IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN, OR INTO, THE UNITED STATES EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs"), AS DEFINED IN, AND IN COMPLIANCE WITH, RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR OTHERWISE THAN TO PERSONS TO WHOM IT CAN LAWFULLY BE DISTRIBUTED.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), whether received by e-mail, accessed from an internet page or received as a result of electronic transmission, and you are therefore required to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

The Offering Circular has been prepared solely in connection with the proposed offering to certain institutional and professional investors of the securities described herein, which are exempt from registration under the Securities Act. Nothing in this electronic transmission constitutes an offer of securities for sale in the United States.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION WHERE THE OFFER, SALE OR SOLICITATION IS NOT PERMITTED. ANY SECURITIES TO BE ISSUED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED.

FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, you must be either: (i) outside of the United States; or (ii) a QIB (within the meaning of Rule 144A under the Securities Act). The Offering Circular is being sent at your request, and by accessing the Offering Circular, you shall be deemed to have represented to the Issuer and the Joint Lead Managers (each as defined in the Offering Circular) that (1) you understand and agree to the terms set out herein; (2) in respect of securities being offered in an offshore transaction pursuant to Regulations S, you are outside the United States, and that, to the extent the Offering Circular is delivered via e-mail, the e-mail address to which, pursuant to your request, the Offering Circular has been delivered by electronic transmission is not located in the United States for the purposes of Regulation S under the Securities Act; (3) in respect of securities offered and sold in reliance on Rule 144A, you are a QIB; (4) you consent to delivery by electronic transmission; (5) you will not transmit the Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Joint Lead Managers and the Issuer; and (6) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the securities.

The Offering Circular is being distributed only to and directed only at: (i) persons who are outside the United Kingdom; or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (iii) high net worth entities and other persons falling within Article 49(2)(a) to (d) of the Order; or (iv) those persons to whom it may otherwise lawfully be made in accordance with the Order (all such persons collectively being referred to as "**relevant persons**"). The Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons. No other person should rely on it.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) № 600/2014 on markets in financial instruments, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, "**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular, electronically or otherwise, to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would, or is intended to, permit a public offering of the securities, or possession or distribution of the Offering Circular or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any underwriter or any affiliate of any underwriter is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Lead Managers, the Issuer, the Financial Adviser, or their respective affiliates, directors, officers, employees, representatives and agents, or any other person controlling the Issuer, the Joint Lead Managers, the Financial Adviser or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

المملكة المغربية

THE KINGDOM OF MOROCCO

U.S.$1,250,000,000 5.950% Notes due 2028 - Issue price: 98.855%

U.S.$1,250,000,000 6.500% Notes due 2033 - Issue price: 99.236%

The U.S.$1,250,000,000 5.950% Notes due 2028 (the "**2028 Notes**") and the U.S.$1,250,000,000 6.500% Notes due 2033 (the "**2033 Notes**" and, together with the 2028 Notes, the "**Notes**") to be issued by the Kingdom of Morocco (the "**Issuer**", the "**Kingdom**" or "**Morocco**"), will mature on 8 March 2028, in respect of the 2028 Notes, and on 8 September 2033, in respect of the 2033 Notes, and, unless previously purchased and cancelled, will be redeemed at their principal amount on that date. See "*Terms and Conditions of the Notes—5. Redemption, Purchase and Cancellation*".

The 2028 Notes will bear interest from and including 8 March 2023 (the "**Issue Date**") at a rate of 5.950% *per annum* payable semi-annually in arrear on 8 March and 8 September in each year, commencing on 8 September 2023. The 2033 Notes will bear interest from and including the Issue Date at a rate of 6.500% *per annum* payable semi-annually in arrear on 8 March and 8 September in each year, commencing on 8 September 2023. Payments on the Notes will be made in U.S. Dollars without deduction for, or on account of, any Moroccan withholding taxes, unless the withholding is required by law, in which case the Issuer will pay additional amounts in respect of such taxes, subject to certain exceptions as set forth in "*Terms and Conditions of the Notes—7. Taxation*" and "*Taxation*".

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE "*RISK FACTORS*"

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any U.S. state securities laws and are being offered and sold in the United States only to qualified institutional buyers ("QIBs") (as defined in Rule 144A under the Securities Act ("Rule 144A") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Prospective purchasers that are QIBs are hereby notified that the seller of Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A (such Notes so offered and sold, the "Rule 144A Notes"). In addition, Notes are being offered outside the United States in reliance on Regulation S under the Securities Act ("Regulation S", such Notes so offered and sold, the "Regulation S Notes"). Transfers of Notes are subject to the restrictions described under "*Transfer Restrictions*".

Application has been made to the United Kingdom Financial Conduct Authority (the "**FCA**") for the Notes to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Notes to be admitted to trading on the London Stock Exchange's main market (the "**Market**"). For the purposes of such application, the Issuer is an exempt issuer pursuant to Article 1(2) of Regulation (EU) № 2017/1129 as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (as amended, the "**UK Prospectus Regulation**"). Accordingly, this offering circular (the "**Offering Circular**") has not been reviewed or approved by the FCA and has not been approved as a prospectus by any other competent authority under the UK Prospectus Regulation. The Notes will not be subject to the prospectus requirements of the UK Prospectus Regulation but will be listed in accordance with the listing rules of the London Stock Exchange. Reference in this Offering Circular to being "**listed**" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a UK regulated market for the purposes of Regulation (EU) № 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**").

The Notes will be offered and sold in registered form in denominations of U.S.$200,000 and any amount in excess thereof that is an integral multiple of U.S.$1,000. Notes of each series that are offered in reliance on Regulation S will be represented by beneficial interests in an unrestricted global note certificate (each, a "**Regulation S Global Note**") in registered form without interest coupons attached, which will be registered in the name of a nominee for, and shall be deposited on or about the Issue Date with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Beneficial interests in each Regulation S Global Note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their participants. Notes of each series that are offered in reliance on Rule 144A will initially be represented by a restricted global note certificate (each, a "**Rule 144A Global Note**" and, the Rule 144A Global Notes together with the Regulation S Global Notes, the "**Global Notes**") in registered form, without interest coupons attached, which will be deposited with a custodian (the "**Custodian**") for, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company ("**DTC**") on or about the Issue Date. Beneficial interests in the Rule 144A Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. See "*Clearing and Settlement Arrangements*". Except as described herein, definitive registered certificates evidencing holdings of Notes issued in exchange for beneficial interests in the Global Notes will be available only in certain limited circumstances. See "*Provisions Relating to the Notes while in Global Form*".

Long-term foreign-currency debt of the Kingdom is currently rated BB+ with a stable outlook by S&P Global Ratings Europe Limited ("**S&P**") and Ba1 with a stable outlook by Moody's Investors Service Limited ("**Moody's**"). The Notes are expected to be rated BB+ by S&P and Ba1 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating organisation. S&P is established in the European Union (the "**EU**"), included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with Regulation (EC) № 1060/2009 (as amended) (the "**CRA Regulation**") and registered under the CRA Regulation. The rating issued by S&P has been endorsed by S&P Global Ratings UK Limited. S&P Global Ratings UK Limited is established in the United Kingdom and is registered in accordance with Regulation (EC) № 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). Moody's is established in the United Kingdom and registered under the UK CRA Regulation. Moody's is not established in the EU and has not applied for registration under the CRA Regulation, though any rating issued by Moody's will be endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation. Moody's Deutschland GmbH is established in the EU and registered under the CRA Regulation. As such, each of S&P and Moody's Deutschland GmbH is included in the list of credit rating agencies published by ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Any change in the rating of the Notes could adversely affect the price that a purchaser will be willing to pay for the Notes. See "*Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—The Kingdom's Credit Rating*".

Joint Lead Managers

BNP PARIBAS **Citigroup** **Deutsche Bank** **J.P. Morgan**

Financial Adviser to the Kingdom

Lazard

The date of this Offering Circular is 6 March 2023.

RESPONSIBILITY STATEMENT

The Kingdom accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Kingdom (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The opinions, assumptions, intentions, projections and forecasts expressed in this Offering Circular with regard to the Kingdom are honestly held by the Kingdom, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

Information included herein that is identified as being derived from information published by the Kingdom or one of its agencies or instrumentalities is included herein on the authority of such publication as a public official document of the Kingdom. All other information in this Offering Circular is included herein as a public official statement of the Kingdom made on the authority of the Ministry of Economy and Finance.

IMPORTANT NOTICE

No person has been authorised to give any information or to make any representation other than as contained in this Offering Circular in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Financial Adviser or the Joint Lead Managers. The Joint Lead Managers and the Financial Adviser each expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in Notes of any information coming to their attention.

None of the Joint Lead Managers nor the Financial Adviser have separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by the Joint Lead Managers or the Financial Adviser as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Notes or their distribution.

To the fullest extent permitted by law, the Joint Lead Managers and the Financial Adviser accept no responsibility whatsoever for the contents of this Offering Circular or for any other statement, made or purported to be made by a Joint Lead Manager or the Financial Adviser or on its behalf in connection with the Kingdom or the issue and offering of the Notes or accept any responsibility for any act or omission of the Kingdom or any other person (other than the relevant Joint Lead Manager or the Financial Adviser, as the case may be) in connection with the issue and offering of the Notes. The Joint Lead Managers and the Financial Adviser accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above), which they might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Kingdom, the Joint Lead Managers or the Financial Adviser that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Kingdom. Neither this Offering Circular nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Kingdom, any of the Joint Lead Managers or the Financial Adviser to any person to subscribe for or to purchase any Notes.

Each potential investor in the Notes must make its own assessment as to the suitability of investing in the Notes. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in such Notes and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact that such Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Notes and be familiar with the financial markets; and

- be able to evaluate (either alone or with the help of its own financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Kingdom is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Kingdom expressly does not undertake to update this Offering Circular or any of the information contained herein.

This Offering Circular does not constitute an offer to sell or an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction, nor does this Offering Circular constitute an offer or an invitation to subscribe for or purchase any Note. This Offering Circular should not be considered as a recommendation by the Issuer, any Joint Lead Manager or the Financial Adviser that any recipient of this Offering Circular should subscribe for, or purchase, any Notes. The distribution of this Offering Circular and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Joint Lead Managers and the Financial Adviser to inform themselves about and to observe any such restrictions. None of the Issuer, the Joint Lead Managers or the Financial Adviser makes any representation to any recipient of this Offering Circular regarding the legality of an investment in the Notes by such recipient under applicable investment or similar laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of its purchase of the Notes. For a description of certain restrictions on offers, sales and deliveries of Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

THE NOTES HAVE NOT BEEN REGISTERED WITH, RECOMMENDED BY OR APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES OR APPROVED THIS OFFERING CIRCULAR OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

The Issuer and the Joint Lead Managers reserve the right to reject any offer to purchase Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States, other than any QIB to whom an offer has been made directly by one of the Joint Lead Managers or its U.S. broker-dealer affiliate. Distribution of this Offering Circular to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB with respect thereto, is unauthorised, and any disclosure without the prior written consent of the Issuer of any of its contents to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB, is prohibited.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Notification under Section 309b(1)(C) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time-to-time (the "SFA") – The Notes are 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES PLC, AS STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF SUCH NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Kingdom is a sovereign state. Consequently, it may be difficult for investors to obtain or rely upon judgments against the Kingdom in courts outside Morocco or in a jurisdiction to which the Kingdom has not explicitly submitted. In addition, a substantial portion of the assets of the Kingdom is located outside of England and Wales. As a result, it may not be possible for investors to enforce judgments obtained in courts located in England and Wales or elsewhere against the Kingdom. The Kingdom has irrevocably appointed the Ambassador of the Kingdom to the Court of St. James's as its authorised agent for the service of process in England and Wales.

The Kingdom has irrevocably submitted to the non-exclusive jurisdiction of the courts of England and Wales for purposes of any suit, action or proceeding arising out of or relating to the Notes (a "**Related Proceeding**"). The Kingdom has also irrevocably agreed that all claims in respect of any Related Proceeding may be heard and determined in the courts of England and Wales. The Kingdom has irrevocably waived the defence of an inconvenient forum to the maintenance of any Related Proceeding whether on grounds of venue, residence or domicile. See "*Terms and Conditions of the Notes—19. Jurisdiction*".

There may be insufficient assets of the Kingdom located outside of Morocco to satisfy in whole or part any judgment obtained from a court in England and Wales relating to amounts owing under the Notes. If investors were to seek enforcement of such a judgment in Morocco or to bring proceedings in relation to the Notes in Morocco, then certain limitations would apply.

The enforcement of foreign judgments in Morocco is governed by the relevant provisions of the Moroccan Code of Civil Procedure. Under those provisions, a judgment obtained in any English court would be recognised and enforced by the courts in Morocco without reconsideration of its merits provided that the foreign judgment satisfies the following additional conditions:

(i) the foreign judgment must have been issued by a court competent to do so under the law of the relevant country;

(ii) the foreign judgment must be final and enforceable in the country in which it was rendered, and the foreign judgment must not be based on documents subsequently deemed or found to be untrue and must not contain contradictory terms;

(iii) the defendant must have been properly served with legal process with respect to the proceeding in which the foreign judgment was rendered and due process must have been observed in connection with the proceeding, and no party to the litigation must have failed to deliver to the court material documents relating to the dispute and the defence rights of each party have been preserved;

(iv) the foreign judgment must not be contrary to Moroccan public order or relate to the application of Moroccan tax laws;

(v) a final judgment in the same case between the same parties must not have been rendered by a Moroccan court; and

(vi) no action commenced prior to the relevant foreign proceeding may be pending with respect to the same subject matter and between the same parties before the Moroccan courts.

Prospective investors in Notes should be aware that, pursuant to Moroccan law, the Kingdom's properties and assets, including, *inter alia*, commercial assets of the Kingdom, located in the Kingdom are immune from execution, attachment or other legal or judicial process, and, in any Related Proceeding brought in Moroccan courts against the Kingdom or brought in those courts to enforce or seek recognition of a judgment obtained outside Morocco, the Kingdom's waiver of immunity referred to above would not be given effect. Investors should therefore be aware that the waiver of immunity is likely to be ineffective in respect of the attachment of assets and properties located in the Kingdom.

See "*Risk Factors—Risks Relating to an Investment in the Notes—Jurisdiction and Sovereign Immunity*".

FORWARD-LOOKING STATEMENTS

This Offering Circular includes statements that are, or may be deemed to be, "**forward-looking statements**". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or in relation to discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the Kingdom's current intentions, plans, estimates, assumptions, programmes, beliefs or expectations.

These statements are based on the Kingdom's current plans, estimates, assumptions and projections. Future events may differ materially from those expressed or implied by such forward-looking statements. Therefore, prospective investors should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and the Kingdom undertakes no obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks. The Kingdom cautions prospective investors that many factors could affect the future performance of the Moroccan economy.

A number of factors could cause future results to differ materially from those expressed in any forward-looking statements made herein, including external factors, such as:

- the impact of the conflict in Ukraine on supply chains, energy prices and on national, regional and global economies and geo-politics;
- the ongoing and historical impacts of the COVID-19 pandemic on national, regional and global economies;
- regional security concerns in the Middle East and North Africa ("**MENA**"), including the spillover effect of conflicts in Libya, Syria and Iraq and the potential increase in terrorist activity in the region;
- economic conditions in Morocco's major trading partners, in particular any economic slowdown in the EU, and host countries of Moroccans resident abroad (referred to by the French-language acronym "**MREs**");
- the impact of the high inflation, including, *inter alia*, with respect to the level of remittances from MREs;
- interest rates in financial markets outside of Morocco;
- the impact of changes in the credit ratings of Morocco;
- the impact of changes in the international prices of commodities, in particular natural gas and other commodities that benefit from subsidies; and
- the decisions of international financial institutions regarding the terms of their financial assistance to Morocco and the funding of new or existing projects over the life of the Notes,

as well as internal factors, such as:

- the response of the Government of the Kingdom (the "**Government**") to, and the impact on the Government's finances from, increased energy prices and the COVID-19 pandemic;
- general economic and business conditions in Morocco;

- present and future exchange rates of the Dirham;
- foreign currency reserves;
- natural disasters and outbreaks of disease;
- the impact of the climate, in particular rainfall, on agriculture;
- terrorism;
- the level of domestic debt;
- domestic inflation;
- the ability of the Kingdom to implement economic reforms;
- the levels of foreign direct and portfolio investment; and
- the levels of Moroccan domestic interest rates.

See "*Risk Factors*" for a discussion of these factors.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated, all annual information, including budgetary information, is based on calendar years. Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures, which precede them. It should be noted that certain historic data set out herein may be subject to amendment as a result of more accurate and updated information becoming available. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies of the Kingdom, including the *Haut Commissariat au Plan* (the "**HCP**") and the *Ministère de l'Economie et des Finances* (the "**Ministry of Economy and Finance**"), as well as *Bank Al-Maghrib*, Morocco's central bank ("**Bank Al-Maghrib**") and the *Office des Changes*. Some statistical information has also been derived from information made publicly-available by the World Bank and the International Monetary Fund (the "**IMF**"). Certain historical statistical information contained herein is based on estimates that the Kingdom or its agencies believe to be based on reasonable assumptions.

Statistics are maintained by these sources in Dirhams, U.S. Dollars or Euros, as applicable. Certain statistics recorded in currencies other than Dirhams have been converted into Dirhams at the exchange rates indicated in this Offering Circular. Similar statistics may be obtained from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Although every effort has been made to include in this Offering Circular the most reliable and the most consistently presented data, no assurance can be given that such data were compiled or prepared on a basis consistent with international standards. However, as far as the Government is aware and is able to ascertain from the information published by these entities, the information has been accurately reproduced, and no facts have been omitted, which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Offering Circular, the source of such information has been identified.

See "*Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—Statistics*".

Review and Adjustment of Statistics

The Kingdom's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures and may be subsequently adjusted or revised.

As is customary, the HCP has updated the base year of the Kingdom's national accounts from 2007 to 2014, which resulted in changes to real growth rates for the period 2017-19, as well as a revaluation of nominal GDP for the years 2014-19. In addition, certain of the information and data contained in this Offering Circular for all or part of the fiscal years 2021 and 2022 and interim periods in 2022 and 2023 are preliminary and subject to further adjustment or revision. While the Government does not expect revisions to be material, no assurance can be given that material changes will not be made.

Data Dissemination

The Kingdom is a subscriber to the IMF's Special Data Dissemination Standard (the "**SDDS**"), which is designed to improve the timeliness and quality of information of subscribing member countries. The SDDS requires subscriber countries to provide schedules indicating, in advance, the date on which data will be released, the so-called "Advance Release Calendar". For Morocco, precise dates or "no-later-than dates" for the release of data under the SDDS are disseminated no later than three months in advance through the Advance Release Calendar, which is published on the Internet under the IMF's Dissemination Standards Bulletin Board (the "**DSBB**"). Summary methodologies of all metadata to enhance transparency of statistical compilation are also provided on the Internet under the DSBB.

The website is https://dsbb.imf.org/sdds/country/MAR/category. The website and any information on it are not part of this Offering Circular.

Definitions

References in this Offering Circular to "**Dirhams**" and "**Dh**" refer to the currency of Morocco; references to "**Euros**" and "**€**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union; and references to "**U.S. Dollars**" and "**U.S.$**" are to the currency of the United States.

Gross Domestic Product ("**GDP**") is a measure of the total value of final products and services produced in a country. "**Nominal GDP**" measures the total value of final production in current prices. "**Real GDP**" measures the total value of final production in constant prices, thus allowing historical GDP comparisons that exclude the effect of inflation. For the purposes of this Offering Circular, Real GDP figures are calculated by reference to previous year prices. Unless otherwise stated, references in this Offering Circular to "**GDP**" are to Real GDP figures.

EXCHANGE RATE HISTORY

For ease of presentation, certain financial information included herein is presented as translated into U.S. Dollars and Euros. As at 16 February 2023, the closing transfer exchange rates, expressed as an average of the selling and buying rate as quoted by Bank Al-Maghrib, were U.S.$1 = Dh 10.311 and €1 = Dh 11.036.

The following tables set forth the exchange rate history for the periods indicated, expressed in Dirhams per U.S. Dollar and Dirhams per Euro, respectively, as published by Bank Al-Maghrib.

Dirham to U.S. Dollar Exchange Rate History

	Low	**High**	**Average**	**Period End**
		(Dirhams per U.S.$1.00)		
2023 (*up to and including16 February 2023*).......	10.065	10.537	10.239	10.311
2022..	9.205	11.095	10.167	10.448
2021..	8.791	9.285	8.9912	9.280
2020..	8.891	10.310	9.502	8.905
2019	9.462	9.747	9.616	9.593
2018..	9.125	9.607	9.383	9.566
2017..	9.301	10.185	9.697	9.330

Source: Bank Al-Maghrib.

Dirham to Euro Exchange Rate History

	Low	**High**	**Average**	**Period End**
		(Dirhams per €1.00)		
2023 (*up to and including 16 February 2023*)......	10.901	11.166	11.031	11.036
2022..	10.300	11.163	10.686	11.159
2021..	10.379	10.902	10.634	10.517
2020..	10.511	11.183	10.823	10.935
2019..	10.601	12.943	10.769	10.765
2018..	10.770	11.398	11.091	10.953
2017..	10.583	11.208	10.927	11.187

Source: Bank Al-Maghrib.

The rates in the above tables may differ from the actual rates used in the preparation of the information appearing in this Offering Circular. The inclusion of these exchange rates is not meant to suggest that any amount of the currencies specified above has been, or could be, converted into the applicable currency at the rates indicated or at any other rate.

TABLE OF CONTENTS

OVERVIEW

This section contains an overview of the detailed information included elsewhere in this Offering Circular. This overview does not contain all of the information that may be material to prospective investors and, therefore, should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Offering Circular, as well as related documents referred to herein. Prospective investors should also carefully consider the information set forth in "Risk Factors" prior to making an investment decision. Any decision to invest in the Notes should be based on the consideration of this Offering Circular as a whole by prospective investors.

Overview of the Kingdom

The Kingdom of Morocco is situated in the north-west corner of Africa and covers an area of approximately 710,850 square kilometres (274,461 square miles). It has a coastline of approximately 3,500 kilometres (2,174 miles) on the shores of the Atlantic Ocean and, east of the Straits of Gibraltar, on the Mediterranean Sea, facing southern Spain, which is less than 15 kilometres (9.3 miles) away across the Straits of Gibraltar. Morocco is bordered to the north by the Mediterranean Sea, to the east by Algeria, to the south by Mauritania and to the west by the Atlantic Ocean.

At 20 February 2023, the total population of Morocco was estimated by the HCP at 36.9 million. The latest census figures in 2014 and 2004 placed the total population of Morocco at 33.8 million and 29.8 million, respectively. The population grew at an average rate of 1.25% per year during the period 2004-2014. The proportion of the population living in the cities (the largest of which are Casablanca, Marrakesh, Fez and Rabat, the capital) has increased from 55.1% in 2004 to an estimated 64.0% in 2021. An estimated five million MREs live overseas, predominantly in Europe, with the greatest concentration in France, Spain, Belgium, Italy, the Netherlands and Germany. The demographic structure shows a predominantly young population. As at the end of 2021, an estimated 25.2% of the population was under the age of 15.

The state religion of the Kingdom is Islam. Pursuant to the 2011 Constitution, freedom of religion is respected. Almost the entire population is Sunni Muslim, and His Majesty King Mohammed VI, as Commander of the Faithful, is the supreme Muslim authority in the country. Approximately 1% of the population consists of Christian and Jewish Moroccans.

Pursuant to Article 1 of the 2011 Constitution, Morocco is a constitutional, democratic, parliamentary and social monarchy. The King is the Head of State and selects the Head of Government from the political party with the largest number of seats in Parliament.

The Kingdom's first Constitution was adopted in 1962 and was subsequently amended several times. Following demonstrations in Casablanca, Morocco's largest city, and Rabat, the capital, as well as other major cities in Morocco beginning on 20 February 2011 in the context of the events of the Arab Spring and an address on 9 March 2011 by King Mohammed VI to the nation in response to calls for reform from the 20 February Movement, a commission was convened to draft a new constitution. The 2011 Constitution was approved by referendum on 1 July 2011.

The principal changes implemented by the 2011 Constitution include: (i) enhancing the separation of powers and strengthening the powers of the Parliament and the Head of Government; (ii) setting out principles of liberty, democracy and civil rights, including with respect to women's rights; (iii) enhancing the rule of law; (iv) defining the constitutional roles of political parties and the Parliamentary opposition, which is granted official recognition; (v) further regionalisation; and (vi) other measures to promote civil society, such as encouraging good governance and combating corruption.

The 2011 Constitution provides that the official languages of the Kingdom are Arabic and Amazigh, a Berber language. Organic Law № 26-16, promulgated by decree № 1-19-121 of 12 September 2019 provided for the integration of Amazigh in education and in priority areas of public life. A number of other Berber dialects, including Tachelhit and Tarifit, are spoken in many rural areas. French, English and Spanish are also spoken, with French being widely spoken and the language in which business is often conducted.

In the September 2021 House of Representative elections, the *Rassemblement National des Indépendants* ("**RNI**") won the most seats (although not an outright majority) with *Parti Authenticité et Modernité* ("**PAM**") in second position and *Parti Istiqlal* ("***Istiqlal***") in third position. In October 2021, King Mohammed VI named a new coalition government of members of the RNI, PAM and *Istiqlal* parties, headed by Aziz Akhannouch. The three parties of the coalition government hold 270 seats out of the 395 seats in the House of Representatives.

The size of the Moroccan economy, measured in terms of GDP, was Dh 1,371.8 billion in 2022 (at current prices) according to preliminary estimates, as compared to Dh 1,284.2 billion in 2021. Morocco's economic growth depends to various degrees on several key sectors. In 2021, value added from the tertiary sector (including, *inter alia*, trade, hotels and restaurants, transportation, post and telecommunications, financial activities and other services) increased by 6.4%, as compared to 2020, the secondary sector (including, the extraction industry, the manufacturing industry, electricity and water and building and public works) increased by 6.8%; and the primary sector (including agriculture, forestry and fishing) increased by 17.6%. Although the agricultural sector plays an important role in the Moroccan economy and is volatile due to the impact of a variable climate on agricultural output, the secondary and tertiary sectors' share of GDP have been steadily increasing over the last five years, lessening the Moroccan economy's dependence on agriculture.

The following table sets forth the principal economic indicators for Morocco as at the end of the years indicated.

Principal Economic Indicators[1]

	2018	2019	2020	2021	2022[2]
GDP at current prices (*Dh billions*)[3]	1,195.2	1,239.8	1,152.4	1,284.2	1,371.8
Real GDP Growth (*%*)[4]	3.1	2.9	(7.2)	7.9	1.5
GDP *per capita* at current prices (*Dh*)	33,937	34,840	32,055	35,363	37,410
Unemployment rate					
Total (%)	9.5	9.2	11.9	12.3	11.8
Urban (%)	13.8	12.9	15.8	16.9	15.8
CPI Increase (*%*)[5]	1.6	0.2	0.7	1.4	6.6
Government budget balance					
in Dh millions	(41,658)	(46,861)	(82,342)	(75,628)	(69,452)
as % of GDP[6]	(3.5)	(3.8)	(7.1)	(5.9)	(5.1)
Current Account Balance					
in Dh millions	(58,368)	(42,419)	(13,437)	(29,149)	—
as % of GDP	(4.9)	(3.4)	(1.2)	(2.3)	—
Official Reserves Assets (*Dh millions*)[7]	233,744	253,381	320,568	330,829	337,645
Official Reserves Assets (*months of imports*)[8]	5.4	6.9	7.1	5.3	5.5
Total Central Government Debt[9]					
in Dh billions	722.6	747.3	832.6	885.3	951.7
as % of GDP	60.5	60.3	72.2	68.9	69.4
Total Consolidated General Government Debt[10]					
in Dh billions	621.4	655.1	747.7	799.3	880.1
as % of GDP	52.0	52.8	64.9	62.2	64.2
Public External Debt (*as % of GDP*)[9]	27.4	27.5	32.7	29.5	30.9
Debt Service (*as a % of Current Receipts of Balance of Payments*)	5.8	5.7	9.2	7.7	6.5
Exchange Rate (*Dh per €*)[8]	10.953	10.765	10.935	10.517	11.159
Exchange Rate (*Dh per U.S.$*)[8]	9.566	9.593	8.905	9.280	10.448

Sources: HCP, Bank Al-Maghrib and Ministry of Economy and Finance.

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.
(3) At prices current during each respective year.
(4) Calculated by reference to previous year prices.
(5) Period average to period average.
(6) Excluding privatisation receipts.
(7) As at 31 December 2022, official reserves assets were U.S.$32.3 billion, representing the equivalent of 5.5 months of imports. For net foreign assets figures, see *"Monetary and Financial System—Foreign Assets*".
(8) Calculated at the end of period.
(9) Central Government debt is comprised of the domestic and external debt of the central Government (excluding deposits). See "*Public Debt*".
(10) Total consolidated general Government debt is comprised of central Government debt, plus debt of certain administrative public establishments, minus public debt held by social security funds and plus debt of local authorities. See "*Public Debt*".

Overview of the Offering

*The following is an overview of the terms and conditions of the Notes. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Circular. Prospective investors should also carefully consider the information set forth in "Risk Factors" prior to making an investment decision. Capitalised terms not otherwise defined in this overview have the same meaning as in the relevant terms and conditions of the Notes (the "**Conditions**"). See "Terms and Conditions of the Notes" and "Provisions Relating to the Notes while in Global Form" for a more detailed description of the Notes.*

Issuer..	The Kingdom of Morocco.
Joint Lead Managers..	BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank Aktiengesellschaft and J.P. Morgan Securities plc.
Financial Adviser..	Lazard Frères SAS
Fiscal Agent and Paying Agent..........................	Citibank N.A., London Branch.
Registrar..	Citibank Europe plc.
The 2028 Notes..	
The 2028 Notes	U.S.$1,250,000,000 5.950% Notes due 2028.
Issue Price...	98.855% of the principal amount of the 2028 Notes.
Issue Date...	8 March 2023.
Maturity..	Unless previously redeemed or purchased and cancelled, the 2028 Notes will be redeemed at their principal amount on 8 March 2028, subject as provided in Condition 6. See "*Terms and Conditions of the Notes—5. Redemption. Purchase and Cancellation*".
Interest	The 2028 Notes will bear interest from and including the Issue Date at the rate of 5.950% *per annum*, payable semi-annually in arrear on 8 March and 8 September in each year, subject as provided in Condition 6, commencing on 8 September 2023. See "*Terms and Conditions of the Notes—4. Interest*".
Indication of Yield	6.220% *per annum*. This yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Security Codes	Regulation S Notes Common Code: 259502845 ISIN: XS2595028452 Rule 144A Notes Common Code: 259643490 ISIN: US617726AN49 CUSIP: 617726AN4
The 2033 Notes..	
The 2033 Notes	U.S.$1,250,000,000 6.500% Notes due 2033.
Issue Price...	99.236% of the principal amount of the 2033 Notes.

Issue Date	8 March 2023.
Maturity	Unless previously redeemed or purchased and cancelled, the 2033 Notes will be redeemed at their principal amount on 8 September 2033, subject as provided in Condition 6. See "*Terms and Conditions of the Notes—5. Redemption. Purchase and Cancellation*".
Interest	The 2033 Notes will bear interest from and including the Issue Date at the rate of 6.500% *per annum*, payable semi-annually in arrear on 8 March and 8 September in each year, subject as provided in Condition 6, commencing on 8 September 2023. See "*Terms and Conditions of the Notes—4. Interest*".
Indication of Yield	6.602% *per annum*. This yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Security Codes	Regulation S Notes Common Code: 259502870 ISIN: XS2595028700 Rule 144A Notes Common Code: 259643562 ISIN: US617726AP96 CUSIP: 617726AP9
Status	The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Kingdom. The Notes shall at all times rank *pari passu*, without any preference among themselves and at least *pari passu* with all other unsecured External Indebtedness (as defined in the Conditions) of the Kingdom from time-to-time outstanding. The Kingdom shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and *vice versa*. The full faith and credit of the Kingdom is pledged for the due and punctual payment of the principal of, and interest on, the Notes and the performance of all of the Kingdom's other obligations under the Notes. See "*Terms and Conditions of the Notes—2. Status*".
Negative Pledge	The Conditions contain a negative pledge provision. See "*Terms and Conditions of the Notes—3. Negative Pledge*".

Form and Settlement	Each series of Notes will initially be issued in the form of a Regulation S Global Note and a Rule 144A Global Note, each in registered form and without interest coupons. The Regulation S Global Note of each series of Notes will be registered in the name of a nominee for, and shall be deposited with a common depositary for, Euroclear and Clearstream, Luxembourg. The Rule 144A Global Note of each series of Notes will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC. For each series of Notes, ownership interests in the relevant Regulation S Global Note and the relevant Rule 144A Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear, Clearstream, Luxembourg and their respective participants. Notes in definitive form will be issued only in very limited circumstances. See "*Provisions Relating to the Notes while in Global Form*".
Denominations	The Notes will be offered and sold in registered form and in denominations of U.S.$200,000 and any amount in excess thereof that is an integral multiple of U.S.$1,000. See "*Terms and Conditions of the Notes—1. Form, Denomination, Title, Registration and Transfer*".
Taxation	All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Kingdom or any political subdivision or any authority thereof or therein having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. In that event, the Kingdom shall pay such additional amounts as will result in the receipt by the holders of the Notes (the "**Noteholders**") of such amounts as would have been received by them if no such withholding or deduction had been required, subject to certain exceptions set forth under "*Terms and Conditions of the Notes—7. Taxation*" and "*Taxation*".
Events of Default	The Conditions will permit the acceleration of the Notes following the occurrence of certain events of default. See "*Terms and Conditions of the Notes—8. Events of Default*".
Governing Law	The Notes and any non-contractual obligations arising out of, or in connection with, the Notes are governed by, and shall be construed in accordance with, English law.
Submission to Jurisdiction	The Kingdom has submitted to the non-exclusive jurisdiction of the courts of England and Wales to settle disputes in connection with the Notes.
Use of Proceeds	The Kingdom intends to use the net proceeds of the issue of the Notes to partially finance the 2023 budget deficit. See "*Use of Proceeds*".
Listing and Admission to Trading	Application has been made to the FCA for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the Market.

Ratings	Long-term foreign-currency debt of the Kingdom is currently rated BB+ with a stable outlook by S&P and Ba1 with a stable outlook by Moody's. The Notes are expected to be rated BB+ by S&P and Ba1 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating organisation. See "*Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—The Kingdom's Credit Ratings*".
Risk Factors	There are certain risks relating to the Notes, which investors should ensure they fully understand. These include the fact that the Notes may not be suitable investments for all investors, and risks relating to the Kingdom and to the market. See "*Risk Factors*".
Selling Restrictions	There are restrictions in the United States, the United Kingdom and certain other jurisdictions in connection with the offering and sale of the Notes. See "*Subscription and Sale*".

RISK FACTORS

Before making an investment decision, prospective investors should carefully review the specific risk factors described below, in addition to the other information contained in this Offering Circular. The Kingdom believes that the following factors may affect the Kingdom's ability to fulfil its obligations under the Notes. The Kingdom's results, financial condition and prospects could be materially affected by each of these risks presented. Also, other risks and uncertainties not described herein could affect the Kingdom's ability to fulfil its obligations under the Notes. Additional risks and uncertainties not presently known to the Kingdom, or that the Kingdom currently believes are immaterial, could impair the ability of the Kingdom to fulfil its obligations under the Notes. Certain other matters regarding the operations of the Kingdom that should be considered before making an investment in the Notes are set out in other sections of this Offering Circular. In this Offering Circular, the most material risk factors have been presented at the beginning in each category. The order of presentation of the remaining risk factors in each category in this Offering Circular is not intended to be an indication of the probability of their occurrence or of their potential effect on the Kingdom's ability to fulfil its obligations under the Notes.

RISKS RELATING TO THE KINGDOM

Risks Relating to the Kingdom's Finances and Economy

Impact of the Ongoing Conflict between Russia and Ukraine

In February 2022, Russian forces invaded Ukraine, and Russia recognised the independence of the so-called "Donetsk People's Republic" and the "Lugansk People's Republic", two separatist regions within Ukraine, and a military conflict has since commenced between Russia and Ukraine. These actions led the United States, the European Union and the United Kingdom, among others, to impose economic sanctions against Russia, Russian government officials and Russian corporates and financial institutions. The ongoing conflict has had a significant impact on international capital markets, investor sentiment and commodity prices (including oil and gas, which has led to rising fuel prices, and arable crops, which has led to rising food prices). The sanctions announced to date include restrictions on selling or importing goods, services or technology in or from affected regions, travel bans and asset freezes impacting connected individuals and political, military, business and financial organisations in Russia. Such sanctions have direct and indirect effects on the Kingdom, as is the case with other participants in the global economy, which could become more significant if the Kingdom does not comply or is not seen to adequately comply with the sanctions.

There remains a risk of further escalation and a resulting further impact on geopolitical conditions. Western and allied governments could impose wider sanctions and take other actions should the conflict further escalate. In particular, further increased prices and supply shortages of products imported by the Kingdom, such as wheat and energy, has led, and could continue to contribute, to inflationary pressures in the Kingdom. While the full extent of the impact of the conflict remains to be seen, the effects of the conflict could materially affect the Kingdom's finances, due, in part, to the resulting effects on expenditures on relevant subsidies, and the overall performance of the Kingdom's economy. See "*—Impact of Global Inflationary Trends*".

Impact of Global Inflationary Trends

Recent global social, health, political and economic events, including the invasion of Ukraine by Russia and the related sanctions imposed on Russia by western and allied governments and the ongoing COVID-19 pandemic, have given rise to substantial volatility in financial markets, threats to the global food supply and elevated levels of energy prices, which have, in turn, caused a global increase in inflation and, if sustained, are expected to apply further pressure on inflation levels, which may, in turn, lead to an increase in interest rates and a slowdown in the global economy or economic recession. Any such global deterioration in market or economic conditions could, in turn, adversely impact the Kingdom's finances and overall economy.

Following a period of mild inflation until the end of 2021 (with inflation of 1.4% in 2021), inflation has increased in Morocco in line with global and regional trends. In December 2022, the consumer price index ("**CPI**") increased year-on-year by 8.3%, resulting in average annual inflation for 2022 of 6.6%, driven by rising food and energy prices worldwide. Bank Al-Maghrib currently estimates that inflation will decrease to 3.9% in 2023. In each of September 2022 and December 2022, Bank Al-Maghrib raised the policy rate by 50 basis points, to 2.5% in December 2022, (the first increases in the rate since 2008), in an attempt to ease inflationary pressures.

As a result of the current risks and uncertainties in the global agricultural product markets, driven by supply issues stemming from the conflict in Ukraine, in particular, the Government has increased, and may be required to further increase, at least on a temporary basis, expenditures related to domestic subsidies, including those related to wheat and butane gas prices, which will likely, in turn, negatively impact Government finances and increase the budget deficit. Any prolonged period of rising inflation and increased subsidies may result in slow or stagnant economic growth in the Kingdom, in particular, if combined with slowing economic expansion and elevated unemployment levels. Inflation may be further driven by supply chain disruptions and labour shortages and the imposition of further restrictions on movement due to any future failure to contain the spread of COVID-19 variants or other communicable diseases.

COVID-19 Pandemic

The COVID-19 pandemic has had serious economic and social effects around the world. Besides the major health crisis, the pandemic has resulted in lower economic growth at regional and global levels, significant volatility in financial markets, reduced global liquidity and trade, and decreases in tourism and export-related industries, all of which affected countries around the world, including the Kingdom.

Since the outset of the COVID-19 pandemic, the Government and Bank Al-Maghrib have introduced a number of policies aimed at limiting the spread of the virus, as well as financial measures aimed at mitigating the potential economic impact of the crisis. See "*The Moroccan Economy—Response to COVID-19*". Restrictions were placed on travel, public transport and public gatherings, and prolonged closures of workplaces have been required. The crisis impacted all sectors of the Kingdom's economy. In 2020, the Kingdom's real GDP contracted by 7.2%, primarily due to the impact of the COVID-19 pandemic and the resulting restrictions on economic activity. The Government took measures to mitigate economic harm while managing the impact of the pandemic. For example, Government-guaranteed loans were made available to businesses, an emergency fund was created to provide support to the economic sectors worst affected by the COVID-19 pandemic, and Bank Al-Maghrib adopted monetary policies and prudential measures to support access to bank credit. These and other measures allowed the Kingdom to reopen its economy and ease restrictions relatively quickly, although both may continue to be affected by future restrictions or an increase of COVID-19 infections.

On 19 March 2020, the Government announced a "Health State of Emergency" as part of its emergency measures to limit the spread of COVID-19. During this period, which is expected to remain in effect until at least 28 February 2023 (having been extended on a number of occasions), each region has been categorised as either "Zone 1" or "Zone 2", with Zone 1 allowing more economic activity and Zone 2 remaining more restrictive (movement during the day is limited to essential work, shopping, medical care, purchasing medicine and medical supplies, and emergency situations only). Since 20 July 2020, no regions have been designated as "Zone 2". As vaccinations became available, the Government implemented a successful vaccination campaign, and infections declined in 2021 from 2020 levels. As of 29 January 2023, approximately 66.8% of the population have received at least one dose of COVID-19 vaccine, according to statistics published by *Our World in Data*.

According to preliminary figures, real GDP is estimated to have grown by 1.5% in 2022, as compared to 7.9% in 2021. There can be no assurance that new variants or other developments relating to COVID-19 will not result in the reintroduction of restrictions on travel and economic activity in the future, which could, in turn, have a material adverse impact on the Kingdom's economy.

The COVID-19 pandemic has also produced an increase in unemployment, the scale of which remains unclear. As at 31 December 2022, the total unemployment rate was 11.8%, as compared to the 2019 pre-pandemic level of 9.2%. Should unemployment not return to pre-crisis levels, there may be social dislocation and unrest. In addition, it cannot be determined what impact the crisis will have on inflation and other macro-economic indicators.

Global trade and economic conditions in other countries have also been adversely affected to a significant extent, and they have had, and may continue to have, an adverse impact on Morocco (for example, through lower trade). In addition, while economies have continued to re-open in 2022, no prediction can be made as to the scope or the scale of systemic changes to the Kingdom's economy that will result from the pandemic. The COVID-19 pandemic had a direct and severe impact on tourism and exports in 2020 and 2021.

Furthermore, the emergence of new COVID variants (especially those for which the current vaccines are less effective) and uncertainty around their health risks and the efficacy of vaccinations pose potential risks to the Kingdom's economic, external and fiscal positions. Despite the Kingdom's measures to mitigate its effects and the recovery of its economy in 2021 and 2022, given the uncertainty of the lasting effect of the COVID-19 pandemic, the financial impact on the Kingdom's economy cannot be determined, but the Government expects the impact to be significant and adverse.

Economic Risk

Over the last 15 years, successive governments have embarked upon an adjustment programme designed to remedy past structural imbalances of the Kingdom's economic and fiscal situation and have generally adopted tight fiscal and monetary policies, liberalised foreign trade, deregulated sectors of the economy and privatised various state-owned enterprises. These policies, however, have at times been moderated by (i) a concern over their effect on socially-vulnerable groups, (ii) political developments, particularly strikes in the private and public sector and (iii) the need to respond to the deteriorating economic conditions in the Kingdom's key trading partners, including the EU. In response, the Government has adopted an economic reform programme, which includes targets to increase the average economic growth rate, reduce the fiscal deficit, reduce public debt, reduce inflation and reduce the unemployment rate.

Overall, despite the implementation of a wide range of economic reforms to date, Morocco's economic performance has in the past been hampered by its large public sector, vulnerability of agricultural production to drought (with the drought in 2022 the third drought in five years), reliance on exports of phosphates and phosphate derivatives and unemployment (with the total unemployment rate being 11.8% in 2022, and youth unemployment (persons aged between 15 to 24 years) being 32.7%). Economic spillovers from the conflict in Ukraine have also negatively affected Morocco's economy and led to inflationary pressures. See "*—Impact of the Ongoing Conflict between Russia and Ukraine*". In recent years, the Moroccan economy has experienced uneven growth, with Real GDP growth of 5.1% in 2017, 3.1% in 2018 and 2.9% in 2019, a contraction of 7.2% in 2020 and growth of 7.9% in 2021. Credit rating agencies have commented that the Kingdom's GDP *per capita* (which, at current prices, was Dh 33,937 in 2018, Dh 34,840 in 2019, Dh 32,055 in 2020, Dh 35,363 in 2021 and Dh 37,410 in 2022) is lower than that of similar rated sovereigns.

Morocco's current account deficit was 3.2% of GDP in 2017, 4.9% in 2018, 3.4% in 2019, 1.2% in 2020 and 2.3% in 2021. The increase in the current account deficit in 2021 was partially due to an increase in international oil prices and the corresponding impact on the cost of energy imports. Since 2007, the current account deficit has been financed, at least in part, by increased borrowing. If the current account deficit is not reduced, further levels of foreign direct investment ("**FDI**") or borrowing will be needed to finance the deficit, which could negatively affect the Kingdom's economy.

Official reserves assets represented 5.4 months as at 31 December 2018, 6.9 months as at 31 December 2019, 7.1 months as at 31 December 2020, 5.3 months as at 31 December 2021 and 5.5 months as at 31 December 2022. If official reserves assets significantly decline, this may impact Morocco's ability to service its external debt. Likewise, any rapid or significant changes in the exchange rate of the Dirham to the Euro, the U.S. Dollar or any other currency in which Morocco has borrowed funds, may impact Morocco's ability to service its external debt, including the Notes.

Investment in the emerging market generally poses a greater degree of risk than investment in more mature market economies because the emerging market economies are more susceptible to destabilisation resulting from domestic and international developments than those in more matured market economies.

The Moroccan economy remains vulnerable to external shocks, including events part of, or similar to, the conflict in Ukraine and the related increase in energy prices and inflation, the Arab Spring, the global financial crisis, the Eurozone crisis and the impact of the COVID-19 pandemic on world economies, as well as to increased international commodity prices. A decline in the economic growth of, or receipt of remittances from, the Kingdom's major trading partners, such as France, Spain or the United States, as a result of such external shocks, could have a material adverse impact on the Kingdom's balance of trade and current account balance and adversely affect the Kingdom's economic growth. Furthermore, if interest rates increase significantly in developed economies, including the United States and the Eurozone, Morocco could find it more difficult and expensive to raise external funding, which could adversely affect its economic growth.

In addition, the Dirham exchange rate is based on a basket of foreign currencies of Morocco's principal trading partners. Since April 2015, the weights for the currencies in the basket against which the Dirham is pegged is 60% percent for the Euro and 40% for the U.S. Dollar. Accordingly, if the European Central Bank or the U.S. Federal Reserve changes monetary policy or interest rates in response to conditions prevailing in the Eurozone or the United States, Bank Al-Maghrib may take a similar step even if economic conditions in Morocco differ from those in the Eurozone and the United States. This gives rise to a potential risk that the monetary policy tools available to Bank Al-Maghrib may be constrained due to the peg, which could have a negative impact on the Moroccan economy and, therefore, the Kingdom's finances. In each of September 2022 and December 2022, Bank Al-Maghrib raised the policy rate by 50 basis points, to 2.5% in December 2022, (the first increases in the rate since 2008), in an attempt to ease inflationary pressures.

There can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in the EU or the MENA region, including the Kingdom. In addition, there can be no assurance that these events will not adversely affect the Kingdom's economy and its ability to raise capital in the external debt markets in the future.

The Kingdom has benefitted from external support to fund economic and social programmes. For example, on 7 April 2020, as part of its response to the COVID-19 pandemic, the Kingdom drew on its precautionary and liquidity line with the IMF for an amount equivalent to approximately U.S.$3.0 billion. While external support currently remains forthcoming, any disruption to such support, or adverse change to the terms on which such support is granted, could have an adverse impact on the Government's ability to meet the targets of its economic recovery plan and other reform programmes.

There can be no assurance that the Kingdom will be able to adequately address these and other economic issues or that economic growth will continue. Any failure to maintain economic growth or address continuing economic issues will negatively affect investor confidence in the Kingdom and the willingness of investors to invest money, and engage in transactions in, the Kingdom and will affect the Government's finances and, accordingly, the Kingdom's capacity to service its debt (including the Notes).

Budget Deficit, Trade Deficit and Remittances

Morocco's budget deficit was 3.5% of GDP in 2018, increasing to 3.8% of GDP in 2019 and 7.1% of GDP in 2020, before decreasing to 5.9% of GDP in 2021 and 5.1% of GDP in 2022 (based on preliminary figures). The key contributor to the increased budget deficits since 2019 has been the COVID-19 pandemic and its impact on the national economy. Morocco's primary deficit was 1.3% of GDP in 2018, 1.6% in 2019, 4.8% in 2020, 3.8% in 2021 and 3.0% in 2022 (based on preliminary figures).

In the 2021 budget, the Ministry of Finance suspended its rule requiring state debt to be exclusively used for investment expenditure (thereby permitting its use for current expenditure) until the economy had recovered from the impact of the COVID-19 pandemic (although, in practice, and given the improvement in finances in 2021, particularly tax revenues, the rule was complied with as at 31 December 2021) . This rule was reintroduced in the 2022 budget and is also included in the 2023 budget. However, as the full impact of the COVID-19 pandemic, as well as the impact of the conflict in Ukraine, is still uncertain, it is unclear whether this rule will need to be suspended again in the future and how any further suspension will affect Morocco's budget deficit.

Rising oil prices have negatively affected the Kingdom's budgetary performance. Since 2007, the budget deficit has been financed by increased borrowing. If the budget deficit is not reduced, further levels of Government borrowing will be needed to finance the deficit, which could negatively affect the Kingdom's economy. Conversely, if oil prices fall back to the lower levels seen in recent years, this may adversely affect the ability of Gulf Co-operation Council ("**GCC**") countries and other countries whose budgets are partially dependent on oil revenues to disburse grants or provide loans to the Kingdom.

In January 2018, the Government widened the band within which the Dirham is able to fluctuate from 0.3% to 2.5% on either side of the central rate. A further widening of the band was adopted on 9 March 2020, to plus or minus 5% on either side of the central rate. These measures reflected the first stage in the planned transition from a fixed exchange rate regime to a more flexible exchange rate regime, which is expected to be spread over several stages. There can be no assurance, however, when the full transition will be completed, if at all, and whether such transition will be successful and have a positive impact on the Moroccan economy and banking system.

During the period 2017-2021, Morocco's trade deficit has increased by Dh 3.9 billion, or 2.2%. In 2021, the trade deficit was Dh 178.8 billion, as compared to Dh 147.5 billion in 2020, an increase of Dh 31.3 billion, or 21.2%. This increase was primarily due to imports increasing at a higher rate than exports in 2021. The trade deficit contributed to a negative current account balance in 2021, which represented 13.9% of GDP in 2021, as compared to 12.8% in 2020. These deficits have generally been offset by capital account inflows, as well as by inflows from remittances, tourism and other services. If these deficits persist or increase, due to, among other factors, decreases in inflows from remittances, tourism and other services, it could limit the growth of the Moroccan economy and strain the finances of the Government.

In addition, the Moroccan economy has historically benefited from strong remittance flows from MREs. In 2018, MRE remittances amounted to Dh 64.9 billion, and increased to Dh 109.2 billion in 2022 (based on preliminary figures). Should there be a return to lower oil prices, an economic downturn in Eurozone countries or other factors that may reduce money available to MREs, this could affect the ability of MREs (in particular from Gulf or Eurozone countries) to provide remittances.

Public Debt

Morocco's central Government debt is comprised of the domestic and external debt of the central Government (excluding deposits), consolidated central Government debt is comprised of central Government debt plus the debt of certain administrative public establishments (extra-budgetary central Government) and deposits with the Treasury made by state-owned enterprises (excluding administrative public establishments) minus public debt held by social security funds and consolidated general Government debt is comprised of total consolidated central Government debt plus the debt of local authorities. Public external debt is comprised of the external debt of the treasury and the external debt of public enterprises and local authorities (guaranteed and non-guaranteed). In recent years, the Government has incurred significant internal and external debt, principally for the purpose of financing the fiscal deficit. Central Government debt as a percentage of GDP has increased from 60.3%, as at 31 December 2017, to 68.9%, as at 31 December 2021, and to 69.4%, as at 31 December 2022. Consolidated general Government debt as a percentage of GDP has increased from 50.5%, as at 31

December 2017, to 62.2%, as at 31 December 2021 and to 64.2% as at 31 December 2022. In 2021, net interest payments represented 8.9% of current expenditures, 8.5% of current revenues and 2.1% of GDP.

The Government guarantees certain debts of the Kingdom's state-owned enterprises and local authorities. The amounts outstanding under guarantees (which are included in public external debt) have increased from Dh 125.7 billion as at 31 December 2017 to Dh 132.7 billion as at 31 December 2022. The ratio of external indebtedness of state-owned enterprises to GDP of 15.6% as at 31 December 2017 decreased to 13.6% as at 31 December 2022.

Although the Government intends to reduce Government debt, including as a percentage of GDP, through implementing major reforms relating to public finance, especially those relating to the subsidy system, taxation, public investment management, public enterprises and pension regimes, there is no assurance that it will be able to do so or that the level of Government-guaranteed state-owned enterprise debt will decrease. The failure to reduce Morocco's Government debt could materially impair Morocco's capacity to service its debt.

Deterioration of Economic Conditions in the EU

The EU is Morocco's largest trading partner and exports to the EU accounted for 59.4% of the Kingdom's total exports in 2021. In addition, remittances from the EU accounted for approximately 67.9% of the Kingdom's total remittances in 2021, and remittances from MREs are dependent on, among other factors, the economic conditions in the relevant host countries. As a result, the Moroccan economy is affected by events in the Eurozone and the wider EU.

A decline in economic growth in Eurozone countries, any inability of such countries to issue securities in the sovereign debt market or to service existing debt or a protracted period of slow or negative economic growth in the Eurozone would reduce demand for Moroccan imports and may lead to reduced levels of FDI and tourism revenues received from the Eurozone. In addition, although Morocco and the United Kingdom signed a trade and continuity agreement to ensure that the two countries maintained relations after the United Kingdom left the EU, the impact of the United Kingdom's decision on the EU and Morocco cannot yet be fully determined and may be negative. These events could have a material adverse impact on Morocco's balance of trade and have a material adverse effect on the Moroccan economy.

Political and Geopolitical Risks Relating to the Kingdom

Political Risks

Concurrent with the events around the Arab World known as the "Arab Spring", predominantly peaceful demonstrations occurred in a number of Moroccan cities commencing on 20 February 2011, which led to the development of the 20 February Movement (the "**20 February Movement**"). In response to calls for reform from the 20 February Movement, on 9 March 2011, King Mohammed VI announced a plan to reform the constitution and established an advisory committee to propose constitutional reforms. The new Constitution (the "**2011 Constitution**") was subsequently approved by a vote of the Moroccan people in a referendum on 1 July 2011. Since the approval of the 2011 Constitution, there have been further demonstrations, including in May 2012, calling for the implementation of economic and further constitutional reforms, as well as more recent demonstrations calling for measures to reduce unemployment. For example, in 2016 and 2017, there were protests in the northern Rif region following the death of a local fishmonger and further protests occurred in 2018 and 2019 following the imprisonment of certain protestors. Protests also took place in Jerada in 2018 following the deaths of two coal pit workers. In early 2019, thousands of teachers formed the Coordination for National Union, and held a series of protests for reforms to teachers' work conditions and fixed term contracts. There can be no assurance that further demonstrations or political protests will not take place. Such events could directly or indirectly affect Morocco and its economy.

Under the 2011 Constitution, the legislative branch consists of a bicameral Parliament, the House of Representatives and the House of Counsellors. Elections to the House of Representatives last took place in September 2021. These elections resulted in the RNI gaining the largest number of seats in Parliament, with PAM in second position and *Istiqlal* in third position. In October 2021, King Mohammed VI named a new coalition government of members of the RNI, PAM and *Istiqlal* parties, headed by Aziz Akhannouch. The three parties of the coalition government hold 270 seats out of the 395 seats in the House of Representatives.

In December 2019, King Mohammed VI established the *Commission Spéciale sur le Modèle de Développement* (the "**CSMD**"). Following a lengthy consultation undertaken across the Kingdom, in April 2021, the CSMD published a general report outlining its findings, entitled "*The New Development Model: Releasing energies and regaining trust to accelerate the march of progress and prosperity for all*" (the "**New Development Model**"). The New Development Model contains ambitious objectives and sets out comprehensive reforms to be taken in order to achieve them, thereby providing the basis for the Government's economic development programme up to 2035. The current Government programme is based on the New Development Model and comprises five key pillars and a number of economic targets. There can be no assurance that the Government programme, its current priorities within the scope of its programme or the other targets set out in the New Development Model, including any proposed political, economic and social reforms, will be implemented. Any failure of the Government to implement its programme or other targets set out in the New Development Model, in whole or in part, may lead to a deterioration of general economic and political conditions in the Kingdom.

The 2011 Constitution required the promulgation of 22 organic laws by the end of the Parliamentary term in 2016. This deadline was not met with respect to all organic laws. Organic laws that remain to be passed include those relating to the right to strike, and the conditions and modalities of the application of Article 133 (relating to the constitutionality of legislation) (although a draft of this law was adopted by the House of Representatives in April 2022 and passed for a second reading to the Commission of Justice, Legislation and Human Rights of the House of Counsellors in July 2022). Any failure to adopt the remaining organic laws implementing the reforms set out in the 2011 Constitution may lead to a deterioration of political conditions in the Kingdom.

Since 1975, Morocco has been involved in a territorial conflict in its southern region (the "**Sahara Region**"). Morocco has long asserted sovereignty over the territory and, ever since Spain's agreement in 1975 to withdraw from the Sahara Region and to return the territory to Morocco, the Popular Front for the Liberation of Saguia el Hamra and Rio de Oro (the "**Polisario Front**") has, at times, waged a violent campaign of resistance against Morocco with the military, logistical and diplomatic support of the Algerian government. In 1991, the United Nations arranged a ceasefire between Morocco and the Polisario Front and established the United Nations Mission for the Referendum in Western Sahara ("**MINURSO**"), which was mandated to monitor this ceasefire. In mid-November 2020, the Polisario Front declared an end to the ceasefire. The organisation of the referendum, which was initially part of the MINURSO mandate has not been possible to date. Currently, the United Nations is supervising a political process aimed at reaching a realistic, practicable and enduring solution that rests on compromise, in accordance with UN Security Council Resolution 2654, which was adopted on 27 October 2022. Since the initiative launched by Morocco in November 2020, the Guerguerate border crossing between Morocco and Mauritania has been operational for civilian and commercial traffic. Security costs associated with any military presence in the Sahara Region may increase if Polisario Front activities in the region increase.

Regional and International Considerations

The Kingdom is located in a region that has been subject to ongoing political and security concerns, especially in recent years. Political instability in the Middle East has increased since the terrorist attacks of 11 September 2001, the U.S.-led intervention in Iraq, the ongoing conflict in Syria, the threat of the so-called "Islamic State", the ongoing conflict in Yemen, instability and conflict in Libya and the crisis involving Qatar. Some Middle Eastern and North African countries have experienced in the recent past or are currently experiencing political, social and economic instability, extremism, terrorism, armed conflict and war, some of which have negatively affected the Kingdom in the past.

A number of Arab countries have experienced significant political and military upheaval, conflict and revolutions as part of the Arab Spring, which has led to the departure of long-time rulers in Tunisia, Egypt, Yemen and Libya. Among the short-term effects of the Arab Spring has been a destabilisation of the region and increased political and social instability. This instability is likely to continue for some years. In addition, a number of Arab countries, including Iraq, Libya, Syria and Yemen, have continued to experience significant civil unrest and internal conflict. In particular, the ongoing conflict in Syria has been the subject of significant international attention and intervention, including by the Russian military, and its impact and resolution are difficult to predict. Any further escalation of this conflict, additional international military intervention in Syria or a more aggressive stance by parties to the conflict could further destabilise the region. The instability caused by the ongoing conflict has been exacerbated by terrorist attacks by the so-called "Islamic State" in the region and internationally. Morocco has been adversely affected by these types of "contagion" effects in the past, including the violence involving the terrorist organisation known as the so-called "Islamic State" and other recent events of volatility in the MENA region.

