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Regional SME Competitiveness: Between Entrepreneurial Dynamism and Structural Obstacles

1. Introduction and Strategic Framing

Small and medium-sized enterprises (SMEs) play a decisive role in the national economy. They account for 95% of Morocco’s business fabric, contribute roughly 40% of GDP, and provide nearly 73% of formal employment (HCP, 2023; Bank Al-Maghrib, 2024). Their structuring role goes beyond mere wealth creation: SMEs are both a driver of innovation, a buffer of resilience in the face of economic crises, and a vector of social and territorial inclusion. Their dynamism thus conditions Morocco’s overall competitiveness and its capacity to integrate more deeply into global value chains.

In the Tangier–Tetouan–Al Hoceima (TTA) region, SMEs operate within a high-potential yet contrasting environment. On the one hand, the territory stands out as a strategic competitiveness hub: the presence of the Tangier Med port, industrial free zones, international logistics corridors, and substantial investments in the automotive, textile, and seaside tourism sectors have fostered sustained entrepreneurial momentum. Agricultural ecosystems particularly in the Loukkos also offer prospects for agro-industrial integration and upgrading toward higher value-added products.

However, this dynamism is marked by persistent territorial inequalities. While Tangier and Tetouan concentrate the majority of investment flows and jobs, the inland provinces (Chefchaouen, Ouezzane, Al Hoceima) still suffer from isolation, weak infrastructure, limited access to finance, and a low entrepreneurial density. These disparities highlight a paradox: a region with high economic intensity in which a significant part of the territory remains on the sidelines of growth dynamics, thereby limiting the full mobilization of its entrepreneurial potential.

The purpose of this bulletin is to provide a critical and forward-looking assessment of regional SME competitiveness. It seeks to identify growth levers (financing, innovation, human capital, digitalization) and structural constraints (infrastructure, governance, territorial disparities) that hinder development. The analysis aims to offer territorial decision-makers strategic insight for guiding public policies and private partnerships so as to strengthen SMEs' territorial anchoring and consolidate their role in the economic and social transformation of the TTA region.

2. Regional Entrepreneurial Dynamism: Assets and Opportunities

The Tangier–Tetouan–Al Hoceima (TTA) region now stands out as one of the Kingdom's most dynamic entrepreneurial hubs. In 2023, according to the Moroccan Office of Industrial and Commercial Property (OMPIC), it accounted for around 13% of new business registrations nationwide, confirming its position as Morocco's third entrepreneurial hub after Casablanca-Settat and Rabat-Sale-Kenitra. This performance reflects the region's growing attractiveness as well as the vitality of its entrepreneurial fabric, driven by a unique combination of logistical, industrial, and human factors.

2.1. Growth in Registrations and Entrepreneurial Vitality

The surge in business creations in the TTA region reflects several converging trends:

- The port and industrial momentum around the Tangier Med complex, which attracts foreign investors and fosters the rise of local SMEs integrated into global value chains (automotive, electronics, technical textiles).
- The spillover effect of free and industrial zones (TFZ, Tangier Automotive City, Tetouan Park), which stimulate local subcontracting and the multiplication of small specialized units.
- Demographic and urban growth (over 4 million inhabitants in 2024, with a majority in urban areas), creating a larger and more diversified consumer market for services and neighborhood commerce.

2.2. Promising Sectoral Ecosystems

- Regional SME competitiveness is expressed through several strategic sectors:
  Automotive: the region concentrates more than 40% of national output, thanks to Renault-Nissan Melloussa and a dense network of equipment suppliers (Valeo, Yazaki, Delphi). Local SMEs participate in subcontracting, logistics, and related services.
- Logistics: the Tangier Med hub connects to more than 180 ports in 70 countries. This infrastructure stimulates the creation of transit, warehousing, road transport, and customs-service companies.
- BPO and digital services: Tangier and Tetouan host sustained growth in call centers and outsourced services, supported by a young, multilingual workforce. Local startups are emerging in digital, e-commerce, and cybersecurity.
- Tourism and hospitality: with more than 2.5 million overnight stays in 2024, the region attracts SMEs in accommodation, dining, and crafts. Chefchaouen is asserting itself as a hub for rural and eco-tourism, offering opportunities for sustainable entrepreneurship.

