be constantly put to the test, if not challenged outright. This mutation, which is already clearly affecting Europe, comes with a loss of influence as well as of 'relative wealth', though the phenomenon remains obscured by the simultaneous and dangerous increase in inequalities, particularly noticeable at both ends of the spectrum (industrialised countries and Africa), whereas at global level they are decreasing statistically as large sections of emerging countries' populations escape poverty.

The West's contribution will, nevertheless, remain key for the foreseeable future: it will consist mainly in the spreading of values such as universal human rights, the defence of democracy, the development of corporate governance as well as elaborating global regulatory and supervisory regimes; these will, however,

[1] According to Valentine Rugwabiza Joint CEO of the OMC, Witwatersrand University in Johannesburg (South Africa), 12 April 2012.

take more and more into account the competing views of other actors . We can also expect that the comparative advantages of the West, especially its domination of financial markets, its capabilities in terms of education, research and innovation as well as its accumulated material and cultural wealth, will continue to secure its eminent position within the concert of nations whose growing interdependence will be become an increasingly significant feature.

In this fast changing geopolitical and geo-economic context, at a time when Africa is facing fundamental questions concerning its future, Morocco has undertaken to meet the challenge of creating the financial hub that the continent requires through its Casablanca Finance City (CFC) initiative. It seems therefore particularly interesting to analyse and assess the latter's concepts and ambitions.

| Africa: Strengths and challenges

Africa is a continent of contrasts; the enormous challenges it faces, which often appear insurmountable, should be viewed in relation to its indisputable strengths, making it one of the world's most attractive regions where entrepreneurs and investors, capable of vision and of assuming risks over the long term, will almost certainly reap significant rewards.

A | The strengths: growth, demography, resources

A high economic growth rate | Even starting from a modest level, Africa's growth is of such a magnitude that it is expected to overtake that of mature economies as well as of emerging countries whose expansion must slow down progressively as they reach higher thresholds of development.

Between 2000 and 2012, the actual GDP of the continent has increased by 5% annually, a rate which will continue to through 2020[2]. This trend is already apparent in available statistical data, showing increases in production, trade and income which, taken together, constitute a strong base to attract investors' interest.

Initially, it will be in partnership with – and the support of – governmental agencies and international organisations, that operators of industrial projects and contractors for infrastructure projects will lead the way. Thereafter, institutional investors will increasingly get involved, reflecting the need to spread risks thus favouring the intermediation of collective saving instruments. This process should ultimately lead to the direct participation of private investors wishing, in turn, to benefit from the economic development of the continent.

[2] See Appendix 1.

Demographics in line with the economic development | The growth rate of the African population is the highest in the world: +2.5% average annual growth rate between 2002 and 2012[3]. Its youth will supply the workforce necessary for its growth. Indeed, the proportion of Africa's active population will continue to grow for many years to come (600 million currently, 1.1 billion in 2040) whereas it is already largely negative in the more industrialised countries (including China) and is bound to decrease, sooner or later, in the emerging countries of Asia or South America.

This particularly advantageous situation will make it possible for the bulk of the active workforce to finance progressively the implementation of social protection systems, including pensions, establishing a lasting base to the development process. The "middle classes", representing today only 350 million or 34% of the African population, should reach 1.1 billion or 42% in 2060[4].

Important resources of raw materials | Africa's energy resources in hydrocarbons, its potential in hydroelectric power and renewable energy (solar), the diversity of its mineral resources (uranium, phosphates, manganese, platinum, cobalt, diamonds, etc.) represent some 20 to 30% of the current world production; it confirms its status as a key supplier to a number of global production chains[5].

The profitability and diversity of its investment needs, supported by an almost ever growing demand, should ensure the availability of the financing required for the development of industrial projects as well as for the infrastructure needed for their operation.

A start in the diversification of its economy | With 16% of the world's cultivable land, Africa is able to ensure the continuity of its growth by developing its agriculture through the exploitation of its untapped land reserves which are amongst the most important in the world (estimated at about 60%)[6]. In spite of climate changes which intensify the desertification in certain regions, this feature should lead to the introduction of advanced farming techniques (like in Egypt) the spreading of which will greatly benefit local populations.