The continuation of such events or the outbreak of new problems in the region could further strain political stability in the region and the Government's finances and negatively affect the Kingdom's economy.

Terrorism Risk

In recent years, the number of Islamic militants has grown in a number of Middle East and North African countries. Morocco has to date been less vulnerable to violent expressions of Islamic opposition, although Morocco has experienced "terrorist" attacks in the past. Further incidents of terrorism could strain political stability and the Government's finances and could, in particular, hamper several key sectors of the Moroccan economy, most notably tourism.

Other Risks Relating to the Kingdom

Socio-economic challenges

Morocco faces certain socio-economic challenges, including high levels of youth unemployment and underemployment. These challenges require continuing attention by the Government and could be further exacerbated by rising inflation or any inability to control inflation.

The total unemployment rate was 12.3% in 2021, as compared to 11.9% in 2020. Unemployment decreased slightly in 2022 to 11.8%. The percentage of the labour force aged 15 to 24 who were unemployed in 2022 was 32.7%, as compared to 31.8% in 2021. In addition, structural reforms, which the Government is in the process of implementing, such as further subsidy reform and the establishment of a social register aimed at better targeting social protection programmes, may have an adverse impact on the financial circumstances of certain sectors of the Moroccan population, which may continue to lead to instances of social unrest, as have been observed in the past.

The Kingdom's Variable Climate and Water Scarcity

Morocco has a variable climate and water shortage and drought are recurrent problems in many parts of Morocco. Low or unpredictable rainfall impacts on the Kingdom's primary sector activities, most notably in the agricultural sector, and such yearly rainfall variations continue to have a major effect on GDP, employment, prices and the balance of trade. Periods of drought have generally corresponded to declines in the rate of growth of GDP and periods of abundant rainfall have generally corresponded to increases in the rate of growth of GDP. For example, in 2022, Morocco experienced its worst drought in more than 40 years, with 64% less rainfall than average and a significant adverse impact on cereal production. The 2022 drought was the third drought in five years.

According to IMF statistics, the availability of water resources has decreased significantly in past decades and is projected to reach the absolute water scarcity threshold (of 500 m3 per person per year) by 2050. Increased drought frequency and intensity could lead to localised decreases in the availability of groundwater and surface water resources. Any increase in scarcity of water resources, in combination with demographic and urbanisation pressures, could require the Government to increase spending on water transportation (ensuring water reaches the required areas), desalination or other projects and reduce or interrupt large scale water-dependent or water-based projects. The 2023 budget provides for Dh 10.6 billion to manage the issue of water scarcity, and a number of projects are being implemented in this sector. There can be no assurance, however, that any actions taken to mitigate water scarcity will be successful or sufficient to address water shortages.

Morocco is dependent on the agricultural sector with approximately one third of the Moroccan workforce active in this sector. Droughts and other adverse climatic events, particularly if sustained over a long period, have negatively affected, and may in the future negatively affect, the Government's finances and rate of GDP growth.

Food and Energy Security

Morocco is a net importer of energy and imports more than 90% of its energy requirements, in particular oil products. Increasing oil prices cause both its current account deficit and, due to the higher cost of subsidies, its budget deficit, to increase. Since the fourth quarter of 2021, international energy prices have risen with the conflict in Ukraine contributing significantly to increased energy prices in 2022. While the Kingdom has only a limited direct exposure to energy supplies from Russia, with such supplies accounting, on average, for 6.9% of energy imports between 2017 and 2019, the relatively high proportion of petroleum products in Morocco's supply mix (with petroleum products accounting for 51.4% of Morocco's energy consumption in 2021) exposes the Kingdom to the risks of rising prices and supply chain disruptions.

In addition, Morocco does not produce 100% of its domestic consumption of food and, therefore, relies significantly on food imports, in particular cereals. Although the harvest in 2021 was better than the immediately preceding years, the Kingdom's needs for food imports can increase further when it is experiencing drought or other adverse weather conditions, such as occurred during 2022. See "*—The Kingdom's Variable Climate*". The impact of the conflict in Ukraine has also put pressure on supply chains, in particular for wheat supplies, and resulted in increased international prices. Between 2017 and 2019, average total grain imports from Ukraine accounted for 15.3% of Morocco's total grain exports, while grain imports from Russia accounted for 4.4% of total grain imports. While the Government has made efforts to diversify and expand its grain supply network and has increased its domestic wheat reserves in order to mitigate wheat supply risks, there can be no assurance that such measures will be sufficient to offset any negative impact of supply disruptions and increased prices.

Disruptions of imports or continued higher international commodity prices would have a material adverse effect on the Kingdom's economy and finances.

Subsidies

The Government subsidises the costs of butane, sugar and soft wheat flour. Since December 2015, generalised energy subsidies have been eliminated (with the exception of butane gas) and the Government is focusing on replacing traditional subsidies with targeted social programmes, including education support programmes, health waiver programmes, social programmes targeted at vulnerable groups and a social fund to encourage development of local infrastructure and to create revenue-generating activities in poor areas. The cost to the Government of subsidies remains, however, linked to international commodity prices, particularly crude oil and cereal prices. When crude oil and cereal prices rise, most of the resulting costs are borne by the Government. In 2021 and 2022, increased international oil prices led to increased costs of energy subsidies for liquefied natural gas. In 2022, food subsidies were Dh 15.5 billion and energy subsidies were Dh 26.7 billion (as compared to Dh 6.4 billion and Dh 15.5 billion, respectively, in 2021). The increase in subsidies in 2022 was primarily due to increased food and butane gas prices, the allocation of a lump sum compensation to soft wheat importers as a result of the severe drought in 2022 and the impact of the conflict in Ukraine on global wheat and fuel prices.

Any continued rise in inflation or inability to control inflation could also hinder the Government's efforts to reform the subsidy system. If the costs of subsidies rise, or the Government is not successful in further reforming the subsidy system, it could have a material adverse effect on the Kingdom's budget deficit and economy. See "*—Risks Relating to the Kingdom's Finances and Economy—Impact of Global Inflationary Trends*".

The Kingdom's Credit Ratings

Long-term foreign-currency debt of the Kingdom is currently rated BB+ with a stable outlook by S&P, Ba1 with a stable outlook by Moody's and BB+ with a stable outlook by Fitch Ratings Ltd ("**Fitch**"). The rating assigned by Fitch is an unsolicited rating. The Notes are expected to be rated BB+ by S&P and Ba1 by Moody's. On 3 October 2022, S&P affirmed Morocco's BB+ rating and stable outlook, citing (i) growth prospects supported by economic diversification and public and private investment, and (ii) the Government's continuation of structural economic and budgetary reforms supporting the Kingdom's creditworthiness. This ratings affirmation followed the downgrading of Morocco's ratings assigned by S&P, including of its long-term foreign currency ratings from "BBB-" to "BB+" with a stable outlook, in April 2021. On 1 July 2022, Moody's affirmed Morocco's Ba1 rating, citing Morocco's economic resilience and the foreign exchange reserves built up during 2021, and revised the outlook from negative to stable, citing the recovery in real GDP to pre-pandemic levels and the Government's crisis management capacity demonstrated during the pandemic. On 5 December 2022, Moody's published a credit opinion in which it confirmed Morocco's sovereign credit rating noting that "*Morocco's credit profile balances moderate economic strength with improving governance and moderate event risk exposure*". On 23 October 2020, Fitch downgraded Morocco's long-term foreign currency default rating from "BBB-" to "BB+", with a stable outlook. Fitch cited the severe impact of the COVID-19 pandemic on Morocco's economy and public and external finances as the key driver for the downgrade. Fitch has affirmed the rating on four occasions since then, most recently on 4 November 2022, citing the Kingdom's "*record of macroeconomic stability, reflected in relatively low inflation and GDP volatility pre-pandemic*" but noting the "*high public debt, and wider budget and current account deficits relative to rating peers"* and an expectation of decelerating economic growth in 2022 due to the worst drought in decades, rising inflation, and international commodity prices.

S&P defines an issuer with a long-term issuer credit rating of "BB" as an obligor that is " less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments". Moody notes that obligations rated Ba are "judged to be speculative and are subject to substantial credit risk". Fitch notes that an issuer credit rating of "BB" indicates "an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments".

The Kingdom's credit ratings are an assessment by the relevant rating agency of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Notes. There can be no assurance that the Kingdom's credit ratings will not change throughout the life of the Notes. Ratings may not reflect the potential impact of all risks related to structure, market and other additional factors discussed above, and other factors that may affect the value of the Notes. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes and have the potential to affect the Kingdom's cost of funds in the international capital markets and the liquidity of and demand for the Kingdom's debt securities.

Statistics

A range of ministries, the HCP, Bank Al-Maghrib, the *Office des Changes* and other Government agencies produce statistics of the Kingdom and its economy. The Kingdom subscribes to the IMF's SDDS. Statistical data appearing in this Offering Circular has, unless otherwise stated, been obtained from public sources and documents. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, the Kingdom's official financial and economic statistics are subject to review and adjustment, which can be material as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures and may be subsequently adjusted or revised. Accordingly, financial and economic information included in this Offering Circular may differ from previously published figures and may be subsequently adjusted or revised. Information presented for past periods should not be viewed as being indicative of current circumstances or periods not presented. Certain of the information and data contained in this Offering Circular for all or part of the fiscal years 2021 and 2022 and for interim periods in 2022 are preliminary and subject to further adjustment or revision.

RISKS RELATING TO AN INVESTMENT IN THE NOTES

Volatility of the Trading Market

The market for the Notes is influenced by economic and market conditions in the Kingdom and, to varying degrees, interest rates, currency exchange rates and inflation rates in other countries, such as the United States, the member states of the EU and elsewhere. There can be no assurance that events in Morocco, the MENA region or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. The Notes may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, defaults or the risk of potential defaults (particularly in Europe and the Gulf region), general economic conditions and the financial condition of the Kingdom. A significant increase in interest rates in the international financial markets may adversely affect the liquidity of, and trading markets for, the Notes.

Activity in the Trading Market

There can be no assurance that an active trading market for either series of Notes will develop, or, if one does develop, that it will be maintained or that it will be liquid. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If the Notes are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Kingdom. Although an application has been made to the FCA for the Notes to be admitted to the Official List and an application has been made to the London Stock Exchange for the Notes to be admitted to trading on the Market, there is no assurance that such application will be accepted or, if such application is accepted, that such admission and listing will be maintained, or that an active trading market will develop.

Minimum Denomination

The Notes are issued in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000, in excess thereof. Accordingly, the Notes may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than U.S.$200,000 of a series of Notes in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes of that series be printed) and would need to purchase a principal amount of such Notes such that its holding amounts to at least U.S.$200,000 of Notes in order to receive a definitive Note.

If definitive Notes are issued, Noteholders should be aware that definitive Notes in a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

Modification and Waivers

The Conditions contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses, which permit defined majorities of the Notes to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority.

The Kingdom has previously, and may in the future, issue debt securities which contain collective action clauses in the same form as the collective action clauses in the Conditions, making any such previously issued debt securities and any such additional future debt securities capable of aggregation with the Notes for the purposes of voting on amendments that can bind all holders of debt securities in all the relevant aggregated series, including the Notes, through collective action. If this occurs, then the Notes would be capable of aggregation with any such other debt securities and, as a result, a defined majority of the holders of such debt securities (when taken in the aggregate) would be able to bind all holders of debt securities in all the relevant aggregated series, including the Notes.

Pursuant to the collective action provisions, any modification or action relating to Reserved Matters (as defined in the Conditions), including in respect of payments and other important terms, may be made to the Notes with the consent of the holders of 75% of the aggregate principal amount outstanding of the Notes. Any such modification or action relating to Reserved Matters may also be made to multiple series of debt securities issued by the Kingdom, including the Noteholders themselves, with the consent of both (i) the holders of $66^2/_3$% of the aggregate principal amount outstanding of all debt securities being aggregated and (ii) the holders of 50% in aggregate principal amount outstanding of each series of debt securities being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the Conditions), any such modification or action relating to Reserved Matters may be made to multiple debt securities, including the Noteholders themselves, with the consent of only 75% of the aggregate principal amount outstanding of all debt securities being aggregated, without requiring a particular percentage of the holders in any individual affected debt securities to vote in favour of any proposed modification or action. The Kingdom may elect to modify or propose action in respect of some debt, but not all, securities and may elect to treat some debt securities differently from others. At the time of any proposed modification or action, the Kingdom must specify which method or methods of aggregation it will apply.

The collective action clauses allow the Conditions to be amended, modified or waived in circumstances whereby the holders of debt securities voting in favour of an amendment, modification or waiver may not be Noteholders themselves but may be holders of different debt securities; as such, no minimum percentage of the Noteholders themselves would be required to have voted in favour of such amendment, modification or waiver for it to become effective. In addition, there is a risk that the provisions allowing for aggregation across multiple debt securities may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to the Notes may adversely affect their trading price.

No Limitation on Issuing Pari Passu Securities

Other than set out in the annual budget law, there is no restriction on the amount of securities that the Kingdom may issue and that rank *pari passu* with the Notes. The issue of any such securities may reduce the amount recoverable by Noteholders in a stress scenario, as the incurrence of additional debt could affect the Kingdom's ability to repay principal of, and make payments of interest on, the Notes.

No Obligation to Effect Equal or Rateable Payments

The Notes will at all times rank at least *pari passu* with all other External Indebtedness (as defined in the Conditions) of the Kingdom. However, the Kingdom will have no obligation to effect equal or rateable payment(s) at any time with respect to any other External Indebtedness of the Kingdom and, in particular, will have no obligation to pay other External Indebtedness of the Kingdom at the same time or as a condition of paying sums due on either series of Notes and *vice versa*. Accordingly, the Kingdom may choose to grant preferential treatment to, and therefore prioritise payment obligations to, other External Indebtedness of the Kingdom as payments fall due.

Exchange Rate Risks and Exchange Controls

The Issuer will pay principal and interest on the Notes in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. Dollar would decrease (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency-equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency-equivalent market value of the Notes. Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Interest Rate Risks

The Notes bear interest on their outstanding principal amount at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the value of such security could fall as a result of changes in the market interest rate. While the nominal compensation rate of the Notes is fixed during the life of the Notes, the current interest rate on the capital market ("**market interest rate**") typically changes on a daily basis. If the market interest rate increases, the value of a security such as the Notes typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the value of a security such as the Notes typically increases, until the yield of such a security is approximately equal to the market interest rate. Consequently, Noteholders should be aware that movements of the market interest rate can adversely affect the value of the Notes and can lead to losses for the Noteholders if they sell their Notes.

Reliance on DTC, Euroclear and Clearstream, Luxembourg Procedures

The Notes will be represented on issue by the Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a custodian for DTC. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants. While the Notes are represented by Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Jurisdiction and Sovereign Immunity

The Kingdom is a sovereign state. Consequently, it may be difficult for investors to obtain or rely upon judgments against the Kingdom in courts outside Morocco or in a jurisdiction to which the Kingdom has not explicitly submitted. In addition, a substantial portion of the assets of the Kingdom is located outside of England and Wales. As a result, it may not be possible for investors to enforce judgments obtained in courts located in England and Wales or elsewhere against the Kingdom. The Kingdom has irrevocably appointed the Ambassador of the Kingdom to the Court of St. James's as its authorised agent for the service of process in England and Wales.

There may be insufficient assets of the Kingdom located outside of Morocco to satisfy in whole or part any judgment obtained from a court in England and Wales relating to amounts owing under the Notes. If investors were to seek enforcement of such a judgment in Morocco or to bring proceedings in relation to the Notes in Morocco, then certain limitations would apply.

The enforcement of foreign judgments in Morocco is governed by the relevant provisions of the Moroccan Code of Civil Procedure. Under those provisions, a judgment obtained in any English court would be recognised and enforced by the courts in Morocco without reconsideration of its merits provided that the foreign judgment satisfies the following additional conditions:

(i) the foreign judgment must have been issued by a court competent to do so under the law of the relevant country;

(ii) the foreign judgment must be final and enforceable in the country in which it was rendered, and the foreign judgment must not be based on documents subsequently deemed or found to be untrue and must not contain contradictory terms;

(iii) the defendant must have been properly served with legal process with respect to the proceeding in which the foreign judgment was rendered and due process must have been observed in connection with the proceeding, and no party to the litigation must have failed to deliver to the court material documents relating to the dispute and the defence rights of each party have been preserved;

(iv) the foreign judgment must not be contrary to Moroccan public order or relate to the application of Moroccan tax laws;

(v) a final judgment in the same case between the same parties must not have been rendered by a Moroccan court; and

(vi) no action commenced prior to the relevant foreign proceeding may be pending with respect to the same subject matter and between the same parties before the Moroccan courts.

Prospective investors in Notes should be aware that, pursuant to Moroccan law, the Kingdom's properties and assets, including, *inter alia,* commercial assets of the Kingdom, located in the Kingdom are immune from execution, attachment or other legal or judicial process, and, in any Related Proceeding brought in Moroccan courts against the Kingdom or brought in those courts to enforce or seek recognition of a judgment obtained outside Morocco, the Kingdom's waiver of immunity referred to above would not be given effect. Investors should therefore be aware that the waiver of immunity is likely to be ineffective in respect of the attachment of assets and properties located in the Kingdom.

USE OF PROCEEDS

The proceeds of the issue of the Notes are expected to amount to U.S.$2,476,137,500.

The Kingdom intends to use the net proceeds of the issue of the Notes to partially finance the 2023 budget deficit.

DESCRIPTION OF THE KINGDOM OF MOROCCO

Overview of the Kingdom

The Kingdom of Morocco is situated in the north-west corner of Africa and covers an area of approximately 710,850 square kilometres (274,461 square miles). It has a coastline of approximately 3,500 kilometres (2,174 miles) on the shores of the Atlantic Ocean and, east of the Straits of Gibraltar, on the Mediterranean Sea, facing southern Spain, which is less than 15 kilometres (9.3 miles) away across the Straits of Gibraltar. Morocco is bordered to the north by the Mediterranean Sea, to the east by Algeria, to the south by Mauritania and to the west by the Atlantic Ocean.

At 20 February 2023, the total population of Morocco was estimated by the HCP at 36.9 million. The latest census figures in 2014 and 2004 placed the total population of Morocco at 33.8 million and 29.8 million, respectively. The population grew at an average rate of 1.25% per year during the period 2004-2014. The proportion of the population living in the cities (the largest of which are Casablanca, Marrakesh, Fez and Rabat, the capital) has increased from 55.1% in 2004 to an estimated 64.0% in 2021. An estimated five million MREs live overseas, predominantly in Europe, with the greatest concentration in France, Spain, Belgium, Italy, the Netherlands and Germany. The demographic structure shows a predominantly young population. As at the end of 2021, an estimated 25.2% of the population was under the age of 15.

The state religion of the Kingdom is Islam. Pursuant to the 2011 Constitution, freedom of religion is respected. Almost the entire population is Sunni Muslim, and His Majesty King Mohammed VI, as Commander of the Faithful, is the supreme Muslim authority in the country. Approximately 1% of the population consists of Christian and Jewish Moroccans.

Pursuant to Article 1 of the 2011 Constitution, Morocco is a constitutional, democratic, parliamentary and social monarchy. The King is the Head of State and selects the Head of Government from the political party with the largest number of seats in Parliament.

The Kingdom’s first Constitution was adopted in 1962 and was subsequently amended several times. Following demonstrations in Casablanca, Morocco’s largest city, and Rabat, the capital, as well as other major cities in Morocco beginning on 20 February 2011 in the context of the events of the Arab Spring and an address on 9 March 2011 by King Mohammed VI to the nation in response to calls for reform from the 20 February Movement, a commission was convened to draft a new constitution. The 2011 Constitution was approved by referendum on 1 July 2011.

The principal changes implemented by the 2011 Constitution include: (i) enhancing the separation of powers and strengthening the powers of the Parliament and the Head of Government; (ii) setting out principles of liberty, democracy and civil rights, including with respect to women’s rights; (iii) enhancing the rule of law; (iv) defining the constitutional roles of political parties and the Parliamentary opposition, which is granted official recognition; (v) further regionalisation; and (vi) other measures to promote civil society, such as encouraging good governance and combating corruption.

The 2011 Constitution provides that the official languages of the Kingdom are Arabic and Amazigh, a Berber language. Organic Law № 26-16, promulgated by decree № 1-19-121 of 12 September 2019 provided for the integration of Amazigh in education and in priority areas of public life. A number of other Berber dialects, including Tachelhit and Tarifit, are spoken in many rural areas. French, English and Spanish are also spoken, with French being widely spoken and the language in which business is often conducted.

In the September 2021 House of Representative elections, the RNI won the most seats (although not an outright majority) with the PAM in second position. In October 2021, King Mohammed VI named a new coalition government of members of the RNI, PAM and *Istiqlal* parties, headed by Aziz Akhannouch. The three parties of the coalition government hold 270 seats out of the 395 seats in the House of Representatives.

The size of the Moroccan economy, measured in terms of GDP, was Dh 1,371.8 billion in 2022 (at current prices) according to preliminary estimates, as compared to Dh 1,284.2 billion in 2021. Morocco’s economic growth depends to various degrees on several key sectors. In 2021, value added from the tertiary sector (including, *inter alia*, trade, hotels and restaurants, transportation, post and telecommunications, financial activities and other services) increased by 6.4%, as compared to 2020; the secondary sector (including, the extraction industry, the manufacturing industry, electricity and water and building and public works) increased by 6.8%; and the primary sector (including agriculture, forestry and fishing) increased by 17.6%. Although the agricultural sector plays an important role in the Moroccan economy and is volatile due to the impact of a variable climate on agricultural output, the secondary and tertiary sectors’ share of GDP have been steadily increasing over the last five years, lessening the Moroccan economy’s dependence on agriculture.

Geography

Morocco consists principally of fertile plains bordering the Atlantic Ocean, bordered to the north by the Rif Mountains and to the east and south by a series of other mountain ranges (the Middle Atlas, the High Atlas and the Anti-Atlas) beyond which lies the Sahara Desert. The plains represent some 20% of Morocco's land area but contain approximately 80% of the population and major natural resources, namely agriculture (including citrus fruits, cereals, sugar beet and cane and vegetables) and mineral extraction (particularly phosphates).

Morocco has many rivers, which, although relatively unimportant for navigation, are used for irrigation and for generating electric power. The mountainous regions of Morocco have extensive areas of forest including large stands of oak, juniper, pine, fir and evergreen oak.

The climate of Morocco varies from the temperate coastal zones along the Atlantic Ocean and the Mediterranean Sea, with moderate temperatures year round, to excessive heat and cold in the mountains, which range up to 4,165 metres in the High Atlas, stretching from Agadir on the Atlantic Coast to east of Marrakesh, to 3,326 metres in the Middle Atlas and Anti-Atlas located north and south, respectively, of the High Atlas, and to 2,465 metres in the Rif Mountains parallel to the Mediterranean coast.

History

Morocco's geographic situation has given it a strategic, economic and political importance, which has influenced its long and rich history. As early as the twelfth century B.C., the Phoenicians had established trading centres in the north and along the Atlantic coast. The conquest of Carthage by Rome in the second century B.C. resulted in Roman dominance of the Mediterranean coast of Africa, and the northern part of current-day Morocco was incorporated into the Roman Empire in 42 A.D. as a Roman province. Following the collapse of the Roman Empire in the fifth century, the region was divided into numerous Amazigh confederations. Beginning in the seventh century, the Arabs brought Islam to Morocco. The Moroccan empire reached its peak under the Almohad King Ya'qoub al-Mansour at the end of the twelfth century and embraced modern-day Algeria, Tunisia, Libya and large parts of the Iberian Peninsula. The *Reconquista* of Spain by Christian forces and the defeat suffered by the Almohads at the hands of the Spanish in 1212 led to a decline in the empire.

Morocco experienced a renaissance under the Saadians, known as the first Sharifian dynasty (1554-1660), and flourished during the reign of Ahmed I al-Mansour (1579-1603), as the country benefited from the influx of nearly one million Muslims and Jews who were expelled by the Christians from Spain after 1492.

In the middle of the seventeenth century, members of the current reigning Alaouite family from southern Morocco, who are direct descendants of the Prophet Mohammed, began ruling Morocco.

Subjected to gradual European colonialist pressures in the nineteenth century, Morocco was placed under a protectorate in 1912 under which Spain administered much of the north along the Mediterranean Sea (Rif) (with the exception of Tangier, which was an international zone) and the extreme south (the enclave of Ifni and Rio do Oro), and France administered the rest of the country. However, nationalism remained strong in the country and following World War II, Morocco moved towards a return to full independence. Beginning with the end of the French protectorate on 2 March 1956, Morocco was progressively reconstituted as an independent nation. Spain returned the Rif to Morocco in April 1956 and Tangier (then an international zone) was reintegrated on 29 October 1956. Thus, the Kingdom of Morocco began negotiations with Spain resulting in the gradual recovery of the southern Morocco territories of Tarfaya in 1958, Sidi Ifni in 1969 and the region of Sakiaa Hamra and Oued Ed-Dahab (also called Saguia el Hamra and Rio de Oro under the Spanish and more commonly known as the Sahara Region) in 1975. For geopolitical reasons in the context of the Cold War, Algeria opposed the completion of the territorial integrity of Morocco and embarked on a deliberate policy of systematically undermining the legitimate right of the Kingdom to recover its southern territories.

Before the protectorate imposed in 1912 by foreign powers, the population of the Sahara Region had for centuries, through its local leaders, formally pledged its allegiance to the Sultans of Morocco. Beginning in 1975, when Spain agreed to withdraw from the Sahara Region and to give back its remaining interests in that region to Morocco, a local group known as the Polisario Front contested the reversion of the region into Morocco. Morocco committed itself in 1991 to holding a referendum on self-determination in the Sahara Region under the auspices of the United Nations. The same year, the United Nations established MINURSO. However, operational difficulties were encountered by the United Nations in trying to implement the referendum on self-determination for the region. There have been six Personal Envoys appointed by the Secretary General of the United Nations to address the issue, the latest being Steffan de Mistura of Italy, whose appointment was announced in October 2021. Between 1991 and November 2020, a ceasefire was in effect, and no military activity has taken place in the Sahara Region. In mid-November 2020, the Polisario Front declared an end to the ceasefire. See "*Risk Factors—Risks Relating to the Kingdom—Political and Geopolitical Risks Relating to the Kingdom—Political Risks*".

In April 2007, following extensive consultations with representatives of the Moroccan population, including that of the Sahara Region and a number of foreign countries, the Kingdom submitted a proposal to the United Nations for negotiating an Autonomy status for the region, which calls for an autonomous region to be established in the Sahara with powers over local administration, police, economic development, the region's budgets, and social and cultural affairs, with the Kingdom retaining jurisdiction over the attributes of sovereignty and the constitutional and religious prerogatives of the King, as well as national security, defence and external relations. The Polisario Front advised the United Nations that its goal remains the conduct of a referendum, which would include the option of independence for the Sahara Region.

On 20 February 2011 and subsequently, a number of largely peaceful demonstrations occurred in a number of Moroccan cities, including Rabat, Casablanca, Tangier and Marrakesh concurrent with the events that formed the "Arab Spring". Members of the 20 February Movement called for changes to the Kingdom's constitution and the Government, as well as for an end to corruption.

In response to the 20 February Movement, King Mohammed VI addressed the nation on 9 March 2011 and convened a commission, chaired by Abdellatif Mennouni, a former member of the Constitutional Council, to develop proposals for constitutional reform in co-operation with various stakeholders, including, *inter alia,* political parties, trade unions, associations and youth non-government organisations. The commission published a draft constitution in June 2011.

The 2011 Constitution was subsequently approved by a referendum of the Moroccan people on 1 July 2011. According to Government statistics, 98.5% of voters voted in favour of the 2011 Constitution, and the turnout for the referendum was approximately 73%. King Mohammad VI announced shortly thereafter that he would accept the constitutional shift of powers to the Head of Government and work to establish a constitutional monarchy with an elected parliament. See "*—Constitution and Political System*".

While the official political parties backed the reforms, certain opposition groups, including some members of the 20 February Movement, rejected the reforms as not being extensive enough politically or socially, and there were further demonstrations prior to and following the referendum. In addition, since the approval of the 2011 Constitution, there have been further demonstrations, in particular, in May 2012, calling for the swift implementation of the proposed economic reforms, as well as further reforms.

In each of 2017, 2018, 2019, 2021 and 2022 there have been instances of protests and demonstrations in Morocco. For example, in 2017, there were protests in the northern Rif region following the death of a local fishmonger and further protests occurred in 2018 and 2019 following the imprisonment of certain protestors. Protests also took place in Jerada in 2018 following the deaths of two coal pit workers and in Sidi Bennour in August 2021 following the death of a cart driver. In October and November 2021, there were demonstrations relating to the mandatory COVID-19 vaccination passes then required to enter workplaces, as well as indoor services. In February 2022, there were demonstrations in certain cities against rising prices. Further demonstrations were held in certain Moroccan cities later in 2022 in response to high living costs.

In 2016, steelworkers at Maghreb Steel went on strike for five months in response to the dismissal of a number of workers seeking wage increases. In early 2019, thousands of teachers formed the Coordination for National Union, and held a series of protests for reforms to teachers' work conditions and fixed term contracts.

In April 2019, the Government signed a new social deal with CGEM and three of Morocco's four main trade unions agreeing to certain wage increases. On 30 April 2022, as part of a national charter on social dialogue, a new social agreement (replacing an agreement signed in April 2019) was signed between the Government, CGEM and representatives of three of Morocco's main trade unions. See "*The Moroccan Economy—Employment and Wages*".

In November 2020, Morocco launched an initiative in the UN-monitored Guerguerate zone to re-open a road to neighbouring Mauritania. Since this operation, the Guerguerate border crossing between Morocco and Mauritania has been operational for civilian and commercial traffic.

In March 2022, transport workers participated in a national five-day strike in response to rising fuel costs.

On 27 October 2022, UN Security Council Resolution 2654 extended MINURSO's mandate until 31 October 2023, emphasising the need to achieve a realistic, practicable and enduring political solution in the Sahara Region that rests on compromise, building on the progress and framework of the former Personal Envoy Horst Kohler. It also strongly encourages Morocco, Algeria, Mauritania and the Polisario Front to engage with Personal Envoy Steffan de Mistura throughout the duration of this process, in a spirit of realism and compromise, to ensure a successful outcome. Morocco has stated its support to the efforts of the UN Secretary General and his Personal Envoy aimed at achieving such a solution based on the "Moroccan Autonomy Initiative". As at 1 December 2022, 28 countries have opened General Consulates in Dakhla and Laayoune, including 21 African countries, and the Organisation of Eastern Caribbean States. Chad and

Somalia have announced the upcoming opening of their General Consulates in the Sahara Region. Currently, 91 countries have indicated their support for the "Moroccan Autonomy Initiative", including a number of major European and North American countries.

Constitution and Political System

On 30 July 1999, King Mohammed VI succeeded his father, King Hassan II, who died on 23 July 1999. King Hassan II ruled without interruption from 1961 until his death. As commander of the faithful and protector of the rights and liberties of citizens, social groups and organisations, as provided by Articles 41 and 42 of the 2011 Constitution, the King is responsible for ensuring that Islam, the free exercise of religion and the 2011 Constitution are respected.

Administration in Morocco is decentralised. The Kingdom has 12 "*régions administratives*", which are further divided into 75 provinces and prefectures. Pursuant to the 2011 Constitution, *walis* of the regions and governors of the provinces are nominated by the Head of Government and the government Minister concerned and approved by the Council of Ministers. Over 1,500 local (urban and rural) communities are managed by directly-elected counsellors, which provides for a further element of decentralisation.

In line with the provisions of the 2011 Constitution, since 2015 Morocco has been implementing advanced regionalisation as part of a decentralisation process to both modernise and reform the Kingdom's institutions. The objectives behind these reforms are to: (i) bring citizens closer to the decision-making process; (ii) reduce the social and territorial disparities between the regions; and (iii) improve the collaboration between, and efficiency and effectiveness of, government departments. As part of the reorganisation, the number of *"régions administratives"* was decreased from 16 to 12.

Constitutional Reform

Pursuant to Article 1 of the 2011 Constitution, Morocco is a constitutional, democratic, parliamentary and social monarchy. The King is the Head of State and selects the Head of Government from the party with the largest number of seats in Parliament. The Kingdom's first Constitution was adopted in 1962 and was subsequently amended several times. Following an address by King Mohammed VI to the nation on 9 March 2011, a commission was convened to draft the 2011 Constitution. The 2011 Constitution was approved by a referendum on 1 July 2011.

The principal changes implemented by the 2011 Constitution include: (i) enhancing the separation of powers and strengthening the powers of the Parliament and the Head of Government; (ii) setting out principles of liberty, democracy and civil rights, including with respect to women's rights; (iii) enhancing the rule of law; (iv) defining the constitutional roles of political parties and the Parliamentary opposition, which is granted official recognition; (v) further regionalisation; and (vi) other measures to promote civil society, such as encouraging good governance and combating corruption. In addition, the 2011 Constitution strengthens civil rights in the Kingdom. See "*—Reform and Civil Rights*".

The 2011 Constitution required the promulgation of 22 organic laws by the end of the Parliamentary term in 2016. While this deadline was not met with respect to all organic laws, 20 organic laws have now been passed relating to the following: the House of Representatives, political parties, the House of Counsellors, the regions, the prefectures and provinces, the communes, the Supreme Council of the Judiciary, the status of judges, appointments to high positions, the Economic, Social and Environmental Council, the organic budget law, parliamentary enquiries, the Constitutional Court, the organisation and conduct of the work of the Government and the status of its members, the Council of Regency, the right to present petitions to public authorities, the right to present motions in the legislative process, the election of members of the councils of local authorities, the implementation of Amazigh as an official language and the creation of a National Council for Moroccan Languages and Culture. Certain laws remain to be passed, including those relating to the right to strike, and the conditions and modalities of the application of Article 133 (relating to the constitutionality of legislation), although a draft of the organic law relating to the application of Article 133 was adopted by the House of Representatives in April 2022 and passed for a second reading to the Commission of Justice, Legislation and Human Rights of the House of Counsellors in July 2022.

Role of the King

Under the 2011 Constitution, the King is the Head of State, the Commander of the Faithful and the symbol of the unity of the nation. The King is also the supreme commander of the Royal Armed Forces. The crown and its constitutional rights are hereditary and transmitted to the direct male heirs of King Mohammed VI. Pursuant to Article 47 of the 2011 Constitution, the King names the Head of Government from the political party with the most seats in Parliament. Upon proposition by the Head of Government, the King names the members of the Government.

The King presides over the Council of Ministers, which is composed of the Head of Government and the Ministers. The Council of Ministers deliberates on, *inter alia*, future revisions of the Constitution, preparing bills of organic laws, the general orientation of the annual budget laws, declaring war or a state of emergency, and nominating, upon the proposition of the Head of Government and at the initiative of the relevant Minister, various senior officials, including, *inter alia*, the Governor of Bank Al-Maghrib, ambassadors, *walis* and governors, the head of national security and the heads of various public enterprises.

Role of Parliament

Pursuant to Article 70 of the 2011 Constitution, Parliament exercises the legislative power in the Kingdom and votes on laws, controls the activities of the Government and evaluates public policy. Parliament and its committees have oversight authority over the Government and each Minister.

Parliament is composed of two chambers, the House of Representatives and the House of Counsellors. Under Article 60 of the 2011 Constitution, the opposition is an essential component of both chambers and is given certain rights, including to direct Parliamentary debate from time-to-time and to chair a legislative commission. Members of the House of Representatives are elected by direct, universal suffrage for a five-year term. Members of the House of Counsellors are elected for a six-year term, with three-fifths of the members being representatives of the regions, in proportion to the population, and elected by regional councils. The remaining members of the House of Counsellors are elected by electoral colleges composed of elected representatives of professional organisations, employees and other associations. 60 seats of the House of Representatives are reserved for women in national elections. Following the 2021 elections, 96 seats of the House of Representatives are held by female members, as compared to 81 seats in the 2016 elections and 67 seats in the 2011 elections. The current composition of the House of Counsellors includes 27 seats held by the RNI, 19 seats held by the PAM, 17 seats held by the *Istiqlal,* 12 seats held by the *Mouvement Populaire,* nine seats held by *l'Union socialiste des forces populaires* and 36 seats held by other parties and individuals. There are 12 female members of the House of Counsellors.

The House of Representatives is comprised of 395 members and the House of Counsellors may comprise a minimum of 90 members and a maximum of 120 members. The Parliament has the power to pass legislation, which may be initiated by the members of the House of Representatives or the House of Counsellors and the Head of Government. See "—*Government and Political Parties*".

Article 71 of the 2011 Constitution vests power in over 30 specified matters to Parliament, including, *inter alia*: (i) civil liberties; (ii) family and civil law; (iii) nationality; (iv) media and the press; (v) criminal law and prisons; (vi) amnesty; (vii) fiscal, customs, tax and related matters; (viii) environmental matters; (ix) privatisation; and (x) property rights.

Role of the Government

The Government exercises executive power in the Kingdom. Upon designation by the King, pursuant to Article 88 of the 2011 Constitution, the Head of Government must present the Government's programme with respect to its economic, social, environmental, cultural and international relations policies to Parliament. The Government's programme is subject to debate in both houses of Parliament, which is followed by a vote of the House of Representatives. The Government is vested following a majority vote of confidence of the House of Representatives.

The Head of Government exercises administrative and rule-making authority, appoints the most important civil servants and presides over the Council of Government. The Head of Government may delegate many of his powers to other members of the Government. The Council of Government deliberates regarding, *inter alia*: (i) public policy; (ii) sectoral policies; (iii) treaties and international conventions (ahead of submission to the Council of Ministers); (iv) matters relating to human rights and public order; (v) preparing draft laws (other than as set forth above) prior to their transmission to Parliament; and (vi) issuing decrees within its competency. Following a decision of the Council of Government, the Head of Government informs the King.

Role of the Judiciary and the Constitutional Court

The judicial power is independent of the executive and legislative powers, and the King guarantees its independence. Article 113 of the 2011 Constitution established a Superior Council of the Judiciary. See "*—Legal System*".

In 1994, a Constitutional Council was established to ensure that laws conform to the Constitution and to confirm election and referenda results. Pursuant to Title VIII of the 2011 Constitution, the Constitutional Council was replaced by a Constitutional Court, which is composed of 12 members who serve a single, nine-year, non-renewable term. Six members are designated by the King (of which one member is proposed by the Secretary General of the Superior Council of the Ulema) and three members are elected by each house of Parliament. The President of the Constitutional Court is named by the King from among the 12 members. The Constitutional Court has the power to rule on constitutional matters.

Organic laws must be submitted to the Constitutional Court, which will review the constitutionality of such laws prior to their promulgation. The Constitutional Court will also review the constitutionality of other laws prior to their promulgation if so requested by the King, the Head of Government, the President of either house of Parliament or by one-fifth of the members of either house of Parliament. Pursuant to Article 134 of the 2011 Constitution, laws declared unconstitutional may not be promulgated or otherwise put in place. The Constitutional Court also has authority over elections and referenda.

In February 2018, and in accordance with Article 133 of the Constitution, Parliament approved organic law № 86-15, which enables private litigants to challenge the constitutionality of a law before the courts. The Constitutional Court has rejected certain provisions of the organic law and, accordingly, the organic law was returned to parliament for amendment. A further draft of the organic law relating to the application of Article 133 was adopted by the House of Representatives in April 2022 and passed for a second reading to the Commission of Justice, Legislation and Human Rights of the House of Counsellors in July 2022.

Reform and Civil Rights

The 2011 Constitution strengthened civil rights in the Kingdom. It guarantees, *inter alia*: (i) parity (*i.e.*, equal rights for women); (ii) freedom of movement, opinion, expression and worship; (iii) freedom of association and to belong to any union or political group; (iv) the right to strike; (v) the right of free enterprise and to own property; and (vi) rights for freedom of thought, ideas, artistic expression and creation. It prohibits discrimination based on gender, race, belief, culture, social or religious origin, language or disability.

The 2011 Constitution also provides for the supremacy of international agreements and treaties in the Kingdom's hierarchy of laws. The 2011 Constitution also establishes various independent institutions, such as those established for the protection and promotion of human rights, good governance and anti-corruption, including the independent National Council for Human Rights, the Council for Competition and the National Instance of Probity, Prevention and the Struggle Against Corruption.

Legal System

The legal system in Morocco consists of an independent judiciary comprising a secular judicial system based principally upon French legal tradition and legal procedure for commercial, civil and criminal matters and an Islamic judicial system with respect to individual, family and inheritance matters involving Muslims. Article 107 of the 2011 Constitution provides that the King guarantees the independence of the judiciary. The courts of first instance, the courts of appeal and a supreme court (the *Cour de Cassation*), have jurisdiction over all matters, including commercial, civil and criminal matters, other than constitutional matters. See "*—Constitution and Political System—Role of the Judiciary and the Constitutional Court*".

Under the 2011 Constitution, judges are appointed by the *Conseil Supérieur du Pouvoir Judiciaire* (Supreme Council of the Judiciary). The Supreme Council of the Judiciary is presided over by the King and includes the first-president of *Cour de Cassation*, the Attorney General of the King to the *Cour de Cassation*, the President of the first chamber of the *Cour de Cassation*, four elected representatives from the judges of the courts of appeal, six elected representatives from the judges of the courts of first instance, a mediator, the President of the National Council of Human Rights and five persons nominated by the King, recognised for their competence, impartiality, integrity, and their contribution to the independence of justice and rule of law, one of which is proposed by the Secretary General of the Superior Council of Oulemas. The representation of female judges is guaranteed amongst the ten elected members from the courts of appeal and courts of first instance according to the proportion of their presence in the judiciary.

A system of administrative tribunals was established in the early 1990s. A system of separate commercial courts having jurisdiction over trade disputes was introduced in January 1997, and eight first instance commercial courts and three commercial appeal courts have been in operation since May 1998.

Government and Political Parties

As a result of the implementation of the 2011 Constitution, parliamentary elections, which were due to take place in September 2012, were brought forward and held in November 2011. The November 2011 elections resulted in the *Parti de la Justice et du Développement* ("**PJD**"), a moderate Islamist party, gaining the largest number of seats (although not an outright majority) in Parliament and replacing *Istiqlal* as the largest parliamentary party. The PAM gained the second largest number of seats. The second parliamentary elections since the 2011 constitutional reforms were held in October 2016, with the PJD again gaining the largest number of seats, and the PAM in second position.

In the September 2021 House of Representative elections, the RNI won the most seats (although not an outright majority) with the PAM in second position. The PJD, who had held the most seats in the House of Representatives following the 2011 and 2016 elections fell from 125 seats in the 2016 elections to 13 seats in the 2021 elections, ranking eighth place. According to results announced by the Ministry of Interior, voter turnout in the 2021 elections was 50.86%.

The following table sets forth the current representation of each of the principal political groups in the House of Representatives.

Representation of Political Parties in the House of Representatives(1)

Party	Seats
Rassemblement National des Indépendants(2)	102
Parti Authenticité et Modernité(2)	87
Parti de l'Istiqlal(2)	81
Union Socialiste des Forces Populaires	34
Mouvement Populaire	28
Parti du Progrès et du Socialisme	22
Union Constitutionnelle	18
Parti de la Justice et du Développement	13
Other Parties	10

Source: Ministry of Interior.

Notes:

(1) The table above reflects the current composition of the House of Representatives as a result of the 2021 elections.

(2) Indicates member of the governing coalition.

In October 2021, King Mohammed VI named a new coalition government of members of the RNI, PAM and *Istiqlal* parties, headed by Aziz Akhannouch. The three parties of the coalition government hold 270 seats out of the 395 seats in the House of Representatives.

There are 25 portfolios in the Government, of which eight (including the Head of Government) are held by the RNI, seven by the PAM, six by the *Istiqlal* and six by independents.

Elections

Elections in the Kingdom are regulated by an electoral law, which was amended following the implementation of the 2011 Constitution to reflect the political and institutional reforms in the new constitution. Monitoring of elections is regulated by Law № 30-11, published in the *Official Bulletin* on 6 October 2011, which sets out conditions for the independent and neutral observation of elections.

In 2011 an organic law regarding political parties was passed (and was subsequently modified in 2015 and 2016), which sets the definition of a political party and rules regarding their establishment, membership, activities, administration, financing, control and the conditions for the granting of state financial support to political parties.

In preparation for the 2021 parliamentary elections (as had been the case prior to the 2016 parliamentary elections), a special accreditation commission was established at the National Council of Human Rights to receive, examine and approve requests for accreditation of independent observers. Regional and municipal elections were held concurrently with the elections for the House of Representatives in September 2021.

The commission accredited 19 international organisations and bodies, represented by more than 100 observers, to observe the 2021 parliamentary elections. The diplomatic representations in Rabat of the European Commission, the United Kingdom, Canada and the Netherlands also observed the 2021 parliamentary elections. In addition, more than 4,600 others, representing 44 national non-governmental organisations, as well as the National Council of Human Rights observed the elections. These observers and the political parties that participated confirmed that there were no significant irregularities with respect to the 2021 parliamentary elections.

The next elections to the House of Representatives are expected in 2026.

Press and Media

Morocco has a varied press with over 600 publications in Arabic, French, Amazigh, English and Spanish. The main national publications consist of four Arabic-language and two French-language dailies. A number of newspapers are affiliated with political parties.

The Government has begun the process of liberalising the Kingdom's television and radio services, which have previously been controlled by the Government. In 2016, the Government approved a reformed press code that abolished prison sentences for press offences. Following the enactment of the *loi sur la Communication Audiovisuelle* and the setting up of the *Haute Autorité de la Communication Audiovisuelle*, a regulatory authority, established to, among other things, promote and defend freedom of expression and pluralism, the state no longer holds the monopoly in this sector. In 2005, the *Société Nationale de Radiodiffusion et de Télévision* (the "**SNRT**") was established as a joint-stock company whose share capital is owned by the state. SNRT owns five principal radio stations, as well as several regional stations, and eight television channels.

In 2019, the principal reform projects undertaken by the Government, included:

- implementing the Press and Publishing Code with the aim of avoiding duplication of penalties under the law and the Code of Criminal Procedure;
- passing a decree giving support for the press, publishing, printing and distribution; and
- establishing legal guarantees for the freedom of electronic media, as a key element of the Moroccan media system, through the adoption of the press code and publishing and legal recognition of the digital press.

In January 2019, the Government and the Council of Europe launched a four-year project to promote freedom of expression and media pluralism.

The Government is contributing to the development of the electronic press, which now (like traditional press) benefits from public subsidies to promote pluralism and independence. As at 30 September 2020, 1,016 authorisations for the creation of electronic sites had been issued.

In light of the impact of the COVID-19 pandemic on the press and media sector, Government support and reform efforts have focused on the preservation of employment and economic and financial support for the revival of national press companies, including efforts to ensure payment of wages and expenses. Between July 2020 and June 2022, the Government granted an exceptional subsidy in a total amount of Dh 435 million, primarily to support the payment of salaries in the press sector.

The Government also offered financial support to the broadcasting sector in each of 2020 (in an amount of Dh 15 million) and 2021 (in an amount of Dh 40 million) to support continuity of broadcasting and to enable members of the Association of Independent Radio and Television to address financial constraints during this period.

International Relations

Morocco is a member of most international institutions including the United Nations (and its affiliated organisations), the African Union, the Arab League, the Organisation of the Islamic Conference, the Community of Sahelo-Saharan States, the IMF, the World Bank (and its affiliates, including the International Finance Corporation and the Multilateral Investment Guarantee Agency), the World Trade Organisation, the African Development Bank, the Islamic Development Bank, the European Bank for Reconstruction and Development (the "**EBRD**"), the Arab Monetary Fund and the Asian Infrastructure Investment Bank. See "*Public Debt—International Institutions*".

European Union

In February 1996, Morocco signed an Association Agreement with the EU aiming, among other things, to liberalise trade between Morocco and the EU. This agreement deals with reforms and modernisation of the Moroccan economy and the promotion of private trade and investment, as well as with security, social development, environmental protection, and scientific and cultural affairs. In particular, it provides for the phasing out over a period of twelve years of all tariff barriers between Morocco and EU member states. The Association Agreement entered into force on 1 March 2000, following ratification by Morocco and all EU member states. The free trade area is fully effective for industrial products, and progressive liberalisation of trade in agricultural products is continuing based on an agreement between the EU and Morocco, which entered into force on 1 October 2012. The Association Agreement was amended by an exchange of letters with effect from 19 July 2019, which confirms the applicability of the agreement throughout the entire Moroccan territory. Since 2015, nine indicative sectoral action plans have been adopted in the context of the National Legislative and Regulatory Convergence Programme with the objective to bring Moroccan law in line with certain EU laws and regulations. These action plans cover employment, road safety, air transport, aquaculture, consumer protection, water resources management, protection of personal data, the postal sector and metrology.

In October 2008, Morocco was granted “Advanced Status” by the EU, which sets out the framework for a deeper strategic and economic orientation towards the EU, opens participation to Morocco in several European agencies and reinforces Morocco’s position within the EU’s Neighbourhood Policy. Morocco is also eligible for participation in the EU’s community agencies and community programmes pursuant to an agreement signed on 10 December 2010.

Negotiations for a deep and comprehensive free trade area were launched between Morocco and the EU in March 2013.

In December 2006, the EU and Morocco entered into an aviation “Open Skies Treaty” agreement.

Following a four-year fishing agreement between Morocco and the EU signed in 2013, on 14 January 2019, the Sustainable Fisheries Partnership Agreement (the “**SFPA**”) between the EU and Morocco was signed, which is intended to remain in effect for four years. The SFPA allocates fishing opportunities to the EU, in return for a financial contribution of approximately €208.7 million to Morocco to cover the four-year SFPA. This agreement covers the entire waters adjacent to the territory of Morocco.

In June 2019, Morocco and the EU issued a joint political declaration on the occasion of the fourteenth meeting of the Association Council, declaring the joint commitment to give a new impetus to the strategic, multi-dimensional and privileged relationship, an impetus consistent with mutual expectations and challenges of today’s world, by developing a true “Euro-Moroccan partnership for shared prosperity”. This Euro-Moroccan partnership is expected to be based on four structural areas: an area of convergence of values, an area of economic convergence and social cohesion, an area of shared knowledge, and an area of political consultation and of enhanced cooperation on security, and on two key horizontal fields in which specific operational actions are expected to be carried out, namely cooperation in the field of the environment and the fight against climate change, and cooperation in the field of mobility and migration. In the context of this Euro-Moroccan partnership, a 2021-2027 multi-annual framework with the EU is under discussion, which includes a financial co-operation component in the form of grants and EU guarantees of loans to be granted to Morocco from European financial institutions (*i.e.,* from the European Investment Bank (“**EIB**”), the German Development Bank (“**KfW**”), *L’Agence Française de Developpement* (the “**AFD**”) and the EBRD etc.). In December 2019, the European Commission (“**EC**”) adopted two new co-operation programmes in support of the Kingdom of Morocco aimed at strengthening the Euro-Moroccan partnership. The programmes are worth €389 million and will support reforms, including inclusive development and border management.

EU assistance to Morocco has historically primarily been in the form of dedicated Annual Action Plans funded by the European Neighbourhood Instrument (the “**ENI**”). For the period 2014 to 2020, ENI bilateral assistance was €1.4 billion and focused on the following priority sectors: (i) equitable access to social services; (ii) democratic governance, the rule of law and mobility; (iii) employment and sustainable and inclusive growth; and (iv) enhanced capacity of civil society. Under the EU External Investment Plan and the blending mechanism of the Neighbourhood Investment Platform, Morocco has benefited from over €11.5 billion of investment since 2007 for projects in the sectors of renewable energy, electrification, water, transport, urban development, and in support of micro-, small- and medium-sized enterprises (“**MSMEs**”).

As at 31 October 2020, in order to support the Moroccan effort to fight against COVID-19, approximately €264 million was disbursed by the EU, to support initiatives relating in particular to health, social protection, training and education, business competitiveness and green growth. Further disbursements of approximately €105 million were made through a specific European programme to support the Kingdom’s response to the COVID-19 pandemic.

In February 2021, the New Agenda for the Mediterranean was adopted by the EU and includes priorities previously identified by Morocco and the EU, including: (i) ensuring an ecological transition by fighting climate change, protecting natural resources and promoting green growth; (ii) human development, good governance and the rule of law; (iii) resilience, prosperity and digital transition; (iv) facing together the challenges of migration and encouraging legal and safe mobility; and (vi) an economic and investment plan that identifies key programmes, including the Mohammed VI Investment Fund. This New Agenda was accompanied by an Economic and Investment Plan for the Southern Neighbours, which includes initiatives to strengthen resilience, build prosperity and increase trade and investment to support competitiveness and inclusive growth, including: (i) support for Morocco’s economic recovery; (ii) support for the green transition; (iii) support for a modern and just social protection system; (iv) support for digital development and innovation; (v) support for renewable energy, energy efficiency and resource efficiency, including water use; and (vi) support for the development of the agricultural sector. The new Neighbourhood, Development and International Co-operation Instrument (the “**NDICI**”) frames the EU and Morocco’s co-operation for the period 2021-2027. The NDICI includes grant funding, as well as blending grants with loans from European and international finance institutions. For the period 2021-2027, grants (primarily budgetary support) by the EU to Morocco is set at up to €1.6 billion (or an average of €227 million per year), with the possibility to mobilise up to €8.4 billion in public-private investments. As at 31 December 2022, commitments (grants) under the 2021-2027 multi annual indicative programme reached €331 million and disbursements were €113 million.

In September 2022, Morocco signed a memorandum of understanding on the establishment of a "Green Partnership" with the EU, which covers areas, including the fight against climate change, energy transition, protection of the environment and promotion of the green and blue economy. The memorandum also promotes the transition to low-carbon industry through investment in green technology, the production of renewable energies, sustainable mobility and clean production in industry.

In parallel with its relations with the EU, Morocco also maintains strong relations and co-operates in political, economic and financial matters with EU member states, in particular with the larger member states that also host a significant number of MREs, such as France, Spain, Germany, Belgium, Portugal and Italy.

Spain controls two enclaves, Sebta and Melilia (also known as, Ceuta and Melilla), which are located on the north coast of Morocco. The Kingdom does not recognise Spain's sovereignty over these enclaves and certain other rocky islands, and considers them to be integral parts of Moroccan territory. The Kingdom is committed to a peaceful resolution of this question in light of the large and growing economic ties between Spain and the EU and the Kingdom. Spain is the Kingdom's largest trading partner. In April 2022, Morocco and Spain adopted a new roadmap for Moroccan-Spanish relations, seeking to strengthen and diversify partnerships between the two countries in several areas of common interest.

The Kingdom is pursuing efforts on its own and on a multilateral, cooperative basis with a number of international institutions such as the European Union, the United Nations, and other international organisations to address the issues of illegal migration from its territory to the EU, as well as transmigration, which represents the significant majority of illegal immigrants entering the EU from Morocco. Morocco receives funding under the EU Emergency Trust Fund for Stability and Addressing Root Causes of Irregular Migration and Displaced Persons in Africa. Morocco is the second largest beneficiary of EU co-operation on migration among the EU Neighbourhood, with a budget of approximately €234 million from the Emergency Trust Fund allocated for Africa. A new programme is currently being prepared, which is expected to be funded under the EU Migration Funds Scheme.

United States of America

The Kingdom and the United States have historically enjoyed strong relations, and the United States is the Kingdom's third most important trading partner (in terms of exports, and fourth in terms of imports), after France and Spain. The Kingdom was the first nation to recognise the independence of the United States in 1777, and the United States established its first embassy abroad in Tangier. The United States designated Morocco a Major Non-NATO Ally in 2004. In October 2020, Morocco and the United States signed a Defence Co-operation Roadmap for the period 2020 to 2030. In December 2020, the U.S. Government recognised Moroccan sovereignty over the Sahara Region and continues its support of UN-led efforts in the Sahara Region.

On 1 January 2006, a free trade agreement between Morocco and the United States entered into force, having been signed in 2004. Tariffs on more than 95% of qualifying consumer and industrial goods were immediately eliminated. For a limited number of products, tariffs will be eliminated over a period of up to 15 years. The free trade agreement also offers new access to services, intellectual property protection, open government procurement and protections for labour and environment. In December 2012, the Moroccan and U.S. governments announced agreements relating to a common set of international investment principles, as well as services, information technology and communications principles. A joint committee has been set up to oversee the implementation of the U.S.-Morocco free trade agreement. The most recent meeting of the joint committee was held in Rabat in July 2019.

Between 2017 and 2021, FDI in Morocco from the United States averaged approximately Dh 1.7 billion per year, or approximately 4.9% of total FDI. As at 30 June 2022, FDI from the United States amounted to Dh 6.3 billion.

Projects in Morocco benefit from funding from the U.S. Agency for International Development ("**USAID**"), which typically takes the form of medium-term (*i.e.*, five year) grants. The USAID programme in Morocco for 2014-2018 provided for funding of U.S.$98.5 million. The USAID programme in Morocco for 2019-2023 is for an amount of U.S.$94 million intended to finance a local development programme, the establishment (within the public-private framework) of a university virtual reality and augmented reality technology hub and support for civil society organisations to provide services to youth at risk in vulnerable communities. The USAID Country Development Co-operation Strategy for Morocco for 2020-2025 focuses on the goals of advancing Morocco's resilience, prosperity and self-reliance.

In April 2016, the Government and the Millennium Challenge Corporation (the "**MCC**") signed the Morocco Employability and Land Compact for an MCC grant in an amount of U.S.$450 million to which U.S.$10.5 million was subsequently added to fund a nine-month extension to the project execution period. The compact aims to finance education and training projects (in an amount of U.S.$226 million) and governance and land productivity improvement projects (in an amount of U.S.$171 million). As at 31 October 2022, U.S.$421.8 million of the grant had been committed and U.S.$336.9 million of the grant had been spent. This follows the implementation of the first MCC Compact in an amount of U.S.$697.5 million of grants between 2008 and 2013. As at 31 October 2022, disbursements amounted to U.S.$109.5 million.

Maghreb Nations

The states of the Maghreb, Morocco, Algeria, Libya, Tunisia and Mauritania, have attempted to set up an economic union. The *Union du Maghreb Arabe* (the "**Arab Maghreb Union**" or "**AMU**") was formally established in 1989 but has not, as yet, produced the full effect anticipated due to a number of issues. Morocco continues to support the AMU as a framework for a future Maghreb Common Market, as well as a future Free Trade Maghreb Area. In August 2021, Algeria unilaterally ceased diplomatic relations with Morocco. In King Mohammed VI's Throne Day speech in July 2022, he called for a restoration of diplomatic ties.

The AMU treaty also provides the establishment of a regional development bank aiming to finance project investment and foreign trade. In this respect, the Maghreb Bank for Investment and Foreign Trade (the "**BMICE**") was established in 1991 with the aim of strengthening the integration of the five states of the AMU and developing intra-Maghreb investment and trade exchanges. A decision of the Constituent General Assembly of BMICE was made in December 2015 to establish the bank. As at 30 November 2022, BMICE has provided loans to trade promotion projects between BMICE members in a cumulative total amount of U.S.$247.9 million, of which U.S.$60.9 million in loans were provided in the eleven months ended 30 November 2022. Morocco has benefitted from financing in an amount of U.S.$76.4 million from BMICE, including a line of credit of U.S.$15 million, renewed five times, in favour of Bank of Africa (formerly known as, *Banque Marocaine du Commerce Extérieur*).

