Annual report presented to his Majesty the King

Exercice
2021

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REPORT
ON THE FINANCIAL YEAR 2021

PRESENTED TO HIS MAJESTY THE KING

BY MR. ABDELLATIF JOUAHRI

GOVERNOR OF BANK AL-MAGHRIB

Your Majesty,

In application of Article 50 of Law No. 40-17 on the Statutes of Bank Al-Maghrib promulgated by Dahir No. 1-19-82 of Shawwal 17, 1440 (June 21, 2019), I have the honor to present to Your Majesty the report of the year 2021, the sixty-three year of the central bank.

SUMMARY

بنك المغرب

Majesty,

While 2021 was expected to mark the end of the pandemic, it was instead characterized by successive waves of Covid-19 infection and ended with a surge in inflationary pressures that proved to be much stronger and more persistent than initially anticipated.

Despite this generally adverse and uncertain context, the world economy rebounded by 6.1 percent after a 3.1 percent contraction in 2020. In addition to the base effect, this performance was favored by the easing of health restrictions with the progress, albeit at uneven pace, of vaccination campaigns, as well as by maintaining fiscal and monetary stimulus.

Boosted by this strengthening of the economic activity, world trade rose by 10.1 percent in volume, despite supply chain disruptions and a significant increase in freight costs. At the same time, foreign direct investment flows exceeded their pre-crisis levels and migrants' remittances increased by 7.5 percent, after a remarkable resilience in 2020.

In the same vein, the situation in the labor markets of the advanced economies has improved significantly, with a decline in unemployment, backed by the extension of job retention schemes introduced in 2020. On the other hand, the pressure on public finances has eased significantly in several countries, with fiscal deficits and debt falling but remaining at high levels.

The recovery of the global economy has resulted in an increase in demand at a much faster pace than the production capacity. This lag has also affected commodity prices, which have risen significantly, particularly for natural gas, oil and food products. This rise in prices contributed to the acceleration of inflation, which reached 4.7 percent on average for the year after 3.2 percent in 2020.

Against this backdrop, monetary policies in the major advanced economies remained broadly accommodative, although with a shift at the end of the year towards tightening to contain inflationary pressures. This trend led to a substantial increase in sovereign yields, especially in the Unites States.

Despite the high level of uncertainty, the main stock markets performed well, driven in particular by the faster-than-expected recovery of the global economy. At the same time, on the foreign exchange market, the euro depreciated against the dollar, due to the prospect of a higher rate hike in the United States than in the euro zone, while the currencies of the main emerging countries showed contrasting trends, with the Turkish lira in particular falling due to concerns about the conduct of monetary policy in the country.

Finally, given the considerable increase in the global need for reserves, which intensified after the health crisis, the IMF approved a new general allocation of special drawing rights equivalent to 650 billion dollars, the largest in the institution's history. It was distributed on a quota basis, but the IMF encouraged members with strong external positions to reallocate, on a voluntary basis, part of their share to countries most in need.

At the national level, the economy grew by 7.9 percent, the strongest since 1997. In addition to the base effect, this performance is attributable to several factors, including the exceptional progress in the vaccination campaign, the launch by Your Majesty of a 120 billion dirhams stimulus program, the continued monetary and fiscal stimulus, as well as the favorable weather conditions that marked the agricultural campaign. Activity surpassed its pre-crisis level in several sectors, notably construction and trade, while the recovery remained partial in certain sectors such as manufacturing, accommodation and food services, as well as transportation and storage.

This rebound of the domestic economy has resulted in a significant increase in tax revenues in all categories of taxes, except the corporate income tax, which combined with the strong mobilization of specific financing, has more than offset the growing subsidy costs induced by the surge in international prices of subsidized products. Public finances thus showed a relative recovery, after the deterioration of 2020 which prompted the government to adopt a rectifying finance law. In fact, the fiscal deficit, excluding income from State holdings' sale, fell from 7.1 percent of GDP to 5.9 percent and the Treasury's debt ratio fell from 72.2 percent of GDP to 68.9 percent, with decreases to 53.1 percent in its domestic component and to 15.9 percent in the external component.

Nevertheless, the recovery in the labor market was only partial, with a net creation of 230 thousand jobs, which is not sufficient to compensate for the losses suffered a year earlier. With the health restrictions lifted, more than 300 thousand job seekers entered the market, and as a result, the participation rate rose considerably. Against this background, the unemployment rate increased year-on-year to 12.3 percent overall, with a marked worsening among urban youth aged between 15 and 24 years, nearly half of whom were unemployed.

On the external accounts side, the recovery in demand at both the national and international levels resulted in a significant rebound in trade. Exports were up by 25 percent, mainly driven by a good performance of phosphates and derivatives and Morocco's global businesses. The automotive sector's export turnover has increased by 35 percent, with the shipment of more than 350 thousand vehicles to 75 countries. Conversely, the rise in the price of energy products and the effort made to acquire anti-covid vaccines have contributed to an increase of nearly 25 percent in imports.

At the same time, concerns about recurrent outbreaks of infection and health restrictions continued to weigh on tourist arrivals, leading to a further decline in travel revenues to 34.3 billion dirhams. On the other hand, and after the resilience shown in 2020, remittances rose to a 93.7 billion dirhams record, which helped contain the current account deficit to 2.3 percent of GDP.

Similarly, the domestic economy has remained relatively attractive to foreign direct investment with a flow equivalent to 2.5 percent of GDP. Under these conditions, the official reserve assets of Bank Al-Maghrib improved by 3.2 percent to 330.8 billion dirhams, covering around 6 months of imports of goods and services.

Driven by rising external inflationary pressures, consumer prices were on an upward trend, increasing by 3.1 percent year-on-year in December. However, for the year as a whole, inflation averaged 1.4 percent instead of 0.7 percent a year earlier and 0.2 percent in 2019.

In this context, Bank Al-Maghrib has maintained the accommodative stance of its monetary policy to support the recovery of the economy. The Bank has thus renewed all the measures, both conventional and unconventional, implemented in 2020 as part of the response to the crisis. In particular, it kept the policy rate at 1.50 percent, its lowest ever, and the required reserve rate at 0 percent. At the same time, it continued to implement its program dedicated to VSMEs and to meet all of the banking system's liquidity requests throughout the year. Under these conditions, lending rates remained on an overall downward trend and, despite the expiry of certain guarantee programs set up by the Economic Monitoring Committee in 2020, bank credit evolved at a relatively sustained pace with a 3.1 percent growth in its component intended for the non-financial sector.

On the foreign exchange market, the situation was marked by an excess of foreign currency liquidity during the second half of the year, induced in particular by the considerable rise in remittances. While remaining within the fluctuation band, the dirham has experienced a few episodes of significant appreciation, yet Bank Al-Maghrib's quarterly assessments did not indicate any evidence of misalignment with economic fundamentals. Since September, the Bank has carried out auctions for the purchase of foreign currencies, which has helped to gradually bring the exchange rate closer to the central rate.

Simultaneously, the Bank has maintained its risk management awareness-raising efforts among economic operators, particularly VSMEs. With the support of the IMF, the Bank is enhancing its operational monitoring and intervention framework, as well as its micro-prudential surveillance framework. The transition to a more flexible exchange rate regime is thus unfolding in favorable circumstances and Bank Al-Maghrib keeps on preparing for next steps, with the adjustment of its analysis and forecasting system and the finalization of the inflation targeting framework project.

On another note, the Bank continued, in collaboration with the Ministry of Economy and Finance and the various stakeholders, steering and deploying the National Strategy for Financial Inclusion. Two studies were launched in this regard, the first one aimed at identifying barriers to small farmers' access to financial services, and the second one focused on the economic empowerment of rural women. Bank Al-Maghrib has also worked in collaboration with the World Bank to implement the Greenback Morocco initiative to improve remittance markets and reduce their costs, notably through the promotion of digital financial services.

In the banking sector, after a sharp contraction in profitability in 2020, banks improved their performance and consolidated their solvency thanks to the measures taken in response to the crisis. Under these conditions, Bank Al-Maghrib has lifted most of the temporary flexibility measures introduced during the pandemic. However, credit risk remained high and banks were called upon to take a cautious approach to dividend distribution.

On the regulatory front, the Bank has adopted prudential reforms that enabled it to free up capital for the financing of VSMEs and digital investments. It has resumed the transposition of the Basel III standards, introducing in particular a minimum leverage ratio to be observed by banks. It has also multiplied initiatives to accelerate the development of sustainable and digital finance in coordination with stakeholders.

On the macroprudential level, Bank Al-Maghrib continued, along with the other members of the Systemic Risk Coordination and Monitoring Committee, to monitor closely the impact of the health crisis on the domestic financial sector and agreed on a new financial stability roadmap for the period 2022-2024.

As far as the stock market is concerned, the Casablanca market ended the year with an 18.3 percent rise in prices and a clear improvement in trading volume. Nevertheless, it continues to face structural problems with low liquidity, high valuations compared to "frontier markets" and a largely weak attractiveness.

On the real estate market, and in a context of recovery of transactions, the downward movement of prices recorded since 2019 has accelerated sharply, with a decline of 3.2 percent, the largest since the establishment in 2010 by Bank Al-Maghrib and ANCFCC of the market monitoring system.

Finally, despite the efforts made by our country over the past years to improve the business climate and the significant progress made in this area, it was classified in February 2021 by the Financial Action Task Force (FATF) among the countries whose anti-money laundering and anti-terrorist financing systems suffer from deficiencies considered strategic. This ranking comes after being subject to enhanced monitoring in April 2019. The recent legislative and regulatory reforms in this regard offer hope for a rapid exit from this monitoring process, but the mobilization for the full implementation of the "accelerated" action plan agreed with the FATF should be maintained to increase the odds of seeing our country removed from the grey list.

Majesty,

Despite a generally unfavorable international environment, marked by the aftermath of the pandemic, the domestic economy was able to record notable results in 2021, which are the fruit of an exceptional mobilization under the leadership of Your Majesty of the public authorities and all components of society in a remarkable show of solidarity. Our country was thus able to resist one of the most serious global crises of the last decades and ensure a smooth normalization of economic and social activities.

The success of the vaccination campaign and the efficiency of its implementation, despite the difficulties in accessing vaccines and the structural problems of our healthcare system, are a shining example of what good planning, close monitoring and, most importantly, determination, can accomplish in terms of public response. This achievement, combined with “Tadamon” operation and the other support measures put in place, as well as the absence of shortages or major incidents during the crisis, show our country's ability to respond promptly to emergency situations and major challenges it may face.

All in all, the crisis was turned into an opportunity to boost confidence and restore hope in regaining and surpassing pre-crisis economic and social achievements. This optimism was reinforced by the considerable diplomatic advances made by our country in recent years, and which asserted its status as a credible partner at the continental, regional and international levels.

Moreover, despite the crisis, the country was able to consolidate and enshrine its choice of democratic openness by organizing legislative and local elections within the planned timeframe. These elections resulted in a reduced government coalition with a comfortable majority, which gives hope for greater efficiency in the public decision-making process.

Unfortunately, just as the world was about to enter the post-covid era, the outbreak of war in Ukraine destabilized and significantly deteriorated the international economic situation. It intensified the disruption of global trade and the surge in energy and food prices, leading to a sharp acceleration in inflation. In view of this situation, central banks have tightened their monetary policies, resulting in tougher financing conditions at a time when several countries are facing exceptional levels of debt and reduced fiscal space. These developments, as well as the consequences of the strict anti-covid policy Chinese authorities have adopted in response to the resurgence of contaminations, are holding back the fragile recovery in global economic activity. Should they continue, the risk of a global food crisis cannot be ruled out, as reiterated by the UN and several other international institutions.

In our country, these external factors, together with the unfavorable weather conditions that characterized the current agricultural campaign, are generating high uncertainties about the outlook of the domestic economy. As is the case elsewhere, these uncertainties inhibit private investment and alter the behavior of economic units. In such a context, a wait-and-see attitude is favored over entrepreneurship and savings over investment and consumption, resulting in a slowdown in both growth and job creation.

Confronted to such a situation, public authorities should not only continue to play a central economic and social role, but also provide the necessary visibility to boost private investment and initiative and to strengthen population adherence to the public policy. The latter also requires transparency in the decision-making process, clear communication on the rationale of choices made and regular and objective assessments of their implementation.

Today, for many projects underway, these prerequisites do not seem to be sufficiently taken into account, while their implementation needs to be accelerated. Education reform is a case in point. While it is supposed to reflect a vision that was formulated several years ago and set out in the framework law adopted in 2019, it is now being pursued in the form of actions which, notwithstanding their relevance, do not always appear to be easily identifiable, and its follow-up is not clearly correlated with the set objectives and schedule. This ambiguity is not without consequences for the mobilization that is supposed to accompany this major reform and that remains necessary to achieve its ambitious goals, especially as the available data show a worrying situation. Indeed, the results of the 2019 edition of the National Achievement Assessment Program indicate that reaching the goal of an equitable school by 2030 remains difficult, as the gap between public and private schools on the one hand and urban and rural schools on the other is not only significant but continues to widen. In addition, the learning gaps that have accumulated as a result of health restrictions and the disruption caused by the “contractualization”, which has not been resolved since 2016, have made the situation even worse.

On another issue, in 2020 Your Majesty launched a project to extend social protection to the entire population by 2025, which is lauded by international institutions and partners. While the timetable for this major project was clearly defined, there is still some uncertainty as to the nature and quality of the services that will actually be available. Unless there is greater transparency and a firm commitment from the authorities in charge of its implementation, participation may not be at the expected level for certain categories of the target population, and the RAMED experience could be reproduced to some extent. Moreover, the achievement of its objectives requires substantial resources, while the contributory capacity of several groups of the population is low, the State's fiscal space remains limited and the parallel projects that should help mobilize some of the needed resources are still unfinished. These are essentially the subsidy reform which began in 2013 and the unified social register, which has been considered since several years now.

In addition, the pressure on state resources is increasing, accentuated by the growing need to meet other social priorities such as education or still to complete certain urgent reforms such as the public pension funds reform. With three years to go before the deadline for extending coverage to the entire population, the latter remains partial and incomplete since the parametric adjustment made in 2016 for the CMR, while the financial balances of some of these funds are deteriorating rapidly and worryingly.

With such a shortage of resources, the Treasury has recourse since 2019 to new, so-called innovative financing methods whose implications and consequences are still uncertain. Unlike privatizations which has a legal basis and an economic rationale, the transfer of State assets to public institutions does not clearly meet these requirements. We therefore believe that a rigorous evaluation of this method of financing is imperative in order to decide whether it should be continued.

The most important margins for strengthening the State's financial resources and the sustainability of public finances consist of broadening the tax base, an objective on which progress remains slow and difficult. The numerous tax exemptions, some of which have been renewed for many years, result in an annual loss of revenue for the State of nearly 2.5 percent of GDP. Their extension should be subject to an economic and social cost/benefit analysis, an exercise that has become mandatory with the entry into force of the framework law on taxation. The effective implementation of this law would also make it possible to reduce the problem of the concentration of tax pressure on a small number of companies and groups of taxpayers.

Similarly, potential margins lie in the public sector reform that Your Majesty initiated, and which requires greater attention in order to speed up its implementation. In particular, the overhaul of the sector of State-owned businesses and establishments should result in greater efficiency in their management and a better contribution to investment, notably through public-private partnerships. The completion of this reform, along with the operationalization of the Mohammed VI Fund for Investment and the adoption of the draft law of the new investment charter, give hope for the Moroccan productive fabric. Fragile and fragmented, a situation that the crisis only accentuated, it faces today several difficulties which are well identified and recurring in the surveys conducted by national and international institutions among businesses. These are essentially related to the tax burden and procedures, competition from the informal sector and corruption. The latter is a scourge that weakens the visibility for operators and investors and even threatens economic development and social cohesion.

Corruption is one of the facets of a structural deficits from which the country suffers, namely the quality of public governance at both local and central levels. Despite the will, the determination and the numerous laws, measures and strategies put in place, our country has not managed to make progress in this area. Its poor performance in international rankings even suggests a certain setback in recent years, which calls for a reconsideration of the approaches adopted so far and, above all, for stronger and more determined action.

The quality of governance would also explain the paradoxical situation that Morocco is facing for several years, a country making a considerable effort in terms of reforms but with economic and social performance well below expectations. It would also contribute to the low return on investment that characterizes the domestic economy. Indeed, despite having one of the highest investment rates in the world, the pace of growth remains slow, with the country recording, according to World Bank data, an incremental capital output ratio (ICOR) close to 10, compared to an average of 5.9 for the middle-income country category to which it belongs.

The poor performance is also noticeable in the labor market. The employment content of growth declined significantly in recent years, and improvements in skills and quality remain slow. In fact, more than 10 percent of the employed are casual or seasonal workers and more than half have no diploma. In view of these facts, a paradigm shift in terms of State intervention is necessary. Solutions that aim to create or preserve jobs without real added value with the sole purpose of ensuring a source of subsistence for their beneficiaries only perpetuate the precariousness of employment, which constitutes, in the same way as unemployment, a form of social exclusion. Instead, efforts should be redirected towards supporting employees in order to encourage reallocation towards productive activities. In the same vein, while market requests are continually on the rise due to the profound changes brought about by the digital revolution and the lack of skills in certain fields is becoming flagrant, the attractiveness of advanced countries is leading to a worrying erosion that calls for urgent measures to slow its pace.

On another front, the pandemic and the implications of the war in Ukraine have highlighted the need to strengthen the country's economic, health, energy and food sovereignty. While pursuing its openness to seize the opportunities offered by the reconfiguration of global value chains, our country must put in place a policy to secure its supply of essential products. This is the essence of Your Majesty's demand last October, and the Government is called upon to accelerate the implementation of this vision, which would contribute to strengthening our economic and social resilience.

Finally, another area where a paradigm shift in public policy is needed is the fight against climate change. Today, all assessments indicate that our country is among the most vulnerable and that it is heading, in particular, at a worrying pace towards a severe deficit in water resources. Despite the recurrence of the manifestations of this phenomenon on the one hand and the multiplication of legal texts, measures and policies on the other hand, awareness of the gravity of the situation remains insufficient. It would thus be appropriate to opt for a holistic and above all firm approach to reinforce the consideration of climate requirements as a fundamental pillar in every public or private policy. Such an orientation, coupled with the acceleration of the energy transition that our country has been undergoing for several years, would also contribute to preserving the competitiveness of the domestic economy in the face of the multiplication of climate-related restrictions on trade, as is the case of the Carbon Border Adjustment Mechanism that the European Union will put in place early next year.

Majesty,

The world is about to enter a new era marked by profound paradigm shifts that the successive crises triggered or accelerated. These include the rise of economic sovereignty, the questioning of multilateralism, the strengthening of climate requirements and the acceleration of digitalization, which brings opportunities but also risks. In addition, recent geopolitical developments are causing disruptions that are likely to be persistent and accelerate the reshaping of the world order that has begun since several years now.

Faced with this difficult and uncertain environment, the real assets of our country remain its “national constants” and its human capital. It is therefore imperative that all stakeholders and the country's vital forces mobilize behind Your Majesty in a spirit where the national interest prevails over any personal, categorical or partisan consideration. It is under these conditions that the domestic economy could stride on a path of strong, inclusive and sustainable growth, allowing the long-awaited achievement of the ambition of economic and social emergence.

Abdellatif JOUAHRI

Rabat, June 2022

بنك المغرب

Economic, monetary and financial situation

Part 1

1.1 International environment

Despite the persistence of the pandemic with the emergence of new variants, the global economy rebounded by 6.1 percent in 2021 after its 3.1 percent contraction in 2020. This development, which concerned advanced as well as emerging and developing economies, was driven by the continued implementation of fiscal and monetary stimulus measures as well as by the significant progress made in terms of vaccination, particularly in developed countries.

The recovery was reflected in world trade of goods and services, which grew by 10.1 percent in volume, despite disruptions in production and supply chains and rising freight costs. Meanwhile, foreign direct investment (FDI) flows recovered sharply, rising by 77 percent to $1,647 billion, exceeding the pre-pandemic level.

The improvement in global economic activity was also reflected in labour markets, where unemployment rates fell in most advanced economies, supported by continued job support policies.

On the commodity markets, demand recovered more quickly than supply, which was adversely hit, particularly in the case of energy products, by the reluctance of OPEC+ countries to increase their production, and in the case of agricultural products by unfavourable weather conditions in several producing countries. This discrepancy resulted in soaring prices, particularly for gas, oil and food products. This surge in commodity prices has contributed to a sharp acceleration in global inflation from 3.2 percent in 2020 to 4.7 percent in 2021, with average rates reaching 3.1 percent in advanced economies and 5.9 percent in emerging and developing countries.

Against this backdrop, monetary policies conducted by the central banks of the main advanced economies remained generally accommodative. However, at the end of the year, these policies were tightened in order to contain the increasingly persistent inflationary pressures.

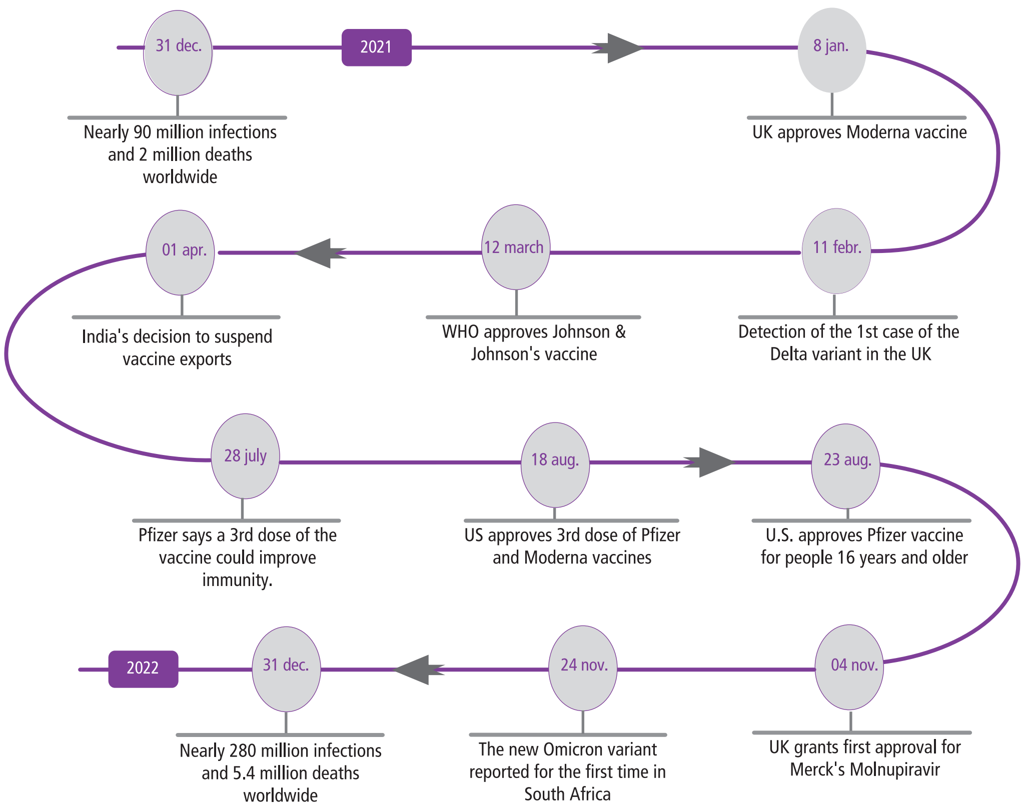
In terms of public finances, despite the continued expansionary fiscal policies, conditions improved in several countries, particularly advanced ones. Fiscal deficits and public debts decline in general, due to stronger economic activity.

In the financial markets, the main stock markets performed well, driven by a stronger-than-expected pace of economic activity and by continued fiscal support and accommodative monetary policy stance. On the bond markets, sovereign rates rose sharply, particularly in the United States, mainly due to the anticipation of a relatively rapid rise in interest rates. Meanwhile, bank lending slowed in both the US and the euro area. Finally, on the currency markets, the euro depreciated against the dollar and the pound sterling, mainly owing to the prospect of a rapid normalization of monetary policies by the FED and the Bank of England, as opposed to those of the ECB.

Among emerging market currencies, the Turkish lira fell sharply during the year as investors were worried about monetary policy conduct in the country.

In addition, the IMF distributed, in 2021, a new general allocation of Special Drawing Rights (SDRs) equivalent to $650 billion, the largest in the Fund's history, in order to meet the considerable increase in the world's need for long-term reserves, particularly after the health crisis. As per the IMF's statutes, and as in previous allocations, SDRs were distributed to countries in proportion to their quotas. Thus, emerging market and developing countries were allocated 42 percent of the total allocation, or nearly $275 billion, including $21 billion for low-income countries (Box 1.1.4).

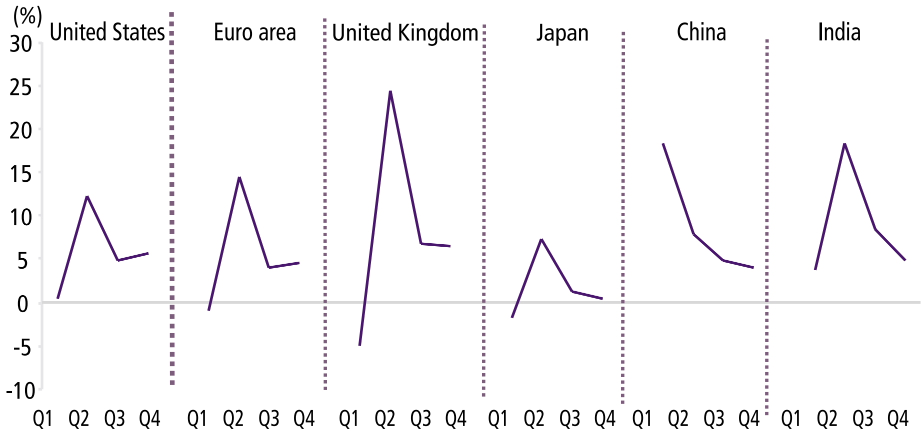
Diagram 1.1.1: Timeline of the Covid-19 pandemic in 2021



1.1.1 Economic growth

In view of the large-scale vaccination in advanced countries and the easing of health restrictions, the global economy recovered strongly and rapidly in 2021, supported by continued accommodative macroeconomic policies. Thus, after a contraction of 3.1 percent in 2020, global growth accelerated to 6.1 percent, with rebounds from -4.5 percent to 5.2 percent in advanced economies and from -2 percent to 6.8 percent in emerging and developing countries. However, this recovery was not even, considering the large existing disparities in access to vaccines across countries. In addition, from the second quarter onward, the global rebound started to falter as new variants of Covid-19 emerged and disruptions in supply and production chains persisted (Box 1.1.2).

Chart 1.1.1: Quarterly Profile of Growth in 2021 in main emerging and developing economies



Source: Eikon.

In the United States, after a 3.4 percent decline in 2020, growth reached its fastest pace since 1985, at 5.7 percent. This performance was mainly due to a vigorous recovery of domestic demand, benefiting from several economic stimulus plans launched since the beginning of the health crisis (Box 1.1.1).

The euro area economy also recorded a historic recovery of 5.3 percent after a 6.4 percent contraction, particularly reflecting GDP increases of 7 percent in France, 6.6 percent in Italy, and 5.1 percent in Spain. On the other hand, growth was relatively limited to 2.8 percent in Germany, where the manufacturing industry, particularly the automotive industry, was severely hit by input shortages.

Furthermore, boosted by an early and massive vaccination campaign, growth reached 7.4 percent in the United Kingdom, its highest rate since 1949, while it did not exceed 1.6 percent in Japan, following a 4.5 percent decline.

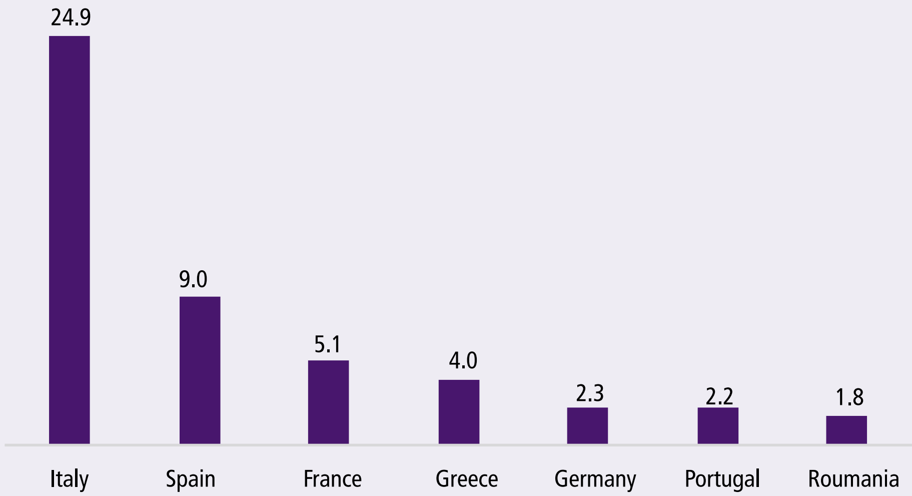
Box 1.1.1: Economic stimulus packages adopted by major developed countries in 2021

While the year 2020 witnessed a rapid and consistent response from the public authorities, including exceptional fiscal and monetary measures to mitigate the impact of the pandemic on businesses and households, 2021 was marked by the launch and implementation of stimulus plans and investment in infrastructure and human capital. These programs are designed to support economic recovery and enhance growth potential in the post-Covid era, while moving towards greener and digital economies.

In the US, for example, a first bailout package of $1900 billion was adopted in March 2021 to speed up the recovery and consolidate the social component of the plans deployed in 2020. intended for low- and middle-income citizens, the plan included direct payments, childcare subsidies, food stamps, low-income tax credits, housing assistance programs and access to health insurance and unemployment benefits. In November, a second plan was launched to improve infrastructure and to boost competitiveness and growth potential, with a total budget of round $1.2 trillion over 10 years. This new program includes the construction of roads, bridges and railways and the expansion of access to drinking water and broadband internet.

For the European Union, the year 2021 saw the release of funds for the "Next Generation-EU" plan. This temporary stimulus instrument of more than €800 billion was adopted in December 2020 to prepare European economies for the post-Covid era and make them greener, more digital, more resilient and better adapted to current and future challenges. After reviewing the plans proposed by member countries, the European Commission approved the plans of 21 member states and disbursed €56.6 billion in pre-financing.

Chart B1.1.1.1 : Breakdown of major payments received in 2021 (Billions of euros)



Source: European Commission.