- Agro-industry: the irrigated Loukkos area and the Larache agropole offer potential for agro-food integration (export of berries, olive oil, organic products). However, SMEs in the sector still struggle to **reach critical mass.**

2.3. The Catalytic Role of the Diaspora (MRE)

The TTA region benefits from a strong contribution from Moroccans residing abroad (MRE), who play a dual role:

- Financial transfers: according to Bank Al-Maghrib, MRE from the north account for a significant share of remittances (over 110 billion dirhams nationally in 2023), a substantial portion of which is reinvested in real estate, trade, and small family businesses.
- Return entrepreneurship: many MRE invest in local SMEs (hospitality, agro-food, services), leveraging their experience and international networks. This dynamic drives modernization of management practices and greater openness to external markets.

2.4. Public Initiatives and Support Mechanisms

Several structuring programs support regional entrepreneurship:

- Investment Charter (2022): provides fiscal and territorial incentives, with bonuses of up to 30% for projects located in priority areas.
- Maroc PME and Intelaka programs: facilitate access to finance and technical support for young entrepreneurs. In the region, several hundred projects have benefited from subsidized loans and state guarantees.
- Digitalized Regional Investment Center (CRI): the dematerialization of business-creation procedures has reduced processing times to under 48 hours, improving transparency and the attractiveness of the business climate.
- Incubators and technoparks: Tangier TechnoPark and university initiatives support startups in digital, innovation, and green technologies.

2.5. Strategic Opportunities ahead

The combination of these dynamics places the TTA region at a decisive turning point:

- Deeper integration of SMEs into global value chains (notably automotive, logistics, and agro-industry).
- The development of a regional digital ecosystem to foster a competitive “smart region.”
- Greater mobilization of the diaspora and local savings to finance productive investment.
- Territorialization of public instruments to reduce disparities between the coastline and the hinterland.
- In sum, the region has solid foundations to strengthen the competitiveness of its SMEs. However, these assets must be consolidated through a proactive territorial strategy aimed at transforming entrepreneurial momentum into inclusive and sustainable growth.

3. Structural Obstacles to SME Competitiveness

Despite the entrepreneurial dynamism of the Tangier–Tetouan–Al Hoceima (TTA) region, the competitiveness of small and medium-sized enterprises remains constrained by a set of persistent structural obstacles. These barriers limit SMEs’ ability to grow, integrate into global value chains, and contribute inclusively to territorial development.

3.1. Persistent Financing Gap

One of the major handicaps for regional SMEs lies in the weak local mobilization of savings. Between 2017 and 2024, bank deposits in Tangier rose by 43.7% (39.6 bn MAD → 56.9 bn MAD), reflecting strong regional saving capacity. Yet bank credit grew by only 30% over the same period (19.1 bn MAD → 24.8 bn MAD), revealing a structural gap.
This imbalance reflects several realities:

- Capital outflows to Casablanca, where major banks redeploy collected deposits to finance large-scale national projects.
- Banking prudence: financial institutions favour “safe” projects and channel limited financing to SMEs, perceived as higher risk.
- Absence of regional investment vehicles (venture funds, structured business angels), limiting the transformation of savings into productive investment.
- Direct consequence: a financing shortfall that slows SME growth, particularly in provinces far from the Tangier–Tetouan corridor.

3.2. Human Capital: Training–Employment Mismatch

Regional human capital remains misaligned with market needs. Although the region has several universities and vocational training centers, the skills produced do not always match growth sectors:

- The unemployment rate among higher-education graduates exceeds 19%, versus 8% for people without a diploma.
- Technical and industrial tracks (engineering, logistics, ICT) are underrepresented in the training offer, while general fields (humanities and social sciences) dominate.
- Rural areas remain disadvantaged: only 25% of young people their access higher education, compared with 42% in urban areas.
- This imbalance exacerbates insertion difficulties and limits SME competitiveness, given the shortage of qualified profiles in management, digitalization, and innovation.