African Union

In January 2017, Morocco returned to the African Union and has since contributed actively to its work and activities. Morocco has been elected to various organs of the African Union, including the Peace and Security Council for a two-year term between 2018 and 2020 and then a three-year term between 2022 and 2025, as Chair of the Specialised Technical Committee on Trade, Industry and Mining Resources for a two-year term between 2019 and 2021 and as Vice Chairman of the Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration (between 2021 and 2023). Morocco has also hosted several high-level conferences and meetings of the African Union, including a June 2022 high-level meeting of the Committee of 15 Ministers of Finance of the African Union and an October 2022 African Union Policy Conference on Promoting the Peace, Security and Development Nexus.

The Kingdom has supported the establishment of the African Continental Free Trade Area, which entered into force in May 2019 and targets the progressive elimination of tariff and non-tariff barriers to trade in goods and the gradual liberalisation of trade in services. Morocco ratified the treaty establishing the free trade area in April 2022. The aims of the free trade area are to boost investment, stimulate economic growth, create wealth and enhance continental interconnectivity and African integration. Due to the COVID-19 pandemic, trading under the African Continental Free Trade Area originally planned for 1 July 2020 was postponed to January 2021. Trade began on 1 January 2021 based on applicable and reciprocal agreed tariff schedules and rules of origin. In October 2022, the African Continental Free Trade Area Secretariat launched the "Guided Trade Initiative", which aims to enable meaningful trade and to test the institutional and operational trade policy under the African Continental Free Trade Area.

The creation of the African Continental Free Trade Area is in line with the Government's vision for the sustainable development of Africa, which relies on the viability of a co-development approach, based on intra-African co-operation, economic complementarity, diversification and solidarity.

In addition, Morocco contributes from within the African Union to efforts to meet major challenges facing the continent, such as, terrorism, migratory flows, food security, climate change, human and socio-economic development and the need to strengthen democratic institutions.

Agadir Declaration

In May 2001, the Ministers of Foreign Affairs of Morocco, Tunisia, Egypt and Jordan held a meeting in Agadir, Morocco and signed a joint declaration known as the "Agadir Declaration" in which they stated their objective of creating a common free trade zone amongst South-Mediterranean countries having entered into association agreements with the EU. In February 2004, the "Agadir Agreement" established a free trade zone amongst Morocco, Tunisia, Egypt and Jordan. The Agadir Agreement entered into force in July 2006, following ratification by the four countries party to the agreement. Implementation of the Agadir Agreement began in March 2007.

Gulf Co-operation Council

In December 2011, certain members of the GCC, which is comprised of Kuwait, Qatar, Saudi Arabia and the United Arab Emirates, pledged U.S.$5 billion to fund economic and social development projects in both Morocco and Jordan in response to the events of the Arab Spring and with the aim of establishing strategic partnerships between the GCC and each of Morocco and Jordan. In May 2012, the GCC increased the pledged amount to U.S.$5 billion for each of Morocco and Jordan. The funding is being used to fund a variety of projects, including in the health, education, training and infrastructure sectors, as well as in support of the National Human Development Initiative (the "**INDH**"). As at 30 November 2022, approximately 97% of the U.S.$5.0 billion grant had been disbursed.

In 2013, Morocco and the GCC agreed the renewal of a joint action plan until 2024, which is based on 15 working groups. Between March 2021 and November 2022, ten working group meetings between Morocco and the GCC have taken place covering various subjects, including youth, culture, tourism, transport, health, social, environmental and biodiversity development and agriculture and food security.

Free Trade

Morocco is a member of the Greater Arab Free Trade Area ("**GAFTA**"), declared within the social and economic council of the Arab League in 1997 and established on 1 January 1998, which has reached full trade liberalisation of goods through the implementation of full exemptions for customs duties and charges having equivalent effect among signatory countries. Morocco has also entered into bilateral free trade agreements with several Arab countries, including Egypt, Jordan, Tunisia and the United Arab Emirates.

The Kingdom entered into a free trade agreement with Turkey on 4 April 2004; and amendments were made to increase import fees on certain Turkish goods in 2021 (which entered into effect for a five-year period from May 2022). The Kingdom is also in negotiations with respect to a free trade agreement with Canada and the EU. The Kingdom has conducted three rounds of negotiations with Canada and four rounds of negotiations with the EU, the most recent in April 2014. Negotiations regarding a free trade agreement with Canada are currently on hold pending completion of an impact study. Free trade agreement negotiations between the Kingdom and Mercosur, a sub-regional Latin American grouping, also began in 2017. Also in 2017, Morocco applied to join the Economic Community of West African States ("**ECOWAS**"). In February 2022, Morocco and Israel signed a trade and investment co-operation deal to facilitate investments.

The Kingdom has also entered into a free trade agreement with the United States and has supported the establishment of the African Continental Free Trade Area.

In October 2019, the Government signed a trade and political continuity agreement with the government of the United Kingdom aimed at ensuring continuity of trade between Morocco and the United Kingdom after the United Kingdom leaves the EU. The agreement provides, *inter alia*, for tariff-free trade of industrial products, as well as the liberalisation of trade in agricultural, agri-food and fisheries products. The agreement also seeks to deepen Moroccan-UK co-operation across foreign policy, economic, social and cultural ties.

In November 2022, Morocco and Qatar concluded the first round of negotiations relating to a free trade agreement.

See "*—International Relations*" and "*External Sector—Trade Policy*".

Others

On 9 March 2009, the Kingdom severed diplomatic ties with Iran, citing remarks that Iran made in respect of the situation in Bahrain at the time. Following a resumption of relations between the two countries between 2014 and 2018, diplomatic ties were severed with Iran again in May 2019 over national security concerns following military support provided by Iran's ally, Hezbollah, to the Polisario Front.

Israel opened a liaison office in Rabat in 1994 and Morocco was the third Arab country (after Egypt and Jordan) to establish a representative office in Israel. However, as a consequence of the deterioration of the situation in the Middle East since September 2000 and following a resolution by the Arab League, Morocco withdrew its representative in Israel and Israel recalled its representative in Morocco in 2000. In December 2020, Morocco agreed to resume diplomatic relations with Israel. Morocco's liaison office in Tel Aviv has been operational since February 2021. Morocco and Israel have since signed memoranda of understanding covering economic and commercial promotion, the development of technology and research, territorial and infrastructure development, finance and investment and civil aviation and tourism.

In March 2015, Morocco participated in a coalition of Arab countries led by Saudi Arabia and including other GCC members, Egypt, Jordan, Sudan and others, which announced its intention to intervene in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels. In February 2019, Morocco suspended its participation in the coalition.

In September 2016, Morocco signed the Treaty of Amity and Co-operation in Southeast Asia with the Association of Southeast Asian Nations.

The Kingdom benefits from technical assistance on projects from, *among others*, the African Development Bank, the EBRD, the Islamic Development Bank, the IMF, the Organisation for Economic Co-operation and Development (the "**OECD**"), the World Bank, the UN Statistics Division and Eurostat.

Morocco is a member state of the Union for the Mediterranean, an intergovernmental Euro-Mediterranean organisation aimed at enhancing regional co-operation and dialogue.

Internal Security

Morocco has experienced occasional instances of terrorism, as a result of which, a number of measures to combat terrorism have been taken, including, *inter alia*, the passage of a law in 2003 that made terrorism and the financing of terrorist activities criminal offences and expanded the powers of the judicial police to combat terrorism. The Government expanded the 2003 laws in 2015 to address the foreign terrorist threat. To bring Morocco's laws in line with the United Nations Security Council Resolution (UNSCR) 2178 (2014), the Government revised the definition of terrorist offences to include terrorist acts and attempts to join or recruit into terrorist organisations. The Moroccan courts may prosecute foreign nationals for crimes relating to terrorism conducted outside of Morocco if the individual is within Moroccan territory. The Moroccan Central Bureau of Judicial Investigation was established in 2015 and is responsible for enforcing terrorism laws.

In April 2011, an improvised explosive device was detonated in a tourist cafe in Marrakesh, killing 17 people and injuring 20 others. In December 2018, two foreign nationals were killed while hiking near Mount Toubkal. The Moroccan authorities have treated these as terror-related incidents.

Morocco is committed to opposing terrorist activities, without compromising or reducing its commitment to democratic processes and the rule of law.

THE MOROCCAN ECONOMY

The Government Programme

The Government's programme is based on the New Development Model published by the CSMD in April 2021. See "—*The New Development Model*". The current programme has three strategic aims: (i) strengthening the social foundations of the Kingdom; (ii) stimulating the economy through the creation of jobs; and (ii) ensuring good governance in the management of public affairs.

The Government's programme is based on five essential principles:

- the consolidation of, and strengthening of mechanisms to improve, democratic choice;
- the institutionalisation of social justice;
- broadening the base of the middle class and reinforcing its purchasing power and savings capacity;
- putting human capital at the centre of the operation of the New Development Model; and
- focusing public policy on the dignity of the citizen.

As primary objectives under this programme, the Government targets:

- achieving an economic growth rate of 4% of GDP over the next five years;
- creating at least one million jobs during the Government's term, which is expected to extend into 2026;
- increasing the female economic activity rate to more than 30% (as compared to the current 20% level);
- reducing social and territorial disparities to less than 39% (as compared to the current 46.4% level);
- providing a "dignity income" for people over 65, generalising family allowances and loss of employment indemnities, as well as granting birth allowances for certain families;
- creating at least 250,000 direct jobs through a programme of public projects;
- encouraging the "Made in Morocco" label with local production of Dh 34 billion of imports, with the potential for creating more than 100,000 jobs; and
- creating more than 100,000 direct and indirect jobs in the fishing and fish farming sector.

The New Development Model

In December 2019, King Mohammed VI established the CSMD. The CSMD is composed of a president and 35 other members from a variety of academic and professional backgrounds and was charged with advising the King on the results of past reform efforts, the current economic and social situation and obstacles to inclusive growth, as well as the creation of a new development model. Following a lengthy consultation undertaken across the Kingdom, in April 2021 the CSMD published a general report outlining its findings, entitled '*The New Development Model: Releasing energies and regaining trust to accelerate the march of progress and prosperity for all*'.

The New Development Model contains ambitious objectives and sets out comprehensive reforms by which to achieve them, thereby providing the basis for the Government's economic development programme up to 2035. To achieve these objectives, the New Development Model identifies five interdependent but complementary development objectives:

- *Prosperity*: unleashing Morocco's potential and improving living standards and the quality of life for all citizens by creating jobs and wealth, driven by a dynamic, entrepreneurial, diversified, productive and innovative economy and a competitive and resilient business environment.
- *Empowerment*: enabling all citizens to contribute to the creation of value and quality of life by enhancing capacities and skills across the population, leveraging human capital to foster growth and increased wealth.

- *Inclusion*: building an inclusive society, in which all Moroccans belong and benefit from opportunities and protection, men and women are equally empowered, the most vulnerable are supported, and younger generations are included as integral to the Kingdom's successful future.

- *Sustainability*: protecting Morocco's biodiversity and managing its resources sustainably, to mitigate the risks of climate change and to act as custodians of natural capital for future generations.

- *Regional Leadership*: to support Morocco's ambition to become one of the most dynamic and attractive centres in the region and the continent for commerce and knowledge through advanced digitisation, becoming a regional hub for finance, higher education, research and innovation, championing low-carbon energy, thereby making Morocco synonymous with quality, competitiveness and sustainability at a regional and global level.

The New Development Model contains the following economic targets (among others) to be achieved by 2035:

- doubling Morocco's GDP *per capita*;

- doubling women's participation in the workforce to 45%;

- reducing the share of informal jobs in the economy from 59% to 20%; and

- increasing renewable energy as a proportion of energy consumption from 11% to 40%.

The New Development Model targets the introduction of two mechanisms to support the management, implementation and monitoring of the model: (i) the National Development Pact, which aims to establish the new model as a reference point for all; and (ii) a monitoring and stimulus mechanism, under the direct authority of the King, to support strategic long-term projects and the management of changes introduced by the new model.

Structural Reforms

As the COVID-19 pandemic has eased and the economy has returned to growth, the Government's priority has been the recovery of macroeconomic balances, which were impacted by the crisis, to be achieved through the acceleration of ongoing reforms, particularly those related to the fiscal system, subsidies, public investment and public-private partnerships ("**PPPs**"), governance of state-owned companies, privatisation and retirement plans. In addition, in order to support the diversification of the economy, a new generation of industry-specific strategies have been launched and structural reforms related to the business climate, the financial sector, education, vocational training and governance have been accelerated. Recent and ongoing key structural reforms of the Government include:

- *Subsidy Reform:* Since December 2015, generalised energy subsidies have been eliminated (with the exception of butane gas) and the Government is focusing on replacing traditional subsidies with targeted social programmes, including education support programmes, health waiver programmes, social programmes targeted at vulnerable groups, social services for vulnerable groups and a social fund to encourage development of local infrastructure and to create revenue-generating activities in poor areas. Further subsidy reform measures currently in progress include the implementation of gradually increasing prices for butane gas and white sugar, as well as the gradual elimination of flour subsidies, along with the implementation of the generalisation of social protection and a targeted subsidies policy. See *"Public Finance—Subsidies"*.

- *Generalisation of Social Protection:* In April 2021, King Mohammed VI launched the implementation phase of a project for the generalisation of social protection. This reform project is comprised of four key pillars: (i) the generalisation of basic health insurance; (ii) the generalisation of family allowances; (iii) the broadening of the pension system; and (iv) the generalisation of indemnities given for loss of employment. See "*—Social Policy*".

- *Education reform*: See "*—Education*".

- *Reform of Public Companies:* Reform efforts include the creation of a national agency responsible for the strategic management of Government holdings and the monitoring the performance of public companies to correct structural deficiencies and ensure complementarity and optimal coherence among the missions of public companies.

- *Investment Charter:* The Government has amended the Investment Charter with the aim of increasing the share of private investment to two-thirds of total investment by 2035 (as compared to the current level of approximately one-third). In December 2022, Law № 104-12 relating to the investment charter was adopted and published in the *Official Bulletin*. See "*External Sector—Balance of Payments—Foreign Direct Investment*".

- *Launch of the National Digital Strategy*: In line with the recommendations of the New Development Model, the Government plans to launch a National Digital Strategy. This strategy targets improving Morocco's international rankings in the digital sector, attracting investment from leading companies in Morocco, creating 300,000 jobs in digital technology and increasing the contribution of the digital economy to GDP to approximately 10% by 2030. The National Digital Strategy has three main axes: (i) the emergence of digital administration; (ii) the strengthening of the digital economy; and (iii) the acceleration of digital inclusion.

- *Tax and Fiscal Reform:* Tax reforms have focused on reforms to support the competitiveness of the economy and efforts to combat fraud, as well as the impact of the informal sector on tax receipts. The Government's programme focuses on measures to improve tax recoveries, streamline procedures and enforce principles of fairness with respect to taxes. In addition, the Government is working on a technical assistance project with the IMF in connection with potential amendments to the organic budget law to strengthen the budgetary framework. See "*Public Finance—Taxation*".

- *Financial Inclusion*: As part of the implementation of the National Strategy of Financial Inclusion (the "**SNIF**"), reform efforts to encourage financial inclusion have included: (i) reforming the "*crédit bureau*"; (ii) reforming the micro-finance sector; (iii) introducing a new framework for security interests over movable property; (iv) improving the offering for mobile payments; and (v) improving access to insurance services. See "*Monetary and Financial System—National Strategy of Financial Inclusion (SNIF)*".

- *Capital Markets Reform*: Capital markets reforms have focused on deepening the capital markets offering in the Kingdom, diversifying financial instruments and reinforcing national capital market infrastructure. See "*Monetary and Financial System—Capital Markets*".

- *Exchange Rate Regime Reform:* Bank Al-Maghrib has a clear mandate to implement monetary and exchange rate policies, with a target to move to greater exchange rate flexibility and inflation targeting. Exchange rate regime reform efforts are designed to enhance Morocco's ability to withstand exogenous shocks and support the competitiveness of the economy. The transition to greater exchange rate flexibility was initiated in January 2018, with a widening of the Dirham fluctuation band to plus or minus 2.5% on either side of the central rate. A further widening of the band was adopted on 9 March 2020, to plus or minus 5% on either side of the central rate.

Morocco's World Bank Doing Business ranking improved from 128th in 2010, to 94th in 2012, 60th in 2019 and 53rd in 2020 (the last edition published). The key structural reforms discussed above, as well as the following reforms, have contributed to this improved position: (i) the adoption of a new bankruptcy law in April 2018; (ii) the dematerialisation and simplification of administrative procedures in areas such as starting a business, transferring property and customs transactions (including the creation of a National Commission for the simplification of procedures, the enactment, in 2020, of the law relating to the simplification of procedures and administrative formalities and the launch, in 2021, of the "idarati.ma" portal); (iii) the coming into operation of the Competition Council in November 2018; (iv) the adoption of a new information access law in February 2019; (v) the implementation of an automated system for the allocation of cases to judges; (vi) the introduction of e-payment for port charges, the abolition of paper-based transit procedures and the extension of port working hours; (vii) the reduction of the corporate tax rate by adopting a progressive system of corporate taxation; (viii) the clearing of the stock of VAT repayments owed to public and private enterprises and, more broadly, reducing payment delays in the economy; (ix) the adoption of a security rights law, which enlarged the number of potential assets that can be used by companies as collateral for financing; and (x) the restructuring of regional investment centres and aligning their strategies to the overall strategies and programmes of the relevant regional governments, as well as refocusing the investments made by these centres towards entrepreneurs and small- and medium-sized enterprises ("**SMEs**"). The Government is also working on further reforms, including developing a small business act and a national business climate strategy roadmap 2023-2026 aimed at improving the Moroccan business environment and strengthening its competitiveness at the international level.

IMF Arrangement under the Precautionary and Liquidity Line

In December 2018, the IMF approved for the fourth time, Special Drawing Rights ("**SDR**") for a SDR 2.15 billion (approximately U.S.$3.0 billion) Precautionary and Liquidity Line (the "**Fourth PLL**"), or 240% of Morocco's quota. The Fourth PLL arrangement aims to support a reform programme relating to education, public sector governance and the tax system, improving the business environment to enhance competition and development for SMEs, continuing the transition to greater exchange rate flexibility, strengthening the monitoring of state-owned enterprises and strengthening the targeting and efficiency of social spending.

The Fourth PLL had a duration of 24 months. The Kingdom has historically treated this facility as precautionary, to be drawn on only in the event of severe exogenous shocks. On 7 April 2020, as part of its response to the COVID-19 pandemic, the Kingdom drew all available resources on the Fourth PLL for an amount equivalent to approximately

U.S.$3.0 billion. The amount is repayable over five years, with a grace period of three years. The drawdown on the Fourth PLL was made available to Bank Al-Maghrib to use mainly to finance the balance of payments and to support the Moroccan economy.

In January 2021, the Kingdom repaid almost U.S.$1 billion of amounts drawdown under the Fourth PLL early. In November 2022, the Minister of Economy and Finance and *Bank Al-Maghrib* signed a memorandum of understanding permitting the Treasury to use the remaining amount of funds drawn under the PLL in 2020 to fund domestic currency needs. In November 2022, the Kingdom proceeded with the disbursement of approximately SDR 1.5 billion of available funds under the Fourth PLL for its financing needs.

The IMF published its most recent Article IV consultation report on the Kingdom in January 2023, and the IMF's Executive Board "*commended the authorities for the very strong policy response that has mitigated the social and economic impact of the recent negative shocks*".

See "*Public Debt—International Institutions—IMF*".

Response to COVID-19

In common with most other countries, the COVID-19 pandemic has, and will continue to have, a significant effect on the Kingdom. As of 9 February 2023, the Ministry of Health and Social Protection reported a total of 1,272,310 infections in the Kingdom, with 16,296 deaths and 1,255,947 recoveries from the virus. The Government took a number of measures in response to the COVID-19 pandemic, a number of which remain in place. See "*Risk Factors—Risks Relating to the Kingdom—Risks Relating to the Kingdom's Finances and Economy—COVID-19 Pandemic*".

Health State of Emergency

On 19 March 2020, the Government announced a "Health State of Emergency" as part of its emergency measures to limit the spread of COVID-19. During this period, which is expected to remain in effect until at least 28 February 2023 (having been extended on a number of occasions) each region has been categorised as either "Zone 1" or "Zone 2", with Zone 1 allowing more economic activity and Zone 2 remaining more restrictive (movement during the day is limited to essential work, shopping, medical care, purchasing medicine and medical supplies, and emergency situations only). Since 20 July 2020, no regions have been designated as "Zone 2".

Curfews and lock downs were in place for various periods during the COVID-19 pandemic. There were also various periods of school closures and distance learning in 2020 and 2021. In October 2021, schools re-opened (one month later than initially planned) for the 2021-2022 school year.

Moroccan citizens are still required to wear face masks in certain places and to continue to avoid crowds. With effect from 30 September 2022, health restrictions (requiring a negative test or proof of vaccination) on entering and leaving the country have been lifted. Additional local requirements may be applied by local authorities. Failure to comply with relevant rules can lead to a prison sentence of up to three months or a fine.

National Vaccination Programme

Since January 2021, the Government has been implementing a nationwide vaccination campaign against COVID-19. According to data compiled by *Our World in Data*, as at 29 January 2023, 147.8 COVID-19 vaccine doses had been administered per 100 people and 66.8% of the population had received at least one dose of COVID-19 vaccine. Between 2021 and 2022, budgetary funds of Dh 8.35 billion have been allocated to the purchase of vaccinations against COVID-19.

Government Policy Response

On 11 March 2020, the Government implemented an Economic Watch Committee, headed by the Minister of Economy and Finance, whose main missions were: (i) tracking the evolution of the economic situation in Morocco, through rigorous monitoring and assessment; and (ii) identifying appropriate measures to support impacted households and sectors.

In September 2020, the Minister of Economy and Finance outlined the Government's ongoing strategy to combat the COVID-19 pandemic, including measures to: (i) protect citizens by implementing healthcare measures; (ii) provide economic support for the vulnerable; (iii) limit the impact on the budget deficit and indebtedness, as well as other key economic measures; and (iv) design the framework to reopen the economy.

Since the outbreak of the pandemic, the Government has announced various plans to inject money into the economy, through Government guaranteed products and other sources. In late 2020, the Mohammed VI Investment Fund was established, which targets investments of Dh 45 billion, of which Dh 15 billion was contributed from the State budget. The main purpose of the Mohammed VI Investment Fund is to support major investment projects through public-private partnerships and capital support of relevant businesses. See "*External Sector—Balance of Payments—Foreign Direct Investment—Mohammed VI Investment Fund*".

Various bodies in the Kingdom, including, *inter alia,* the Moroccan Foreign Exchange Office, the Moroccan Capital Markets Authority (known as the "**AMMC**" and, formerly known as the CDVM) and the Supervisory Authority of Insurance and Social Welfare ("**ACAPS**"), also relaxed certain regulatory requirements to assist companies during the pandemic.

On 15 March 2020, King Mohammed VI announced the creation of an emergency fund, the *Special Fund for the Coronavirus Pandemic Management*, which was aimed at upgrading the existing health infrastructure, providing support to the economic sectors worst affected by the COVID-19 crisis, preserving jobs, and mitigating the social impact of the pandemic. The distribution of monies from the fund focused on households, the healthcare sector, and general Government spending. As of 31 December 2022, the amounts made and promised to the fund totalled over Dh 46.2 billion, equivalent to more than 3.5% of Morocco's GDP, of which the Government contributed Dh 18.4 billion, with the remainder provided by the private and public sectors and other contributors. TAMWILCOM (formerly, the *Caisse Centrale de Garantie* (the "**CCG**")), a state-owned limited company, has also been deployed to give guarantees (on its own balance sheet to limit risks to public finances) to banks making loans to SMEs and to micro-credit associations for loans intended for income-generating activities, as well as a new form of guarantee for public companies and establishments relating to a TAMWILCOM-managed guarantee fund.

In total, 12 contract programmes were signed with the sectors most affected by the COVID-19 pandemic. These programmes include social and economic support measures aimed at preserving employment and supporting entrepreneurial activities in these sectors. Sectors for which contract programmes have been signed since the outbreak of the COVID-19 pandemic include the press, culture, creative industries, restaurant and tourist sectors. In addition, the Government has brought forward its project to bring all Moroccans under social coverage. See "*—Social Policy*".

Bank Al-Maghrib

In 2020 and 2021, Bank Al-Maghrib adopted a set of monetary policies and prudential measures to support access to bank credit for both households and businesses affected by the COVID-19 pandemic. In 2022, in order to continue to support economic recovery, Bank Al-Maghrib retained the refinancing instruments put in place in 2020 and renewed in 2021.

Included among such measures is the ability for Moroccan banks to triple their refinancing capacity with Bank Al-Maghrib by: (i) permitting banks to refinance in Dirhams and foreign currency; (ii) extending the range of securities and commercial paper accepted by Bank Al-Maghrib as collateral for refinancing loans to banks; (iii) lengthening loan tenors; (iv) strengthening and adding flexibility to a programme aimed at SMEs; and (iv) providing foreign exchange swaps to domestic banks. In addition, Bank Al-Maghrib lowered its principal interest rate twice: first in March 2020 by 25 basis points to 2.0%; and again on 16 June 2020 by a further 50 basis points, bringing the rate down to 1.5% and bringing the reserve requirement down to 0%. Bank Al-Maghrib kept the 1.5% rate and 0% reserve requirement in place throughout 2021 and renewed other measures taken in 2020 to support banking system liquidity. Bank Al-Maghrib also launched a number of business support programmes and issued various decisions to support credit institutions with respect to prudential requirements.

In 2021, monetary conditions remained widely accommodative as Bank Al-Maghrib maintained the set of monetary policy measures put in place in 2020 as part of its response to the COVID-19 pandemic. Since the beginning of 2022, international economic developments, including the continuing impact of the COVID-19 pandemic and the conflict in Ukraine, have driven inflation to high levels. In each of September 2022 and December 2022, Bank Al-Maghrib raised its key interest rate by 50 basis points, to 2.50% in December 2022, to forestall any de-anchoring of inflation expectations and encourage appropriate conditions for a rapid return to levels in line with its price stability objectives.

Transportation and Travellers

Commercial flights and ferry services have been suspended at various points since the outbreak of the COVID-19 pandemic, most recently in November 2021. Since 7 February 2022, commercial flights have been permitted into and out of Morocco. With effect from 30 September 2022, health restrictions (requiring a negative test or proof of vaccination) on entering and leaving the country have been lifted.

Response to the Economic Impact of the Conflict in Ukraine

The Government has taken a number of measures to mitigate the impact of the conflict in Ukraine on supplies to the Kingdom, as well as the impact of resulting domestic and global inflation on the Moroccan population. Such measures have included targeted subsidies to stabilise wheat and gas prices, fixed electricity tariffs, cash transfers to the transport sector and subsidised credit schemes to the agricultural sector.

Morocco has limited bilateral trade relationships with each of Ukraine and Russia. In particular, in 2021, imports from Russia accounted for 3.5% of Morocco's total imports.

Between 2017 and 2019, average total grain imports from Ukraine accounted for 15.3% of Morocco's total grain imports, while grain imports from Russia accounted for 4.4% of total grain imports. The Government has continued efforts to diversify and expand its grain supply network (placing orders with 15 countries, including France, Argentina and Brazil, accounting for 71% of the total volume of imported wheat in the nine months ended 30 September 2022, as compared to 33% in the corresponding period in 2021) and has increased its domestic wheat reserves through a programme to increase stockpiles above its previous standard five months of import coverage, in order to mitigate wheat supply risks.

Morocco depends upon imported sources of energy for more than 90% of its energy requirements and the relatively high proportion of petroleum products in Morocco's supply mix (with petroleum products accounting for 51.4% of Morocco's energy consumption in 2021) exposes the Kingdom to the risks of rising prices and supply chain disruptions. The Government's strategy is to diversify sources of natural gas, as well as to expand its export base (through increased phosphates, automobiles and tourism exports) in order to mitigate the impact of such risks. The Kingdom has only a limited direct exposure to energy supplies from Russia, with such supplies accounting, on average, for 6.9% of energy imports between 2017 and 2019. Measures introduced by the Government to improve energy security, include: (i) accelerating the targeted achievement of renewable energy strategy goals; (ii) securing a partnership between Sound Energy plc and the *Office National de l'Electricité et de l'Eau Potable* ("**ONEE**") for the sale of natural gas from the Tendrara concession; (iii) expanding co-operation on construction of the Morocco-Nigeria gas pipeline; (iv) upgrading gas infrastructure to launch two gas facilities in northern Morocco in 2022; (vi) and developing new sources of financing for energy transition projects.

The Government has also introduced a number of targeted support measures aimed at containing the impact of cost increases on households and enterprises. Such measures include:

- permitting access to Dh 16 billion in additional credits in 2022 to continue to support the prices of basic goods, including allocating exceptional support of Dh 5 billion (including Dh 3.2 billion between April 2022 and October 2022) to carriers in response to increasing costs of fuel and to ensure price stability for passenger and goods transportation;

- ensuring an adequate supply of common wheat through the suspension of customs duties on imports since 1 November 2021 and reactivating an import refund system;

- launching an exceptional agricultural sector support programme in an amount of Dh 10 billion to alleviate the impact of the drought experienced in 2022;

- improving the incomes of employees and pensioners as part of the new social deal signed in April 2022 (see "—*Employment and Wages*");

- permitting access to Dh 12 billion in additional credits in 2022, in particular to support public establishments and enterprises affected by the increase in prices on international markets;

- refunding approximately Dh 17 billion of VAT credits due to companies, with a particular focus on SMEs;

- establishing a consultation framework between public and private stakeholders to monitor the economic and financial situation and to examine the effects of the conflict in Ukraine; and

- implementing an emergency plan to support the tourism sector, in an amount of Dh 2 billion for 2022-23 (of which Dh 1.3 billion was allocated to 2022).

See "*—Gross Domestic Product*" and "*—Risk Factors—Risks Relating to the Kingdom—Risks Relating to the Kingdom's Finances and Economy—Impact of the Ongoing Conflict between Russia and Ukraine*".

Privatisation and Public Private Partnerships ("PPPs")

Following a long period during which the Government had played a significant role in the Moroccan economy, since 1993, the Government has been reconsidering and redefining its role and that of the private sector in Morocco.

In 1989, legislation was passed providing for the privatisation of 112 companies, including 37 hotels. This legislation was subsequently amended in 1995, 1997 and 2002 to expand the privatisation programme. The privatisation law provided for three privatisation methods, public offers on the Casablanca Stock Exchange (the "**CSE**"), international or domestic tenders and private placements. A number of significant enterprises continue to be state-owned and could be privatised, including the Government's remaining stake in Maroc Telecom, as well as others. A law was passed in February 2006 to regulate concessions to private sector entities.

In October 2018, the Government announced a multi-year privatisation programme starting in 2019. The programme is expected to last five years and to yield approximately 4% of GDP. The goals of the privatisation programme are to: (i) increase the role of the private sector in the economy; (ii) reduce budgetary subsidies to the public sector; (iii) encourage increased competition and thereby raise the standards and efficiency of Moroccan industry; (iv) increase tax revenues; and (v) increase levels of funding from the capital markets and promote wider share ownership. In addition, the Government is aiming, through the granting of concessions, to involve the private sector in financing and operating public utilities. In late 2018, the Government amended the list of public enterprises that can be divested with the addition of companies in the tourism, hotel and energy sectors.

In 2019, the Government realised proceeds from privatisation of Dh 9.7 billion, which comprised Dh 8.8 billion from the disposal of an 8% stake of Maroc Telecom and Dh 0.9 billion from the sale of the Ryad Development Company. Of the privatisation receipts, Dh 5.3 billion were allocated to the state budget.

The Government did not realise any proceeds from privatisation in 2020, 2021 or 2022. In 2021, the Government realised proceeds of Dh 5.4 billion from the sale of stakes in public companies to other public companies, which principally comprised Dh 5.3 billion from the sale of 35% of the State's stake in Marsa-Maroc to a public company. The 2022 budget law forecasted amounts from privatisation to be Dh 5 billion in 2022, but this amount is now expected to be received in 2023.

The following table sets forth the privatisation receipts for the years indicated.

Privatisation Receipts

Year	**Receipts**
	(Dh millions)
2018	0
2019	9,700[(1)]
2020	0
2021	0
2022	0
Total	**9,700**

Source: Ministry of Economy and Finance

Note:

(1) Of which Dh 5.34 billion was received by the treasury, of which Dh 4.4 billion related to the sale of 8% of Maroc Telecom and Dh 0.9 billion related to the sale of the Ryad Development Company.

In order to ensure an appropriate use for the proceeds of privatisation, in 1999, the Government set up the Hassan II Fund into which 50% of privatisation proceeds may be transferred. Since 2001, the Hassan II Fund has benefited from, typically, around 50% of privatisation proceeds, and to date has received Dh 34.3 billion. The main objective of the Hassan II Fund is to allocate privatisation proceeds to investment activities rather than to the payment of current expenses.

The Government is undertaking restructuring programmes and further reforms with respect to state-owned enterprises and is also in the process of strengthening governance and oversight of state-owned enterprises. Two laws implementing such reforms were adopted in July 2021:

- *Law № 82-20 regarding the creation of a National Agency (Agence nationale de gestion stratégique des participations de l'État et suivi des performances des établissements et entreprises publics)*, responsible for ensuring the strategic and efficient management of the State's holdings in state-owned enterprises (including capital operations to optimise public shareholdings and diversifying the sources of funding of state-owned enterprises), promoting good governance and monitoring their performance. In July 2022, the Chief Executive Officer of the National Agency was appointed.

- *Law № 50-21 regarding comprehensive reform of state-owned enterprises,* which aims to create a substantial and balanced redefinition of the sector, including the transformation of state-owned enterprises with commercial activities into public limited companies, the dissolution or liquidation of certain obsolete enterprises, the creation of holding companies to encourage synergies and optimisation, and the establishment of regular monitoring operations of the sector.

These public sector reform initiatives have three main components: (i) the adoption of new legislation, for example for the reform of financial control and governance of state-owned enterprises, privatisations, formalisation of relationships between the Government and state-owned enterprises, evaluation of state-owned enterprises' missions and activities and creation of a central institution for liquidation; (ii) the development of guidelines for the implementation of restructuring activities for the main state-owned enterprises projected in 2022 and over a five year period; and (iii) the appointment of governing bodies to the National Agency created in 2021.

The Government is also exploring ways to promote PPPs. On 24 December 2014, Parliament enacted a law establishing PPP contracts (the "**PPP Law**"). This law entrusts private partners with an overall objective of designing, financing, constructing or rehabilitating, maintaining and/or operating works or infrastructure to provide a public service and expanded public-private arrangements to cover schemes spanning from the design to the operations of works with remuneration from the public sector. An amendment to the PPP Law was approved by Parliament in March 2020. Key features of the amendment to the PPP Law include: (i) broadening the scope of PPPs to include local authorities and local bodies; (ii) creating a national commission responsible for PPPs with the Head of Government tasked with setting a national strategy and an annual PPP programme and to set the conditions and framework for project evaluations and implementation; (iii) creating a permanent commission for PPP projects dedicated to local authorities and bodies, responsible for developing a sectoral strategy; (iv) simplifying the tender procedure; and (v) aligning provisions of the law on PPPs with sectoral laws.

According to statistics published by the World Bank Group's PPP Knowledge Lab, as of November 2020, a total of 32 PPP projects have reached financial closure since 1990, with active investment of U.S.$22.5 billion. Examples of recent and ongoing PPP projects include:

- *Tanger Med II Port Container Terminal 3:* In January 2021, Tanger Alliance, a subsidiary of Marsa Maroc, Contship Italia, Eurogate International and Hapag-Llyod, received the first container vessel in Container Terminal 3 of the Port of Tanger Med 2 after 18 months of construction for an investment of approximately €175 million. Commercial commissioning of the whole terminal took place in 2021. The terminal has been constructed on an area of 36,000 m^2 and has a quay length of 800 m with a water depth of 18 m. The terminal has eight ship-to-shore cranes, enabling it to handle the world's largest container ships, with a container storage yard equipped with 22 rubber tyred gantry cranes. The terminal has capacity to handle 1.5 million twenty-foot equivalent units.

- *Midelt Wind Farm*: In November 2018, ONEE, the Moroccan Agency for Sustainable Energy ("**MASEN**") and Midelt Wind Farm S.A. (a vehicle owned by ONEE and a consortium formed by Enel Green Power ("**EGP**") and Nareva) signed financing agreements to start construction of the first of the wind farms included in the 850 megawatt ("**MW**") *Projet Éolien Intégré*, which is to be built in Midelt on a 2,230 hectare site. The new wind farm, whose capacity amounts to 210 MW was put into commercial operation in 2021. Despite, the outbreak and impact of the COVID-19 pandemic, the construction was completed within a 24-month work period. The wind farm is expected to result in the reduction of 430,000 tonnes of CO_2 *per annum*. *Projet Éolien Intégré* was awarded to the consortium formed by EGP and Nareva following an international tender. The electricity produced is sold to ONEE on the basis of a 20-year power-purchase agreement. The total investment in the Midelt wind farm amounts to Dh 2.5 billion, equivalent to approximately €230 million, and is financed through equity investments from shareholders and debt financing from ONEE. Financing for this project included financing from KfW, EIB and the EC.

- *Agadir Desalination Plant (Phase 2)*: In 2018, financial closure was reached in respect of the PPP for the construction of the second phase of the Agadir Desalination Plant. The PPP was entered into on a build, operate and transfer basis with a contract length of 27 years. The PPP concession was granted to Abengoa. The largest desalination plant, valued at €309 million with an initial capacity of 275,000 m^3/day, is designed and conceived for combined use for drinking water (150,000 m^3 per day) and irrigation (125,000 m^3 per day). The contract also provides for a possible capacity expansion to up to 400,000 m^3/day to be equally distributed between drinking water and irrigation. Contractual documentation for the concession was completed in June 2022 following an amendment made to reflect certain shutdowns caused by the COVID-19 pandemic.

- *Noor PV I Solar Trio*: In 2017, financial closure was reached in respect of the PPP for the construction of a photovoltaic solar plant in the Draa-Tafilalet region. The PPP was entered into on a build, operate and transfer basis with a contract length of 20 years. The PPP concession was granted to ACWA Power. The project, valued at U.S.$220 million, involves the construction of the plant with a planned capacity of 177 MW.

- *NOOR II and III Parabolic CSP*: In May 2015, a consortium led by ACWA Power, and including SENER as the technology provider, achieved financial closure of the independent power projects for the NOOR II and NOOR III projects. The NOOR II project is a 200 MW solar power plant based on concentrated solar power technology using a parabolic trough with 7.2 hours molten salt storage. The NOOR III project is a 150 MW solar power plant based on concentrated solar power technology using a central tower with 8 hours molten salt storage. Both projects constitute the second phase of the NOOR Solar Complex in Ouarzazate, 500 kilometres south of Rabat. The NOOR Solar Complex is expected to host a minimum of two gigawatts of solar power, equivalent to approximately 14% of Morocco's installed generation capacity, in 2020. The total value of both projects is approximately U.S.$2.0 billion, funded on 80/20 debt to equity basis with funds secured from the African Development Bank, the *Agence Française de Développement*, the Clean Technology Fund, the EC, the EIB, KfW and the World Bank. The NOOR Solar Complex, which is now operational, is the largest multi-technological solar complex in the world.

- *NOOR Midelt CSP-PV Plant Stage I:* In May 2019, a consortium of EDF Renewables ("**EDFR**"), Masdar and "Green of Africa" was selected to construct and operate the first phase of the NOOR Midelt concentrated solar power ("**CSP**") photovoltaic facility in partnership with MASEN for a period of 25 years. This project is part of the wider NOOR project described above and will be developed on a 3,000-hectare site on the Haute Moulouya Plateau in Central Morocco. The project, which is expected to have a total installed capacity of 800MW, is thought to be the world's first advanced hybrid of concentrated solar power and photovoltaic technologies. Construction of the NOOR Midelt Phase 1 plant, located 20 km north of Midelt, started in late 2019, while the planned commissioning date is in 2024. Upon completion, the plant is expected to power over 215,000 homes.

- *Taza Onshore Wind Power Generation Project:* In September 2020, a financing agreement was entered into between Mitsui & Co. and EDFR and a number of project financing banks, including Japan Bank for International Cooperation, several commercial banks (for which loan insurance is planned to be partially provided by Nippon Export and Investment Insurance) and Bank of Africa, in connection with the construction of an onshore wind power generation project in Taza. This project is expected to contribute to the region's social and economic development, creating jobs for approximately 400 people during the construction phase. The estimated total cost of the project is approximately €140 million. EDFR and Mitsui & Co represent 60% and 40%, respectively, of the private investment in the project. Public funding for the project (from ONEE, MASEN and the Hassan II Fund) is expected to be up to 35% of the project company's capital. The project is being completed in two phases: (i) a first phase involves an onshore wind power generation plant with a power generation capacity of 87.2 MW; and (ii) a second phase involves additional generation capacity of 63 MW. Completion of the two phases is expected from 2025. The power generation company will sell the power generated over a 20-year period under a long-term power purchase agreement between ONEE and MASEN. Upon entry into service, the power generated is expected to be equivalent to the annual consumption of 350,000 people (*i.e.*, approximately 70% of the population of the Taza Province).

- *Casablanca-Settat Seawater Desalination Plant:* ONEE is implementing a desalination plant in the Casablanca-Settat region as part of the Priority Drinking Water Supply and Irrigation Programme 2020-2027, launched in January 2022. The plant is expected to be located near the centre of Sidi Rahhal, approximately 40 km southwest of Casablanca. In September 2022, the Minister of Equipment and Water announced that the first phase of the project, to allow the supply of 200 million cubic metres of water per year for irrigation and drinking water supply in Casablanca, Settat, Berrechid, Azemmour and El Hadida, would be launched in 2023. This phase of the project is expected to be completed in 2026. A second phase is expected to extend the capacity of the plant to 300 million cubic metres per year by 2030. The bidding process for the concession is currently ongoing.

Gross Domestic Product

Morocco's GDP has tended to show fluctuating trends, largely due to erratic primary sector activity, most notably in the agricultural sector. Although overall GDP fluctuations have decreased in recent years, as a result, in part, of increased domestic demand and the emergence of new industries, yearly rainfall variations have continued to have an effect on GDP, prices and the balance of trade. More recently, the impact of the COVID-19 pandemic and increased international commodity prices as a result of the conflict in Ukraine have negatively affected GDP levels.

Morocco's Real GDP grew by 7.9% in 2021, as compared to contracting by 7.2% in 2020. The contraction in 2020 was primarily a result of the impact of the COVID-19 pandemic, with the return to growth in 2021 reflecting the economic recovery. The economy was also affected in 2019 and 2020 by severe droughts, whereas the agricultural harvest in 2021 was better than the historical average, reflected in 17.6% growth in the primary sector. The secondary sector grew by 6.8% in 2021 and the tertiary sector grew by 6.4%. The overall non-agricultural GDP grew by 6.8% in 2021, as compared to a contraction of 7.1% in 2020. According to provisional estimates compiled by the Treasury Directorate, real GDP is forecasted to have grown by 1.5% in 2022 (Dh 1,371.8 billion or approximately U.S.$134.9 billion). The slowdown in economic growth in 2022 was primarily due to the impact of drought and effects of the conflict in Ukraine on global prices, supply and inflation.

The IMF estimates full year real GDP to have grown by 1.25% in 2022 and forecasts real GDP growth of 3% in 2023 (figures as stated in the IMF 2022 Article IV Consultation Country Report published in January 2023).

The following table sets forth certain information with respect to total and per capita GDP for the years and periods indicated.

Gross Domestic Product[1]

						Nine months ended 30 September	
	2017	**2018**	**2019**	**2020**	**2021**[2]	**2021**	**2022**[2]
Total GDP							
At current prices (*Dh billions*)	1,148.9	1,195.2	1,239.8	1,152.4	1,284.2	947.8	1,007.4[3]
Nominal change (*%*)	5.0	4.0	3.7	(7.1)	11.4	11.1	6.3
Real change *(%)*	5.1	3.1	2.9	(7.2)	7.9	8.3	1.3
Per capita GDP							
At current prices (*Dh*)	32,965	33,937	34,840	32,055	35,363	—	—
Nominal change (*%*)	3.9	2.9	2.7	(8.0)	10.3	—	—
Real change *(%)*	4	2.0	1.8	(8.1)	6.9	—	—

Sources: HCP and Ministry of Economy and Finance

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.
(3) Sum of the results for the first three quarters of 2022. Annual results may differ materially from preliminary interim figures.

The following table sets forth the details in respect of the goods and services account for the years and periods indicated.

Goods and Services Account(1)(2)

						Nine months ended 30 September	
	2017	**2018**	**2019**	**2020**	**2021**(3)	**2021**	**2022**(3)(4)
				(Dh billions)			
Gross Domestic Product	**1,148.9**	**1,195.2**	**1,239.8**	**1,152.4**	**1,284.2**	**947.8**	**1,007.4**
Imports of goods and services	477.6	519.1	519.6	438.5	539.6	385.2	562.9
less: Exports of goods and services	374.6	404.3	422.7	354.9	422.9	303.7	441.9
Resources deficit(5)	**(103.0)**	**(114.8)**	**(96.9)**	**(83.6)**	**(116.7)**	**(81.6)**	**(120.9)**
Total available resources	**1,626.5**	**1,714.3**	**1,759.4**	**1,591.0**	**1,824.0**	**1,333.0**	**1,570.2**
General government final consumption	206.6	215.1	225.4	223.8	238.5	177.5	187.3
Resident households final consumption	673.8	702.0	723.2	672.4	754.7	554.7	602.7
Final consumption of non-profit institutions	7.8	8.7	8.8	8.2	8.9	6.6	6.9
Final National Consumption	**888.2**	**925.8**	**957.4**	**904.4**	**1,002.1**	**738.8**	**796.9**
Fixed capital formation	323.2	333.0	337.1	302.2	346.9	257.5	274.6
Changes in stock	38.1	48.8	40.0	27.6	49.8	31.5	55.3
Investment	**363.7**	**384.1**	**379.3**	**331.6**	**398.8**	**290.5**	**331.4**
Total expenditure	**1,626.5**	**1,714.3**	**1,759.4**	**1,591.0**	**1,824.0**	**1,333.0**	**1,570.2**

Sources: HCP and Ministry of Economy and Finance

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Figures in this table have been subject to rounding and may not be an arithmetic aggregation of the figures that precede them.
(3) Preliminary data.
(4) Sum of the results for the first three quarters of 2022. Annual results may differ materially from preliminary interim figures.
(5) Net exports.

The following table sets forth the contribution of certain sectors to real GDP growth for the years indicated.

Contribution to Real GDP Growth

	2017	2018	2019	2020	2021
			(%)		
Resources deficit[1]	1.5	(0.8)	0.8	(0.1)	(1.8)
Consumption	2.6	2.2	2.1	(3.4)	5.9
Investment	1	1.7	(0.1)	(3.6)	3.8
Real GDP Growth	**5.1**	**3.1**	**2.9**	**(7.2)**	**7.9**

Source: HCP

Note:
(1) Net exports.

Principal Sectors of the Economy

The following table sets forth Morocco's gross domestic product by sector (at current prices) for the years and periods indicated.

Gross Domestic Product by Sector (at current prices[1])

						Nine months ended 30 September	
	2017	**2018**	**2019**	**2020**	**2021[2]**	**2021[2]**	**2022[2][3]**
				(Dh millions)			
Primary Sector	**128,220**	**135,128**	**134,428**	**122,896**	**154,559**	**116,399**	**108,061**
Agriculture and forestry	120,299	127,084	127,851	117,094	145,272	109,570	101,995
Fisheries	7,921	8,044	6,577	5,802	9,287	6,830	6,065
Secondary Sector	**291,882**	**301,694**	**313,058**	**300,146**	**334,920**	**245,755**	**275,345**
Extraction industry	20,809	20,789	20,392	16,659	21,749	15,802	25,651
Manufacturing industries	167,672	177,736	183,041	174,915	197,024	144,112	161,505
Electricity, gas and water	35,891	37,031	42,938	44,343	44,113	33,227	33,863
Construction	67,510	66,138	66,687	64,229	72,034	52,613	54,327
Tertiary Sector[3]	**610,049**	**634,322**	**663,041**	**613,065**	**662,044**	**488,941**	**525,692**
Trade	118,712	119,305	122,214	111,643	129,473	94,621	103,580
Hotels and restaurants	39,508	38,724	43,097	23,416	30,384	22,360	32,602
Transport and storage	44,817	48,214	50,617	33,754	38,916	28,608	30,498
Information and communication	29,383	30,286	31,249	32,727	32,269	24,117	24,456
Financial activities and insurance	48,195	52,304	52,094	51,956	53,536	39,898	41,758
Real estate activities	79,155	82,619	86,344	86,599	90,341	67,455	70,155
Research and development	50,397	54,407	59,112	51,623	56,992	41,302	43,818
General government, social security	101,660	105,827	112,999	119,211	124,902	93,171	97,909
Education, health and social action	80,659	84,471	86,816	87,739	90,559	67,589	70,273
Other services	17,563	18,165	18,499	14,397	14,672	9,819	10,644
Global added value	**1,030,151**	**1,071,144**	**1,110,527**	**1,036,107**	**1,151,523**	**851,095**	**909,097**
Non-agricultural GDP	**1,028,596**	**1,068,153**	**1,111,985**	**1,035,325**	**1,138,882**	**838,229**	**905,395**
Non-agricultural added value	**909,852**	**944,060**	**982,676**	**919,013**	**1,006,251**	**741,525**	**807,103**
Taxes on products net of subsidies	**118,744**	**124,093**	**129,309**	**116,312**	**132,631**	**96,704**	**98,293**
Total Gross Domestic Product	**1,148,895**	**1,195,237**	**1,239,836**	**1,152,419**	**1,284,154**	**947,799**	**1,007,390**

Source: HCP

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.
(3) Including non-market services provided by the general government.
(4) Sum of the results for the first three quarters of 2022. Annual results may differ materially from preliminary interim figures.

The following table sets forth the annual change in GDP by sector in real terms for the years and periods indicated.

Annual Growth in Gross Domestic Product by Sector(1)

						Nine months ended 30 September	
						2021(2)	**2022**(2)
	2017	**2018**	**2019**	**2020**	**2021**(2)		
				(%)			
GDP Growth (at constant prices)	**5.1**	**3.1**	**2.9**	**(7.2)**	**7.9**	**8.3**	**1.3**
Primary Sector	19.5	4.5	(3.9)	(7.1)	17.6	17.1	(15.4)
Secondary Sector	3.4	3.1	4.1	(5.2)	6.8	7.8	0.3
Tertiary Sector	3.3	2.9	3.9	(7.9)	6.4	6.5	5.4
Non-agricultural GDP	3.3	2.8	3.8	(7.1)	6.8	7.2	3.4

Source: HCP

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data.

See "*—Gross Domestic Product*".

Agriculture and Forestry

In 2021, agriculture, forestry and related services contributed 11.3% to GDP (Dh 145.3 billion). The average agricultural GDP over the period of 2014 to 2021 was more than Dh 120 billion per year, a yearly increase of 6.5%, which was mainly a result of the Government's increased investment in the sector.

The Kingdom is a net importer of food. In particular, wheat imports amounted to Dh 14.3 billion in 2021 (as compared to Dh 13.5 billion in 2020) and maize imports amounted to Dh 6.1 billion in 2021 (as compared to Dh 5.4 billion in 2020). Accordingly, the Kingdom's economy and the budget are, to a degree, subject to the impact of changes in global food prices and the level of national production. See *"Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—Food and Energy Security", Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—Subsidies*", "*External Sector—Foreign Trade*" and "*Public Finance—Subsidies*". Since independence, successive Governments have implemented programmes to reform the agricultural sector. Although the sector remains generally underdeveloped, it occupies an important place in the Moroccan economy in respect of growth and employment and it is also one of the main export sectors.

Agriculture

The following tables set forth Morocco's annual production of certain principal agricultural products for the periods indicated.

Annual Production of Principal Agricultural Products[1][2][3]

	2016/2017			2017/2018			2018/2019[4]		
	Area	**Prod.**	**Yield[4]**	**Area**	**Prod.**	**Yield[4]**	**Area**	**Prod.**	**Yield[4]**
	(thousand hectares)	*(million quintals)*	*(quintals/ hectare)*	*(thousand hectares)*	*(million quintals)*	*(quintals/ hectare)*	*(thousand hectares)*	*(million quintals)*	*(quintals/ hectare)*
Principal cereals	**5,386**	**96**	**18**	**4,487**	**103**	**23**	**3,556**	**52**	**15**
Soft wheat	2,296	49	21	1,891	49	26	1,687	13	16
Hard wheat	1,088	22	20	997	24	24	819	27	16
Barley	2,001	25	12	1,599	29	18	1,050	12	11
Pulse crops[5]	**306**	**3**	**9**	**330**	**3**	**9**	**310**	**2**	**7**
Market garden crops	**253**	**74**	**293**	**262**	**79**	**302**	**240**	**73**	**306**

	2019/2020			2020/2021			2021/2022[5]		
	Area	**Prod.**	**Yield[4]**	**Area**	**Prod.**	**Yield[4]**	**Area**	**Prod.**	**Yield[4]**
	(thousand hectares)	*(million quintals)*	*(quintals/ hectare)*	*(thousand hectares)*	*(million quintals)*	*(quintals/ hectare)*	*(thousand hectares)*	*(million quintals)*	*(quintals/ hectare)*
Principal cereals	**4,341**	**32**	**7**	**4,354**	**103**	**24**	**3,600**	**34**	N/A
Soft wheat	1,852	8	10	1,877	51	27	N/A	19	N/A
Hard wheat	993	18	8	988	25	25	N/A	8	N/A
Barley	1,495	6	4	1,489	28	19	N/A	7	N/A
Pulse crops[6]	272	**2**	**56**	N/A	**3**	N/A	N/A	N/A	N/A
Market garden crops	**258**	**72**	**279**	N/A	**74**	N/A	N/A	N/A	N/A

Source: Ministry of Agriculture and Fisheries, Rural Development and Water and Forests

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Figures for the growing season June 1-May 31.
(3) One quintal = 100 kg.
(4) Rate of return.
(5) Figures for 2021/2022 are preliminary, and certain figures are not available due to, in part, difficulties in calculations as a result of drought during the period and the resulting crop substation.
(6) Pulse crops are members of the legume family, seeds or plant parts of which are edible.

Morocco's principal crops are cereals (primarily wheat, barley and maize), market garden crops, sugar, olives and citrus fruits. Foodstuffs, beverages and tobacco and raw animal and vegetable product exports represented approximately 21.3% of Morocco's exports by value in 2021. Morocco's principal agricultural exports are fisheries products, vegetables and citrus fruits. In recent years, the agriculture sector has witnessed a steady shift from cereal production for domestic consumption to fruit production for export due to the higher prices farmers can realise and improvements in productivity. In 2021, the agricultural sector provided 60.8% of rural jobs and 34.3% of total jobs nationally.

Production of the three principal cereals in the 2020/2021 growing season was estimated at 103.2 million quintals (which comprised 50.6 million quintals of soft wheat, 24.8 million quintals of durum wheat and 27.8 million quintals of barley), as compared to 32.1 million quintals in the 2019/2020 growing season, an increase of 221.5% and the second best annual production since the launch of the *Plan Maroc Vert*. Citrus fruit crops and olive production also increased in the 2020/2021 growing season, by 29% and 14%, respectively.

In the 2021/2022 growing season, the scarcity of rainfall, in particular at the beginning of the season, had a detrimental effect on production, with principal cereals production declining to 34.0 million quintals (which comprised 18.9 million quintals of soft wheat, 8.1 million quintals of durum wheat and 7.0 million quintals of barley), a decrease of 67.1% as compared to the 2020/2021 growing season. Citrus fruit crops and olive production increased in the 2021/2022 growing season, by 14% and 22%, respectively.

Exports of citrus fruits and market garden products, by volume, were estimated to increase by 40% and 13%, respectively, in the 2021/2022 growing season, as compared to the 2020/2021 growing season, with particular increases in tomatoes and red fruits exports, which increased by 19% and 18%, respectively.

Water shortage and drought are recurrent problems in many parts of Morocco. Morocco has suffered droughts in varying degrees since 1992, including in 2005, 2007, 2008, 2012, 2016, 2017, 2019, 2020 and 2022, and these conditions diminished the availability of water and curtailed the output of hydroelectric energy facilities. Periods of drought have generally corresponded to declines in the rates of growth of GDP and periods of abundant rainfall have generally corresponded to increases in the rates of growth of GDP. In 2022, Morocco has been experiencing its worst drought in more than 40 years, with a significant adverse impact on cereal production. See "*Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—The Kingdom's Variable Climate*".

To mitigate the effects of drought and the negative impact on agricultural activity, an emergency Dh 10 billion programme was launched in 2022, which included a Dh 3 billion contribution from the Hassan II Fund for Economic and Social Development.

Over the last three decades, the Government has implemented several major irrigation and hydroelectric projects to make better use of Morocco's water potential. The *Offices Régionaux de Mise en Valeur Agricole* is the Government network entrusted with agricultural management. The Government has adopted a number of programmes to improve meteorological monitoring to assist farmers in planning their crops and in the timing of planting and harvesting.

In 2020, 97.5% of the rural population of the Kingdom had access to potable water supply, as compared to 93.0% in 2012. The Government has placed significant emphasis on irrigation. By the end of 2021, land under irrigation is estimated at 1.6 million hectares. Morocco has a network of over 150 large dams with a total capacity of more than 19.6 billion cubic metres, as well as 140 small dams. The *Plan National de l'Eau* was finalised in 2015 and is based on three pillars: (i) water demand management and water use efficiency; (ii) development of the supply through the storage of surface water in dams, seawater desalination and the reuse of treated wastewater; and (iii) conservation of water resources and natural environment and climate change adaption. Under the *Plan National de l'Eau*, execution of the localised irrigation conversion programme (as provided for in the *Plan Maroc Vert*, see below) is expected to continue until 2050, with the aim of reaching 70% of the overall irrigated area. In 2016, Parliament adopted Law № 36-15 on water, which recognised the risks of extreme water stress and provides for integrated water resources management and accompanying tools.

Within this framework and in accordance with royal guidelines, the Priority Drinking Water Supply and Irrigation Programme 2020-2027 was launched in 2022. This programme, which has an estimated cost of Dh 115.4 billion covers: (i) the development of the water supply, including through constructing new dams, extending existing dams, pursuing seawater desalination projects and strengthening and securing the production of drinking water through connections to existing or planned structuring systems; (ii) the construction of small dams and hill lakes for local development where there is a water deficit; (iii) demand management through saving and valuing water and minimising losses; (iv) the reuse of treated wastewater; and (v) the reinforcement of drinking water supply in local areas by improving the rate of access to drinking water, the upgrading of failing supply systems, the creation of individual connections and the professionalisation of the management of the drinking water supply.

The Government is encouraging the consolidation of landholdings to promote large-scale modern farms, with the aim of increasing profitability through economies of scale. Approximately 7.6 million hectares of land in Morocco are under cultivation, with modern large-scale farms occupying nearly one million hectares and the bulk of the remainder consisting of small- and medium-holdings. Incentives are available to farmers to purchase neighbouring parcels of land and the dismemberment of agricultural landholdings arising on inheritance is being limited. Other measures aimed at encouraging productivity include the granting of subsidies for the acquisition of modern tools and equipment.

The action plan for the development of the agricultural sector in 2023 focuses on the development of irrigation and agricultural space, the development of the animal and plant production sectors, the preservation of biodiversity and food safety and implementation of agricultural training and research programmes.

See also *"—Environmental, Social and Governance ("ESG") Agenda*".

Forestry

Morocco possesses extensive forests covering approximately nine million hectares, or 12.7% of the country, of which 5.8 million hectares are managed. Cork and wood-pulp are the most important forest products. Cork is mostly exported, and wood-pulp is either exported or used in the domestic paper industry. *Le Fonds National Forestier* (the National Forest Fund, or "**FNF**") was established in 1949 to promote the Kingdom's development of forestry products, preserve biodiversity and integrate forested areas into the Kingdom's rural development strategy. In recent years, Morocco's National Highway Authority has planted more than 3 million trees in efforts to reverse deforestation across the country.