In the same way, Japan announced in November 2021 a fiscal spending program, called the Kishida Plan, amounting to $490 billion to support economic recovery after the extended shutdowns due to Covid-19. Key measures include: (i) supporting small businesses and sole proprietorships affected by the pandemic;(ii) subsidizing oil refiners to reduce the born by households and businesses due to higher prices; (iii) enhancing tax breaks to encourage businesses to increase wages; (iv) providing subsidies for the purchase of electric vehicles and the construction of the relevant infrastructure; (v) building "digital" cities for more flexible work arrangements, deploying local 5G networks and data centers; (vi) creating of a $87.5 billion fund to promote science and technology research; (vii) pledging to mobilize $273.9 billion for the extension of the capacity of hospitals and vaccine development; and (viii) providing financial support to households with children under 18, people in need, and students, as well as salary increases for preschool staff and nurses.

Table 1.1.1: World economic growth (in percent)

	2018	2019	2020	2021
World	**3.6**	**2.9**	**-3.1**	**6.1**
Advanced economies	**2.3**	**1.7**	**-4.5**	**5.2**
United states	2.9	2.3	-3.4	5.7
Euro area	1.8	1.6	-6.4	5.3
Germany	1.1	1.1	-4.6	2.8
France	1.8	1.8	-8.0	7.0
Italy	0.9	0.5	-9.0	6.6
Spain	2.3	2.1	-10.8	5.1
United kingdom	1.7	1.7	-9.3	7.4
Japan	0.6	-0.2	-4.5	1.6
Emerging and developing countries	**4.6**	**3.7**	**-2.0**	**6.8**
Emerging and developing countries of Asia	**6.4**	**5.3**	**-0.8**	**7.3**
China	6.8	6.0	2.2	8.1
India	6.5	3.7	-6.6	8.9
Countries of Latin America and the Caribbean	**1.2**	**0.1**	**-7.0**	**6.8**
Brazil	1.8	1.2	-3.9	4.6
Mexico	2.2	-0.2	-8.2	4.8
Emerging and developing countries of Europe	**3.4**	**2.5**	**-1.8**	**6.7**
Russia	2.8	2.2	-2.7	4.7
Turkey	3.0	0.9	1.8	11.0
Sub-Saharan Africa	**3.3**	**3.1**	**-1.7**	**4.5**
South Africa	1.5	0.1	-6.4	4.9
Middle East and North Africa	**2.0**	**1.7**	**-3.3**	**5.8**

Source: IMF.

In emerging and developing countries, China posted a growth rate of 8.1 percent in 2021, mainly due to the robustness of its exports. However, the intra-annual trend shows that the pace of economic activity has gradually slowed from one quarter to the next, as a result of electricity shortages[1], drastic closures following the emergence of new outbreaks of Covid-19 and the difficulties encountered by the real estate sector[2].

Meanwhile, bolstered by a strong recovery in domestic demand and exports, the Indian economy grew by 8.9 percent after contracting by 6.6 percent. Brazil also resumed growth with a 4.6 percent rebound, as the dynamism of the industrial and service sectors offset the slight decline in the agricultural sector, hit by unfavourable weather conditions. In Russia, the domestic economy benefited greatly from the surge in energy prices, with growth of 4.7 percent after a decline of 2.7 percent.

In sub-Saharan Africa, which benefited from higher commodity prices and accomodative global financial conditions, economic growth reached 4.5 percent compared to -1.7 percent a year earlier. However, this recovery is still among the weakest compared to other regions of the world, due to the slow pace of vaccination campaigns and the limited scope for addressing the effects of the health crisis. More specifically, growth reached 4.9 percent after -6.4 percent in South Africa, and 3.6 percent instead of -1.8 percent in Nigeria, driven by mining and oil revenues respectively.

The Middle East and North Africa region, like the other regions, recorded a 5.8 percent increase in GDP after a sharp contraction. In oil-exporting countries, growth rose from an average of -4.4 percent to 6.8 percent, driven by increased oil revenues and a recovery in the non-oil sectors as vaccination progressed. In oil-importing countries, despite the weight of the services sector, particularly tourism, growth averaged 3.1 percent, after a decline of 0.8 percent, benefiting from the dynamism of external demand for goods.

1.1.2 Labor market

With the continued employment support measures deployed since the onset of the crisis and the vigorous recovery of economic activity, the labour market improved overall in 2021, particularly in advanced economies. Thus, the unemployment rate in the United States fell sharply from 8.1 percent in 2020 to 5.4 percent in 2021, with the creation of 6.1 million jobs against a loss of 8.9 million.

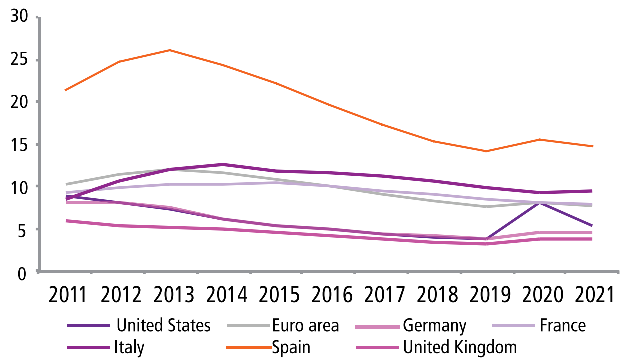
[1] This shortage occurred due to a lack of coal supply as a result of higher international prices and stricter anti-pollution regulations. Indeed, China committed to reducing its energy intensity by about 3 percent in 2021 in order to meet its climate change targets.

[2] These difficulties are mainly related to the financial problems faced by one of China's largest property development groups, Evergrande. These mainly result from the tightening of refinancing conditions by the Chinese Central Bank to curb the rise in real estate prices.

Table 1.1.2: Unemployment rate (in percent)

	2017	2018	2019	2020	2021
Advanced countries					
United States	4.4	3.9	3.7	8.1	5.4
Euro area	9.1	8.3	7.6	8.0	7.7
Germany	3.8	3.4	3.2	3.8	3.5
France	9.4	9.0	8.4	8.0	7.9
Italy	11.3	10.6	9.9	9.3	9.5
Spain	17.2	15.3	14.1	15.5	14.8
United Kingdom	4.4	4.1	3.8	4.5	4.5
Japan	2.8	2.4	2.4	2.8	2.8
Emerging countries					
Russia	5.2	4.8	4.6	5.8	4.8
China	3.9	3.8	3.6	4.2	4.0
Brazil	12.9	12.4	12.0	13.8	14.2

Chart 1.1.2: Unemployment rate in advanced countries (in percent)



Source: IMF.

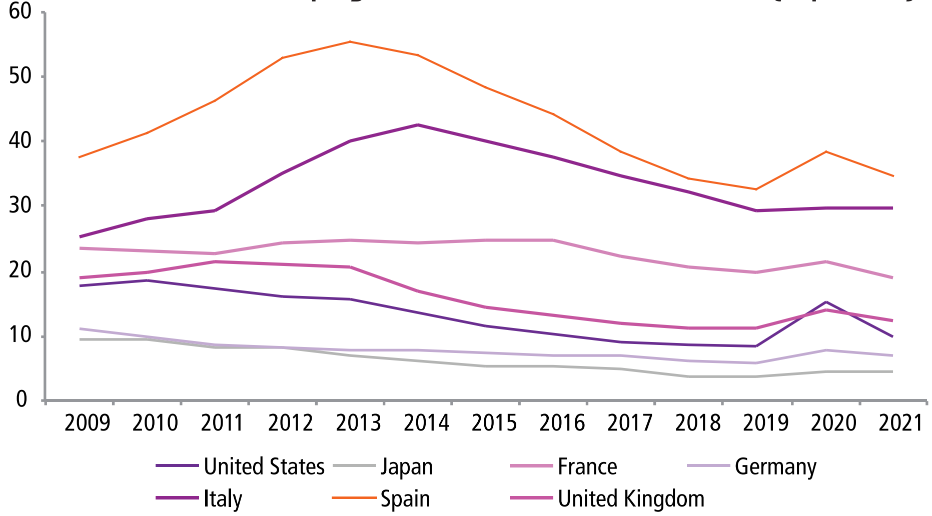
In the Euro area, the unemployment rate fell from 8 percent to 7.7 percent, albeit with significant disparities across countries. This rate fell from 8 percent to 7.9 percent in France, from 3.8 percent to 3.5 percent in Germany and from 15.5 percent to 14.8 percent in Spain, but rose slightly from 9.3 percent to 9.5 percent in Italy. On the other hand, the unemployment rate stabilized at 4.5 percent in the United Kingdom and at 2.8 percent in Japan.

In emerging and developing economies, trends were uneven. In China, unemployment fell from 4.2 percent to 4 percent while it fell from 5.8 percent to 4.8 percent in Russia. Conversely, it increased from 13.8 percent to 14.2 percent in Brazil and continued to rise in South Africa to an all-time high of 34.2 percent from 29.2 percent a year earlier. In the Middle East and North Africa region, unemployment rates fell from 14.7 percent to 13.4 percent in Algeria and from 8.3 percent to 7.3 percent in Egypt.

Youth unemployment[1] , which rose sharply in 2020 in the wake of the health crisis, declined in 2021 in most advanced economies, especially in Europe. Thus, this rate fell from 38.3 percent to 34.9 percent in Spain, from 21.5 percent to 18.9 percent in France and from 7.9 percent to 6.9 percent in Germany, while it increased slightly from 29.6 percent to 29.8 percent in Italy. In the other advanced countries, this rate fell sharply, especially in the United States, from 15.1 percent to 9.7 percent, and in the United Kingdom, from 13.8 percent to 13.5 percent, while in Japan it rose slightly from 4.5 percent to 4.6 percent.

[1] Persons aged less than 25.

Chart 1.1.3: Youth unemployment rate in advanced countries (in percent)



Sources: OECD, Eurostat.

1.1.3 Commodity markets

The steep recovery in demand which outstripped supply in 2021 resulted in a sharp rise in commodity prices, with price hikes of 82 percent for energy products and 32.7 percent for non-energy products.

Chart 1.1.4: Annual change in commodity price indexes (2010=100)

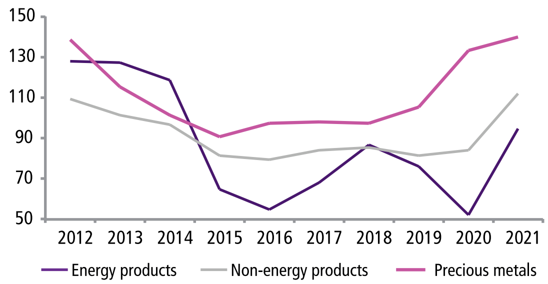
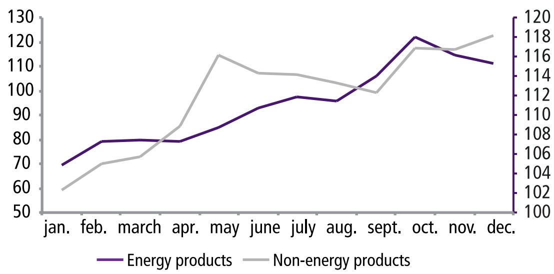


Chart 1.1.5: Monthly change in commodity price indexes in 2021 (2010=100)



Source: World Bank.

On the crude oil market, prices[1] rose by 67.4 percent to reach an average of $69 per barrel, its highest level since 2015. In addition to the recovery in demand, this development was driven on the supply side by the reluctance of OPEC+ countries to increase production further and by the disruption caused by Hurricane "Ida" in the United States.

[1] The average price of Brent, WTI and Dubai Fateh.

With regard to other energy products, the price of natural gas showed an exceptional rise of 187.2 percent, with a 91.2 percent increase in the US market and a fivefold increase in its price in Europe. This surge was the result of several factors, including: (i) a long, cold winter in the United States that reduced reserve stocks and led to the freezing of production wells; (ii) periods of drought limiting hydroelectric production; (iii) below-average wind power production in Europe; and (iv) insufficient Russian gas supply. Similarly, the price of coal more than doubled, mainly due to improved Chinese demand for power generation in response to higher gas prices and flood-related disruptions in some exporting countries.

Chart 1.1.6: Annual change in energy price

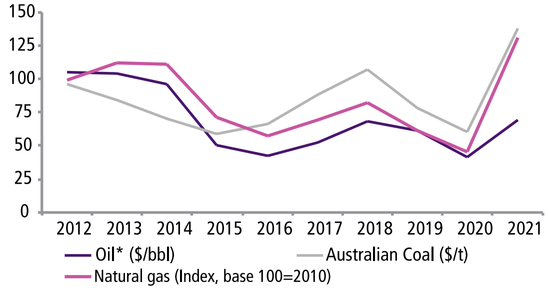
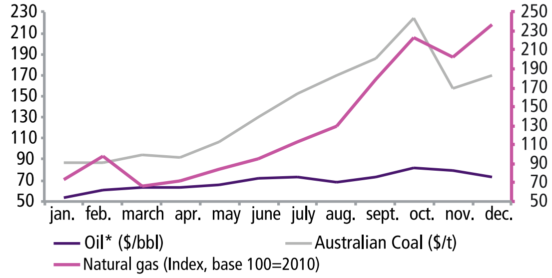


Chart 1.1.7: Monthly change in energy price in 2021



(*) The average of Brent, WTI and Dubai Fateh prices.

Source: World Bank.

Prices for metals and ores rose 47.1 percent, driven by strong demand from China combined with supply cuts in line with the country's policy to reduce energy consumption in metal production. By product, prices rose 45.1 percent for aluminium reflecting input costs, 50.9 percent for copper on strong infrastructure and construction investment, and 48.5 percent for due robust demand for steel production. Similarly, price increases were reported at 33.9 percent for nickel and 32.5 percent for zinc.

As for phosphate and derivatives, prices rose significantly, mainly due to strong demand, particularly from Brazil, the United States and China. This change was further exacerbated by the Chinese export suspension, the increase in input costs as well as the imposition of countervailing duties by the United States on fertilizer imports from Morocco and Russia. In this context, DAP rose by 92.4 percent to an average of 601 dollars per ton, TSP by 103.1 percent to 538.2 dollars, urea by 110.9 percent to 483.2 dollars and crude phosphate by 62 percent to 123.2 dollars.

The surge in fertilizer prices coupled with unfavourable weather conditions in some major producing countries put strong upward pressure on agricultural commodity prices. The latter rose overall by 24.2 percent, 41.6 percent for oils and flours, 16.3 percent for beverages, 37.6 percent for sugar and 30 percent for cereals.

Chart 1.1.8: Non-energy price indexes (2010=100)

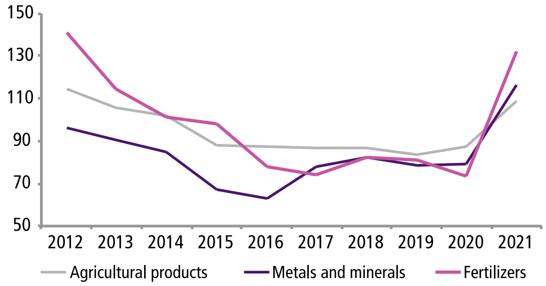
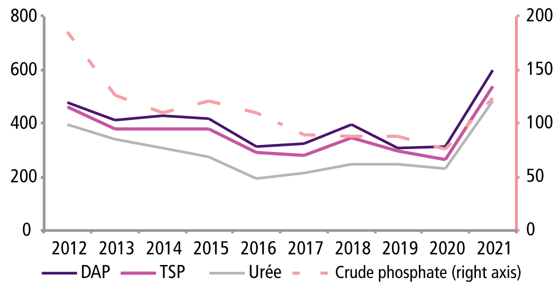


Chart 1.1.9: Prices of phosphate and fertilizers (dollar/tone)



Source: World Bank.

As for precious metals, the price of gold rose slightly by 1.7 percent to nearly 1,800 dollars per ounce, and those of silver and platinum rose by 22.5 percent and 23.5 percent respectively, in a context marked by the continued orientation of public policies towards the development of green energy.

1.1.4 Inflation

The recovery in demand, the continued disruption of supply and production chains, the rising cost of freight, and the surge in commodity prices have all contributed to the sharp rise in 2021 inflation pressures. Inflation evolved at its highest levels in the last decade in advanced as well as in emerging and developing economies, with the notable exception of Japan and China. It accelerated from 3.2 percent to 4.7 percent overall, from 0.7 percent to 3.1 percent in advanced countries and from 5.2 percent to 5.9 percent in emerging and developing economies.

Table 1.1.3: Inflation in the world (in percent)

	2016	2017	2018	2019	2020	2021
World	**2.7**	**3.2**	**3.6**	**3.5**	**3.2**	**4.7**
Advanced economies	**0.7**	**1.7**	**2.0**	**1.4**	**0.7**	**3.1**
United States	1.3	2.1	2.4	1.8	1.2	4.7
Euro area	0.2	1.5	1.8	1.2	0.3	2.6
Germany	0.4	1.7	1.9	1.4	0.4	3.2
France	0.3	1.2	2.1	1.3	0.5	2.1
Italy	-0.1	1.3	1.2	0.6	-0.1	1.9
Spain	-0.2	2.0	1.7	0.7	-0.3	3.1
United Kingdom	0.7	2.7	2.5	1.8	0.9	2.6
Japan	-0.1	0.5	1.0	0.5	0.0	-0.3
Emerging and developing countries	**4.3**	**4.4**	**4.9**	**5.1**	**5.2**	**5.9**
China	2.0	1.6	2.1	2.9	2.4	0.9
India	4.5	3.6	3.4	4.8	6.2	5.5
Brazil	8.7	3.4	3.7	3.7	3.2	8.3
Russia	7.0	3.7	2.9	4.5	3.4	6.7
Middle East and North Africa	**5.5**	**7.0**	**11.1**	**8.2**	**11.2**	**14.6**

Source : IMF.

After standing at 1.2 percent in 2020, inflation in the United States reached 4.7 percent in 2021, an all-time high since 1991. In addition to the factors mentioned above, this development can also be explained by direct subsidies, which led to a significant improvement in the demand for durable goods. Similarly, in the euro area, it rose to 2.6 percent from 0.3 percent, reflecting an acceleration from 0.4 percent to 3.2 percent in Germany, from 0.5 percent to 2.1 percent in France, from -0.3 percent to 3.1 percent in Spain and from -0.1 percent to 1.9 percent in Italy. It also rose from 0.9 percent to 2.6 percent in the United Kingdom, while in Japan, consumer prices fell by 0.3 percent after stagnating in 2020.

Chart 1.1.10: Inflation in the world (in percent)

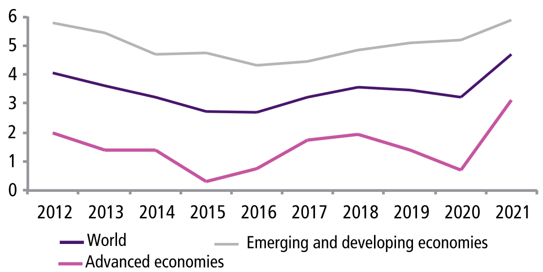
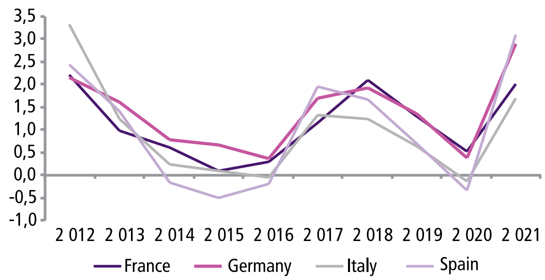


Chart 1.1.11: Inflation in the main economies of the Euro area (in percent)



Source: IMF.

In the main emerging economies, inflation also accelerated sharply, from 12.3 percent to 19.6 percent in Turkey, from 3.2 percent to 8.3 percent in Brazil and from 3.4 percent to 6.7 percent in Russia. Conversely, it slowed from 6.2 percent to 5.5 percent in India and from 2.4 percent to 0.9 percent in China. In North African countries in particular, inflation continued its upward trend in Algeria to 7.2 percent after 2.4 percent and remained at high levels in Tunisia at 5.7 percent after 5.6 percent, while in Egypt it slowed from 5.7 percent to 4.5 percent. Meanwhile, impacted by economic difficulties and an unprecedented depreciation of its currency, Lebanon posted an inflation rate of 154.8 percent after 84.9 percent in 2020.

1.1.5 Public finance

After a significant decline in 2020 resulting from the exceptional fiscal effort made in response to the crisis, public finances improved relatively well in many countries as a result of the strong recovery in economic activity.

Thus, in the United States, for example, after rising to 14.5 percent of GDP, fiscal deficit was reduced to 10.2 percent in 2021, leading to a slight reduction in public debt to 132.6 percent of GDP from 134.2 percent. In the euro area, the fiscal deficit fell from 7.2 percent to 5.5 percent of GDP and public debt from 97.3 percent to 96 percent of GDP. In the main economies of the area, the reduction of the budgetary balances was almost generalized, while the evolution of public debt varied from one country to another.

The deficit fell from 9.1 percent of GDP to 7 percent in France, from 4.3 percent to 3.7 percent in Germany, from 9.6 percent to 7.2 percent in Italy and from 11 percent to 7 percent in Spain. At the same time, the debt ratio rose to 120 percent of GDP from 118.7 percent in Spain, and to 70.2 percent from 68.7 percent in Germany. Conversely, it fell to 112.3 percent of GDP from 115.2 percent in France, and to 150.9 percent from 155.3 percent in Italy.

Likewise, the situation in the United Kingdom improved significantly, as fiscal deficit fell from 12.8 percent to 8 percent and public debt from 102.6 percent to 95.3 percent. In the case of Japan, the deficit fell from 8.9 percent to 7.6 percent, but public debt continued to rise, reaching 263.1 percent of GDP, making it the most indebted country among the advanced economies.

In emerging and developing countries, the fiscal deficit fell significantly, to 6 percent in China, 10.4 percent in India, 4.4 percent in Brazil and 0.7 percent in Russia. At the same time, public debt increased in China and India to 73.3 percent and 86.8 percent respectively, while it declined to 93 percent in Brazil and 17 percent in Russia.

Chart 1.1.12: Budget balance in the main advanced economies (in percent of GDP)

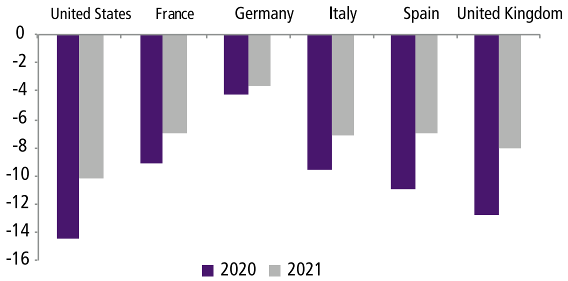
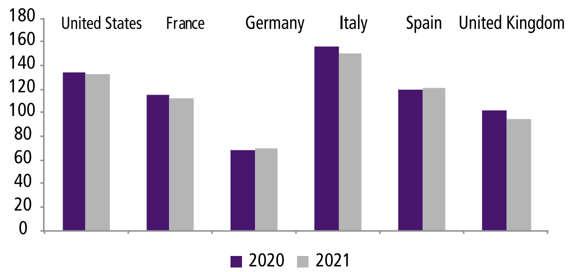


Chart 1.1.13: Public debt in the main advanced economies (in percent of GDP)



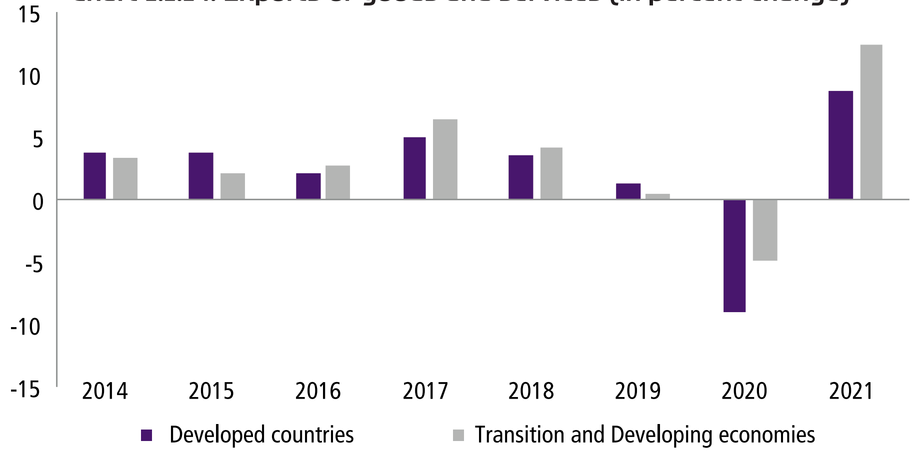
Source: IMF.

Benefiting from the sharp rise in energy prices, MENA energy-exporting countries witnessed a marked improvement in their public finances in 2021. Thus, the fiscal deficit narrowed to 2.4 percent in Saudi Arabia, 3.8 percent in Algeria and 0.5 percent in Kuwait, while the surplus balance strengthened to 4.1 percent in Qatar. Meanwhile, with the exception of Algeria where it rose to 58.5 percent of GDP, public debt fell to 30 percent in Saudi Arabia, 58.4 percent in Qatar and 8.7 percent in Kuwait. In importing countries, fiscal deficit fell to 7.3 percent of GDP in Egypt and 7.7 percent in Tunisia, with an increase in public debt to 93.4 percent of GDP in Egypt and a decrease to 82 percent in Tunisia.

1.1.6 External accounts

Bolstered by the rebound in economic activity, world trade expanded strongly in 2021, despite the lingering constraints arising from bottlenecks in supply and production chains and the rising cost of maritime freight. Thereby, after a contraction of 7.9 percent in 2020, it recorded a notable rebound of 10.1 percent, reflecting increases of 8.6 percent in exports from advanced economies and 12.3 percent in those of emerging and developing countries.

Chart 1.1.14: Exports of goods and services (in percent change)



Source: IMF.

Remittances to low- and middle-income countries, which showed notable resilience in 2020, grew by 7.3 percent in 2021 to reach $589 billion. This improvement is attributed to the upturn in activity and employment in host countries, and to the growing needs of families affected by the health crisis in countries of origin. This sharp increase affected almost all regions, with rises of 21.6 percent for Latin America or the Caribbean, 9.7 percent for the Middle East and North Africa, 8 percent for South Asia, 6.2 percent for sub-Saharan Africa and 5.3 percent for Europe and Central Asia. On the other hand, transfers to East Asia and the Pacific fell by 4 percent.

Under these conditions, the current account surplus in advanced economies grew from 0.4 percent of GDP in 2020 to 0.7 percent in 2021. In the euro area, it rose from 1.9 percent to 2.4 percent, driven by surplus gains from 7.1 percent to 7.4 percent in Germany and from 0.8 percent to 0.9 percent in Spain, and by a deficit reduction from 1.9 percent to 0.9 percent in France. For Japan, the surplus fell slightly from 3 percent to 2.9 percent. Conversely, the current account deficit widened from 2.9 percent to 3.5 percent in the United States and from 2.5 percent to 2.6 percent in the United Kingdom.

In emerging and developing economies, the current account surplus strengthened to 0.9 percent of GDP from 0.5 percent, with a sharp increase to 6.9 percent in Russia, 3.7 percent in South

Africa and, to a lesser extent, 1.8 percent in China. Conversely, the current account balance in India moved from a surplus of 0.9 percent to a deficit of 1.6 percent, while the deficit in Brazil remained unchanged at 1.7 percent.

In the MENA region, the significant rise in oil prices was reflected in the evolution of the current account balances of exporting countries, with surpluses at 6.6 percent of GDP in Saudi Arabia, 11.7 percent in the United Arab Emirates, and 14.7 percent in Qatar. For oil-importing countries, on the other hand, the deficit increased to 4.6 percent in Egypt and 6.2 percent in Tunisia.

Table 1.1.4: Current account balance in the world (in percent of GDP)

	2017	2018	2019	2020	2021
Advanced economies	**1.0**	**0.8**	**0.7**	**0.4**	**0.7**
United States	-1.9	-2.1	-2.2	-2.9	-3.5
Euro area	3.2	2.9	2.3	1.9	2.4
Germany	7.8	7.9	7.6	7.1	7.4
France	-0.8	-0.8	-0.3	-1.9	-0.9
Italy	2.6	2.5	3.2	3.7	3.3
Spain	2.8	1.9	2.1	0.8	0.9
United Kingdom	-3.6	-3.9	-2.7	-2.5	-2.6
Japan	4.1	3.5	3.4	3.0	2.9
Emerging and developing economies	**-0.1**	**-0.2**	**0.0**	**0.5**	**0.9**
Emerging and developing countries of Asia	**0.9**	**-0.3**	**0.5**	**1.5**	**1.0**
China	1.5	0.2	0.7	1.7	1.8
India	-1.8	-2.1	-0.9	0.9	-1.6
Countries of Latin America and the Caribbean	**-1.7**	**-2.7**	**-2.1**	**-0.2**	**-1.6**
Brazil	-1.1	-2.7	-3.5	-1.7	-1.7
Mexico	-1.7	-2.0	-0.3	2.4	-0.4
Emerging and developing countries of Europe	**-0.5**	**1.7**	**1.3**	**0.0**	**1.7**
Russia	2.0	7.0	3.9	2.4	6.9
Turkey	-4.8	-2.8	0.7	-4.9	-1.8
Sub-Saharan Africa	**-2.2**	**-2.3**	**-3.2**	**-3.0**	**-1.1**
South Africa	-2.4	-3.0	-2.6	2.0	3.7
Middle East and Central Asia	**-1.1**	**2.9**	**0.5**	**-2.5**	**3.0**

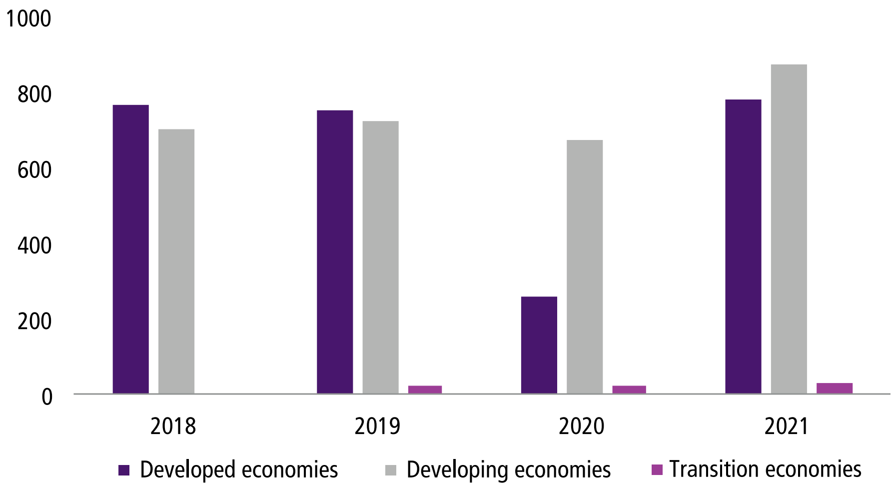
Source : IMF.