A UN report in 2011 insisted on the urgency for African economies to diversify, in order to "reduce their vulnerability to "external shocks" and dwelled on some promising examples such as South Africa (betting on sectors such as agro-food, plastics, pharmaceutical products or tourism) or Kenya (intending to invest massively in its infrastructures to become a commercial hub for East Africa)[7]. Another significant marker is the strong underlying potential in the distribution sector, revealed by the interest of the giant Wal-Mart regarding its long term expansion projects throughout the continent.

Furthermore, the IMF identified six countries, amongst the poorest which, in spite of limited natural resources, were among the fastest growing: Burkina Faso, Ethiopia, Mozambique, Rwanda, Tanzania and Uganda. It attributes these results to improved macro-economic management, the creation of stronger institutions, an increase in aid and the growth of investments in human and physical capital[8].

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3 See Appendix 2.
4 African Development Bank, *Africa in 50 years' time*, 2011.
5 See Appendix 3.
6 McKinsey, *Lions on the move*, 2010.
7 UN and NEPAD-OCDE, *Economic Diversification in Africa: A Review of Selected Countries*, 2011, available on http://www.oecd.org/investment/investmentfordevelopment/46148761.pdf.
8 IMF, Regional Economic Outlook. *Sub-Saharan Africa: keeping the Pace*, October 2013, available on http://www.imf.org/external/pubs/ft/reo/2013/afr/eng/sreo1013.pdf.

B | The challenges: poverty, instability, corruption

Poverty | The level of resources of a great number of Africans still remains well below the poverty threshold[9], curtailing the capacity for self induced development. This situation increases risks considerably, whether linked to natural phenomena (global warming) or to destabilising events (conflicts), which increase the state of dependency on economic and humanitarian external aid.

This situation is aggravated by the irresistible attraction of emigration which deprives the continent from the all too rare talents trained by an embryonic education system. It is essential to reverse this process. This inversion, once started, could initiate a virtuous circle, contributing strongly to raising living standards. In this regard, some analysts believe that they are already observing the beginnings of a flow of migrant workers, from Europe in particular, to their countries of origin. The financial crisis has indeed encouraged a return of some young expatriates, especially from the Maghreb, some of whom are fully qualified. Thus, in Spain for example, a country particularly affected by the crisis, the economic situation has generated a movement of reflux of the workforce present in the country, in the agriculture, building or catering sectors, but also in industry, services or engineering[10].

An unstable political context | The safety of persons and protection of private property remains a considerable challenge as we are reminded by the sad and almost daily reports of the conflicts throughout the continent: in Mali, Somalia, Central African Republic, South Sudan and also in Tunisia, Libya, Egypt, etc.[11]

Whether fuelled by the exploitation of ancestral ethnic hatreds, competing religious beliefs, or by the exactions of dictatorial regimes, not to mention of purely mafia/terrorist styled organisations, this context of almost permanent insurgency in many regions constitutes the main obstacle to development. It should however be possible to look beyond these events, as destabilising as they may be, to take decisions aimed at profiting over time from the vast opportunities offered by the continent.

Persistence of endemic corruption | In *Transparency International's* classification of the perception of corruption, only two countries on the continent score over 50 (on a scale of 0 to 100): Rwanda and Botswana[12]. In the *Doing Business* rating compiled by the World Bank and the International Finance Corporation, only 10 countries out of 52 perform better than the continent's average[13]…

Although it is appropriate, in this very sensitive area, to share responsibilities between *corrupters* and *corrupted*, the absence or the weakness of institutions guaranteeing the rule of law, discourages most investors who do not benefit from official cover (provided by international institutions or guarantee schemes) or, alternatively, are not able to "buy" their own protection... This often leads to the misappropriation of a large part of the economic benefits in favour of a privileged few at the expense of the vast majority of the local populations.

9 According to the OECD 2012 data, 47% of the sub-Saharan Africa inhabitants still live under the poverty threshold (1.25 dollar PPP/day).
10 Council of the Moroccan community abroad, "20000 requests for return for the Moroccan workers from Spain", September 2012.
11 See for example Heidelberg Institute for International Conflict Research, *Conflict Barometer 2012*, available on http://hiik.de/en/konfliktbarometer/pdf/ConflictBarometer_2012.pdf.
12 See Transparency International, Corruption Perceptions Index 2013, available on http://cpi.transparency.org/cpi2013/results.
13 See Appendix 4.

| Africa's needs: institutions, infrastructures, financial services

Africa's development requirements are very diverse. Although it can be reasonably expected that its economic expansion can be funded by capital whose profitability will be generated by its own wealth, the major challenge will, without any doubt, be the creation of a stable political environment capable of attracting investors.