In February 2020, Morocco launched a new development strategy for the water and forest sector called *Forêts du Maroc*. This strategy aims to conserve and protect forests and make forests a space for development, to combat deforestation and desertification, to ensure collaborative and sustainable management of forest resources, and to preserve biodiversity. The strategy centres on four main initiatives: (i) the creation of a new model of management working with local populations; (ii) the development of the forest areas according to their productive capacity; (iii) the promotion and modernisation of forest trades through the creation of modern nurseries and the introduction of digital management tools; and (iv) the institutional reform of the sector through human resources, training and research, and the creation of a Water and Forest Agency and a Nature Conservation Agency. The strategy aims, by 2030, to regenerate 133,000 hectares of forests, create 27,500 jobs, and enhance production and eco-tourism to a level of Dh 5 billion *per annum*.

Fisheries

In 2021, fisheries contributed 0.7% to GDP and production was 1.4 million tonnes, with an export value of Dh 25.5 billion. The volume of coastal and artisanal fishing products increased by 13.4% in 2022, as compared to 2021, and the value of such products increased by 6.5%. In the ten months ended 31 October 2022, fisheries production was 1.2 million tonnes. The principal fishing centres in Morocco are Agadir, Safi, Essaouira, Tan-Tan and Casablanca.

In 2009, the Government announced *Plan Halieutis*, a development strategy for 2010-21 to modernise the fishing sector and encourage sustainable fisheries policies, support the further development of the maritime fishing industry and increase exports. *Plan Halieutis* has laid the foundations for the development of the sector, leading to an increase in socio-economic indicators and an average annual growth of exports, in value, of 4.4% over the period 2010-21. An overall budget of Dh 8 billion was allocated to financing projects within *Plan Halieutis* between 2010 and 2021, including approximately Dh 1.5 billion in the form of subsidies and aid. Dh 5.8 billion in private investment for development of the industry was made over the period 2010 to 2020. Average annual investment in the fisheries industry increased from Dh 299 million between 2000 and 2009 to Dh 490 million between 2010 and 2020.

In 2023, new programmes are expected to be launched in line with a "Blue Economy 2022-2026" initiative, which is expected to be financed by the World Bank. This initiative aims to improve economic growth, job creation, food security, sustainability and the resilience of natural resources.

Mining

In 2021, mining activities contributed 1.7% to GDP (Dh 21.7 billion). Morocco's proven mineral resources are extensive and mining in general, and phosphates, in particular, have long represented a significant source of industrial raw materials and export earnings. Morocco is believed to possess more than 70% of the world's estimated reserves of phosphates. Other minerals mined in Morocco include coal, copper, manganese ore, zinc, lead and iron ore. Total mining production in Morocco was 41 million tonnes in 2021. Mining exports accounted for 2.3% of total exports in 2021 (excluding phosphates and derivatives), as compared to 1.8% in 2020. Approximately 40,000 people were employed in the mining sector in 2021.

Phosphate mining is carried out by OCP S.A. ("**OCP**"), which is a 94.12% state-owned entity. The production of phosphates increased by 1.8% in 2021, as compared to 6.1% in 2020, while the production of derivatives decreased by 1.7%, as compared to an increase of 9.7% in 2020. The production of phosphates decreased by 17.9% in the eleven months ended 30 November 2022 (as compared to an increase of 1.8% in the corresponding period in 2021) and that of derivatives by 4.1% (as compared to a decrease of 2.6% in the corresponding period in 2021). These decreases were primarily due to a decline in the production of phosphoric acid (by 9.3% in the eleven months ended 30 November 2022, as compared to 0.1% the corresponding period in 2021) and, to a lesser extent, of natural and chemical fertilisers (by 0.6% in the eleven months ended 30 November 2022, as compared to 4.2% the corresponding period in 2021) In terms of exports, the sales made by the OCP group increased by 44% in 2022, as compared to 2021. In respect of exports by volume, in 2022, OCP exported 16.9 million tonnes, as compared to 22.8 million tonnes in 2021. Exports of phosphates and derivative products represented 3.8% of GDP in 2017, 4.3% of GDP in 2018, 3.9% of GDP in 2019, 4.4% of GDP in 2020, 6.3% of GDP in 2021 and 8.4% of GDP in 2022 (according to preliminary estimated figures).

Morocco is the world's third largest producer (after the United States and China and before Russia) and the world's largest exporter, of phosphate, representing 33% of world trade (in volume) in 2021. In 2021, phosphate mining accounted for 54.2% of the mining sector's exports. Phosphate output in 2021 was 38.1 million tonnes, representing a 1.9% increase over 2020 levels, and 9.9 million tonnes of phosphate rock was exported in 2021, as compared to 10.3 million tonnes in 2020. In 2021, phosphate rock exports were valued at a total of Dh 8.9 billion, an increase of 21.9%, as compared to 2020, due to the increase in international market prices, in turn, due to increased fertiliser prices driven by certain supply bottlenecks (in part due to certain reductions in European production due to the increase in natural gas prices) and a recovery in demand.

OCP operates ten phosphate rock mines at three locations in central Morocco (six at Khouribga, three at Gantour (Ben Guerir and Youssoufia) and one in the Sahara Region (at Boucraa)), with a combined annual phosphate rock production capacity of 44 million tonnes in 2018. OCP processes approximately two-thirds of its phosphate rock production into phosphoric acid (including purified phosphoric acid) and phosphate-based fertilisers at its facilities at Safi and Jorf Lasfar.

The following table sets forth the total production, sales and prices of phosphate rock for the years and period indicated.

Phosphate Rock Production, Sales and Prices[1]

	2017	2018	2019	2020	2021	Eleven months ended 30 November 2022[2]
Production (*thousand tonnes*)[3]	32,843	34,321	35,276	37,441	38,115	28,540
Foreign sales						
Volume (*thousand tonnes*)	11,061	11,251	9,495	10,343	9,865	5,321[4]
Value *(Dh Billions)*	8,370	8,298	7,311	7,338	8,943	13,390[4]
Average Price (*U.S.$/tonne*)	90	88	88	75	100	247[4]

Sources: Ministry of Energy, Mines, Water and the Environment, HCP, OCP

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data.

(3) Represents treated phosphate rock, which is phosphate rock available for sale.

(4) Figure represents the year ended 31 December 2022.

In the mining sector, exploration works were conducted on 49 targets, including in respect of precious metals, base metals and uranium, industrial rocks and minerals, mining reconnaissance and geothermal projects.

The Ministry of Energy, Mines and Sustainable Development has introduced a *National Mining Sector Development Strategy (2013-2025)*, which excludes phosphates. The *National Mining Sector Development Strategy* aims to: (i) triple the mining sector's turnover to over Dh 15 billion; (ii) multiply investment in exploration and research by ten times to approximately Dh 4 billion; and (iii) double the jobs in the sector to over 30,000 by 2025.

A Dh 130 billion green investment programme for phosphates and derivative products for the period 2023-2027 has also been launched, which includes: (i) developing OCP's production capacity and carbon neutrality by 2040 through renewable energies and the production of unconventional water; (ii) consolidating OCP's global position through a local integration rate of 70%, the support of 600 domestic industrial companies and the creation of 25,000 direct and indirect jobs; and (iii) signing, in January 2023, memoranda of understanding with the largest Indian fertiliser producers to provide them with up to 1.7 million tonnes of phosphate fertiliser for the next agricultural season.

Manufacturing Industries

In 2021, the industrial sector contributed 15.3% to GDP (Dh 197.0 billion). Since independence, the Government has sought to develop the manufacturing sector as a source of economic growth and employment. The import-substitution policies pursued by the Government throughout much of the post-independence period until the mid-1980s fostered the growth of a diversified manufacturing sector, but have insulated, to a large extent, domestic producers from international competition and production has generally been directed at the domestic market. Since the mid-1980s, the Government's market-orientated policies have been aimed at greater deregulation of domestic markets and encouraging competitiveness in, and the restructuring of, the manufacturing sector and a greater participation by the private sector.

The production index for manufacturing industries increased on average by 3.2% in the third quarter of 2022, as compared to an increase of 3.3% in the corresponding period in 2021.

In 2014, a strategy for industrial acceleration, the Industrial Acceleration Plan 2014-2020, was adopted, which aimed to encourage industrial growth and to increase the share of manufacturing of GDP by 2020. By the end of 2020, 565,483 jobs had been created under the Industrial Acceleration Plan, reflecting 113% of the plan's target, and 54 "ecosystems" covering 14 industrial sectors had been established through the mobilisation of Dh 51 billion of investment. Implementation of the Industrial Acceleration Plan also led to increased activity and recognition in a number of cutting-edge sectors, including the aeronautics and automotive industries, as well as boosted activity in traditional sectors, such as the textiles and agri-food sectors. The Industrial Acceleration Plan also helped to encourage new centres of industry, for example in Kenitra. Between 2014 and 2020, industrial exports, by value, increased by Dh 122 billion. Between 2014 and 2021, the automotive sector has been Morocco's leading export sector, followed by the phosphates sector. See "*External Sector—Balance of Payments—Foreign Direct Investment*".

During the COVID-19 pandemic, the Government prepared an Industrial Recovery Plan 2021-2023, which targets reducing imports by Dh 34 billion. The plan, which centres around three main projects (the promotion of Moroccan products, the implementation of an import substitution strategy and the decarbonisation of industrial production) is based on five key principles: (i) sustainable competitiveness on a global level; (ii) decarbonising Moroccan industry; (iii) promoting innovation and engineering; (iv) regionalisation; and (v) stimulating the industrialisation and development of SMEs. In addition, new programmes have been developed within the National Agency for the Promotion of SMEs ("**Maroc PME**") as part of the Industrial Recovery Plan 2021-2023: (i) "*Nawat*", which supports very small enterprises ("**VSEs**") in setting up projects; (ii) "*Tatwir Croissance Verte*", which supports the decarbonisation of industrial VSEs and SMEs, and (iii) "*Tawtir Startup*", which supports project leaders from the idea stage through to industrialisation.

As at November 2022, the Sovereignty Task Force had received more than 1,200 investment projects for a total amount of Dh 46.1 billion (with 88% financed domestically), representing an import substitution potential of Dh 69 billion, an export substitution potential of Dh 73 billion and approximately 275,000 potential direct and indirect new jobs.

As a result of strategies adopted by the Government, export industries in the automotive sector and aerospace industries have developed. In 2012, the Renault-Tanger factory in Tangier opened with an initial capacity to construct 170,000 vehicles per year. Between 2012 and 2018, 1.4 million vehicles had been produced at the plant, which now has an annual production capacity of 340,000 vehicles. In December 2017, Chinese electric car manufacturer, BYD, signed an agreement to open a factory near Tangiers to build battery operated vehicles. The Peugeot group opened a plant in Kenitra in June 2019, which is valued at Dh 6.0 billion and is estimated to have led to the creation of 19,100 direct and indirect jobs. Production at the plant began in July 2019, with an initial capacity of 100,000 vehicles per year, increasing to 200,000 vehicles per year from 2020. In November 2022, the Stellantis group announced that it plans to double the production capacity of its factory in Kenitra to 450,000 cars per year. The project, which has an estimated total value of more than Dh 3 billion, is expected to contribute to the creation of 2,000 new jobs.

The Moroccan automotive industry has strengthened its position in the global automotive value chain, with an annual production capacity of 700,000 vehicles, driven by manufacturers Renault and Stellantis, exceeding the target of 600,000 vehicles set for 2020. Accordingly, Morocco produces the largest number of cars in Africa (followed by South Africa). Cars produced in Morocco are intended for sale in more than 74 countries. Since 2014, the sector has created more than 180,000 jobs and more than 250 supporting equipment manufacturers and suppliers have been established.

The following table sets forth certain information regarding the automobile industry in Morocco for the years indicated.

Automobile Industry

	Year ended 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
Jobs in the automobile industry	147,146	171,961	195,543	197,202	206,131
Automobile sector exports (*Dh millions*)	67,042	75,793	80,207	72,283	83,681(1)
Production of automobiles *(number of units)*	375,000	401,000	403,000	330,892	409,925
Number of automobiles exported (*number of units)*	333,189	358,779	358,463	302,426	358,745

Sources: La Caisse Nationale de Sécurité Sociale, Office des Changes, Renault Maroc

Note:

(1) In the year ended 31 December 2022, automobile sector exports were Dh 111,289 million. Automobile sector exports accounted for 5.8% of GDP in 2017, 6.3% of GDP in 2018, 6.5% of GDP in 2019, 6.3% of GDP in 2020, 6.5% of GDP in 2021 and 8.1% of GDP in 2022 (based on preliminary estimated figures).

International aerospace companies, including Airbus, Boeing, Safran and MATIS, have established a presence in the Kingdom. In 2022, the export turnover of the aerospace sector was Dh 21.3 billion, as compared to Dh 15.8 billion in 2019, an increase of 34.4%. Between the launch of the Industrial Acceleration Plan in 2014 and the end of 2021, more than 11,549 skilled jobs have been created in the aerospace sector, an increase of 75% compared to 2014 levels. Also between 2014 and the end of 2021, more than 142 aerospace industry companies have been established in Morocco, an increase of 42% compared to the number of companies in 2014.

A large number of industrial parks have been developed in Morocco by the private sector, in addition to the free trade zones established by the Government.

Industrial exports (semi-finished and finished products) generated approximately Dh 318 billion in 2022, which accounted for 74.5% of total exports in 2022.

The following tables set forth changes in percentage terms of the indices of certain manufacturing production by volume for the periods indicated.

Indices of Manufacturing Production (excluding petroleum refinement)(1)

	Weighting(2)	2017/2016	2018/2017	2019/2018	2020/2019	2021/2020	First Quarter 2022	Second Quarter 2022	Third Quarter 2022
					(% change)				
Manufacturing industries (excluding petroleum refining)	100	2.2	2.9	2.4	(6.3)	6.7	(2.3)	1.8	3.1
Food industry	15.0	5.4	0.8	1.0	0.9	6.7	(1.3)	8.3	8.6
Beverage industry	3.6	3.4	(7.8)	(0.9)	(3.1)	1.6	0.9	2.8	3.4
Tobacco industry	6.9	(0.2)	1.7	(1.5)	(2.2)	1.3	0.4	0.0	18.8
Textiles industry	2.3	0.7	1.2	(3.0)	(13.6)	12.2	(2.3)	9.7	(0.7)
Clothing industry	6.2	(4.7)	0.6	3.5	(13.2)	12.5	(1.6)	2.2	(6.7)
Leather and shoes industry (excluding clothing)	1.1	2.1	(8.4)	(8.8)	(25.3)	10.6	2.0	23.2	25.4
Wood industry (excluding furniture)	0.9	(2.7)	1.5	4.1	(15,5)	19,6	(7.4)	(2.8)	22.0
Paper and cardboard industry	1.4	3.4	3.1	(1.2)	2.1	6.2	(3.2)	3.2	(14.9)
Printing and reproduction	0.9	3.6	7.4	1.7	(14.1)	9.6	6.6	25.0	23.2
Chemical industries	17.9	4.8	7.4	4.7	8.6	0.1	(8.6)	(7.1)	(5.5)
Pharmaceutical industry	4.7	2.5	1.8	2.9	2.9	5.8	9.9	(0.3)	23.4
Rubber and plastic industry	2.1	(1.4)	4.4	4.8	(13.9)	22.8	(3.2)	2.4	0.1
Mineral industry	13.1	(1.8)	1.4	0.9	(10.2)	10.5	(0.4)	(7.2)	(11.3)
Metallurgy	2.5	(4.0)	(17.0)	9.0	(11.8)	16.5	1.5	18.5	6.9
Metal products (excluding machinery and equipment)	4.7	(7.9)	16.4	(3.4)	(17.6)	23.0	(1.4)	3.6	15.5
Computer, electronics and optical industry	1.9	2.8	7.4	6.9	(19.7)	(9.9)	(3.1)	(6.8)	3.1
Electrical equipment industry	2.8	7.3	0.1	6.4	(17.5)	18.9	(3.4)	22.2	(13.2)
Machinery and equipment industry	1.0	3.2	4.7	(4.2)	(10.9)	15.7	2.7	(5.1)	(7.5)
Automotive industry	8.1	3.3	8.3	6.3	(25.0)	9.2	(2.6)	16.8	21.7
Other transport manufacture	1.3	26.3	6.1	0.6	(42.1)	1.7	2.7	4.7	9.9
Furniture industry	1.1	(3.6)	5.2	0.6	(2.8)	(0.3)	5.0	11.3	11.9
Other manufacturing	0.3	3.6	1.2	(7.8)	(12.1)	(6.3)	(10.6)	(0.2)	1.6
Repair and installation industry	0.4	1.0	1.4	2.5	(11.4)	19.6	(16.7)	(1.8)	(3.4)

Source: HCP

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Base 100 in 2015.

Construction

In 2021, construction contributed 5.6% to GDP (Dh 72.0 billion). The Government considers cement sales to be the principal barometer of activity in the sector. Cement sales increased by 14.8% in 2021, as compared to 2020. In 2021, bank financing to the construction sector increased by 4.7%, as compared to 2020. In 2021, cement sales were 14.0 million tonnes, as compared to 12.2 million tonnes in 2020, an increase of 1.8 million tonnes, or 14.8%. In 2022, cement sales decreased by 10.6%, as compared to 2021.

This sector has benefited from large-scale infrastructure projects, as well as social housing building projects implemented by the Government. The social housing building projects generally benefit from Government-guaranteed mortgages and Government-fixed prices.

Electricity, Gas and Water

In 2021, the electricity, gas and water sector contributed 3.4% to GDP (Dh 44.1 billion).

Electricity and Energy

Morocco has limited resources or proven reserves of natural gas, crude oil and coal and therefore depends upon imported sources of energy for more than 90% of its energy requirements. No significant deposits of hydrocarbons have been discovered to date, despite exploration drilling offshore and onshore, but small gas fields have been discovered in certain regions to provide fuel for nearby commercial users. More than 90% of Morocco's annual production of electricity is generated by thermal power plants, while the remainder is produced by hydroelectric power facilities and wind farms. The performance of Morocco's energy sector is linked to the performance of the industrial sector and domestic demand. The Government is implementing a sectoral strategy to secure diverse energy sources and to ensure the availability and accessibility of energy at reasonable prices, with a focus on renewable resources.

From 2013 to 2017, the capacity of electricity supply was increased by 2,027 MW and, in 2018, the Safi coal plant, which has capacity of 1,386 MW, began operations. As a result of investment in recent years, as at 31 December 2021, total installed capacity had reached 10,743 MW, as compared to 10,627 MW in 2020. ONEE forecasts further investment of Dh 6.7 billion in 2023, Dh 4.3 billion in 2024 and Dh 2.3 billion in 2025.

Following its creation in August 2018 and the appointment of its president, the National Authority for Regulation of Electricity ("**ANRE**") became operational in 2020. ANRE has developed a strategic road map for 2021-2025, which is focused on: (i) ensuring the operationalisation of ANRE through the recruitment of qualified employees and a high performance information system; (ii) contributing to the development of an efficient electricity market by, *inter alia*, ensuring transparent and equitable rules of access and tariffs that value investments and foster innovation; (iii) monitoring the security of electricity supply through the approval and follow-up of investment programmes; (iv) contributing to the safety and stability of the national electricity system; and (v) promoting ANRE's visibility on a regional, national and international level.

Morocco is a net importer of energy. See "*External Sector—Foreign Trade*". Accordingly, the Moroccan economy is subject to shocks from changes in international energy prices, in particular oil prices. See "*Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—Food and Energy Security*", "*Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—Subsidies*" and "*Public Finance—Subsidies*".

The following table sets forth Morocco's total energy consumption for the years indicated.

Energy Consumption[1]

	2017	2018	2019	2020	2021
		(in thousands of tonnes of oil equivalent)			
Consumption					
Petroleum products	11,636	11,261	11,298	9,935	11,245
Coal[2]	5,308	6,050	7,599	7,461	7,902
Hydroelectricity	308	440	328	226	213
Natural gas	1,135	1,024	967	751	754
Exchange of electricity[3]	1,533	877	(241)	60	(42)
Wind power	789	999	1,228	1,194	1,328
Solar power	108	247	411	395	473
Total	**20,817**	**20,898**	**21,590**	**20,022**	**21,872**

Source: Ministry of Energy Transition and Sustainable Development

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Figures for the consumption of coal include the consumption of petroleum coke.

(3) Imports-Exports.

In 2021, total energy consumption was 21.9 million tonnes, as compared to 20.0 million in 2020, an increase of 1.9 million tonnes, or 9.5%. Total net electricity production by ONEE was 10,156 gigawatt hours ("**GWh**") in 2022, as compared to 8,831 GWh in 2021, an increase of 15%. In 2022, concessional production was 28,217 GWh (as compared to 29,468 GWh in 2021), and third-party contributions were 328 GWh (as compared to contributions of 317 GWh in 2021). According to information received from the ONEE, renewable energy production in 2021 was 2,719 GWh (as compared to 2,644 GWh in 2020) and auxiliary consumption was (41) GWh (as compared to (44) GWh in 2021).

In 2022, domestic electricity production increased by 0.6%, as compared to 2021, and electricity consumption increased by 4.7%.

The Government expects that demand for electricity will continue to rise due to the Government's promotion of further industrialisation and the large rural electrification programme in progress (the "**Generalised Rural Electrification Programme**"), which aimed to achieve 99.78% rural electrification by 2020. In 2021, the rate of rural electrification was 99.83%. Electrification projects have taken place in rural villages in 2022 and further projects are scheduled for 2023.

In 2022, total electricity production reached approximately 42,317 GWh, as compared to 40,512 GWh in 2021. Most of Morocco's annual production of electricity is generated by thermal power plants with an aggregate capacity of 33,101 GWh in 2021. Total hydroelectric generating capacity in 2021 was 1,213 MW (including production from Morocco's largest dam, Al-Wahda). As at 31 December 2021, the total installed capacity from renewable energy was 4,050 MW, accounting for 37.7% of Morocco's total energy generating capacity of 10,743 MW. The Government targets increasing the share of renewable energy to 52% of total capacity by 2030, to 70% by 2040 and 80% by 2050. See "*—Renewable Energies and Green Transition*".

The following table sets forth Morocco's total electricity production for the years indicated.

Electricity Production[1]

	2018	2019	2020	2021	2022[2]
			(GWh)		
Net production of Electricity	34,519	40,348	38,754	41,260	41,420
Of which:					
Hydroelectric	*1,998*	*1,654*	*1,290*	*1,213*	*679*
Thermal	*27,653*	*32,214*	*31,070*	*32,866*	*33,669*
Wind	*3,841*	*4,699*	*4,874*	*5,107*	*5,086*
Balance of trade	3,374	(928)	232	(163)	1,397
Concessional Production	*21,491*	*28,254*	*27,944*	*29,467*	*28,217*
Total[3]	**37,466**	**38,710**	**38,372**	**40,512**	**42,317**

Source: Ministry of Energy Transition

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) 2022 figures are provisional.

(3) Net energy produced, excluding wind power, via the customer network.

Total electricity production for 2022 increased by 4.5%, as compared to 2021. Renewable energy accounted for approximately 20% of the total electricity production in Morocco in 2021.

In the context of the Government's policy of liberalisation of the electricity sector, the ONEE awarded in 1997 a 30-year concession to a foreign consortium (Swedish-Swiss Asea Brown Boveri and CMS Energy Corp. of the United States) to take over the operation of two existing coal-fired power plants located at Jorf Lasfar, south of Casablanca and to build and operate two additional plants. All four power plants are operational.

The IMF, in its 2022 Article IV Consultation Staff Report (published in January 2023), has noted that liberalising Morocco's electricity production market is key to accelerating the transition towards renewable energy while reducing the cost of electricity. Steps taken towards liberalisation of the electricity market in 2022 include: (i) approval of a decree permitting direct sales of electricity produced via renewable energy to small industrial customers; (ii) submission to Parliament of a law permitting investors to produce electricity for self-consumption while injecting the surplus into the electricity network; and (iii) publication by ANRE of regulations regarding access to the transmission network.

Renewable Energies and Green Transition

Law № 26-80, promulgated by decree dated 6 May 1982, established the National Agency for the Development of Renewable Energy and Energy Efficiency and, since 2010, is governed by the provisions of Law № 16-09. The name of the agency was changed to the Moroccan Agency for Sustainable Energy ("**MASEN**") in 2016 (having previously also been called the Moroccan Agency for Solar Energy). The mission of the MASEN is to contribute to the implementation of national energy policy, which is aimed at reducing energy dependence and preserving the environment through the promotion of energy efficiency measures.

In November 2009, the Government launched the *Plan Maroc Solaire*, which was an integrated project to install new solar electricity generation capacity of 2,000 MW in five locations: Ouarzazate, Ain Bni Mathar, Foum Al Oued, Boujdour and Sebkhat Tah. The plants at Ouarzazate and Ain Bni Mathar are in operation. The Government is also developing two further hydroelectric projects at the El Menzel-Mdez Complex and the STEP d'Abdelmoumen Complex, together representing a further potential generation capacity of 520 MW. In 2022, total installed solar energy capacity reached 827 MW, with a total investment cost of approximately Dh 29.8 billion. Two photovoltaic solar power plants were commissioned in 2022 at the Missour and Zagora sites, with a unit power of 40 MW each. These plants are part of the "NOOR Tafilalet" programme, with an overall capacity of 120 MW. There are a number of developments in the construction phase. See "*—Privatisation and Public Private Partnerships*".

In June 2010, the Government launched the *Programme Intégré de Production Electrique Eolienne* to encourage the development of wind farms with an electricity generation capacity of 2,000 MW by 2020. The Tarfaya wind farm is one of Africa's largest onshore wind farms with a capacity of 300 MW. Wind farms with a production capacity of more than 1,600 MW for the period 2019-2023 are in various stages of development.

In accordance with the Paris Agreement on Climate Change 2016, Morocco has committed to transform its energy sector. The Government's principal goals are for 52% of installed electricity production capacity to come from renewable sources (as compared to 37.7% in 2021 and an estimated 38.3% in 2022) and for energy consumption to be reduced by 20% by

2030. In addition, Morocco has committed to reduce greenhouse gas emissions by 42% by 2030, establishing a framework to reduce emissions and comply with commitments under the Paris Agreement on Climate Change 2016. Morocco was ranked 7th in the 2023 Climate Change Performance Index, with high ratings in three main categories: greenhouse gas emissions, energy use and climate policy.

In 2018, Morocco signed the Sustainable Electricity Trade Roadmap (the "**SET Roadmap**") with France, Germany, Spain and Portugal. The SET Roadmap is intended to lead to renewable electricity exchanges between the countries.

In 2021, in order to help develop renewable and green energies, Morocco: (i) contributed 20% of renewable energy to satisfy the demand for electricity (including 17% for solar and wind power sources, against 1.5% in 2008); (ii) increased the share of renewable resources in the country's installed electrical capacity to 37.2%; (iii) announced plans to add 4,037 MW to its green energy capacity by 2025; and (iv) made changes to its legal and regulatory framework to further encourage renewable energies, energy efficiency and sustainability.

As part of its green transition strategy, Morocco aims to become an energy exporter, with power exports expected to grow as interconnection points with European and neighboring countries are increased.

One targeted source of energy export revenue is green hydrogen exports. Green hydrogen is produced by renewable power and the low cost of renewable energy in Morocco, proximity to Europe and presence of local demand through OCP as a potential major off-taker, as well as solar and wind intermittency, is expected to contribute to Morocco's exports, if an international hydrogen market develops. In 2021, the Ministry of Energy, Mines and Environment set out a roadmap for green hydrogen, with three stages:

- *2020-2030*: enhancing the use of green hydrogen as a raw material and for the production of green ammonia in the fertiliser industry, and exporting green hydrogen to countries committed to ambitious decarbonisation targets;

- *2030-2040*: reducing the costs of green hydrogen products and implementing environmental regulations to develop green ammonia and hydrogen projects, promoting local consumption of green hydrogen products in the energy sector, and adopting environmental regulations for exports of synthetic liquid fuels; and

- *2040-2050*: improving profitability for green ammonia, hydrogen and synthetic fuels, and expanding the use of green hydrogen in the industry, heat production, residential and transport sectors.

The roadmap forecasts demand for green hydrogen application and its derivative in Morocco (in an optimistic case) as exports of 21.7 terawatt-hours ("**TWh**") and raw materials of 6.8 TWh in 2030, exports of 91.8 TWh, raw materials of 19.8 TWh and energy of 20.6 TWh in 2040 and exports of 229.5 TWh, raw materials of 31.4 TWh and energy of 55.2 TWh in 2050.

The three pillars of Morocco's green hydrogen strategy are: (i) technological developments and cost savings (including through research and innovation and integration into local industry); (ii) improving conditions for investment in the green hydrogen industry and its derived products (including through financing and industrial cluster and infrastructure); and (iii) seizing opportunities and creating new markets (including through exports, stocks and internal markets).

In November 2022, King Mohammed VI instructed the development of an operational and incentivising "Moroccan Offer" covering the entire value chain of the green hydrogen sector in Morocco.

See also "*—Environmental, Social and Governance ("ESG") Agenda.*

Oil and Gas

In November 1996, the 1,400 kilometre, 48-inch-diameter Euro-Maghreb natural gas pipeline was completed. This pipeline historically exported Algerian natural gas to Spain and Portugal. The pipeline has an approximate carrying capacity of 12.5 billion cubic metres per year. In November 2021, the Euro-Maghreb natural gas pipeline was closed, with the contract between Algeria and Morocco terminated. In June 2022, the Euro-Maghreb natural gas pipeline gas pipeline was reopened in the opposite direction (with gas exported from Spain to Morocco). The natural gas exported by Spain is gas acquired by Morocco and then sent by ship to Spain's regasification plants before being transported back to Morocco, as liquified natural gas, through the pipeline.

Small gas fields, which provide fuel for nearby commercial users, have also been discovered in certain regions. Exploration agreements have been entered into with petroleum companies with respect to prospective offshore fields along the Atlantic coast.

In September 2022, Morocco signed a Memorandum of Understanding with ECOWAS and Nigeria for the implementation of the Morocco-Nigeria gas pipeline (*Gazoduc Nigeria Maroc*). This project aims to transport gas resources from Nigeria to Morocco through an approximately 5,000 km-long pipeline across, and supplying gas to, more than ten West African countries, as well as to permit a new export route to Europe (through connection to the Euro-Maghreb natural gas pipeline and the European gas network). In October 2022, further tripartite memoranda of understanding were signed by Morocco and Nigeria with Mauritania and Senegal with respect to the project, followed by five tripartite memoranda of understanding with Gambia, Guinea-Bissau, Guinea, Sierra Leone and Ghana entered into in December 2022.

A number of international oil companies are currently conducting exploration offshore activities. In 2021, the National Office of Hydrocarbons and Mines worked on exploration projects with 13 companies covering a total surface area of 216,974.62 km^2, divided into 27 onshore permits, 26 offshore permits, one onshore reconnaissance authorisation, one offshore reconnaissance authorisation and eight logging concessions. In 2021, six wells were drilled, of which three had positive results. As at 31 December 2021, investments of partners were Dh 680.2 million and investments of the National Office of Hydrocarbons and Mines were Dh 31.1 million.

In January 2021, the Board of the National Office of Hydrocarbons and Mines approved the triennial plan for 2021-2023, which aims to: (i) continue reconnaissance activities and subsoil evaluation itself and in co-operation with its partners for both hydrocarbons and mines; (ii) develop fundraising for mining exploration and, thereby, increase investment; and (ii) put the Gharb and Meskala wells into production in order to increase production.

Morocco’s energy sector also comprises several oil distribution companies.

Water

The Government’s water sector policy is aimed at ensuring the delivery of potable water to the population, further developing irrigation for agricultural use and ensuring adequate supplies for industrial and tourism uses. There are approximately 150 large dams in the Kingdom, with a total capacity of more than 19.6 billion cubic metres, as well as 140 small dams.

A number of projects have been, and are planned to be, launched under the Priority Drinking Water Supply and Irrigation Programme 2020-2027, including the construction of 20 large dams for an investment amount of approximately Dh 31 billion. Work on three large dams was being completed in 2022: the Tiddas dam in the Khemisset province; the Toudgha dam in the Tinghir province; and the Agadez dam in the Zagora province. The 2023 budget provides for Dh 10.6 billion to manage the issue of water scarcity.

Tourism

The COVID-19 pandemic had a significant, negative impact on tourism in the Kingdom. Border closures in 2020 severely affected travel in that year, and concerns about new variants of the virus and recurring waves of infection continued to weigh on tourism activity following the reopening of national borders. In 2021, tourism receipts were Dh 34.3 billion, contributing 2.7% to GDP, as compared to Dh 36.5 billion in 2020 (3.2% of GDP) and Dh 78.8 billion in 2019 (6.4% of GDP).

The following table sets forth the key indicators and the number of tourist visits to Morocco for the years and period indicated.

Annual Visits by Tourists to Morocco(1)

	2018	2019	2020	2021	2022
Tourism receipts (*Dh billion*)	73.0	78.8	36.5	34.3	91.3
	2018	**2019**	**2020**	**2021**	**2022**
Moroccans living abroad (*visits, millions*)	5.6	5.9	1.4	2.4	—
Foreign Tourists (*visits, millions*)	6.7	7.0	1.4	1.3	—
Total (*visits, millions*)	**12.3**	**12.9**	**2.8**	**3.7**	**10.9**

Source: Ministry of Tourism and Office des Changes

Note:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

In 2022, there were 10.9 million arrivals, as compared to 3.7 million in 2021, 2.8 million in 2020 and 12.9 million in 2019. Tourist nights increased to 9.2 million in 2021 (of which 2.8 million were non-resident tourist nights and 6.4 million were domestic tourist nights), as compared to 7.0 million tourist nights in 2020 (of which 3.5 million were non-resident tourist nights and 3.5 million domestic tourist nights). Figures for 2022 are not yet available. In 2022, tourism receipts were Dh 91.3 billion, as compared to Dh 34.3 billion in 2021, an increase of 166.1%. Tourism receipts (comprising foreign currency receipts) represented 6.3% of GDP in 2017, 6.1% of GDP in 2018, 6.4% of GDP in 2019, 3.2% of GDP in 2020, 2.7% of GDP in 2021 and 6.7% of GDP in 2022 (based on preliminary estimated figures).

Recent initiatives adopted by the Ministry of Tourism have focused on the diversification of the tourism industry, with a particular focus on attracting visitors from the United States and China. The Government is also in the process of redesigning the system of hotel rankings. Such initiatives have improved the sector's performance and positioned the Kingdom as a premier destination on the African continent.

In the context of sector recovery following the COVID-19 pandemic, the Moroccan Society of Tourism Engineering ("**SMIT**"), a Government organisation aimed to boost tourism investment, has adopted an intervention strategy based on deployment mechanisms to support the development of existing private tourism facilities and to create a more attractive environment for new tourism investment to help revive the sector. In January 2022, an emergency plan for the tourism sector was launched for an amount of Dh 2 billion, including Dh 1 billion to support hotel investment, covering, *inter alia*, maintenance, renovation and training. The emergency plan also extended earlier lump sum indemnity amounts for tourism employees until 30 June 2022, deferred charges due to the CNSS (as defined below) for six months, imposed a moratorium on bank deadlines for hoteliers and transporters for up to one year (with Government-funded interest payments for periods of inactivity in 2021 and the first half of 2022) and payment by the Government of business tax due by hoteliers in respect of 2021 and 2022. In 2022, the SMIT focused its efforts on reviving the dynamics of tourism investment through participating in support mechanisms for tourist sector participants.

As part of efforts by the Moroccan National Tourist Office to promote Morocco to foreign tourists, in 2021, two new brands were established: (i) "*Ntla9awfbladna*" (meaning "we meet in our country" in Moroccan Arabic), which is dedicated to promoting internal tourism among Moroccans (both local and residing abroad); and (ii) the Moroccan National Tourist Office institutional brand, which has been redesigned and has a new platform adapted to interactions with national and international professions and institutions. In 2022, the Moroccan National Tourist Office launched an international campaign, "Morocco, Kingdom of Light" to encourage the return of foreign tourists.

Infrastructure

Rail Networks

The national rail network, operated by the *Office National des Chemins de Fer* ("**ONCF**") totals 2,109 kilometres of track, of which 200 kilometres is high speed track. Six of Morocco's main ports (Casablanca, Safi, Tangier, Tanger-Med, Kenitra and Jorf Lasfar) are open to rail traffic. ONCF operates in three main sectors: passenger transport, freight transport and phosphates transport. In 2021, ONCF transported over 34.4 million passengers and over 25.5 million tonnes of freight and phosphates.

In December 2011, ONCF commenced work on a high-speed network (the "**TGV**"), the first in Africa, which is expected to be completed in 2035 and to be 1,500 kilometres long. Once completed, the network is expected to have an "Atlantic" section between Tangier, Casablanca and Agadir and a "Maghreb" section between Casablanca, Rabat, Meknes, Fes and Oujda on the Algerian border. In November 2018, the first stage of the project was completed and Morocco officially inaugurated the 200 kilometres of high-speed line from Tangier to Casablanca, the "Atlantic" line. Construction of this line cost approximately €1.8 billion.

Major railway infrastructure projects continued in 2022 included the railway connection of the Nador West Med port, at a cost of Dh 4.3 billion, and the rail connection of the port of Safi, at a cost of Dh 300 million.

Plan Rail 2040 aims to complete an efficient and modern railway network in Morocco, and to improve railway services, as well as the productivity, competitiveness and efficiency of railway sector participants.

In November 2022, ONCF signed a €200 million financing agreement with the EIB to support ONCF's efforts to complete its rail network rehabilitation and upgrade programme for infrastructure, equipment and industrial workshops. This financing agreement was the first project to be signed under the Morocco-EU "Green Partnership".

Road Networks

Morocco has an extensive road network. As at 31 December 2021, the length of the road network was 57,334 kilometres, of which 45,240 kilometres were paved roads.

The Government is in the process of expanding and modernising the motorway network through considerable investment, in order to link the Kingdom's major cities. Currently, the motorway network runs along the Atlantic coast from Agadir to Tangier, through Casablanca and Rabat, from Rabat to Oujda on the Algerian border, through Meknes and Fez, and from Tangier to Tetouan in the Rif mountains. The 141-kilometre highway connecting El Jadida to Safi was completed in 2016. Currently, the motorway network covers 1,800 kilometres.

Autoroutes du Maroc, which is responsible for the development of the Moroccan road network, operates independently of the Government's budget, but certain investments benefit from Government guarantees.

In 2021, *Autoroutes du Maroc* conducted works on the following major highway infrastructure projects: (i) continued construction on the project to triple the capacity of the Casablanca-Berrechid motorway (with work on the 10.7-kilometre section between the Bouskoura toll station and the Berrechid motorway junction completed in 2021, financed by *Autoroutes du Maroc's* own funds). and the Casablanca bypass highway (with work on the 9.5-kilometre section from the Mohammedia junction to the Tit Mellil toll station completed in 2021, financed by *Autoroutes du Maroc*'s own funds), as well as the launch of preparatory works for construction on the Tit-Mellil-Berrechid highway (with a length of approximately 29 kilometres and with funding principally from the Arab Fund for Economic and Social Development); and (ii) the project management agreement for construction of the 104-kilometre Gercif-Nador motorway to connect the new Nador West-Med port and Nador Al Aroui International airport to the highway network was signed in 21 May 2021 (the estimated total cost of this project is Dh 5.5 billion). Major highway infrastructure projects planned for 2023 include continued work on infrastructure connectivity at the new Nador West-Med port including completion of the first 30-kilometre section of the new motorway at a total estimated cost of Dh 2.3 billion.

Plan Routes 2035 targets increased capacity and quality to the road network, as well as increased road safety, by 2035. The plan provides, *inter alia*, for a 5,000-kilometre highway and expressway system to be built to support up to 50% of intercity traffic, highway length to reach 3,400 kilometres and 7,000 kilometres of development and major works on main routes by 2035.

On 3 November 2020, the World Bank approved U.S.$150 million in additional financing for Morocco's Urban Transport Programme, which started in 2015. The main focus of the additional financing is to adapt the programme to address new priorities of mobility, including those related to the impact of COVID-19, and to provide for future expansion.

Ports

As at 30 June 2022, Morocco had 43 ports (14 ports open to external trade, 22 fishing ports and seven pleasure ports). Traffic through Moroccan ports increased from 115.1 million tonnes in 2014 to 192.1 million tonnes in 2021. The ports of Agadir, Al-Hoceima, Casablanca, Dakhla, Jorf Lasfar, Kenitra, Laayoune, Mohammedia, Nador, Safi, Tantan, Tangier and Tanger-Med are open to external trade with three more ports (a new port in Safi, the port of Nardor West Med and a new phosphate port at Laayoune) under construction.

Moroccan ports have expanded with the growth in external trade, and port traffic averaged approximately 153 million tonnes annually in 2019. While the transportation sector, in general, was one of the hardest hit by the COVID-19 pandemic, maritime transport remained largely stable in 2020. In 2021, maritime traffic (traffic in ports) increased by 11.6%, as compared to 2020. Passenger traffic (including cruise passengers, in respect of which Moroccan ports registered no activity in 2021) continued to be negatively affected by the impact of the COVID-19 pandemic in 2021 due to the suspension of international travel and health measures to limit the spread of COVID-19. Transhipment was the predominant port activity in 2021, representing 41.9% of overall port traffic, followed by imports (33.3%), exports (20.8%), cabotage (3.2%) and bunkering (0.8%). Imports for 2021 were more than 63 million tonnes (stable with 2020 volumes (0.03% decrease)) and exports were 39.9 million tonnes (an increase of 1.7%, as compared to 2020 volumes).

Tanger-Med is the largest port in the Mediterranean and in Africa, with a capacity of three million twenty-foot Equivalent Units ("**TEU**"). Construction on a second port, Tanger-Med II, began in June 2009 and the port was inaugurated in June 2019. Tanger-Med II increases capacity to 9 million TEU. In December 2013, Morocco and the Arab Fund for Economic and Social Development entered into a loan and guarantee agreement in respect of the second phase of the Tanger-Med II project in an amount of approximately Dh 1.5 billion.

Stratégie Nationale Portuaire 2030 aims to increase the efficiency of existing ports, increase competitiveness and regional development and to promote Morocco as a logistics platform for the Mediterranean basin. By the end of 2030, the construction of new ports at Safi, West Med Nador, Kenitra Atlantic, Jorf Lasfar and Dakhla Atlantic, and extensions at the existing ports of Mohammedia, Casablanca, Jorf Lasfar, Agadir and Tarfaya are scheduled to be completed, as well as works to integrate the ports of Tangier-city, Casablanca, Safi-city and Kenitra-city with urban facilities.

Pursuant to this strategy, planned works on port infrastructure in 2023 include the realisation of large-scale projects, such as: (i) continued construction works on *Port Dakhla Atlantique* (with a budget of Dh 12.6 billion); (ii) extension of protection works at the port of Casablanca (with an overall cost estimate of Dh 1.2 billion); and (iii) the launch of the Jebha port extension project.

Air Traffic

The principal Moroccan cities are served by domestic and international airlines. There are 18 international airports in Morocco, including Casablanca, Agadir, Marrakesh, Tangier, Rabat, Oujda, Fez, Laayoune, Nador, Al Hoceima, Ouarzazate, Errachidia, Dakhla, Tetouan and Essaouira, in addition to a number of domestic airports and secondary domestic airports. In 2021, Moroccan air traffic increased by 38.9%, following a decrease of 71.5% in 2020 and an increase of 11.2% in 2019. International air traffic increased by 38.8% in 2021, while national air traffic increased by 39.6%. Flights to Europe accounted for more than 83.7% of Moroccan international air traffic in 2021. In 2021, 9.9 million passengers travelled through Morocco's airports (reflecting a 38.9% increase as compared to 2020), of which 8.4 million passengers were international air travel passengers (reflecting a 38.8% increase as compared to 2020). In 2022, air traffic recorded a recovery rate of 82%, as compared to 2019, while domestic air traffic recorded a recovery rate of 72% and international air traffic recorded a recovery rate of 84%. In 2022, the European market represented 83% of international air traffic.

Casablanca's Mohammed V airport accounted for 37% of air traffic and Marrakesh Menara airport accounted for 23.8% in 2022. Over 30 airlines operate at the Mohammed V airport, which served over 7.6 million passengers in 2022. A new terminal is in operation and the capacity of the airport is over 10 million passengers per year. In 2022, Moroccan airports recorded commercial traffic of 20.6 million passengers, of which 18.4 million were international flight passengers.

Royal Air Maroc ("**RAM**"), the national airline, operates domestic and international flights and serves over 99 destinations, of which 84 are international destinations in Europe. The Kingdom owns 98.04% of RAM (of which 44.1% is held through the Hassan II Fund). RAM Express is a subsidiary of RAM that serves the domestic market with low-cost transportation intended to support the further development of the domestic air travel and tourism market. On 1 April 2020, RAM joined the oneworld alliance.

Since the early 2000s, the Government has adopted a strategy of encouraging the liberalisation of air transport. This strategy has resulted in an increase in foreign companies operating in Morocco (now 45, of which 17 are low-cost airlines), a reduction in air fares, the establishment of a new Moroccan airline "Air Arabia Maroc", which specialises in low-cost scheduled flights, the creation of RAM Express for domestic transportation and strengthening the "Casablanca Hub", which is linked to 51 countries and 91 airports.

In December 2006, the EU and Morocco entered into an aviation "Open Skies Treaty" agreement.

Information and Communication

In 2021, the information and communication sector contributed 2.5% to GDP (Dh 32.3 billion). Activity in the sector decreased by 1.3% in 2021, as compared to 2020.

The National Telecommunications Regulatory Agency (the "**NTRA**") is the public body responsible for the control and regulation of the telecommunications sector. According to statistics published by the NTRA, in the third quarter of 2021, there were 33.9 million internet subscribers, reflecting annual growth of 17.8% (or an increase of 5.1 million subscribers), resulting in an internet penetration rate of 93.2%.

According to statistics published by the NTRA in its annual survey of information and communication technology usage, 99.9% of households were equipped with mobile phones in 2020 (as compared to 99.9% in 2019), while 90.4% of households were equipped with a smartphone (as compared to 88.3% in 2019). In 2020, 21.2% of households had fixed line telephones (as compared to 19.2% in 2019) and 64.2% of households had a computer or tablet (as compared to 60.4% in 2019). In 2020, 84.5% of households had equipment that connected to the internet (as compared to 80.8% in 2019), of which 90.2% of urban households and 71.9% of rural households had internet-connected equipment. This survey highlighted the increased usage of home technology during the COVID-19 pandemic due to remote working and schooling, as well as an increase in online shopping.

At its meeting of 26 December 2019, the NTRA's board considered the introduction of new technologies in Morocco such as 5G mobile coverage and the Internet of Things, by prioritising the development of fixed broadband networks within the framework of the national plan for the development of broadband and high-speed broadband as well as the effective implementation of operational models of infrastructure sharing and co-investment. The Kingdom targets enabling the launch of 5G technology from 2023.

In February 2019, Law № 121-12, which amended and supplemented the Postal and Telecommunications Law № 24-96, was published. The new law has three main pillars:

- the projection of consumers through requirements to provide information on general and contractual conditions of telecommunications offers and services, regular updates of quality of service commitments and the publication of coverage maps by telecommunications operators;

- the development of the broadband offering, by updating the definition of "universal service" and the concept of the digital development of the territory, as well as providing for the supervision of the deployment of broadband infrastructure by operators and developers in building plots and new buildings; and

- the strengthening of regulatory levers, including the sharing of infrastructure and access, national roaming, the adoption of objective, proportionate, transparent and non-discriminatory measures aimed at facilitating the introduction of new services and promoting the adaptation of telecommunications markets to technological developments.

Informal Economy

The Kingdom has a significant informal economy in terms of the production of both goods and services and is a significant source of employment. Accordingly, the HCP has conducted three studies of the informal economy in 1999, 2007 and in 2013/2014. The 2013/2014 study included all non-agricultural production units which produce goods and services and covered a sample of 10,085 production units. According to the HCP, the informal economy accounted for an estimated 11.5% of GDP in 2013, as compared to 11% of GDP in 2007. Approximately 2.4 million people participated in the informal economy in 2013 (accounting for 36.3% of all non-agricultural employment), as compared to 2.2 million people in 2007 and 1.9 million in 1999.

The Government is implementing a number of policies to reduce the size of the informal sector and shift informal sector businesses and employees into the formal system. These policies target, in particular, SMEs and micro-SMEs. The 2019 budget provides for 200 new investment projects for micro-SMEs and SMEs, with a budget of Dh 700 million. Measures are also being implemented to improve the qualification and development of the national entrepreneurial framework, including measures to encourage the registration of entrepreneurs on the National Register of Entrepreneurs. These projects include:

- encouraging the informal sector to gradually integrate into the economic cycle, through the strengthening of tax and customs controls, the fight against tax fraud and tax evasion, smuggling, dumping and the application of the quality and safety of imported products, while guaranteeing consumer protection, transparency, fair competition between economic operators, the protection of the national economy, and reforms for the generalisation of social protection, as well as the introduction of programmes and national strategies, including (among others) the *Intelaka* and *Tatwir* programmes (which are primarily aimed at supporting SMEs) and the national strategy for financial inclusion (see "*Monetary and Financial System*");

- integrating the informal economy through transitional measures, with a view to strengthening confidence in the tax system and voluntary participation therein;

- creating a Dh 8 billion fund to support entrepreneurship, which will provide guarantees, financing, capital investment and technical assistance schemes for the benefit of MSMEs, young project leaders, self-employed entrepreneurs and micro-enterprises; and

- providing training in professional skills and foreign languages.

See "*—Employment and Wages*" and "*—Social Policy*".

Employment and Wages

HCP, the public statistical institution, customarily reports Moroccan employment statistics in terms of formal and informal employment in urban and rural areas. Formal employment comprises employment duly registered with the Ministry of Labour and subject to social security contributions by employers. Informal employment is not registered or subject to employment contributions.

The following tables set forth key employment and unemployment indicators for the years and period indicated.

Employment Indicators(1)

	2018			2019			2020		
	Urban Areas	*Rural Areas*	*Total*	*Urban Areas*	*Rural Areas*	*Total*	*Urban Areas*	*Rural Areas*	*Total*
					(thousands)				
Population (aged 15 and over)	16,632	9,318	25,950	17,030	9,344	26,359	17,342	9,289	26,631
Active population	6,987	4,960	11,947	7,204	4,878	12,082	7,291	4,680	11,971
					(%)				
Activity rate(2)	42.0	53.2	46.0	42.3	52.2	45.8	41.9	50.0	44.8
Unemployment rate	**13.8**	**3.6**	**9.5**	**12.9**	**3.7**	**9.2**	**15.8**	**5.9**	**11.9**
By gender									
Men	*10.9*	*3.9*	*8.1*	*10.3*	*4.0*	*7.8*	*13.3*	*6.6*	*10.7*
Women	*23.9*	*2.6*	*14.1*	*21.8*	*2.7*	*13.5*	*24.7*	*3.9*	*16.2*
By age									
15-24 years	*41.8*	*10.5*	*25.6*	*39.2*	*11.3*	*24.9*	*45.3*	*16.3*	*31.2*
25-34 years	*20.9*	*4.5*	*15.0*	*20.4*	*5.1*	*15.1*	*23.9*	*8*	*18.5*
35-44 years	*6.2*	*1.6*	*4.5*	*6.1*	*1.7*	*4.5*	*8.7*	*3.7*	*6.9*
45 years and over	*3.2*	*0.9*	*2.2*	*3.1*	*0.8*	*2.1*	*5.4*	*2.1*	*4.0*
By degree									
Without a diploma	*5.7*	*1.7*	*3.3*	*5.2*	*1.7*	*3.1*	*8.5*	*3.3*	*5.6*
With a diploma	*18.6*	*9.7*	*16.7*	*17.3*	*9.6*	*15.7*	*19.9*	*13.2*	*18.5*

	2021			2022		
	Urban Areas	*Rural Areas*	*Total*	*Urban Areas*	*Rural Areas*	*Total*
			(thousands)			
Population (aged 15 and over)	17,714	9,304	27,018	N/A	N/A	27,406
Active population	7,511	4,770	12,280	7,591	4,599	12,191
			(%)			
Activity rate(2)	42.3	50.9	45.3	41.9	49.1	44.3
Unemployment rate	**16.9**	**5.0**	**12.3**	**15.8**	**5.2**	**11.8**
By gender						
Men	*14.4*	*5.3*	*10.9*	*13.1*	*5.6*	*10.3*
Women	*25.6*	*3.8*	*16.8*	*25.2*	*4.1*	*17.2*
By age						
15-24 years	*46.7*	*15.9*	*31.8*	*46.7*	*16.5*	*32.7*
25-34 years	*25.9*	*6.9*	*19.6*	*24.8*	*7.5*	*19.2*
35-44 years	*9.5*	*2.4*	*7.0*	*8.4*	*2.5*	*6.4*
45 years and over	*5.7*	*1.3*	*3.8*	*4.6*	*1.5*	*3.3*
By degree						
Without a diploma	*7.8*	*2.1*	*4.6*	*6.8*	*2.2*	*4.2*
With a diploma	*21.7*	*12*	*19.6*	*20.4*	*12.2*	*18.6*

Source: HCP

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Labour force aged 15 and over as a percentage of the total population aged 15 and over.

In 2022, 24,000 jobs were lost, as compared to the creation of 230,000 jobs in 2021, a loss of 432,000 jobs in 2020, 165,000 jobs created in 2019 and 112,000 jobs created in 2018. The services sector created 164,000 jobs and 28,000 jobs were created in industry, while 215,000 jobs were lost in agriculture, forestry and fishing sectors, and 1,000 jobs were lost in building, materials and construction sectors.

In 2022, the unemployment rate was 11.8%, as compared to 12.3% in 2021 and 11.9% in 2020. The urban unemployment rate was 15.8% in 2022 (as compared to 16.9% in 2021 and 15.8% in 2020) and the rural unemployment rate was 5.2% (as compared to 5.0% in 2021 and 5.9% in 2020).

In 2014, the National Labour Market Observatory was established to monitor, anticipate and analyse trends and processes in the labour market.

In 2015, the Government approved a National Employment Strategy 2015-2025, which aims to strengthen the links between economic and social policies and to prioritise social inclusion and human capital development. The National Employment Strategy was developed with technical support from the International Labour Organisation and financial support from Spanish and Swedish development agencies. The National Employment Strategy focuses on four key pillars: (i) promoting employment creation; (ii) increasing the value of human capital; (iii) improving the performance of active labour market policies and the reinforcement of labour market intermediation; and (iv) developing the labour market governance framework. The National Employment Strategy prioritises young people and women and aims to create at least 200,000 jobs per year between 2015 and 2025.

Active labour market policies are implemented through the National Agency for the Promotion of Employment and Skills ("**ANAPEC**") and include:

- *The Awrach Programme* – Launched in 2022, this programme is aimed at integrating 250,000 beneficiaries into the job market by the end of 2023, through temporary general site support (for 80% of beneficiaries) and support sites for sustainable integration (for 20% of beneficiaries). Dh 2.25 billion was mobilised under the 2022 budget in support of this progamme, with a similar amount provided for in the 2023 budget. As at 16 November 2022, 90,000 beneficiaries benefitted from the Awrach programme.

- *The Idmaj Programme* – This programme is aimed at assisting young people and graduates to access employment. Between the launch of the programme in 2016 and 30 September 2022, this programme has facilitated the integration of 89,297 people.

- *The Taehil Programme* – This programme offers training programmes for graduates to gain skills in targeted professions. Between the launch of this programme and 30 September 2022, this programme enabled 179,515 job seekers to participate in a training course to facilitate their integration into the labour market.

- *The Morocco SME Programme* – This programme launched in 2015, as a result of feedback gained following the shift in industrialisation, and focusses on very small businesses. The main aims of the programme are (i) improving the competitiveness of high-impact businesses, (ii) contributing to inclusive growth and (iii) promoting entrepreneurship.

- *The Tahfiz Programme* – This programme, launched in 2016, is aimed at promoting employment through incentives to enterprises and newly-created associations. Between the launch of this programme and 30 September 2022, 59,616 persons benefitted from support under the *Tahfiz* programme.

- *The Min Ajlik Programme* – Launched in June 2022, this programme is aimed at supporting female empowerment through the promotion of female entrepreneurship and employability measures.

- *The Forsa Programme* – This programme provides support through training, as well as the granting of loans of up to Dh 100,000 and grants of up to Dh 10,000. All economic sectors are eligible, and the maximum loan repayment period is ten years (with a two-year grace period).

- *The Intelaka Programme* – This integrated business support and financing programme launched in 2020 aims to support and assist 13,000 project leaders per year, generating 27,000 jobs. Support under the programme includes financial support with advantageous conditions, including a credit guarantee of up to 80% of the credit (up to Dh 1.2 million) with an interest rate of 2% (or 1.75% in rural areas).

In addition, the Government has developed certain guarantee support programmes for small businesses, including:

- *The SNGFE/TAMWILCOM* – The National Guarantee and Financing Enterprise Company ("**SNGFE**"), which operates under the brand name TAMWILCOM (formerly, the CCG), works in partnership with the Government to support small businesses from inception through their entire life. As well as providing assistance and financial support – in particular by helping VSEs secure guarantees, TAMWILCOM helps SMEs by focussing its strategy on modernisation, diversification, and regional support. In 2022, TAMWILCOM granted guarantees or support worth Dh 28.6 billion, which enabled the mobilisation of Dh 43.7 billion in credit. As at 31 December 2022, TAMWILCOM had 61,491 operations focused on operating cycle projects, the financial inclusion of VSEs and investment.

- The "*Fonds Innov Invest*" (the "**FII**") was launched at the end of 2017, dedicated to start-ups and innovative projects during their initial development phases. The FII principally works with start-ups in the financial, green, medical and educational technology sectors. The FII has provided aid, loans and investments for promoters of innovative projects and start-ups. It has also helped develop partnerships between these start-ups and larger Moroccan financial bodies, including managers and investors from seed and venture capital funds selected to get involved at different levels depending on their specialism. Three investment funds have been set up within the framework of this programme: the Azur Innovation Fund; the SEAF Morocco Growth Fund; and the Maroc Numeric Fund II. More than Dh 450 million of private capital from national and international investors has been mobilised through these funds, as well as 16 support structures for entrepreneurs during the creation and start-up phases of projects. In 2022, over Dh 300 million was provided to finance more than 500 companies and project leaders through the financing mechanisms provided by the FII (including, subsidies, loans, equity, etc.) and more than 900 entrepreneurs have received support through the programme.

In addition, the Integrated Programme Entrepreneurship Support and Financing Programme (the "**PIAFE**") was launched in 2020, in line with royal guidelines, with the aim of providing a global solution to the problem of access to finance, particularly for young project leaders and micro-businesses.

The PIAFE has three pillars relating to the financing of entrepreneurship, the coordination of the actions of the various stakeholders of the entrepreneurial ecosystem at regional level and the promotion of access of populations and rural MSMEs to financial services. The PIAFE has a three-year budget of Dh 8 billion, with Dh 3 billion being contributed by Moroccan banks. As at 31 December 2022, Dh 8.7 billion in loans had been issued under the programme (51,539 loans), of which 93% were investment loans and 7% were loans for business operations.

Further to the adoption in 2020 of Law № 36-20, the CCG has been transformed from a public company (an *etablissement public*) to a state-owned limited company, SNGFE (a *société anonyme*). The main purpose of this transformation was to modernise the legal framework of the CCG to allow it to support the public policies and strategies related to access to finance for businesses, particularly MSMEs, public firms, and other populations targeted by the Government. The strategic aims of this transformation also include establishing SNGFE as the State's preferred instrument for public guarantees, to improve the entity's governance framework and to modernise the financial management of its commitments, while adapting its administrative, management and control bodies. Law № 36-20 permits the State to provide a guarantee if coverage by SNGFE (through its endowments, reserves and own capital) is insufficient. SNGFE operates under the brand name TAMWILCOM. This law also sets out a new contractual framework between the Government and the CCG.