FDI flows bounced back by 77 percent to 1,647 billion dollars in 2021, exceeding their pre-pandemic level. The largest increase was recorded for developed economies, which attracted a total of 777 billion dollars. Flows to Europe totalled 305 billion dollars, up from 20 billion dollars, while flows to the United States nearly doubled, fuelled by a surge in cross-border mergers and acquisitions.

Similarly, flows to developing economies posted a 30 percent increase to 870 billion dollars. The growth rate reached 18 percent to 696 billion dollars for Asia, 75 percent to 147 billion dollars for Latin America and the Caribbean, and 147 percent to 97 billion dollars for Africa, including

41 billion dollars for South Africa. Finally, the least developed economies[1] attracted a total of 28 billion dollars, up 19 percent from 2020.

Chart 1.1.15: FDI inflows (in billion dollars)



Source: UNCTAD.

Against this background, the main emerging countries have strengthened their foreign exchange reserves, whose stock amounted to 3,427 billion dollars in China, 638 billion dollars in India, 632 billion dollars in Russia and 362 billion dollars in Brazil.

Box 1.1.2: Disruption of global supply chains in 2021

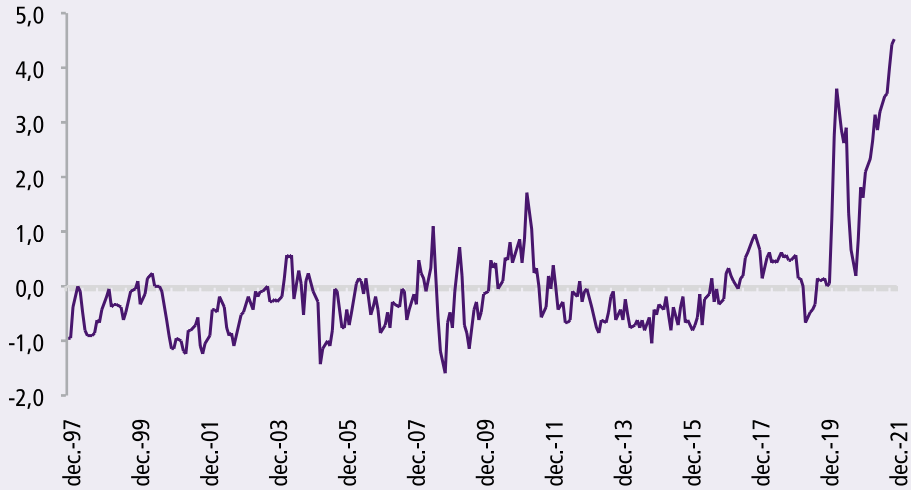
As economies reopened after the easing of sanitary restrictions and the recovery of the activity, demand for consumer goods, intermediate inputs and raw materials experienced strong pressure, while at the same time the recovery of production and supply chains remained slow and limited. As a result, pressures on supply chains have never been higher. Container prices[1] jumped 484 percent at the end of 2021 compared to December 2019, which spilled over into costs and delivery times by sea. Shipments between China and the U.S., for example, required an average of 80 days in 2021, an 86 percent increase compared to crisis times. The Global Supply Chain Pressures Index[2], which measures the pressure on global supply chains, has been on a strong upward trend since November 2020, reaching a record level in December 2021.

1 "Composite World Container Index" calculated by Drewry.

2 It is calculated based on two groups of indicators, the first one focusing on cross-border transport costs and the second one based on country-level manufacturing data from Purchasing Managers' Index (PMI) surveys. The latter covers the euro zone, China, Japan, South Korea, Taiwan, the United Kingdom and the United States.

[1] Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Comoros, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao PDR, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Burma, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Chad, Timor-Leste, Togo, Tuvalu, Uganda, Tanzania, Yemen and Zambia.

Chart B1.1.2.1: Change in the "Global supply chain pressures" index



Source: New York Federal Reserve, March 3, 2022.

The mismatch in the pace of recovery of supply and demand is attributable to a number of other factors including, primarily:

- Repeated temporary closures due to sporadic outbreaks of Covid-19 and the subsequent restrictive measures put in place. According to the IMF[3], 40 percent of supply difficulties in the manufacturing industry worldwide are due to temporary closures.
- Significant disruptions in the semiconductor chips market[4]. The demand for these components, already affected before the pandemic by geopolitical tensions between the United States and China, has been further strengthened by the health crisis, in particular due to: (i) the strong demand for new technology products induced by the faster pace of digitalization in the context of the crisis; and (ii) the supply policy of companies oriented towards building up inventories to guard against persistent shortages, whereas previously the "just-in-time" production model predominated. On the supply side, the factors are mainly related to: (i) the complexity and lead times of semiconductor manufacturing, which make it difficult to adapt to rapid changes in demand[5]; and (ii) the various natural disasters that have affected the main manufacturing sites, mainly concentrated in Asia (Taiwan, South Korea, China and Japan) and the United States.

[3] Oya Celasun, Niels-Jakob Hansen, Aiko Mineshima, Mariano Spector, and Jing Zhou: "Supply Bottlenecks: Where, Why, How Much, and What Next?". IMF WP/22/31, february 2022.

[4] Semiconductor chips are the essential building blocks of various products "From smartphones and cars, through critical applications and infrastructures for healthcare, energy, mobility, communications and industrial automation" European Chips Act - Questions and Answers- February 2022.

[5] According to the IMF, while it is possible in the short term to increase production capacity by hiring more workers and incorporating more machinery into existing plants, larger expansions require the construction of new plants, and require lead times ranging from 2 to 4 years.

- Maritime freight bottlenecks due to labour shortages and harbour blockages caused by outbreaks of the Covid-19, which have affected major ports such as Shanghai, Rotterdam and Los Angeles. This situation was further aggravated when a Taiwanese container ship blocked the Suez Canal in Egypt[6].
- Labour shortages associated with the reallocation of workers to more demanding sectors. According to the IMF[7], this shortage will account for up to 10 percent of supply difficulties in the manufacturing industry in 2021.

Supply chain disruptions adversely affected manufacturing output and economic growth overall. For illustration purposes[7], in the Eurozone, had it not been for the supply difficulties, manufacturing output in the fall of 2021 would have been about 6 percent higher and GDP would have been nearly 2 percent higher, equivalent to about a year's worth of growth in normal times in many European countries.

Although global semiconductor sales[8] rose to a record 555.9 billion dollars in 2021, supply could not meet the needs of some industries, particularly the automotive sector. According to the IMF[3] automotive manufacturing in the United States, Germany, and Japan came in about 13 percent, 33 percent, and 40 percent below its 2019 level, respectively. Moreover, disruptions have also affected price developments. Indeed, during the first three quarters of 2021[9], the manufacturing component of producer prices in the euro area was about 10 percentage points above its pre-pandemic level.

The IMF considers that about half of the increase in the price of manufactured goods is due to supply shocks, while the other half is mainly due to improved demand. Moreover, a recent study[10] noted that the effects of higher freight costs could persist for 12 to 18 months and that the increase in 2021 would raise inflation by about 1.5 percentage points in 2022.

From an outlook perspective, the supply chain disruptions seen over the past two years, particularly in the automotive sector, were expected to taper off during 2022. However, with the outbreak of the conflict in Ukraine, this outlook has been largely challenged.

Under these circumstances, the just-in-time production model and the globalization of supply chains are being challenged today. Indeed, several large companies have begun to move gradually towards "just-in-case" models[11] and towards local and regional supply chains, thereby allowing for a rise in economic sovereignty.

[6] The Suez Canal was blocked on 23 March 2021 when the container ship "Ever Given" ran aground, completely obstructing the canal for 6 days. This situation stopped nearly 150 cargo ships carrying a total of 10 billion dollars worth of goods.

[7] Kristalina Georgieva, Oya Celasun and Alfred Kammer: "Supply Disruptions Add to Inflation, Undermine Recovery in Europe", IMF blog, February 2022.

[8] Data are taken from the latest release of the Semiconductor Industry Association, February 2022.

[9] Kristalina Georgieva, Oya Celasun and Alfred Kammer: "Supply Disruptions Add to Inflation, Undermine Recovery in Europe", IMF blog, February 2022.

[10] Yan Carriere-Swallow; Pragyan Deb; Davide Furceri; Daniel Jimenez; Jonathan David Ostry. Shipping Costs and Inflation. IMF WP/22/61, March 2022

[11] The "just-in-case" method consists of producing and/or stocking raw materials and finished products in advance, while keeping an inventory available at all times.

As an illustration, the European Commission has announced that it wants to double the EU's market share in semiconductors to 20 percent of global production by the end of the decade and thus reduce its dependence on Asian suppliers, as more than half of the EU's semiconductor needs are met by imports from Taiwan. To achieve this, a public and private investment plan worth more than 43 billion euros has been drawn up[12].

[12] European Commission: "Digital Sovereignty: Commission proposes semiconductor legislative package to address shortages and strengthen Europe's technological lead," February 2022.

1.1.7 Monetary policies

In 2021, the central banks of the advanced economies have broadly continued their accommodating monetary policy, with a shift towards normalization at the end of the year in light of the intensified inflationary pressures, which have also led several central banks of emerging economies to raise their key rates and/or some of them to end their asset purchase policies.

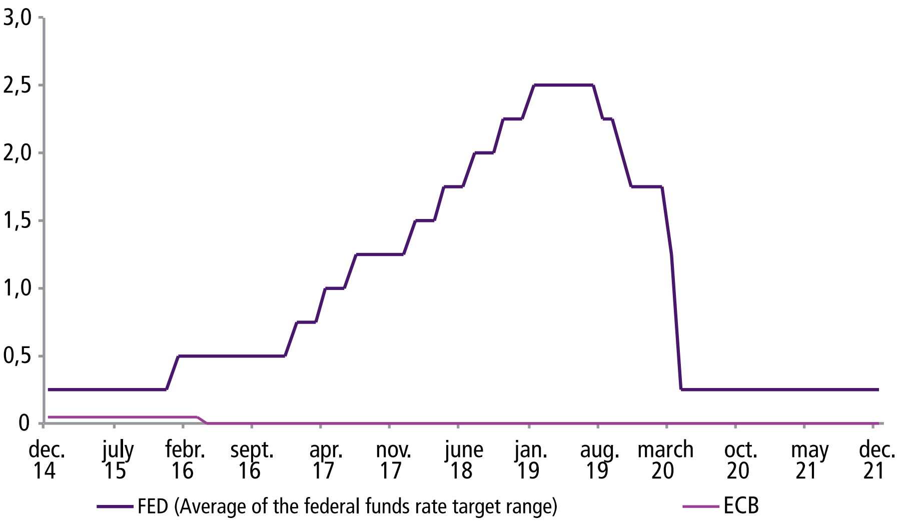
In the United States, the FED kept the target range for the federal funds rate at [0 percent - 0.25 percent] in 2021 and announced in November that it would reduce the monthly pace of its holdings of treasury securities by 10 billion dollars and mortgage-backed securities by 5 billion[1] dollars over the rest of the year. At its December meeting, it decided to double that cut starting in January 2022, to a total of 30 billion dollars per month, to end its asset purchase program in March 2022.

In the euro area, the ECB also kept the interest rates on the main refinancing operations unchanged at 0 percent, the marginal lending facility at 0.25 percent and the deposit facility at -0.50 percent. At its December meeting, it decided to reduce the pace of procurement under the Emergency Pandemic Purchasing Program (EPPP) before halting it in March 2022[2]. As for its asset purchase program (APP), the Bank set the monthly pace of its purchases at 40 billion euros in the second quarter of 2022, 30 billion euros in the third quarter and 20 billion euros from October onwards, for as long as necessary to reinforce the accommodative impact of its key rates. It is worth noting that the institution unveiled its new monetary policy strategy on July 8, which includes a symmetrical inflation target of 2 percent (Box 1.1.3).

[1] In December 2020, the FED Committee indicated that it would increase its monthly holdings of Treasury securities by at least 80 billion dollars and MBS by at least 40 billion dollars. mortgage-backed securities by at least 40 billion dollars.

[2] The ECB Council decided at its December 2020 meeting to increase the envelope for the emergency pandemic purchase program by 500 billion to a total of 1,850 billion euros. As for the Asset Purchase Program (APP), the Board indicated that it will continue at a monthly 20 billion dollards per month.

Chart 1.1.16: Key rates of the ECB and the FED



Source: Eikon.

Box 1.1.3: Review of the ECB's monetary policy framework

After the FED in August 2020, the ECB unveiled its new monetary policy strategy on July 8, 2021, introducing, among other things, a symmetric inflation target and committed to taking climate change considerations into account in the conduct of monetary policy.

The ECB has announced that it will target a symmetric inflation rate of 2 percent over the medium term. Unlike its previous framework in which it sought a rate "below but close to 2 percent", the new 2 percent target is neither a ceiling nor a bottom and the ECB will not necessarily seek to compensate periods of below-target inflation with periods of above-target inflation.

The Institution stated that interest rates would still be the main policy instrument, but that other sufficiently flexible instruments (asset purchases, longer-term refinancing operations, forward guidance) could also be used to alleviate the constraints of the nominal interest rate floor.

With respect to the measure of inflation, the ECB will keep using the Harmonized Index of Consumer Prices (HICP) as its main measure. However, it recognizes that including a component related to the cost of owner-occupied housing in the HICP would make this indicator more relevant. Given the difficulties involved in making this adjustment, the Bank will temporarily use preliminary estimates of these costs in its assessments as part of its conduct of monetary policy.

The ECB recognizes the need to integrate climate change issues into its monetary policy framework within its mandate. Its action plan, which includes a roadmap to 2024, is structured around the following areas:

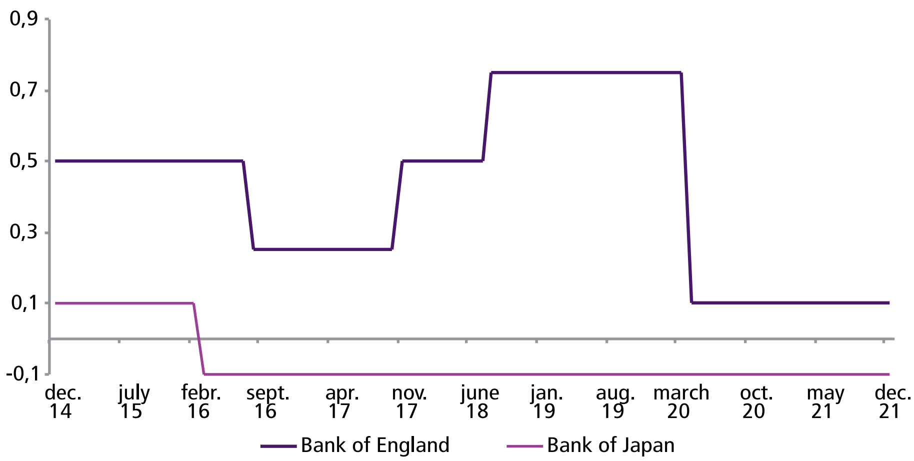
- Developing new macroeconomic models to assess the implications of climate change and related policies for the economy, the financial system and the transmission of monetary policy.

- Developing new indicators for green financial instruments, the carbon footprint of financial institutions, and their exposure to physical climate-related risks.
- Introducing new climate reporting requirements as a new eligibility criterion for eligible securities as collateral and for private sector asset purchases.
- Strengthening risk assessment capabilities. The ECB will conduct climate stress tests on the Euro system's balance sheet to assess to the risks associated with climate change.
- Integrating relevant climate change risks into the review of its risk assessment and control frameworks for assets used by banks as collateral in credit operations.
- Considering climate-related criteria to guide its purchases of corporate securities. These will include issuers' alignment with the Paris Agreement or their commitments to those goals.

In response to soaring inflation, the Bank of England was the first G7 central bank since the initial shock of the pandemic to raise its key interest rate in December 2021, from 0.1 percent to 0.25 percent. In terms of unconventional measures, the Bank of England has maintained the amount of purchases at £20 billion for investment-grade British non-financial corporate bonds and £875 billion for British government bonds.

Meanwhile, the Bank of Japan kept its short-term interest rate unchanged at -0.1 percent and the 10-year government bond yield unchanged at around 0 percent, with a fluctuation band of +/- 0.25 percent. It also indicated that it would complete its additional purchases of securities as planned at the end of March 2022 to return to its pre-crisis purchasing volume from April onwards. At the same time, the Bank announced a six-month extension, until the end of September, of the special government-guaranteed program set up to support the financing of mainly small and medium-sized enterprises in response to Covid-19. In addition, it announced that it would supply funds to private financial institutions that support businesses in areas related to climate change.

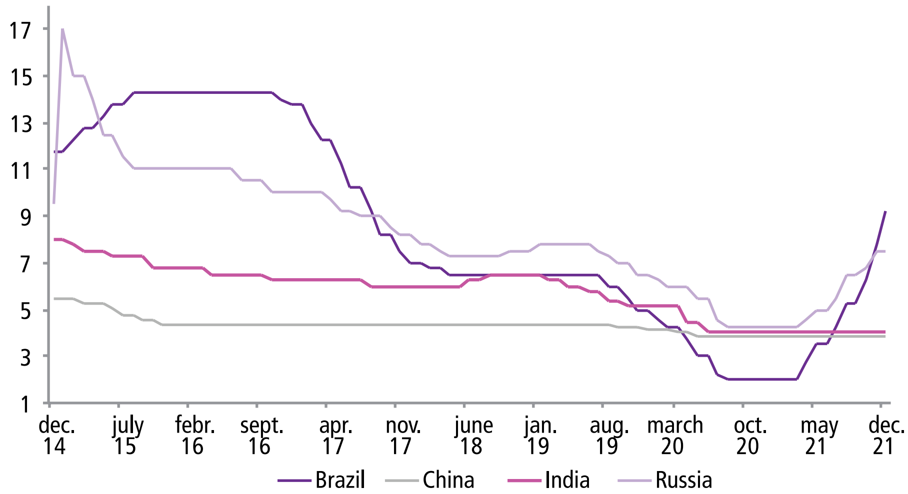
Chart 1.1.17: Key rates of the Bank of England and the Bank of Japan



Source: Eikon.

In the major emerging economies, continuing their efforts to contain inflationary pressures, the central bank of Brazil raised its policy rate by a total of 725 basis points (bps) to 9.25 percent and the central bank of Russia increased its rate from 4.25 percent to 8.5 percent. In contrast, the Reserve Bank of India kept its rate unchanged at 4 percent, affirming that it would maintain an accommodative monetary policy for as long as necessary to support the economic recovery and mitigate the impact of the pandemic. China's central bank lowered its prime lending rate by 5 bps to 3.8 percent in December amid a slowing economic recovery.

Chart 1.1.18: Key rates in major emerging countries (in percent)



Source: Eikon.

1.1.8 Financial markets

Despite the persistance of health crisis, the stock markets of the major advanced economies have performed remarkably well in 2021. More specifically, the Dow Jones Industrials rose by 18.7 percent, the Eurostoxx 50 by 21 percent, the FTSE 100 by 14.3 percent and the Nikkei 225 by 4.9 percent. These gains were driven by progress in vaccination campaigns, the strength of the economic recovery and by continued monetary and fiscal support. The rise in stock prices experienced a slight slowdown from September onwards due to uncertainties surrounding the financing of the US Treasury, the prospects of monetary tightening by the Fed and the ongoing disruption of supply chains that could weigh on the growth outlook. For the year as a whole, volatility eased in both the US and European markets, with the VIX falling from 21.91 in January to 17.96 in December and the VSTOXX from 21.32 to 19.04.

The performance of emerging markets was affected by slow progress on vaccinations, stricter regulations in China, tighter monetary policy and expectations of weaker growth in Brazil. As a result, the MSCI EM index fell by 4.6 percent, with China and Brazil falling by 22.7 percent and 18 percent respectively. Conversely, the stock market index rose by 26.8 percent in India and by 14.8 percent in Russia, driven by high oil prices.

Chart 1.1.19: The major stock market indexes in advanced countries

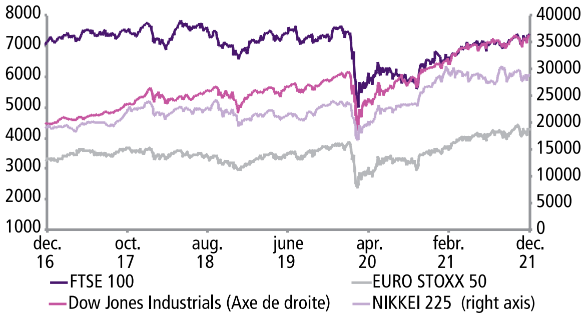
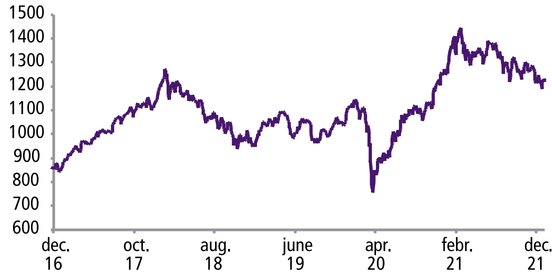
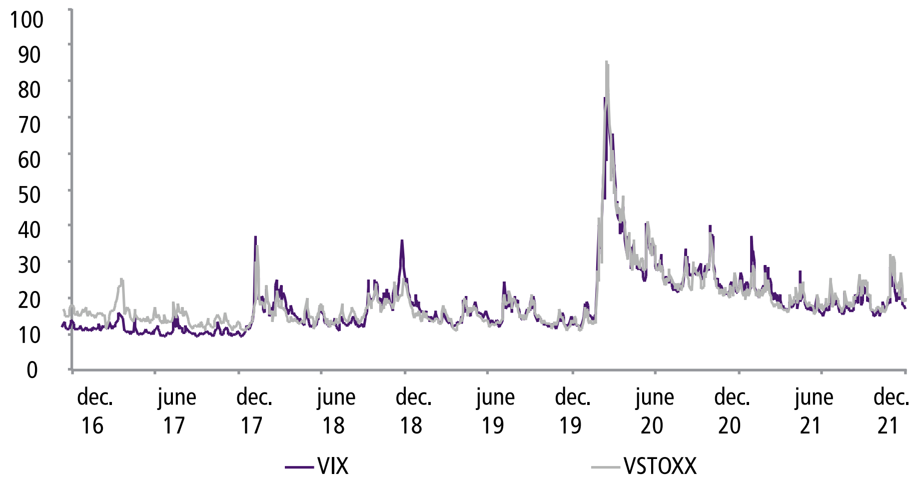


Chart 1.1.20: MSCI EM



Source: Eikon.

Chart 1.1.21: Stock markets volatility indexes



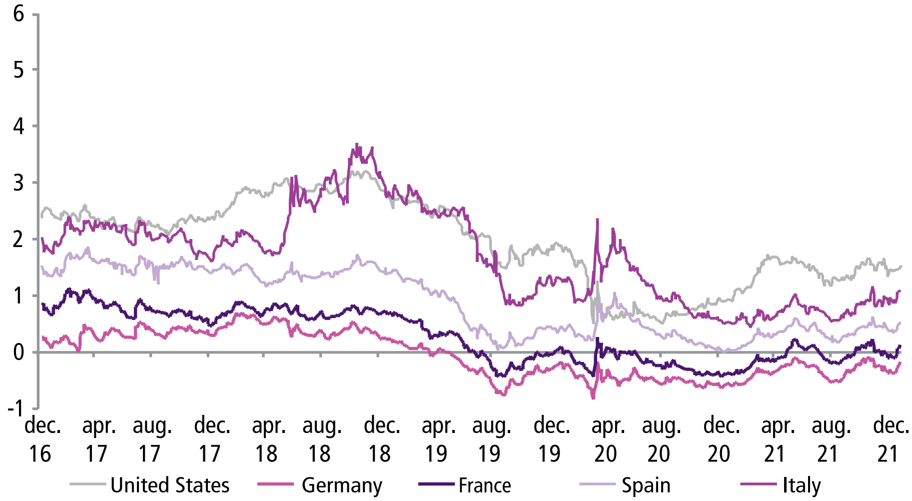
Source: Eikon.

In the sovereign bond markets, yields rose significantly overall for both advanced and emerging economies. In the United States, following an upward trend in the first quarter driven by the prospect of stronger growth and higher interest rates, yields declined from the second quarter onwards due to concerns about the rapid spread of the Delta variant. For the year as a whole, yields moved higher, particularly with a 58.6 bp rebound to 1.5 percent for 10-year rates.

Yields also increased in the euro area, rising 39.6 bp to -0.2 percent for Germany, 52.7 bp to 0.1 percent for France, 51.2 bp to 0.5 percent for Spain, 61.9 bp to 1.1 percent for Italy, 42.4 bp to 0.5 percent for Portugal and 68.6 bp to 1.3 percent for Greece.

For the major emerging economies, and with the exception of China where it fell from 3.2 percent to 2.8 percent, the 10-year sovereign bond rate rose from 5.9 percent to 6.5 percent for India, from 7 percent to 10.3 percent for Brazil, from 5.9 percent to 8.4 percent for Russia and from 12.5 percent to 23.1 percent for Turkey.

Chart 1.1.22: 10-year sovereign rates of the USA and of the main countries of the Euro area (percent)

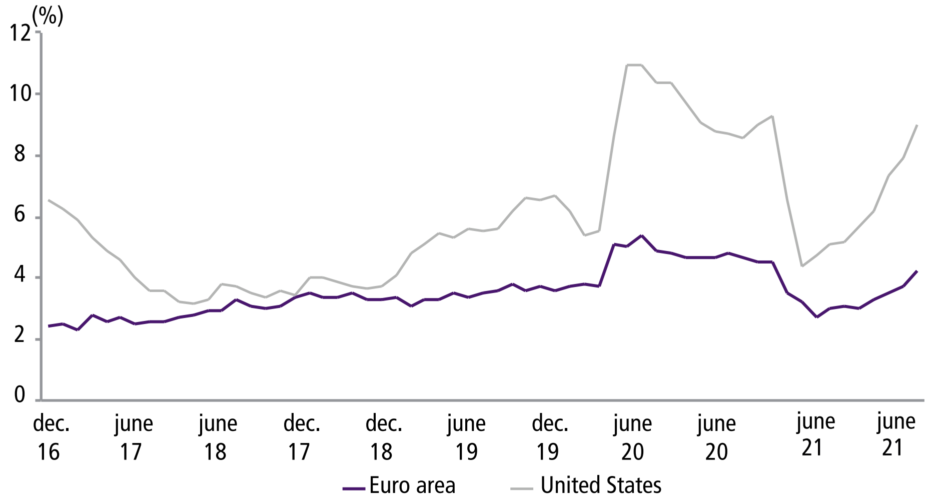


Source: Eikon.

In advanced economies, as a result of the expiry of certain measures introduced in response to the crisis, bank loans witnessed a marked slowdown in the first few months of the year, before it picked up over the rest of the year. It thus grew by 6.7 percent for 2021, down from 8.9 percent in the United States, and 3.5 percent instead of 4.7 percent in the euro area. The main emerging economies showed disparate trends, with particular acceleration from 11.4 percent to 17 percent in Brazil and from 11.7 percent to 18.2 percent in Russia, and a slowdown from 13.9 percent to 12.6 percent in China[1].

1 The available data is relate to consumer credit.

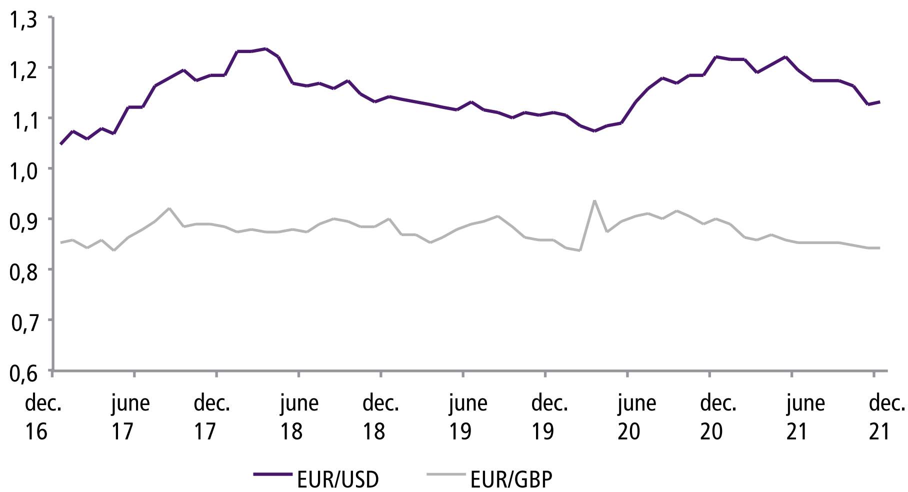
Chart 1.1.23: Credit trends in the United States and the euro area (YoY, in percent)



Source: Eikon.

Foreign exchange market, the year was maked by further depreciation of the euro against the dollar, penalized by the prospect of monetary tightening in the United States. At the end of the year, it stood at 1.14 dollar, down 7.1 percent from the beginning of the year. Against the pound sterling, it weakened by 6.2 percent, also reflecting expectations of a more rapid normalization of monetary policy in England. On the other hand, it strengthened by 3.7 percent against the Japanese yen.

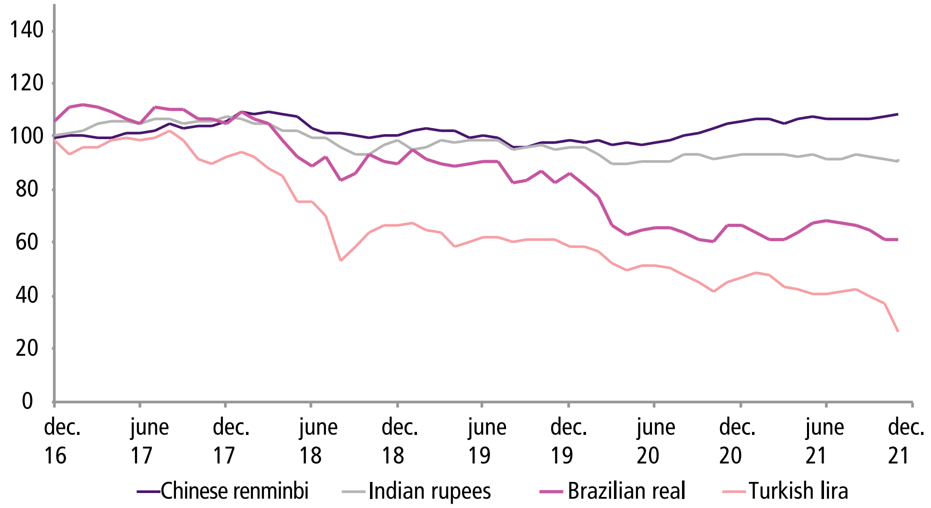
Chart 1.1.24: Euro exchange rate



Source: Eikon.