3.3. Infrastructure and Territorial Enclavement

The region suffers from marked territorial disparities. While Tangier and Tetouan benefit from world-class infrastructure (motorways, Tangier Med port, free zones), certain inland provinces remain landlocked:

- Al Hoceima: average distance to paved roads of 4.1 km, up 22% since 2014.
- Chefchaouen: 3.3 km (+159% since 2014).
- By comparison, Tangier-Assilah registers only 0.8 km.

This inaccessibility has multiple consequences:

- It is difficult for rural SMEs to move their products to market.
- Low attractiveness of landlocked territories for investors.
- Limited access to modern industrial and logistics zones.

As a result, hinterland SMEs struggle to integrate into regional economic dynamics, deepening the coastal–inland divide.

3.4. Institutional Framework and Territorial Governance

The institutional framework remains a significant brake. Although Morocco has adopted an advanced regionalization policy, the effective transfer of competencies to the regions remains limited.
• Regional councils lack financial and operational leeway to support SMEs directly.
• Administrative complexity (multiple permits, slow approvals for licenses and financing) discourages entrepreneurs, especially in innovative sectors.
• Coordination deficits between deconcentrated services and local authorities slow the implementation of support programs (Investment Charter, Maroc PME).
This situation sustains a perception of bureaucratic heaviness and reduces the effectiveness of SME support policies.

3.5. Innovation and Digitalization: A Gap to Close

Despite the potential of digital technologies, regional SMEs lag in digital transformation:

- Fewer than 25% of SMEs use advanced digital solutions (ERP, e-commerce, cybersecurity).
- Most microenterprises remain focused on traditional practices, with limited online presence.
- State-led digitalization initiatives (Morocco Digital 2025, digitized CRI programs) struggle to reach the smallest firms, particularly in rural areas.

This low level of digital adoption curbs productivity reduces capacity to access international markets, and leaves SMEs vulnerable to better-structured competitors.

4. Differentiated Territorial Analysis

The Tangier–Tetouan–Al Hoceima (TTA) region illustrates a marked territorial paradox: on the one hand, a hyper-dynamic coastal corridor around Tangier and Tetouan that concentrates most economic flows and investment; on the other, a landlocked hinterland where entrepreneurial density remains low and SMEs struggle to develop. This spatial divide highlights the challenges of cohesion and territorial equity, which are essential to strengthen overall regional competitiveness.

4.1. The Tangier–Tetouan Corridor: A Logistics and Industrial Locomotive

The coastal pole formed by Tangier and Tetouan is the true locomotive of the region:

- It concentrates more than 55% of regional GDP and nearly 60% of public and private investment.
- The presence of the Tangier Med complex, free zones (TFZ, Tangier Automotive City, Tetouan Park), and modern infrastructure (motorway, high-speed rail, airport) has made this corridor one of Africa’s most competitive logistics and industrial hubs.
- Local SMEs benefit from the knock-on effects of major international groups (automotive, technical textiles, electronics, logistics).

However, this economic polarization creates an imbalance: investment remains heavily concentrated along the Tangier–Tetouan axis, widening the gap with the inland provinces.

4.2. The Inland Provinces: Chefchaouen, Ouezzane, and Al Hoceima

These territories have specific features but share similar structural constraints:
• Low entrepreneurial density: the number of SMEs is well below the regional average, due to insufficient infrastructure and limited solvent markets.

• Limited agricultural modernization: production is dominated by traditional crops (olives, figs, cereals) with low added value. The absence of structured value chains and agro-industrial processing limits market outlets.

• Enclavement and reduced accessibility:

  o Al Hoceima: average distance to paved roads of 4.1 km, up from 2014.
  o Chefchaouen: 3.3 km (+159%), one of the weakest indicators nationally.

• These constraints hinder investment, the export of agricultural products, and integration into regional value chains.

Thus, the inland provinces remain on the margins of regional development, despite their agricultural, artisanal, and tourism potential (notably eco-tourism in Chefchaouen).

4.3. Larache and the Loukkos Basin: Under-Exploited Agro-Industrial Potential

The irrigated Loukkos perimeter around Larache is one of Morocco's most productive agricultural basins:

- Vegetable crops, citrus, and berries destined for export, with high yields.
- A dedicated agro-industrial agropole intended to structure value chains and strengthen local processing.