TAMWILCOM is also being deployed to give guarantees to banks making loans to SMEs and to micro-credit associations for loans intended for income-generating activities. TAMWILCOM's *Damane Oxygène* (which targets the mobilisation of financing for companies whose cash flows have deteriorated due to the decline in their activity) benefited 49,489 companies with a total of Dh 17.7 billion of credits. In addition, there were 199,386 micro credits granted for income-generating activities benefits from a TAMWILCOM guarantee (in a total amount of Dh 1.7 billion) between June 2020 and June 2022. As at 21 December 2022, 50,372 projects with Dh 45.8 billion of bank credits had benefitted from guarantees under the "Relance TPE" and "Damane Relance" guarantee products. Launched as part of measures aimed at mitigating the impact of the COVID-19 crisis, these two products are intended to enable VSEs, SMEs and large enterprises to finance a gradual return to normal activity.

The Government has also introduced a number of measures to increase flexibility in the employment market through reforming labour laws.

In August 2018, King Mohammed VI called upon the Government to devise an integrated strategy targeting youth unemployment. In response, five groups have been established: (i) a group led by the Ministry of Labour of Professional Integration to support job creation; (ii) a group led by the Ministry of National Education to examine training and employment matching opportunities; (iii) a group led by the Ministry of Industry to support entrepreneurship development; (iv) a group led by the Ministry of Agriculture to support rural employment; and (v) a group to support the territorialisation of employment promotion. A committee, chaired by the Head of Government, has also been established. The recommendations of these groups are expected to be debated and to form a roadmap with concrete action plans, to be determined at a National Meeting of Employment and Training.

Morocco has two indicative minimum wages, an agricultural minimum wage ("**SMAG**"), and a non-agricultural minimum wage ("**SMIG**"), which are set by the Government. Although subject to periodic review, the statutory minimum is not automatically indexed to inflation.

On 30 April 2022, as part of a national charter on social dialogue, a new social agreement (replacing an agreement signed in April 2019) was signed between the Government, CGEM and representatives of three of Morocco's main trade unions: the *Union Générale des Travailleurs du Maroc* ("**UGTM**"), the *Union Marocaine du Travail* ("**UMT**") and the *Confédération Démocratique du Travail* (the "**CDT**"). The agreement, which is in line with the aims of the New Development Model, includes a set of mutual commitments, such as raising the minimum wage (SMIG) in the industry, trade and services sectors by 10% over two years (from Dh 14.81 per hour to Dh 15.55 per hour in September 2022 (now in effect) and then further to Dh 16.29 per hour from September 2023), increasing the minimum wage in the public sector to Dh 3,500 (net) in addition to abolishing a scale for civil servants (relating to administrative assistants and technical assistants), increasing the promotion quota in the grade from 33% to 36% and increasing the value of family compensation for fourth, fifth and sixth children in the public and private sectors. Under the agreement, the SMAG has increased from Dh 76.70 per day to Dh 84.37 per day in September 2022 and will further increase to Dh 88.58 per day from September 2023. The agreement covers the period 2022 to 2024. The agreement provides that the SMIG and the SMAG should be aligned by 2028.

The rights to join a trade union and to strike are guaranteed by the 2011 Constitution.

Education

Education has long been considered an important factor in Morocco's development and continues to feature significantly in the Government's policies. The Government is committed to reducing illiteracy, which, nationally, was estimated at 32.2% in 2014, although the rates are higher amongst females and rural populations.

The following table sets forth the budget available to the different educational departments based on information set out in the 2023 budget.

Budget Allocated to the Ministry of Higher Education, Scientific Research and Innovation and Ministry of National Education, Preschool and Sports

	Staff Credit	MDD Credit	Investment Credit CP	Investment Credit CE for 2024 and subsequent years	Total
			(Dh millions)		
Ministry of Higher Education, Scientific Research and Innovation	8,795.9	4,416.1	1,853.1	1,247.0	15,065.0
Ministry of National Education, Preschool and Sports........	40,856.2	21,202.2	8,966.9	5,277.0	71,025.3

Basic education is compulsory for boys and girls. Pupils who have successfully passed through the first cycle (primary school) can proceed to a second cycle in the basic education system for a further three-year period. Following this, a system of secondary schools exists for boys and girls.

In the 2021/2022 school year, there were 12 universities and 146 higher education institutions. In the 2020/2021 school year, the enrolment rate in primary education was approximately 100%, the enrolment rate in lower secondary education (*le cycle secondaire collegial*) was approximately 94.7% (92.7% for girls), as compared to 94.2% (92.2% for girls) in the 2019/2020 school year, and the enrolment rate in upper secondary education (*le cycle secondaire qualifiant*) was approximately 71.1% (70.9% for girls), as compared to 69.6% (68.7% for girls) in the 2019/2020 school year.

There are a number of government strategies in place that focus on education, training and overall human capital development. These include the Education Vision for 2030. The Education Vision has three pillars: (i) creating fairness and equality of opportunity in schools; (ii) reforming business education and training; and (iii) securing employment for youth. The Education Vision focuses, *inter alia*, on developing the use of information technologies and supporting vulnerable children's education.

Results of strategic programmes to date, include: (i) the extension of the university offering and improvement of quality, demonstrated by a 6.5% increase in students in higher education in the 2022/2023 academic year, as compared to the 2021/2022 academic year, as well as a 20,000 increase in teaching places; (ii) the improvement of social services available for students, including increasing university accommodation capacity and broadening the base of beneficiaries of student medical coverage; and (iii) the creation of 2,349 budget items for 2023, including training items and items for the improvement of educational and administrative support.

The Vocational Education and Training Strategy is focused on the entry of graduates into the employment market and the required skills of such graduates. According to statistics published by the Office of Vocational Training and Labour

Promotion (the "**OFPPT**"), initial training places were expected to be increased to 592,000 for the 2018/2019 academic year, with a network of 370 training centres, including 24 new centres (12 sectoral centres and 12 multiservice centres). The OFPPT has also launched the construction of 12 *Cités des Métiers et des Compétences*, training centres in each region, which aim to offer professional training tailored to the region in which they are located.

Educational reform is a key priority of the Government and it has developed a roadmap for reform of the education sector between 2022 and 2026, in line with priorities set out in the New Development Model. This roadmap has three principal targets: (i) achieve compulsory and inclusive education by reducing the school drop-out rate by 30% to 50%; (ii) provide apprenticeships in order that two-thirds of students can master fundamental skills at the end of the primary education cycle (as compared to the current level of approximately one-third); and (iii) promote fulfilment through the development of civic values and transversal skills, including encouraging curiosity, general knowledge, creativity and communication skills, such as through greater provision of extra-curricula activities.

A number of new laws on education and vocational education are currently being drafted by the Government, which, *inter alia*, target: (i) accelerating the generalisation of pre-school education and the development of childcare facilities; (ii) supporting schooling of children from vulnerable groups (including from rural communities), through the creation of community schools and the development of transportation and school cafeterias, (iii) consolidating teacher training system reform and launching a training centres rehabilitation programme; and (iv) developing and rehabilitating universities.

The 2023 budget allocates Dh 71.0 billion to national education, pre-school and sports.

Social Policy

There are several health and social welfare agencies operating contributory schemes, which are compulsory for all employed persons. Workers are entitled to social welfare in the event of illness, occupational accidents and old age. As at 31 December 2021, Morocco had 155 public hospitals, 2,157 public health clinics, of which approximately 1,296 are in rural areas, over 11,928 private medical practices and 384 private clinics.

Pensions

The pension system in Morocco is operated primarily by three public organisations and one private organisation: the *Caisse Marocaine de Retraite*, a mandatory fund into which civil servants are required to pay a set percentage of their net income and the Government is obliged to make a matching contribution; the *Caisse Nationale de Sécurité Sociale* ("**CNSS**"), a mandatory fund covering private sector employees and providing family allowances, medical disability and death benefits and pensions; the *Caisse Interprofessionnelle Marocaine des Retraites*, a mutual retirement society which, following a change to its constitutional documents in 2017, individuals (whether self-employed, private or public sector employees or professionals) may join to provide a retirement pension in addition to the pension from CNSS; and the *Caisse Nationale de Retraite et d'Assurance*, which provides pensions to contractual workers in Government service and is managed by CDG. Certain state-owned enterprises also operate their own pension systems, and insurance companies offer supplementary pension insurance. Law № 64-12 establishing the Supervisory Authority of Insurance and Social Welfare (ACAPS), promulgated by Decree 1-14-10 dated 6 March 2014, introduced an obligation for pension companies to be formed as mutual benefit societies.

Certain pension funds in the Kingdom are currently in a flow deficit (*i.e.*, contributions are outpaced by expenditures) and, according to IMF projections, due to demographic changes and relatively high benefits, pension expenditures would rise from approximately 3% of GDP in 2011 to almost 7.7% of GDP in 2050, while pension contributions would remain flat. Accordingly, since 2004, a comprehensive reform of the national pension system for both private and public sector employees has been under consideration by a national committee, chaired by the Head of Government, and a technical committee, composed of representatives the Ministry of Economy and Finance, other Government ministries, trade unions, employers and the pension funds. Following consultations with the World Bank, the International Labour Organisation and others, the national committee agreed to a reform framework in January 2013, and gradual implementation of the pension reform began in September 2016, which includes a shift towards a 'bipolar system' (private sector/public sector). In 2017, Parliament adopted a law that creates a pension scheme for self-employed workers and non-salaried workers exercising a free professional activity.

The Government is currently pursuing the second phase of its pension reform, which targets, in the medium-term, a pension system with two poles (a private pole and a public pole) with a view to eventually converging towards a national system composed of a single basic scheme. The Ministry of Economy and Finance has launched a study relating to the design and implementation of this two-pole pension system. The aim is to base this system on three pillars: (i) a capped compulsory basic scheme; (ii) a capped compulsory supplementary scheme; and (iii) an optional additional capitalisation scheme. This pension reform was also discussed in the context of the new social agreement signed in April 2022 (see "—*Employment and Wages*"). In October 2022, the Ministry of Economy and Finance established a commission composed of members of ministerial departments and pension funds, the principal trade unions and representative employers to review the outcome of this study and agree on the guiding principles for this pension reform.

Healthcare

In 2002, a law was enacted to expand access to healthcare. The law has two components. A mandatory health insurance scheme (*l'assurance maladie obligatoire* or the "**AMO**") came into force in August 2005. The AMO covers employed people, professionals, self-employed persons and non-salaried persons exercising certain activities, pension holders, students, army veterans, widowers, certain insured persons who have lost the right to basic medical coverage following the death of a principal insured person and others. Participants pay into a common pool, and risk is shared among all of the participants. A programme to provide access to healthcare for people who do not otherwise have such access (*le régime d'assistance médicale aux économiquement démunis,* or "**RAMED**") was launched in November 2008 and is now in its third and final phase of implementation throughout the Kingdom. As at 31 December 2021, more than 7.3 million households have registered under, and over 17.8 million people have benefitted from, the RAMED programme.

In response to the main directive given by King Mohammed VI during a speech delivered on 30 July 2020, the 21st Throne Day, the Government has instituted a project to extend various social security programs to cover all Moroccan citizens within five years from January 2021.

In April 2021, King Mohammed VI launched the implementation phase of a project for the generalisation of social protection. This reform project is comprised of four key pillars:

- the generalisation of the AMO (basic health insurance) in 2021 and 2022 by broadening the base of the beneficiaries of this insurance through the integration of vulnerable categories eligible for medical assistance, as well as professionals and self-employed and non-salaried persons who carry out a liberal activity;

- the generalisation of family allowances in 2023 and 2024;

- the broadening of the pension system in 2025 to include people in employment but not benefitting from a pension under existing categories; and

- the generalisation of indemnities given for loss of employment in 2025 to cover any person with a stable job, through the simplification of eligibility requirements and the broadening of the base of beneficiaries.

Measures taken to date in connection with this project include: (i) the adoption of Law № 09-21 (the outlines of which were presented to King Mohammed VI in February 2021), a framework law which acts as the reference point for implementation of the project; and (ii) the signing of three framework agreements relating to the generalisation of the basic AMO for three categories of persons. Since 1 December 2022, 9.4 million people (unable to pay subscription duties) have benefited from the new health insurance scheme, which offers the same health services to private sector workers and independent workers. From 1 December 2022, all beneficiaries of the medical assistance scheme (RAMED) are registered with the new compulsory health insurance scheme (AMO TADAMON), and the State pays their contributions.

In addition and following the impact of the COVID-19 pandemic, the Government has launched a project to overhaul the national health system, which is focused on developing and strengthening human resources, upgrading the supply of care, strengthening the governance of the national health system and establishing an integrated information system. Law № 06-22 has been adopted relating to the national health system, which sets out the principles, objectives and functions of the national health system, as well as the main components of the overhaul of the health system.

Other Social Programmes

In May 2005, King Mohammed VI launched the INDH. The principal aims of the INDH are to: (i) support income-generating activities; (ii) build economic capacity; (iii) improve access to basic infrastructure and services; and (iv) alleviate extreme vulnerability.

Between 2005 and 2017, more than 44,000 projects were completed under the INDH, with a total investment of Dh 37.9 billion. The third phase of the INDH was launched in 2019, which covers 2019-2023, with a total allocated cost of Dh 18.0 billion. Programmes targeted by the third phase of the INDH include: (i) a deficit reduction programme for infrastructure and basic social benefits; (ii) a support programme for people in precarious situations; (iii) a programme aimed at improvement of the income and economic integration of the youth population; and (iv) a support programme for the human development of future generations.

In order to promote the efficiency and effectiveness of social spending systems, in August 2020, Decree 20-77 promulgating Law № 72-18 relating to the mechanisms for targeting beneficiaries of social spending programmes, social support and establishing the National Registries Agency was published. Pursuant to this law, the targeting system is based on three pillars: (i) a unified social register (to register identify, score and authenticate priority households to receive financial support from the Government); (ii) a national population register; and (iii) a National Registries Agency. The pilot scheme for the unified social register is being implemented in the Rabat-Salé-Kénitra region, with rollout expected in 2023

The Government is working on establishing a unified social register, a national population register and the operationalisation of the National Registry Agency. In August 2022, the Interministerial Steering Commission for Social Protection Reform decided to accelerate the national population register (aiming for generalisation by the end of 2022 and with the project now operational in many regions, such as the areas including Casablanca and Beni-Mellal) and the unified social register (aiming for generalisation by the end of 2023), noting that this will permit family allowances to be granted on the basis of the eligibility criteria of the registers, in parallel with a winding down and substitution of existing social programmes.

In addition to the INDH and as part of its efforts to enhance social support for the poor, the Government will continue to implement the programmes funded under the Support Fund for Social Cohesion. Between its incorporation and 30 September 2022, this fund has contributed approximately Dh 29.9 billion, of which Dh 12.2 billion was allocated to the RAMED programme. In addition, Dh 9.5 billion has been allocated in the 2023 budget to finance the new medical health insurance scheme, AMO TADAMON.

In 2017, the Government also launched the 2017-2023 Royal Programme for the Reduction of Social and Territorial Disparities in Rural Areas. The overall cost of the programme is expected to be Dh 50 billion, which is expected to be financed by regional councils, the Rural and Mountain Areas Development Fund, ONEE and INDH. To date, this programme has led to improvements implemented in 1,093 communes in rural areas and 73 rural centres and urban-adjacent communes, including: (i) construction and development of roads and tracks; (ii) school infrastructure projects; (iii) construction, reconstruction and extension of health infrastructure; (iv) installation of drinking water supply systems; and (v) electrification works.

See "*Public Finance—Subsidies*".

Environmental, Social and Governance ("ESG") Agenda

As the agriculture sector plays an important economic and social role in Morocco, the Government established the *Plan Maroc Vert* for the period 2008-2018. The principal aims of the *Plan Maroc Vert* were to: (i) increase the value added to Morocco's crops; (ii) encourage growth and development of the agriculture sector; (iii) increase employment and exports; and (iv) combat rural poverty.

Between 2008 and 2020, investment totalling Dh 132.4 billion was made in the sector, of which approximately 41%, was public investment. Furthermore, the *Plan Maroc Vert* has enabled the mobilisation of more than Dh 40.4 billion through donor and private funding, of which approximately 33% has been in the form of donations.

Agricultural GDP increased from an average of Dh 91.3 billion for the period 2008-2020 to an average of Dh 118 billion for the period 2018-2020, which had positive effects on both the trade balance and operator income. In addition to its positive economic impact, the *Plan Maroc Vert* also had a social impact, in particular, there has been: (i) a marked improvement in agricultural employment (with an increase in the number of working days per job by 35 million in the agricultural sector between 2008 and 2020); (ii) an improvement in farmers' income of more than 47% between 2008 and 2020, which has increased purchasing power and allowed access to new services, and (iii) a strengthening of food security, placing Morocco among the leading countries in the MENA region in terms of the rate of coverage of food needs. On an environmental level, the *Plan Maroc Vert* has contributed to the adaptation of agricultural methods to climate change through better rationalisation and management of water resources as a result of three major structuring irrigation programmes, as well as the mitigation of greenhouse gas emissions in accordance with sector commitments through plantation programmes covering almost 500,000 hectares between 2008 and 2020.

In February 2020, Morocco launched a new development strategy for the agricultural sector called *Génération Green 2020-2030*. The strategy aims to capitalise on the achievements of the *Plan Maroc Vert*, by modernising the agricultural sector. The principal objective is to consolidate the agricultural sector, with a view to doubling exports (to Dh 50-60 billion) and agricultural production (to Dh 200-250 billion) by 2030. The strategy aims to achieve these objectives: (i) by enhancing human involvement in agriculture, growing a new generation of agricultural middle class and deploying one million hectares of collective land to encourage a new generation of young people and entrepreneurs, human capital development and effective farmer organisations; and (ii) by modernising wholesale and traditional markets and improving distribution processes through sustainable agricultural practices, preservation of natural resources and innovative distribution chains. The strategy targets the development of production supply chains and the mechanisation of the agricultural sector, with a focus on increasing the coverage rates for food needs, agricultural production, exports and investment volumes. The implementation of the *Génération Green 2020-2030* strategy is expected to require an annual increase in the agricultural sector's budget of almost 2.5% from 2020. The strategy is also linked with other national priorities, including the Priority Drinking Water Supply and Irrigation Programme 2020-2027.

The Government has launched a number of projects under *Génération Green 2020-2030*, with particular progress in the development of regional agricultural plans and development plans for next generation sectors, which has led to the approval of seven programme contracts for the citrus, sugar, olive, milk, white meat and red meat sectors, as well as the continuation of cross-functional projects, including in the fields of land, irrigation, financing and overhaul of the aid and incentive system, digital transformation, law and regulation. With respect to youth entrepreneurship, six regional centres have been opened with vocational training available, and financial support mechanisms have been set up in partnership with the *Groupe Credit Agricole du Maroc*. As at 31 December 2022: localised irrigation equipment had been provided for 154,650 hectares (meeting 44% of the 2030 objective); three projects for irrigation extension programmes downstream from dams were underway; 54,000 hectares of perimeter land had been rehabilitated (out of a target of 200,000 by 2023); and work was continuing on PPP projects across the sector.

In 2020, Morocco presented its second voluntary review of progress towards implementation of the United Nations Sustainable Development Goals ("**SDGs**") (within the framework of the UN High Level Political Forum on Sustainable Development), which focuses on human rights, green economy transition, advanced regionalisation, social and territorial cohesion, citizen participation and the development of strategic partnerships. Morocco was able to achieve 69% of the 17 SDGs with an improvement in indicators relating to ten goals relating to climate, the fight against poverty and famine, as well as health systems and education. Morocco's "Spillover Index" is approximately 94 points out of 100, which means that the actions undertaken by the Kingdom for the achievement of the SDGs at the national level have spillovers and positive effects on the capacity of other countries to achieve the SDGs through three transmission channels, including environmental and social impact, economy and finance, and security. The Government has also adopted a National Charter for the Environment and Sustainable Development.

In September 2022, Morocco signed a memorandum of understanding on the establishment of a "Green Partnership" with the EU, which covers areas, including the fight against climate change, energy transition, protection of the environment and promotion of the green and blue economy. The memorandum also promotes the transition to low-carbon industry through investment in green technology, the production of renewable energies, sustainable mobility and clean production in industry. In November 2022, the national railway company signed the first deal under the "Green Partnership", a €200 million financing agreement with the EIB. See "*—Infrastructure—Rail Networks*".

EXTERNAL SECTOR

Foreign Trade

Foreign trade is an important factor in the Moroccan economy. Morocco's merchandise trade balance has a structural deficit. During the period 2017-2021, the trade deficit (FOB-FOB) has fluctuated but has increased by Dh 3.9 billion over the period. Morocco's external trade balance in services is generally positive. The trade deficit contributed to a current account deficit in 2021, which represented 2.3% of GDP in 2021, as compared to 1.2% in 2020. See "*—Balance of Payments*" and "*—Current Account*".

Morocco's main merchandise exports are manufactured goods (consisting of finished products and semi-finished products), agricultural products and phosphates. Finished products (comprising capital goods and consumer goods) accounted for 45.3% of total exports in 2021 and are mainly comprised of consumer goods (*e.g.*, textiles, ready-to-wear clothing, shoes, automobiles and other products). Semi-finished products, mainly fertilisers and phosphoric acid, accounted for 27.6% of total exports in 2021. Foodstuffs, beverages and tobacco and raw animal and vegetable product exports represented approximately 21.3% of Morocco's exports by value in 2021. Most export crops are grown on irrigated land and, therefore, are not influenced by drought. Total export earnings from raw mineral products, comprising mainly phosphate rock and other minerals, were approximately Dh 16.5 billion in 2021, of which Dh 8.9 billion was phosphate rock. In 2021, raw mineral products accounted for 5.0% of total exports. Energy and lubricant exports accounted for 0.4% of total exports during the same period. Expansion in foreign demand, especially from Europe, led to a rebound in goods exports (in particular, automobile, phosphates and textile exports) in 2021, as compared to 2020 when exports were materially adversely impacted by the COVID-19 pandemic.

Energy and lubricants accounted for 14.4% of imports in 2021 and food, beverages and tobacco accounted for 11.4% of total imports. Semi-finished products (including chemical products, iron and steel, plastics and paper and cardboard) accounted for approximately 21.9% of total imports and finished products for approximately 46.9% of total imports in 2021. In 2021, approximately 49.4% of finished goods imports were industrial capital goods, 49.9% were consumer goods and the balance consisted of agricultural capital goods. Consumer goods are sensitive to the level of domestic consumption and capital goods are sensitive to the level of domestic investment.

Based on preliminary figures, in 2022, consumer goods accounted for 28.8% of total exports by value (or Dh 122.7 billion), while semi-finished products accounted for 29.3% (or Dh 125.0 billion) , foodstuffs, beverages and tobacco accounted for 17.2% (or Dh 73.2 billion), industrial capital goods accounted for 16.4% (or Dh 69.8 billion), raw mineral products accounted for 5.2% (or Dh 22.2 billion) and other goods accounted for 3.1%. In terms of sector breakdown, based on preliminary figures, in 2022, textile and leather sector exports accounted for 10.3% of total exports by value, while automobile sector exports accounted for 26.1%, food industry exports accounted for 10.3%, electronic sector exports accounted for 4.4%, aerospace sector exports accounted for 5.0% and phosphates and derivatives sector exports accounted for 24.0%. Energy and lubricants accounted for 21.0% of total imports in 2022 (or Dh 153.3 billion), based on preliminary figures, and food, beverages and tobacco accounted for 11.8% of total imports (or Dh 86.7 billion). Semi-finished products accounted for approximately 23.0% of total imports (or Dh 169.7 billion) and other products for approximately 45.2% of total imports in 2022. The current account is estimated to have registered a deficit of 4.3%, or Dh 59.1 billion, in 2022 (according to preliminary estimated figures) and drawings on public external borrowings is estimated to have amounted to Dh 43 billion in 2022. Based on preliminary figures, in 2022, total exports were Dh 426.1 billion, while total imports were Dh 737.7 billion.

The EU (principally, France and Spain), Brazil, India and the United States are Morocco's largest trading partners.

The tables below set forth the exports of Morocco by main area of destination for the periods indicated.

Exports (FOB)[(1)(2)]

						For the nine months ended 30 September	
	2017	**2018**	**2019**	**2020**	**2021**[(3)]	**2021**[(3)]	**2022**[(3)]
				(Dh millions)			
Europe, of which	**176,823**	**193,224**	**202,444**	**184,400**	**219,916**	**155,568**	**201,614**
Spain	58,881	65,069	68,594	62,909	70,856	52,577	63,396
France	56,866	59,825	62,065	57,523	67,238	46,736	61,112
Germany	7,015	8,732	9,013	8,571	9,681	6,372	9,221
Italy	11,451	11,780	13,145	11,587	14,025	10,061	13,154
Turkey	6,889	5,550	6,275	5,711	7,192	4,508	7,015
Netherlands	5,400	6,237	7,556	8,391	8,360	6,298	5,963
United Kingdom	5,958	7,801	6,996	5,378	10,859	7,146	11,606
Other European countries	24,364	28,230	28,799	24,330	31,705	21,870	30,147
Asian countries, of which	**24,277**	**28,252**	**27,728**	**26,919**	**38,904**	**25,519**	**46,785**
China	2,973	2,540	2,725	2,479	3,258	2,318	2,428
India	6,426	10,341	8,224	11,299	16,242	10,460	20,381
Bangladesh	888	1,067	1,377	1,064	5,265	3,111	7,589
Japan	1,931	1,987	2,469	1,606	1,748	1,404	2,680
Pakistan	2,161	3,270	3,552	2,993	4,905	2,865	5,571
Other	9,897	9,047	9,381	7,478	7,487	5,361	8,136
American countries, of which	**22,264**	**27,487**	**26,784**	**27,437**	**37,278**	**27,550**	**36,733**
United States	9,775	12,941	11,183	9,369	9,924	6,360	10,651
Brazil	7,339	7,204	8,638	10,856	18,244	14,579	16,325
Canada	1,639	2,941	2,807	1,930	1,957	1,143	1,084
Other	3,511	4,401	4,156	5,282	7,154	5,468	8,673
African countries, of which	**22,111**	**21,594**	**21,620**	**21,455**	**26,146**	**18,658**	**28,208**
Algeria	1,946	1,630	1,529	1,270	1,032	790	617
Tunisia	901	1,093	819	844	1,296	996	890
Libya	726	805	847	645	690	360	495
Mauritania	1,784	1,775	1,869	1,743	2,355	1,719	2,041
Côte d'Ivoire	1,553	1,830	1,748	2,373	3,223	2,165	2,123
Other	15,199	14,460	14,808	14,582	17,550	12,628	22,042
Oceania and other countries	**3,366**	**4,884**	**5,920**	**2,877**	**7,160**	**4,026**	**4,895**
Total	**248,841**	**275,441**	**284,496**	**263,089**	**329,405**	**231,321**	**318,235**

Source: Office des Changes.

Notes:
(1) On a free-on-board shipment basis.
(2) Certain line items and figures differ from previously published data due to ongoing revisions.
(3) Preliminary data.

Exports (FOB)[1][2]

	2017	2018	2019	2020	2021[3]	For the nine months ended 30 September 2021[3]	2022[3]
				(% of total)			
Europe, of which	**71.1**	**70.2**	**71.2**	**70.1**	**66.8**	**67.3**	**63.4**
Spain	23.7	23.6	24.1	23.9	21.5	22.7	19.9
France	22.9	21.7	21.8	21.9	20.4	20.2	19.2
Germany	2.8	3.2	3.2	3.3	2.9	2.8	2.9
Italy	4.6	4.3	4.6	4.4	4.3	4.3	4.1
Turkey	2.8	2.0	2.2	2.2	2.2	1.9	2.2
Netherlands	2.2	2.3	2.7	3.2	2.5	2.7	1.9
United Kingdom	2.4	2.8	2.5	2.0	3.3	3.1	3.6
Other European countries	9.8	10.2	10.1	9.2	9.6	9.5	9.5
Asian countries, of which	**9.8**	**10.3**	**9.7**	**10.2**	**11.8**	**11.0**	**14.7**
China	1.2	0.9	1.0	0.9	1.0	1.0	0.8
India	2.6	3.8	2.9	4.3	4.9	4.5	6.4
Bangladesh	0.4	0.4	0.5	0.4	1.6	1.3	2.4
Japan	0.8	0.7	0.9	0.6	0.5	0.6	0.8
Pakistan	0.9	1.2	1.2	1.1	1.5	1.2	1.8
Other	4.0	3.3	3.3	2.8	2.3	2.3	2.6
American countries, of which	**8.9**	**10.0**	**9.4**	**10.4**	**11.3**	**11.9**	**11.5**
United States	3.9	4.7	3.9	3.6	3.0	2.7	3.3
Brazil	2.9	2.6	3.0	4.1	5.5	6.3	5.1
Canada	0.7	1.1	1.0	0.7	0.6	0.5	0.3
Other	1.4	1.6	1.5	2.0	2.2	2.4	2.7
African countries, of which	**8.9**	**7.8**	**7.6**	**8.2**	**7.9**	**8.1**	**8.9**
Algeria	0.8	0.6	0.5	0.5	0.3	0.3	0.2
Tunisia	0.4	0.4	0.3	0.3	0.4	0.4	0.3
Libya	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Mauritania	0.7	0.6	0.7	0.7	0.7	0.7	0.6
Côte d’Ivoire	0.6	0.7	0.6	0.9	1.0	0.9	0.7
Other	6.1	5.2	5.2	5.5	5.3	5.5	6.9
Oceania and other countries	**1.4**	**1.8**	**2.1**	**1.1**	**2.2**	**1.7**	**1.5**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Office des Changes.

Notes:

(1) On a free-on-board shipment basis.

(2) Certain line items and figures differ from previously published data due to ongoing revisions.

(3) Preliminary data.

Source: Office des Changes.

The following table sets forth the composition of Moroccan exports for the periods indicated.

Composition of Exports[(1)]

						For the nine months ended 30 September	
	2017	**2018**	**2019**	**2020**	**2021[(2)]**	**2021[(2)]**	**2022[(2)]**
				(Dh millions)			
Foodstuffs, beverages and tobacco, of which	**49,382**	**53,146**	**56,338**	**56,796**	**62,990**	**46,172**	**54,973**
Citrus fruits	3,777	4,292	4,895	4,985	4,819	2,476	3,465
Crustaceans molluscs and shellfish	9,209	8,691	7,934	8,026	11,493	9,798	9,321
Fresh fish	3,489	4,061	3,709	3,814	4,297	3,132	3,807
Prepared and preserved fish and shellfish	6,769	7,451	7,862	7,910	7,310	4,707	6,114
Preserved vegetables	1,652	1,833	1,846	1,612	1,747	1,317	1,449
Other products	24,486	26,818	30,092	30,450	33,324	24,742	30,817
Energy and lubricants	**2,279**	**3,209**	**4,295**	**1,355**	**2,317**	**1,346**	**2,886**
Raw animal and vegetable products	**5,271**	**5,475**	**5,951**	**5,990**	**7,261**	**4,854**	**6,752**
Raw mineral products, of which	**15,220**	**14,687**	**13,291**	**12,176**	**16,493**	**11,652**	**16,914**
Phosphates[(3)]	8,370	8,298	7,311	7,338	8,943	6,233	10,412
Semi-finished products, of which	**52,346**	**60,629**	**58,139**	**58,516**	**90,895**	**62,717**	**97,379**
Natural and chemical fertilisers	25,203	29,828	28,050	32,148	51,511	35,122	62,882
Phosphoric acid	10,637	13,863	13,584	11,383	19,817	13,765	18,058
Electronic components (transistors)	4,272	4,411	4,270	2,807	4,126	2,900	4,738
Agricultural capital goods	**135**	**151**	**135**	**127**	**157**	**113**	**131**
Industrial capital goods, of which	**45,140**	**53,875**	**60,561**	**52,860**	**55,216**	**40,597**	**51,195**
Wires and cables for electricity	26,323	30,204	33,356	27,970	28,570	21,811	26,924
Consumer goods, of which	**78,473**	**83,890**	**85,175**	**74,837**	**93,712**	**63,599**	**87,798**
Clothing	23,317	23,774	23,305	18,131	22,645	16,490	21,243
Knitted articles	7,553	7,800	7,498	5,804	7,529	5,328	6,368
Shoes	2,255	2,372	2,193	1,930	2,117	1,587	1,907
Industrial gold	**595**	**377**	**612**	**430**	**363**	**271**	**208**
Total	**248,841**	**275,441**	**284,496**	**263,089**	**329,405**	**231,321**	**318,235**

Source: Office des Changes.

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data.

(3) Phosphates and derivatives exports were Dh 44.2 billion in 2017, Dh 52.0 billion in 2018, Dh 48.9 billion in 2019, Dh 50.9 billion in 2020, Dh 80.3 billion in 2021 and Dh 115.5 billion in 2022 (based on preliminary figures).

The tables below set forth the imports of Morocco by main area of origin for the periods indicated.

Imports (CIF)[(1)(2)]

						For the nine months ended 30 September	
	2017	**2018**	**2019**	**2020**	**2021[(3)]**	**2021[(3)]**	**2022[(3)]**
				(Dh millions)			
Europe, of which	**286,156**	**309,240**	**308,066**	**268,195**	**323,910**	**235,499**	**304,709**
Spain	73,787	76,111	76,411	64,935	82,965	60,405	77,622
France	52,473	57,266	59,944	50,656	55,570	40,253	57,300
Germany	26,440	23,465	24,261	22,367	23,113	17,514	22,176
Italy	25,397	26,888	26,345	21,952	26,719	19,755	24,954
Turkey	19,260	21,536	25,629	23,074	30,501	21,561	29,764
Russia	9,291	16,635	13,120	15,411	18,250	12,913	16,644
Portugal	13,476	12,448	13,559	11,163	14,732	11,494	10,087
Belgium	5,867	7,622	7,429	6,918	9,507	6,462	7,817
Netherlands	7,227	8,745	7,730	6,282	8,144	5,401	5,824
United Kingdom	9,910	10,615	8,312	5,357	6,541	5,068	6,125
Other European countries	43,028	47,909	45,326	40,081	47,867	34,673	46,396
Asian countries, of which	**81,309**	**94,229**	**103,879**	**90,414**	**123,224**	**89,569**	**147,970**
China	39,561	47,285	49,816	51,537	61,941	46,240	57,510
Saudi Arabia	8,493	11,053	11,768	8,517	16,502	11,513	35,477
India	5,988	6,598	11,143	6,356	9,632	6,245	10,588
United Arab Emirates	5,070	7,686	8,720	4,850	9,577	6,454	11,543
Japan	4,435	3,591	3,402	2,786	3,902	3,072	2,833
Other	17,763	18,016	19,031	16,366	21,670	16,045	30,019
American countries, of which	**52,680**	**56,316**	**58,647**	**49,206**	**60,078**	**44,114**	**76,797**
United States	30,108	38,221	36,252	26,556	33,571	24,175	40,718
Brazil	6,951	5,808	5,547	7,292	7,632	5,019	9,374
Argentina	5,601	3,833	7,102	5,782	7,445	6,336	10,513
Canada	4,116	4,581	3,873	5,012	5,145	3,772	5,069
Other	5,905	3,873	5,873	4,564	6,286	4,812	11,123
African countries, of which	**15,185**	**18,919**	**17,925**	**13,987**	**19,896**	**13,965**	**21,017**
Egypt	4,413	5,350	6,485	5,521	7,366	5,232	8,076
Algeria	5,353	6,960	4,955	4,012	5,869	4,587	1,618
Tunisia	2,083	2,434	2,367	1,922	2,277	1,716	2,290
South Africa	968	848	790	315	1,314	197	5,479
Libya	197	521	194	127	328	196	585
Mauritania	3	22	24	14	4	2	15
Other	2,168	2,783	3,110	2,076	2,738	2,035	2,954
Oceania and other countries	**2,749**	**2,737**	**2,436**	**1,059**	**1,463**	**1,071**	**2,646**
Total	**438,080**	**481,442**	**490,953**	**422,861**	**528,571**	**384,218**	**553,139**

Source: Office des Changes.

Notes:
(1) On a cost, insurance, freight basis.
(2) Certain line items and figures differ from previously published data due to ongoing revisions.
(3) Preliminary data.

Imports (CIF)(1)(2)

	2017	2018	2019	2020	2021(3)	For the nine months ended 30 September 2021(3)	For the nine months ended 30 September 2022(3)
				(% of total)			
Europe, of which	**65.3**	**64.2**	**62.7**	**63.4**	**61.3**	**61.3**	**55.1**
Spain	16.8	15.8	15.6	15.4	15.7	15.7	14.0
France	12.0	11.9	12.2	12.0	10.5	10.5	10.4
Germany	6.0	4.9	4.9	5.3	4.4	4.6	4.0
Italy	5.8	5.6	5.4	5.2	5.1	5.1	4.5
Turkey	4.4	4.5	5.2	5.5	5.8	5.6	5.4
Russia	2.1	3.5	2.7	3.6	3.5	3.4	3.0
Portugal	3.1	2.6	2.8	2.6	2.8	3.0	1.8
Belgium	1.3	1.6	1.5	1.6	1.8	1.7	1.4
Netherlands	1.6	1.8	1.6	1.5	1.5	1.4	1.1
United Kingdom	2.3	2.2	1.7	1.3	1.2	1.3	1.1
Other European countries	9.8	10.0	9.2	9.5	9.1	9.0	8.4
Asian countries, of which	**18.6**	**19.6**	**21.2**	**21.4**	**23.3**	**23.3**	**26.8**
China	9.0	9.8	10.1	12.2	11.7	12.0	10.4
Saudi Arabia	1.9	2.3	2.4	2.0	3.1	3.0	6.4
India	1.4	1.4	2.3	1.5	1.8	1.6	1.9
United Arab Emirates	1.2	1.6	1.8	1.1	1.8	1.7	2.1
Japan	1.0	0.7	0.7	0.7	0.7	0.8	0.5
Other	4.1	3.7	3.9	3.9	4.1	4.2	5.4
American countries, of which	**12.0**	**11.7**	**11.9**	**11.6**	**11.4**	**11.5**	**13.9**
United States	6.9	7.9	7.4	6.3	6.4	6.3	7.4
Brazil	1.6	1.2	1.1	1.7	1.4	1.3	1.7
Argentina	1.3	0.8	1.4	1.4	1.4	1.6	1.9
Canada	0.9	1.0	0.8	1.2	1.0	1.0	0.9
Other	1.3	0.8	1.2	1.1	1.2	1.3	2.0
African countries, of which	**3.5**	**3.9**	**3.7**	**3.3**	**3.8**	**3.6**	**3.8**
Egypt	1.0	1.1	1.3	1.3	1.4	1.4	1.5
Algeria	1.2	1.4	1.0	0.9	1.1	1.2	0.3
Tunisia	0.5	0.5	0.5	0.5	0.4	0.4	0.4
South Africa	0.2	0.2	0.2	0.1	0.2	0.1	1.0
Libya	0.0	0.1	0.0	0.0	0.1	0.1	0.1
Mauritania	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.5	0.6	0.6	0.5	0.5	0.5	0.5
Oceania and other countries	**0.6**	**0.6**	**0.5**	**0.3**	**0.3**	**0.3**	**0.5**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Office des Changes.

Notes:
(1) On a cost, insurance, freight basis.
(2) Certain line items and figures differ from previously published data due to ongoing revisions.
(3) Preliminary data.

The following table sets forth composition of Moroccan imports for the periods indicated.

Composition of Imports[1]

						For the nine months ended 30 September	
	2017	**2018**	**2019**	**2020**	**2021**[2]	**2021**	**2022**[2]
				(Dh millions)			
Foodstuffs, beverages and tobacco, of which	**42,526**	**45,776**	**47,825**	**55,220**	**59,868**	**43,990**	**67,105**
Wheat	*8,341*	*9,124*	*9,233*	*13,505*	*14,294*	9,770	20,336
Maize	4,414	4,647	5,235	5,388	6,074	5,202	6,230
Oilcake and other food industry residue	4,274	4,911	5,241	5,307	5,719	4,641	5,835
Raw or refined sugar	*4,951*	*3,505*	*3,957*	*4,448*	*5,926*	4,072	5,627
Energy and lubricants, of which	**69,656**	**82,478**	**76,660**	**49,878**	**75,944**	**51,901**	**115,419**
Gas-oil and fuel oil	*34,291*	*41,537*	*38,776*	*23,316*	*35,980*	24,574	56,488
Petroleum gas and other hydrocarbons	13,789	15,601	14,055	11,944	17,433	12,346	19,785
Petroleum oil and lubricants	6,781	8,315	8,428	3,315	4,901	3,739	9,774
Coal. coke and similar solid fuels	6,024	8,655	9,088	7,195	10,607	6,531	19,042
Raw animal and vegetable products, of which	**12,992**	**13,276**	**12,497**	**12,270**	**15,575**	**11,719**	**14,984**
Raw or refined soybean oil	3,928	3,777	3,678	3,905	5,775	4,344	6,260
Raw, sawn or hewn wood	2,591	2,927	2,752	2,218	2,948	2,193	2,228
Raw mineral products, of which	**7,724**	**11,327**	**9,602**	**7,184**	**13,952**	**9,879**	**20,357**
Crude and unrefined sulphur	*5,002*	*7,967*	*6,913*	*4,886*	*10,739*	7,371	16,483
Semi-finished products, of which	**95,571**	**99,859**	**104,507**	**93,224**	**115,854**	**84,267**	**127,343**
Plastic materials	*13,050*	*13,763*	*14,396*	*12,947*	*16,133*	12,010	16,770
Chemical products	*10,507*	*10,216*	*10,339*	*9,670*	*12,500*	9,050	13,318
Agricultural capital goods	**2,100**	**2,372**	**1,789**	**1,363**	**1,825**	**1,363**	**1,257**
Industrial capital goods, of which	**107,252**	**117,861**	**125,047**	**108,706**	**122,082**	**89,491**	**107,246**
Parts of aircraft and other air or space vehicles	*5,438*	*7,728*	*8,187*	*7,360*	*9,515*	6,137	11,263
Wires, cables and insulated conductors for electricity	9,356	9,070	9,052	6,999	8,026	6,071	8,049
Machinery and miscellaneous equipment	8,958	10,233	12,202	10,853	10,247	7,964	7,267
Apparatus for cutting or connecting electrical circuits and resistances	8,634	9,275	9,921	8,756	9,255	7,048	7,568
Piston engines, other engines and parts thereof (industrial equipment)	*8,295*	*9,060*	*8,930*	*8,389*	*10,079*	7,239	9,605
Consumer goods, of which	**100,259**	**108,491**	**113,024**	**95,015**	**123,472**	**91,472**	**99,279**
Tourist vehicles	*21,140*	*21,975*	*20,323*	*12,601*	*18,502*	13,272	13,515
Parts and spare parts for cars and tourist vehicles	14,544	17,593	18,769	15,801	19,727	14,540	17,690
Fabrics and yarn of man-made filaments	7,113	7,551	8,169	6,527	8,966	6,723	8,938
Drugs and other pharmaceuticals	6,141	6,370	6,901	7,656	13,124	10,092	6,309
Industrial gold	**114**	**177**	**317**	**0**	**152**	**136**	**149**
Total	**438,080**	**481,442**	**490,953**	**422,861**	**528,571**	**384,218**	**553,139**

Source: Office des Changes.

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.

Trade Policy

Import controls have been progressively eased under the programme of economic reform and trade liberalisation. Morocco replaced quota restrictions with tariff barriers to conform to the rules of the World Trade Organisation ("**WTO**"). Since May 1996, it has been possible to import virtually all products without restriction. In May 1992, Parliament passed a foreign trade law limiting the scope for Government intervention and simplifying customs regulations. Morocco has significantly reduced tariff barriers, from a previous high of a 400% maximum import duty in the early 1990s to a current maximum rate of 200% for agricultural products and 40% for industrial products. The effective average rate of import duty was 2.2% in 2021.

The Kingdom has entered into free trade agreements with the United States and Turkey, as well as an association agreement with the EU and the European Free Trade Association. Further tariff reductions have resulted and will continue to result from the implementation of WTO rules, the EU Association Agreement and the Free Trade Agreements with the United States and Turkey. These tariff reductions fall within Morocco's overall policy of economic liberalisation and closer economic relations with Europe and the United States. In March 2012, the EU-Morocco free trade area for industrial products came into effect, which marked the completion of tariff dismantling for such products.

In December 2011, the EU adopted negotiating directives in respect of further free trade agreements with Morocco. In February 2012, the European Parliament consented to an agreement with Morocco setting out the general principles for participation in EU programmes, including in the fields of competitiveness and innovation, freight transport, customs and air traffic control. In February 2012, the Kingdom also entered into a free trade agreement to increase certain quotas for zero or low duty agricultural and fish imports. This free trade agreement entered into effect in October 2012. In March 2013, negotiations for a deep and comprehensive free trade area were launched between Morocco and the EU, which would extend beyond the scope of the EU Association Agreement. In August 2002, the Government eliminated the use of reference prices. Four rounds of negotiation have taken place so far, the most recent in April 2014.

The Kingdom is a member of GAFTA and has entered into bilateral free trade agreements with several Arab countries, including Tunisia, Jordan, Egypt and the United Arab Emirates, as well as with the United States. Negotiations regarding a free trade agreement with Canada are currently on hold pending the completion of an impact study. Morocco has also supported the establishment of the African Continental Free Trade Area, which came into force in May 2019.

In May 2001, the Ministers of Foreign Affairs of Morocco, Tunisia, Egypt and Jordan held a meeting in Agadir, Morocco and signed a joint declaration known as the "Agadir Declaration" in which they stated their objective of creating a common free trade zone amongst South-Mediterranean countries, which have entered into association agreements with the EU. In February 2004, the "Agadir Agreement" established a free trade zone amongst Morocco, Tunisia, Egypt and Jordan. The "Agadir Agreement" entered into force in July 2006, following ratification by the four countries party to the agreement. Implementation of the "Agadir Agreement" began in March 2007.

Morocco is a member of the OECD Inclusive Framework on Base Erosion and Profit sharing, including the October 2021 agreement on a two-pillar solution to global tax challenges, including a global minimum corporate tax.

See "*Description of the Kingdom of Morocco—International Relations*".

Balance of Payments

The following table sets forth Morocco's balance of payments for the periods indicated.

Balance of Payments(1)

	2017	2018	2019	2020	2021(2)	Nine months ended 30 September 2021(2)	Nine months ended 30 September 2022(2)
				(Dh millions)			
Trade balance							
Exports (fob)	208,371.7	230,978.7	237,456.3	224,078.0	284,504.0	199,599.0	274,524.0
Imports (fob)	383,259.3	421,148.7	427,627.8	371,535.0	463,285.0	336,927.0	479,411.0
Trade balance	**(174,887.6)**	**(190,170.0)**	**(190,171.5)**	**(147,457.0)**	**(178,781.0)**	**(137,328.0)**	**(204,887.0)**
Services balance	72,389.3	76,222.5	93,501.4	63,605.4	62,381.3	46,009.6	78,018.0
Primary income balance	(18,798.4)	(19,550.5)	(19,573.7)	(11,505.1)	(18,174.9)	(14,065.7)	(14,713.0)
Secondary Income balance	84,955.1	75,130.3	73,825.5	81,920.2	105,426.1	80,441.2	92,219.0
Current Account Balance	**(36,341.6)**	**(58,367.7)**	**(42,418.3)**	**(13,436.5)**	**(29,148.5)**	**(24,942.9)**	**(49,363.0)**
Capital Account	0	0	0	2.9	0	0.0	23.0
Financial Transactions Account							
Direct Investment (net)	(16,138.0)	(26,063.0)	(7,953.0)	(9,125.0)	(14,804.0)	(10,108.0)	(15,801.0)
Portfolio Investment (net)	1,216.7	7,363.5	(11,430.0)	(21,215.0)	2,643.0	(108.0)	1,474.0
Financial Derivatives (net)	(7.9)	(289.6)	183.3	620.0	(291.0)	(267.0)	37.0
Other Investments (net)	(4,255.0)	(17,742.5)	(31,552.0)	(37,094.0)	(22,113.0)	(10,662.0)	(38,728.0)
Reserve Assets (net)	(9,006.6)	(9,504.2)	18,707.7	69,709.0	13,675	3.500	873.0
Financial Transactions Account.	**(28,190.8)**	**(46,235.8)**	**(32,044.0)**	**(2,895.0)**	**(20,890.0)**	**(17,628.0)**	**(52,145.0)**
Net Errors and Omissions	8,150.8	12,131.9	10,374.3	16,328.6	8,258.5	7,314.9	(2,805.0)
Change in net international reserves	**(930.8)**	**(10,591.5)**	**19,636.8**	**67,186.5**	**10,264.3**	**(2,756.6)**	**9,903.0**
				(%)			
Trade balance (FOB-FOB)/GDP	(15.2)	(15.9)	(15.3)	(12.8)	(13.9)	—	—
Current Account/GDP	(3.2)	(4.9)	(3.4)	(1.2)	(2.3)	—	—

Source: Ministry of Economy and Finance.

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data.

(3) In line with best international practices and to better monitor foreign exchange reserves, since 22 May 2020, Bank Al-Maghrib has adopted official reserves assets ("**ORA**") as the only reference indicator of foreign exchange reserves.

Current Account

The trade deficit increased by Dh 3.9 billion, or 2.2%, over the period 2017-2021. Expansion in foreign demand, especially from Europe, led to a rebound in goods exports (in particular, automobile, phosphates and textile exports) in 2021, as compared to 2020. However, import volumes also grew, resulting in an increase in the trade deficit from Dh 147.5 billion in 2020 to Dh 178.8 billion in 2021, an increase of Dh 31.3 billion, or 21.2%. This increase was primarily due to a larger increase in expenditures on imports (which increased by Dh 91.8 million) than receipts from exports (which increased by Dh 60.4 million) . See "*—Foreign Trade*".

The services account registered a net surplus of Dh 62.4 billion in 2021, as compared to a net surplus of Dh 63.6 billion in 2020, a decrease of Dh 1.2 billion, or 1.9%. The decrease in 2021 was primarily due to a decrease in travel receipts, the major component of Morocco's international services receipts, from a net surplus of Dh 25.9 billion in 2020 to a net surplus of Dh 23.7 billion in 2021. The services account registered a significant decrease in 2020, as compared to 2019 and prior years, as a result of the impact of the COVID-19 pandemic on services.

The primary income deficit widened to Dh 18.2 billion in 2021 from Dh 11.5 billion in 2020, an increase in the deficit of Dh 6.7 billion, or 58.0%. The increased deficit was primarily due to increased expenditure on primary income, in particular direct investment income expenditure, which increased by 71.7% due to an increase in dividend expenditure. This increase was partially offset by decreased spending on other investment income.

The secondary income account registered a surplus of Dh 105.4 billion in 2021, as compared to Dh 81.9 billion in 2020, an increase of Dh 23.5 billion, or 28.7%. This increase was primarily due to an increase in remittances from MREs, which reached a record level of Dh 93.7 billion in 2021, as compared to Dh 68.1 million in 2020, an increase of Dh 25.5 million, or 37.5%. The average annual growth rate of remittances between 2018 and 2021 was 13%.

As a result of the foregoing, the current account deficit widened in 2021 to Dh 29.1 billion, as compared to Dh 13.4 billion in 2020, but remained below the deficit of Dh 42.4 billion registered in 2019.

In the nine months ended 30 September 2022, the trade deficit increased by Dh 67.6 billion, or 49.2%, to Dh 204.9 billion, as compared to Dh 137.3 billion in the corresponding period in 2021, primarily due to a faster growth of imports (including as a result of higher export prices due to international increases in commodity prices) than exports. The increased trade deficit was partially offset by increases in the services balance and secondary income balance surpluses. In the nine months ended 30 September 2022, the current account deficit widened to Dh 49.3 billion, as compared to Dh 24.9 billion in the corresponding period in 2021, representing an increase in the deficit of Dh 24.4 billion, or 97.9%.

Capital Account and Financial Transactions Account

The Kingdom's financial transactions account has fluctuated between 2017-2021, mainly due to levels of direct investment, portfolio investment and other investments over the period.

In 2021, the financial transactions account registered net outflows of Dh 20.9 billion, as compared to Dh 2.9 billion in 2020, reflecting an increase in outflows of Dh 18.0 billion, or 621.6%. The increased outflows were primarily due to a Dh 56.0 billion, or 80.4%, decrease in net reserve assets and a Dh 5.7 billion increase in outflows relating to direct investment. This was partially offset by portfolio investment inflows of Dh 2.6 billion in 2021, as compared to outflows of Dh 21.2 billion in 2020, and a Dh 5.0 billion, or 40.4%, decrease in the other investments deficit.

In the nine months ended 30 September 2022, the financial transactions account registered net outflows of Dh 52.1 billion, as compared to outflows of Dh 27.4 billion in the corresponding period in 2021, reflecting an increase in outflows of Dh 34.5 billion, or 195.5%.

Foreign Direct Investment

Since 1990, foreign direct investment has been permitted in virtually all sectors of the economy. In 1995, a charter on foreign investment was adopted by Parliament. The charter's principal objective is to promote and encourage investment by, *inter alia*, granting tax exemptions to investors, reducing the corporate tax rate to 35%, developing tax free zones for exports and promoting free competition. The Government considers the promotion of foreign direct investment in Morocco essential to stimulate further economic growth and economic development.

In 2021, foreign direct investment receipts amounted to Dh 31.9 billion (or 2.5% of GDP), as compared to Dh 26.0 billion in 2020, an increase of Dh 5.9 billion, or 22.7%. This increase in foreign direct investment was mainly due to increased investment flows received from France, the UAE, the United Kingdom, the Netherlands and the United States in 2021. In 2022, foreign direct investment receipts amounted to Dh 38.4 billion (or 2.8% of GDP), as compared to Dh 31.9 billion in 2021, an increase of Dh 6.5 billion, or 20.5%.

The Government has enacted a number of measures to protect foreign investment in Morocco; the Kingdom has entered into 77 agreements for the promotion and protection of foreign investment (of which 53 are currently in force) and 79 double taxation agreements (of which 65 are currently in force).

The Government has also introduced a number of measures to attract FDI and to promote Morocco as a financial hub and preferred destination for FDI in the MENA region, including industrial acceleration and recovery plans. See "*The Moroccan Economy—Principal Sectors of the Economy—Manufacturing Industries*".

Other measures taken to attract FDI include the establishment of the Industrial Development and Investment Fund (the "**FDII**") as part of the 2015 budget and the signing of programme level contracts in the automotive, agri-food, textiles, aeronautic, fishing and pharmaceutical industries. The FDII provides direct support to industrial ecosystems and is available for both strategic and structuring projects.

In February 2022, the new draft investment charter was presented to a working session chaired by King Mohammed VI. The charter aims to increase the share of private investment, as portion of total investment, to two-thirds by 2035 (as compared to current levels of approximately one-third). The new investment charter project is part of Morocco's New Development Model. In December 2022, Law № 104-12 relating to the investment charter was adopted and published in the *Official Bulletin*.

In 2017, Morocco joined the Compact with Africa initiative, launched under the German G20 presidency with the objective of promoting private investment in Africa.

Parliament adopted new competition laws in June 2014 under Law № 104-12, which entered into force on 3 December 2015. A principal element of the competition regime is the strengthening of the powers of the Competition Council.

Other laws in the areas of industrial property, arbitration and mediation, regional investment centres and intellectual property have also been adopted, with the aim of strengthening investor confidence.

See also "*The Moroccan Economy—Structural Reforms*".

The following table sets forth the countries of origin of foreign direct investment in Morocco for the periods indicated.

Foreign Investment by Country(1)

						Six months ended 30 June	
	2017	**2018**	**2019**	**2020**	**2021**(2)	**2021**(2)	**2022**(2)
				(Dh millions)			
France	7,738	7,700	12,303	7,950	9,506	5,652	5,688
United Arab Emirates	3,579	3,943	2,646	2,879	4,320	1,743	2,117
Spain	2,032	2,177	1,530	1,803	1,649	812	912
Luxembourg	1,716	2,245	1,826	746	1,728	1,321	517
Denmark	121	3,207	920	14	22	0	112
Great Britain	2,084	2,535	1,613	2,096	3,381	700	2,002
Germany	449	742	1,045	900	807	403	366
Belgium	788	815	834	324	573	291	255
Saudi Arabia	1,606	512	1,010	237	250	104	136
Netherlands	1,686	1,057	935	784	2,157	1,034	790
United States	2,696	2,422	1,050	673	988	522	6,337
Italy	188	334	794	687	445	261	161
Switzerland	822	978	734	625	1,596	248	229
Qatar	747	1,251	690	827	367	155	86
Mauritius	489	409	547	818	478	266	109
Cyprus	59	808	544	210	380	188	117
Ireland	3,473	9,658	713	317	309	405	385
Japan	7	1,581	239	2	19	0	38
India	193	598	88	138	113	37	20
Singapore	295	253	157	84	379	152	68
Turkey	139	267	67	333	277	43	128
China	860	223	426	393	101	34	243
Republic of Korea	364	285	1,155	132	11	0	16
Malta	43	683	74	374	374	0	5
Greece	1	215	0	18	52	0	87
Other countries	2,181	1,204	2,549	2,641	1,628	959	935
Total	**34,354**	**46,099**	**34,489**	**26,005**	**31,910**	**15,330**	**21,859**(3)

Source: Office des Changes.

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.
(3) According to preliminary estimated figures, foreign direct investment in Morocco was Dh 38.4 billion in 2022.

In 2021, the main sectors that attracted foreign investment were manufacturing industries (27.6%), real estate (20.7%) and tourism (8.4%).

The following table sets forth foreign investment inflows by sector in Morocco for the periods indicated.

Foreign Investment by Sector(1)

	2017	**2018**	**2019**	**2020**	**2021**(2)	**Six months ended 30 June**	
						2021(2)	**2022**2)
				(Dh millions)			
Industry	6,817	8,743	12,670	7,905	8,817	5,235	9,933
Real estate	9,867	7,149	7,078	5,770	6,604	3,215	3,150
Commercial trade	3,120	4,047	1,825	2,492	2,209	181	942
Tourism	737	2,339	2,377	997	2,667	1,110	948
Transport	1,804	3,937	1,744	970	1,569	525	1,225
Banking	1,266	864	2,089	1,147	1,057	954	473
Energy and mining	2,119	3,886	1,337	1,825	1,714	650	852
Public works	926	1,488	703	582	772	389	759
Holding	591	963	1,226	757	1,448	388	250
Education	43	1,034	357	118	88	0	75
Insurance	4,116	9,637	361	27	674	170	3
Agriculture	266	254	383	452	1,126	734	310
Telecommunications	238	92	144	756	1,016	31	553
Fishing	4	12	5	28	62	15	3
Other services	1,970	1,533	1,996	2,100	1,917	1,733	2,263
Other	473	120	194	79	170	0	120
Total	**34,354**	**46,099**	**34,489**	**26,005**	**31,910**	**15,330**	**21,859**

Source: Office des Changes.

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.

Mohammed VI Investment Fund

In October 2022, the Government initiated the launch of a sovereign wealth fund, the Mohammed VI Investment Fund, with a budget of €1.5 billion to come from the State budget and €3.0 billion to be raised from private investors, to encourage public investment. The fund was initially created in 2020 and endowed with an initial allocation from the 2020 budget.