A | The need to strengthen institutions

Although the African countries are already members of most of the main international institutions as well as specifically African or regional organisations[14], it is mainly at the level of each country that the broadly flawed institutional fabric needs to be reinforced. As stated above, where efforts have been undertaken in this direction (Burkina Faso, Ethiopia, Mozambique, Rwanda, Tanzania or Uganda), significant results have been obtained, translating into accelerated economic growth.

The implementation of the necessary reforms depends to a significant extent on national political will, aiming at guaranteeing the rule of law and ensuring governance standards capable of reassuring investors concerning the protection of their legitimate interests. The credibility of these efforts will be all the greater

[14] For the record, the International organisations are: UN, BIRD and IMF; for the African organisations; AfDB (African Development Bank), AU (African Union), OHADA (Organisation for the Harmonization of Business Law in Africa); for the regional organisations: ECOWAS (Economic Community of West African States), ECCAS (Economic Community of Central African States), UEMOA (West African Economic and Monetary Union), la CEN-SAC (Community of Sahel-Saharan States), ECA (United Nations Economic Commission for Africa) and IOC (Indian Ocean Commission).

that they benefit from the support of organisations such as the IMF, the World Bank or the European Union, and lead to the adoption of their recommendations.

B | A need for a major investment in physical infrastructures

Although technological progress (aviation, mobile phone, Internet) has accelerated the opening-up of many regions previously isolated from the rest of the world, the very nature of the continent's wealth calls imperatively for significant investments in infrastructure, particularly in the transport industry (roads, rail, pipelines), to allow the exploitation of the natural resources and their conveyance to the market. In addition, their extraction and often a first stage of on-site transformation require the supply of large quantities of energy involving equally large investments in the production of electricity and the supply of water. According to the World Bank, the continent's investment needs for infrastructure alone are in the order of 93 billion dollars annually[15].

Fortunately, as stated above, Africa has plenty of untapped resources. The political instability and the lack of security concerning both the physical integrity of the installations and the enforceability of contractual agreements constitute the main hurdles to overcome; success, however, is essential in order to raise the necessary capital to fund the implementation of projects whose economic and financial profitability appears otherwise widely assured.

C | The development of effective financial services

Except for Morocco and South Africa, and to a lesser extent Egypt and Mauritius, the development of financial services is still embryonic in the majority of African countries, very often limited to the most basic operations such as the transfer of funds from the important African Diaspora to their poorer relatives in their home country. However, as happened in the telephone industry, the spreading of Internet connections and of "mobile banks" networks offer interesting development opportunities for the traditional banking services, such as offering secure services for payments and collection of deposits, without necessarily having to develop a very costly network of physical agencies.

The considerable funding needs linked to the many investment projects should attract major international financial market actors, whose decision making centres remain anchored, for the foreseeable future, in the developed world where the bulk of available savings are located and where the majority of the "co-funding" sought from the official institutions is negotiated. As far as the mobilisation of capital is concerned, the Chinese alternative should be considered in light of its capacity to redeploy its huge accumulated foreign exchange reserves in order to meet its growing demands for raw materials rather than recycling them into US treasury bonds. African countries should take advantage of this competition, transforming their status into fully fledged "partners" rather than "supplicants". This implies, as a prior condition, considerable efforts in matters of governance and security, especially in order to reduce the dependence on official actors and thus open the market more widely to private investment.

The needs for financial services will grow in parallel with industrial development and related infrastructures; at the same time services such as collection of savings or management of institutional and private funds will justify a closer local presence, capable of taking into account the specificity of different African cultures.

In conclusion, it is essential to ensure the rapid integration of Africa into the orbit of international financial markets so that its population can benefit from a significant improvement in living standards that should result from its development potential.

15 World Bank, *Africa's infrastructure*, 2010.

| Conditions of success of African financial integration and Morocco's response

In order to oversee the implementation of the continent's ambitious development plans, the existence of an appropriate overall framework is indispensable. This presumes a stable political environment, an optimal geographic position relying on efficient physical infrastructures, an operational legal framework, and a sufficiently developed infrastructure of services as well as an integrated offer. Morocco appears to be the African country that best meets all these criteria and should, therefore, constitute the location of choice for establishing decision centres covering the continent as a whole.