However, this potential remains under-exploited for several reasons:

- Insufficient suitable logistics infrastructure (cold chain, packaging, transport to Tangier Med).
- A shortage of agro-industrial SMEs capable of transforming raw output into higher value-added products.
- Weak integration of small producers into export channels and modern distribution networks.

NORDEV: Role, Instruments and Results

NORDEV is a strategic regional initiative established by the TTA Regional Council, in partnership with the Wilaya, the Regional Investment Center (CRI), and the Agency for the Promotion and Development of the North. In accordance with the royal directives calling for a genuine boost in private investment, NORDEV aims to stimulate entrepreneurial activity, attract productive investment, and strengthen the creation of sustainable jobs across all eight provinces and prefectures of the region. Aligned with the new Investment Charter and the 2022–2027 Regional Development Program, the fund supports project promoters through two mechanisms – investment support and operational support – and offers grants of up to 30% of the total project cost.

NORDEV stands out thanks to its incentive system structured around three complementary grants: a territorial grant of up to 15%, adjusted according to the attractiveness and needs of each province; a convergence grant of up to 10%, encouraging job creation, alignment with regional priorities, and social integration; and a common grant capped at 10%, awarded based on criteria such as sustainability, import substitution, and export potential. This mechanism supports the most promising projects while strengthening territorial equity, social justice, and sustainability, with the aim of structuring new economic ecosystems and reducing regional disparities.

NORDEV is the regional implementing arm for micro, small, and medium-sized enterprises (MSMEs). Its mission is twofold: to accelerate the creation, formalization, and upgrading of businesses while rebalancing public investment across the region to benefit less well-endowed provinces. The program relies on a service voucher covering diagnostics and initial digitalization needs (website, payment processing, basic ERP systems, cybersecurity), a sector-specific accelerator organized into cohorts, a small seed and co-financing fund backed by a guarantee, and a procurement and compliance unit to facilitate access to public and private contracts. An SME observatory provides quarterly monitoring. Initial results indicate an increasing number of supported businesses, a rise in the proportion of beneficiaries located inland, a reduction in decision-making time (target ≤ 20 days), a measurable improvement in digital adoption at month 6, and a positive financial leverage effect.

The NORDEV Fund presents a solid performance report as of October 15, 2025, confirming its significant role in regional investment. The two calls for projects demonstrate complementary trends in terms of volume, job creation, and increased selectivity.

The first call (2023) supported 51 projects, representing a contracted investment of 735 million dirhams and the creation of 2,295 jobs. The sectoral distribution highlights three principal areas (66%, 22%, and 12%), reflecting a thematic concentration. Geographically, 60% of the projects are located in urban areas and 40% in rural areas.

The second call (2025) reflects a more targeted approach: 17 projects were selected (including 2 carried over from the first call), representing 44.6 million dirhams in proposed investments and 384 expected jobs. The total amount of subsidies awarded reached 11.75 million dirhams. The distribution across the region is more balanced: 58% urban, 43% rural.

In total, NORDEV encompasses 68 projects, 779.6 million dirhams investment, and 2,679 jobs. The program demonstrates increasing maturity, evidenced by administrative efficiency, progressive diversification, and improved territorial inclusion.

Thanks to the future convergence between NORDEV and the Charter, the region will have a more attractive investment ecosystem, combining financial support, administrative simplification, and personalized guidance through the Regional Investment Center (CRI) and local offices. This synergy has strengthened the competitiveness of SMEs, broadened the entrepreneurial base, and contributed to the territorial rebalancing of investments.

The NORDEV Fund now constitutes a strategic lever for accelerating regional economic transformation and supporting the implementation of the 2022-2027 Regional Development Plan (PDR).

5. Lessons from National and International Good Practices

The analysis of regional SME competitiveness gains relevance when set against successful national and international experiences, offering avenues for action tailored to the TTA region's context.

5.1. National Benchmarks

• **Casablanca–Settat:** Morocco's leading economic region (over 30% of national GDP) illustrates the strength of industrial and service clusters (finance, aeronautics, offshoring). Integrating SMEs into structured ecosystems around large firms has driven rapid upgrading and insertion into international value chains.