As for the currencies of the emerging economies, the Chinese renminbi appreciated by 2.6 percent against the dollar, supported by dynamic exports and steady capital inflows. Conversely, Turkey and Brazil experienced a sharp fall in the value of their currencies against the dollar, with respective rates of 79.1 percent and 7.3 percent. These depreciations are mainly attributable to investor concerns about the conduct of monetary policy in Turkey and to weakening growth in Brazil.

Chart 1.1.25: Change in the currencies of major emerging countries against the dollar (index base 100 in December 31, 2016)



Source: Eikon.

Box 1.1.4: New general SDR allocation in 2021

The IMF has the authority under its Articles of Agreement to create unconditional liquidity through "general allocations" of SDRs to help meet global long-term reserve needs. Many member countries started experiencing higher financing needs as a result of the COVID-19 health and economic crisis. Several emerging and developing economies in particular faced the crisis with already inadequate reserve stocks to begin with and drew heavily on them to finance the measures put in place to counter the effects of the pandemic.

In this context, and further to the call issued by the International Monetary and Financial Committee, the Managing Director of the IMF proposed a new general SDR allocation equivalent to 650 billion dollars (approximately SDR 456 billion) with the aim of supporting the recovery of the global economy by providing significant additional liquidity to member countries without increasing their debt burden. This proposal was approved by the Fund's Board of Governors on August 2 and became effective on August 23. In accordance with the IMF's Articles of Agreement, the new SDR allocation was distributed among countries in proportion to their quotas, regardless of their individual reserve needs.

Table B.1.1.4 : Breakdown of 2021 SDR allocation by country group

Band	Quotas (In %)	Amount of allocation (in billions of dollars)
G-7	43.5	283
Other advanced economies	14.3	93
Emerging and developing economies	42.2	275
Of which low-income countries	3.2	21

As a reminder, this is the fourth general SDR allocation made by the IMF and the largest in its history. The previous allocation took place in August 2009, in the aftermath of the international financial crisis, and amounted to SDR 161.2 billion. As for the first two, they date back to 1970 and 1979 with amounts of SDR 9.3 billion and 12.1 billion respectively. As part of its management of the crisis, the IMF encouraged the voluntary reallocation of a portion of SDRs from countries with strong external positions to countries most in need, notably through its concessional window, the Poverty Reduction and Growth Trust Fund.

It also proposed the creation of a new Resilience and Sustainability Trust (RST)[1], through which reallocated SDRs would support vulnerable low- and middle-income countries as they engage in macroeconomic and structural reforms to address climate change and pandemics.

Morocco, with a quota of SDR 894.4 million, or 0.19 percent of total IMF quotas, received SDR 857.2 million, equivalent to 1.216 billion dollars, for the 2021 allocation, thereby bringing the cumulative amount of SDR allocations received to date to SDR 1.419 billion.

[1] The Executive Board of the International Monetary Fund (IMF) approved the establishment of the Resilience and Sustainability Trust (RST) on April 13, 2022, with formal implementation scheduled in May 1, 2022.

1.2 Production and demand

After a historic contraction of 7.2 percent in 2020, the domestic economy rebounded by 7.9 percent in 2021. In addition to the base effect, this increase was driven by the progress made in the vaccination campaign, the easing of sanitary restrictions, the maintenance of monetary and fiscal stimulus, as well as the good weather conditions that characterized the 2020/2021 agricultural campaign.

The value added of agriculture thus grew by 17.8 percent and that of non-agricultural activities rose by 6.6 percent. Activity surpassed its pre-crisis level in several sectors, notably "Construction", "Trade and repair of vehicles" and "Electricity, gas, water, sewerage and waste", while recorvery remained partial in certain branches, namely "Accommodation and catering", "Transport and storage" and "Manufacturing industries".

the infrannual[1] analysis of activity shows that after a limited increase of 1 percent in the first quarter, real GDP grew by 15.2 percent in the second quarter[2] before slowing to 7.8 percent and 6.6 percent respectively in the last two quarters of the year.

On the demand side, driven by household consumption and investment, the domestic component improved significantly, contributing positively to growth by 9.8 percent points. On the other hand, net exports made a negative contribution of 1.8 percent points.

At current prices, GDP amounted to 1,284.2 billion dirhams, up 11.4 percent from 2020 and 3.6 percent from its 2019 level. Taking into account property income outflows and current transfers from abroad, gross national disposable income (GNDI) stood at 1,371.7 billion, up 12.2 percent year-on-year.

[1] The only figures available on quarterly frequency at the moment of writing this chapter are those of the national accounts base 2007.
[2] It should be recalled that the second quarter of 2020 was marked by a population lockdown that began on March 20 and lasted nearly three months.

Table 1.2.1: Value added at last year's prices (change in percent)

	2015	2016	2017	2018	2019	2020	2021
Primary sector	**14.0**	**-18.6**	**19.5**	**4.5**	**-3.9**	**-7.1**	**17.6**
Agriculture and forestry	14.3	-19.7	21.5	5.6	-5.0	-8.1	17.8
Fisheries and aquaculture	8.5	3.6	-9.3	-12.5	13.8	12.2	12.7
Secondary sector	**1.8**	**1.9**	**3.4**	**3.1**	**4.1**	**-5.4**	**6.8**
Extraction industry	0.5	3.3	11.0	-0.8	2.3	2.6	0.9
Manufacturing industries	1.6	0.7	3.4	3.2	3.4	-7.4	6.1
Electricity and gas supply - Water supply, sewage system, waste treatment	5.2	1.8	2.9	8.8	14.7	-1.3	6.5
Construction	1.3	4.7	1.3	1.3	0.5	-4.1	10.7
Tertiary sector	**2.1**	**3.3**	**3.3**	**2.9**	**3.9**	**-7.9**	**6.4**
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.4	2.5	4.6	-0.2	2.1	-6.6	7.9
Accommodation and food service activities	-1.4	3.1	10.4	6.2	3.6	-54.6	31.6
Transport and storage	6.0	1.1	1.3	-0.5	5.5	-28.5	15.2
Information and telecommunication	2.2	5.4	-2.0	3.5	2.5	5.1	-0.8
Financial activities and insurance	2.5	6.0	3.8	1.9	5.3	0.6	4.6
Real-estate	0.2	2.7	1.5	3.2	1.8	-0.8	3.0
Research and development and services to businesses	9.8	6.4	4.7	6.1	8.3	-13.4	10.0
General government and social security	3.6	3.9	3.9	3.9	6.6	5.3	4.1
Education, health and social work	0.7	1.0	1.1	4.1	2.0	0.8	3.0
Other services	1.5	3.2	1.9	1.5	0.2	-23.2	2.4
Nonagricultural value added	**2.1**	**2.8**	**3.2**	**2.8**	**4.0**	**-6.9**	**6.6**
Total value added	**3.4**	**0.0**	**5.2**	**3.1**	**3.0**	**-7.0**	**7.8**
Taxes on products net of subsidies	**14.0**	**5.1**	**4.0**	**2.4**	**2.3**	**-8.4**	**8.8**
GDP	**4.3**	**0.5**	**5.1**	**3.1**	**2.9**	**-7.2**	**7.9**

Source : HCP.

1.2.1 Production

After a 7.1 percent decrease in 2020, the value added of the primary sector rebounded by 17.6 percent, reflecting a 17.8 percent increase, against an 8.1 percent-decline in agriculture, and a 12.7 percent rise, after 12.2 percent, for fishing.

The agricultural campaign 2020/2021 witnessed two distinct phases. The first, running until mid-November, was marked by a significant rainfall deficit and poor spatial and temporal distribution. Starting from the third decade of the same month, rainfall became abundant and almost generalized. Under these conditions, the area sowed to the three main cereals, namely soft wheat, durum wheat and barley, reached 4.4 million hectares, almost stable compared to the previous campaign, while production reached at 103.2 million quintals, as against 32.1 million. The yield per hectare thus increased from 7.4 to 23.7 quintals, the highest level observed over the last 30 years.

For other crops, production improved by 32.1 percent for citrus fruits, 12.9 percent for olives, 6 percent for fodder crops and 2.9 percent for market gardening. Conversely, it decreased by 28 percent for sugar crops.

Chart 1.2.1: Production of the three main cereals (in MQx)

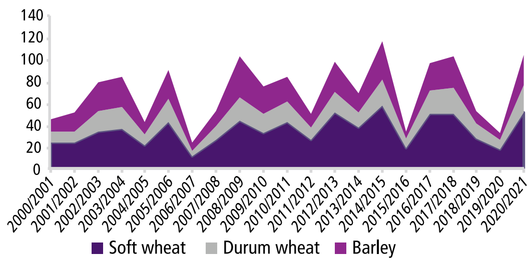
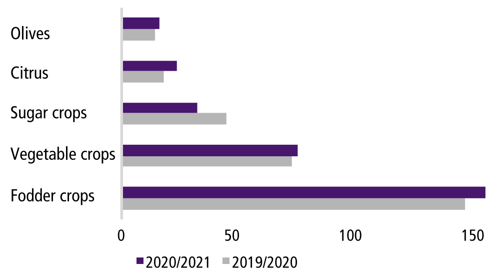


Chart 1.2.2: Production of the main crops excluding cereals (in MQx)



Source: Ministry of Agriculture, Maritime Fisheries, Rural Development, Waters and Forests.

In the fisheries sector, data available for the coastal and artisanal[1] component indicate that the volume traded grew by 2.8 percent to 1.3 million tons. By species, the increase amounted to 0.9 percent for pelagic fish, which represent 86 percent of the total, 14.2 percent for white fish, 28 percent for cephalopods and 72.2 percent for crustaceans. In terms of value, production rebounded by 35.5 percent to 9.1 billion dirhams.

Chart 1.2.3: Marketed production of coastal and artisanal fisheries (change in percent)

Source: National Fisheries Office.

1 For the offshore fishery, data for the year 2021 are not yet available.

Box 1.2.1: Impact of Climate Change in Morocco

In recent years, subsequent reports from various national and international bodies and institutions have highlighted the role of climate change as one of the greatest challenges facing humanity. Despite growing awareness and the increasing adoption of mitigation policies, progress in this area remains very slow.

The latest report of the Intergovernmental Panel on Climate Change paints a bleak picture in this regard. It concludes that the objective of limiting global warming to 1.5°C is increasingly uncertain compared to the pre-industrial era. If this trend continues, the human and economic consequences would be considerable. A Stanford University study published in 2015[1] estimates the cumulative losses due to climate change on a global scale at between 10 percent and 50 percent of GDP per capita by 2100.

Africa in particular, despite a limited contribution to global greenhouse gas emissions, remains very vulnerable, with the latest UN estimates pointing to an economic loss of nearly 3 percent of GDP per year by 2050[2]. What is also worrying is that the financial resources needed to deal with it are well beyond the capacity of the continent's countries. The IMF indicates in its April 2020 Regional Economic Outlook report that sub-Saharan Africa would need between 30 and 50 billion dollars of additional financing annually over the decade to implement climate change adaptation policies[2].

Due to its geographical position, Morocco is highly vulnerable to this phenomenon, with considerable economic and social consequences. Indeed, between 1970 and 2020, it recorded a trend rise in temperatures of 0.21°C on average per decade and rainfall was down by 4.2[3] percent per decade.

Chart B1.2.1.1: Mean annual temperature in Morocco between 1970 and 2020 (in °C)

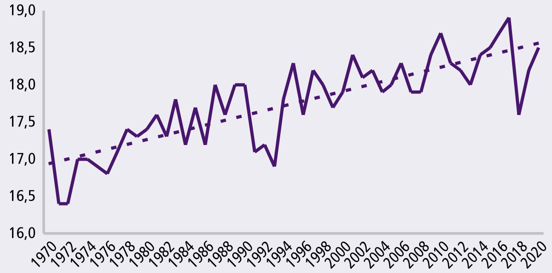
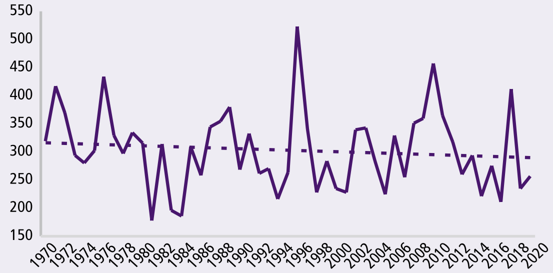


Chart B1.2.1.2: Annual rainfall in Morocco between 1970 and 2020 (in mm)



Source : World Bank Climate Change Knowledge Portal (CCKP).

Under these conditions, the country's water deficit is worsening in a disturbing way, accentuated by demographic pressure and the growing needs of the economic sectors, particularly agriculture, which absorbs nearly 88 percent of national water consumption[4]. According to the World Bank[5], the Kingdom is among the countries with the least water resources per capita with a water potential limited to 645 m^3/capita/year in 2015, well below the "water poverty line" estimated at 1000 m^3 per person per year, and could fall by 2050 to a level close to the "extreme water scarcity threshold" of 500 m^3 per capita.

[1] « Global Non-linear Effect of Temperature on Economic Production », Stanford university, 2015.

[2] « State of the Climate in Africa 2020 », World Meteorological Organization.

[3] Calculated by BAM based on World Bank data.

[4] World Bank and FAO (Aquastat).

[5] "Managing Urban Water Scarcity in Morocco," World Bank, November 2017.

Chart B1.2.1.3: Available water resources in Morocco (in m3/capita/year

Source : World Bank.

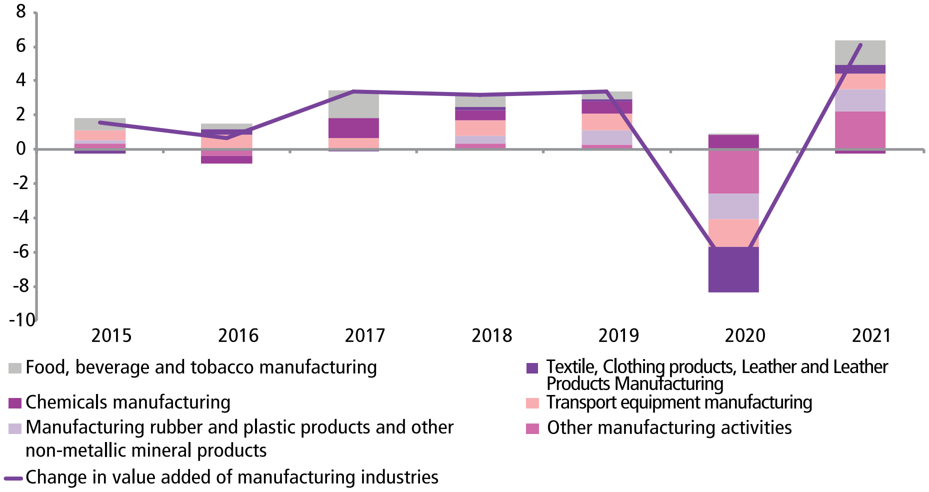
While it is true that Morocco has significant potential in non-conventional water resources, such as seawater desalination, the production capacities of the latter are still low, limited in particular by the high cost of their mobilization.

In front of this situation, a paradigm shift in public policy development is required and a holistic and above all firm approach is necessary to strengthen the consideration of climate requirements in any public or private action. At the same time, the country should increase its investments in resilient water infrastructure, which, according to IMF[6] estimates, should make it possible to reduce GDP losses by nearly 60 percent and mitigate shocks to the public debt.

[6] "Feeling the Heat, Adapting to Climate Change in the Middle East and Central Asia," IMF 2022.

With regard to the secondry sector, after a drop of 5.4 percent in 2020, the value added grew by 6.8 percent and its contribution to growth thus emerged as positive by 1.8 percent points. By branch, manufacturing industries recovered with a 6.1 percent rise in value added after a 7.4 percent decline in 2020. This development particularly reflects an increase of 11 percent, after a 17.6 percent contraction, in the "transport equipment manufacturing" 10.9 percent, after a 11.8 percent decrease, in "Manufacture of rubber and plastic products and other non-metallic mineral products" and by 4.1 percent, after a 19.0 percent fall, in "of textiles, clothing, leather and leather products", owing in part to the recovery of activity in the main trading partners. Meanwhile, the pace of activity accelerated by 0.1 percent to 4.9 percent in the "food, beverages and tobacco manufacturing", while it declined by 1.7 percent, after an increase of 7.2 percent, for "chemicals manufacturing" sector.

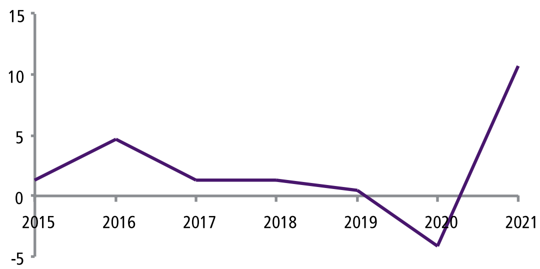
Chart 1.2.4: Contributions to the change in the value added of the processing industries (in percent points)



Sources: HCP and BAM calculations.

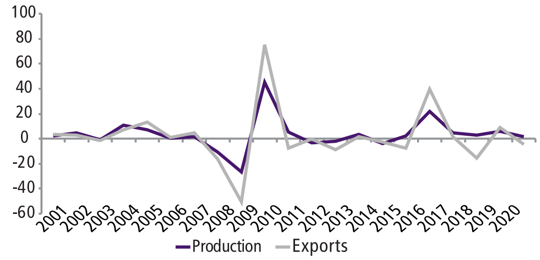
The recovery also involved the "Construction" branch, whose value added rose by 10.7 percent after its 4.1 percent decline. This change was notably marked by a 14.8 percent rise in cement sales and an acceleration to 4.7 percent in the pace of housing loans. Conversely, the value added of the "extraction industry" marked a growth slowdown from 2.6 percent to 0.9 percent, reflecting the 6.1 percent to 1.8 percent decline in the market production of phosphates.

Chart 1.2.5: Value Added in the Construction (change in percent)



Source : HCP.

Chart 1.2.6: Production and exports of raw phosphate in volume (change in percent)



Source : OCP.

Regarding the branch "Electricity, gas, water, drainage and waste", its value added increased by 6.5 percent against a 1.3 percent drop in 2020, thereby reflecting a 6.5 percent rise, after a 4.3 percent decline, in electricity production. By source, this production posted an increase of 5.9 percent for thermal energy, which accounts 79.7 percent of the total, 19 percent for solar power and 11.2 percent for wind power, while it decreased by 6 percent for hydraulic. At the same time, consumption improved by 5.5 percent, following a decline of 1.8 percent a year earlier. Under these conditions, electricity exports increased by 36.5 percent, while imports fell by 19.6 percent, bringing the balance of foreign trade in electricity back into surplus by 163 GWh, after a deficit of 232 GWh. It should be noted that the production of thermal power plants in Tahaddart and Ain Beni Mathar has stopped from November 1st following the expiry of the contract relating to the Maghreb-Europe gas pipeline.

Chart 1.2.7: Electricity generation (in thousands of GWh)

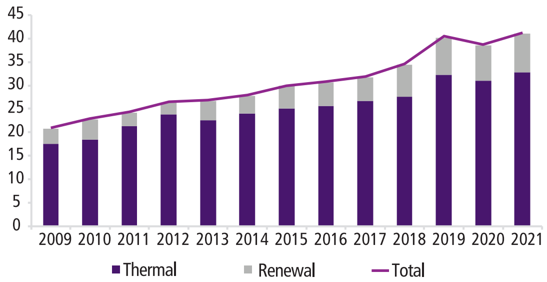
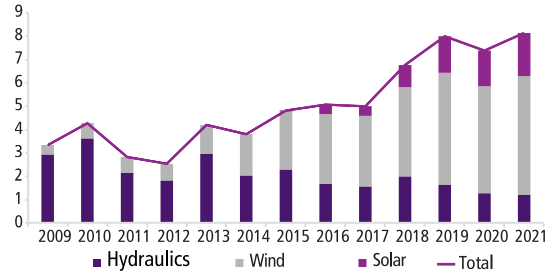


Chart 1.2.8: Renewable electricity generation (in thousands of GWh)



Source : ONEE.

Box 1.2.2: Energy intensity trend in Morocco

With the global economic recovery in 2021, energy prices rebounded significantly, with an average increase in energy prices[1] of around 81 percent. For importing countries, this increase represents a real challenge and reminds them of the need to develop policies to mitigate their energy dependence, especially as expectations are high in terms of reducing greenhouse gas emissions, within the framework of the global effort to fight climate change.

Aware of the challenge, Morocco launched in 2009 an energy strategy aimed at reducing its dependence through developing alternative sources, particularly renewable energies, and improving energy efficiency. The strategy aims to increase the share of renewable sources in the electricity mix to 52 percent by 2030, and to achieve an energy saving of 20 percent.

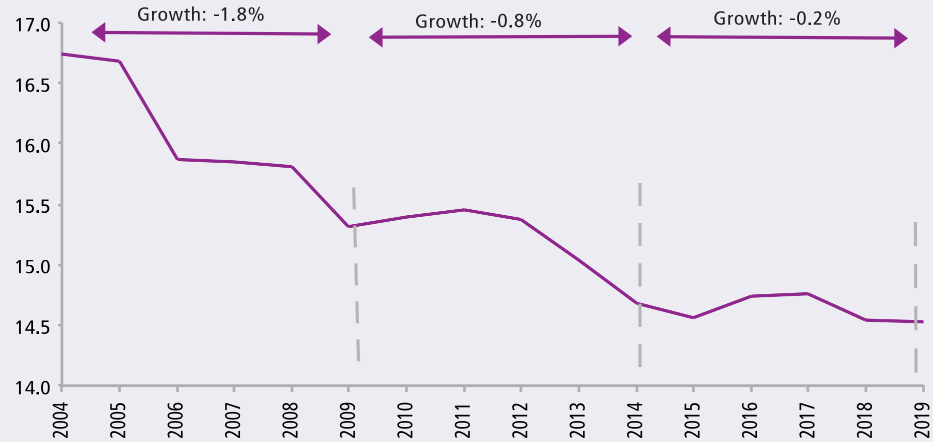
The concept of energy efficiency is still large and hard to define. However, several indicators allow us to understand its evolution, especially energy intensity. The latter is calculated by relating total energy consumption in volume[2] to GDP at chained prices. A decrease in energy intensity would thus indicate that energy efficiency has improved and vice versa. Energy intensity can be calculated using gross consumption[3] "primary intensity" or final consumption "final intensity". For the purposes of the sectoral analysis in this box, the latter measure was adopted.

[1] This refers to the World Bank's nominal energy index

[2] Measured in Tonnes of oil equivalent (TOE), this refers to the energy produced by the combustion of one tonne of oil.

[3] This is the energy consumed by end-users as well as by the energy sector, including for delivery and transformation.

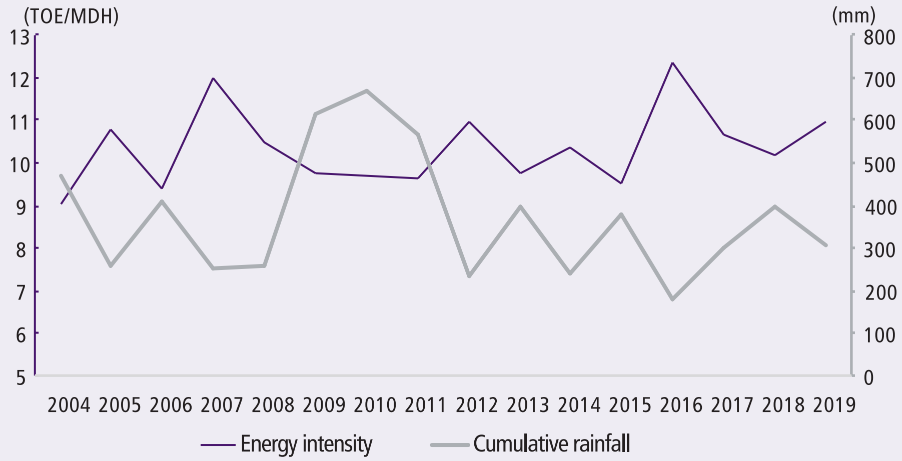
Chart B1.2.2.1: Energy intensity in TOE/MDH



Sources: Data from the Ministry of Energy Transition and Sustainable Development and HCP and BAM calculations.

Looking at the evolution of final energy intensity between 2004 and 2019[4], three phases can be distinguished. The first, from 2004 to 2009, declined by 1.8 percent on an annual average to 15.3 TOE/MDH. This evolution includes a 3.4 percent decrease in residential sector[5], a quasi-stagnation in the tertiary sector[6], which accounts for 49.1 percent of national energy consumption, and in the secondary sector, as well as a 1.6 percent increase in primary energy use. For the latter, the greater use of irrigation[7] during years of little rainfall often results in higher energy intensity.

Chart B1.2.2.2: Energy intensity in the primary sector and cumulative rainfall



Sources: Data from the Ministry of Energy Transition and Sustainable Development and General Directorate of Meteorology and BAM calculations.

[4] Data on consumption are only available as of 2004. The data on sectoral value added, taken from the national accounts, base 2014, cover only the period 2014-2019, but have been linked by BAM for analytical purposes since 2004. The year 2020, which corresponds to a crisis year, has not been taken into account in the analysis.

[5] Energy intensity in the "residential" sector is calculated by relating its energy consumption to the number of households.

[6] According to the HCP classification.

[7] The correlation between energy intensity and cumulative rainfall is negative and significant at -73 percent.

During the 2009-2014 period, energy efficiency continued to improve, albeit at a slower pace, with a limited decline in intensity of 0.8 percent on an annual average to 14.7 TOE/MDH. This decline amounted to 1.9 percent in the secondary sector and 0.5 percent in the tertiary sector, and was much less marked in the residential sector, probably due to the rise of proportion of households having access to electricity[8]. In the primary sector, energy intensity kept increasing by 1.2 percent annually to about 10 TOE/MDH.

Between 2014 and 2019, energy intensity was almost stable overall, covering, on the one hand, a slight decrease in the secondary sector and stagnation in the primary sector, and on the other hand, a reversal of the trend in the tertiary sector with an annual increase of 0.8 percent. In the residential sector, energy intensity remained stable at around 0.5 TOE per household.

Table B1.2.2.1 : Energy consumption and intensity by sector

	share in the final energy consumption in 2019 (In percent)	Average growth in final energy intensity (In percent)			
		2004-2009	2009-2014	2014-2019	2004-2019
National	-	-1.8	-0.8	-0.2	-0.9
Primary sector	7.4	1.6	1.2	1.1	1.3
Secondary sector	18.9	0.1	-1.9	-1.4	-1.1
Tertiary sector	49.1	-0.2	-0.5	0.8	0.0
Residential	24.5	-3.4	-0.1	-0.1	-1.2

Sources: Data from the Ministry of Energy Transition and Sustainable Development and HCP and BAM calculations.

Overall, energy intensity is likely to have declined by 13.2 percent between 2004 and 2019, or an annual average of 0.9 percent. While the period saw the development of a national energy strategy developed in 2009, particularly the adoption of a law on energy efficiency in 2011, it is hard, in the absence of detailed and exhaustive data, to assess the contribution of such policies to this change, or even the gap with respect to the set objectives. This statement supports the need to define objectives using precise quantitative indicators and to set up a monitoring system supported by a regular data collection system. Such a system would serve to evaluate progress and, above all, to make the necessary adjustments to policies and choices if necessary.

[8] The rate of electrification rose from an average of 87.6 percent during the first period to 97.9 percent during the second, while the growth rate in the number of households remained almost stable

As regards tertiary activities, the value added rose by 6.4 percent after a 7.9 percent contraction in 2020, and its contribution to growth was positive at 3.4 percentage points. After a 54.6 percent drop in its value added in 2020, the "Accommodation and catering" branch witnessed a partial recovery, with a rebound of 31.6 percent, due to the easing of sanitary restrictions, the reopening of borders from June 15th and the launch of the Marhaba 2021 Operation with the granting of a subsidy for sea and air transport fares. Border arrivals grew by 34 percent to 3.7 million, which remains well below the 12.9 million recorded in 2019. This change covers the 77.9 percent rise for the Moroccans living abroad and an 8.8 percent decline for foreign tourists.

By country of origin, arrivals decreased by 76.8 percent for China and by about 50 percent for Germany, Spain and the United Kingdom. Conversely, they increased by 29.7 percent for Russia, 26.1 percent for the Arab countries and 19.8 percent for France.

Table 1.2.2: Arrivals at border crossings

	In thousands				Change (in percent)		
	2018	2019	2020	2021	2019/2018	2020/2019	2021/2020
Foreign tourists	**6 679**	**7 043**	**1 408**	**1 284**	**5.4**	**-80.0**	**-8.8**
Europe	5 142	5 471	1 097	959	6.4	-80.0	-12.6
France	1 844	1 991	412	494	7.9	-79.3	19.8
Spain	814	881	200	99	8.2	-77.3	-50.3
Germany	394	413	79	39	4.8	-80.9	-50.8
United Kingdom	511	551	113	56	8.0	-79.5	-50.2
Russia	37	40	9	12	7.3	-76.7	29.7
North America	436	478	75	86	9.8	-84.2	14.7
Arab countries	414	426	97	122	2.9	-77.3	26.1
Maghreb	214	227	49	46	6.1	-78.3	-6.0
Rest of the world	688	668	139	117	-3.0	-79.1	-15.9
China	132	141	21	5	6.8	-85.4	-76.8
Moroccans living abroad	**5 610**	**5 889**	**1 370**	**2 437**	**5.0**	**-76.7**	**77.9**
Total	**12 289**	**12 932**	**2 778**	**3 722**	**5.2**	**-78.5**	**34.0**

Source: Ministry of Tourism, Handicrafts and Social and Solidarity Economy.