To this effect, the Casablanca Finance City (CFC) initiative is intended to facilitate the meeting of all actors concerned within an adapted framework, offering the necessary support in order to optimise the profitability of their investments as well as providing a welcoming environment corresponding to the needs of their staff. Attention deserves to be drawn to a particular aspect of the project aiming at closely integrating it into national development (*onshore*) plans, which contrasts with the exclusively *offshore* vision characterising so many similar projects.

But before detailing and evaluating these advantages, one should correct an often expressed false impression of Morocco (and more widely of North Africa) as constituting a distinct region from the rest of Africa; this perception stems in part from the arbitrary boundaries established by the IMF which considers the zone as being part of the "Middle East and Central Asia" region! Quite to the contrary, Morocco has the potential of becoming a financial hub of major importance for the development of the entire African continent.

A | Political stability and favourable socio-cultural conditions

Political stability constitutes, not surprisingly, the very first condition for aspiring to play the role of privileged meeting point between the African continent and the rest of the world. Between the upheavals of the "Arab spring" and the persisting chronic instability of the entire Sahel belt, Morocco benefits from generally favourable conditions. Indeed, the policies adopted by King Mohammed VI, especially the reform of the Constitution initiated in 2011, made it possible for the country to weather without too much trouble, the turmoil which destabilised many of its neighbours[16].

The resulting stability was made easier in particular by the establishment a few years earlier of the "Equity and Reconciliation Commission", (similar to the "Truth and Reconciliation" Commission in South Africa) creating a climate conducive to national cohesion and consequently, to economic growth. Testimony to the success of the reforms undertaken is given by the sharing of executive power between the King and the newly elected government in November 2011, considerably limiting the risks of popular discontent or ideological opposition. This situation contrasts with that of South Africa, the other financial hub of the continent, the fragility of which was particularly noticeable in the press coverage surrounding Nelson Mandela's funeral last December.

Furthermore, one should mention Morocco's role as a bridge between African, Arabic, French and Anglo-Saxon cultures. Indeed, in spite of the technological progress greatly facilitating communications, inside knowledge of the stakeholders' cultures during negotiations of ambitious and complex projects remains an essential ingredient of their success. This confers on Moroccan actors a status of privileged candidates to act as joint ventures partners or consultants in dealings with African communities among whom they enjoy a secular trust. This can help to smooth potential difficulties that an overly frontal approach could cause, indeed:

- For many years Morocco has been a hub for exchanges between sub-Saharan Africa, Europe and the Middle East, a tradition which has been maintained since the 15th Century after giving asylum to the Arab and Jewish populations expelled from Spain.
- Belonging to the Arab world today gives it privileged access to financial resources from the Gulf whose redeployment in Africa should be a major source of capital. In this regard a decree authorising the issuance of international bonds in conformity with the "Islamic" finance system (*sukuk*) has just been adopted. Closer links have also been forged through the Free Trade Agreements with the United Arab Emirates as well as within the framework of the Agadir Agreement of 2004 which created a Free Trade zone between Egypt, Jordan, Tunisia, Palestine and Morocco.
- The period during which Morocco was a part of the French empire was conducive to the establishment of strong relations with metropolitan France as well as the remainder of the former French colonial empire in North West Africa.
- At their meeting of December 2013 within the framework of the partnership agreements, the cooperation between Morocco and the European Union reached a new threshold which highlights the progress accomplished by Morocco. The country now benefits from a unique status as to the scope of cooperation thanks to the "advanced status" it has enjoyed since 2008.
- Committed to remaining fully independent, Morocco has nurtured its relations with the English speaking world, to make sure it maintains direct access to the international financial markets. One should recall that it was the first country to recognise the independence of the United States with which it signed a free trade treaty that entered into force in 2006.
- Finally, Morocco seems particularly well placed to facilitate contacts between China and the rest of Africa in a mutually beneficial partnership: the intermediation of Morocco can prevent perceptions of domination, denounced in 2011 by the Governor of the Central Bank of Nigeria, which underlie the Chinese approach, of so-called "non-intervention".

[16] See Antonin Tisseron, « L'exception marocaine ? », *Le Figaro*, November 24, 2011.