• **Souss–Massa:** A quintessential agricultural region, it has strengthened SME competitiveness through the Agadir Haliopôle (agro-food and fisheries) and policies to valorize terroir products. Its integrated territorial approach (agriculture, agro-industry, logistics) is a transferable model for the Loukkos.

5.2. International Experiences

• **Portugal – Digitalization of Rural SMEs:** Through the Indústria 4.0 program, the country introduced tax incentives and digital platforms to support small rural firms in adopting digital tools (e-commerce, online management, cybersecurity). The result has been higher productivity and better integration into European markets, even for isolated micro-enterprises.

• **Turkey – Industrial Free Zones with Local SME Integration:** Turkish free zones (e.g., Izmir, Mersin) were designed not only to host multinationals but also to integrate local SMEs via dedicated support, training, and financing schemes. This mixed-ecosystem logic has strengthened the domestic entrepreneurial fabric while developing competitive export capacities.

Key takeaway for the TTA region: SME competitiveness improves when firms are embedded in organized territorial clusters, supported by targeted public policies (digitalization, financing, training), and connected to international value chains. Moroccan (Casablanca, Souss-Massa) and foreign (Portugal, Turkey) experience shows that balancing the attraction of major investors with robust support for local SMEs is decisive for inclusive and sustainable growth.

6. Forward-Looking Scenarios for Regional SME Competitiveness

To anticipate how SME competitiveness may evolve in the Tangier–Tetouan–Al Hoceima (TTA) region, three prospective trajectories can be envisaged through 2030. These scenarios help gauge the differentiated effects of policy, institutional, and economic choices on territorial balance and entrepreneurial performance.

Scenario 1 – Baseline Trend: Continued Polarized Dynamism

In this scenario, efforts to support SMEs continue, but without major strategic reorientation.

• **Characteristics:**

o Investment and infrastructure remain concentrated along the Tangier–Tetouan corridor.
o SMEs benefit indirectly from the spillover effects of large industrial and logistics groups.
o Inland provinces (Chefchaouen, Ouezzane, Al Hoceima) remain marginalized due to insufficient infrastructure and limited access to finance.

• **Impacts:**

o Overall growth of the entrepreneurial fabric is maintained, but territorial disparities widen.
o Heightened social and economic fragility in the hinterland, accentuating internal migration toward Tangier and Tetouan.

Scenario 2 – Acceleration: Territorial Integration and Upgrading

This scenario assumes strong political will and concerted mobilization of public and private actors.

• **Characteristics:**

o Establishment of regional investment funds and mechanisms to reinject local savings into SMEs.
o Development of territorially anchored sectoral hubs: agro-industry in Larache, sustainable tourism in Chefchaouen, upgraded crafts in Al Hoceima.
o Intensified SME digitalization and promotion of innovation (incubators, digital clusters).
o Stronger integration of women and young graduates into entrepreneurship via targeted schemes (dual training, microcredit, mentoring).

• **Impacts:**

o Reduced territorial gaps and better inclusion of landlocked provinces.
o Strengthened regional resilience through sectoral diversification and SME upgrading.
o Increased attractiveness of the region at the Euro-Mediterranean scale.

Scenario 3 – Constrained Resilience: Persistent Blockages

This scenario envisions the persistence of identified structural bottlenecks.

• **Characteristics:**

o SME financing remains insufficient, with continued capital outflows toward Casablanca.
o Institutional obstacles (administrative burdens, slow transfer of competencies) are not lifted.
o Innovation and digitalization remain marginal, with low SME adoption rates.
o Inland provinces continue to suffer economic and social enclavement.

• **Impacts:**

o Deepening gaps between the coastline and the hinterland.
o Weakened overall regional competitiveness despite the strength of Tangier Med.
o Greater dependence on foreign investors, to the detriment of a solid local entrepreneurial base.

Key takeaway: Regional SME competitiveness will hinge on the ability of territorial actors to move beyond the "polarized trend" scenario and achieve a genuine qualitative leap. The "acceleration" scenario is the most favorable trajectory, as it combines entrepreneurial dynamism, territorial integration, and innovation ensuring both economic growth and social cohesion.