The new fund aims to finance major investment projects and support them, at the national and local levels, within the framework of partnerships with the private sector, and to provide capital to SMEs through sector-oriented or thematic funds. The Mohammed VI Investment Fund is also expected to contribute directly to the capital of large public and private companies operating in priority areas, through appropriate financial instruments such as advances, repayable loans and semi-autonomous funds. The Mohammed VI Investment Fund also aims to prepare and implement structured mechanisms to provide financing solutions for companies operating in priority areas. The Mohammed VI Investment Fund is expected to prepare investment projects and implement their financial restructuring, at the national and local levels, with a view to facilitating and improving project financing and implementation.

In October 2022, King Mohammed VI appointed Morocco's then-ambassador to France and former Minister of Economy and Finance, Mohamed Benchaaboun, as general manager of the Mohammed VI Investment Fund. The first meeting of the Board of Directors of the Mohammed VI Fund was held in December 2022.

Moroccan Investment Abroad

In 2021, Moroccans invested Dh 4.6 billion abroad, an increase of Dh 0.2 billion, or 4.5%, as compared to 2020. The largest recipient country was France (Dh 1.4 billion), followed by Côte d'Ivoire (Dh 1.2 billion), the United States (Dh 0.5 billion), Egypt (Dh 0.5 billion) and Nigeria (Dh 0.5 billion). These five countries represented 89.5% of the total changes in direct investment abroad in 2021. In 2022, Moroccans invested Dh 6.2 billion abroad, an increase of Dh 1.7 billion, or 36.7%, as compared to 2021.

Remittances

The principal factors affecting remittances are: (i) economic and other conditions, including unemployment, in the host country; (ii) macroeconomic stability in Morocco; (iii) infrastructure in Morocco; and (iv) charges and commissions. Remittances from MREs have increased from Dh 65.9 billion in 2017 to Dh 93.7 billion in 2021. In 2021, remittance flows from MREs increased by Dh 25.5 billion, or 37.5%, from Dh 68.1 billion in 2020 to Dh 93.7 billion in 2021. Increased remittances were received from the majority of the principal countries from which remittances have typically been received, including a 29.0% increase in remittances originating from France, a 54.4% increase in remittances originating from Spain, a 48.3% increase in remittances originating from Italy and a 47.1% increase in remittances originating from Saudi Arabia. In 2022, remittance flows from MREs increased by Dh 15.5 billion, or 16.5% to Dh 109.2 billion, reaching a new record level. Remittance flows represented 5.7% of GDP in 2017, 5.4% of GDP 2018, 5.2% of GDP in 2019, 5.9% of GDP in 2020, 7.3% of GDP in 2021 and 8.0% of GDP in 2022 (based on preliminary estimated figures).

In past years, the Government has taken a number of measures to encourage the flow of remittances from MREs into the Kingdom, including reducing certain charges and commissions.

The following table sets forth information about remittances by country for the years indicated.

Remittances by Country(1)

	2017	2018	2019	2020	2021(2)
			(Dh millions)		
France	23,419.6	23,016.3	23,038.7	23,426.4	30,210.4
Spain	5,767.0	5,611.9	5,716.7	8,625.9	13,321.7
Italy	6,240.6	6,102.6	5,816.3	6,772.0	10,042.5
Saudi Arabia	4,696.1	4,549.2	4,719.5	4,327.2	6,365.9
United States	3,600.9	3,576.1	3,631.8	4,044.6	4,789.7
Germany	2,463.5	2,471.7	2,494.9	3,049.8	3,939.9
Belgium	3,346.9	3,358.1	3,376.7	3,204.8	3,283.3
United Arab Emirates	4,344.6	4,206.9	4,176.1	3,138.5	3,166.8
Netherlands	2,148.7	2,098.6	2,021.0	2,610.5	2,829.6
Great Britain	1,716.1	1,670.1	1,710.1	1,533.4	2,170.4
Canada	852.0	849.6	852.9	1,135.7	1,638.6
Qatar	1,231.4	1,261.0	1,286.1	1,134.2	1,525.7
Switzerland	1,087.8	1,041.5	1,039.9	1,093.9	1,520.9
Kuwait	1,088.5	1,046.2	1,101.1	823.3	1,216.6
Other countries	3,894.6	4,077.2	4,033.9	3,220.2	7,650.8
Total	**65,898.3**	**64,937.0**	**65,015.7**	**68,140.2**	**93,672.8**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data.

Moroccan Agency for Investment and Export Development

The Moroccan Investment Development Agency ("**MIDA**") was established in 2009 as a financially autonomous public institution under the Ministry of Industry, Trade and New Technologies charged with the investment, development and promotion of Morocco. In December 2017, MIDA was merged with the Maroc Export and Casablanca Fairs and Exhibitions Office, becoming the Moroccan Agency for Investment and Export Development ("**AMDIE**") and expanding its remit to include export promotion. AMDIE aims to promote investment and provide guidance to investors through, *inter alia*: (i) informing investors of investment opportunities and the regulatory framework for investment in Morocco; (ii) assisting investors pursuing investment; (iii) facilitating contacts between investors and local and administrative partners; and (iv) helping investors benefit from the optimal environment for the development of their business.

In January 2022, the AMDIE contributed to the launch by the Government and the Federation of Information Technology, Telecommunications and Offshoring (APEBI) of the "Morocco Tech" initiative, in partnership with the Digital Development Agency, CGEM, the Association of Information Systems Users in Morocco (AUSIM) and the "Technopark", a start-up incubator located in Casablanca. This initiative targets the promotion of the digital sector and improving its attractiveness to FDI.

Industrial Acceleration Zones

Pursuant to Law № 19-94, adopted in 1995 and amended in 2021, and in accordance with the strategy to develop the industrial sector, the Kingdom has established a number of industrial acceleration zones. These zones are exempted from customs regulations, foreign trade and exchange control for all industrial and commercial export activities, as well as for linked service activities. Entities within the zones also benefit from a five-year exemption from corporation tax. Thereafter, the 2023 budget law sets the rate of corporation tax applicable to entities within an industrial acceleration zone at 16.25% for 2023, which is expected to be increased in stages to reach to 20% in 2026. Each zone is established by decree, which sets out the nature and range of permitted activities of companies that may operate in the zone.

Morocco has established ten industrial acceleration zones, of which three are located in the Tanger-Tétouan-Al Hoceima region, three in the Rabat-Salé-Kenitra region and one in each of the Souss-Massa, Casablanca-Settat, Fès-Meknès and Oriental regions. The Government has supported various measures relating to the creation, extension and rehabilitation of industrial acceleration zones and, since October 2021, the Government has supported the launch of 22 new areas, over eight regions, representing 1,400 hectares of additional surface are in the Kingdom's industrial acceleration zones. In addition, in May 2022, an electronic platform was launched to provide real time information to investors regarding the availability of industrial land.

Casablanca Finance City

In 2010, Parliament passed Law № 44-10 to establish the Casablanca Finance City (the "**CFC**"). This law was subsequently amended in 2014 and 2020. The CFC is a regional financial centre and hub for financial institutions, multinational companies, holding companies and professional services providers. The Casablanca Finance City Authority, a public-private initiative, is responsible for overseeing the development, promotion and management of the CFC. As at 31 December 2022, 198 companies had CFC status and 50 African countries were covered by CFC companies. The CFC has also entered into partnerships with international financial centres, including, *inter alia*, in London, Singapore, Shanghai, Beijing, Kazakhstan, Abu Dhabi in the UAE, Toronto, Frankfurt and Paris. The CFC has also established partnerships with institutions, companies and investment promotion agencies.

Financial institutions, multinational companies, holding companies and professional services companies operating in the CFC benefit from a package of incentives. These benefits include "Doing Business" facilitations, access to a community of active members and the opportunity to benefit from relevant information about Africa.

The CFC was reorganised through decree law № 2-20-665 in 2020 and implementing decrees, which, *inter alia*, expanded the spectrum of entities and activities eligible for CFC status and improved governance and efficiency in connection with the granting and removal of CFC status. Revisions to the legal framework of the CFC have permitted compliance of the CFC with international standards, in particular, OECD and EU principles relating to tax governance. The changes implemented have contributed to Morocco passing the peer review under Action 5 of the OECD Base Erosion and Profit Shifting (BEPS) project for the Forum of Harmful Tax Practices and, in February 2021, Morocco being removed from the EU's "grey list" of taxation.

In September 2022, the Global Financial Centers Index named the CFC as the most attractive financial centre on the African continent and fourth in the MENA region (behind Dubai, Abu Dhabi and Tel Aviv). The CFC is the first green financial centre in Africa and the Middle East, according to the Global Green Finance Index 10, as at October 2022.

Africa50

In 2015, the African Development Bank, launched and established a U.S.$1 billion infrastructure fund in the CFC known as Africa50. This fund aims to raise money from regional and non-African pension funds, insurance groups, sovereign wealth funds and institutional investors to develop infrastructure projects. As at 20 July 2022, Africa50 had spent U.S.$5 billion on 16 projects in the energy, transport, information and communication technologies, healthcare and education sectors.

MONETARY AND FINANCIAL SYSTEM

Overview

Until 2015, banking activities in Morocco were regulated under the former banking law, Law № 34-03 (*Loi relative aux établissements de crédit et organismes assimilés* of 14 February 2006), which strengthened the supervisory powers of Bank Al-Maghrib, extended the application of the banking law to all institutions engaged in banking and financial activities, increased depositors' and borrowers' protections and redefined the roles of a number of consultative bodies, including the National Money and Savings Council.

In December 2014, a new banking law, Law № 103-12 (*Loi relative aux établissements de crédit et organismes assimilés* dated 24 December 2014) (the "**Banking Law**") abrogated the previous banking law.

The Banking Law introduced the following principal amendments:

- broadening of the scope of payment services;
- creating a new category of organisations of "*payment institutions*";
- introducing a legislative framework for participatory banking based on principles of sharing gains and losses; and
- establishing a framework for macro-prudential supervision and systemic risk and crisis management, which include a Coordinating Committee that is chaired by the Governor of Bank Al-Maghrib.

The Banking Law also widens the scope of participatory banking activities and includes provisions that encourage savings and increase the population's access to bank accounts. The Banking Law was published in the *Official Bulletin* in January 2015.

The Banking Law has been amended by: (i) Law № 44-20, published in the *Official Bulletin* in September 2020, which takes into account the change in name and transformation of the former CCG into a limited liability company and provides that the new entity must comply with the provisions of the Banking Law (subject to specific conditions to be provided for by the Governor of Bank Al-Maghrib); (ii) Law № 50-20, published in the *Official Bulletin* in August 2021, which introduced reforms for micro-credit activity; and (iii) Law № 51-20, published in the *Official Bulletin* in August 2021, which strengthens the supervision of financial conglomerates, sets controls for the fixing of maximum interest rates and introduces professional secrecy provisions in line with those in EU countries.

The Moroccan banking system has historically been open to foreign investment, and seven of the 24 Moroccan conventional and participatory banks have significant foreign shareholdings. Moreover, applicable banking legislation makes no distinction between the operations and access to the market in Morocco of domestic and foreign banks, provided that the relevant approvals are in place. As a result, as at 30 June 2022, 15.3% of deposits and 15.0% of assets in the Moroccan banking system were controlled by banks with majority foreign ownership, according to statistics published by Bank Al-Maghrib.

Bank Al-Maghrib and the Moroccan Banking System

Bank Al-Maghrib was established in 1959. Its responsibilities and powers include: (i) the exclusive power to issue banknotes in Morocco; (ii) the control and management of the foreign currency reserves of Morocco; (iii) the power to formulate and implement monetary policy; (iv) the authority to supervise the operations and financial condition of Moroccan banks and financing companies, including through the establishment of capital adequacy, credit ratios and liquidity coefficients; and (v) the authority to oversee payment systems in Morocco. The Governor of the Bank Al-Maghrib, who is appointed for a six-year period (renewable once), is the head of the Bank Al-Maghrib.

In March 2006, Law № 76-03 established a new charter for Bank Al-Maghrib and granted it a large degree of autonomy by, among other measures, making the maintenance of price stability its primary objective and creating an independent board of directors. Law № 76-03 introduced the following principal amendments:

- It increased Bank Al-Maghrib's autonomy by, among other measures, making the maintenance of price stability its primary objective and creating an independent board of directors, whose members must include professionals known for their competence in financial or economic matters and who may not be removed prior to the expiration of their respective terms except for cause. The Director of the Treasury is a member of the board of directors but has no vote on monetary policy decisions.

- It restricted the Treasury from borrowing from Bank Al-Maghrib, except in exceptional circumstances and within statutorily prescribed limits.

- It mandated the withdrawal of Bank Al-Maghrib from the capital and representation on the boards of directors of various financial institutions in order to eliminate potential conflicts of interest with Bank Al- Maghrib's supervisory authority over such institutions.

In July 2019, Law № 40-17 was published, which repealed Law № 76-03 and amends Bank Al-Maghrib's charter with aims to: (i) strengthen Bank Al-Maghrib's independence by giving it the power to set price stability objectives and conduct transparent monetary policy; (ii) expand Bank Al-Maghrib's objectives to include the prevention of systemic risk and the strengthening of financial stability; (iii) clarify Bank Al-Maghrib's exchange rate responsibilities and implementation of a relaxation of foreign exchange reserve management; (iv) strengthen good governance practices; and (v) improve transparency of Bank Al-Maghrib's relations with the Government in respect of control and profit distribution. Key reforms introduced by Law № 40-17 include, *inter alia*:

- granting greater independence to Bank Al-Maghrib, which now has exclusive and full competence in the definition and conduct of monetary policy, and prohibiting interference with the Bank Al-Maghrib in such role;

- reducing the role of the Commissioner of the Government, whose role is now limited to monitoring the control of the regulatory compliance of financial transactions;

- strengthening Bank Al-Maghrib's conflicts of interest policies;

- broadening Bank Al-Maghrib's missions to achieve national objectives, particularly in the areas of financial stability and financial inclusion;

- strengthening Bank Al-Maghrib's intervention powers and granting a right of collection of relevant statistical data and a general privilege for the recovery of its debts;

- increasing financial transparency through the introduction of better standards for external auditing, providing for the statutory establishment of an audit committee and requiring the mandatory publication of Bank Al-Maghrib's annual report; and

- providing a framework for the supervision of financial institutions.

With effect from January 2015 (and in line with the provisions of the new Banking Law), Bank Al-Maghrib began to approve, on an *ad hoc* basis, requests from conventional banks to conduct participatory banking operations (also known as Islamic banking). In July 2017, legislation was introduced to formally enable participatory banking. The legislation also provided for the establishment of a *Shari'a* board to oversee compliance of participatory banking operations with *Shari'a*. The first banks to launch participatory banking operations were Attijariwafa Bank, BMCE of Africa, *Banque Centrale Populaire*, *Société Générale Marocaine de Banques*, *Crédit du Maroc*, *Banque Marocaine pour le Commerce et l'Industrie*, *Crédit Agricole du Maroc* and CIH Bank. The first Islamic bank in Morocco, Umnia Bank, opened in May 2017. Other participatory banks since opened in Morocco include Bank Assafa, which is a subsidiary of Attijariwafa Bank, and Bank Al Akhdar, which is jointly-owned by *Crédit Agricole du Maroc* and *la Société Islamique pour le Développement du Secteur Privé*.

Bank Al-Maghrib has two main strategic monetary policy instruments: the policy rate and the reserve requirement. It also has several operational instruments, including auctions and repurchase agreements, open market operations and foreign exchange swaps. Since 2013, Bank Al-Maghrib has established a new funding for lending programme aimed at facilitating access to finance for SMEs.

Foreign Exchange Reserves

One of the principal missions of the central bank is to manage foreign exchange reserves. In order to comply with international best practices in this regard Bank Al-Maghrib, in consultation with the Ministry of Economy and Finance, adopted as of 22 May 2020 a new indicator of foreign exchange reserves made up of official reserves assets as opposed to net international reserves.

The following table sets forth the balance sheet for Bank Al-Maghrib as at the dates indicated.

Bank Al-Maghrib Balance Sheet

	31 December					30 November
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
				(Dh thousands)		
ASSETS						
Gold	8,596,562	8,731,475	10,386,758	11,989,425	12,008,623	13,389,447
Foreign currency and investments in foreign currencies	226,510,350	216,223,579	233,532,384	297,853,278	298,416,554	324,526,941
Assets with international financial organisations	9,846,591	9,863,989	9,785,191	9,188,280	21,596,724	23,041,693
Claims on treasury (PLL)	—	—	—	—	—	21,110,031
Lending to the Government	—	—	—	243,839	—	—
Claims on Moroccan credit institutions	42,209,670	69,367,897	67,383,292	84,356,146	91,359,926	98,713,263
Other assets	5,114,561	5,452,636	6,976,082	4,329,415	3,988,298	3,595,741
Fixed assets	3,096,800	3,085,457	3,123,873	4,840,082	4,773,927	4,686,773
Total Assets	**295,374,535**	**312,725,033**	**331,187,580**	**412,800,465**	**432,144,052**	**489,063,890**
LIABILITIES AND CAPITAL						
Banknotes and coins in circulation	231,783,652	248,477,842	266,771,075	319,282,169	337,710,576	365,889,925
Liabilities in gold and foreign currencies	8,476,715	8,492,088	9,340,911	8,387,871	5,102,421	8,071,325
Liabilities in convertible Dirhams	230,932	223,686	210,500	29,434,460	19,566,060	20,526,989
Deposits and liabilities in Dirhams	30,619,347	31,659,471	29,789,757	35,974,495	38,967,531	36,766,874
Other liabilities	10,232,029	9,889,337	10,430,843	5,308,085	5,735,780	32,048,747
SDR allocations	7,459,290	7,468,935	7,447,693	7,200,415	18,426,682	19,968,026
Capital, reserves, retained earnings, equity capital	5,529,664	5,528,387	5,528,673	5,528,801	5,697,969	5,792,002
Net income for the year	1,042,906	985,287	1,668,127	1,684,169	937,033	—
Total Liabilities	**295,374,535**	**312,725,033**	**331,187,580**	**412,800,465**	**432,144,052**	**489,063,890**

Source: Bank Al-Maghrib

In addition to Bank Al-Maghrib, Morocco's financial system principally comprises 19 commercial banks, five participatory banks, six commercial banks in the offshore banking centre of Tangier, 23 insurance and reinsurance companies, 11 microcredit associations, 18 payment companies, 558 mutual funds, 28 financing companies, including seven leasing companies and 12 consumer credit companies and 17 brokerage houses authorised to operate on the CSE.

In August 2019, a new legal framework governing *Shari'a*-compliant insurance, *Takaful*, was adopted and has since been strengthened through, *inter alia*, amendments to the insurance code, circulars and ministerial decrees. ACAPS has granted approvals to grant *Takaful* insurance products to six operators, including banks and *Takaful/ReTakaful* institutions. The effective start date of *Takaful* operations was June 2022.

A legislative and regulatory framework for sukuk issuances has also been adopted in Morocco. The Kingdom issued its debut sukuk in October 2018. See "*Public Debt—Domestic Debt—Debut Sukuk Issuance*". In August 2022, ministerial decrees relating to the modalities and technical characteristics of six types of Sukuk certificates (*Ṣukuk Murabaha, Salam, Istisna'a*, *Mudaraba, Wakala* and *Musharaka*) were published, which aim to complete the regulatory framework.

The following table sets forth the aggregate financial position of commercial banks operating in Morocco as at the dates indicated.

Aggregate Financial Position of Commercial Banks in Morocco(1)(2)

	As at 31 December					As at 30 June
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
			(Dh thousands)			
ASSETS						
Cash values (central bank, public treasury and postal checks service)	38,067,956	41,880,882	39,168,367	43,911,245	49,020,666	47,024,355
Claims on credit institutions	157,534,549	157,306,876	163,249,885	168,061,489	172,582,998	181,680,988
Loans	740,407,872	766,748,398	808,568,276	843,225,512	861,139,024	891,889,587
Factoring claims	4,170,298	31,293,319	32,113,500	30,402,312	35,963,519	34,550,506
Securities	200,792,905	199,287,620	220,604,067	240,061,918	273,714,235	288,746,278
Other assets	20,730,643	23,251,267	21,795,230	29,973,711	41,943,271	43,631,392
Investment securities	28,334,108	32,200,771	34,480,423	39,893,547	40,656,235	50,090,660
Shareholdings and similar assets	45,059,665	49,574,290	53,140,237	55,180,772	58,874,114	62,637,475
Subordinated claims	648,591	1,161,128	908,345	815,949	789,801	353,392
Leases and lettings	1,452,498	2,078,587	2,686,667	2,600,344	2,446,356	2,542,208
Intangible assets	5,366,412	5,072,236	6,245,714	6,835,612	7,457,162	7,220,233
Tangible assets	28,558,035	31,260,431	31,673,645	30,416,131	20,271,758	20,788,266
Total Assets(3)	**1,271,123,531**	**1,341,115,805**	**1,414,634,356**	**1,491,378,542**	**1,564,859,139**	**1,631,155,340**
LIABILITIES AND CAPITAL						
Central banks, public treasury and postal checks service	8,442	88	16	17	20	13
Obligations to credit institutions and similar	100,190,294	130,242,855	138,016,243	159,363,985	172,645,071	200,057,956
Customer deposits	901,442,364	927,807,733	954,540,797	1,002,551,918	1,055,770,683	1,080,709,707
Debt securities	57,874,794	61,737,706	74,857,366	68,918,724	66,864,273	67,285,829
Other liabilities	31,149,307	30,176,879	37,188,584	37,001,776	32,914,599	42,796,453
Provisions for losses and expenses	12,721,355	15,025,681	16,295,351	19,374,064	20,299,549	20,715,037
Legal Provisions	—	1	—	2,546,902	1,967,590	1,765,944
Subsidies, assigned public funds and special guarantee funds	3,650,801	3,227,708	3,380,329	4,175,329	4,175,330	4,175,329
Subordinated debts	41,478,790	43,674,743	47,612,387	51,899,288	53,208,766	55,321,762
Revaluation differential	420	420	420	420	421	420
Reserves and share premiums	80,493,778	89,846,820	98,870,303	99,887,369	106,564,716	109,986,338
Capital	25,864,789	25,537,592	27,199,629	28,157,331	28,661,260	28,643,916
Non-paid up capital	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)
Retained Earnings	5,746,793	3,031,720	5,063,226	11,141,427	10,196,842	12,021,736
Before allocation of net profit	(280,434)	(293,156)	(383,377)	(428,405)	(421,156)	(457,071)
Net profit	10,830,037	11,147,015	12,041,082	6,836,397	12,059,175	8,179,971
Total Liabilities	**1,271,123,531**	**1,341,115,805**	**1,414,634,356**	**1,491,378,542**	**1,564,859,139**	**1,631,155,340**

Source: Bank Al-Maghrib

Notes:

(1) Certain line items and figures differ from those previously published as a result of ongoing revisions.

(2) Figures include Al-Barid Bank (the post bank).

(3) The banking sector liquid assets to total assets ratio was 16.4% as at 31 December 2021 and 16.1% as at 31 December 2022, while the liquid assets to short-term liabilities ratio was 19.9% as at 31 December 2021 and 19.2% as at 31 December 2022.

The following table sets forth details of the distribution of loans, by sector, as a percentage of total bank loans as at the dates indicated.

Loan Distribution by Sector

	31 December				
	2018	**2019**	**2020**	**2021**	**2022**
			(%)		
Industry	16.5	15.9	15.4	15.3	17.2
Commerce	6.4	6.4	6.7	7.0	8.0
Construction	10.5	10.2	8.2	7.9	7.3
Finance	12.6	12.7	14.1	13.4	13.5
Household	31.9	31.6	30.9	31.1	29.8
Others	22.1	23.2	24.7	25.4	24.2

In 2015, the IMF conducted a financial system stability assessment ("**FSAP**") of the Moroccan banking system. Key recommendations from the assessment included: (i) improving banking regulation and oversight; (ii) enhancing macro-prudential oversight, such as including the objective of financial stability for the AMMC and *Autorité de Contrôle des Assurances et de la Prévoyance Sociale*; (iii) separating Bank Al-Maghrib's emergency liquidity assistance function from government solvency support and strengthening its recapitalisation process; (iv) establishing governance and a framework for financial inclusion; (v) applying consistent regulations and supervisions to all participants in securities markets, while also strengthening the enforcement of sanctions on individuals and valuation of government securities; (vi) defining the objectives of banking resolution; and (vii) clarifying the powers and instruments of the Committee for Coordination and Surveillance of Systemic Risks. Following completion of the IMF's 2019 Article IV consultation in May 2019, the IMF commended the Government for the progress made in implementing the 2015 FSAP recommendations.

Following completion of its 2021 Article IV consultation in February 2022, the IMF noted that Moroccan banks weathered the crisis arising from the COVID-19 pandemic well, but observed that revising the Banking Law could strengthen the banking sector further and would contribute to ensuring financial stability.

National Strategy of Financial Inclusion

In April 2019, during the first meeting of the National Council of Financial Inclusion, the Ministry of Economy and Finance launched, with the support of Bank Al-Maghrib, the National Strategy of Financial Inclusion (SNIF). The SNIF aims, by the end of 2023 and 2030, to improve financial inclusion and reduce gender inequality, rural-urban inequalities and inequalities between youth and adults, through accessible and easy-to-use solutions, greater outreach and proximity and financial education efforts.

The SNIF is based on eight pillars:

- *Successful deployment of mobile banking solutions:* building on the Banking Law to encourage new non-banking market players and mobile payment solutions through: (i) the implementation of support measures to encourage acceptance of mobile banking through tax incentives and the mobilisation of alternative channels; and (ii) the development of communication and financial education measures, adapted to target populations, working with market participants and the Moroccan Foundation for Financial Education. As a result of such measures, in 2020 and 2021, an economic interest group, GP2M was established, tax incentives were introduced in the supplementary budget in July 2020, a single interchange fee of 0.4% (exclusive of taxes) has been adopted, new financial education programmes and measures have been adopted and the rules relating to remote payment and bank account opening have been simplified. As at 31 December 2021, 19 mobile wallet offers were available, 13 of them marketed by payment institutions, representing a total amount of Dh 6.3 million (as compared to Dh 2.4 million as at 31 December 2020). As at 31 December 2022, the total amount outstanding under mobile wallets was Dh 6.3 million.

- *Overhauling and strengthening the micro-finance sector:* in July 2021, Law № 50-20 was adopted, which reformed the legal and regulatory framework relating to micro-finance and promotes the development of the micro-finance sector.

- *Defining and accelerating a more inclusive insurance sector:* an example of this includes the adoption by ACAPS of a circular in July 2022, which authorised payment institutions to distribute micro-insurance products, as well as measures implemented by ACAPS to raise market participants' awareness of such products through guidelines, e-learning materials and information sessions.

- *Creating the conditions for accelerated financial inclusion by banks:* including by removing certain constraints, improving geographic accessibility for rural areas and supporting entrepreneurship financing. For example, public banks, including, *Al Barid Bank* and *Crédit Agricole du Maroc*, have partnered on the rural financing programme, *Al Moustatmir Al Qarawi*.

- *Implementing a framework and tools to finance VSEs and individuals:* including through the development of credit bureaus, strengthening guarantee mechanisms, introducing new financing methods (such as crowdfunding, which was permitted pursuant to Law № 15-18, published in March 2021), reforming security interests over movable property, creating a national digital registry of security interests over movable property (in March 2020) and introducing tax incentives for the financing of start-ups.

- *Accelerating the dematerialisation of payments:* including through the establishment of the *Tayssir* programme (see "*Public Finance—Subsidies*").

- *Reinforcing and coordinating financial education initiatives:* with the involvement of the FMEF and through information campaigns and the development of materials.

- *Implementing a steering mechanism and governance system:* to promote financial inclusion.

Since 2019, five strategic committees and three national councils have been held to: (i) drive the financial inclusion strategy while framing strategic orientations and monitoring the execution of the roadmaps; (ii) organise the execution of agreed projects and the allocation of the means required for their implementation; (iii) co-ordinate and monitor the progress of the various projects; and (iv) communicate on the strategy and mobilise stakeholders.

Government Stakes in Banks

The Government owns stakes in two commercial banks: (i) it indirectly controls 72.3% of the share capital of *Crédit Immobilier et Hôtelier* ("**CIH**") (which is a universal bank with a historical speciality in providing credit in the real estate and tourism sectors, as well as the retail banking sector); and (ii) it directly and indirectly controls 85.2% of the share capital of *Crédit Agricole du Maroc* ("**CAM**") (which is a universal bank with a historical speciality in providing credit to the agricultural sector). Three other financial institutions are 100% owned by the Government: CDG (which administers regulated savings), Al-Barid Bank (the Post Bank) (which is a national savings institution) and *Fonds d'Equipement Communal* (which specialises in financing local authority projects).

In order to increase access to banking services and leverage the Post Office's nationwide network, the Government opened Al-Barid Bank on 8 June 2010 (which was granted a banking license by Bank Al-Maghrib in 2009). Al-Barid Bank aims to facilitate access to banking for all Moroccans, particularly those in lower income categories. Al-Barid Bank achieved its objective of six million customers by 2013 and it is expanding at a rate of between 400,000 and 500,000 new accounts per year. In 2018, Al-Barid Bank launched a scheme to improve access to financial services for the low-income population in coordination with the World Savings and Retail Banking Institute, as part of a MasterCard Foundation initiative.

Prudential Requirements

There has been a continuing reform and modernisation programme of prudential requirements, which has accelerated in recent years in order to meet the capital adequacy ratio requirements set forth in Basel II and Basel III. According to Bank Al-Maghrib, Moroccan banks comply with Basel II capital adequacy ratio requirements, which became mandatory since June 2007. The capital adequacy ratio, which was 8% until 2007, was increased to 10% in 2008 and 12% in 2012, with effect from June 2013, of which 9% must consist of Tier 1 capital. Since 2013, Bank Al-Maghrib has been gradually bringing banks into compliance with the Basel III capital requirements and liquidity coverage ratio in accordance with the timetable as set by the Basel committee (and with transitional periods applying for a period of five years ending in June 2019). Banks are required to observe the following minimum ratios: (i) a minimum tier one ratio of 9%; and (ii) a minimum solvency ratio of 12%. As at 31 December 2021, the Tier 1 capital to risk weighted assets ratio of the banking sector was 12.0%, as compared to 11.4% as at 31 December 2020, 11.5% as at 31 December 2019, 10.9% as at 31 December 2018 and 10.7% as at 31 December 2017. As at 31 December 2021, the regulatory capital to risk weighted assets ratio of the banking sector was 15.8%, as compared to 15.7% as at 31 December 2020, 15.6% as at 31 December 2019, 14.7% as at 31 December 2018 and 13.8% as at 31 December 2017. As at 30 June 2022, the regulatory capital to risk weighted assets ratio of the banking sector and the Tier 1 capital to risk weighted assets ratio of the banking sector were 15.3% and 11.8%, respectively.

As set out in Bank Al-Maghrib Circular № 31/G/2006, banks are required to comply with a minimum liquidity ratio requiring the maintenance of sufficient available assets and short-term investments to cover 100% of their liabilities and short-term obligations. In August 2013, Bank Al-Maghrib issued Circular № 15/G/2013 establishing the provisions of a Liquidity Coverage Ratio ("**LCR**") in line with the recommendations of the Basel III committee.

To mitigate the impact of the COVID-19 pandemic and support economic recovery, Bank Al-Maghrib agreed to temporarily relax prudential rules, in particular: (i) authorising banks to use during the second quarter of 2020, if necessary and on a temporary basis, liquidity buffers in the form of high quality liquid assets below the minimum ratio of the LCR; and (ii) the relaxation of the 50-bps conservation capital buffer over a 12-month period, reducing the regulatory minimum ratios to 8.5% for Tier 1 capital ratio and to 11.5% for solvency ratio. The 50-bps reduction in the capital conservation buffer was extended until June 2022. As at the date of this Offering Circular, Bank Al-Maghrib has ceased the relaxation of these prudential measures.

The risk ratio for lending to any one borrower or group of borrowers, which was set at 7% of shareholders equity in 1992, was increased to 10% in 1996 and to 20% in 2000. Banks are also required to ensure that their total risk exposure to any one borrower or group of borrowers does not exceed 20% of their own funds; this limit is based at both entity and group level. Consumer credit companies must also maintain a minimum capitalisation of Dh 50 million (increased from Dh 20 million in 2011).

Bank Al-Maghrib's credit institutions committee recently adopted certain modifications to three circulars relating to solvency and liquidity requirements, within the framework of the Integrated Entrepreneurship Support and Financing Programme. These amendments provide for a downward revision of the prudential capital requirement for credit institutions, with the aim of promoting the access of small businesses to bank credit.

A support factor applicable to the capital requirements of credit institutions for claims held on this category of companies has been transposed to the regulatory level in order to free up equity by nearly 28%. It will be applied by conventional banks, participating banks, as well as by finance companies, to their exposures on very small businesses in Morocco.

Risk weights applicable to SMEs have also been lowered from 100% to 85% in order to accompany the economic recovery effort. The prudential treatment of software assets has also been revised in order to support the digitalisation of credit institutions.

Banking System Deregulation

Since the 1990s, Bank Al-Maghrib has implemented reforms aimed at improving the effectiveness of the banking sector in promoting savings and allocating financial resources. These reforms include the phasing out of banks' mandatory holdings and the full liberalisation of interest rates, which resulted in increased competition between banks. As a result, lending rates have generally decreased in recent years and were on average 4.44% during the fourth quarter of 2021 and 4.29% in the second quarter of 2022. Financial intermediation has been strengthened as the credit and monetary aggregate (M3) to GDP ratios reached 76.7% and 121.5% in 2021, respectively. In relation to M3, the rate of increase in the money supply was 4.1% in 2018 and 3.8% in 2019, before accelerating to 8.4% in 2020, decelerating to 5.1% in 2021 and accelerating to 8.0% in 2022. See "*—Monetary Policy and Money Supply*". Customers may access non-bank financial instruments through the CSE and money-market instruments, such as treasury bonds and commercial paper.

Reserve Requirements

A reserve requirement for banks was set at 10% from 1992 until the end of 2002 when it was increased to 14% and then to 16.5% in September 2003 in order to absorb excess liquidity in the banking system, before being lowered five times, as a result of the global financial crisis, between January 2008 and 1 April 2010, when it was set at 6%. In March 2011, the reserve requirement was abolished for certain savings accounts. In June 2016, the reserve requirement ratio was increased from 2% to 4% and in September 2019, the ratio was reduced to 2%, before being brought down to 0% on 16 June 2020. The reserve requirement was maintained at 0% during 2021 and 2022.

Loans and Foreign Exchange Operations

Since February 1996, interest rates on loans have been freely negotiable. Banks are now simply required to publish a prime lending rate. In addition, a foreign exchange market was established in June 1996. Under this regime, banks have been authorised to conduct foreign currency transactions among themselves and with their clients in Dirhams or any other convertible currency.

Non-performing Loans

As at 31 December 2022, non-performing loans amounted to Dh 89.5 billion, as compared to Dh 85.1 billion at the end of 2021. Non-performing loans represented 8.4% of total outstanding credit granted by all banks as at 31 December 2022, as compared to 8.6% as at 31 December 2021, 8.2% as at 31 December 2020, 7.5% as at 31 December 2019 and 7.3% as at 31 December 2018. Non-performing loans coverage was 67.9% as at 31 December 2022, as compared to 67.5% as at 31 December 2021, 68.6% as at 31 December 2020, 69.2% as at 31 December 2019 and 69.3% as at 31 December 2018.

IFRS 9 was introduced in Morocco in January 2018 and its impact will be phased in over five years, requiring banks to upgrade their loan classification and provisioning practices and to increase capital accordingly.

In April 2018, new laws regarding insolvency and bankruptcy were promulgated, which, together with a new law on secured transactions adopted in April 2019, are expected to help reduce non-performing loan levels.

The reform of the secured transaction system, through the introduction of a judicial process (*l'attribution judiciaire*) and two extra-judicial processes (*pacte commissoire* and *voie parée*), is expected to expedite the realisation of collateral and thereby reduce non-performing loans. In March 2020, a new national register for secured transactions was launched.

Bank Al-Maghrib is working to create a secondary market for non-performing loans to allow banks to release additional financing capacity into the economy, in particular following the COVID-19 pandemic. A commission (made up of relevant Government ministries) has been formed to undertake the necessary legal reforms. In parallel, Bank Al-Maghrib led discussions with taxation authorities, proposing amendments to the tax code for the development of a specific tax framework for the non-performing loans market.

Treatment of Financial Institutions in Difficulty

The Kingdom's banking laws provide a procedure for the treatment of financial institutions in difficulty, which departs from gradual procedures of early intervention requiring a recovery plan by the institution. The Banking Law also provides Bank Al-Maghrib with a range of measures it may impose, including injunctions against managers, warnings, restrictions on the distribution of dividends and requests for financial support from shareholders. If such measures fail, the Governor of Bank Al-Maghrib may limit a financial institution's activity and remove the management. He may nominate an interim administrator to prepare a report outlining the nature, origin and seriousness of the institution's difficulties, as well as the measures likely to ensure its rehabilitation, its partial or total disposal, or its liquidation. In the event of a court-ordered winding-up of the financial institution, the Governor of Bank Al-Maghrib will nominate liquidators and set the terms of their mandate. During the liquidation period, the institution in question will remain under the control of Bank Al-Maghrib. The new Banking Law, which was published on 22 January 2015, strengthens the banking crisis resolution system by enlarging the legal instruments for dealing with problems of credit institutions and introducing an emergency resolution procedure, if required.

The Government does not have a specific policy for intervening in financial institutions in difficulty. Any such intervention would be considered a last resort according to an agreement in respect of the management of financial crises signed by the Government, Bank Al-Maghrib and the AMMC (then, the CDVM) in June 2012. In May 2015, the Moroccan Deposit Insurance Cooperation was established to manage the deposit insurance funds of conventional banks and of participatory banks. The Banking Law established such funds to protect the rights of depositors, natural or legal persons, in the event of the bank's inability to repay depositors. The funds may, as a preventative and exceptional measure, participate in the restructuring process of member credit institutions by granting repayable advances or by taking an equity stake (after obtaining the opinion of Bank Al-Maghrib).

The law relating to Bank Al-Maghrib's status was also amended in 2019, extending its mandate to include contributing to financial stability, which permits Bank Al-Maghrib to provide emergency liquidity to a solvent bank facing temporary liquidity problems, as well as to banks with concerns relating to its solvency if a State-guarantee is granted for such funding.

Anti-Money Laundering

In 2003, Law № 03-03 relating to the fight against terrorism was enacted, which established a framework for the criminalisation of terrorist financing and methods for the seizure of goods used in terrorist activities. This was supplemented by Law № 43-05 relating to anti-money laundering, which criminalised money-laundering activities, established sanctions for such activities and introduced measures for the prevention of anti-money laundering in Morocco. In addition, in 2008, the Financial Intelligence Processing Unit (*l'Unité de Traitement du Renseignement Financier*) (the "**FIPU**") was established as a monitoring body by Decree № 2-08-572.

The National Anti-Corruption Commission ("**CNAC**") was established in 2017 and was responsible for monitoring the implementation of the National Anti-Corruption Strategy ("**NAC Strategy**"). The NAC Strategy is a ten-year strategy (2015-2025), which aims to halve the levels of corruption, through the implementation of 239 projects at an estimated cost of Dh 1.8 billion. The CNAC included representatives from both the private and public sectors and civil society. The

CNAC has been replaced by the National Authority for Probity, Prevention and the Fight against Corruption (the "**INPPLC**"), which is governed by Law № 46-19. The composition of the INPPLC, through royal appointments, was completed in October 2022. The INPPLC's mission is to: (i) to monitor and study the different forms of corruption in the public and private sectors and to measure their impact; and (ii) to evaluate the effectiveness and impact of public strategies and policies in terms of preventing and combating corruption.

In March 2018, a law introducing compulsory exchange of information with foreign partners, in line with international best practice, was introduced.

In May 2018, the Access to Information Act, Law № 31.13, was published in the *Official Bulletin*. The law entered into force in March 2019. The law guarantees the right to obtain information, as well as the right of citizens to access information to encourage good governance and participation in the democratic processes in Morocco, to counter corruption and to boost the administration's openness.

The Kingdom was assessed by Financial Action Task Force ("**FATF**") in 2018. FATF published its mutual evaluation report regarding anti-money laundering ("**AML**") and counter-terrorist financing ("**CFT**") measures in April 2019. The report noted that Morocco has implemented an AML/CFT system that is effective in several aspects but that major improvements are needed to understand money laundering risks and to strengthen supervision and implementation of preventive measures and confiscation, and to ensure that financial intelligence is fully used by implementing targeted financial sanctions relating to terrorism, protecting the non-profit organisation sector from terrorist abuse and co-operating domestically and internationally. The report also noted that fundamental improvements are needed to strengthen the investigation and prosecution of money laundering, to implement targeted financial sanctions related to proliferation and to prevent the misuse of legal persons and arrangements. As a result of the report, Morocco was subject to enhanced monitoring by *Le Groupe d'Action Financière du Moyen-Orient et de l'Afrique du nord* and was under observation by the International Co-operation Review Group.

A national commission chaired by the Head of Government was set up in order to co-ordinate actions at the national level and to ensure the implementation of the action plan taking into account the gaps and recommendations identified in the report of mutual evaluation of FATF adopted in April 2019, both in terms of technical compliance and efficiency, as well as the results of the national risk assessment. This commission included the Ministers of Economy and Finance, Justice, Interior, the *Wali* of Bank Al-Maghrib, the President of the UTRF and the Presidents of AMMC and ACAPS.

In February 2021, following a period of enhanced monitoring, FATF placed Morocco on its grey list, classifying it among countries whose AML and CFT systems are considered strategically deficient. The AML/CFT Law was amended in June 2021 to put in place a framework to exit the grey list and set out specific measures to combat corruption in the Kingdom.

Morocco adopted an action plan with seven specific objectives, to be achieved through institutional, legal and organisational reforms, which were designed to improve technical compliance, as well as sectoral strategies and action plans to develop the performance of the national system in the fight against financial crime. The objectives were:

- understanding the risks and updating the national risk assessment;
- upgrading the legislative and regulatory framework;
- developing the control and inspection procedures within the supervisory and control authorities;
- building the capacity of national authorities responsible for AML/LT;
- strengthening national coordination and international cooperation in the matter;
- establishing a platform dedicated to statistics related to money laundering; and
- strengthening the fight against alternative financial systems and reducing the risks of the informal economy.

Morocco has completed the implementation of this action plan (with different phases introduced between September 2021 and September 2022), which has had the effects of: (i) improving risk-based supervision, the taking of remedial actions and the application of effective, proportionate and dissuasive sanctions for non-compliance; (ii) strengthening compliance with AML and CFT obligations by financial institutions and designated non-financial businesses and professions, and enhanced monitoring of compliance; (iii) undertaking and sharing of the results of risk assessments on the misuse of all types of legal persons with the private sector and competent authorities; (iv) increasing the diversity of suspicious transaction reporting; and (v) establishing asset seizing and confiscation procedures. At its October 2022 plenary session, FATF made the initial determination that Morocco had substantially completed its action plan and warranted an on-site assessment to "*verify that the implementation of Morocco's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future*". An on-site visit by FATF took place in January 2023.

In order to comply with FATF standards, the following measures have been taken:

- the adoption of Law № 12-18, which modified and supplemented Law № 43-05 on money laundering, as well as its implementing regulations and decrees, introducing an extended scope of intervention and strengthening the composition of monitoring bodies, including the National Financial Intelligence Authority (ANRF);

- the adoption of Decree № 2-21-484 relating to the composition and operation of the National Commission responsible for the application of sanctions provided for by UN Resolutions relating to terrorism, the proliferation of arms and their financing;

- the establishment of a register of beneficial owners of legal entities in accordance with Law № 12-18 and, through the adoption of Decree № 2-20-966, a commercial register;

- the adoption of the second national risk assessment report;

- the adoption of Decree № 2-21-670 setting the territorial jurisdiction of courts specialising in money laundering offenses; and

- support for non-financial professions (lawyers, notaries, adouls, etc.) in applying Law № 12-18, with guidance published by the departments that supervise and control these non-financial professions.

Bank Al-Maghrib actively participates in the Kingdom's efforts to fight money laundering and the financing of terrorism. To such end, Bank Al-Maghrib has upgraded its relevant internal regulations in order to comply with legal, regulatory and technical requirements, including United Nations Security Council financial penalties and relevant sanctions lists.

In October 2019, Bank Al-Maghrib amended its "duty of vigilance" circular to introduce requirements specifying the obligation to identify ultimate beneficiaries, additional vigilance measures relating to banking correspondence and the consideration, as part of the risk-based approach, of the results of the National Risk Assessment. In addition, Bank Al-Maghrib has issued three directives to clarify certain provisions of the circular and their application. It has also developed a guide to the anti-money laundering and terrorist financing requirements for Micro-Credit Associations to strengthen their understanding of their duty-of-care obligations and to help them implement AML/CFT national measures. Bank Al-Maghrib and ACAPS have also published a standard agreement setting out the responsibilities of banks and insurance companies in due diligence procedures when introducing third parties in bancassurance. This agreement has been supplemented by a guide further clarifying the responsibilities of stakeholders. As a result, AML/CFT banking regulations are now in line with international standards.

On 24 February 2023, FATF, at its plenary meeting, announced that the Kingdom was no longer on the grey list and, therefore, not a jurisdiction under increased monitoring. In its announcement, FATF noted (i) the Kingdom's progress in improving its AML/CFT regime under its individual action plan and (ii) that the Kingdom has addressed its technical deficiencies to meet the commitments of its action plan on strategic deficiencies.

The Supervisory Authority of Insurance and Social Welfare published a circular in the *Official Bulletin* on 12 December 2019, establishing rules to be followed by insurance companies and intermediaries to combat money laundering and the financing of terrorism. This circular focuses on reinforcing existing vigilance systems by using a risk-based approach and transposing the recommendations of FATF issued for the insurance sector, including *inter alia*, increased vigilance of non-residents, non-profit organisations and politically exposed persons. An amendment to the circular was published in June 2022, introducing additional vigilance measures in relation to remote relationships and politically exposed persons.

In respect of foreign exchange, the Circular of the *Office des Changes* № 2-2019 is in effect. This circular relates to the vigilance and internal monitoring obligations incumbent on foreign exchange bureaux in the application of the anti-money laundering law.

In February 2022, a new circular was jointly published by the Ministry of Interior and the Ministry of Economy and Finance to extend the "duty of vigilance" to casinos and gambling establishments.

Monetary Policy and Money Supply

According to Law № 40-17, Bank Al-Maghrib defines and conducts monetary policy in a transparent manner as part of the Government's economic and financial policy. The main objective of Bank Al-Maghrib is to maintain price stability In furtherance of these objectives, Bank Al-Maghrib has established a system of analysis and forecasts based on an integrated approach around a monetary policy model and several complementary satellite models. This system is used to forecast t macro-economic aggregates, in particular, inflation and economic growth and to assess the effects of related risks.

In a context of moderate inflation and relatively difficult external economic conditions, Bank Al-Maghrib conducted an accommodative monetary policy for several years aimed at supporting economic recovery and growth. In line with such policy, Bank Al-Maghrib lowered its policy rate several times to 2.25% in March 2016, to 2.0% in March 2020 and to 1.5% in June 2020. Since then, international economic developments, including the impact of the COVID-19 pandemic and the conflict in Ukraine, has driven inflation to high levels. In each of September 2022 and December 2022, Bank Al-Maghrib raised the policy rate by 50 basis points, to 2.50% in December 2022, to forestall any de-anchoring of inflation expectations and encourage appropriate conditions for a rapid return to levels in line with its price stability objectives.

The reserve requirement rate, which was 16.5% in 2003, has been lowered several times since January 2008 and has been set at 0% since 16 June 2020 (when it was reduced from 2%).

In light of the deceleration of credit and difficulties experienced by SMEs, Bank Al-Maghrib has launched a number of measures in favour of SMES, including a guaranteed loan scheme, which have led to a relaxation of monetary conditions and, in particular, a downward trend in lending rates.

In response to the COVID-19 pandemic, in 2020, Bank Al-Maghrib launched a guaranteed loan scheme for microcredit associations and participative banks, and reinforced its monetary policy interventions through longer-term refinancing operations to provide banks with greater visibility and to facilitate their cash management.

The following table sets forth information regarding percentage increases in the monetary base and money supply as at the dates indicated.

Counterparts and Money Supply(1)

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**
			(Dh millions)		
Money aggregates					
M1	858,697	911,825	1,019,565	1,086,833	1,196,875
Currency outside banks	*233,602*	*250,227*	*300,626*	*320,111*	*354,820*
Demand deposits	*625,095*	*661,598*	*718,756*	*766,721*	*842,055*
M1 (*% change*)	5.9	6.2	11.8	6.6	10.1
M2	1,017,888	1,078,347	1,188,755	1,260,988	1,376,051
Sight investment	*159,191*	*166,522*	*169,372*	*174,155*	*179,176*
M2 (*% change*)	5.5	5.9	10.2	6.1	9.1
M3	1,320,624	1,370,518	1,485,118	1,560,769	1,686,389
Time investment	*161,106*	*149,876*	*135,609*	*136,468*	*129,620*
M3 (*% change*)	4.1	3.8	8.4	5.1	8.0
Official reserves assets	233,744	253,381	320,568	330,829	337,645
Net claims on central government	202,999	212,432	239,391	272,491	331,915
Claims on other sectors	1,022,892	1,079,859	1,131,670	1,176,307	1,261,664
Counterpart of deposits with the Treasury	72,189	80,387	73,524	73,069	83,353
Resources of a non-monetary nature	219,529	243,866	247,039	257,702	281,001
Other items (net)	(8,131)	(22,145)	(28,948)	(20,273)	(27,650)

Sources: Bank Al-Maghrib and Ministry of Economy and Finance

Note:

(1) Certain line items and figures differ from those previously published, as a result of the implementation of the *IMF 2000 Monetary and Financial Statistics Manual*, as well as ongoing revisions.

The money supply grew in 2022, with M1 increasing by 10.1% (as compared to the M1 figure for 31 December 2021) to Dh 1,196.9 billion as at 31 December 2022, M2 by 9.1% to Dh 1,376.1 billion and M3 by 8.0% to Dh 1,686.4 billion.

The following table sets forth key money market rates as at the dates indicated.

Money Market Rates[1]

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**
Time accounts and fixed-term bills					
6-month deposits	2.77	2.72	2.56	2.29	2.24[2]
12-month deposits	3.09	3.01	2.87	2.60	2.67[2]
Saving book accounts	1.86	1.89	1.77	1.15	1.14
Lending rate[3]	5.15	5.00	4.55	4.39	4.24[4]
Interbank Rate	2.28	2.28	1.79	1.50	2.5
Bank Al-Maghrib					
7-day advances	2.25	2.25	1.50	1.50	2.50
24-hour advances	3.25	3.25	2.50	2.50	3.50
Liquidity withdrawals	1.75	1.75	1	1	2
24 hour deposit facility	1.25	1.25	0.50	0.50	1.50

Source: Bank Al-Maghrib

Notes:
(1) Excluding treasury bonds issued by auction.
(2) Provisional figures.
(3) Weighted averages of effective lending rates at year end.
(4) Figure is as at 30 September 2022.

Inflation

The annual inflation rate decreased from an average of 3.4% for the period 1993-1999 to an average of 1.7% for the period 2000-2006, 1.2% for the period 2009-2013 and 1.2% for the period 2014-2018. In 2021, the average rate of inflation was 1.4%, as compared to 0.7% in 2020. The rise in inflation in 2021 was mainly due to the acceleration of core inflation to 1.7% and the 12.9% rise in fuel and lubricant prices.

The following table sets forth trends in prices for the years and periods indicated.

Prices[1]

	2018	**2019**	**2020**	**2021**	**2022**
	(% rate of change)				
CPI	1.6	0.2	0.7	1.4	6.6
Core inflation	1.3	0.5	0.5	1.7	5.8

	2017	**2018**	**2019**	**2020**	**2021**	**Jan-Sept 2022**
	(% rate of change)					
Production Price Index[2]						
Extractive industries	0.0	0.0	0.1	(0.2)	0.1	0.2
Manufacturing industries	0.7	2.6	0.6	(1.2)	4.3	14.0
Electricity and water	3.9	0.0	0.0	0.0	0.0	0.0

Source: Bank Al-Maghrib and the Government Statistics Directorate

Notes:
(1) Certain line items and figures differ from those previously published as a result of ongoing revisions
(2) Period average to period average. Index based upon prices of 478 items in 17 urban areas.

Following a period of mild inflation until the end of 2021, inflation has increased in Morocco in line with global and regional trends. In December 2022, the CPI increased year-on-year by 8.3%, resulting in average annual inflation for

2022 of 6.6%, driven by rising food and energy prices worldwide. Bank Al-Maghrib currently estimates that inflation will decrease to 3.9% in 2023.

See “*Risk Factors—Risks Relating to the Kingdom—Risks Relating to the Kingdom’s Finances and Economy—Impact of Global Inflationary Trends*”.

Price Controls

Despite liberalisation in 2000, a number of products remained subject to price controls in the Kingdom. Law № 06-99 created two categories of products subject to price controls: (i) essential items, such as flour, medical products and services, mass transit and certain educational products; and (ii) items produced by monopolies, such as electricity and energy, water, sugar and tobacco. Prices for these items are fixed by the Head of Government. Products subject to price controls also benefit from Government compensation (*i.e.,* subsidies). Law № 104-12, which was published in August 2014, abrogated Law № 06-99, strengthening the principle of free pricing and removing many products from the categories of products subject to price controls. See “*Public Finance*”.

Exchange Rate Regime

Until 1973, the Dirham was pegged to the French Franc. In 1973, the exchange rate became based on a basket of foreign currencies of Morocco’s principal trading partners. In 1990, the basket was further modified to give greater weight to European currencies, which in 1999 were replaced by the Euro. On 25 April 2001, a decision was adopted by the Government and Bank Al-Maghrib to increase the Euro weighting in the currency basket against which Bank Al-Maghrib sets daily rates for the Dirham, with a view to securing a better correlation between the Dirham and the Euro. This readjustment led to a depreciation of 5% of the Dirham. The adjustment was aimed at ensuring that the Dirham became less sensitive to the fluctuations of the Euro relative to the U.S. Dollar. In April 2015, the authorities revised the weights for the currencies in the basket against which the Dirham is pegged, from 80% to 60% percent for the Euro and from 20% to 40% for the U.S. Dollar, to better align the weights with the structure of Morocco’s external flows. See “*Risk Factors—Risks Relating to the Kingdom—Risks Relating to the Kingdom’s Finances and Economy—Economic Risk*”.

The Government has commenced efforts to transition the Kingdom to a more flexible exchange rate regime. The intention behind the change is to improve the economy’s ability to absorb shocks, to preserve competitiveness and to encourage export diversification and business development. In January 2018, the Government widened the band within which the Dirham is able to fluctuate from 0.3% to 2.5% on either side of the central rate; it continues to be based on a combined Euro (60%) and U.S. Dollar (40%) basket. A further widening of the band was adopted on 9 March 2020, to plus or minus 5% on either side of the central rate.

These measures reflected the first stage in the planned transition from a fixed exchange rate regime to a more flexible exchange rate regime, which is expected to be spread over several stages, in order to allow market participants and economic operators to participate and adapt to the reforms. The implementation of this first stage of reform has been accompanied by a number of measures aimed at improving price discovery by the market, as well as boosting activity in the interbank foreign exchange market. For example, Bank Al-Maghrib has introduced a new market pricing mechanism within the band of fluctuation putting in place the status of market maker and giving banks exclusive access to foreign exchange auctions in return for their listing commitments on the interbank foreign exchange market. These quotations are also used by Bank Al-Maghrib in determining the reference exchange rates of currencies against the Dirham in accordance with international standards. Bank Al-Maghrib has also made an electronic trading platform available to market-making banks to strengthen the depth and liquidity of the interbank foreign exchange market.

Bank Al-Maghrib has also revised the framework of its intervention in the foreign exchange market, with a view to gradually reducing such interventions. For example, Bank Al-Maghrib has adopted currency auctions as the main instrument of intervention, encouraging the interbank market to develop further and lead to more efficient price discovery, according to the law of supply and demand and leaving recourse to Bank Al-Maghrib as a last resort.

Liberalisation of Exchange Regulations

Prior to 1996, all foreign exchange transactions had to be centralised and settled on a daily basis with Bank Al-Maghrib. In 1996, Bank Al-Maghrib announced a new central rate set daily for the Dirham against the basket of foreign currencies. Banks were allowed to quote buy-and-sell rates for the Moroccan Dirham within the limits of a band of plus or minus 0.3% of the central rate. Moroccan banks were permitted to take forward positions for operations linked to trade finance (up to 90 days) or bona fide external finance (not exceeding one year, extended to five years in 2007). Since March 2002, banks have been authorised to extend the period during which they are authorised to provide foreign exchange cover for their trade customers from three months to one year. Since 1999, banks have been subject to global foreign exchange position limits of 20% of capital for all currency and 10% of capital in any single currency.

Since 1992, Morocco has been liberalising the transfer of capital and the transfer of income from foreign investments (direct investment, portfolios, treasury bonds), which may currently be transferred without restriction, subject to the fulfilment of certain conditions. In June 1993, in order to encourage the private sector to directly access the international money markets to finance commercial and investment transactions, Morocco liberalised foreign borrowings. In November 1993, exporters of goods and services and Moroccan residents abroad were authorised to open foreign currency accounts with Moroccan banks. Since July 1995, export accounts can be credited with up to 85% of repatriated currency. In January 1997, Morocco authorised banks to trade spot transactions with foreign banks. Since May 2002, banks have been authorised to place deposits in foreign currency with correspondent banks outside Morocco and to acquire foreign securities.

In 2007, the Government adopted a series of reforms designed to further liberalise the foreign exchange market. These measures included permitting insurance and reinsurance companies and pension institutions to make investments abroad within limits of 5% of their assets and 5% of their reserves, and mutual funds within a limit of 10% of their portfolios without prior authorisation. Between 2010 and January 2022, Moroccan companies that had been in existence for at least three years were allowed to invest up to Dh 100 million in Africa and up to Dh 50 million elsewhere without prior authorisation and to enter into a broadened range of hedging instruments and currency swap contracts. Since January 2022, the ceiling for Moroccan direct investment abroad by legal entities has been unified at Dh 200 million per year. In addition, the maximum permitted duration of banks' investments made in foreign currencies with foreign counterparts was increased from two to five years and, since 2010, export accounts may be credited up to 70% in repatriated currency. This rate is increased to 85% for companies in the aeronautical and aerospace sectors with foreign currencies or convertible Dirhams.

In January 2022, a new version of the General Instruction of Foreign Exchange Transactions ("**IGOC 2022**"), which covers all regulations related to exchange transactions, entered into force. The principal aim of the update was to further liberalise and ease measures applicable to both current and capital transactions between residents and non-residents.

Foreign Assets

The following table sets forth Bank Al-Maghrib's net foreign assets as at the dates indicated.

Net Foreign Assets

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**
			(Dh millions)		
Convertible Currencies	217,808	235,862	310,963	299,816	304,154
Gold	8,731	10,387	11,989	12,009	13,499
IMF Special Drawing Rights	7,205	7,133	6,615	19,004	19,992
Other	1,464	1,424	3,036	2,887	3,205
Gross Foreign Assets	**235,208**	**254,805**	**323,603**	**333,716**	**340,850**
***Less* Liabilities**	**10,598**	**11,015**	**39,254**	**40,513**	**42,904**
Net Foreign Assets	**224,610**	**243,791**	**284,349**	**293,203**	**297,946**
Official Reserves Assets (*months of imports*)(1)(2)	5.4	6.9	7.1	5.3	5.5

Source: Bank Al-Maghrib

Note:
(1) Imports of goods and non-factor services.

As at 31 December 2022, net foreign assets were Dh 297.9 billion, representing an increase of 1.6%, as compared to Dh 293.2 billion as at 31 December 2021. Bank Al-Maghrib's foreign reserves are not subject to any security interest or other encumbrances.

See "*Risk Factors—Risks Relating to the Kingdom—Risks Relating to the Kingdom's Finances and Economy—Economic Risk*".