These elements are supplemented by the clear priority the country ascribes to education. In this area, Morocco is confronted with two major problems: too many illiterate people and unemployed graduates. This situation has led the authorities to place, since 2000, the fight against illiteracy and the promotion of non-formal education among its main priorities, especially for the tranche of 10-45 years, for girls and rural residents; in fact, the top State budget item is devoted to education (20.7% in 2013). Despite the difficulties, significant results were obtained at the higher education level and a wide variety of programs, often in partnership with renowned foreign institutions are available at the International University of Casablanca, that of Rabat, at the Euro-Mediterranean University in Fez as well as the School of Governance and Economics of Rabat. Other initiatives such as Mundiapolis in Casablanca or that of the British Council in Tangiers adds to this objective which remains in full expansion.
These concerns are not absent from the CFC project since it is active in the training sector where the "CFC Academy" sponsors training in areas that meet the needs of the job market. "CFC Academy" has thus launched several initiatives to upgrade and expand the existing offer in the field of financial and professional services (Master's in Financial Engineering and CFA and CISI certifications).

B | Optimal location and promising physical infrastructures

At a time when the ease of travel and communication is one of the key components for economic development, Morocco's geographical location between Africa, Europe, the Americas and the Middle East is a great asset, especially when compared to South Africa, its only rival on the continent with sufficient credibility to compete. The efforts made in recent years in terms of air connections are remarkable. The foreseeable development of the "Southern Triangle" connecting China, Africa and South America constitutes a significant additional advantage for the future. Major works are underway to modernise the Mohamed V airport and improve passenger flows. Casablanca boasts already connections to 36 destinations in Africa.

As for the city of Casablanca, it has experienced very rapid growth with its population increasing fivefold over the past thirty years, exceeding today 5 million people. For several years, the government has been regaining control of the urbanisation that had been neglected. This translates into ambitious real estate projects such as the restoration of the Medina quarter, now completed, the redevelopment of poorer neighbourhoods as well as important road works to improve traffic flows.

A specific real estate project concerns the exclusive allocation to the CFC project of 100 hectares as part of the urbanisation plans of the former Anfa Airport (350 hectares). This will provide the city with a whole new neighbourhood which, in addition to a world class "business centre", is designed to integrate a diversified habitat together with related infrastructures (schools, hospitals, shops, sports facilities, hotels, parks, etc.) providing residents and commuters with an attractive lifestyle and work environment. The city already has 11 French, 3 American, one Italian and one Spanish school. The neighbourhood will be served by new routes (partly completed) improving access by public transport (tram/ bus/rail) and expressways, connecting it to the historic city centre, the airport and the national motorway network.

C | An operational legal and fiscal framework

The goal of CFC is to become the undisputed economic and financial hub in the region. In this perspective, the structuring of major development projects on the African continent requires a legal and operational framework meeting international standards, capable of attracting investors and protecting investments.

Enacted in 2010, a law established a financial platform "*Casablanca Finance City"* as well as the "CFC Commission"[17], responsible for granting "CFC status", a label entitling benefits offered by the platform (listed below). It entrusts all management aspects of the project to the *Casablanca Finance City Authority* (CFCA).

[17] Dahir No. 1-10-196 of 7 moharrem 1432 (13 December 2010) promulgating Law No. 44-10 relating to the Status of *Casablanca Finance City*.

The CFCA's mission is to define CFC's strategy, design an attractive and competitive offer, boost necessary reforms to ensure the sustainability of its competitive advantages, manage the housing supply, promote CFC with institutions and investors, and provide advice as well as an institutional and logistical support to CFC partners.

The CFCA is also charged with reviewing submissions by applicants to the CFC Commission seeking "CFC status". Candidates who should be most concerned include financial companies, companies offering professional services as well as those establishing their regional or international headquarters, as defined. They also enjoy the benefits of a specific tax regime. Indeed, the "CFC status" confers benefits regarding corporate tax as well as income tax for individuals. For companies, there is an exemption period of five years after which the rate is set at 8.75% of the turnover related to exports.

Quality of the CFC supply is already recognized as "Casablanca has entrered the select group of financial centres listed in the *Global Financial Centres Index* (GFCI)", according to a recent press release compiled by Z/Yen. Casablanca ranks 62nd and second among African centres, preceding Mauritius.