Similarly, overnight stays in classified hotels improved by 31.9 percent to nearly 9.2 million, as a result of the 82.2 percent hike for nationals and the 18.8 percent drop for non-residents. By main tourist destination, they grew by 103 percent in Tangier, 47.8 percent in Chefchaouen, 30.9 percent in Casablanca and 30.6 percent in Marrakech, while Agadir saw a 15.6 percent decrease.

Table 1.2.3: Overnigth stays in classified accommodation establishments

	In thousands				Change (in percent)		
	2018	2019	2020	2021	2019/2018	2020/2019	2021/2020
Foreign tourists	**16 812**	**17 406**	**3 470**	**2 818**	**3.5**	**-80.1**	**-18.8**
Europe	12 152	12 353	2 372	1 751	1.7	-80.8	-26.2
France	4 681	4 853	1 046	985	3.7	-78.4	-5.8
Spain	879	877	154	114	-0.2	-82.4	-26.5
Germany	1 869	1 746	332	69	-6.6	-81.0	-79.1
United Kingdom	2 015	2 224	383	240	10.4	-82.8	-37.4
Russia	133	110	17	29	-17.4	-84.2	69.5
North America	759	849	161	201	11.9	-81.1	25.5
Arab countries	889	953	236	248	7.3	-75.3	5.2
Maghreb	313	336	75	53	7.4	-77.7	-29.5
Rest of the world	3 013	3 251	701	617	7.9	-78.4	-12.0
National domestics	**7 142**	**7 838**	**3 499**	**6 376**	**9.7**	**-55.4**	**82.2**
Total	**23 954**	**25 244**	**6 968**	**9 194**	**5.4**	**-72.4**	**31.9**

Source: Ministry of Tourism, Handicrafts and Social and Solidarity Economy.

Taking into account the evolution of the bedding capacity, the occupancy rate thus fell from 26 percent to 25 percent. By city, it dropped by 7 points to 29 percent in Agadir, by 5 points to 13 percent in Ouarzazate and by 4 points to 28 percent in Marrakech. Conversely, it was up 13 points to 37 percent in Fez and 8 points to 33 percent in Tangier.

Table 1.2.4: Occupancy Rates by major City

	In percent				Change (in pp)		
	2018	2019	2020	2021	2019/2018	2020/2019	2021/2020
Marrakech	61	64	32	28	3	-32	-4
Agadir	60	58	36	29	-2	-22	-7
Casablanca	54	50	22	23	-4	-28	1
Tangier	52	55	25	33	3	-30	8
Rabat	54	55	27	27	1	-28	0
Fez	38	42	24	37	4	-18	13
Essaouira	36	41	22	22	5	-19	0
Tetouan	33	40	17	21	7	-23	4
Ouarzazate	28	31	18	13	3	-13	-5
Meknes	26	27	14	17	1	-13	3
Benslimane	19	19	28	28	0	9	0
Al Hoceima	19	19	20	20	0	1	0
Assilah	15	13	5	17	-2	-8	12
Total	**46**	**48**	**26**	**25**	**2**	**-22**	**-1**

Source: Ministry of Tourism, Handicrafts and Social and Solidarity Economy.

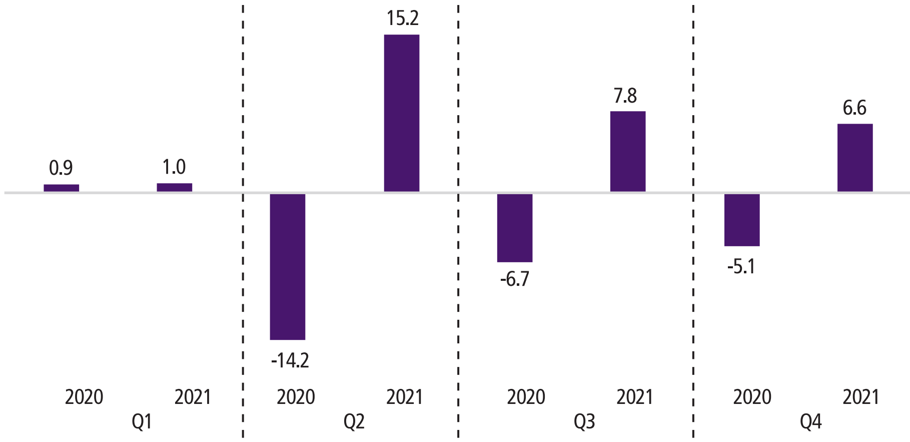
Transport and storage services also recovered partially, with a 15.2 percent increase in their value added after a 28.5 percent decline. Indeed, passenger traffic rebounded by 38.9 percent for air and 63 percent for rail, while it contracted again by around 30 percent for maritime traffic. At the same time, the goods transported by sea rose by 11.6 percent, driven mainly by the momentum of the transhipment activity at the Tangier-Med port. Growth also concerned the rail and airfreight with respective rates of 2.9 percent and 13.9 percent. Finally, the value added of the "information and communication" branch declined by 0.8 percent after its 5.1 percent rise in the previous year.

Intra-year trends in economic activity[1]

Analysis of quarterly economic activity indicates that after a limited increase of 1 percent in the first quarter, GDP expanded by 15.2 percent in the second quarter, driven by growth in the non-agricultural sectors and a very good agricultural campaign year that followed two years of drought.

[1] The only figures available on quarterly frequency at the moment of writing this chapter are those of the national accounts base 2007.

Chart 1.2.9: Quarterly growth profile in 2020 and 2021 (in percent)



Source : HCP.

In the second half of the year, economic activity continued to recover, albeit at a slower pace, falling back to 7.8 percent in the third quarter and 6.6 percent in the fourth. This deceleration, most pronounced in transport services, trade and "accomodation and catering", was related to a base effect and to the closure of borders as of the end of November after the outbreak of the Omicron variant.

1.2.2 Demand

After having contracted by an exceptional 6.5 percent in 2020, domestic demand increased by 9.1 percent and its contribution to growth was positive at 9.8 percent points as opposed to a negative contribution of 7.1 percent points a year earlier. The easing of health restrictions and the continued fiscal and monetary stimulus helped boost that rapid recovery.

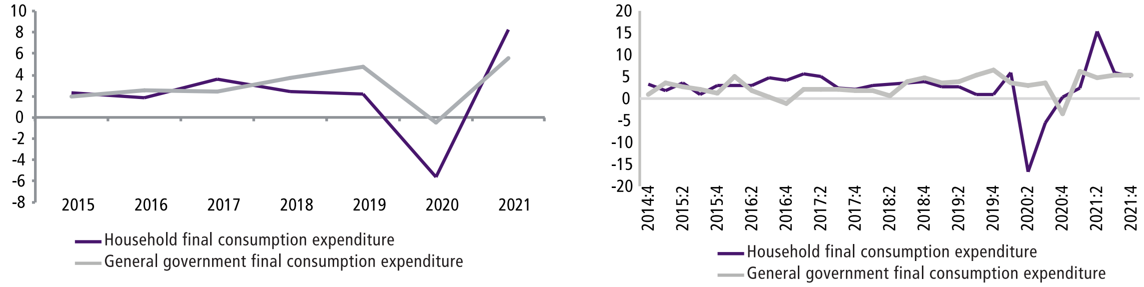
Table 1.2.5: Demand components at last year's prices (% change, unless otherwise indicated)

	2015	2016	2017	2018	2019	2020	2021
Domestic demand (contribution in pts of percent)	**3.6**	**4.0**	**3.6**	**3.8**	**2.1**	**-7.1**	**9.8**
Household final consumption	2.3	1.9	3.7	2.4	2.2	-5.6	8.2
General government consumption	1.9	2.5	2.4	3.7	4.8	-0.5	5.6
Investment	5.6	8.1	3.0	5.3	-0.2	-11.9	13.3
Net exports (contribution in pts of percent)	**0.7**	**-3.5**	**1.5**	**-0.8**	**0.8**	**-0.1**	**-1.8**
Exports of goods and services	4.3	6.8	10.8	3.8	5.1	-15.0	8.7
Imports of goods and services	1.3	14.8	4.6	4.8	2.1	-11.9	11.8

Source : HCP.

By component, sustained in particular by the improvement in agricultural incomes and the record level of remittances from Moroccan expatriates, household consumption, which declined by 5.6 percent in 2020, jumped by 8.2 percent and its contribution to growth became positive again, amounting to 4.8 percentage points after -3.3 points.

Chart 1.2.10: National annual and infra-annual final consumption* (% change)

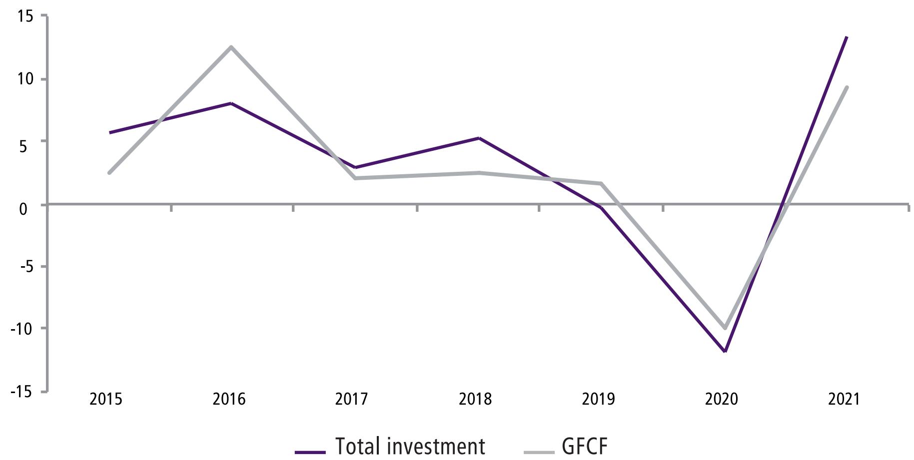


*These are data from the 2007 quarterly accounts.

Source : HCP.

For its part, General government consumption picked up by 5.6 percent after its 0.5 percent decline, reflecting in particular the continuing fiscal effort to contain the fallout from the crisis, and its contribution to growth stood at 1.1 percentage points.

Chart 1.2.11: Investment (% change)

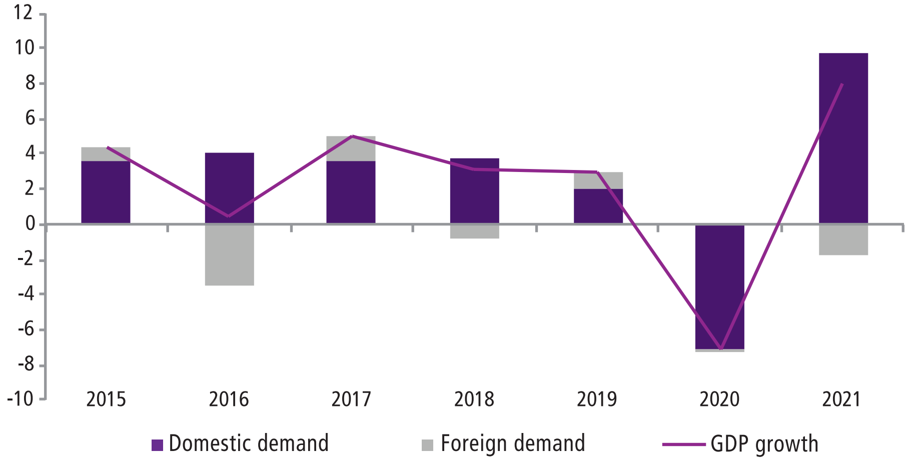


Source : HCP.

Investment rebounded by 13.3 percent, after having fallen by 11.9 percent, and made a positive contribution to growth worth 3.8 percent points. This development reflects increases of 9.3 percent in gross fixed capital formation, 58 percent in the change in inventories and 15.2 percent in net acquisitions of valuables.

Net exports in volume terms made a negative contribution to growth of 1.8 percent points, after a 0.1 percent point negative contribution a year earlier, reflecting increases of 8.7 percent in exports and 11.8 percent in imports, after declines of 15 percent and 11.9 percent respectively.

Chart 1.2.12: Contribution of demand components to growth (in percent points)



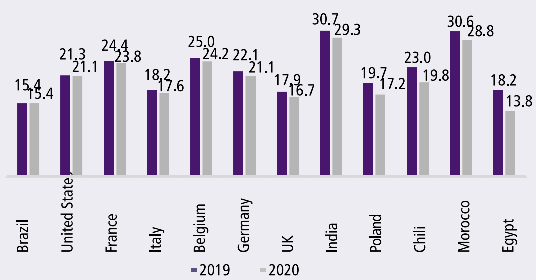
Source : HCP.

Box 1.2.3 : Investment: Impact of the crisis and post-Covid recovery

Economic theory assigns a central place to investment as a key driver of economic dynamics and job creation. It is a key variable in stimulating or reviving economic activity, given that it is a component of demand and due to its knock-on effects. However, several studies, both theoretical and empirical, have shown that investment is highly sensitive to the environment and the context. More specifically, situations of uncertainty and lack of visibility, such as those that prevailed during the Covid-19 pandemic crisis, have an inhibiting effect and reduce its economic and social impact.

This crisis deeply affected the domestic economy, causing exceptional contractions in GDP and investment in 2020. The latter, as measured by gross capital formation, fell by 11.9 percent from 2019. As a percentage of GDP, it fell to 28.8 percent in 2020, 2.4 percent points below its average between 2014 and 2019.

Chart B1.2.3.1: Share of investment in GDP in 2019 and 2020 (in percent)



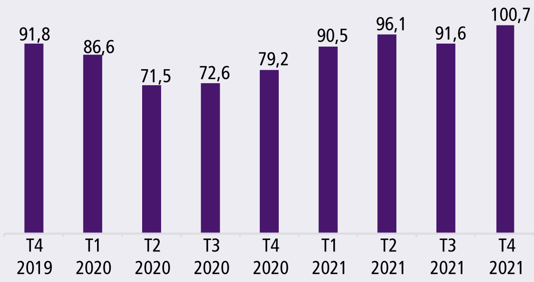
Sources : World Bank and HCP.

By international comparison, this decline was relatively large compared to many countries, both developed and emerging. It stood particularly in France at 0.6 points, in Germany at 1 point and in India at 1.4 points.

Analysis of the quarterly profile[1] of investment in Morocco shows that the decline has been observed since the first quarter of 2020, in conjunction with the uncertainties surrounding the advent and evolution of the pandemic at the international level.

In the second quarter, the health restrictions put in place by the national authorities, including the lockdown imposed on the population as of March 20, brought about a sharp contraction of 15.1 percent over the same quarter a year earlier. Once the lockdown ended and the health restrictions were gradually lifted, the decline gradually eased in the second half of 2020, falling to 13.9 percent in the third quarter and 14.7 percent in the fourth.

Chart B1.2.3.2: Investment trends (in billions of current dirhams)



Source : HCP.

In 2021, the upturn continued, bringing investment back to pre-crisis levels. Indeed, the investment of nominal terms improved by 20.2 percent compared to 2020 and by 5.1 percent compared to 2019.

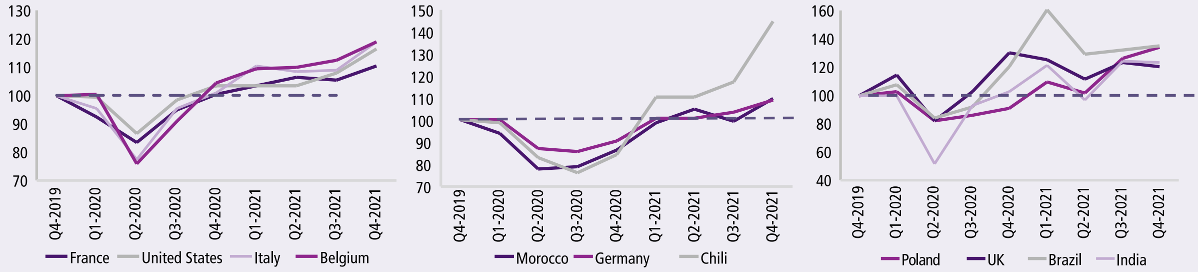
Regarding the private productive sector, the survey conducted by the HCP in July and December 2020- to measure the impact of the health crisis on the activity of companies- showed that two thirds of businesses- all sectors combined- decided not to carry out all the investments planned for the year 2020 while more than 80 percent did not plan any investment in 2021. In the industry in particular, data from the BAM business survey indicates that almost one third declared a decrease in their investment spending, as against 10.3 percent in 2019. Moreover, the capacity utilization rate fell from 74.2 percent to 64.9 percent, the lowest level observed since the survey was redesigned in 2007, before recovering to 72.3 percent in 2021.

Overall, investment trends since the outset of the pandemic seem to follow a "U" shaped profile observed in other economies such as Chile and Germany. Data available at the OECD[2] show that some countries managed to achieve a more rapid recovery in a "V" shape, such as the United States, France, Belgium and Italy, whose return to pre-crisis levels was relatively rapid.

[1] Data from the quarterly national accounts, base 2007.

[2] https://stats.oecd.org.

Chart B1.2.3.3: Capital expenditures (index base 100 in Q4-2019)

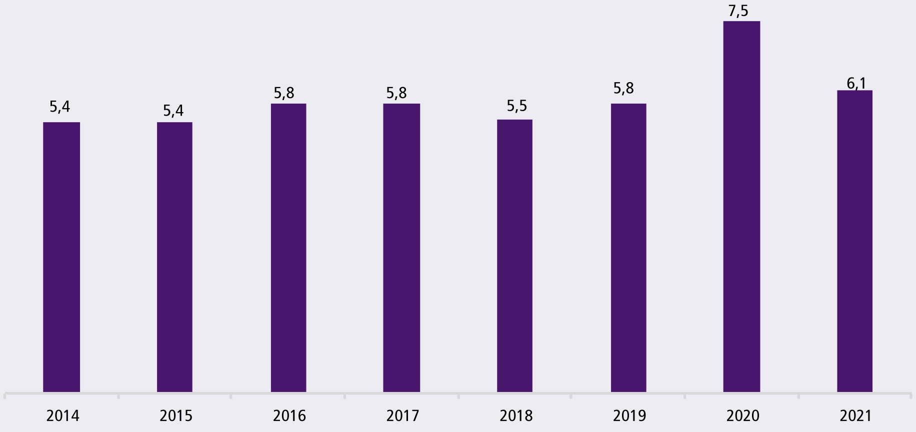


Sources : OECD and HCP data and BAM calculations.

The strong growth of the economy in 2021 and the recovery of investment, albeit relatively slow, were supported by several measures put in place by the authorities. These include, in particular, the 120-billion-dirham stimulus package initiated by His Majesty the King, which supported the economy in the recovery phase. It thus helped consolidate the impact of the fiscal and monetary stimulus package put in place in 2020 and largely maintained in 2021.

After rising from 5.8 percent of GDP in 2019 to 7.5 percent in 2020, the Treasury's investment remained high in 2021, at 6.1 percent of GDP. Meanwhile, Bank Al-Maghrib maintained all the monetary easing measures including the key rate at 1.5 percent, a reserve requirement rate at 0 percent and several refinancing programs dedicated to meet all liquidity needs of banks. These measures helped maintain the downward trend in lending rates and a moderate pace of bank lending despite the expiry of several guarantee programs put in place by the Economic Watch Committee in 2020.

Chart B1.2.3.4: Change in the Treasury's investment (in percent of GDP)



Source : MEF (DTEF).

At end-2021, the economic context, both international and national, was still marked by a high level of uncertainty that continues to hamper the recovery of private investment. HCP data collected during the first month of 2022 indicate that 71 percent of companies do not plan any investment projects in 2022, and 60 percent of them do not expect a return to normal conditions before 2023. Against this background, in addition to appropriate countercyclical policies, the acceleration of structural reforms and the further improvement of the business climate are likely to restore the confidence and visibility needed to boost private investment.

1.2.3 Main aggregates in nominal terms

After a 7.1 percent contraction in 2020, GDP at current prices improved by 11.4 percent to 1,284.2 billion dirhams. Taking into account the 58.6 percent increase in property income outflows to 17.5 billion and the 29.4 percent rise in foreign current transfers to 105 billion, gross national disposable income (GNDI) reached 1,371.7 billion, up by 12.2 percent instead of a 5.5 percent decline in 2020.

Chart 1.2.13: Gross National Disposable Income

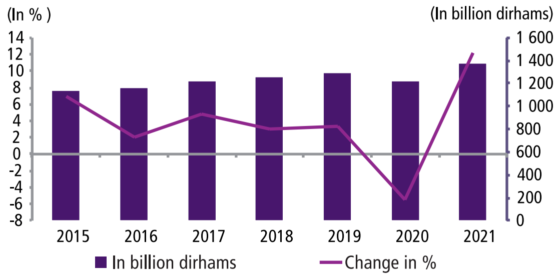
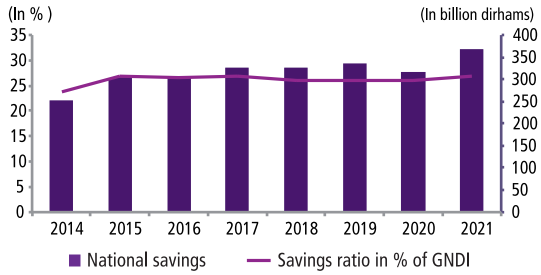


Chart 1.2.14: National savings



Source : HCP.

Domestic final consumption grew by 10.8 percent to 1002.1 billion dirhams and national savings rose by 16.2 percent to 369.6 billion, equivalent to 26.9 percent of GNI. Meanwhile, investment stood at 398.8 billion dirhams or 31.1 percent of GDP compared to 28.8 percent in 2020. Under these conditions, the financing requirement widened from one year to the next, to 29.1 billion dirhams, or 2.3 percent of GDP, as against 13.4 billion dirhams, or 1.2 percent of GDP, a year earlier.

Chart 1.2.15: Investment rate (in percent of GDP)

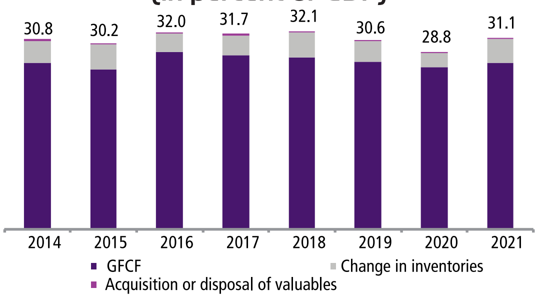
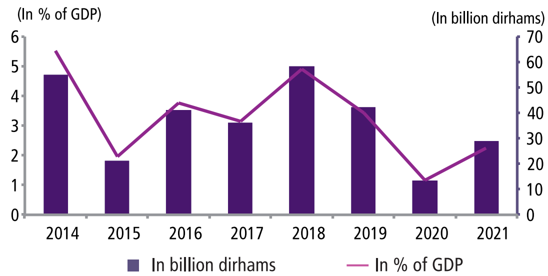


Chart 1.2.16: Borrowing requirement



Source : HCP.

1.3 Labor market[1]

After a substantial deterioration in 2020, the labour market marked a relative recovery in 2021 with a net creation of 230 thousand jobs. However, this performance is still insufficient to offset the losses incurred a year earlier and is below expectations in view of the extent of the national economic rebound.

Meanwhile, 309 thousand job seekers joined the market, the highest number since 2004, which resulted in a significant increase in the activity rate, which concerned exclusively women with a one-percentage point improvement to 20.9 percent. Under these conditions, the unemployment rate increased by 0.4 points to 12.3 percent overall, with in particular a pronounced worsening among young urban residents aged from 15 to 24 years, nearly half of whom were unemployed.

The service sector, although it was affected the most by health restrictions, created 115 thousand jobs, after the loss of 107 thousand jobs in 2020. The construction sector posted an increase of 71 thousand jobs, as against a 9 thousand decline. Despite the successful agricultural crop year 2020/2021, job creation in agriculture was limited to 68 thousand compared to a loss of 273 thousand, while in industry including crafts, the volume of jobs continued to shrink, and declined by 19 thousand, after 37 thousand jobs.

Against this background, and also taking into account the evolution of the added value, apparent labour productivity[2] in non-agricultural activities improved by 4.2 percent after contracting by 4.9 percent in 2020. Meanwhile, wages[3] in real terms fell by 2.5 percent, after a 2.5 percent increase, in the private sector, and rose by 0.4 percent, instead of 1.2 percent, in the public sector.

1.3.1 Active population

In 2021, the labour market witnessed a net inflow of 309 thousand job seekers, after a net outflow of 110 thousand a year earlier, resulting in a 2.6 percent increase in the active population[4] to almost 12.3 million people. This rise was more marked in urban areas with 3 percent against 1.9 percent in the countryside and among women with 6.6 percent against 1.4 percent for their male counterparts. The active population remains little feminized, with a share of 23.5 percent, and poorly qualified, as the proportion of unqualified persons reached 48.6 percent at the national level and 71.4 percent in rural areas.

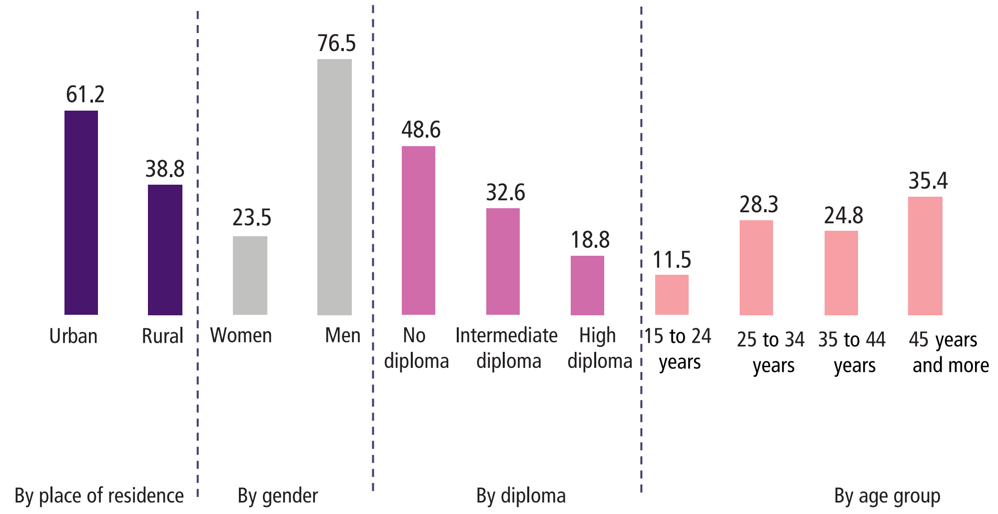
1 Following the overhaul of its employment survey, the HCP has published the results for the years 2016 to 2021. For analytical purposes, where possible, the series were connected since 1999.

2 Measured by the ratio of value added to the number of employees. It should be noted that the value added figures used in this chapter are those of the national accounts, based on 2014.

3 This indicator refers to the average wage calculated on the basis of data from the CNSS for the private sector and from the Ministry of the Economy and Finance for the public service. For calculations in real terms, these figures are deflated using the consumer price index.

4 According to the HCP, this is the labor force available for the production of goods and services, engaged in productive work in a branch of economic activity or in search of a job.

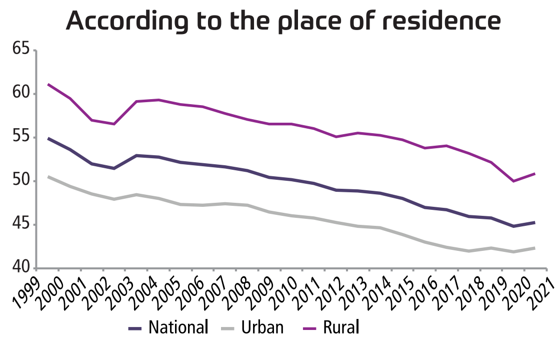
Chart 1.3.1: Structure of active population in 2021 (in percent)

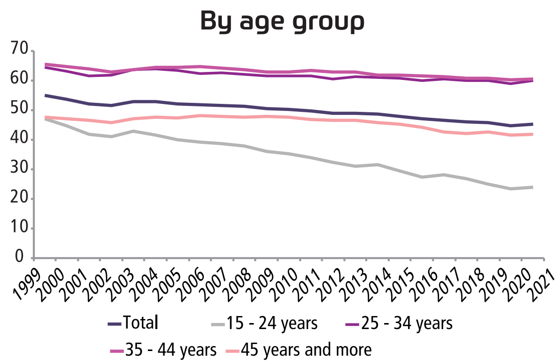


Source: HCP.

Given a 1.4 percent growth in the population aged 15 and over, the participation rate[1] improved by 0.5 percentage points to 45.3 percent at the national level, the first since 2004, reflecting increases of 0.9 percentage points to 50.9 percent in rural areas and 0.4 percentage points to 42.3 percent in urban areas. By gender, the activity rate for women, which declined sharply by 1.6 points in 2020, improved by one point to 20.9 percent, while the rate for men stabilized at 70.4 percent.

Chart 1.3.2: Activity rate (in percent)





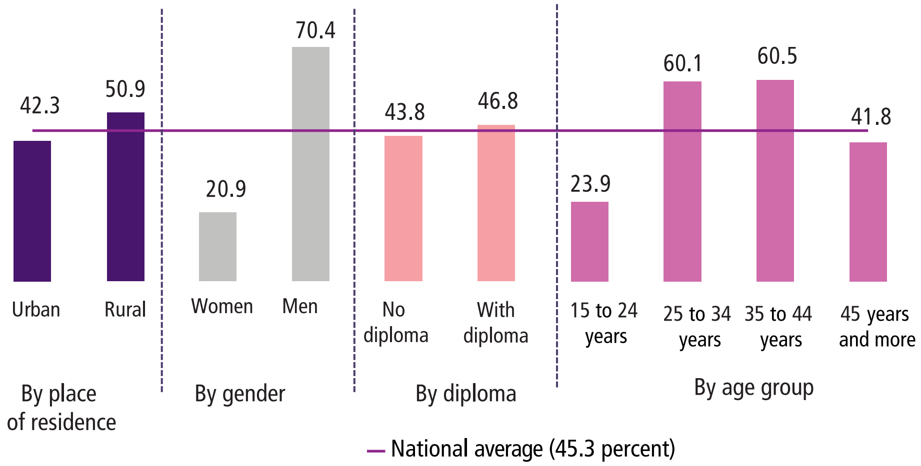
Source : HCP.

The increase in the labour force participation rate concerned all age groups, with particular growth of 1.3 percentage points to 60.1 percent for 25-34 year olds and 0.4 percentage points to 23.9 percent for 15-24 year olds. Among the latter, 26.2 percent[2] are not in employment,

1 The activity or participation rate is the ratio of the number of people in the labour force (employed or unemployed) to the working-age population.
2 "Activity, employment and unemployment, first results", HCP, 2021.

education or training, proportion reaching 39.1 percent for women compared to 13.8 percent for their male counterparts. This strong gender disparity, a common feature in MENA countries, mainly echoes the social standards, as 73.7 percent[1] of inactive women hold a "housewife" status.