Capital Markets

Although the CSE was established in 1929 (at that time, as the *Office de Compensation des Valeurs Mobilières*), it began operating under an organised legal and technical framework in 1967. Rapid growth in market capitalisation and trading volumes on the CSE only began in 1993 after the privatisation programme commenced and new laws were passed to restructure the regulatory framework of Morocco's capital markets.

The Stock Exchange Law of 21 September 1993 transformed the CSE from a government-run entity into a private entity, owned by its registered brokerage firms. It requires brokerage firms to be independent. It also requires brokerage firms to be certified by the Ministry of Economy and Finance, after consultation with the AMMC, the regulator, and to maintain minimum capital levels. This law was amended in 1996, 2000, 2004 and 2007, extending the range of financial instruments traded on the CSE to mortgage-backed securities and venture capital securities, and facilitating cross listing of domestic companies. The AMMC was established to regulate the securities market and the disclosure of information by entities listed on the CSE. Three laws enacted in 2004, 2006 and 2007 extended the AMMC's regulatory authority to all market participants, including the CSE and the central depositary (Maroclear) and provided the AMMC with free access to any confidential information to implement its supervisory mission.

In March 1997, the CSE introduced electronic quotation. Currently, all shares are traded electronically. In 2002, the CSE also introduced a separate listing for small cap companies.

In July 1997, Law № 35-96 (as amended by Law № 43-02 of 21 April 2004) established Maroclear, the Moroccan central depository of securities, which enabled the dematerialisation of securities and introduced a book-entry transfer system.

Pursuant to Law № 43-12, adopted by the Moroccan government in April 2012 and published in April 2013, the CDVM was transformed into the AMMC (*l'Autorité Marocaine du Marché des Capitaux*) following the publication of implementing regulations. Although the primary functions of the CDVM remain with the AMMC, the law increased the accountability of the AMMC, strengthened its independence and expanded the role of the institution, which includes overall responsibility for Morocco's capital markets. The AMMC is monitored by a government auditor, and the Ministry of Economy and Finance approves the AMMC's circulars. The AMMC is also subject to the Government Accounting Authority and provides annual reporting on its activities and the capital markets to the Head of Government. In addition, the AMMC has established an independent "college of sanctions", which is chaired by a magistrate and is responsible for examining cases likely to give rise to sanctions.

The Futures Market Act, Law № 42-12 was published on 15 October 2015 and defines the framework of the Kingdom's futures market and the role of regulatory and supervisory authorities. The Stock Exchange Act (the "**SEA**"), Law № 19-14, was published in the *Official Bulletin* on 16 March 2017 and relates to the CSE, brokerage firms and financial advisers. The SEA distinguishes between companies with large and small market capitalisations, as well as the trading of equity and debt securities.

The CSE's market capitalisation as at 30 December 2022 was Dh 561.1 billion, as compared to Dh 690.7 billion as at 31 December 2021, Dh 585.0 billion as at 31 December 2020 and Dh 626.7 billion as at 31 December 2019, and it had 77 listed companies as at 31 December 2022. Between 2014 and 2016, four companies conducted initial public offerings: Marsa Maroc (a port operator), Groupe AFMA Assureur Conseil (an insurance broker), Total Maroc (an energy company) and Espaces Saada (a real estate developer). In 2018, two companies launched initial public offerings on the CSE: Immorente Invest (a real estate company); and Mutandis (an industrial and commercial group). Between 2020 and 31 December 2022, four companies conducted initial public offerings: Aradei Capital (a real estate company, in December 2020); TGCC (a construction company, in December 2021); Disty Technologies (an IT company, in July 2022) and Akdital group (a healthcare group, in December 2022).

The following table sets forth certain stock exchange indicators as at 31 December for each year or the date indicated.

Stock Exchange Indicators

	Market Capitalisation	MASI Index[1]	
	(Dh billions)	*MASI*	*(% change from previous year)*
2017	627.0	12,388.8	6.4
2018	582.2	11,364.3	(8.3)
2019	626.7	12,171.9	7.1
2020	585.0	11,287.4	(7.3)
2021	690.7	13,358.3	18.4
2022 (*as at 30 December 2022)*	561.1	10,720.3	(19.8)[2]

Source: Casablanca Stock Exchange.

Notes:
(1) The Moroccan All Shares Index (base 1,000: December 2001).
(2) Percentage change since 31 December 2021.

As at 30 December 2022, the MASI was at 10,720.3, a decrease of 19.8%, as compared to 31 December 2021. This decrease was due to the deterioration in the global economy and markets. As at 31 December 2021, the MASI was at 13,358.3, representing a 18.4% increase as compared to 31 December 2020.

A number of reforms have been introduced to improve the legal framework for capital markets in the Kingdom. In 2021, Morocco enacted a law to set limits on securities lending and to expand its application to new financial instruments. Draft legislation is also being prepared with respect to the activities of mutual funds. Draft legislation is also being prepared to: (i) expand the mission of the AMMC to include financial stability mandates, in order to improve co-ordination with other supervisory authorities and to enhance the safety of its financial system; (ii) create a legal framework for the surveillance of financial market infrastructures and payment methods, in collaboration with Bank Al-Maghrib, the AMMC, Maroclear and the CSE; (iii) create a clearing house (CCP) to secure financial markets, the implementation of which has been assigned to the stock exchange; and (iv) reform the body of rules applicable to the Moroccan central depositary to comply with relevant international standards.

Mutual Funds

In 2021, mutual funds' total net assets were Dh 593 billion compared to Dh 523 billion in 2020, an increase of Dh 70 billion, or 13.4%. As at 30 December 2022, mutual funds' total net assets were Dh 500.9 billion, representing a 15.5% decrease as compared to 31 December 2021.

The Mutual Funds Law of 21 September 1993, as amended, provides the regulatory framework and prudential rules for mutual funds, or *Organismes de Placement Collectif en Valeurs Mobilières* ("**OPCVM**"). Together, these laws seek to improve the level of transparency in the market-place and foster investor confidence.

Subsequent reforms were implemented in the period 2004-2006: a law on public offerings has been enacted establishing a legal framework for takeovers; and a law on repurchase agreements regulating repo operations and a law on venture capital have been enacted.

A law on securitisation was adopted in 2008, extending the scope of securitisation to other assets and submitting the asset backed funds to the control of the AMMC. This was amended in 2010 by Decree № 2-08-530, which provides, *inter alia*, that mutual funds licenses are granted by the Minister of Economy and Finance upon the recommendation of the AMMC.

The following table sets forth the change in net assets of OPCVMs by category as at the dates indicated.

Change in Net Assets of OPCVMs by Category[1]

	As at 31 December										**As at 30 December 2022**	
	2017		**2018**		**2019**		**2020**		**2021**			
	№	Net assets	№	Net Assets	№	Net assets	№	Net Assets	№	Net assets	№	Net assets
						(Dh billions)						
Category												
OPCVM (Shares)	89	35	91	32	92	37	96	37	103	47	104	38
OPCVM (Bonds)[2]	253	351	264	372	278	403	299	451	317	481	332	393
OPCVM (Diversified)	76	27	86	28	98	29	101	31	111	63	118	58
OPCVM (Contractual)	10	2	9	3	6	2	6	4	5	2	5	12
Total	**428**	**415**	**450**	**435**	**474**	**471**	**502**	**523**	**536**	**593**	**559**	**501**

Source: Ministry of Economy and Finance.

Notes:
(1) Certain line items and figures differ from those previously published as a result of ongoing revisions.
(2) OPCVM Bonds include money market funds.

Real Estate Investment Trusts ("REITs")

Law № 70-14 adopted in 2016, as amended by subsequent implementing regulations and circulars, sets out the law and framework for REITs in Morocco, which aimed to open-up the commercial real estate sector to institutional investors. REITs are used as a tool to help diversify and modernise financing methods and the capital markets in Morocco.

As at 30 November 2022, there were approximately Dh 49.4 billion in REITs under management.

Covered Bonds

In September 2022, legislation relating to covered bonds was adopted which permits universal banks, as well as CDG, to issue on-balance sheet mortgage covered bonds (*Obligations Sécurisées Hypothécaires*) and public sector covered bonds (*Obligations Sécurisées publiques*).

The legislation is expected to expand banks' networks to permit the collection of more deposits, help to reduce banks' maturity mismatches and interest rate risks, and to provide institutional investors (particularly insurance companies and pension funds) with a new class of long-term, high quality private debt to reduce their term gaps.

PUBLIC FINANCE

General

The budget preparation and adoption processes are governed by relevant provisions of the 2011 Constitution, the *loi organique № 130-13 relative à la loi de finances* (the "**Organic Budget Law**"), the annual budget laws and various implementing decrees. The Organic Budget Law was adopted by Parliament in 2015 with the aim of bringing the law in line with best international practice and the reforms introduced in the 2011 Constitution. The Organic Budget Law introduces multi-year budgeting and a fiscal rule limiting net new borrowing to the financing of capital spending, programme budgeting and the strengthening of results-based management and fiscal transparency. The Organic Budget Law also includes binding ceilings on wage appropriations and reduces the carryover of investment appropriations and the possibility of creating special treasury accounts. The majority of the provisions of the Organic Budget Law entered into force in January 2016, with the remaining provisions (including provisions relating to multi-year budgeting and programming and the ceilings on expenditure appropriations) coming into effect gradually by 2020. The requirement for triennial budget programming under the Organic Budget Law came into effect on 1 January 2019.

The budget consists of the general budget, the Treasury special accounts and autonomous state services (*Services de l'Etat Gérés de Manière Autonome*). The general budget consists of revenues and expenditures of the central Government. The accounts of state-owned entities, although recounted in the budget documentation, are not included in the budget. However, the general budget reflects capital transfers to and distributions received from state-owned institutions.

Since 2001, the budget year has reflected the calendar year. There are four phases to budget preparation:

- *Planning and Preparation*: This takes place between January and 15 July of the year preceding the year for which the budget is being prepared. This phase involves triennial budget planning and a presentation by the Minister of Economy and Finance to the Government Council regarding the implementation of the budget for the current year and a summary of the proposed budget for the following fiscal year. Ministers are invited to submit proposals for revenues and expenditures of their ministries for the following fiscal year to the Minister of Economy and Finance, as well as proposals of provisions to be inserted in the draft budget.

- *Guidance and Consultation*: Prior to 31 July, the Minister of Economy and Finance informs parliamentary finance committees of the general framework used for the general framework of the budget and multi-year budgeting.

- *Arbitration and Development*: The Budgetary Commission of Parliament and other commissions involved are scheduled and preliminary discussions of the provisions of the draft budget take place.

- *Decision and Adoption*: In October of the preceding year, the Council of Ministers adopts the general guidelines of the budget. On or before 20 October of that year, the Council of Government submits the draft budget law to Parliament. Parliamentary committees discuss the budget, and Parliament may amend the budget. On or before 31 December, Parliament generally adopts the new budget.

In the event that Parliament does not adopt the new budget by 31 December, authorising decrees are issued by the Head of Government to ensure that public services are provided, and Government expenditures and Government receipts are made, in accordance with constitutional provisions.

In 2007, the Ministry of Economy and Finance began publishing its website in English, in addition to French and Arabic, in order to allow a broader base of international investors to access data and policy information online.

Public Accounts

The following table sets forth the consolidated revenues and expenditures of the Government for the years 2018-2021, preliminary results for 2022 and the budgets for 2022 and 2023 under the original 2022 and 2023 budget laws.

Public Accounts(1)

	2018	**2019**	**2020**	**2021**	**2022 Budget Law**	**Preliminary Results 2022(2)**	**2023 Budget Law**
	(Dh millions, except as indicated)						
I CURRENT REVENUES	**259,116**	**273,856**	**253,099**	**278,664**	**286,812**	**336,501**	**341,720**
Tax Revenues(3)	**235,145**	**238,999**	**222,799**	**242,466**	**251,768**	**284,035**	**289,272**
Direct Taxes	95,523	96,514	92,651	90,790	97,693	113,285	113,165

Indirect Taxes..	114,890	117,769	107,410	123,961	127,148	138,734	145,141
Custom Duties.......................................	9,693	9,768	9,488	11,885	12,027	13,895	15,019
Registration Fees and Stamp Duties.......	15,039	14,948	13,250	15,829	14,901	18,121	15,947
Non-Tax Revenues	**20,194**	**31,061**	**27,169**	**32,237**	**30,944**	**48,666**	**49,148**
State Monopolies...................................	9,294	10,494	9,601	10,711	13,985	13,146	19,464
Miscellaneous..	10,900	20,567	17,568	21,616	16,959	35,520	29,684
Of which, grants from the GCC.............	*2,793*	*1,637*	*278*	*222*	*700*	*380*	350
Receipts from Special Treasury Account	**3,777**	**3,796**	**3,131**	**3,872**	**4,100**	**3,800**	**3,300**
II TOTAL EXPENDITURES.................	**300,774**	**320,717**	**335,441**	**354,292**	**364,459**	**405,953**	**412,394**
Current Expenditures.............................	**238,738**	**250,739**	**255,968**	**280,101**	**290,967**	**320,770**	**325,456**
Administrative Expenditures(4)..........	***168,726***	***181,888***	***191,171***	***203,254***	***216,967***	***217,916***	***234,912***
Personnel expenses....................	106,232	127,719	133,530	140,456	147,537	147,755	155,750
Other Goods and Services	62,494	54,169	57,641	62,798	69,430	70,161	79,161
Interest on Public Debt.....................	***26,322***	***26,419***	***27,259***	***27,106***	***28,075***	***28,600***	***29,966***
Domestic	22,589	22,578	23,147	22,409	23,390	23,628	23,291
External	3,733	3,841	4,112	4,697	4,684	4,972	6,675
Subsidies	***17,718***	***16,072***	***13,532***	***21,840***	***17,020***	***42,115***	***26,580***
Transfers to Local Communities.......	***25,972***	***26,361***	***24,006***	***27,900***	***28,905***	***32,139***	***33,999***
CURRENT BALANCE...........................	**20,378**	**23,116**	**(2,869)**	**(1,437)**	**(4,155)**	**15,731**	**16,264**
Capital Expenditures	**65,601**	**72,265**	**85,885**	**77,771**	**77,993**	**93,809**	**91,138**
Special Treasury Accounts Balance	3,565	2,288	6,412	3,579	4500	8,626	4,200
COVID-19 Funds.............................	—	—	*5,322*	(4,140)	—	1,770	—
BUDGET BALANCE	**(41,658)**	**(46,861)**	**(82,342)**	**(75,628)**	**(77,648)**	**(69,452)**	**(70,674)**
III CHANGE IN RECEIVABLES / ACCOUNTS PAYABLE	**358**	**(4,498)**	**14,747**	**(4,758)**	—	**(1,637)**	—
FINANCING REQUIREMENT (I, II + III)	**(41,301)**	**(51,359)**	**(67,595)**	**(80,387)**	**(77,648)**	**(71,088)**	**(70,674)**
Domestic Financing.................................	**43,138**	**28,794**	**24,537**	**66,770**	**51,976**	**65,019**	**13,142**
Foreign Financing	**(1,838)**	**17,222**	**43,058**	**8,201**	**20,672**	**6,070**	**52,532**
Foreign borrowing.................................	6,247	25,448	62,979	18,442	**40,000**	29,644	60,000
Amortisation..	(8,085)	(8,226)	(19,921)	(10,241)	(19,328)	(23,574)	(7,468)
Privatisation(5)..	**0**	**5,344**	**0**	**5,415**	**5,000**	**0**	**5,000**
GDP(6)	**1,195,237**	**1,239,836**	**1,152,419**	**1,284,154**	**1,313,389**	**1,371,830**	**1,443,678**
Budget Balance, including privatisation proceeds (*as a % of GDP*)..........................	(3.5)	(3.3)	(7.1)	(5.5)	(5.5)	(5.1)	(4.5)
Budget Balance, excluding privatisation proceeds (*as a % of GDP*)..........................	(3.5)	(3.8)	(7.1)	(5.9)	(5.9)	(5.1)	(4.9)

Source: Ministry of Economy and Finance.

Notes:

(1) Reflecting the public accounts published by the Ministry of Economy and Finance, reflecting the revenues and expenditures of the Treasury. Certain line items and figures differ from those previously published as a result of ongoing revisions.
(2) Preliminary data.
(3) Including transfers to local communities.
(4) Including pension contributions.
(5) Portion of privatisation receipts allocated to the State. In 2021, Dh 5.3 billion of the Dh 5.4 billion of receipts presented related to an assignment to a public entity (rather than a privatisation).
(6) The GDP figure for 2022 is the assumption included in the 2022 budget Law.

Preliminary Results for 2022

In 2022, the budget deficit decreased by 8.2%, as compared to 2021, to Dh 69.5 billion. See "*Risk Factors—Risks Relating to the Kingdom—Risks Relating to the Kingdom's Finances and Economy—Budget Deficit, Trade Deficit and Remittances*".

Revenues

Total current revenues were Dh 336.5 billion in 2022, as compared to Dh 278.7 billion in 2021, an increase of 20.8%. This increase was primarily due to a 17.1% increase in tax revenues, which was, in turn, primarily due to a 24.8% increase in direct taxes and a 11.9% increase in indirect taxes. The increase in direct taxes 2022, as compared to 2021, was primarily due to a 40.0% increase in corporate tax receipts, while the increase in indirect taxes was due to a 2.1% increase in receipts from domestic consumption taxes and a 15.2% increase in VAT receipts. Non-tax revenues increased by 50.5% in 2022, as compared to 2021 due to an increase in receipts from public establishments and enterprises and other revenues.

Expenditures

Total expenditures increased by 14.6% from Dh 354.3 billion in 2021 to Dh 406.0 billion 2022. Current expenditures increased by 14.5% in 2022, as compared to 2021, primarily due to: (i) a 7.2% increase in administrative expenditures, in turn, driven by a 5.2% increase in personnel expenses and a 11.7% increase in other goods and services expenditures; (ii) a 5.5% increase of interest expenses; and (iii) a 92.8% increase in subsidy expenses. This increase in expenditures reflected more expensive gas and wheat subsidies, as well as cash transfers to the transportation sector and to the national power utility to help sustain the cost of stable electricity subsidies. See "*—Subsidies*". Capital expenditures increased by 20.6% in 2022, as compared to 2021.

Results for 2021

The budget deficit was Dh 75.6 billion, or 5.9% of GDP (excluding privatisation proceeds), in 2021, as compared to Dh 82.3 billion, or 7.1% of GDP, in 2020. The decrease in the budget deficit was primarily due to a rebound in the national economy following the severe impact of the COVID-19 pandemic in 2020, as well as increased revenues from specific financing, with increases in both tax revenues and non-tax revenues in 2021. See "*Risk Factors—Risks Relating to the Kingdom—Risks Relating to the Kingdom's Finances and Economy—Budget Deficit, Trade Deficit and Remittances*".

Revenues

Total current revenues were Dh 278.7 billion in 2021, as compared to Dh 253.1 billion in 2020, an increase of Dh 25.6 billion or 10.1%. This increase was primarily due to an increase of Dh 19.7 billion, or 8.8%, in tax revenues, and an increase of Dh 5.2 billion, or 19%, in non-tax revenues.

Tax revenues were Dh 242.5 billion in 2021, as compared to Dh 222.8 billion in 2020, an increase of Dh 19.7 billion, or 8.8%. Tax revenues are composed of direct tax revenues, indirect tax revenues custom duties and registration fees and stamp duties. Direct tax revenues were Dh 90.8 billion in 2021, as compared to Dh 92.7 billion in 2020, a decrease of Dh 1.9 billion, or 2%. The decrease in direct tax revenues in 2021 primarily reflected an 8.6% decrease in corporate income tax revenues (to Dh 44.6 billion) and the non-allocation to the 2021 general budget of the proceeds of a social solidarity contribution on profits and income (in 2021 this contribution was allocated to the "Social Protection and Social Cohesion Support Fund" rather than to the general budget as it had been in 2020). This decrease in direct tax revenues was partially offset by a 10.6% increase in income tax revenues (to Dh 44.4 billion) due to a 63.6% increase in revenues from income tax on real estate profits and an 7.3% increase in revenues from income tax on public service salaries. Indirect tax revenues were Dh 124.0 billion in 2021, as compared to Dh 107.4 billion in 2020, an increase of Dh 16.6 billion, or 15.4%. The increase in indirect tax revenues in 2021 was primarily due to a 16.2% increase in VAT receipts (to Dh 93 billion), reflecting increases of 24.6% on VAT receipts on imports (to Dh 61.1 billion) and 3% on VAT receipts on domestic sales.

Non-tax revenues were Dh 32.2 billion in 2021, as compared to Dh 27.2 billion in 2020, an increase of Dh 5.0 billion, or 19%. The increase in non-tax revenues in 2021 was primarily due to Dh 11.9 billion in receipts from specific financing mechanisms (as compared to Dh 2.6 billion in 2020) and Dh 10.7 billion in receipts from state monopolies and enterprises (as compared to Dh 9.6 billion in 2020).

Expenditures

Total expenditures were Dh 354.3 billion in 2021, as compared to Dh 335.4 billion in 2020, an increase of Dh 18.9 billion, due to a 9.4% increase in current expenditures, which was partially offset by a 9.4% decrease in investment expenditure.

Current expenditures were Dh 280.1 billion in 2021, as compared to Dh 256.0 billion in 2020, an increase of Dh 24.1 billion, or 9.4%. The increase was primarily due to a Dh 12.1 billion, or 6.3%, increase in administrative expenses, which was, in turn, mainly a result of a Dh 6.9 billion, or 5.2%, increase in expenditure on personnel and a Dh 5.2 billion, or 8.9%, increase in expenditure on other goods and services. The increase in personnel expenditure was primarily due to measures taken to implement the third phase of the social dialogue agreement with unions, as well as the net creation of

4,722 budgetary posts. The increase in expenditure on other goods and services was primarily due to a 15.4% increase in transfers to public establishments and enterprises, which was partially offset by a 28.1% decrease in payments to the Treasury special accounts.

Subsidy costs were Dh 21.8 billion in 2021, as compared to Dh 13.5 billion in 2020, an increase of Dh 8.3 billion, or 61.4%, and reflecting 161.2% of the budgeted subsidy costs in the 2021 budget. This increase was primarily due to a 62.1% increase in the average price of butane gas to U.S.$616 per tonne. Butane gas subsidies were Dh 14.6 billion in 2021 (as compared to Dh 9.2 billion in 2020), sugar subsidies were Dh 3.6 billion in 2021 (as compared to Dh 3.3 billion in 2020) and soft wheat flour subsidies were Dh 2.7 billion in 2021 (as compared to Dh 1.4 billion in 2020).

Capital expenditures were Dh 77.8 billion in 2021, as compared to Dh 85.9 billion in 2020, a decrease of Dh 8.1 billion, or 9.4%. This decrease was due to the transfer, in 2020, of a Dh 15 billion investment allocation to the Mohammed VI Investment Fund.

Subsidies

The Government provides subsidies for butane gas, sugar and soft wheat flour. In past years, the Government's expenses with regard to such subsidies have been significant and have increased in each of 2021 and 2022. See "*Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—Subsidies*".

The following table sets forth information on subsidies for the years indicated.

Subsidies(1)

	2018	2019	2020	2021	2022(2)
			(Dh millions)		
Energy Subsidies	**12,749**	**11,049**	**8,665**	**15,462**	**26,662**
Butane gas	12,049	10,463	8,180	14,576	22,061
Transporters (cash transfers)	700	586	485	886	4,601
Food Subsidies	**4,970**	**5,023**	**4,867**	**6,378**	**15,453**
Sugar	3,445	3,487	3,331	3,552	4,715
Soft wheat flour	1,429	1,440	1,440	2,730	10,631
Others	96	96	96	96	107
Total	**17,718**	**16,072**	**13,532**	**21,840**	**42,115**

Source: Ministry of Economy and Finance.

Notes:
(1) Certain line items and figures differ from those previously published as a result of ongoing revisions.
(2) Preliminary data.

In 2022, food subsidies were Dh 15.5 billion and butane gas subsidies were Dh 22.1 billion (as compared to Dh 6.4 billion and Dh 14.6 billion, respectively, in 2021). The increase in subsidies in 2022 was primarily due to increased food and butane gas prices, the allocation of a lump sum compensation to soft wheat importers as a result of the severe drought in 2022 and the impact of the conflict in Ukraine on global wheat and fuel prices. Following a national five-day strike of transport workers in response to rising fuel costs, the Government announced a fuel aid mechanism in March 2022 to assist transport workers operating 180,000 vehicles. As at 31 December 2022, aid provided to transport workers (through the form of cash transfers) amounted to Dh 4.5 billion. In June 2022, the Government issued a decree authorising a U.S.$1.75 billion subsidy increase on wheat, sugar and butane gas subsidies, in addition to the U.S.$1.8 billion allocated in the 2022 budget. The aim of the decree was to try to stabilise domestic prices for such products. The 2023 budget provides for Dh 26.0 billion in funding to continue to stabilise prices of butane gas, sugar and soft wheat flour at their usual levels.

In July and August 2019, the Ministry of Economy and Finance launched a butane hedging programme pursuant to which the Government carried out hedging transactions (using call options) involving more than 70% of expected butane gas consumption for the second half of 2019 to protect against swings in international prices. These hedging transactions have not, to date, been repeated in subsequent years.

The Government has taken a number of steps to reform the subsidy system in Morocco. Recent and ongoing subsidy reform initiatives include:

- With effect from February 2014, subsidies on premium gasoline and industrial fuel not used for electricity generation were eliminated and, with effect from December 2015, the prices of such fuels have been fully indexed to international market prices.

- In December 2015, generalised energy subsidies were eliminated, except for butane. The subsidy for butane gas imports was abolished and included in the price structure for butane gas in June 2016.

- The Government is in the process of establishing a unified social registry. This registry is expected to help identify consumption-poor households based on a new scoring formula and the most recent household survey, as well as to improve the targeting of social programmes more generally. The establishment of the social registry is being co-ordinated with a new national population registry that will issue a unique ID to residents linked to biometrics, which is also expected to improve the targeting of social programmes by reducing duplicate or false beneficiaries. The unified social registry project is expected to be extended throughout the country in 2023 after completion of the current trial phase in Rabat. See "*The Moroccan Economy—Social Policy—Other Social Programmes*".

- Further subsidy reform measures currently in progress include the gradual elimination of flour, butane gas and white sugar subsidies. The Government is targeting the elimination of remaining subsidiaries on butane gas, wheat and sugar by 2025, which would enable greater resources to finance the generalisation of health care insurance and the extension of family allowances to seven million Moroccan families.

The Government's subsidy reform programme aims to replace traditional subsidies with better targeted social programmes. The Government's key social programmes include education support programmes (including a conditional cash transfer system (*Tayssir*) and in-kind social programmes, a health waiver programme (RAMED), social programmes targeted to vulnerable groups (including widows (DAAM)), social services for vulnerable groups and a social fund to encourage local infrastructure development and the creation of revenue-generating activities in poor areas (the INDH). See "*The Moroccan Economy – Social Policy*".

Between 2005 and 2017, more than 44,000 projects were completed under the INDH, with a total investment of Dh 43 billion. The third phase of the INDH was launched in 2019, which covers 2019-2023, with a total allocated cost of Dh 18.0 billion. Programmes targeted by the third phase of the INDH include: (i) a deficit reduction programme for infrastructure and basic social benefits; (ii) a support programme for people in precarious situations; (iii) a programme aimed at improvement of the income and economic integration of the youth population; and (iv) a support programme for the human development of future generations.

In 2014, the Support Fund for Social Cohesion began operations. Since its founding and until 30 September 2022, the Support Fund for Social Cohesion has contributed approximately Dh 29.9 billion to the following programmes:

- RAMED programme – Dh 12.2 billion has been allocated to RAMED, including Dh 2.1 billion in 2021, of which Dh 7.4 billion has been for the benefit of university hospitals and the National Health Insurance Agency (ANAM) and more than Dh 4.76 billion has been used to purchase medicines and medical devices. As at 29 September 2022, more than 7.7 million households have registered under, and over 18.4 million people have benefitted from, the RAMED programme;

- *Tayssir* programme – more than Dh 9.8 billion has been allocated, including more than Dh 8.2 billion for the period 2014-2021 and approximately Dh 1.6 billion in 2022;

- the royal initiative "One Million Schoolbags" – Dh 2.5 billion has been allocated, including Dh 322 million for 2022;

- the Assistance Programme for People with Special Needs – Dh 1.1 billion has been allocated during the period 2015-2021 for the benefit of "*Entraide Nationale*", *inter alia*, to purchase specialised equipment and improve school conditions for pupils with special needs; and

- the Direct Aid Programme to Widows in Precarious Situations (DAAM) – Approximately Dh 3.2 billion (including Dh 613 million mobilised as at 30 September 2022) has been allocated to more than 126,640 widows and more than 214,000 orphans (as at 29 September 2022)

See "*Risk Factors—Risks Relating to the Kingdom—Other Risks Relating to the Kingdom—Subsidies*".

The 2022 Budget

The 2022 budget projected a fiscal deficit amounting to 5.9% of GDP. The 2022 budget had the following key priorities: (i) consolidation of the bases for relaunching the national economy (post COVID-19); (ii) strengthening mechanisms for inclusion and progress in the generalisation of social protection; (iii) strengthening human capital; and (iv) public sector reform and strengthening governance mechanisms.

In June 2022, the Government authorised a Dh 16 billion subsidy increase, in addition to the Dh 17 billion allocated for subsidies in the 2022 budget. This increase was in response to the international context due to the impact of the COVID-19 pandemic, as well as increased food and fuel prices.

In October 2022, the Government announced a further expansion of the 2022 budget by Dh 12 billion. This measure resulted in Dh 7 billion in additional support for certain state-owned enterprises affected by the increase in international prices, Dh 2 billion of additional support for *Caisse Marocaine des Retraites* and Dh 3 billion of additional support to cover unforeseen expenditures.

Preliminary results for 2022 demonstrate an overall fiscal deficit of 5.1% (excluding privatisation receipts). See "*—Public Accounts*".

The 2023 Budget

On 3 August 2022, the Head of Government issued a circular inviting ministries and institutions to provide their budgetary proposals for 2023 in line with four key principles set out in the circular: (i) strengthening the foundations of the social state; (ii) accelerating the revival of the national economy through support for investment; (iii) strengthening spatial justice and advanced regionalisation to reduce social disparities; and (iv) restoring budgetary margins to guarantee the sustainability of reforms. Following parliamentary review and debate, water management was also added as a key principle of the 2023 budget.

In October 2022, the Minister of Economy and Finance announced that the Government had prepared a draft budget targeting economic growth of 4%, a fiscal deficit of 4.5% of GDP and inflation of 2%. In November 2022, the House of Representatives approved the 2023 draft budget law and forwarded it to the House of Counsellors for review. In December 2022, the House of Representatives approved the 2023 budget following the introduction of a number of modifications introduced by the House of Counsellors, including an increase in the budget for transparency and anti-bribery programmes.

The 2023 budget aims to continue with targeted subsidies through the implementation of a national register, as well as with the generalisation of social safety nets and improvements to health services. The 2023 budget also increases the education budget by approximately 10% and exempts newly-founded companies from income tax until the end of 2026. The final 2023 budget was published in the *Official Bulletin* on 23 December 2022. A three-year budget plan accompanied the 2023 budget, fully-implementing the requirements set out in the Organic Budget Law. The 2023 budget forecasts a gradual decline of the fiscal deficit over the next three years (with economic growth targets of 3.7% in each of 2024 and 2025 and a targeted fiscal deficit of 3.5% of GDP in 2025, aimed at maintaining the Central Government debt ratio below 70% of GDP), despite an increase in Government spending related to the generalisation of social protection and reforms of the healthcare and education systems.

See "*—Public Accounts*".

Taxation

The major sources of revenue are direct and indirect taxes. The most significant direct taxes are corporate income tax and income tax. The corporate income tax rate is assessed on a progressive scale of 10% for companies with annual income between Dh 0 and Dh 300,000, 20.0% for companies with annual income between Dh 300,001 and Dh 1.0 million (this new rate was introduced in the 2020 budget, compared with 17.5% in the 2019 budget), 31.0% for companies with annual income in excess of Dh 1.0 million and 26.0% for industrial companies (this new rate was introduced in the 2020 budget, as compared with the 31.0% rate provided in the 2019 budget). Credit institutions and insurance companies pay corporate income tax at a flat rate of 37%. Personal income tax applies to the income and profits of individuals and legal persons who have not opted for corporate tax. The income tax has five brackets with a minimum rate of 0% for Moroccans earning less than Dh 30,000 per year and a maximum rate of 38% for those earning more than Dh 180,000.

Indirect taxes include VAT and domestic taxes on consumption. VAT, which is a tax on turnover, is applicable to all industrial, commercial and trade activities, services and imports subject to certain exemption. There are four VAT rates with a standard rate of 20% and reduced rates of 7%, 10% and 14% applicable to certain professional activities, electricity and water consumption, pharmaceutical products, banking and currency transactions, brokerage services and dealings with shares in mutual funds. Consumption taxes are collected on petroleum and tobacco products. Other sources of tax revenues include custom duties, registration fees, stamp duties and a special annual tax on vehicles. The Government remains committed to reforming VAT rates, including, *inter alia*, reducing the number of VAT rates to one or two.

Revenue is also received from custom duties, which include import duties. The Government has simplified customs procedures in recent years to reduce costs, including the cost of compliance, remove out-dated tariffs, combat false declarations and improve efficiency and transparency.

The Kingdom has 65 double taxation agreements in force.

Following the 2013 National Conference on Taxation, a consensus emerged on the need to reform the tax system with the aim of establishing tax equity, encouraging investment and establishing a relationship of trust with the taxpayer. Since 2014, tax reforms have focused on broadening the tax base, VAT reform and the rationalisation of tax expenditures.

In addition, the Government has taken a number of steps to simplify and clarify the tax system, increase transparency and digitalisation, improve the ease of doing business and encourage investment and entrepreneurship in the Kingdom. The Government has also targeted progressive tax reforms certain key sectors, including, *inter alia*, construction, housing and social housing, agriculture and training, in order to promote increased activity in such sectors.

In May 2019, the 2019 National Conference on Taxation was held. Recommendations agreed during the conference included (i) establishing value added tax neutrality, tax progressivity and grouping local and para-fiscal taxes in a single code, (ii) affirming the principles of fairness, transparency, efficiency, and the importance of balance between taxpayers and the administration, and (iii) strengthening penalties for serious offences such as tax evasion. Elements of these recommendations were included in the 2020 and 2021 budget laws.

In July 2021, framework Law № 69-19 on fiscal reform was adopted, with the aim of setting out the fundamental principles and policy guidelines for tax reform during the period 2021-2026 based on the recommendations agreed at the 2019 conference. The key objectives set out in this law are to: (i) strengthen the contribution of taxation to the financing of development policies; (ii) reduce the tax burden on the taxpayer as the tax base broadens; (iii) consecrate the principle of tax neutrality for VAT; (iv) converge preferential regimes towards international norms and standards and good tax practices; (v) encourage companies to consolidate their national and international competitiveness; (vi) mobilise savings and direct them towards the productive sectors; (vii) gradually implement the principle of global personal income taxation; (viii) rationalise tax incentives according to their socio-economic impact and in light of the above priorities; (ix) simplify, rationalise and harmonise local authority taxes; (x) integrate the informal sector into the formal sector; (xi) simplify and adapt the tax regime applicable to local activities generating modest income; (xii) strengthen the mechanisms for combating fraud and tax evasion; (xiii) converge and harmonise the rules of taxation of local authorities with those governing the taxation of the State; and (xiv) combine taxes relating to economic activities and those relating to real estate assets.

In line with the framework Law, in the 2023 budget law, the Government has set out reform for the corporate income tax system, to be implemented over a four-year period (between 2023 and 2026), which includes: (i) replacing (on a staggered, progressive basis) multiple tax rates with a standard rate of 20% (subject to certain exceptions); (ii) reducing the dividend tax rate from 15% to 10%; and (iii) lowering the minimum corporate income tax rate from 0.5% to 0.25%. Taxes on employees and pensioners have also been reduced through revisions to deductions and exemptions to lower taxable income. Lost revenues from such revisions are expected to be offset by subjecting all personal incomes to personal income tax and applying a withholding tax for certain income sources.

Fiscal Decentralisation

In recent years, the Government has adopted a number of fiscal decentralisation measures, including the adoption of an organic law for the regions in 2015, which aims to modernise the regional institutional framework and reinforce governance at the local level. Two further organic laws have since been adopted relating to the prefectures, provinces and local communities. In January 2019, Parliament adopted a new law to strengthen the role of regional investment centres and to better reflect local needs. The majority of the Kingdom's regions have established regional development plans, which are in the process of being implemented. A "deconcentration" charter, which clarifies the attributions of decentralised State services and introduces transparent criteria for the transfer of skills and resources to the local level, has been implemented by the Government. On 27 December 2018, Decree № 2-17-618 on the National Charter for Administrative Deconcentration was published, followed by Decree № 2-19-40 on 25 January 2019, which together established a framework for implementing, monitoring and evaluating the process of administrative devolution. The process is led by an Interministerial Commission, which is responsible for approving draft master plans for deconcentration and is assisted by the establishment of Regional Coordination Committees and General Secretariats of Regional Affairs, which are responsible for assisting the *walis* of the regions in the co-ordination of decentralised services. This framework has been implemented gradually over a three-year period from 2020 to 2022. As at July 2020, the

Interministerial Commission had approved the master plans of deconcentration of 12 ministries (22 ministerial departments).

PUBLIC DEBT

General

Morocco's central Government debt is comprised of the domestic and external debt of the central Government (excluding deposits), consolidated central Government debt is comprised of central Government debt plus the debt of administrative public establishments (extra-budgetary central Government) and deposits with the Treasury made by state-owned enterprises (excluding administrative public establishments), minus public debt held by social security funds and consolidated general Government debt is comprised of total consolidated central Government debt plus the debt of local authorities. Public external debt is comprised of the external debt of the treasury and the external debt of public enterprises and local authorities (guaranteed and non-guaranteed).

As at 31 December 2022, Morocco's total central Government debt was Dh 951.7 billion (consisting of domestic debt amounting to Dh 722.2 billion (or 75.9% of the total) and external debt amounting to Dh 229.5 billion (or 24.1% of the total). The average life of central Government debt was approximately 6.7 years as at 31 December 2022, as compared to 7.2 years as at 31 December 2021, 7.4 years as at 31 December 2020 and 6.9 years as at 31 December 2019. The reduction in the average life of central Government debt in 2022 was primarily due to an increase in the concentration of short-term treasury bonds in the context of inflationary pressures and concerns surrounding rate increases. The average life of central Government debt remains above the Government's benchmark objective of six years.

In its 2022 analysis of Morocco's public debt sustainability, the IMF noted that Morocco's public sector remains "*sustainable over the medium term, reflecting the gradual process of fiscal consolidation, the large base of domestic institutional investors, the long average maturity, and the low [foreign exchange] share of Moroccan debt*", while also noting that "*the COVID-19 crisis left a legacy of a higher central government debt-to-GDP ratio*".

The table below shows Morocco's public sector debt as at the dates indicated.

Public Debt[1]

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**[(2)]
			(Dh billions)		
Central Government domestic debt	574.6	585.7	632.9	681.5	722.2
Central Government external debt	148.0	161.6	199.7	203.8	229.5
Central Government Debt[(3)]	**722.6**	**747.3**	**832.6**	**885.3**	**951.7**
Debt of public establishments	20.1	23.1	31.5	7.4	7.3
Public debt held by social security funds	(189.5)	(1988.2)	(184.5)	(178.2)	(167.9)
Total Consolidated Central Government Debt	**601.2**	**631.7**	**722.8**	**773.0**	**853.0**
Debt of local authorities	20.2	23.4	24.9	26.3	27.1
Total Consolidated General Government Debt	**621.4**	**655.1**	**747.7**	**799.3**	**880.1**
Central Government external debt	148.0	161.5	199.7	203.8	229.5
State owned enterprises and local authorities external debt	179.1	179.9	177.5	175.9	194.0
Public External Debt	**327.1**	**341.5**	**377.2**	**379.7**	**423.5**
Central Government Debt/GDP	60.5	60.3	72.2	68.9	69.4
Consolidated Central Government Debt/GDP[(4)]	50.3	50.9	62.7	60.2	62.2
Consolidated General Government Debt/GDP[(4)]	52.0	52.8	64.9	62.2	64.2
Public External Debt/GDP	27.4	27.5	32.7	29.5	30.9
Average Cost					
Central Government domestic debt	4.3	4.2	3.9	3.7	3.4
Central Government external debt	2.4	2.6	2.5	2.4	2.4
Average Life					
Average life of Central Government debt (*years*)	6.4	6.9	7.4	7.2	6.7
Average life of Central Government domestic debt (*years*)	6.0	6.6	6.6	6.4	5.7
Average life of public external debt (*years*)	8.0	8.1	9.8	9.6	9.1
Central Government Debt Interest Service[(5)]					
Central Government Domestic Debt Interest Service (*%*)	8.7	8.2	9.1	8.0	7.0
Central Government External Debt Interest Service (*%*)	1.4	1.4	1.6	1.7	1.5

Source: Ministry of Economy and Finance.

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary figures.
(3) Excludes deposits with the Treasury.
(4) Includes deposits with the Treasury.
(5) Interest on Central Government debt as a percentage of Government revenues.

Domestic Debt

The principal placement of domestic debt is through the auction market of Government debt instruments, which represents the main source of financing for the Government. As at 31 December 2022, treasury bonds issued at auctions accounted for 92% of Central Government domestic debt and 70% of total central Government debt.

The following table sets forth the composition of Morocco's domestic public debt as at the dates indicated.

Outstanding Domestic Debt(1)

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**(2)
			(Dh billions)		
Auctioned treasury bonds	546.2	557.2	600.7	646.6	665.8
Other	28.4	28.5	32.2	34.9	56.4
Total	**574.6**	**585.7**	**632.9**	**681.5**	**722.2**

Source: Ministry of Economy and Finance.

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary figures.

Auctioned treasury bonds may be issued in nine different maturities (as set forth in the table below). In accordance with the issuance timetable adopted in May 2014: (i) treasury bonds with maturities of 13 weeks, 52 weeks and two years are auctioned on the first and third Tuesday of each month; (ii) treasury bonds with maturities of 26 weeks, 52 weeks, five years and 15 years are auctioned on the second Tuesday of each month; (iii) treasury bonds with maturities of 26 weeks, two years, ten years and 20 years are auctioned on the last Tuesday of each month; and (iv) treasury bonds with maturities of 30 years are auctioned on the last Tuesday of each quarter. Treasury bonds are issued with coupons attached. The Treasury may also issue (off-schedule) auctioned treasury bonds with maturities ranging from seven days to ten weeks.

In addition, in order to diversify its financing instruments while offering investors treasury bonds that permit hedging against interest rate risk, in November 2022, the Treasury issued a five-year floating rate treasury bond indexed to the 52-week treasury bond rate, with proceeds of Dh 9 billion raised from the issuance. In February 2023, the Treasury also issued a two-year floating rate treasury bond indexed to the 13-week treasury bond rate, with proceeds of Dh 7 billion raised from the issuance.

The following table summarises the outstanding amount of Moroccan treasury bonds issued as at the dates indicated.

Outstanding Amount of Treasury Bonds by Auction(1)

	As at 31 December				
Maturity	**2018**	**2019**	**2020**	**2021**	**2022**(2)
			(Dh millions)		
30 years	19,958	22,577	32,095	36,749	37,371
20 years	57,081	66,223	72,384	78,384	78,384
15 years	125,087	135,322	125,336	123,076	122,719
10 years	116,125	129,367	121,781	133,929	133,851
5 years	145,466	145,432	159,384	170,633	173,764
2 years	62,391	47,669	56,937	78,192	72,201
52 weeks	20,097	9,939	23,062	23,970	18,771
26 weeks	—	132	7,479	1,100	6,526
13 weeks	—	500	2,284	600	12,178
32 days	—	—	—	—	10,000
Total	**546,205**	**557,161**	**600,741**	**646,633**	**665,764**

Source: Ministry of Economy and Finance.

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary figures.

In 2008, the Budget Act authorised the Government to undertake active domestic debt management activities through the repurchase or exchange of government securities. The aim of such activities is to reduce the Government's future refinancing risk and to enhance liquidity in the secondary market.

The following table sets forth information regarding exchange and buyback operations conducted by the Government in the periods indicated.

Exchange and Buyback Operations

	Year ended 31 December				
	2018	**2019**	**2020**	**2021**	**2022**
Number of Operations					
Exchange	10	10	9	8	2
Buyback	—	1	3	—	—
Total	**10**	**11**	**12**	**8**	**2**
Volume Purchased *(Dh millions)*					
Exchange	19,794	37,728	21,952	21,472	8,606
Buyback	—	6,340	13,958	—	—
Total	**19,794**	**44,068**	**35,910**	**21,472**	**8,606**

Source: Ministry of Economy and Finance.

The average life of central Government domestic debt as at 31 December 2022 was 5.7 years. The average cost of central Government domestic debt decreased from 4.5% in 2017 to 3.4% in 2022. The portion of the Kingdom's central Government domestic debt that is domestic medium- and long-term debt was 87% as at 31 December 2021 and decreased to 79% as at 31 December 2022.

The following table shows the annual weighted average interest rate, at issue, of Moroccan treasury bonds sold by auction as at the dates indicated.

Weighted Average Rate of Moroccan Treasury Bonds(1)

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**(2)
			(%)		
30 years	—	4.20	3.73	3.30	3.28
20 years	3.98	3.63	3.20	2.89	—
15 years	3.70	3.45	2.94	2.65	2.70
10 years	3.32	3.03	2.59	2.34	2.44
5 years	2.81	2.65	2.31	2.00	2.16
2 years	2.56	2.42	2.16	1.72	1.95
52 weeks	2.41	2.31	1.96	1.54	1.81
26 weeks	2.19	2.23	1.63	1.42	1.89
13 weeks	2.17	2.18	1.62	1.36	2.20
32 days	—	—	—	—	2.64

Source: Ministry of Economy and Finance.

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary figures.

The investor base for domestic securities is diversified. As at 31 December 2022, pension funds and insurance companies held approximately 17% of domestic Government securities, banks approximately 31% and OPCVMs approximately 38%.

Debut Sukuk Issuance

In October 2018, the Kingdom issued Dh 1.0 billion trust certificates due 2023, the Kingdom's debut sukuk issuance, using an Ijara structure. The certificates have an annual periodic distribution amount of 2.66%. The sukuk issuance formed part of the Ministry of Economy and Finance's efforts to support the development of participatory finance in the Kingdom. The certificates were oversubscribed by almost 3.6 times.

Public External Debt

As at 31 December 2022, Morocco's public external debt was approximately U.S.$40.5 billion, the average life was 9.1 years and the average cost was 2.5%, as compared to public external debt of approximately U.S.$34.2 billion as at 31 December 2018, equivalent to 27.4% of GDP, with an average life of 8.0 years and an average cost of 2.6%.

The following table sets forth information relating to Morocco's public external debt as at the dates indicated.

Public External Debt[1]

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**[2]
Public External Debt					
in Dh billions	327.1	341.5	377.2	379.7	423.5
in U.S.$ billions	34.2	35.6	42.4	40.9	40.5
Total Public External Debt					
as a % of GDP	27.4	27.5	32.7	29.5	30.9
as a % of Current Receipts of Balance of Payments	66.2	67.0	83.8	70.2	58.9
as a % of official reserves	139.9	134.8	117.7	114.8	125.4
*short term principal reimbursements as a % of official reserves*s	8.9	13.0	10.2	11.3	7.0
Public External Debt Service					
in Dh billions	28.5	29.1	41.3	41.4	46.9
in U.S.$ billions	3.0	3.0	4.4	4.6	4.6
as a % of Current Receipts of Balance of Payments	5.8	5.7	9.2	7.7	6.5

Source: Ministry of Economy and Finance.

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary figures.

A majority of Morocco's external debt is on concessional terms. As at 31 December 2022, 52.3% of Morocco's public external debt was owed to multilateral creditors (as compared to 49.3% as at 31 December 2021) and 22.4% was owed to bilateral creditors (as compared to 22.3% as at 31 December 2021).

The following table sets forth Morocco's total public external debt by type of creditor as at the dates indicated.

Public External Debt by Creditors[(1)(2)]

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**[(3)]
			(U.S.$ millions)[(4)]		
Bilateral creditors					
EU countries	6,436	6,054	6,810	6,315	6,526
France	*3,671*	*3,509*	3,841	3,540	3,417
Arab countries	1,353	1,270	1,194	1,090	955
Other countries	1,949	1,809	1,754	1,733	1,603
United States of America	*70*	*56*	44	34	25
Total Bilateral creditors	**9,738**	**9,133**	**9,758**	**9,138**	**9,084**
Multilateral creditors					
World Bank	*5,751*	*6,638*	8,115	8,361	8,907
Total Multilateral creditors	**16,673**	**17,619**	**20,775**	**20,162**	**21,208**
Private creditors					
Private commercial banks and Eurobonds	*7,782*	*8,848*	11,826	11,619	10,237
Total	**34,193**	**35,600**	**42,359**	**40,919**	**40,529**

Source: Ministry of Economy and Finance.

Notes:
(1) Including external debt of state-owned enterprises and local authorities guaranteed by the Government.
(2) Certain line items and figures differ from previously published data due to ongoing revisions.
(3) Preliminary figures.
(4) Calculated on the basis of the exchange rate published by the *Bank Al-Maghrib* at the end of the relevant period.

The following table sets forth the currency breakdown of Morocco's public external debt as at the dates indicated.

Public External Debt by Currency[(1)]

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**[(2)]
			(% of total)		
U.S. Dollars	28.3	27.0	29.7	30.4	30.2
Euros	59.6	62.0	60.8	60.6	61.5
Japanese Yen	3.8	3.5	3.0	2.6	2.4
Others	8.3	7.5	6.5	6.4	5.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Ministry of Economy and Finance.

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary figures.

The following table sets forth the currency breakdown of Morocco's Central Government external debt as at the dates indicated.

Central Government External Debt by Currency(1)

	As at 31 December				
	2018	**2019**	**2020**	**2021**	**2022**(2)
			(% of total)		
U.S. Dollars	28.5	26.4	33.5	31.9	31.4
Euros	63.2	66.7	60.6	63.1	64.0
Japanese Yen	2.9	2.5	1.9	1.6	1.8
Others	5.4	4.4	4.0	3.4	2.8
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Ministry of Economy and Finance.

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary figures.

The structure of Morocco's Central Government external debt is generally kept in line with the basket of currencies to which the Dirham is pegged in order to reduce exchange rate risk. See "*Monetary and Financial System—Exchange Rate Regime*" and "*Risk Factors—Risks Relating to the Kingdom—Risks Relating to the Kingdom's Economy and Finances—Economic Risk*".

The following table sets forth details of Morocco's outstanding international Government Bonds.

Outstanding International Government Bonds

Issue Date	Issue Size	Coupon	Maturity
11 December 2012	U.S.$1,000,000,000	4.25%	11 December 2022
11 December 2012	U.S.$500,000,000	5.50%	11 December 2042
29 May 2013	U.S.$500,000,000(1)	4.25%	11 December 2022
29 May 2013	U.S.$250,000,000(2)	5.50%	11 December 2042
19 June 2014	€1,000,000,000	3.50%	19 June 2024
27 November 2019	€1,000,000,000	1.50%	27 November 2031
30 September 2020	€500,000,000	1.375%	30 March 2026
30 September 2020	€500,000,000	2.00%	30 September 2030
15 December 2020	U.S.$750,000,000	2.375%	15 December 2027
15 December 2020	U.S.$1,000,000,000	3.00%	15 December 2032
15 December 2020	U.S.$1,250,000,000	4.00%	15 December 2050

Source: Ministry of Economy and Finance.

Notes:

(1) Consolidated and forming a single series with the U.S.$1,000,000,000 4.25% Notes issued on 11 December 2012.

(2) Consolidated and forming a single series with the U.S.$500,000,000 5.50% Notes issued on 11 December 2012.

The following table provides a breakdown of projected public external debt service requirements calculated as at 31 December 2022 for the years indicated

Projected Public External Debt Service Based on Outstanding Amounts as at 31 December 2022

Year	Principal Repayments	Interest Payments	Total Debt Service
		(Dh millions)	
2022	37,282	9,660	46,942
2023	24,783	11,349	36,132
2024	44,527	10,994	55,521
2025	29,886	9,734	39,620
2026	29,273	8,818	38,091
2027	30,712	8,118	38,830
2028	21,266	7,237	28,503
2029	22,119	6,914	29,033
2030	24,867	6,322	31,189
2031	36,659	5,498	42,157
2032	26,480	4,721	31,201

Source: Ministry of Economy and Finance.

State-owned Enterprises

The Government guarantees certain debts of the Kingdom's state-owned enterprises. The amounts outstanding under guarantees (which are included in the public external debt) have increased from Dh 125.7 billion as at 31 December 2017 to Dh 132.7 billion as at 31 December 2022. The ratio of external indebtedness of state-owned enterprises to GDP of 15.6% as at 31 December 2017 decreased to 13.6% as at 31 December 2022. As at 31 December 2022, the amount of outstanding guaranteed external indebtedness of state-owned enterprises (which is included in public external debt) was approximately Dh 129.6 billion.

International Institutions

Considerable financing from official bilateral and multilateral sources, as well as debt rescheduling, have supported Morocco's public finances and adjustment strategy.

IMF

Morocco has been a member of the IMF since 25 April 1957. Morocco's adjustment efforts were supported by nine IMF arrangements, with an arrangement in effect at least part of every year during 1980-1993. During this period, the IMF committed SDR 3,040 million to Morocco under stand-by and extended arrangements, and Morocco used resources amounting to a cumulative total of SDR 1,733 million by the end of March 1993, when the last stand-by arrangement expired, including SDR 351 million under a compensatory financing facility. In addition to financial support, the IMF also provided extensive technical assistance in a number of fields, notably in the areas of expenditure control and monitoring, tax system reform, exchange rate policy, the financial sector, government finance statistics, monetary frameworks and inflation targeting, and macro-prudential policy. Since February 1997, these IMF borrowings have been fully repaid.

In August 2012, the IMF approved its first Precautionary and Liquidity Line ("**PLL**") to the Kingdom, in an amount of SDR 4.1 billion (approximately U.S.$6.2 billion) with a duration of 24 months. The PLL was aimed at ensuring the Kingdom would have sufficient resources in the event of an economic shock, including fluctuations in oil prices and the potential impact of the economic downturn in Europe and the Eurozone crisis, as well as to reinforce confidence in the Moroccan economy.

In July 2014, the IMF approved a second SDR 3.2 billion (approximately U.S.$5.0 billion) PLL, aimed at providing the Kingdom with an insurance policy for meeting immediate financing needs, strengthening market confidence and facilitating better access to private capital markets.

In July 2016, the IMF approved a third SDR 2.5 billion (approximately U.S.$3.5 billion) PLL, which the IMF described as useful insurance against external shocks and aimed at further strengthening the economy's resilience and fostering higher and more inclusive economic growth.

In December 2018, the IMF approved the Fourth PLL in an amount of SDR 2.2 billion (approximately U.S.$3.0 billion). The Fourth PLL arrangement was aimed at supporting a reform programme relating to education, public sector governance and the tax system, improving the business environment to enhance competition and development for SMEs, continuing the transition to greater exchange rate flexibility, strengthening the monitoring of state-owned enterprises and strengthening the targeting and efficiency of social spending. The Fourth PLL had a duration of 24 months. The Kingdom has historically treated this facility as precautionary, to be drawn on only in the event of severe exogenous shocks. On 7 April 2020, as part of its response to the COVID-19 pandemic, the Kingdom drew on the Fourth PLL for an amount equivalent to approximately U.S.$3.0 billion. The amount is repayable over five years, with a grace period of three years. The drawdown on the Fourth PLL was made available to Bank Al-Maghrib to use mainly to finance the balance of payments and to support the Moroccan economy.

In January 2021, the Kingdom repaid almost U.S.$1 billion of amounts drawdown under the Fourth PLL early. In November 2022, the Minister of Economy and Finance and Bank Al-Maghrib signed a memorandum of understanding permitting the Treasury to use the remaining amount of funds drawn under the PLL in 2020 to fund domestic currency needs. In November 2022, the Kingdom proceeded with the disbursement of approximately SDR 1.5 billion of available funds under the Fourth PLL for its financing needs.

The IMF published its most recent Article IV consultation report on the Kingdom in January 2023 and the IMF's Executive Board "*commended the authorities for the very strong policy response that has mitigated the social and economic impact of the recent negative shocks*".

The World Bank

Morocco's partnership with the World Bank has focused on solar power, sanitation, roads, digital and financial inclusion and employment projects.

In March 2017, the World Bank approved a U.S.$150 million financing to promote innovative start-ups and job creation and, in December 2017, the World Bank Board approved a €172 million loan to the Municipality of Casablanca. In June 2018, the World Bank approved U.S.$90 million in additional support for Morocco's adoption of innovative solar technology, to support the development and construction of the Noor-Midelt I and II plants, which are expected to have a total capacity of 600-800 MW.

In February 2019, the Board of Directors of the World Bank adopted a new Country Partnership Framework with Morocco to guide the World Bank's financial and technical assistance programme for the period 2019-2024 (the "**2019-2024 CPF**"). The 2019-2024 CPF aims to support the Kingdom's objectives to increase competitiveness and boost shared prosperity. The 2019-2024 CPF has three strategic pillars: (i) promoting job creation by the private sector; (ii) strengthening human capital; and (iii) promoting inclusive and resilient territorial development. Governance and citizen engagement are foundational principles of the 2019-2024 CPF and gender and digital technology are themes that run through the framework. The 2019-2024 CPF has the overarching goal of contributing to social cohesion by improving the conditions for growth and job creation and reducing social and territorial disparities.

In February 2019, the World Bank Board approved a U.S.$700 million financing to promote Financial Inclusion and Digital Economy, and, in May 2019, the World Bank Board approved a U.S.$55 million loan to support economic inclusion of youth.

In June 2019, the World Bank Board approved U.S.$500 million in financing to support education programmes and, in November 2019, the World Bank approved a U.S.$300 million financing to support the municipal performance programme. The World Bank Board approved, in December 2019, a U.S.$275 million financing to promote a disaster risk management development policy with a catastrophe deferred drawdown option, which included a trigger for pandemic risk, enabling it to be deployed as part of the Kingdom's efforts to combat the COVID-19 crisis. This loan was disbursed in full on 6 April 2020.

In June 2020, the World Bank approved an additional loan in the amount of U.S.$35 million to be used for the purpose of improving primary health services in rural areas and responding to the COVID-19 pandemic. On 22 June 2020, the World Bank approved the first Financial and Digital Inclusion Development Policy Financing in an amount of U.S.$500 million. This loan was disbursed in full on 17 August 2020. On 3 November 2020, the World Bank approved U.S.$150 million in additional financing for Morocco's Urban Transport Programme, which started in 2015. The main focus of the additional financing is to adapt the programme to address new priorities of mobility, including those related to the impact of COVID-19, and to scale it up. In December 2020, the World Bank approved a U.S.$250 million programme to support Morocco's agriculture sector's Green Generation Strategy, as part of a joint operation with the AFD. Also in December 2020, the World Bank approved a U.S.$400 million programme to support Morocco's social protection system through support of poor and vulnerable households during the COVID-19 pandemic and measures to reinforce their resilience to future shocks.

In June 2021, the World Bank approved a U.S.$450 million loan to support momentum in Morocco for reforms designed to increase public access to financial and digital services. Also in June 2021, the World Bank approved U.S.$100 million in additional financing to help Morocco strengthen its ability to withstand the impact of natural disasters. In June 2021, the World Bank also approved a U.S.$450 million loan to support Morocco's long-term strategy to strengthen human capital through access to early childhood development services. In December 2021, the World Bank approved a U.S.$450 million loan to support key governance reforms in Morocco as part of the Government's strategy to modernise the public sector through improved performance and transparency of government operations and service delivery.