D | Developed financial services infrastructure

Morocco is actively involved in the negotiations on global governance, especially in the area of exchange of information and the fight against money laundering. It has also signed 59 double taxation agreements, including 10 with African countries; Free Trade agreements cover more than 50 countries including 6 in Africa. Moreover, in Africa alone, it has concluded some twenty agreements for the promotion and protection of investments and a dozen financial cooperation agreements.

Created in 1929, the Casablanca Stock Exchange has constantly been modernised. In 2010, it joined the *World Federation of Exchanges* becoming its 52nd Member and the 4th African one. It has also obtained the ISO 9001 certification. In January 2014, market capitalisation exceeded 55 billion dollars, making it the fourth continental exchange, with 76 listed companies.

The banking sector is widely open to foreign shareholders who are present in 11 of the 19 licensed banks. The French banking sector controls three of the six largest local deposit banks, but the banks in Moroccan hands are at the forefront of international developments; they already operate in 18 African countries positioning themselves as preferred partners to assist investors with their African projects.

The regulation and supervision of banking and financial markets are entrusted to the Central Bank (*Bank al Maghrib*), the Moroccan Capital Market's Authority (AMMC) and the Department of Insurance and Social Welfare (DAPS). These institutions are fully involved in the implementation of CFC through its strategic committee on which they are represented at the highest level.

Furthermore, in order to enhance the attractiveness of its financial platform, the CFCA has concluded partnership agreements with four financial centres in Singapore, Luxembourg, London and Paris strengthening CFC's connectivity with financial centres of reference across all continents and providing it with the exchange of expertise and best practices. These agreements are evidence of the trust and support of those countries in CFC's vision, and the belief that Morocco has important strategic strengths justifying its position as an economic and financial hub.

E | An integrated and all encompassing financial offer

In parallel with its development, the need to provide Africa with far reaching financial services is becoming self evident. Thus, services meeting the needs of investors, first institutional and then private, are bound to increase as growth prospects compare ever more favourably with alternatives. They will be aimed at international markets as well as local institutions and populations whose resources should increase rapidly. In this context, partners benefiting from "CFC status" will be particularly well placed to vaunt their expertise insofar as they have established relationships with local operators, giving them privileged access to relevant information. Related intermediation activities including fund raising, securities trading (on stock exchanges or in trading rooms), and delivery/ settlement platforms are all vectors that should ensure the profitability of the sector and that CFC is dedicated to support.

Because CFC's offer is all encompassing, it facilitates the implementation of integration dynamics both vertically and horizontally. Indeed, CFC has the ambition to make it possible for multilateral institutions active in Africa’s development, for companies wishing to establish themselves, for financiers contributing the necessary capital or for support service providers to interact within a single ecosystem. In doing so, a critical mass of projects scattered across the continent can be created which, when aggregated within CFC, enhance the profitability of CFC actors interested in these investments. For African countries, it also represents a considerable advantage to have access in a single place, to all the stakeholders concerned. In addition, CFC, which seeks to draw into its orbit high-flying professionals from all the trades concerned, must offer each stakeholder the opportunity to interact with others to complete projects regardless of their size or complexity. Thus, whether they concern infrastructure, industrial or commercial investment projects, developers must have on-site access to institutions able to provide financial support, to form partnerships or provide policy, legal, regulatory, tax and accounting advice or insurance services, logistics, etc. Finally, there is a requirement that the activity of CFC applicants should be aimed at cross border transactions specifically within Africa.

To date, the "CFC status" has been granted to more than thirty establishments in the three categories of companies covering:

- Financial institutions: CFC aims at attracting financial institutions active in three areas: credit institutions active in business services and investment banking; insurance, reinsurance and brokerage companies; asset management companies, private equity and wealth management firms;
- Service companies: including services of a financial nature (ratings, research, financial information, etc.); strategic services (legal, tax, actuarial and human resources); specialised financial services;
- Industrial enterprises: regional offices of multinational companies charged with the co-ordination of their activities on all or part of the African continent.

Many leading companies in each of these categories have already chosen Morocco as a base for regional implantation. Among them, we can mention: AIG, BNP Paribas, Baker McKenzie, BCG, Brookston Partners, Invest AD, Wendel, Ad Capital, etc.

| Conclusion

At the beginning of the 21st century, Africa is poised to make a decisive contribution to the growth of an increasingly interdependent world that is experiencing profound geopolitical changes. Even if today the horizon remains obscured by many hurdles, including the violent conflicts taking place, Africa has become unmistakeably a key element in meeting the needs of the global economy. Thus, the spread of education and training and the growing ability of the territory to meet and fund its own needs, will eventually lead to a reversal of migratory flows as well as the emergence of a market for goods and services able to satisfy the demands of a rapidly growing middle class.