Chart 1.3.3: Activity rate in 2021 (in percent)



Source: HCP.

Box 1.3.1: Women's participation in the Moroccan labour market

The problem of women's integration into the economic activity represents a major challenge for social and economic policies. In fact, beyond the social and psychological impacts of their exclusion, many studies have emphasized its considerable economic cost. According to a 2013[1] IMF report, by narrowing the gender gap in labour force participation rates in the MENA region by three times the average for emerging and developing markets, the growth rate in the region would have doubled over the previous decade, generating a cumulative gain of $1 trillion.

In Morocco, as almost everywhere else in the world, women account for slightly more than half of the population, or 18.2 million people in 2021. Nearly 13.8 million of them are of working age[2] but still poorly qualified, with 46.1 percent[3] being illiterate and largely excluded from the labour market. In fact, four out of five working-age women are inactive, and this proportion is paradoxically on the rise despite the relative improvement in women's education levels. According to a joint study[4] carried out by the HCP and the World Bank, the structurally low level of female labour force participation, a trait that Morocco shares with other MENA countries, is mainly attributable to family responsibilities related feature child rearing and domestic chores.

[1] Regional economic outlook, Middle East and Central Asia, IMF, 2013.

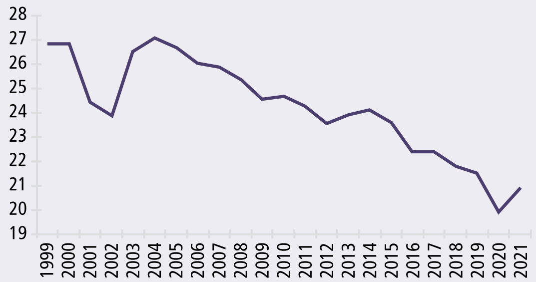
[2] This refers to people aged 15 years and older.

[3] " Moroccan women in figures, 20 years of progress ", HCP.

[4] "Morocco's Employment Landscape: Identifying Barriers to an Inclusive Labour Market," HCP and World Bank, February 2022.

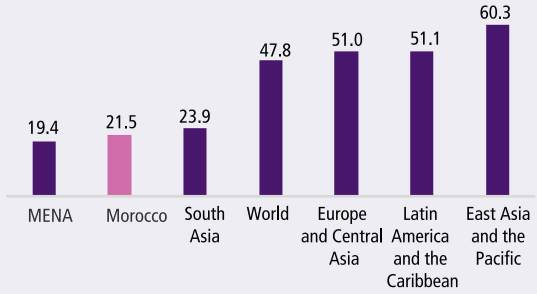
1 Source: Speech made by the High Commissioner for Planning at the meeting of March 10, 2022, under the theme: "Gender equality, an imperative for sustainable development".

Chart B1.3.1.1: Female participation rate (in percent)



Source : HCP.

Chart B1.3.1.2: Women's participation rate by international comparison (2019 data, in percent)



Sources : HCP and World Bank.

Even when they enter the job market, women have difficulties in accessing employment. In 2021, their unemployment rate stood at 16.8 percent at the national level, reaching 41.9 percent for young people aged 15 to 24 years and 32.8 percent for higher education graduates. According to the HCP[5], the latter are particularly confronted with the absence or lack of jobs that correspond to their qualifications or aspirations as well as the stringent criteria required for the available offers.

Moreover, even when women do get a job, it is generally precarious and of low quality. Indeed, more than 60 percent[6] of jobs occupied by women at the national level and nearly 93 percent[6] in rural areas are held in areas[7] with a high prevalence of informality. In addition, 71.1 percent of female employees do not have health coverage for their jobs.

This vulnerability among women workers was exacerbated by the Covid-19 crisis and the recovery in 2021 will have been only partial, thus making the challenge to be met ever more difficult for the public authorities. By way of illustration, in order to raise the activity rate to its 1999 level, i.e. 26.9 percent, over a five-year period, 219 thousand net new jobs should be created annually for women alone[8], and in order to reach the average of 33.1 percent for lower middle-income countries, 404 thousand jobs need to be created each year. However, the national economy has generated only 32 thousand jobs annually for men and women over the last five years[9], bearing in mind that the pace of growth and its employment component have slowed down in recent years.

[5] Source: HCP intervention at the March 10, 2022 meeting, under the theme: "Gender equality, an imperative for sustainable development".
[6] 2019 figure.
[7] These are agriculture, trade and repair, and personal and household services.
[8] Calculated on the assumption that women will only enter the market if there is a job to be filled and not to have an unemployed status.
[9] This refers to the period from 2017 to 2021

Table B1.3.1.1: Job creation needed to improve the female's participation rate

	Situation observed in 2021	Situation if the female activity rate returns to its 1999 level in 2026	Situation if the female activity rate reaches the average for lower-middle-income countries in 2026
Female population of working age (1)	13 785	14 816	14 816
Female activity rate (in %)	20.9	26.9	33.1
Female labor force (1)	2 881	3 978	4 900
Average annual entry of women into the market (1)	-	219	404

(1) In thousand.

Sources : HCP, World Bank and BAM calculations.

These simulations lead to the conclusion that, in addition to incentive, promotion and awareness-raising policies, strengthening women's participation in the labour market depends primarily on maintaining a strong and sustainable economic dynamic that can absorb the additional flows that can be induced by an improved female participation rate.

Analysis of the activity rate evolution by region indicates that, while Souss-Massa, Casablanca-Settat and Fez-Meknes showed slight decreases, and Rabat-Salé-Kénitra maintained the same rate, the other regions posted rises of 3.2 percentage points in Tangier-Tetouan-Al Hoceima and 2.7 points in Drâa-Tafilalet.

Table 1.3.1: Activity rate by region (in percent)

	2020	2021	Change (in pp)
Tangier-Tetouan-Al Hoceima	46.6	49.8	3.2
Oriental	42.4	42.5	0.1
Fez-Meknes	42.4	42.3	-0.1
Rabat-Salé-Kenitra	44.2	44.2	0.0
Beni Mellal-Khenifra	43.5	44.4	0.9
Casablanca-Settat	47.8	47.7	-0.1
Marrakech-Safi	46.6	46.8	0.2
Drâa-Tafilalet	40.9	43.6	2.7
Souss-Massa	41.5	41.3	-0.2
Southern regions	44.1	44.5	0.4

Source : HCP.

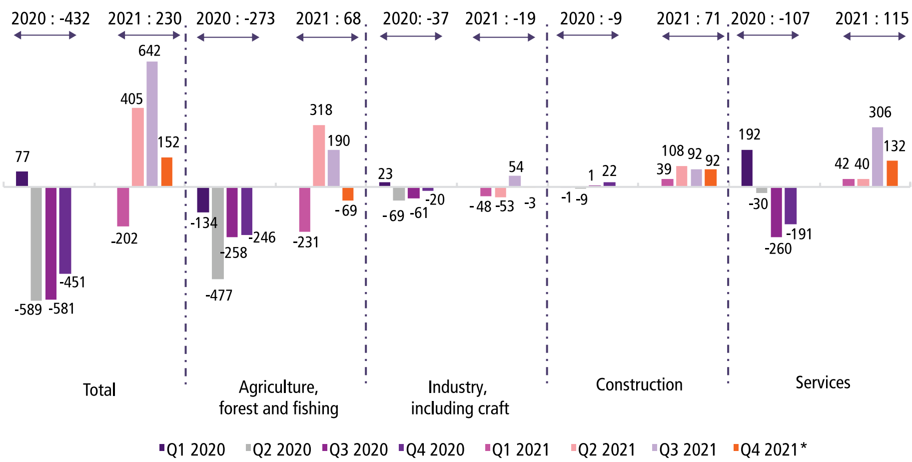
1.3.2 Evolution of employment

With the persisting pandemic, the labour market situation continued worsening at the beginning of 2021, inducing a loss of 202 thousand jobs in the first quarter compared to the same period a year earlier. However, owing to the progress made in the vaccination campaign and the gradual easing of restrictions, the situation improved significantly in the subsequent two quarters and resulted in a net creation of 405 thousand and 642 thousand jobs respectively. In the fourth quarter, the onset of the Omicron variant interrupted this dynamic, bringing net job creation down to 152 thousand. Over the whole year, the national economy will have generated only 230 thousand jobs overall, against a drop of 432 thousand jobs in 2020, leading to a total employed population of nearly 10.8 million people.

The services sector, the main provider of jobs, has created 115 thousand positions after a decrease of 107 thousand in 2020 and an average annual creation of 204 thousand recorded during the years 2019 and 2018. In the construction, the improved value added was reflected in employment as 71 thousand jobs were created, after 9 thousand jobs were lost a year earlier. Conversely, in industry including crafts, the employment volume continued its decline, at 19 thousand after 37 thousand. In the agricultural sector, despite the successful agricultural campaign 2020/2021, net creations did not exceed 68 thousand, against a loss of 273 thousand jobs in 2020.

These developments caused a slight change in the structure of employment. Accordingly, the weight of services and construction in overall employment increased from 45.7 percent to 45.8 percent and from 10.8 percent to 11.2 percent respectively, at the expense of industry, including crafts, and agriculture, which fell from 12.1 percent to 11.7 percent and from 31.3 percent to 31.2 percent.

Chart 1.3.4: Job creation in 2021 (in thousands)



*Job creations by sector were estimated on the basis of the structure of employment in the fourth quarter of 2021 published by the HCP.

Source: HCP.

As a result of the growth in the working age population, the employment rate[1] rose from 39.4 percent to 39.7 percent at the national level. It improved in rural areas by 1.4 percentage points to 48.4 percent, rising by 1.5 percentage points to 24.3 percent for women and by 1 percentage point to 71.9 percent for men. In urban areas, on the other hand, it fell again, albeit at a slower rate, from 35.3 percent to 35.1 percent, with a 0.9 point drop to 57.6 percent for men and a 0.4 point increase to 13.9 percent for women.

Analysis of the employment structure by occupational status shows that the rate of wage employment continues to rise, reaching 51.8 percent instead of 50.7 percent in 2020, while more than half of wage earners (54.6 percent) work without a contract and 13.2 percent have a fixed-term contract. For the remaining proportion, 31.8 percent of the employed are self-employed and about 14 percent are non-remunerated employees, almost all of them as family helpers in rural areas.

In terms of qualifications, the proportion of unqualified workers continues to decline, but still remains high at 52.9 percent. It varies from 36.2 percent in the services sector to 79.5 percent in agriculture and stands at 42.6 percent in industry, including crafts, and 57.5 percent in the construction sector. Holders of medium-level diplomas account for 31.2 percent of the employed population while those with higher-level diplomas make up 15.9 percent.

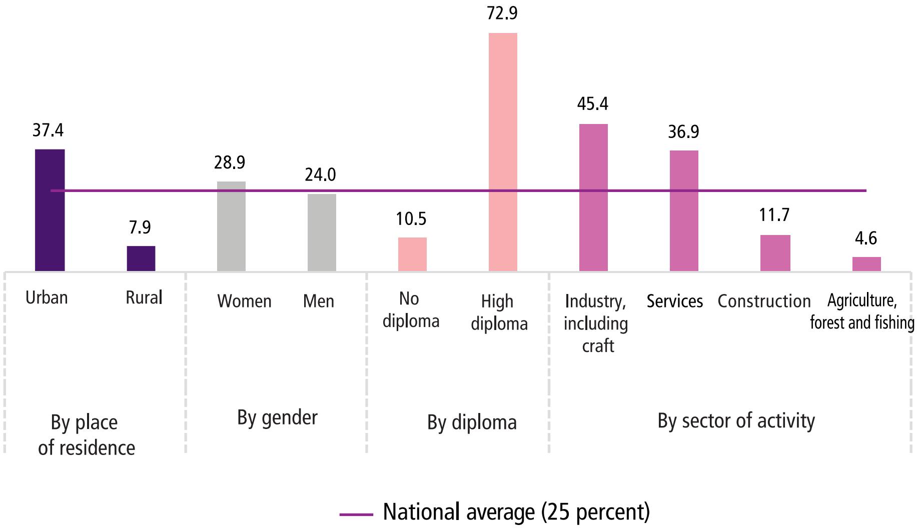
Working conditions overall remain precarious. One quarter of employees overall and 45.4 percent of salaried employees benefit from health coverage for their jobs. This proportion improves along with the level of qualification, increassing from 10.5 percent for those without diplomas to 72.9 percent for those with a higher level diploma, and by branch of activity, it varies from 4.6 percent in agriculture to 45.4 percent in industry including crafts.

In addition, only 24.4 percent of employed persons are affiliated with a pension system, 37.1 percent in urban areas and 6.8 percent in the countryside. This rate stands at 28.7 percent for women, compared with 23.1 percent for men, and ranges from 9.9 percent[2] among those without diplomas to 72.4 percent[2] for those with a higher education diploma.

[1] The ratio of the employed population aged 15 and over to the total population aged 15 and over. It measures an economy's ability to make use of its labour resources.

[2] 2020 figure.

Chart 1.3.5: Proportion of employees benefiting from health insurance linked to their job in 2021 (in percent)



Source: HCP.

Box 1.3.2: After-effects of the Covid-19 crisis on the labour market

Despite the global economic rebound in 2021, job market conditions continued to suffer from the effects of the Covid-19 crisis for the second year in a row. The recovery has been partial and weak, particularly in emerging and developing countries, with little progress in immunization and limited fiscal stimulus measures[1].

According to the International Labour Organization, while some of the workers who lost their jobs during the crisis have been able to re-enter the labour market, a considerable proportion are still struggling to do so. Thus, after a 1.9 percentage point drop in 2020, the participation rate improved by only 0.4 points in 2021 to 59 percent, which was 1.5 points lower than in 2019. Also, despite a sharp increase of nearly 74 million jobs in 2021, the employment volume remains under its pre-pandemic level, which could further increase long-term unemployment.

[1] According to the ILO, about 86 percent of fiscal stimulus measures are concentrated in rich countries.

Table B1.3.2.1: Trends in labour market conditions by region (in percent)

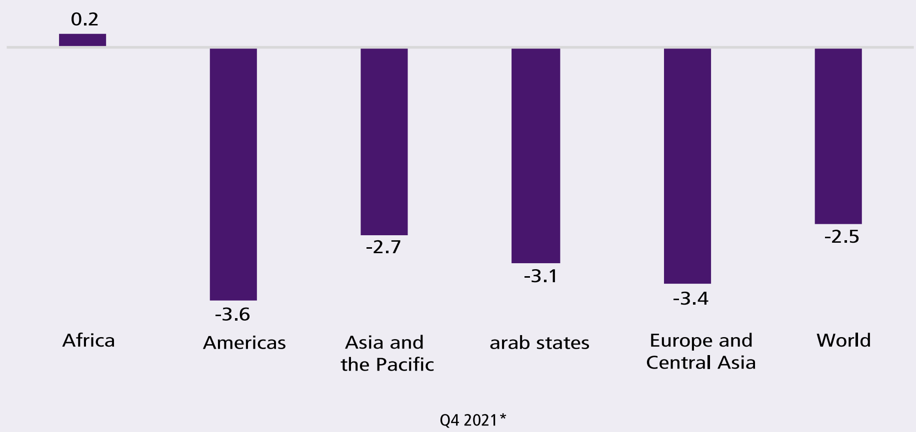
		2019	2020	2021	Change 2021/2019*	Change 2021/2020
Activity rate	Africa	62.8	61.2	61.7	-1.0	0.5
	Morocco	**45.8**	**44.8**	**45.3**	**-0.5**	**0.5**
	Americas	62.7	59.1	60.6	-2.1	1.5
	Arab countries	51.3	50.5	50.6	-0.7	0.1
	Asia and the Pacific	60.3	58.5	58.6	-1.7	0.1
	Europe and Central Asia	58.5	57.5	57.6	-0.8	0.1
	World	**60.5**	**58.6**	**59.0**	**-1.5**	**0.4**
Employment rate	Africa	58.4	56.5	56.7	-1.7	0.3
	Morocco	**41.6**	**39.4**	**39.7**	**-1.9**	**0.3**
	Americas	58.7	53.6	55.5	-3.1	2.0
	Arab countries	47.1	45.7	45.7	-1.4	0.0
	Asia and the Pacific	57.7	55.3	55.8	-1.9	0.4
	Europe and Central Asia	54.6	53.4	53.5	-1.0	0.2
	World	**57.3**	**54.8**	**55.4**	**-1.9**	**0.6**
Unemployment rate	Africa	7.0	7.8	8.1	1.1	0.3
	Morocco	**9.2**	**11.9**	**12.3**	**3.1**	**0.4**
	Americas	6.4	9.3	8.3	1.9	-1.0
	Arab countries	8.2	9.5	9.6	1.4	0.1
	Asia and the Pacific	4.3	5.4	4.8	0.5	-0.5
	Europe and Central Asia	6.6	7.1	7.1	0.4	-0.1
	World	**5.4**	**6.6**	**6.2**	**0.8**	**-0.4**

* 2019 was taken as a reference to assess the impact of the crisis.

Sources :ILOSTAT, November 2021 estimations and HCP.

Additionally, the total number of hours worked per week in 2021 fell below its 2019 level by 2.5 percent, thereby generating a deficit of 73 million full-time jobs[2]. With the exception of Africa, which slightly exceeded its pre-pandemic level, all regions showed losses, the largest of which were in the Americas and Europe and in Central Asia, with respective declines of 3.6 percent and 3.4 percent.

Chart B1.3.2.1: Hours worked per week (compared to 2019, in percent)



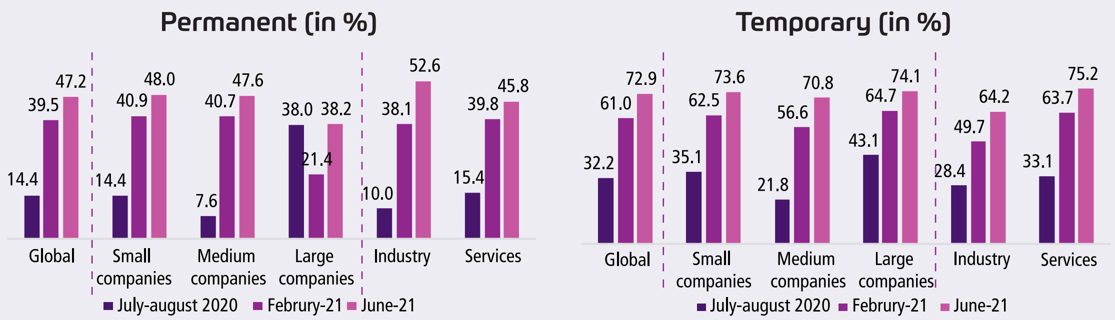
Sources: ILOSTAT, November 2021 estimations .

[2] Based on a forty-eight hour work in a week.

In Morocco, in addition to the statistics provided by the HCP's National Employment Survey, several other data published by both national and international institutions suggest that the pandemic has continued to affect the job market in 2021.

Thus, according to the results of the World Bank's surveys[3] on the impact of the crisis on private companies in Morocco, between December 2019 and June 2021, 47.2 percent of companies reduced the number of permanent workers, as against 39.5 percent in February 2021 and 14.4 percent in July-August 2020. This share amounts to about 48 percent for SMEs and 38.2 percent for large enterprises. Similarly, the proportion of firms that have reduced the number of temporary workers since the outbreak of the pandemic has continued to increase, standing at nearly 73 percent, compared to 61 percent in February 2021 and 32.2 percent in July-August 2020. In addition, and most notably between June 2020 and the same month of 2021, 35.1 percent of firms decreased the working hours of their employees compared to 15.2 percent who reported increasing them.

Chart B1.3.2.2: Cumulative share of firms that have reduced the number of workers



Sources: World Bank surveys on monitoring the impacts of the crisis on private companies.

In the same vein, the HCP business survey[4] indicates that in 2021, 39 percent of companies have reduced their workforce in comparison to the pre-pandemic period, 21 percent of them by half or more. The survey also shows that nearly a quarter of companies have also reduced the wages of their employees, ranging from 10 percent for large companies to 27 percent for very small companies.

Today, with the sporadic resurgence of infections, the after-effects of the crisis are likely to persist for a few more years. However, beyond the quantitative variations in the different indicators, the post-COVID era reveals a true paradigm shift, with profound changes in terms of the nature, requirements and organizational arrangements of work. In this context, public employment policy should focus, on the one hand, on supporting the active population by helping them to improve their skills and redirect them to more productive activities, and, on the other; adapting the regulations to the new post-pandemic context.

[3] This is a qualitative survey of a sample of 1,096 companies, conducted in three rounds. The first was conducted in July-August 2020, the second in February 2021 and the last in May-June 2021.

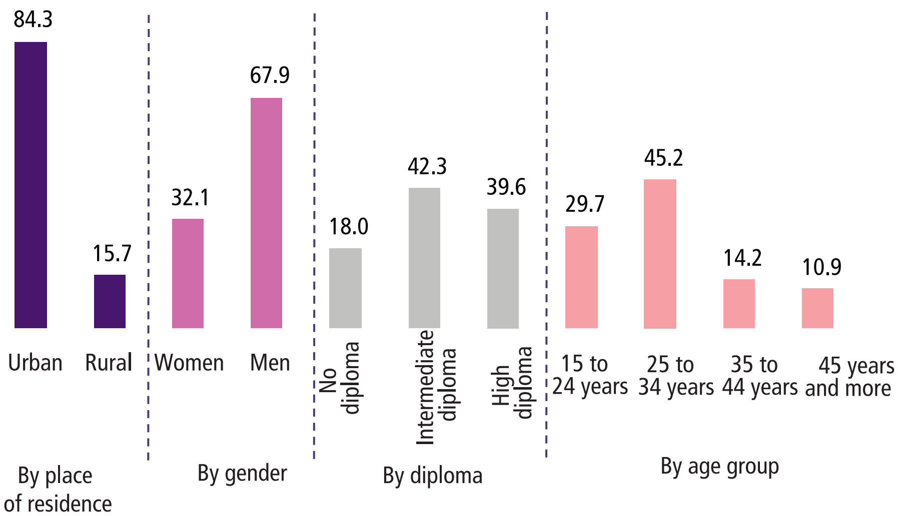
[4] This is the fourth qualitative survey conducted by the HCP to assess the effects of the pandemic on business activity during 2021. It was conducted from January 17 to 20, 2022, covering a sample of 2300 organized companies representing all units operating in the manufacturing industry, construction, energy, mining, fishing, trade and non-financial market services sectors.

1.3.3 Unemployment and underemployment

The rise in entries into the labor market, which was far greater than the new jobs created, resulted in a further increase in the unemployed population after the significant rise in 2020. Thus, the number of unemployed increased by 5.5 percent to 1.5 million people, with a 10.4 percent increase in urban areas to 1.3 million and a 14.6 percent decrease in rural areas to 237 thousand.

This segment of the population is mostly male, at 67.9 percent, and is dominated by the long-term unemployed[1] and first-time applicants, who represent 72.5 percent and 48.2 percent respectively. This population is relatively more qualified than the employed population, with a proportion of 81.9 percent versus 47.1 percent holding a diploma.

Chart 1.3.6: Structure of the unemployed population in 2021 (in percent)



Source: HCP.

Taking into consideration the evolution of the active population, the unemployment rate worsened again, from 11.9 percent to 12.3 percent overall, changing from 15.8 percent to 16.9 percent in the cities and from 5.9 percent to 5 percent in the countryside. This increase was more pronounced among women, up 0.6 percentage points to 16.8 percent, as opposed to 0.2 percentage points to 10.9 percent for men. By age group, the rate rose particularly by 0.6 percentage points to 31.8 percent for 15 to 24 year olds and by 1.1 percentage points to 19.6 percent for 25 to 34 year olds, while for those aged 45 years and over, it fell by 0.2 percentage points to 3.8 percent. Unemployment also remains largely more prevalent among the skilled population, with rates reaching 19.6 percent for graduates versus 4.6 percent for non-graduates.

1 Unemployed for more than one year.

Chart 1.3.7: Unemployment rate by gender (in percent)

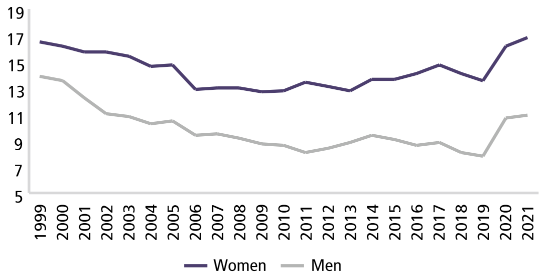
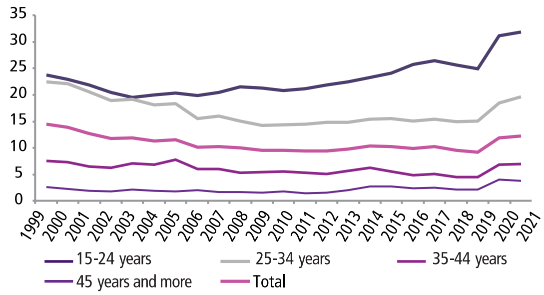


Chart 1.3.8: Unemployment rate by age group (in percent)



Source: HCP.

At the regional level, the rise of unemployment was more pronounced in Beni Mellal-Khénifra and Casablanca-Settat with respective increases of 2.2 points and 1.2 points. Conversely, some regions experienced declines, the most significant of which was observed in the Oriental region with 2.6 points.

Table 1.3.2: Unemployment rate by region (in percent)

	2020	2021	Change (in pp)
Tangier-Tetouan-Al Hoceima	10.4	10.4	0.0
Oriental	20.7	18.1	-2.6
Fez-Meknes	12.5	13.4	0.9
Rabat-Sale-Kenitra	12.7	12.2	-0.5
Beni Mellal-Khenifra	7.4	9.6	2.2
Casablanca-Settat	13.4	14.6	1.2
Marrakech-Safi	6.9	7.6	0.7
Drâa-Tafilalet	8.9	9.6	0.7
Souss-Massa	11.8	11.3	-0.5
Southern regions	19.8	20.1	0.3

Source: HCP.

The higher unemployment rate was coupled with a significant decline in underemployment[1]. This situation mainly reflects the 19.3 percent increase in the average number of hours worked, which had fallen by the same amount in 2020 due to health restrictions. Thus, the proportion of underemployed people fell from 10.7 percent to 9.3 percent at the national level, from 10.1 percent to 8.8 percent in the cities and from 11.6 percent to 10 percent in the countryside. This decline affected both men and women, dropping from 11.9 percent to 10.5 percent and from 6.4 percent to 5.3 percent respectively. By sector of activity, the decline ranged from 1.2 points in agriculture, forestry and fishing to 2.2 points in industry, including crafts.

1 The underemployed population consists of those who have worked: i) during the reference week less than 48 hours and are available to work overtime or ii) more than the threshold and are looking for another job or are willing to change jobs because of a mismatch with their training or qualifications or because of inadequate pay.

Chart 1.3.9: Underemployment rate by place of residence (in percent)

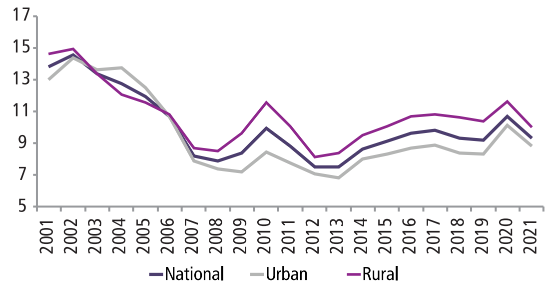
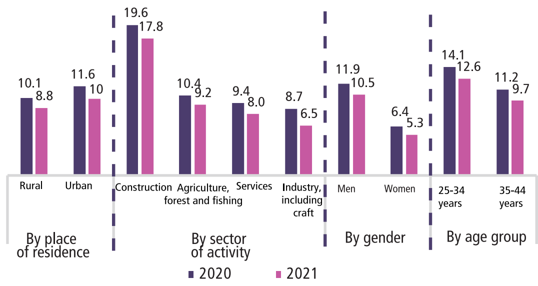


Chart 1.3.10 :Underemployment rate by featurs of the employed population (in percent)



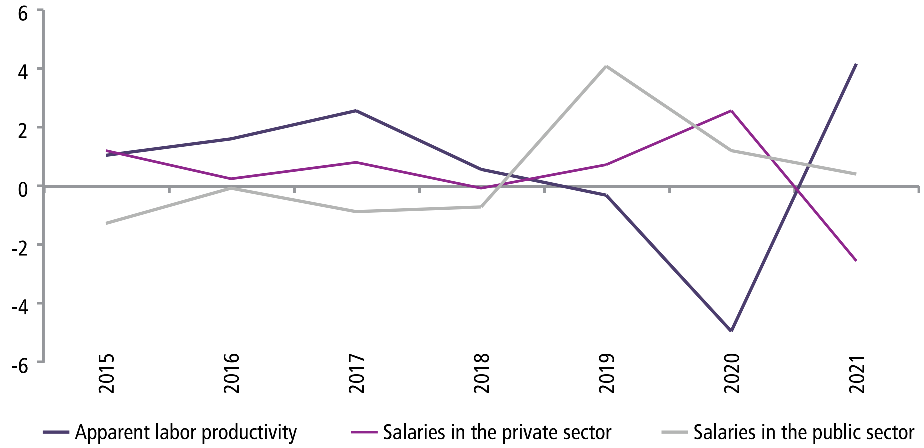
Source: HCP.

1.3.4 Productivity and wages

Apparent labour productivity in the non-agricultural sectors improved by 4.2 percent in 2021, after contracting by 4.9 percent a year earlier. This reflects an increase of 6.6 percent in value added, after a 6.9 percent decline, and a growth of 2.3 percent, compared with a 2.1 percent decrease, in the number of persons employed. The growth rate stood at 4.5 percent in the secondary sector, following a decline of 3.6 percent, and 3.9 percent in the tertiary sector, after a 5.8 percent drop.

Meanwhile, wages in the private sector fell by 1.2 percent, after rising by 3.2 percent in 2020, in nominal terms, and by 2.5 percent, as opposed to a 2.5 percent increase in real terms. In the public sector, they maintained their growth rate at 1.8 percent in nominal terms and rose by 0.4 percent instead of 1.2 percent in real terms.

Chart 1.3.11: Apparent labour productivity in the non-agricultural sectors and average wages in real terms (change in percent)



Sources: HCP. CNSS. Ministry of Economy and Finance and BAM calculations.