In March 2022, the World Bank approved a U.S.$180 million investment project finance loan to support resilient and sustainable agriculture in Morocco. In May 2022, the World Bank approved a U.S.$350 million loan to support the Government's launching of its "Blue Economy programme. The programme aims to improve job creation and economic growth, as well as the sustainability and resilience of natural resources and food security. In June 2022, a delegation of World Bank Group Executive Directors held a five-day visit to Morocco and "*expressed strong support for the country's sustainable development priorities*". In June 2022, the World Bank approved a U.S.$250 million financing for the MA North-East Economic Development Project, which aims to improve connectivity and growth and boost human capital in North-East Morocco in line with the reforms set out in the New Development Model. Also in June 2022, the World Bank approved U.S.$100 million of additional financing for the Casablanca Municipal Support Programme, building on the success of the initial programme originally approved in 2017. In the first half of 2022, the World Bank approved U.S.$500 million to help strengthen human capital and resilience. This budget support programme targets improvements in the protection against health risks, human capital losses during childhood, poverty in old age, and climate change risks.

As at 31 July 2022, the total cumulative committed amounts by the World Bank were U.S.$23.1 billion covering 322 projects and total lending at project level for the period from the 2019 fiscal year to the 2023 fiscal year was a principal amount of U.S.$6.0 billion.

African Development Bank

Morocco's partnership with the African Development Bank (the "**AfDB**") for the period 2017-2021 was set out in a Country Strategy Paper comprising a green industrialisation pillar and a pillar aimed at improving living conditions through the creation of employment opportunities for women and the youth, as well as in rural areas. This Country Strategy Paper was subsequently extended to cover the period 2022-2023.

In 2019, commitments with the AfDB were more than €758 million, of which: (i) €268 million was allocated to fund the second phase of a programme aimed at accelerating industrialisation through SMEs and the exporting sectors; (ii) U.S.$73 million was allocated to support the first phase of the NOOR Midelt Solar Central Project; (iii) U.S.$96.6 million was allocated to finance a results-based programme for improving access to employment; (iv) a non-sovereign loan of €180 million was granted for the Jorf Lasfar Phosphate Hub Expansion Programme; (v) a non-sovereign loan of €100 was granted as a line of credit to *Banque Centrale Populaire*; and (vii) a non-sovereign loan of €50 million was granted for TEKCIM cement's cement plant project.

In 2020, commitments with the AfDB were €711.9 million, of which: (i) €264 million was allocated to fund the COVID-19 Response Support Programme; (ii) €204 million was allocated to fund the Social Protection Improvement Support Program; and (iii) €243.9 million was allocated to fund the Power Transmission Network Development and Rural Electrification Programme.

In 2021, commitments with the AfDB were €369.9 million, of which: (i) €120 million was allocated to fund the Programme for Financial Inclusion, Entrepreneurship and Micro-enterprises for Economic Recovery; (ii) additional funding of €117.8 million was allocated to the Social Protection Improvement Support Programme; (iii) €114.0 million was earmarked for financing the Inclusive and Sustainable Development Project for Agricultural and Rural Areas; and (iv) an €18 million was allocated to fund the Water Access Sustainability Project.

In 2022, commitments with the AfDB were €447.2 million, of which: (i) €70 million was allocated to support the Project to Strengthen Drinking Water Production and Improve Technical and Commercial Performance; (ii) €57 million in supplementary financing was allocated to support the Nador West Med Port Complex Construction Project; (iii) €34.2 million was allocated to the Rabat-Salé Airport Modernisation and Extension Project; (iv) €87 million was allocated to finance the first phase of the Support Programme for the Generalisation of Social Coverage; and (v) €199 million was allocated to support the Programme for Competitive and Resilient Development of Cereal Farming.

As at 31 December 2022, the total amount owed to the AfDB was U.S.$5.0 billion.

Arab Monetary Fund

Morocco's partnership with the Arab Monetary Fund has focused on financing structural reforms.

As at 31 December 2022, the total amount owed by the central Government to the Arab Monetary Fund was U.S.$388 million.

In 2020, Morocco received funding of U.S.$402 million from the Arab Monetary Fund, which was used to strengthen financial reforms and introducing measures aimed at increasing trade.

In September 2021, Morocco received funding of U.S.$87.2 million from the Arab Monetary Fund, which was used to strengthen Government finances reforms.

In 2022, Morocco received funding of U.S.$51 million from the Arab Monetary Fund, which is expected to be used to strengthen reforms to improve the environment for SMEs.

European Union

The EU has provided Morocco with financial assistance through a range of programmes, notably the ENI and NDICI. See "*Description of the Kingdom of Morocco—International Relations*".

European Investment Bank

Morocco's partnership with the EIB is focused on projects in environment, infrastructure, innovation and the SME and mid-cap sectors and stretches back to 1979.

In response to the COVID-19 pandemic, the EIB provided €500 million in loans to help Morocco's efforts during the pandemic, including €300 million under the "Morocco SME Public Support COVID-19 Response" project.

In 2022, aggregate disbursements of €381 million were made by the EIB in Morocco, including €350 million aimed at public sector projects.

As at 10 January 2023, the EIB had financed 133 projects in Morocco for investment of €9.5 billion. As at 31 December 2022, the total amount owed by the public sector to the EIB was €3.1 billion.

L'Agence Française de Developpement

Morocco's partnership with the AFD is focused on projects in the energy, water, education, health, rural roads, ports, airports, professional training, microenterprises and SMEs sector. As of December 2022, the AFD had committed €5.6 billion to Moroccan projects since 1992.

In 2020, in response to the COVID-19 pandemic, the AFD accelerated its disbursements which amounted, as at 31 December 2020, to €318 million, of which €90 million was in relation to credit lines concluded in 2019 with local banks to support SME credit and refinancing activities.

In 2021, Morocco mobilised €583 million of loans from AFD to finance public projects, including in the agricultural sector, to support the generalisation of compulsory health insurance, gender responsive budgeting, biodiversity and forests and territorial resilience. In 2021, AFD disbursements for Morocco were approximately €250 million. In 2022, Morocco mobilised €200 million of loans from AFD to finance public projects. AFD disbursements for Morocco reached €401 million in 2022.

Kreditanstalt für Wiederaufbau

Morocco's partnership with the German government is focused on projects that support environmental conservation, the energy and water sectors, and sustainable economic development. This partnership is mainly implemented by the *Kreditanstalt für Wiederaufbau* ("**KfW**"), a state-owned development bank based in Frankfurt, acting on behalf of the German government.

As at 31 December 2022, the overall commitment of KfW in Morocco since 1965 exceeded €5.7 billion. The energy sector is the main beneficiary of the amounts allocated to Morocco. As at 31 December 2022, €4.6 billion had been disbursed.

As part of the implementation of commitments under the G20 Compact with Africa initiative, a partnership for reforms is being initiated with the German government. Under this partnership, KfW is providing Morocco with a loan of €450 million to support financial inclusion, capital markets and financial stability. The loan agreement, with a first tranche of €250 million was signed in 2020 and fully disbursed in 2021. The loan agreement in respect of a second tranche of €150 million was signed in November 2022 and disbursed in December 2022. The loan agreement in respect of a third tranche is under negotiation and is planned to be disbursed in 2023

In order to support the Government's response to the impact of the COVID-19 pandemic on the Moroccan economy, the German government provided €717 million to Morocco: (i) a €300 loan in support of the Government's *Special Fund for the Coronavirus Pandemic Management*; and (ii) a €400 million loan and a €17 million grant to finance the guarantees programme.

An additional €50 million loan, as a guarantee facility for SMEs, was signed in 2020 and has not yet been disbursed. A grant of €20 million was disbursed in 2021 to finance guarantee programmes.

European Bank for Reconstruction and Development

The EBRD designated Morocco a potential beneficiary country of the bank in 2012, pursuant to which EBRD was able to increase its funding activities in Morocco. On 4 November 2013, the EBRD designated Morocco a beneficiary country of the bank.

As at 31 December 2022, EBRD financing in Morocco amounted to €3.8 billion, of which €1.9 billion related to the current portfolio of projects, across 90 projects (of which 69 were active), and approximately 72% has been invested into the private sector. In 2022, loan commitments from EBRD were approximately €721 million, including €169 million in sovereign loans. Sovereign loan disbursements reached €80 million in 2022.

In order to support Morocco's response to the impact of the COVID-19 pandemic on the national economy, the EBRD provided liquidity financing of €300 million to: (i) the *Office National de l'Électricité et de l'Eau Potable*; (ii) the national authority for the management of motorways, *Société Nationale des Autoroutes du Maroc*; and (iii) the *Office National des Aéroports*. In the same context, the EBRD has provided a line of credit of up to €100 million loan to BMCE of Africa, to provide loans to eligible borrowers experiencing a decrease in their activity, turnover and profitability, as a result of the COVID-19 pandemic, as well as a line of credit of up to €44 million to *Banque Centrale Populaire* through its COVID Solidarity Facility.

GCC

In December 2011, certain members of the GCC pledged U.S.$5 billion to fund economic and social development projects in Morocco. See "*Description of the Kingdom of Morocco—International Relations—Gulf Co-operation Council*".

Islamic Development Bank

Morocco and the Islamic Development Bank have co-operated on projects since the 1970s. Total funding from the Islamic Development Bank to Morocco is U.S.$6.8 billion and relates to projects in a number of strategic sectors, including energy, highways, rail transport, rural roads, drinking water and agriculture, as well as a number of trade and technical assistance projects.

In April 2019, Morocco and the Islamic Development Bank signed a memorandum of understanding in respect of U.S.$206 million to fund development projects in 2019. In the context of this memorandum of understanding, three financing agreements were signed in April 2019 for total funding of U.S.$95.6 million relating to the Inclusive Rural Development Project in the Tangier-Tetouan-Al Hoceima Region (funding of U.S.$93.8 million), support to the INDH (grant of U.S.$1.5 million) and support for the development of basic education (grant of U.S.$280,000).

In September 2020, Morocco and the Islamic Development Bank signed an agreement for funding of U.S.$67.5 million for an inclusive social development project in eastern Morocco. In December 2021, Morocco and the Islamic Development Bank signed an agreement for funding of U.S.$15.5 million relating to a Front-End Engineering Design (FEED) study project for the Nigeria-Morocco gas pipeline project.

Public Debt Management

The main objective of public debt management is to ensure that the Government's financing needs, and payment obligations are met at the lowest possible cost over the long term consistent with a prudent level of risk, utilising domestic and external financing sources and contributing to the development of the domestic Government securities market.

Active Debt Management

Since 1996, the Kingdom has been pursuing an active external debt management programme, which has resulted in the settlement of approximately U.S.$9 billion of debt, of which: (i) U.S.$1.0 billion of debt was converted into private investments; (iii) U.S.$1.0 billion of debt was converted into public investments; and (iii) debt refinancing and derivative instruments have been used to reduce the exposure of the Kingdom's debt portfolio to interest and exchange rate fluctuations in respect of approximately U.S.$7 billion of debt.

The Kingdom also uses swap transactions as a form of active debt management. In 2021, six currency swaps were executed in respect of six loans entered into with the World Bank (initially provided in U.S. Dollars, with proceeds converted into Euros through the swap transactions). The outstanding aggregate principal amount of these loans is approximately U.S.$507.3 million.

Since 2015, the Treasury has been communicating to primary dealers, at the beginning of each year, an annual forecast schedule of active domestic debt management operations to be conducted. An exchange auction is held on the last Thursday of each month. Between 2017 and 2021, the Treasury conducted, on average, ten bond exchange operations per year for an average amount of Dh 29 billion per year. "*—Domestic Debt*".

Cash Management

In 2009, the Budget Act authorised the Government to conduct active cash management through the placement of excess cash over a certain level and overnight borrowing in the money markets for treasury needs. The cash management instruments used by the Treasury are (i) reverse repos collateralised by government securities for up to seven business days; (ii) overnight deposits in the interbank market; and (iii) overnight borrowings in the interbank market.

Before the start of cash management operations in February 2010, the Treasury entered into an agreement with Bank Al-Maghrib to enhance coordination and avoid any interference by Treasury operations with the conduct of monetary policy. This agreement also stated, for the first time, the remuneration by Bank Al-Maghrib of the cash deposited with it up to an agreed buffer amount.

Coordination With Bank Al-Maghrib

Pursuant to the new central bank law, Law № 40-17, Bank Al-Maghrib is prohibited from seeking or taking instructions from the Government. Bank Al-Maghrib, as a fiscal agent of the Government, performs various back-office functions relating to treasury bill auctions and treasury cash management. There is, however, ongoing coordination between Bank Al-Maghrib and the Treasury, with day-to-day interaction between the front and back offices of both institutions, and monthly meetings at a senior level to discuss issues of mutual interest.

Debt Record

Morocco has not, within a period of 20 years prior to the date of this Offering Circular, defaulted on the principal or interest of any external security.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which will be endorsed on each Note in definitive form:

The U.S.$1,250,000,000 5.950% Notes due 2028 (the "**2028 Notes**"), and the U.S.$1,250,000,000 6.500% Notes due 2033 (the "**2033 Notes**" and, together with the 2028 Notes, the "**Notes**" and each a "**Series**"), which expression includes any further Notes issued pursuant to Condition 14 and forming a single series with the relevant Series of Notes) of the Kingdom of Morocco (the "**Kingdom**") are (a) subject to, and have the benefit of, a deed of covenant dated 8 March 2023 (as amended or supplemented from time-to-time, the "**Deed of Covenant**") of the Kingdom and (b) issued pursuant to a Fiscal Agency Agreement dated 8 March 2023 (as amended or supplemented from time-to-time, the "**Fiscal Agency Agreement**") among the Kingdom, Citibank N.A., London Branch, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time-to-time in connection with the Notes), and the Registrar and Paying Agents named therein (together with the Fiscal Agent, the "**Agents**", which expression includes any successor or additional Agents appointed from time-to-time in connection with the Notes).

Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Fiscal Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Fiscal Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination, Title, Registration and Transfer

(a) *Form and denomination.* The Notes are in registered form without coupons in principal amounts of U.S.$200,000 and integral multiples of U.S.$1,000, in excess thereof (each, an "authorised *denomination*"). The Notes will be numbered serially.

(b) *Title:* Title to the Notes will pass by transfer and registration as described in Condition 1(c). A Noteholder will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate in respect of it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder. For this purpose, "**Noteholder**" and "**holder**" shall mean the person in whose name a Note is registered in the Register (as defined in Condition 1(c)).

(c) *Registration:* The Kingdom will cause a register (the "**Register**") to be kept at the Specified Office of the Registrar on which will be entered the names and addresses of the Noteholders and the particulars of the Notes held by them and of all transfers and redemptions of Notes.

(d) *Transfer:* Notes may, subject to the terms of the Fiscal Agency Agreement and to Conditions 1(e) and 1(f), be transferred in whole or in part in an authorised denomination by lodging the relevant Note (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the Specified Office of the Registrar or any Paying Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven business days (as defined in Condition 6(d)), in the place of the Specified Office of the Registrar, of any duly made application for the transfer of a Note, deliver a new Note to the transferee (and, in the case of a transfer of part only of a Note, deliver a Note for the untransferred balance to the transferor) at the Specified Office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Note by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(e) *Formalities free of charge:* Any such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Kingdom may from time-to-time agree with the Registrar.

(f) *Closed Periods:* Neither the Kingdom nor the Registrar will be required to register the transfer of any Note (or part thereof) (i) during the period of 15 calendar days ending on and including the day immediately prior to the relevant Maturity Date (as defined in Condition 5(a)); or (ii) during the period of seven calendar days ending on (and including) any Record Date (as defined in Condition 6(a)) in respect of any payment of interest on the Notes.

2. Status

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Kingdom. The Notes shall at all times rank *pari passu*, without any preference among themselves and at least *pari passu* with all other unsecured External Indebtedness of the Kingdom from time-to-time outstanding. The Kingdom shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa. The full faith and credit of the Kingdom is pledged for the due and punctual payment of the principal of, and interest on, the Notes and the performance of all of the Kingdom's other obligations under the Notes.

In these Conditions:

"**External Indebtedness**" means any Indebtedness for money borrowed or raised, which is denominated or payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency from time-to-time of the Kingdom.

"**Indebtedness**" shall be construed to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent.

3. Negative Pledge

So long as any Note of a Series of Notes remains outstanding (as defined in the Fiscal Agency Agreement) the Kingdom shall not, and shall not permit (to the extent the Kingdom has the power to refuse such permission) any Agency to, create or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) upon any of the Kingdom's assets or revenues, present or future, to secure any Public External Indebtedness of the Kingdom or of any other Person or any guarantee or indemnity of the Kingdom in respect of Public External Indebtedness of any other Person unless, at the same time or prior thereto, the Kingdom's obligations under such Notes are secured equally and rateably therewith or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution or Written Resolution (each, as defined in Condition 12(a)) of Noteholders.

In these Conditions:

"**Agency**" means any political sub-division, regional government, ministry, department, authority or statutory corporation of the Kingdom or the government thereof (whether or not such statutory corporation is autonomous) and any corporation or other entity (but not any commercial corporation or other commercial entity) which is directly or indirectly controlled (whether by reason of whole or partial ownership, control over voting or other relevant decision making power to direct management, the composition of management or otherwise) by the Kingdom or the government thereof and/or one or more Agencies.

"**Permitted Security Interest**" means:

(a) any Security Interest upon property to secure Public External Indebtedness incurred for the purpose of financing the acquisition of such property (or property which forms part of a class of assets of a similar nature where the Security Interest is by reference to the constituents of such class from time-to-time); or

(b) any Security Interest existing on property at the time of its acquisition; or

(c) any Security Interest arising by operation of law which has not been foreclosed or otherwise enforced against the assets to which it applies; or

(d) any Security Interest securing or providing for the payment of Public External Indebtedness incurred in connection with any Project Financing provided that such Security Interest applies to (A) properties which are the subject of such Project Financing or (B) revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss of, or failure to complete, or damage to, such properties; or

(e) the renewal or extension of any Security Interest described in subparagraphs (a) to (d) above, provided that the principal amount of the Public External Indebtedness secured thereby is not increased.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality.

"**Project Financing**" means any arrangement for the provision of funds which are to be used solely to finance a project for the acquisition, construction, development or exploitation of any property pursuant to which the persons providing such funds agreed that the principal source of repayment of such funds will be the project and the revenues (including insurance proceeds) generated by such project.

"**Public External Indebtedness**" means any External Indebtedness, which is evidenced by any bond, debenture, note or other instrument and which is or is capable of being quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market.

"**Security Interest**" means any mortgage, charge, pledge, lien, security interest or other encumbrance securing any obligation of the Kingdom or any other type of preferential arrangement having similar effect over any assets or revenues of the Kingdom.

4. Interest

(a) The 2028 Notes bear interest on their outstanding principal amount from and including 8 March 2023 (the "**Issue Date**") at the rate of 5.950% per annum (the "**2028 Rate of Interest**"), payable semi-annually in arrear on 8 March and 8 September in each year (each, an "**Interest Payment Date**"), commencing on 8 September 2023, subject as provided in Condition 6. The 2033 Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 6.500% per annum (the "**2033 Rate of Interest**"), payable semi-annually in arrear on 8 March and 8 September in each year (each, an "**Interest Payment Date**"), commencing on 8 September 2023, subject as provided in Condition 6.

(b) Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by, or on behalf of, the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all of the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(c) If interest is required to be paid in respect of a Note for a period of less than a complete Interest Period (as defined below), it shall be calculated by applying the relevant Rate of Interest to the principal amount of such Note, multiplying the product by the relevant day count fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards), where the relevant day-count fraction will be determined on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(d) In these Conditions, the period beginning on, and including, 8 March 2023 and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an "**Interest Period**".

5. Redemption, Purchase and Cancellation

(a) *Scheduled redemption:* Unless previously redeemed or purchased and cancelled, the 2028 Notes will be redeemed at their principal amount on 8 March 2028 (the "**2028 Maturity Date**"), and the 2033 Notes will be redeemed at their principal amount on 8 September 2033 (the "**2033 Maturity Date**"), subject as provided in Condition 6.

(b) *Purchase and Cancellation:* The Kingdom and its Agencies may at any time purchase Notes in the open market or otherwise and at any price. Any Notes so purchased may be cancelled or held and resold. Any Notes so purchased, while held by or on behalf of the Kingdom or any Agency or other public sector instrumentality (as defined below) of the Kingdom, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of meetings of Noteholders or for the purposes of any Written Resolution or for the purposes of Conditions 8, 12 or 13, all as more particularly set out in Condition 12(i). Any Notes so purchased and cancelled will not be reissued.

(c) *Notification:* Following any such redemption or cancellation, the Kingdom will promptly notify the stock exchange(s) where Notes are listed if such exchange so requires of the amount of Notes so redeemed and/or cancelled and of the amount of Notes outstanding following such redemption and/or cancellation.

6. Payments

(a) *Method of payment:* Payment of principal in respect of the Notes will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender of the Notes at the Specified Office of any Paying Agent outside the United States. Payments of interest will be made to the persons shown in the Register at close of business on the relevant Record Date. For this purpose, "**Record Date**" means the seventh business day, in the place of the Specified Office of the Registrar, before the due date for the relevant payment. Each such payment will be made by transfer to an account in U.S. Dollars maintained by the payee with a bank that processes payments in U.S. Dollars.

(b) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7.

(c) *Commissions*: No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on Business Days*: If the due date for payment of any amount in respect of any Note is not a business day, the holder shall not be entitled to payment of the amount due until the next succeeding business day in the place of presentation and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, New York City and the place of the Specified Office of the relevant Paying Agent to whom the relevant Note is surrendered.

7. Taxation

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Kingdom or any political subdivision or any authority thereof or therein having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. In that event, the Kingdom shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:

(a) presented for payment by a holder which is liable to such Taxes in respect of such Note by reason of its having some connection with the Kingdom other than the mere holding of such Note; or

(b) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent as provided in the Fiscal Agency Agreement on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7.

8. Events of Default

In respect of a Series of Notes, if any of the following events occurs and is continuing (each, an "**Event of Default**"):

(a) *Non-Payment*: any amount of principal in respect of such Notes is not paid within seven days of the due date for payment thereof or any amount of interest in respect of such Notes is not paid within 15 days of the due date for payment thereof;

(b) *Breach of Other Obligations*: the Kingdom fails duly to perform or observe any of its other obligations under or in respect of such Notes, which failure continues unremedied for 45 days after written notice thereof has been delivered by any relevant Noteholder to the Kingdom at the Specified Office of the Fiscal Agent;

(c) *Cross-acceleration*: (i) the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any Public External Indebtedness of the Kingdom, (ii) the Kingdom defaults in the payment of any principal of or interest on any of its Public External Indebtedness when and as the same shall become due and payable, and such default continues for more than the period of grace, if any, originally applicable thereto or (iii) the Kingdom defaults in the payment when due and called upon (after the expiry of the period of grace, if any, originally applicable thereto) of any guarantee or indemnity of the Kingdom in respect of any Public External Indebtedness of any other Person; provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned in this paragraph (c) have occurred equals or exceeds U.S.$100,000,000 or its equivalent;

(d) *Moratorium*: a moratorium on the payment of principal of, or interest on the Public External Indebtedness of the Kingdom is declared by the Kingdom;

(e) *IMF*: the Kingdom ceases to be a member of the International Monetary Fund ("**IMF**") or to be eligible to use the general resources of the IMF;

(f) *Repudiation*: the validity of such Notes is contested by the Kingdom or the Kingdom shall deny any of its obligations under such Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or

(g) *Performance* prevented: it shall be or become unlawful for the Kingdom to perform or comply with all or any of its obligations set out in such Notes or any such obligations shall be or become unenforceable or invalid, in each case as a result of any law or regulation in the Kingdom or any ruling of any court in the Kingdom whose decision is final and unappealable,

then (i) in the case of an event referred to in (a) or (d) above, any Noteholder of the relevant Series may, by notice in writing to the Kingdom at the Specified Office of the Fiscal Agent, declare the Notes of the relevant Series held by it to be immediately due and payable and (ii) in the case of any event referred to in (b), (c), (e), (f) or (g) above, the holders of not less than 25% in aggregate outstanding principal amount of the relevant Series of Notes may, by notice in writing to the Kingdom at the Specified Office of the Fiscal Agent, declare all of the Notes of the relevant Series to be immediately due and payable, whereupon such Notes shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders of the relevant Series by the Kingdom.

Except in the case of an event referred to in (a) or (d) above, if the Kingdom receives notice in writing from holders of at least 50% in aggregate outstanding principal amount of the relevant Series of Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such Noteholders wish the relevant declaration to be withdrawn, the Kingdom shall give notice thereof to the Noteholders of the relevant Series (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Kingdom gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder of the relevant Series in relation thereto.

9. Prescription

Claims in respect of principal and interest shall be prescribed and will become void unless made within a period of ten years, in the case of principal, and five years, in the case of interest, from the appropriate Relevant Date, in respect thereof.

10. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or such other Agent, as may from time-to-time be designated by the Kingdom for that purpose and notice of whose designation is given to Noteholders, in each case upon payment by the claimant of the costs, expenses, taxes and duties incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Kingdom may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

11. Agents

In acting under the Fiscal Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Kingdom and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The Kingdom reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Agent and additional or successor paying agents; provided, however, that the Kingdom shall at all times maintain a fiscal agent, registrar, paying agent (which may also be the fiscal agent) and such other agents as may be required by a stock exchange on which the Notes are listed.

12. Meetings of Noteholders; Written Resolution

(a) **Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions**

(i) The Kingdom may convene a meeting of the Noteholders at any time in respect of the notes of a Series of Notes in accordance with the provisions of the Fiscal Agency Agreement. The Kingdom will determine the time and place of the meeting and will notify the Noteholders of the relevant Series of Notes of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(ii) The Kingdom or the Fiscal Agent will convene a meeting of Noteholders of a Series of Notes if the holders of at least 10% in principal amount of the outstanding Notes (as defined in the Fiscal Agency Agreement and described in Condition 12(i)) of the relevant Series have delivered a written request to the Kingdom or the Fiscal Agent (with a copy to the Kingdom) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Kingdom promptly. The Kingdom or the Fiscal Agent, as the case may be, will notify the Noteholders of the relevant Series within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(iii) The Kingdom (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Fiscal Agency Agreement. If the Fiscal Agency Agreement does not include such procedures, or additional procedures are required, the Kingdom and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Kingdom proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(iv) The notice convening any meeting will specify, *inter alia*:

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution (as defined below) to be proposed for adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

(D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

(F) whether Condition 12(b), Condition 12(c), or Condition 12(d) shall apply and, if relevant, in relation to which other series of debt securities it applies;

(G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(H) such information that is required to be provided by the Kingdom in accordance with Condition 12(f);

(I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 12(g); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(v) In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 12(a)(iv) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Kingdom for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution as set out below.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any sukuk or other trust certificates representing the credit of the Kingdom) issued directly or indirectly by the Kingdom in one or more series with an original stated maturity of more than one year.

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 12 and Condition 13 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) **Modification of one Series of Notes only**

(i) Any modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of a Series of Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders of the relevant Series duly convened and held in accordance with the procedures prescribed by the Kingdom and the Fiscal Agent pursuant to Condition 12(a) by a majority of:

(A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes of the relevant Series; or

(B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes of the relevant Series.

(iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes of the relevant Series; or

(B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes of the relevant Series.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders of the relevant Series.

(iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders of the relevant Series, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) **Multiple Series Aggregation – Single limb voting**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Kingdom and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(v) The "**Uniformly Applicable**" condition will be satisfied if:

(A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (1) the same new instrument or other consideration or (2) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

(vi) Any modification or action proposed under Condition 12(c) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) **Multiple Series Aggregation – Two limb voting**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Kingdom and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of:

(A) at least 66⅔% of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(A) at least 66⅔% of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(v) Any modification or action proposed under Condition 12(d) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters**

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the date, or the method of determining the date, for payment of principal interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(vi) to change the definition of "Uniformly Applicable";

(vii) to change the definition of "outstanding" or to modify the provisions of Condition 12(i);

(viii) to change the legal ranking of the Notes;

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 8;

(x) to change the law governing the Notes, the courts to the jurisdiction of which the Kingdom has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Kingdom's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 19;

(xi) to impose any condition on or otherwise change the Kingdom's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(xii) to modify the provisions of this Condition 12(e);

(xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

(xiv) to exchange or substitute all of the Notes for, or convert all of the Notes into, other obligations or securities of the Kingdom or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Kingdom or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or debt securities of the Kingdom or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) **Information**

Prior to or on the date that the Kingdom proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 12(b), Condition 12(c) or Condition 12(d), the Kingdom shall publish in accordance with Condition 13, and provide the Fiscal Agent with the following information:

(i) a description of the Kingdom's economic and financial circumstances which are, in the Kingdom's opinion, relevant to the request for any potential modification or action, a description of the Kingdom's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(ii) if the Kingdom shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(iii) a description of the Kingdom's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 12(a)(iv)(G).

(g) **Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 12(c) and Condition 12(d), the Kingdom may appoint a Calculation Agent. The Kingdom shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) **Manifest error, etc.**

The Notes, these Conditions and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Kingdom shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) **Notes controlled by the Kingdom**

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 12 and (c) Condition 8, any Notes which are for the time being held by or on behalf of the Kingdom or by or on behalf of any person which is owned or controlled directly or indirectly by the Kingdom or by any public sector instrumentality of the Kingdom shall be disregarded and be deemed not to remain outstanding; where:

(i) "**public sector instrumentality**" means Bank Al-Maghrib, the Ministry of Economy and Finance of the Kingdom of Morocco, any other department, ministry or agency of the Government of the Kingdom of Morocco or any corporation, trust, financial institution or other entity owned or controlled by the Government of the Kingdom of Morocco or any of the foregoing; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Kingdom has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Kingdom shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 13(d) which includes information on the total number of Notes which are for the time being held by or on behalf of the Kingdom or by or on behalf of any person which is owned or controlled directly or indirectly by the Kingdom or by any public sector instrumentality of the Kingdom and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) **Publication**

The Kingdom shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 13(g).

(k) **Exchange and Conversion**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Kingdom’s option by way of a mandatory exchange or conversion of the Notes of the relevant Series and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of such Notes is notified to Noteholders of the relevant Series at the time notification is given to such Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders of the relevant Series.

13. Aggregation Agent; Aggregation Procedures

(a) **Appointment**

The Kingdom will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes of the relevant Series and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Kingdom.

(b) **Extraordinary Resolutions**

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes of the relevant Series and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) **Written Resolutions**

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes of the relevant Series and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written

Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) **Certificate**

For the purposes of Condition 13(b) and Condition 13(c), the Kingdom will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 12(b), Condition 12(c) or Condition 12(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 12(i) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) **Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 13 to be notified to the Fiscal Agent and the Kingdom as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) **Binding nature of determinations; no liability**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Kingdom, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) **Manner of publication**

The Kingdom will publish all notices and other matters required to be published pursuant to the Fiscal Agency Agreement including any matters required to be published pursuant to Condition 8, Condition 12 and this Condition 13:

(i) through Euroclear Bank SA/NV, Clearstream Banking S.A. and/or any other clearing system in which the Notes are held;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary.

14. Further Issues

The Kingdom may, from time-to-time, without the consent of the Noteholders, create and issue further 2028 Notes having the same terms and conditions as the 2028 Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the 2028 Notes; the Kingdom may also, from time-to-time, without the consent of the Noteholders, create and issue further 2033 Notes having the same terms and conditions as the 2033 Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the 2033 Notes; in each case, provided that, either (A) such additional Notes, for purposes of U.S. federal income taxation (regardless of whether any holders of such Notes are subject to U.S. federal income tax laws), are not treated as issued with original issue discount (or are issued with less than a *de minimis* amount of original issue discount as defined in U.S. Treasury Regulation 1.1273-1(d)) or (B) such additional Notes are issued in a "qualified reopening" for U.S. federal income tax purposes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

15. Notices

All notices to Noteholders shall be mailed to them at their respective addresses appearing in the Register and shall be deemed to have been given on the fourth weekday (excluding Saturday and Sunday) after the date of mailing. Notices to Noteholders may also be made by means of electronic publication on the internet website of the stock exchange on which the Notes are listed. Any such notice shall be deemed to have been given on the date of first publication.

16. Currency Indemnity

If any sum due from the Kingdom in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from U.S. Dollars into another currency (the "**second currency**") for the purpose of (i) making or filing a claim or proof against the Kingdom, (ii) obtaining an order or judgment in any court or other tribunal or (iii) enforcing any order or judgment given or made in relation to the Notes, the Kingdom shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Kingdom and delivered to the Kingdom or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from U.S. Dollars into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase U.S. Dollars with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Kingdom and shall give rise to a separate and independent cause of action.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law

The Notes and any non-contractual obligations arising out of, or in connection with, the Notes are governed by, and shall be construed in accordance with, English law.

19. Jurisdiction

(a) *Jurisdiction*: The Kingdom agrees for the benefit of the Noteholders that the courts of England and Wales shall have jurisdiction to hear and determine any suit, action or proceedings which may arise out of or in connection with the Notes ("**Proceedings**") and to settle any dispute or difference of whatever nature howsoever arising under, out of or in connection with the Notes (including a dispute or difference as to the breach, existence or validity of the Notes) ("**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

(b) *Appropriate forum*: The Kingdom irrevocably waives any objection which it might now or hereafter have to the courts of England and Wales being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

(c) *Service of Process*: The Kingdom irrevocably appoints the Ambassador of the Kingdom to the Court of St James's as its authorised agent for the service of process in England and Wales. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

(d) *Non-exclusivity*: The submission to the jurisdiction of the courts of England and Wales shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(e) *Consent to enforcement, etc.:* For the purposes of the State Immunity Act 1978, the Kingdom consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

(f) *Waiver of immunity:* To the extent that the Kingdom may in any jurisdiction claim for itself or its properties, assets or revenues immunity (whether sovereign, diplomatic or other) from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Kingdom or its properties, assets or revenues, the Kingdom agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction and the laws of the Kingdom of Morocco, provided however, that immunity is not waived in respect of (i) present or future "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963, and any property thereof entitled to the privileges and immunities of such treaties, including (without limitation) their property and bank accounts; (ii) military property or military assets of the Kingdom related thereto; (iii) property located in the Kingdom dedicated to a public or governmental use (as opposed to a commercial use) by the Kingdom; (iv) any assets, reserves and accounts of Bank Al-Maghrib; (v) taxes, duties, levies, assessments or royalties imposed by the Kingdom, including the Kingdom's right to collect any such amounts; (vi) property forming part of the Kingdom's cultural heritage or part of its archives and not placed or intended to be placed on sale; or (vii) property forming part of an exhibition of objects of cultural or historical interest and not placed or intended to be placed on sale.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Agents as set out at the end of this Offering Circular.

PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Notes

The Notes will be evidenced on issue, in the case of Regulation S Notes, by the relevant Regulation S Global Note (which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg) and, in the case of Rule 144A Notes, by the relevant Rule 144A Global Note (which will be deposited with a custodian for, and registered in the name of Cede & Co., as nominee of DTC.

Beneficial interests in the Regulation S Global Notes may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*Clearing and Settlement Arrangements—Book-Entry Ownership*".

By acquisition of a beneficial interest in a Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not located in the United States. Beneficial interests in the Rule 144A Global Note may be held only through DTC at any time. See "*Clearing and Settlement Arrangements—Book-Entry Ownership*". By acquisition of a beneficial interest in the Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it decides to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Fiscal Agency Agreement. See "*Transfer Restrictions*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the Fiscal Agency Agreement, and with respect to Rule 144A Notes, as set forth in Rule 144A, and the Rule 144A Global Notes will bear the legend set forth thereon regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the relevant Rule 144A Global Note in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Note and only upon receipt by the Registrar of a written certification (in the form provided in the Fiscal Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the relevant Regulation S Global Note and in accordance with Regulation S.

A beneficial interest in a Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in the relevant Rule 144A Global Note will, upon transfer, cease to be an interest in such Regulation S Global Note and become an interest in the relevant Rule 144A Global Note, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such Rule 144A Global Note for as long as it remains such an interest. A beneficial interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in the relevant Regulation S Global Note will, upon transfer, cease to be an interest in such Rule 144A Global Note and become an interest in the relevant Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in the relevant Regulation S Global Note for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of the definitive registered notes ("**Definitive Notes**"). No Notes will be issued in bearer form.

Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Paying Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Definitive Note bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Rule 144A Definitive Note, the Issuer will deliver only relevant Rule 144A Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Amendments to Terms and Conditions of the Notes

Each Global Note contains provisions that apply to the Notes that it evidences, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of those provisions.

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note will be made to the person who appears in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment as holder of the Notes against presentation for endorsement by the Fiscal Agent and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes. "**Clearing System Business Day**" for the purposes of this paragraph means Monday to Friday, inclusive, except 25 December and 1 January.

Notices

Notices to Noteholders may be given by delivery of the notice to the relevant clearing systems for communication by them to entitled account Noteholders.

Meetings

The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each integral U.S.$1,000 in principal amount of Notes.

Cancellation

Cancellation of any Note required by the Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the applicable Global Note.

Exchange for Definitive Notes

Exchange

The Regulation S Global Note of a Series of Notes will be exchangeable, free of charge to the holder, in whole but not in part, for Definitive Notes if: (i) each of Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearing system satisfactory to the Fiscal Agent is available; or (ii) if an event of default occurs as set out in Condition 8, by the Issuer giving notice to the Registrar and the relevant Noteholders, in each case of its intention to exchange interests in the relevant Regulation S Global Note for Definitive Notes on or after the Exchange Date (as defined below) specified in the notice.

The Rule 144A Global Note of a Series of Notes will be exchangeable, free of charge to the holder, in whole but not in part, for Definitive Notes if: (i) DTC or its successor depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the relevant Rule 144A Global Note or ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or is at any time unable to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary; or (ii) if an event of default occurs as set out in Condition 8, by the Issuer giving notice to the Registrar and the relevant Noteholders, in each case, of its intention to exchange interests in the relevant Rule 144A Global Note for Definitive Notes on or after the Exchange Date (as defined below) specified in the notice.

"**Exchange Date**" means a day falling not later than 60 calendar days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the relevant Paying Agent is located.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the Notes.

Delivery

If any of the events described in "*—Exchange*" above occurs, the relevant Global Note shall be exchangeable in full but not in part for Definitive Notes and the Issuer will, free of charge to the Noteholders (but against such indemnity as the Registrar or any relevant Paying Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Registrar for completion and despatch to the relevant Noteholders. A person having an interest in the relevant Global Note must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Notes and (ii) in the case of the Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Except as otherwise permitted, Definitive Notes issued in exchange for an interest in the Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

CLEARING AND SETTLEMENT ARRANGEMENTS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Kingdom has obtained the information in this section concerning Euroclear and Clearstream, Luxembourg and their book-entry systems and procedures from sources that the Kingdom believes to be reliable, including from Euroclear and Clearstream, Luxembourg, and the Kingdom takes responsibility for the accurate reproduction of this information. The Kingdom takes no responsibility, however, for the accuracy of this information. Euroclear and Clearstream, Luxembourg are under no obligation to perform or continue to perform the procedures described below, and they may modify or discontinue them at any time.*

The Clearing Systems

Custodial and depositary links are to be established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*—Book-Entry Ownership*" and "*—Settlement and Transfer of Notes*" below.

Investors may hold their interests in a Global Note directly through DTC, Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions through electronic book-entry transfer between its accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

DTC

Investors may hold their interests in a Rule 144A Global Note directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Rule 144A Notes represented by a Rule 144A Global Note among Direct Participants on whose behalf it acts with respect to Rule 144A Notes and receives and transmits distributions of principal and interest on Rule 144A Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Independent Participants with which beneficial owners of Rule 144A Notes have accounts with respect to the Rule 144A Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their beneficial owners. Accordingly, although beneficial owners who hold Rule 144A Notes through Direct Participants or Indirect Participants will not possess Rule 144A Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Participants will receive payments and will be able to transfer their interest in respect of the Rule 144A Notes.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of a Rule 144A Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Provisions Relating to the Notes while in Global Form—Exchange for Definitive Notes*", DTC will cause its custodian to surrender the relevant Rule 144A Global Note for exchange for Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Payments through DTC

Payments of principal and interest in respect of a Global Note registered in the name of, or in the name of a nominee for, DTC Principal will be made to such nominee. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time-to-time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of Direct Participants and Indirect Participants.

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

The Regulation S Global Notes evidencing Regulation S Notes will each have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

DTC

The Rule 144A Global Notes evidencing the Rule 144A Notes will each have an ISIN, Common Code and a CUSIP number and will be deposited with the Custodian and registered in the name of Cede & Co. as nominee of DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the holder of a Note evidenced by a Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Note held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder of such Global Note in respect of each amount so paid. None of the Issuer, the Fiscal Agent or any other Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates evidencing their ownership interests in such Notes, unless and until interests in any Global Note held within a Clearing System are exchanged for Definitive Notes.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time-to-time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. As DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Rule 144A Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

Trading between Euroclear and Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC, Euroclear and Clearstream, Luxembourg Participants

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free of payment delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Kingdom, the Agents or any Joint Lead Manager will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Direct or Indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations nor will the Kingdom, any Agent or any Joint Lead Manager have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Settlement of Pre-issue Trades

It is expected that delivery of Notes will be made against payment therefor on the Issue Date, which could be more than two business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until two days prior to the Issue Date will be required, by virtue of the fact that the Notes initially may settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes between the date of pricing and the Issue Date should consult their own advisers.

TRANSFER RESTRICTIONS

Each purchaser of Rule 144A Notes, by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acting for its own account, or for the account of a QIB, (c) not formed for the purpose of investing in the Issuer, and (d) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has the full power to make the foregoing representations, agreements and acknowledgements on behalf of each such account.

2. It understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that the Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any State or another jurisdiction of the United States.

3. The Issuer has the right to refuse to honour the transfer of an interest in the Rule 144A Notes to a U.S. person who is not a QIB.

4. It understands that the Rule 144A Notes, unless otherwise agreed between the Issuer and the Fiscal Agent in accordance with applicable law, will bear a legend to substantially the following effect:

   THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER, WITHIN THE MEANING OF RULE 144A (A "**QIB**"), THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES.

5. It acknowledges that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

6. It understands that the Rule 144A Notes will be evidenced by the Rule 144A Global Note. Before any interest in a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, it will be required to provide a Paying Agent with a written certification (in the form provided in the Fiscal Agency Agreement) as to compliance with applicable securities laws.

7. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser of Regulation S Notes, by accepting delivery of this Offering Circular and the Notes, will have been deemed to have represented, agreed and acknowledged that:

1. It is, or at the time the Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and (a) that it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

2. It understands that the Regulation S Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of one or more QIBs or (b) to a non U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

3. It understands that Regulation S Notes will be evidenced by a Regulation S Global Note. Before any interest in a Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the corresponding Rule 144A Global Note, it will be required to provide a Paying Agent with a written certification (in the form provided in the Fiscal Agency Agreement) as to compliance with applicable securities laws.

4. It acknowledges that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Regulation S Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

TAXATION

The following discussion summarises certain Moroccan tax considerations that may be relevant to Noteholders. It also includes a limited discussion of certain U.S. federal income tax consequences. This overview is based on laws, regulations, rulings and decisions now available and in effect and is subject to changes in tax law, including changes that could have a retroactive effect.

This overview does not describe all of the tax considerations that may be relevant to Noteholders, particularly Noteholders subject to special tax rules. Noteholders are advised to consult their own professional advisers as to the consequences of purchasing Notes under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Kingdom of acquiring, holding and disposing of Notes and receiving payments of interest, principal or other amounts under the Notes.

Moroccan Tax

This section summarises certain Moroccan tax consequences of issue and redemption of the Notes for non-residents of Morocco pursuant to applicable Moroccan legislation and is included for general information only. Prospective investors should consult their own tax adviser as to the tax consequences under the laws of Morocco of the acquisition, ownership and disposition of the Notes. Such laws and regulations are subject to change or varying interpretations.

Principal and Interest

Principal and interest paid under the Notes to non-resident individuals and non-resident entities is currently not subject to Moroccan withholding tax.

Capital Gains Tax

In most cases, no Moroccan tax will be payable in respect of any gain made by a non-resident entity from the disposal of the Notes. No capital gains tax arises in Morocco from the disposal of Notes by a non-resident individual, provided disposals are not effected on a regular basis.

In case there is no double taxation treaty in force between Morocco and the holder's country of residence, the capital gains will be subject to Moroccan income tax.

The double taxation treaties signed between Morocco and the following countries state that the capital gain arising from the disposal of Notes issued by a Moroccan entity shall not be taxable in Morocco:

- Arab Maghreb Union
- Austria
- Bahrain
- Belgium
- Bulgaria
- Canada
- China
- Croatia
- Czech Republic Denmark
- Finland
- France
- Gabon
- Germany
- Greece
- Hungary
- India
- Indonesia
- Ireland
- Italy
- Kuwait
- Latvia
- Lebanon

- Luxembourg (*The double taxation treaty signed with Luxembourg is not applicable to "holding companies" within the meaning of the Luxembourg law of 31 July 1929 and the order-law of 17 December 1938*.)
- Macedonia
- Malaysia
- Malta
- Netherlands (*The Morocco-Netherlands tax treaty does not cover the Netherlands Antilles*.)
- Norway
- Oman
- Pakistan
- Poland
- Portugal
- Qatar
- Romania
- Russia
- Senegal
- Singapore
- South Korea
- Spain
- Switzerland
- Syria
- Turkey
- Ukraine
- United Arab Emirates
- United Kingdom
- United States of America (*There are certain exceptions to double taxation treaty between Morocco and the United States that may be relevant for United States corporations if they realise a gain on a sale of the Notes. In any event, United States persons should consult their own tax advisers concerning the tax considerations and implications of making an investment in the Notes.)*
- Vietnam

However, a non-resident individual that has been a resident of Morocco at any point of time should consult his own tax advisers concerning the tax considerations applicable to his particular situation.

Inheritance Taxes

No Moroccan inheritance or similar tax will be payable by a Noteholder who is a non-resident of the Kingdom of Morocco.

Stamp Duties

No stamp, registration or similar duties or taxes will be payable in the Kingdom of Morocco by Noteholders on the creation, offering, issue and delivery of the Notes.

As used above a "**non-resident individual**" is a person who does not have his permanent home (or domicile) in Morocco, who does not have a place of economic interest in Morocco and who is present in Morocco for less than 183 days in any period of 365 days and a "**non-resident entity**" is a legal entity which has neither its principal administrative office nor a permanent establishment in Morocco. A Noteholder will not become resident in Morocco for Moroccan income tax purposes merely by acquiring Notes.

Certain U.S. Federal Income Tax Considerations

The following summary describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by a U.S. Holder (as defined below) that acquires the Note in this Offering from the initial purchasers at a price equal to the issue price (as defined in the "*Original Issue Discount*" section below) of such Notes and holds it as a capital asset. The following summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this Offering Circular and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, potentially retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. There can be no assurances that the U.S. Internal Revenue Service (the "**IRS**") will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. tax consequences of purchasing, owning or disposing of the Notes.

This summary does not address all aspects of U.S. federal income taxation that may be applicable to particular U.S. Holders subject to special U.S. federal income tax rules, including, but not limited to, tax-exempt organisations, financial institutions, dealers and traders in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, real estate investment trusts, insurance companies, tax-deferred or other retirement accounts, U.S. Holders that will hold the Notes as part of a "straddle," hedging transaction, "conversion transaction" or other integrated transaction for U.S. federal income tax purposes, U.S. Holders that enter into "constructive sale" transactions with respect to the Notes, U.S. Holders liable for alternative minimum tax or the Medicare tax on net investment income, partnerships, other pass-through entities, or persons that hold Notes through pass-through entities, U.S. Holders whose functional currency is not the U.S. Dollar, investors holding the Notes in connection with a trade or business conducted outside of the United States, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, certain U.S. expatriates and accrual basis taxpayers subject to special rules for the taxable year of inclusion under Section 451(b) of the Code. In addition this summary does not address consequences to U.S. Holders of the acquisition, ownership and disposition of the Notes under any other U.S. federal tax laws (including, but not limited to, estate or gift tax laws) or under the tax laws of any state, locality or other political subdivision of the United States or other countries or jurisdictions.

The summary of the U.S. federal income tax consequences set out below is for general information only and is not tax advice with respect to any specific investor. Prospective investors should consult their own tax advisers as to the particular tax consequences to them of the acquisition, ownership and disposition of the Notes, including the applicability and effect of state, local, non-U.S. and other tax laws and possible changes in tax law.

As used herein, the term "**U.S. Holder**" means a beneficial owner of the Notes that is for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the United States, (b) a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust if it (x) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons or (y) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If a partnership (or any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Therefore, a beneficial owner of a Note that is a partnership, and partners in such partnership, should consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes.

Payments of Interest

Except as set forth below, payments of interest on the Notes, including the amount of any applicable withholding tax thereon and additional amounts paid with respect thereto, if any, generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. Interest income on the Notes generally will constitute income from sources outside the United States for U.S. federal income tax purposes. For purposes of calculating the U.S. Holder's foreign tax credit limitation, interest on the Notes should generally constitute "passive category income" or, in the case of certain U.S. Holders, "general category income". The U.S. federal income tax rules relating to foreign tax credits and limitations thereof are complex and may vary depending on the facts and circumstances of each U.S. Holder. Accordingly, U.S. Holders should consult their own tax advisers regarding the application of the foreign tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount

For U.S. federal income tax purposes, a Note will be treated as issued with original issue discount ("**OID**") if the excess of the Note's stated redemption price at maturity over its issue price equals or exceeds a specified *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity from the issue date). The "issue price" of each Note will be the first price at which a substantial amount of the Notes are sold (other than to an underwriter, broker, placement agent or wholesaler). The "stated redemption price at maturity" of a Note is generally the total of all payments provided by the Notes that are not payments of qualified stated interest. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate. If the Notes are issued with OID, U.S. Holders of Notes will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods. In the case of a Note whose stated redemption price at maturity exceeds its issue price by less than the specific *de minimis* amount ("***de minimis* OID**"), a U.S. Holder of such Note will recognise capital gain with respect to any *de minimis* OID as stated principal payments on the Note are made. The amount of such gain with respect to each principal payment will equal the product of the total amount of the Note's *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their own tax advisers about this election.

Sale, Exchange, Redemption or Other Disposition of Notes

A U.S. Holder generally will recognise gain or loss on the sale, exchange, redemption or other disposition of a Note equal to the difference between the amount realised on the sale, exchange, redemption or other disposition and the U.S. Holder's adjusted U.S. federal income tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

A U.S. Holder's adjusted U.S. federal income tax basis in a Note generally will be its U.S. Dollar cost (as defined herein) increased by any OID previously included in income with respect to the Note and reduced by the amount of any payments that are not qualified stated interest payments. The U.S. Dollar cost of a Note (including a Note purchased with a foreign currency) generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale, exchange, redemption or other disposition for an amount in foreign currency will be the U.S. Dollar value of such amount on the date of sale, exchange, redemption or other disposition or, in the case of Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such settlement date election (described in this and the preceding paragraph) by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Gain or loss recognised on the sale, exchange, redemption or other disposition of a Note generally will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year at the time of such disposition. Gain or loss realised by a U.S. Holder on the sale, exchange, redemption or other disposition of the Notes generally will be U.S. source capital gain or loss. The deductibility of capital losses is subject to limitations. Gain or loss recognised by a U.S. Holder on the sale, exchange, redemption or other disposition of a Note that is attributable to changes in the exchange rates will be treated as U.S. source ordinary income or loss; however, exchange gain or loss (including with respect to accrued interest) is taken into account only to the extent of total gain or loss realised on the transaction. If any gain from the sale, exchange or other taxable disposition of a Note is subject to non-U.S. income tax, a U.S. holder may not be able to credit such tax against its U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Code (because such gain generally would be U.S. source income). Alternatively, the U.S. holder generally may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. The rules governing the foreign tax credit are complex. U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits or deductions.

Information Reporting and Backup Withholding

In general, payments of principal, interest on, and the proceeds of the sale, exchange or other taxable disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. related intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status, or otherwise fails to comply with the applicable backup withholding requirements. Certain U.S. Holders (including corporations) are not subject to information reporting and backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisers regarding any filing and reporting obligations they may have as a result of their acquisition, ownership or disposition of the Notes.

Specified Foreign Financial Assets

Certain United States persons that own “specified foreign financial assets,” including securities issued by any foreign person, either directly or indirectly or through certain foreign financial institutions, may be subject to additional reporting obligations if the aggregate value of all of those assets exceeds U.S.$50,000 on the last day of the taxable year or U.S.$75,000 at any time during the taxable year, or certain other requirements are met. The Notes may be treated as specified foreign financial assets, and U.S. Holders may be subject to this information reporting regime. Significant penalties and an extended statute of limitations may apply to a U.S. Holder that fails to file information reports. U.S. Holders should consult their own tax advisers regarding these potential information reporting obligations.

SUBSCRIPTION AND SALE

Each of BNP Paribas, Citigroup Global Capital Markets Limited, Deutsche Bank Aktiengesellschaft and J.P. Morgan Securities plc (each, a "**Joint Lead Manager**" and, collectively, the "**Joint Lead Managers**") has, in a subscription agreement entered into by them with the Kingdom dated 6 March 2023 (the "**Subscription Agreement**"), severally (but not jointly) agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for the principal amount of 2028 Notes set out opposite its name in the table below at the issue price of 98.855% of the principal amount of the 2028 Notes and for the principal amount of 2033 Notes set out opposite its name in the table below at the issue price of 99.236% of the principal amount of the 2033 Notes, less a management and underwriting commission.

Joint Lead Manager	**Principal Amount**	
	2028 Notes	**2033 Notes**
	(U.S. Dollars)	
BNP Paribas	312,500,000	312,500,000
Citigroup Global Markets Limited	312,500,000	312,500,000
Deutsche Bank Aktiengesellschaft	312,500,000	312,500,000
J.P Morgan Securities plc	312,500,000	312,500,000

The Kingdom has agreed to indemnify the Joint Lead Managers against certain liabilities (including liabilities under the Securities Act) incurred in connection with the issue of the Notes. In addition, the Kingdom has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement may be terminated by the Joint Lead Managers in certain circumstances prior to payment of the net subscription money in respect of the Notes to the Kingdom.

To the extent that the Joint Lead Managers (who are not themselves U.S. registered broker-dealers) intend to effect any sales of the Notes in the United States, they will do so through their respective selling agents or through one or more U.S. registered broker-dealers or as otherwise permitted by applicable U.S. law.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to qualified institutional buyers (as such term is defined in Rule 144A under the Securities Act) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented that it has not offered or sold, and agreed that it will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has represented that neither it nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes.

Each Joint Lead Manager may only arrange for the offer and resale of the Notes in the United States through its U.S. broker-dealer affiliates and only to qualified institutional buyers in accordance with Rule 144A.

Each Joint Lead Manager has represented and agreed that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer and sale of Notes in the United States.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Morocco

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in the Kingdom of Morocco, and that it will not distribute the Offering Circular or any other offering material relating to the Notes to the public in the Kingdom of Morocco.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or

(b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) № 600/2014, as it forms part of UK domestic law by virtue of the EUWA.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that the Offering Circular has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager represents and agrees that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section

274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivative contracts (each, as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities based Derivatives Contracts) Regulations 2018.

United Arab Emirates (excluding Dubai International Financial Centre)

Each Joint Lead Manager has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

General

Each Joint Lead Manager has acknowledged that no representation is made by the Issuer or any Joint Lead Manager that any action has been or will be taken in any jurisdiction by the Issuer or any Joint Lead Manager that would permit a public offering of the Notes, or possession or distribution of the Offering Circular in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed to comply, to the best of its knowledge and belief, in all material respects with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, in all cases at its own expense unless agreed otherwise.

GENERAL INFORMATION

Authorisation

The Kingdom has obtained all necessary consents, approvals and authorisations in the Kingdom in connection with the issue and performance of its obligations under the Notes. The issue of the Notes was authorised pursuant to Article 41 of the Finance Law № 50-22 published on 23 December 2022 for the Budget Year 2023, Decree № 2-22-807 dated 14 December 2022 and Decree № 2-23-168, to be dated 8 March 2023, approving the principal terms of the Notes.

Listing and Admission to Trading

An application has been made to the FCA for the Notes to be admitted to the Official List and an application has been made to the London Stock Exchange for the Notes to be admitted to trading on the Market; however, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the Official List and to trading on the Market will be granted on or around the Issue Date, subject only to the issue of the Notes.

The expenses in connection with the admission of the Notes to the Official List and to trading on the Market are expected to amount to approximately £8,000.

Documents Available for Inspection

From the date of this Offering Circular and for so long as any Note remains outstanding, copies (and English translations where the documents in question are not in English) of the following documents will be available: (i) in electronic form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Fiscal Agent; and (ii) on the website of the Kingdom (at the following address: *www.finances.gov.ma*):

- the Fiscal Agency Agreement, which includes the form of the Global Notes;
- the Deed of Covenant relating to the Notes to be dated 8 March 2023;
- a copy of this Offering Circular, together with any supplement to this Offering Circular or further Offering Circular; and
- a copy of the annual budget of the Kingdom for the then current, and two previous, fiscal years.

Trading Information

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and DTC. The Common Code and ISIN for the Regulation S Notes and the Common Code and ISIN and CUSIP number for the Rule 144A Notes are as follows:

2028 Notes

Regulation S Notes
Common Code: 259502845
ISIN: XS2595028452

Rule 144A Notes
Common Code: 259643490
ISIN: US617726AN49
CUSIP: 617726AN4

2033 Notes

Regulation S Notes
Common Code: 259502870
ISIN: XS2595028700

Rule 144A Notes
Common Code: 259643562
ISIN: US617726AP96
CUSIP: 617726AP9

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041, United States of America.

Litigation

The Kingdom is not nor has it been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Kingdom is aware) which may have, or have had in the 12 months preceding the date of this Offering Circular, significant effects on the Kingdom's financial position or economy.

Significant Change

Except as disclosed under "*The Moroccan Economy*", "*External Sector*", "*Monetary and Financial System*", "*Public Finance*" and "*Public Debt*", there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the Kingdom since 31 December 2021. There have been no recent events relevant to the evaluation of the Kingdom's solvency.

Indication of Yield

The indication of yield in relation to the 2028 Notes is 6.220% *per annum* and in relation to the 2033 Notes is 6.602% *per annum*. Each yield is calculated at the Issue Date on the basis of the relevant issue price. It is not an indication of future yield.

Joint Lead Managers Transacting with the Kingdom

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Kingdom and their affiliates in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Kingdom or its affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Kingdom routinely hedge their credit exposure to the Kingdom consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Interested Persons

No person involved in the offering of the Notes has any interest in such offering which is material to such offering.

Address

The address of the Issuer is: Kingdom of Morocco, Ministry of Economy and Finance, Direction du Trésor et des Finances Extérieures, Avenue Mohammed V, Quartier administratif, 10010 Rabat, Morocco.

The telephone number of the Issuer is +212 5 37 67 73 54 or +212 5 37 67 73 55, and the website of the Issuer is www.finances.gov.ma. The website and any information on it are not part of, and are not incorporated by reference into, this Offering Circular.

Redemption Basis

Subject to any purchase and cancellation or early redemption, the Notes will be finally redeemed at 100% of their principal amount.

Legal Entity Identifier

The legal entity identifier (LEI) code of the Issuer is 529900F3MBW9XY5K1X07.

Websites

No websites referred to in this Offering Circular and no websites of the Government, its ministries and the Bank Al-Maghrib, nor any information on such websites form part of, or are incorporated by reference into, this Offering Circular.

THE KINGDOM

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Ministry of Economy and Finance
Direction du Trésor et des Finances Extérieures
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10010 Rabat
Morocco

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