7. Strategic and Operational Recommendations

To strengthen SME competitiveness in the Tangier–Tetouan–Al Hoceima (TTA) region, findings and forward-looking scenarios must be translated into a concrete, operational action plan. The following recommendations, structured around five strategic pillars, aim to create a more inclusive, innovative, and territorially balanced environment.

7.1. Territorialize SME Support Policies

• Develop credit-guarantee mechanisms tailored to the specific needs of small firms (microcredit, participatory finance, Islamic finance).
• Introduce a principle of affirmative allocation of public resources in favor of less-endowed areas (Chefchaouen, Al Hoceima, Ouezzane).

7.2. Build Regional Human Capital

• Promote dual training (school–enterprise alternance) in growth sectors: automotive, logistics, agro-industry, and BPO.
• Establish structured partnerships among universities, vocational training centers, and local firms to align curricula with real market needs.
• Foster the integration of youth and women into entrepreneurship through targeted programs (regional incubators, mentoring, coaching).

7.3. Mass Digitalization of SMEs

• Launch regional digital transformation programs: e-commerce, cybersecurity, integrated management (ERP), and cloud solutions.
• Create co-financed digital service vouchers (State and local authorities) to support TPE/SME digital adoption.
• Develop digital clusters (around Tangier TechnoPark and university incubators) to spur local startup emergence.

7.4. Simplify the Business Environment

• Set up regional one-stop investment desks with dematerialized procedures and guaranteed timelines.
• Develop a regional SME observatory to track competitiveness indicators and sustain ongoing dialogue with entrepreneurs.
• Strengthen coordination between deconcentrated services and local authorities to streamline administrative support.

7.5. Stimulate Innovation and the Green Economy

• Support innovation via regional applied R&D funds dedicated to SMEs.
• Encourage the ecological transition by accompanying firms toward low-carbon models (renewable energy, waste management, sustainable production).
• Develop regional labels (organic, terroir, ecotourism) to enhance local value chains and improve positioning in international markets.

8. Prospective Conclusion

SME competitiveness is both a lever of economic resilience and an essential condition for ensuring lasting territorial balance. In the TTA region, the entrepreneurial momentum driven by the Tangier–Tetouan logistics and industrial corridor illustrates the potential for growth and internationalization among small and medium-sized enterprises. However, this potential remains vulnerable to structural bottlenecks: financing imbalances, misalignment of human capital, the enclavement of inland provinces, and digitalization lag.

The future of regional competitiveness will therefore depend on the capacity to integrate all provinces into the entrepreneurial dynamic. This requires strengthening targeted support policies, anchoring SMEs in territorially organized ecosystems, and fostering the emergence of new agro-industrial and tourism hubs beyond the coastline. By removing these constraints, the TTA region can convert its current dynamism into inclusive and balanced growth, consolidating its role as a strategic engine of national and Euro-Mediterranean development.

The NORDEV experience should evolve around clarified governance, refined criteria, and streamlined indicators. It is proposed to establish a quarterly committee bringing together the Region, the CRI, the CGEM, the Chambers, banks, and training institutions, endowed with decision-making authority and publishing a regular dashboard. A territorial equity clause would set minimum thresholds for beneficiaries and funding envelopes in favor of inland provinces, revised every six months, while a listening mechanism (M+3/M+12 surveys, hotline, and provincial outreach) would complete the continuous improvement loop.

Criteria would prioritize projects aligned with provincial vocations, fiscal and social formalization, export or import substitution potential, and job creation for youth and women, with an enhanced scale for under-served territories. The mechanism would be steered by a core set of quarterly indicators: share of beneficiaries outside the coastline, rate of vocation-aligned projects, file-to-decision lead time (target ≤ 20 days), 12- and 24-month survival, digital adoption, public/private leverage effect, and effective market access. The 2026 roadmap provides for updating vocation maps, rolling out a "+Interior digital service voucher," two acceleration cohorts (agro-processing and artisan-design), a dedicated labels and compliance unit, a phase 2 of the seed fund, the launch of a regional e-marketplace, and an independent impact evaluation.

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