Table 1.3.3: Main labor market indicators

		2019	2020	2021
Indicators of activity				
Labor force (in thousands)		12 082	11 971	12 280
By place of residence	Urban	7 204	7 291	7 511
	Rural	4 878	4 680	4 770
Participation rate (in percent)		45.8	44.8	45.3
By place of residence	Urban	42.3	41.9	42.3
	Rural	52.2	50.0	50.9
By gender	Men	71.0	70.4	70.4
	Women	21.5	19.9	20.9
Indicators of employment				
Job creation (in thousands)		165	-432	230
By place of residence	Urban	250	-137	100
	Rural	-85	-295	130
By sector	Agriculture, forestry and fishing	-146	-273	68
	Industry including craft	17	-37	-19
	Construction	24	-9	71
	Services	267	-107	115
Employed population (in thousands)		10 975	10 542	10 772
By place of residence	Urban	6 277	6 140	6 239
	Rural	4 698	4 403	4 533
Employment rate (in percent)		41.6	39.4	39.7
By place of residence	Urban	36.9	35.3	35.1
	Rural	50.3	47.0	48.4
Indicators of unemployment and underemployment				
Unemployment rate (in percent)		9.2	11.9	12.3
By place of residence	Urban	12.9	15.8	16.9
	Young people aged 15 to 24 years	39.2	45.3	46.7
	Rural	3.7	5.9	5.0
Underemployment rate (in percent)		9.2	10.7	9.3
By place of residence	Urban	8.3	10.1	8.8
	Rural	10.4	11.6	10.0
Productivity and wages (change in percent)				
Apparent labor productivity in nonagricultural activities		-0.3	-4.9	4.2
Average salary in the private sector	In nominal terms	1.0	3.2	-1.2
	In real terms	0.8	2.5	-2.5
Average salary in the public sector	In nominal terms	4.3	1.8	1.8
	In real terms	4.1	1.2	0.4

Sources: HCP. CNSS. Ministry of Economy and Finance and BAM calculations.

1.4 Inflation

Amid rising external inflationary pressures, inflation accelerated sharply in 2021 while remaining at moderate levels on average. It stood at 1.4 percent for the year as a whole, up from 0.7 percent in 2020 and 0.2 percent in 2019.

The rise was mainly driven by core inflation, which stood at 1.7 percent after 0.5 percent in 2020, reflecting the passing through of high commodity prices, especially food and energy, to domestic prices, as well as the impact of the disruptions in global production and supply chains and the surge in international freight costs.

As a result, prices of fuels and lubricants rebounded by 12.9 percent in 2021 after their 12.4 percent decline a year earlier.

Conversely, prices of volatile food products fell by 1.3 percent, after their 2 percent increase in 2020, due to the favourable climatic conditions of the 2020/2021 crop year. However, some of these products, particularly poultry, were affected by higher input prices and by the shutdown of some production units. As for regulated tariffs, they increased at the same rate as in the previous year, namely 1.2 percent.

With regard to producer prices for manufactured goods, the non-refining index saw a considerable rise, by 4.3 percent in 2021, after a 1.2 percent drop in 2020, with particularly marked increases in the chemical, metallurgical and food industries.

Chart 1.4.1: Evolution of inflation (percent)

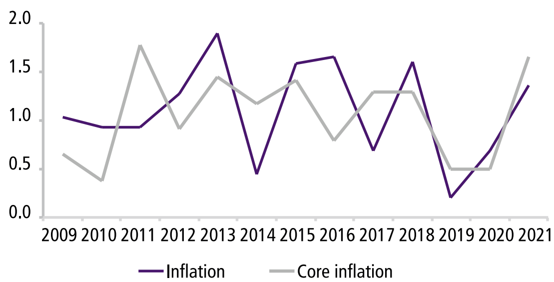
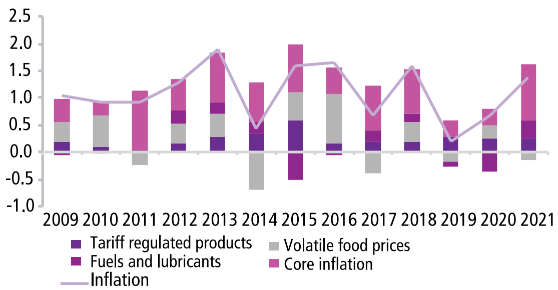


Chart 1.4.2: Contribution to inflation (in percentage point)



Sources: HCP data, and BAM calculations.

Table 1.4.1: Consumer prices (change percent)*

Groups of products	2016	2017	2018	2019	2020	2021
Consumer price index	**1.6**	**0.7**	**1.6**	**0.2**	**0.7**	**1.4**
Volatile food prices	**7.5**	**-3.1**	**3.0**	**-1.5**	**2.0**	**-1.3**
Fuels and lubricants	**0.7**	**0.8**	**0.9**	**1.3**	**1.2**	**1.2**
Tariff-Regulated Products	**-1.7**	**8.8**	**5.5**	**-2.7**	**-12.4**	**12.9**
Core inflation indicator	**0.8**	**1.3**	**1.3**	**0.5**	**0.5**	**1.7**
- Food products	0.6	1.6	1.4	-1.1	0.0	1.8
- Clothing items and footwear	1.1	1.4	1.2	1.2	0.3	1.9
- Housing, water, gas, electricity and other fuels(1)	1.0	1.1	1.0	1.5	1.3	1.6
- Furniture, household appliances and routine household maintenance	0.6	0.5	0.2	0.4	0.2	1.1
- Health(1)	1.0	2.4	1.0	0.0	0.5	2.2
- Transport(2)	0.2	-0.4	0.3	0.7	0.7	1.7
- Communications	-0.2	-0.2	1.0	3.3	-0.4	-0.2
- Entertainment and culture(1)	1.7	0.6	0.1	0.3	-1.4	1.1
- Education	2.3	2.7	2.6	3.5	2.7	1.6
- Restaurants and hotels	2.5	3.2	1.1	1.4	1.1	1.0
- Miscellaneous goods and services(1)	0.3	0.9	1.8	0.8	1.4	2.4

* Changes are based on official CPI base 2017 data from 2018 to 2020 and on CPI base 2017 before that year.

(1) Excluding regulated products, (2) excluding regulated products, and fuels and lubricants.

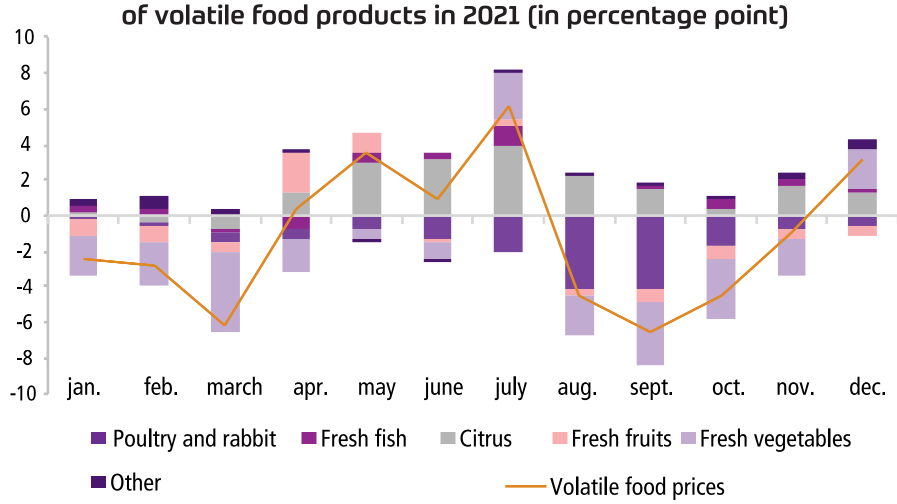
Sources: HCP data, and BAM calculations.

1.4.1 Components of the consumer price index

1.4.1.1 Volatile food prices

Despite soaring prices of some agricultural inputs and reduced poultry production caused by the health restrictions, the overall supply of volatile food products improved significantly in 2021 as a result of the favourable weather conditions of the crop year. Prices for these products fell by 1.3 percent on average as compared to a 2 percent increase in 2020. This decline had a downward effect on inflation, with a negative contribution of 0.2 percentage point after a positive contribution of 0.3 percentage point in 2020.

Chart 1.4.3: Contributions to monthly changes of the prices of volatile food products in 2021 (in percentage point)



Sources: HCP data, and BAM calculations.

After falling by an average of 3.8 percent year-on-year during the first three months of the year, prices of these products rose at an average rate of 2.7 percent between April and July. This change reflects, on the one hand, the pressure of both internal demand, particularly during the period of Ramadan, and external demand for certain vegetables, mainly tomatoes[1]. It also reflects the rising cost of poultry products following the shutdown of some production units and the soaring prices of some inputs, mainly soya. Subsequently, prices fell by an average of 4.1 percent between August and November, due to the abundant supply of vegetables and fruits[2] following the entry into the market of early produce, before rising by 3.1 percent in December.

By product, prices particularly fell by 22.6 percent for "citrus fruits", 5.4 percent for "fresh vegetables" and 1.1 percent for "fresh fruits", while they rose by 6.6 percent for "poultry and rabbit" and 1.8 percent for "fresh fish".

1.4.1.2 Fuels and lubricants

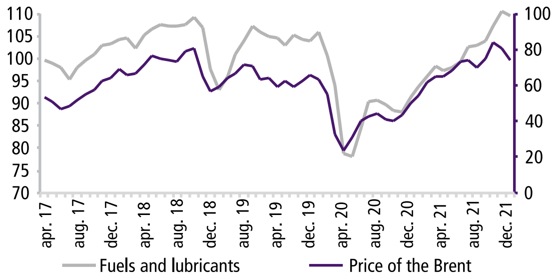
Boosted by the economic recovery and the cautious policy of OPEC+ to increase production, international oil prices continued the upward trend that began since the low point reached in April 2020. More specifically, Brent crude oil price averaged $70.4/bl in 2021, up 66.5 percent from 2020 and 10 percent from 2019.

[1] Exports of fresh tomatoes rose by 10.6 percent in the first 10 months of 2021.

[2] Press release of the Ministry of Agriculture, Marine Fisheries, Rural Development and Water and Forests, published on November 2nd, 2021 regarding the situation of the food products market in the Kingdom in terms of supply and of prices.

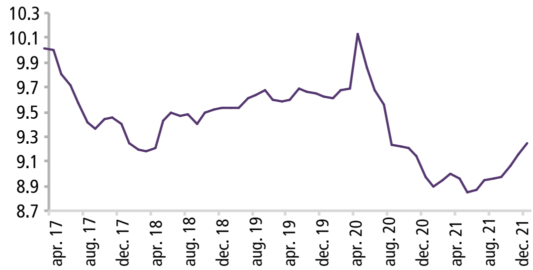
This increase, mitigated by the 5.7 percent average rise of the national currency against the US dollar, resulted in a 12.9 percent rise in the price of fuels and lubricants, compared with a 12.4 percent drop in 2020. As a result, their contribution to inflation stood at 0.3 percentage point in 2021, as against their negative contribution by 0.3 percentage point a year earlier.

Chart 1.4.4: Fuels and lubricants prices (base 100 = 2017) and Brent prices ($ per barrel)



Sources: HCP and World Bank.

Chart 1.4.5: Exchange rate of the Dirham against the US dollar



Source: BAM.

1.4.1.3 Tariff-Regulated Products

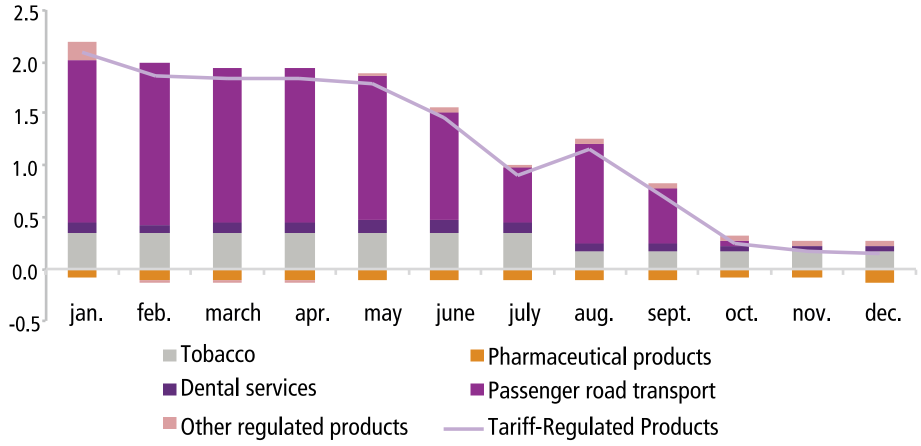
Regulated tariffs increased by 1.2 percent in 2021, unchanged from the previous year. Although no official decisions were taken, road passenger transport prices rose by 4.3 percent between July and August 2021. Coupled with the effect of the increases introduced by transport operators between June and November 2020, this resulted in an overall increase of 7.2 percent in these fares for the year 2021 instead of 6.6 percent in 2020.

Tobacco prices increased by 2.3 percent in January, following the rise in the domestic consumption tax introduced by the 2021 Finance Act, and by 3.5 percent over the year as a whole, taking into account the effect of previous increases[1]. On the other hand, following the decision of the Ministry of Health and Social Protection to revise downwards the prices of certain drugs[2] , prices of pharmaceutical products fell by 0.8 percent in 2021 after their 0.7 percent decrease in 2020.

Overall, the contribution of regulated tariffs to inflation remained stable from one year to another, at 0.3 percentage point.

[1] Tobacco tariffs were raised by 2.1% as of August 1st, 2020.
[2] Issued in the Official Bulletin of August 9, 2021.

Chart 1.4.6: Contribution to the monthly change in tariffs for regulated products in 2021 (in percentage points)



Sources: HCP data and BAM calculations.

1.4.1.4 Core inflation

In 2021, core inflation trended upwards from 0.4 percent in January to 3.6 percent in December, the highest level since January 2009. Moreover, the increase was largely widespread, as 44 percent of items in this component rose by more than 2 percent in December, up from 12.1 percent in January.

Aside from the effect of the recovery in demand, this change is attributable, on the supply side, to the pass-through of the surge in international commodity prices to domestic prices, particularly for food staples, the bottlenecks in global production and supply chains, and the soaring costs of international freight.

Almost two-thirds of the rise in core inflation was attributable to its food component, where prices rose by an average of 1.8 percent, after remaining stable in 2020. The largest increases were recorded in "oils", at 10 percent, after 1.8 percent a year earlier, and in "cereal-based products", at 2 percent, after 0.2 percent. Furthermore, as a major result of the surge in import prices of livestock feed[1] , the "fresh meat" price decrease eased from 2.6 percent to 0.1 percent.

Excluding food products, prices also trended at a faster pace compared to the previous year for all headings, except for "education" and "hotels and restaurants", which decelerated from 2.7 percent to 1.6 percent and from 1.1 percent to 1 percent respectively. Increases amounted notably to 1.9 percent after 0.3 percent for "clothing and footwear" and to 1.1 percent, after a 1.4 percent drop, for "leisure and culture".

[1] These are mainly made from imported maize, soya and sunflower meal.

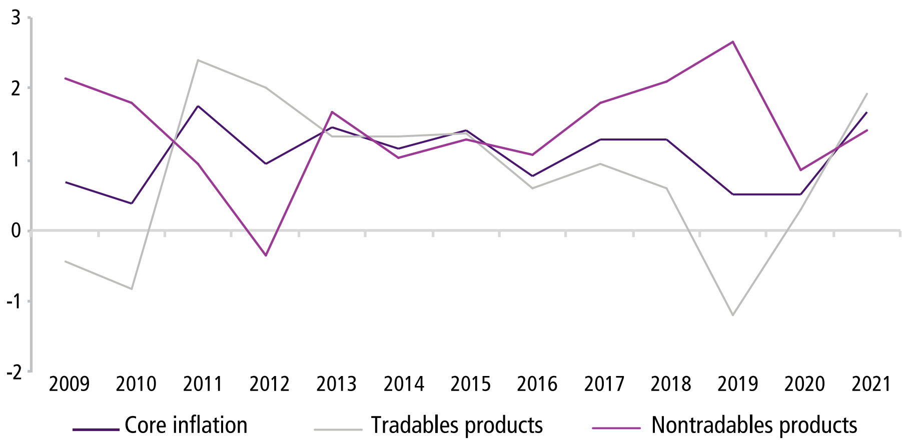
Overall, core inflation averaged 1.7 percent for the year as a whole as against 0.5 percent a year earlier, and its contribution to inflation stood at 1 percentage point compared to 0.5 percentage point in 2020.

Tradables and non-tradables products

The acceleration of core inflation in 2021 concerned both tradable and non-tradable products. The these latter rose by 1.9 percent instead of 0.3 percent in 2020, due to the significant rise in food prices, with the FAO index rising by 28.1 percent, as well as to the higher inflation in our main trading partners, particularly the euro area, where it jumped from 0.3 percent to 2.6 percent year on year.

Meanwhile, prices of non-tradable products rose by 1.4 percent instead of 0.9 percent, driven mainly by "fresh meat" prices. Excluding the latter, their growth rate would have remained stable.

Chart 1.4.7: Evolution of core inflation (in percent)



Sources: HCP and BAM calculations.

1.4.2 Goods and services

By breaking down the CPI basket into goods and services[1], it shows that the rapid inflation in 2021 is largely attributable to the higher prices of goods, which rose from 0.4 percent to 0.9 percent, while the prices of services rose at the same rate, namely 1.6 percent. In fact, prices of processed goods increased by 1.7 percent instead of 0.2 percent in 2020. This evolution reflects, on the one hand, the recovery in demand, following the easing of health restrictions, as well as changes in the consumption structure of households, which apparently reallocated part of the spending usually allocated to services to the consumption of goods. On the supply side, this change would reflect disruptions in global supply and production chains as well as soaring commodity prices and shipping costs.

[1] On the basis of detailed data from the HCP, BAM distinguishes four categories : processed goods excluding fuels and lubricants, unprocessed goods, fuels and lubricants and services.

On the other hand, prices of unprocessed goods, consisting mainly of fresh food products, fell by 1 percent, after having risen at the same rate a year earlier, owing to the good weather conditions that prevailed during the 2020/2021 crop year.

Chart 1.4.8: Prices of goods and services (change in percent)

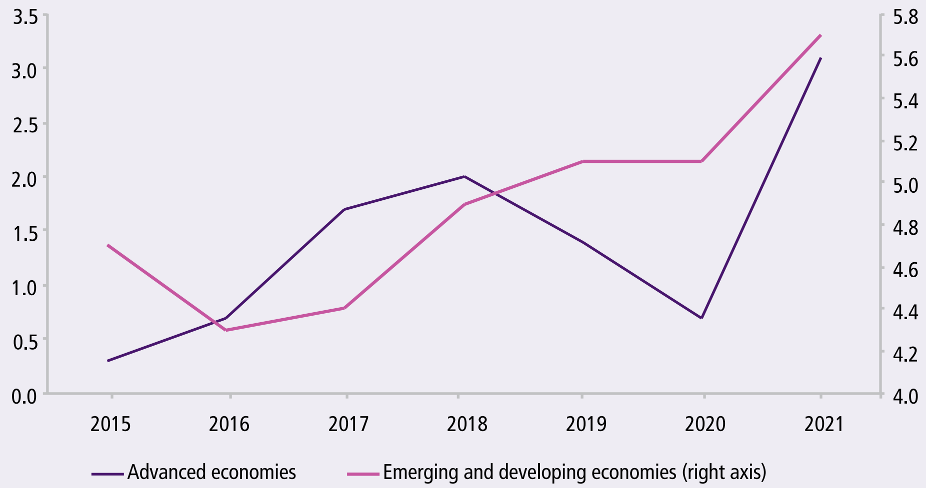
Chart 1.4.9: Contribution of prices of goods and services to inflation (in pourcentage points)

Sources: HCP and BAM calculations.

Box 1.4.1: Rising inflationary pressures in 2021

During 2021, inflation followed a relatively global acceleration trend. For the year as a whole, it averaged 3.1 percent in advanced economies, up from 0.7 percent in 2020, and 5.7 percent in emerging and developing economies, instead of 5.1 percent.

Chart B1.4.1.1: Evoltion of inflation trends in advanced countries, emerging and developing economies (in percent)



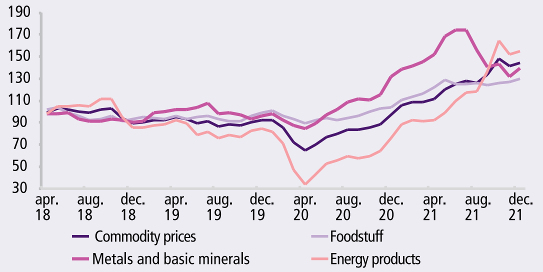
Source : IMF.

On the demand side, this development reflects the gradual recovery of economic activity, boosted by the easing of health restrictions and by exceptionally strong fiscal and monetary policies implemented in many countries. On the supply side, the rise in inflation was exacerbated by soaring commodity prices, especially for energy and food, disruptions in global supply and production chains, and soaring transport costs, especially for maritime trasport.

By way of illustration, commodity prices rose by an average of 53.3 percent in 2021 compared to 2020, with a 66.5 percent increase in the price of a barrel of crude oil. Additionally, the cost of maritime freight continued its upward trend that began in 2020 due to the health restrictions, posting an increase of 248.6 percent from one year to the next.

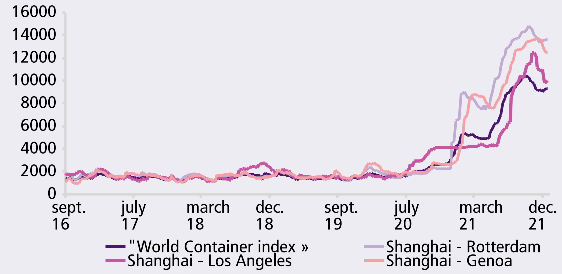
According to an OECD estimate for the G20[1] countries, these soaring costs would account for three quarters of the inflation rise observed in these economies in the second half of 2020 and would have contributed 1.5 percentage points to inflation in 2021. Meanwhile, the IMF assesses that the impact of supply disruptions on the underlying trend in global inflation in 2021[2] will amount to 1 percentage point.

Chart B1.4.1.2: Commodity prices (Indices, January 2018 =100)



Source : IMF.

Chart B1.4.1.3: Evolution of container shipping prices



Source : GPMN.

While several central banks initially viewed the surge in inflationary pressures as temporary, it turned out to be increasingly persistent over the months. In fact, inflation reached 7 percent in the last month of the year in the United States, the highest level in nearly four decades, and 5 percent in the euro area, the strongest since the adoption of the single currency. Thus, with the upsurge in contamination and the reinstatement of restrictions, though sporadic and partial, the gap between the pace of recovery in demand and the supply capacity restoration remained significant, inducing a further rise in consumer prices.

Against this background, several central banks have started or are considering tightening their monetary policies. Indeed, even if inflation expectations remained anchored, the more-than-expected increase in prices and the labour shortages[3] observed in some countries and sectors raised concerns about their impact on wage developments and about the risk of inflationary spirals. In the United States, for example, wages paid to employees of the non-agricultural private sector rose by 4.7 percent in 2021, compared with an average of 3.1 percent between 2017 and 2019.

[1] "The impact of commodity prices and shipping costs on inflation", OECD Economic Outlook, Interim Report September 2021: Keeping the Recovery on Track.

[2] World Economic Outlook, IMF, January 2022.

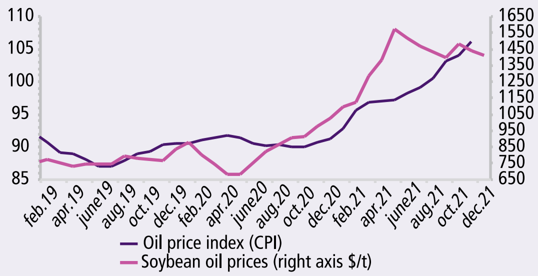
[3] It is related to older workers leaving the work force, lower female participation, higher reservation wages among low-skilled workers and generous financial support programmes implemented during the pandemic (https://blogs.imf.org/2022/01/19/why-jobs-are-plentiful-while-workers-are-scarce/?utm_medium=email&utm_source=govdelivery).

Mounting inflationary pressures in Morocco

In Morocco, inflation also followed an upward trend, rising from -0.3 percent in December 2020 to 3.2 percent in December 2021. However, its average level over the year as a whole remained moderate, mainly due to the lower prices of volatile food products.

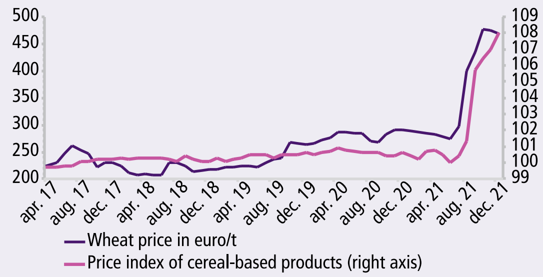
The 2021 rise in inflation was essentially driven by its underlying component, which reached its highest level since January 2009 in the last month of the year, at 3.6 percent. This increase reflects, for 78 percent, the price increases of tradable goods, notably food, due to the surge in their international prices. More specifically, prices of "oils" posted a 15.7 percent rise and those of "cereal-based products" were up by 7.6 percent during 2021. It is worth noting that 98 percent of the cooking oils marketed domestically are produced from imported crude oils, which represent 72 percent of the cost price of the sector's manufacturers[4]. At the same time, the national demand for "cereal-based products" is largely met by a local industry that heavily depends on imports of durum wheat, which account for around 80 percent of production costs[5].

Chart B1.4.1.4: Change in international prices of soybean oil and the oil prices index



Sources: HCP, World Bank and BAM calculations.

Chart B1.4.1.5: Change in the price of durum wheat and the prices index for "cereal-based products"

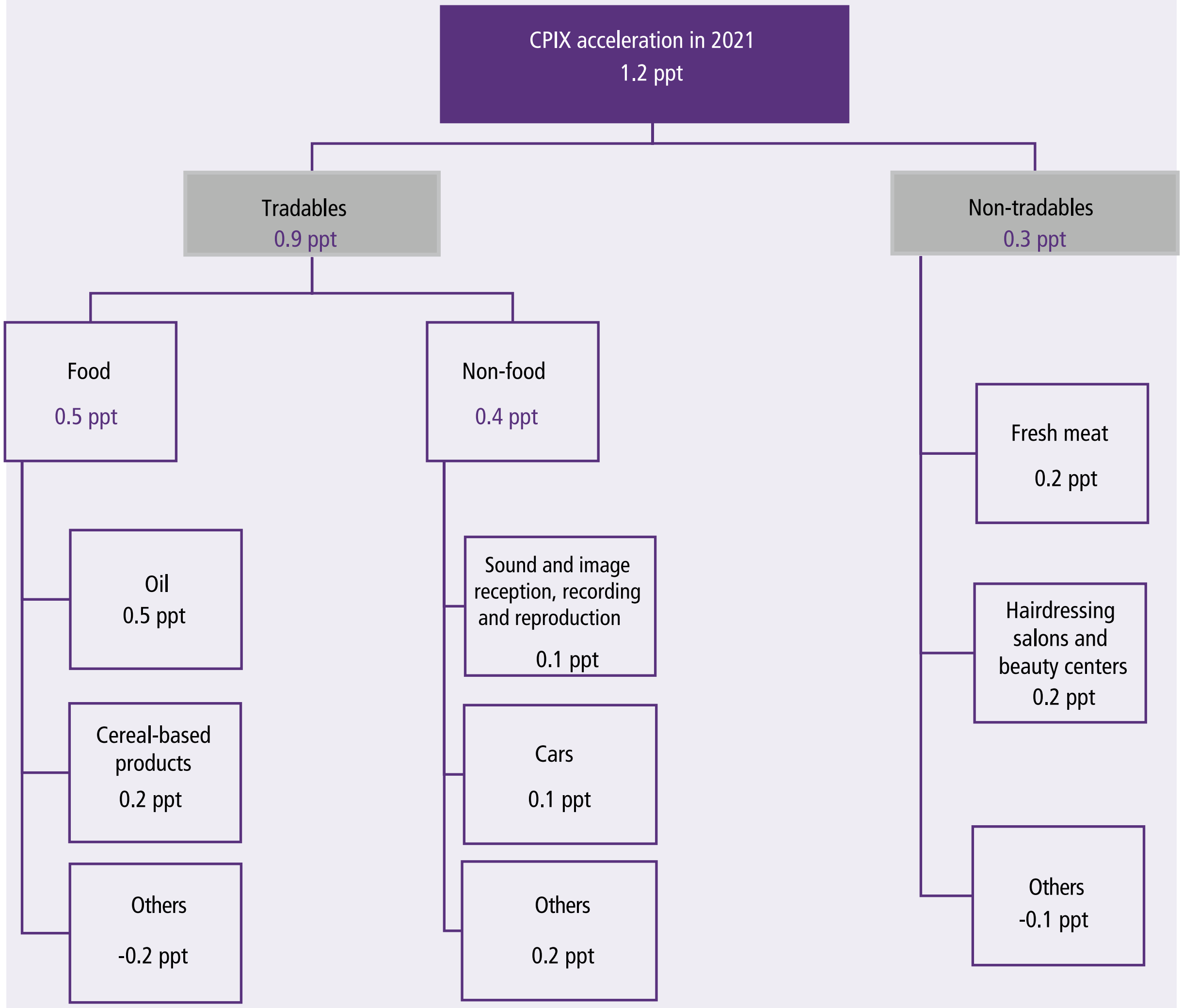


Sources: HCP, FranceAgriMer and BAM calculations.

Significant increases were recorded in non-food tradable goods, albeit for a limited number of products, most notably cars, which saw a cumulative increase of 3.7 percent, due to the global shortage of semiconductors.

[4] Opinion of the Competition Council on examining compliance of producers and importers of table oils with competition rules, 2021.
[5] Box "Change in world prices of durum wheat and impact on consumer prices in Morocco", BAM 2015 annual report.

Diagram B1.4.1.1: Contributions to core inflation in 2021 (in percentage points)



Furthermore, capturing the fundamental price trend through other alternative measures suggests similar but less significant developments. Thus, use of the double weighting method (CPIW) and the trimmed mean method[6] yields rates of 2.3 percent and 2 percent respectively in December 2021, compared to the 3.6 percent for the exclusion method usually used by Bank Al-Maghrib.