As in any investment project, it will be necessary to assess carefully the potential risks that are far from insignificant and require the corresponding adequate means. However, there is less and less doubt that those with a long-term vision who are committed to the continent will be the winners.

In this context, CFC's financial hub project constitutes a major endeavour. It highlights the undeniable advantages of Morocco and of the metropolis of Casablanca as anchor points to participate under the most favourable auspices in the opportunities that lie ahead. Even if there is obvious room for further improvement in specific areas, no other centre in Africa offers today such a complete range of benefits for initiating in a conducive environment, the many productive investment opportunities in Africa.

Appendix 1 | Economic Data

1 | GDP growth in Africa 2001-2012

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Nominal GDP	559	567	687	829	965	1122	1311	1556	1462	1650	1851	1905
Actual GDP (2005 Basis)	781	808	849	915	965	1023	1088	1141	1168	1168	1212	1259

Source | World Bank

2 | Average annual actual GDP growth over the period 2002-2012

The average annual growth rate over the period 2002-2012 of the actual GDP was 5% for the entire continent. The rate of GDP growth by sub-region is as follows:

	2000	2010	2020
South Africa	-1,4%	4,7%	7,2%
East Africa	7,5%	6,2%	7,9%
North Africa	3,9%	4,7%	5,5%
West Africa	4,1%	6,7%	8,8%
Africa	4,5%	4,9%	6,2%

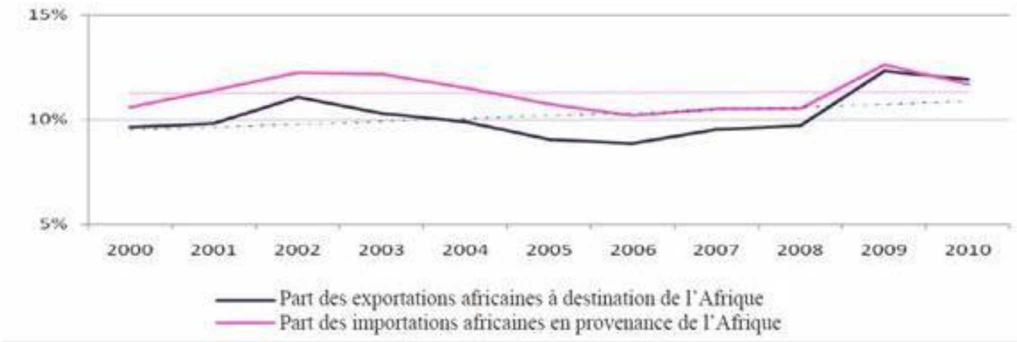
Source | ADB

3 | Rate of inflation in Africa

2009	8,1%	2010	6,1%	2011	9,3%	2012	9,2%

Sources | United Nations, Economic Commission for Africa, *Economic Report on Africa 2010* and *Economic Report on Africa 2012*

4 | Trends in intra-African exports and imports over the period 2000-2010



Source | Compilation of UNCTAD data UNCTAD and UNCTAD Statistics Division data

The Intra-African trade accounted for about 12% of the total trade of the continent in 2010, while most of the trade (88%) was with the rest of the world.

Appendix 2 | Demographic Data

1 | Growth of the African population by age groups 2001-2012

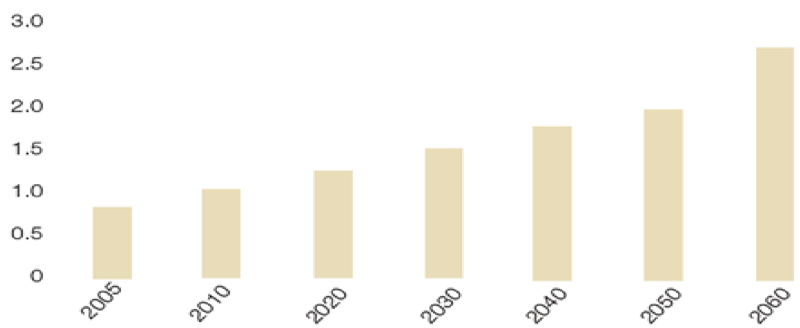
(in millions)	African population (more than 65)	African population (15 to 64)	African population (0 to 14)	Total
2001	26	431	333	790
2002	27	443	340	810
2003	28	455	347	830
2004	29	467	354	850
2005	29	480	361	870
2006	30	492	369	891
2007	31	505	377	913
2008	32	518	385	935
2009	33	532	394	959
2010	34	546	403	983
2011	35	561	412	1008
2012	36	576	421	1033

Source | World Bank

The average annual population growth rate between 2002 and 2012 was 2.5%, with the following breakdown by age group:

- Population aged 0-14: 2.2%
- Population aged 15-64: 2.7%
- Population aged over 65: 2.9%

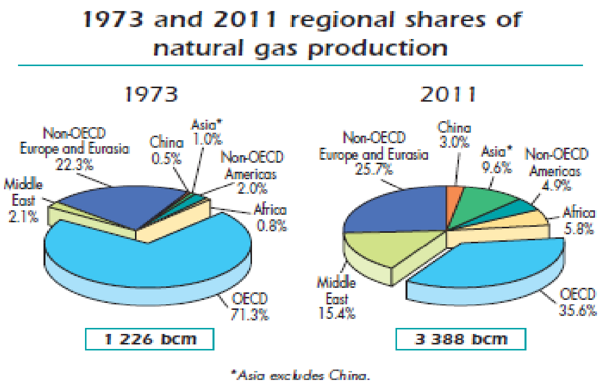
2 | Total African population (in billions)

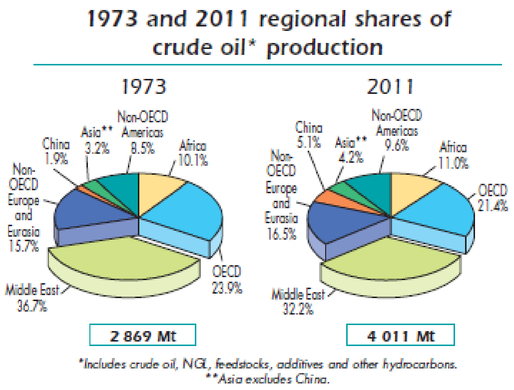


Source : BAD basé sur les données de la Division sur la population des Nations unies.

Appendix 3 | Resources

1 | Proven and estimated reserves of hydrocarbons





2 | Hydroelectric power potential

Africa is the continent which has the largest untapped hydroelectric power potential in the world. This represents 12% of the global potential, it is primarily located in Central Africa, but very important potentials exist on the Nile, but also in Guinea-Conakry and Mozambique. However, in terms of production, the continent remains on the margin. It produces, in fact, only a small part of the global hydropower, and uses only 5% of its great potential[18].

3 | Mining potential

Ore	% of world reserves
Bauxite	30%
Manganese	60%
Phosphates	75%
Platinum	85%
Chromium	80%
Cobalt	60%
Titanium	30%
Gold	40%

Source | Mineral Resources and Development in Africa *Document d'orientation stratégique 2008*

18 French Development Agency and African Development Bank, *L'énergie en Afrique à l'horizon 2050,* 2009.

Appendix 4 | *Doing Business* Sub-Saharan Africa Rating

Mauritius	20	Mozambique	139	Cameroon	168
Rwanda	32	Burundi	140	São Tomé and Príncipe	169
South Africa	41	Sierra Leone	142	Zimbabwe	170
Tunisia	51	Liberia	144	Malawi	171
Botswana	56	Tanzania	145	Mauritania	173
Ghana	67	Nigeria	147	Benin	174
Seychelles	80	Madagascar	148	Guinea	175
Zambia	83	Sudan	149	Niger	176
Morocco	87	Gambia	150	Senegal	178
Namibia	98	Algeria	153	Angola	179
Cape Verde	121	Burkina Faso	154	Guinea-Bissau	180
Swaziland	123	Mali	155	DRC	183
Ethiopia	125	Togo	157	Eritrea	184
Egypt	128	Comoros	158	Congo	185
Kenya	129	Gabon	163	South Sudan	186
Uganda	132	Equatorial Guinea	166	Libya	187
Lesotho	136	Ivory Coast	167	Central African Republic	188
				Chad	189

Source | World Bank and International Finance Corporation, *Doing Business*, regional ranking sub-Saharan Africa, available at http://doingbusiness.org/rankings