The renewed inflationary pressure is also reflected in the extent of its spread. Products included in the CPIX, whose prices rise by more than 2 percent each year, accounted for 44 percent of the total in December 2021, as opposed to 13 percent on average in 2020 and 22 percent on average between 2018 and 2019.

[6] These two methodologies are among the most used by central banks for measuring the fundamental price trend (see reference document on the development of these indicators, published at the Bank Al-Maghrib website).

Chart B1.4.1.6: Distribution of price changes of the 91 CPIX sections

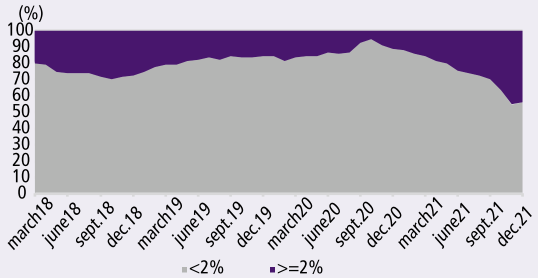
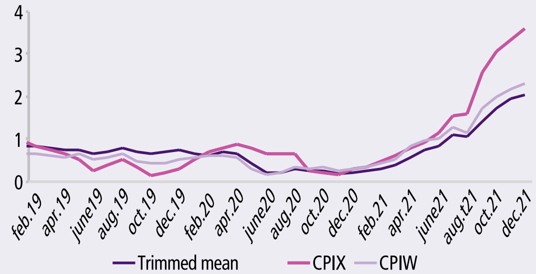


Chart B1.4.1.7: Evolution of the different measures of core inflation (in percent)



Sources : HCP data and BAM calculations.

On a different note, results of the quarterly survey on inflation expectations carried out by Bank Al-Maghrib among experts of the financial sector show that the latter expected an average rate of 1.9 percent in the fourth quarter of 2021 over the next eight quarters. These anchored expectations contribute to achieving the objective of price stability by minimizing the risk of inflationary spirals.

Chart B1.4.1.8: Evolution of inflation and inflation expectations of financial sector experts (in percent)

Sources: HCP and BAM.

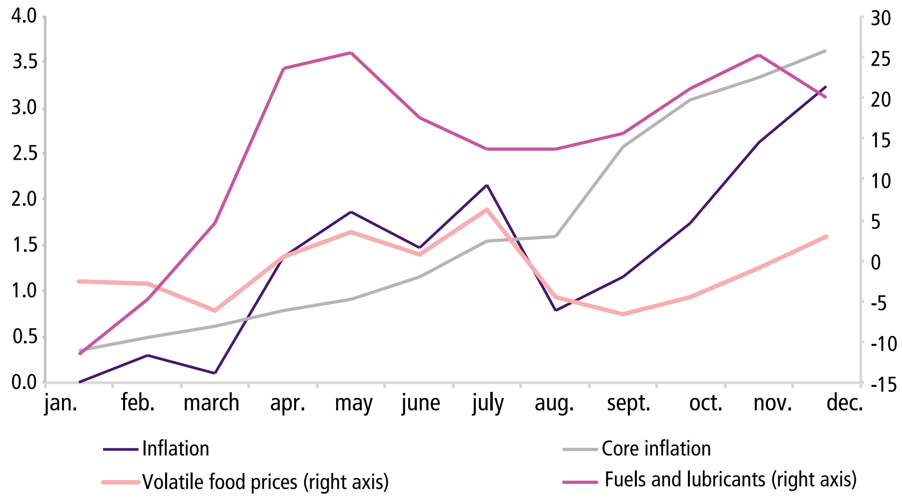
1.4.3 Infra-annual inflation profile

During 2021, inflation gradually rose from 0 percent in January to 3.2 percent in December. However, this upward movement came to a temporary halt in August, when it slowed to 0.8 percent, after 2.2 percent in July. This decline was mainly due to significant year-on-year declines in the prices of citrus fruits and fresh vegetables, which had reached high levels in August 2020.

Core inflation has also been on an upward trend, with a sharp rise from September onwards, mainly due to the higher prices of "cereal products". In total, it rose from 0.4 percent in January to 1.6 percent in August and then to 2.6 percent in September, then stood at 3.6 percent in December.

After having dropped year-on-year during the first two months, the variation in fuel and lubricant prices accelerated sharply, peaking at 25.6 percent in May and averaging 18.1 percent over the rest of the year.

Chart 1.4.10: Infra-annual change of inflation (in percent)



Sources: HCP and BAM calculations.

1.4.4 Consumer prices by city

The 2021 inflation rise affected 16 of the 18 cities covered by the consumer price survey conducted by the High Commission for Planning. The fastest pace was observed in Casablanca where prices rose by 1.9 percent instead of 0.4 percent a year earlier. Conversely, the cities of Guelmim and Laâyoune experienced decelerations from 2.1 percent to 0.7 percent and from 1 percent to 0.4 percent respectively.

In terms of disparity between cities, the inflation rate ranged from 0.4 percent in Laâyoune to 2 percent in Beni-Mellal, representing a gap of 1.6 percentage points, as against 2.1 points in 2020.

Table 1.4.2: Consumer prices by city (change percent)

	Indices (Base 100 =2017)			Inflation (in %)				Indices (Base 100 =2017)			Inflation (in %)		
	2019	2020	2021	2019	2020	2021		2019	2020	2021	2019	2020	2021
Agadir	101.8	102.7	103.8	0.1	0.9	1.1	Tangier	101.4	102.4	103.7	-0.2	1.0	1.3
Casablanca	102.1	102.5	104.4	0.4	0.4	1.9	Laâyoune	102.8	103.8	104.2	0.4	1.0	0.4
Fez	102.9	102.9	104	0.8	0.0	1.1	Dakhla	103.1	103.4	104.0	0.5	0.3	0.6
Kenitra	101.6	101.6	102.9	0.5	0.0	1.3	Guelmim	103	105.2	105.9	1.0	2.1	0.7
Marrakech	101.5	102.3	103.9	0.0	0.8	1.6	Settat	101	101.8	103.5	0.3	0.8	1.7
Oujda	101.6	101.7	102.8	-0.3	0.1	1.1	Safi	104.5	104.8	106.5	1.7	0.3	1.6
Rabat	101.6	102.5	103.8	0.4	0.9	1.3	Beni-Mellal	101.2	102.5	104.5	0.4	1.3	2.0
Tetouan	101.1	101.7	102.5	-0.5	0.6	0.8	Al-Hoceima	101.4	102.2	103.5	-0.5	0.8	1.3
Meknes	101.3	102.2	103.6	0.3	0.9	1.4	Errachidia	100.8	101.5	103.0	-0.4	0.7	1.5
National	**101.8**	**102.5**	**103.9**	**0.2**	**0.7**	**1.4**							
Range (percent points)				**2.2**	**2.1**	**1.6**							

Source : HCP.

1.4.5 Industrial producer prices

Mirroring the surge in international commodity prices and the impact of bottlenecks in global production and supply chains, producer prices in non-refining manufacturing industries rose significantly in 2021. They rose by 4.3 percent on average, as opposed to a 1.2 percent drop in 2020, driven mainly by price increases of 10.1 percent in the “chemical industry”, 17.9 percent in the “metal industry”, 5.4 percent in the “food industry” and 0.2 percent in the “clothing industry”.

Table 1.4.3: Industrial producer prices* (change percent)

	2016	2017	2018	2019	2020	2021
Producer price index excluding refining	**-0.4**	**0.7**	**2.6**	**0.6**	**-1.2**	**4.3**
Including						
Food industry	-0.4	0.3	0.2	-0.1	2.9	5.4
Textile manufacturing	0.1	-1.2	1.8	0.2	0.8	4.4
Clothing industry	0.8	0	0.7	2.2	0.9	0.2
Manufacturing of electrical equipment	-3.1	2.9	6.2	-0.6	2.1	4.7
Chemical industry	-0.2	2.1	12.1	3	-9.1	10.1
Metallurgy	-2.2	0.4	-0.2	-2.3	-6.3	17.9
Metal product manufacturing	-0.3	2.3	1.3	-0.5	-1.7	1.2
Woodworking and wood products manufacturing	0.7	-0.3	1.5	4.6	-2.7	1.7
Paper and cardboard industry	-2.3	0.2	0.8	4.7	-1.8	-0.2

* Changes are calculated on the basis of the Producer Price Index base 2018=100 from 2019 and refer to the index base 2010=100 before this year.

Source: HCP.

1.5 Public finance

In the context of a rebound in the national economy and strong mobilization of revenues from specific financing, public finances recovered fairly well in 2021. Indeed, fiscal deficit, excluding proceeds from the sale of state holdings[1], narrowed from 7.1 percent of GDP to 5.9 percent, almost in line with the objective set in the Finance Act. Similarly, the Treasury's debt ratio fell by 3.3 percentage points of GDP to 68.9 percent, bringing the domestic component down to 53.1 percent of GDP and the external component down to 15.9 percent of GDP.

The 2021 fiscal year was marked by the good performance of tax revenues, involving all categories of taxes and duties with the exception of the corporate income tax, as well as by significant receipts from specific financing mechanisms[2], which reached 11.9 billion dirhams as against 2.6 billion dirhams a year earlier. Meanwhile, the development of expenditure was marked by a higher subsidy burden, which exceeded by 61.2 percent the amount projected in the Finance Act, and a higher wage bill, particularly due to the settlement of certain promotion operations and the reopening of recruitment examinations, which had been frozen during the pandemic crisis. By contrast investments fell by 9.5 percent after an exceptional level in 2020, but the execution rate stood at 114.1 percent.

Under these conditions and taking into account the settlement of pending operations amounting to 4.7 billion, the cash deficit totalled 81 billion, 90 percent of which was financed by domestic resources.

Table 1.5.1: Main public finance indicators
(in percent of GDP base 2014, unless otherwise indicated)

	2014	2015	2016	2017	2018	2019	2020	2021
Current receipts	23.5	21.7	22.0	22.2	21.7	22.1	22.0	21.7
Tax receipts	19.8	19.0	19.3	19.6	19.7	19.3	19.3	18.9
GCC donations (in billion DH)	-	-	-	-	-	9.4	2.6	11.9
Overall expenditure	28.6	26.1	26.4	25.9	25.5	26.1	29.7	27.9
Current expenditure	23.1	20.7	20.6	20.1	20.0	20.2	22.2	21.8
Payroll	10.1	9.5	9.6	9.1	8.9	10.3	11.6	10.9
Subsidy costs	32.6	14.0	14.1	15.3	17.7	16.1	13.5	21.8
Investment	5.4	5.4	5.8	5.8	5.5	5.8	7.5	6.1
Fiscal balance (excluding privatisation)	-4.6	-3.8	-4.2	-3.2	-3.5	-3.8	-7.1	-5.9
Direct public debt	58.6	58.4	60.1	60.3	60.5	60.3	72.2	68.9

Sources: Ministry of Economy and Finance (DTEF) and HCP for nominal GDP.

[1] For an amount of 5.4 billion dirhams from the sale of 35% of the capital of Marsa Maroc and 110 million dirhams from the sale of the State's entire stake in the capital of the company "Foncière Université Internationale de Rabat".

[2] These transactions mainly concern the sale of non-financial assets by the State, combined with leasing contracts for the assets sold.

1.5.1 The 2021 Finance Act

The 2021 Finance Act (FA) was drafted at a time of health and economic crises and in the context of the implementation of the amended Finance Act (AFA), adopted in July 2020. The main assumptions adopted include a growth rate at 4.8 percent, average prices of $50 per barrel for crude oil and $350 per ton for butane gas, and an average exchange rate of 9.5 dirhams per dollar. It set a target fiscal deficit, excluding the proceeds from the sale of state holdings, of 75.1 billion dirhams or 6.5 percent of GDP, with a 3.4 percent increase in overall expenditure and a 6.2 percent improvement in current revenue compared to the 2020 Amended Finance Act.

Tax revenues were projected to increase by 6.9 percent, largely driven by a 21.5 percent increase in VAT receipts. On the other hand, due to the decline in economic activity in 2020, corporate tax revenues were set to fall by 10.9 percent, including the non-allocation to the general budget in 2021 of revenues from the social solidarity contribution on profits and income[1]. Non-tax revenues, excluding proceeds from the sale of state holdings, were expected to rise by 1.1 percent to 34 billion, mainly as a result of a 16.6 percent increase in monopoly revenues to 17.1 billion, while revenues from specific financing mechanisms were projected to remain stable at 14 billion.

Meanwhile, current expenditure was expected to rise by 5.4 percent overall, including a 2.9 percent increase in the wage bill, taking into account the creation of 21,256 budgetary posts, as opposed to 23,312 in the 2020 FA, as well as expenses related to social dialogue. Similarly, other goods and services were set to increase by 7.3 percent and the subsidy costs by 14.2 percent. Investment expenditure was set to drop by 3.8 percent to 68.1 billion.

[1] These revenues were allocated to the "Support Fund for Social Protection and Social Cohesion".

Table 1.5.2: Budget programming (in millions of dirhams, unless otherwise stated)

	2020 Amended Finance Act	Finance Act 2021	Change in %	Change in value
Current receipts	**243 993**	**259 010**	**6.2**	**15 017**
Tax receipts[1]	207 320	221 681	6.9	14 361
Including : VAT	71 594	87 009	21.5	15 416
CT	42 914	38 236	-10.9	-4 678
IT	40 047	39 797	-0.6	-250
Nontax receipts	33 674	34 029	1.1	356
Including : Revenue from specific financing mechanisms	14 000	14 000	0.0	0.0
Receipts of other Treasury special accounts 2	3 000	3 300	10.0	300
Overall expenditure	**329 785**	**341 141**	**3.4**	**11 356**
Current expenditure	**258 972**	**273 041**	**5.4**	**14 069**
Goods and services	197 295	205 710	4.3	8 415
Wage bill[3]	135 933	139 860	2.9	3 927
Other goods and services	61 362	65 850	7.3	4 488
Debt expense	28 339	27 678	-2.3	-661
Subsidy costs	11 860	13 550	14.2	1 690
Transfers to territorial authorities	21 478	26 103	21.5	4 625
Current balance[4]	**-14 979**	**-14 031**		
Capital spending[5]	70 813	68 100	-3.8	-2 713
Balance of other Treasury special accounts	3 000	7 000		
Primary balance[4]	**-54 453**	**-47 453**		
Overall fiscal balance[4]	**-82 792**	**-75 131**		
In percentage of GDP[6]	**-7.6**	**-6.5**		
Financing requirement	**-82 792**	**-75 131**		
Domestic financing	39 163	36 780		
External financing	43 629	34 351		
Sale of the State's stake	0	4 000		

[1] Tax revenues are expressed net of tax refunds, rebates and refunds, and include the 30 percent of VAT revenues transferred to local governments.

[2] Treasury special accounts.

[3] Personnel expenses in FL 2021 and AFL 2020 include social charges for the employer's share. which were previously classified under the heading "other goods and services".

[4] Ordinary balance refers to the difference between ordinary revenues and ordinary expenditure. The budget balance represents the difference between ordinary revenue and overall expenditure including the balance of the special accounts of the Treasury. The primary balance excludes debt interest payments.

[5] Forecast in terms of emissions.

[6] Ratios calculated on the basis of nominal GDP as forecasted by the Ministry of Economy and Finance.

Source: Ministry of Economy and Finance (DTEF).

Box 1.5.1: Main tax measures of the 2021 Finance Act

The tax measures introduced by the 2021 Finance Act are mainly aimed at: **(i)** temporarily reducing the burden of certain taxes and duties for some distressed sectors; **(ii)** fulfilling Morocco's commitments to good fiscal governance by aligning the CFC tax system; **(iii)** encouraging business financing through tax relief on registration fees; **(iv)** mobilizing savings; **(v)** improving the good governance of public institutions and enterprises; **(vi)** promoting youth employment; **(vii)** simplifying the tax system and integrating a contribution to health coverage; **(viii)** and promoting national production and strengthening its competitiveness.

Corporate tax

- Credit institutions and insurance and reinsurance companies, as well as insurance and reinsurance brokerage companies, were excluded from the tax regime applicable to companies holding CFC status, in order to comply with EU rules. In addition, the law has limited the implementation of the former CFC tax regime to service companies up to the end of 2022.
- The exemption from corporate income tax granted to real estate investment trusts (OPCI) was extended to include residential buildings. This advantage was previously limited to commercial properties.
- Introduction of tax neutrality for proceeds from the sale of holdings of Public establishments and entreprises and their subsidiaries, carried out as part of the operations involving the transfer of public enterprises to the private sector.
- The scope of deductibility was broadened to include cash or in-kind donations granted to public interest environmental associations. This measure also concerned the deduction of the expense relating to the contribution to the Special Fund for the management of the coronavirus pandemic over a period of five years.

Income Tax

- Introduction of the Single Professional Contribution (SPC) for individuals who were previously subject to flat-rate profit regime, now abolished. Thus, the SPC now includes all taxes and duties due by low-income taxpayers in respect of their professional activities, in addition to a complementary duty intended for the medical coverage of the taxpayers concerned.
- Extension of the flat-rate deduction of 50 percent applied to the salaries of professional sportsmen and women, coaches, educators and technical teams.
- Institution of complementary rights for the medical coverage of self-employed workers, just like taxpayers subject to the CPU regime, as part of the generalization of mandatory health insurance by 2022.
- Extension for an additional year of the implementation of incentives for newly identified taxpayers who were active in the informal sector. This measure was initially adopted in the FL 2011 and renewed in the FL 2013, 2015, 2020 and 2021.

- In anticipation of the issuance of a domestic borrowing, the FA introduced an exemption from income tax withheld at source on interest paid to resident individuals who are not subject to income tax under the real or simplified net income regime, with respect to loans issued by the Treasury until 31 December 2021.
- Exemption from income tax on salaries paid by a company, association or cooperative to an employee aged less than 35 years old on the occasion of his or her first recruitment. This exemption is granted for the first 36 months of work within the framework of an open-ended contract concluded during 2021.
- Exemption from income tax on the gross monthly salary capped at 10,000 dirhams paid by a company, association or cooperative to employees who had involuntarily lost their jobs as a result of the repercussions of the health crisis between March 1st and September 30th,2020. It is applicable during the first 12 months of work provided that the recruitment takes place during the year 2021.

Value Added Tax

- Cancellation of the exemption from domestic VAT with no right of deduction for scrap metal.
- Exemption from domestic VAT with no right of deduction for photovoltaic panels and solar water heaters.
- Implementing a rate of 20 percent, instead of 10 percent, for VAT on the import of solar water heaters.
- Exemption from VAT on the import of military machines, equipment and materials, weapons, ammunition and their spare parts and accessories purchased by the National Defence Administration and by the Administrations in charge of public security.
- Exemption from VAT on the import of frozen bovine and camel meat imported by the Royal Armed Forces or on their behalf. This measure falls in line with the provisions of the Customs and Indirect Taxes Code.

Registration fees

- Reorganization of the tax regime applicable to bonds and acknowledgements of debts. from now on, these are only subject to registration formality when they are established by a notarial act or by private agreement. In addition, the FL 2021 introduced an exemption from registration duties for deeds establishing advances in partners' current accounts as well as those relating to bonds and acknowledgements of debt relating to credit institutions and similar bodies, as opposed to 1.5 percent.
- Reduction from 1 percent to 0.5 percent of the registration fees applicable to capital increases of companies or economic interest groups made by in-kind contributions, by incorporation of liquid and payable claims on the company other than those appearing in the partners' current account, as well as by incorporation of capital gains resulting from the revaluation of the company's assets in the event of a company merger.
- Extension until June 30, 2021 of the deadline for implementing the transitional measures, instituted by the AFL 2020, aimed at reducing registration duties on deeds relating to the first sale of social housing and housing with low real estate value, as well as deeds relating to the first acquisition of the said housing by credit institutions and similar bodies under a "Mourabaha", "Ijara Mountahia Bitamlik" or "Moucharaka Moutanakissa" contract. In addition to the deadline extension, the FL 2021 raised the threshold of the total taxable base to 4 million dirhams, instead of 2.5 million FL 2021 previously.

Common measures

- Introducing a social solidarity contribution on profits and income for the financial year 2021, applicable to companies subject to corporate tax, excluding those permanently exempt from corporate tax, companies operating in industrial expansion areas and service companies benefiting from the CFC tax regime. The contribution is calculated on the same basis as the corporate tax from 1,000,000 dirhams based on the following proportional rates: **(i)** 1.5 percent for net profits between 1,000,000 and 5,000,000 dirhams; **(ii)** 2.5 percent for those between 5,000,001 and 40,000,000 dirhams; and **(iii)** 3.5 percent for those above 40,000,000 dirhams. It is also applied, at a rate of 1.5 percent, to professional, agricultural, wage and land income of individuals, when the amount of the said income is equal to or higher than 240,000 dirhams.
- Expanding the definition of agricultural income to include corporate income from poultry and horse and equines.
- Strengthening the tax mechanism relating to the non-deductibility of fictitious invoices. Thus, when an invoice issued by or on behalf of a supplier does not meet the declaration and payment obligations provided for by the law, it is not eligible for deduction.
- Strengthening the system of criminal sanctions and procedures applicable to certain tax violations, particularly those relating to the use of fictitious invoices. This concerns in particular **(i)** the application of criminal sanctions to the person who allows another person to evade his or her status as a taxpayer or in the case of issuing fictitious invoices and **(ii)** the abolition of the 5-year period after the first offence for the implementation of criminal sanctions in the case of a recidivism.
- Setting up tax neutrality in terms of corporate income tax, VAT and registration fees for **(i)** the restructuring operations of state-owned institutions and businesses and **(ii)** the transfer operations from ONEE to MASEN of assets related to renewable energy facilities.
- Extending, until December 31, 2022, the deadline for implementing the transitional measures intended to encourage real estate contribution transactions involving OPCIs, as opposed to December 31, 2020 as set out in the FL 2017. These measures shall apply to contributions made by taxpayers subject to corporate income tax and professional income tax and by individuals.
- Cancelling fines, penalties, surcharges and collection costs relating to certain taxes, levied before January 1, 2020 and unpaid by December 31, 2020, provided that the principal of said taxes, duties and fees is paid spontaneously before July 1, 2021. For those liable only for fines, penalties, increases and collection fees that remained unpaid until December 31, 2020, they could benefit from a 50 percent reduction provided they paid the remaining 50 percent before July 1, 2021.

Internal consumption taxes (ICT)

- Reinstating the ICT on tires, even those mounted on rims, setting it at 3 dirhams per kilogram. The proceeds of this tax are allocated to the Social Protection and Social Cohesion Support Fund.
- Increasing the ICT on alcoholic beverages and non-alcoholic beers as follows:

Products	Previous Quotas (dirhams/hectoliter)	New quotas (dirhams/hectoliter)
- Wines	800	850
- Beers	1 000	1 150
- Ethyl alcohol	15 000	18 000
- Non-alcoholic beers	550	600

- Reducing the ICT on recovered fuel oil to 18.24 dirhams per 100 kilograms, instead of 81.58 dirhams, for companies providing collection, treatment and recovery of ship waste in port areas.
- Introduction of an ICT on heated tobacco products worth 1 500 dirhams per 1 000 grams.
- Raising the ICT on manufactured tobacco products by 50 percent as follows

Products	Old quotas	New quotas
- Cigars and cigarillos		
- The specific quota	500 dirhams/1 000 units	750 dirhams/1 000 units
- The minimum collection rate	1 000 dirhams/1 000 units	1 500 dirhams/1 000 units
- Tobacco for water pipe (Muassel):		
- The specific quota	280 dirhams/1000 grams	420 dirhams/1 000 grammes
- The minimum collection rate	450 dirhams/1000 grams	675 dirhams/1 000 grammes

Measures relating to customs duties

- The tariff of customs duties for certain products will be adjusted as follows :

Products	Old rates	New rates
- Products containing chocolate and food preparations containing cocoa - Furnishing fabrics	17.5%	40%
- Knitted fabrics	10%	40%
- Umbrellas, parasols and sunshades, other than those for gardens - Plastic insulators	2.5%	40%
- Assembled frames for umbrellas, parasols and sunshades - TONER cartridges	2.5%	17.5%
- Cycloserine (antibiotic)	40%	2.5%
- Tires for buses, trucks, road tractors, agricultural vehicles and machinery, and civil engineering machinery.	40%	17.5%

- Expanding the scope of the exemption from customs duties to include **(i)** special materials and equipment and their parts and accessories imported by the National Defence Administration; and **(ii)** camel meat imported by the Royal Armed Forces.

1.5.2 Budget implementation

Budget execution for the year 2021 occurred amidst a rebound in economic activity, following the 2020 recession caused by the drought and the Covid-19 pandemic. The overall deficit, excluding proceeds from the sale of government holdings, stood at 76.3 billion or 5.9 percent of GDP, compared with 82.3 billion or 7.1 percent of GDP a year earlier. This change includes a 3 billion dollars drop in the balance of the Special Treasury Accounts (STA) to 3.4 billion dollars, mainly due to the negative balance of 4.1 billion dollars in the Covid-19 special pandemic management fund, and reflects increases of 10 percent in ordinary revenue and 4.7 percent in overall expenditure.

Chart 1.5.1: Overall budget balance and primary balance

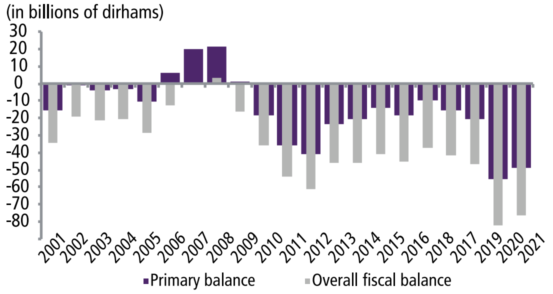
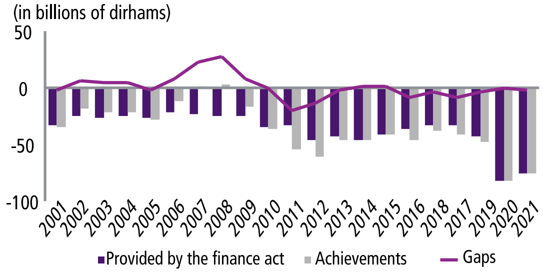


Chart 1.5.2: Overall budget balance



Source: Ministry of Economy and Finance (DTEF).

Current revenues

After a 7.6 percent decline in 2020, current revenue increased by 10 percent to 278.3 billion, equivalent to an implementation rate of 107.4 percent. This development reflects the good performance of all taxes and levies, with the exception of Corporate tax revenues, which fell in relation to the contraction of economic activity in 2020. Overall, tax revenues rose by 8.8 percent to 242.3 billion and non-tax revenues increased by 18.7 percent to 32.2 billion, partly raised through specific financing mechanisms.

In more detail, direct tax revenues totalled 90.4 billion dirhams, down by 2.4 percent compared with 2020, mainly due to the 8.8 percent decrease in corporate income tax revenues to 44.5 billion dirhams and the non-allocation to the general budget in 2021 of the proceeds of the social solidarity contribution on profits and income. On the other hand, income tax revenues improved by 10 percent to 44.2 billion, with increases of 66.3 percent to 4.4 billion in income tax on real estate profits and 8.7 percent to 9.7 billion in income tax on public service salaries[1].

After an 8.8 percent decline in 2020, indirect tax revenues rose by 15.6 percent to 124.2 billion, a 107 percent realization rate. VAT receipts rose by 16.5 percent to 93.3 billion, reflecting rises

[1] This refers to the portion served by the Personnel Expenses Department.

of 24.6 percent to 61.1 billion for imports and 3.8 percent to 32.2 billion for domestic sales. The latter takes into account VAT credit refunds amounting to 12.6 billion, up 2.2 billion compared to 2020 and 4.7 billion compared to the forecast of the FA On the other hand, the ICT has drained an amount increasing by 13 percent to 31 billion to 31 billion, including 16.4 billion from energy products and 12.2 billion from tobacco.

Chart 1.5.3: corporate Tax and Income Tax Revenues

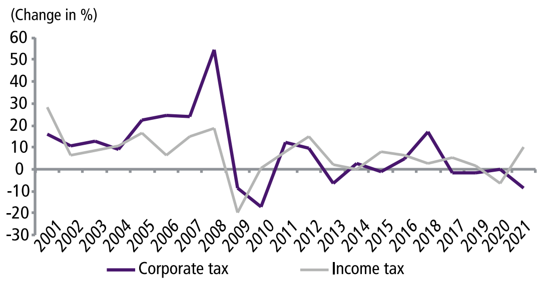
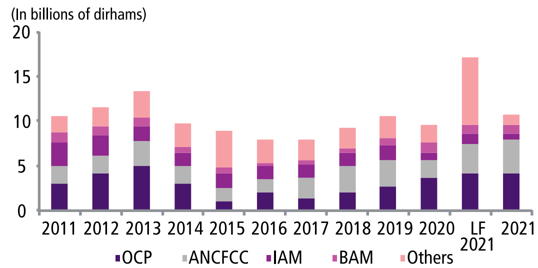


Chart 1.5.4: Revenues of monopolies and shareholdings



Source: Ministry of Economy and Finance (DTEF).

After a 2.9 percent drop in 2020, customs duties increased by 25.3 percent to 11.9 billion, posting an implementation rate of 110.4 percent. Similarly, registration and stamp duty income rose by 19.3 percent, compared with a fall of 11.4 percent in 2020, reaching 15.8 billion dirhams, instead of the 14.7 billion forecast in the FL 2021.

Chart 1.5.5: Current revenues

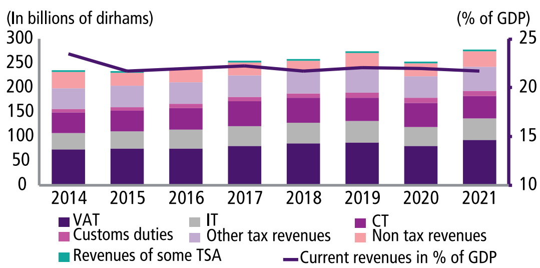
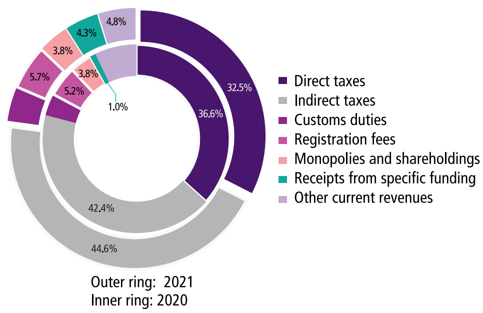


Chart 1.5.6: Breakdown of Current Revenue



Source: Ministry of Economy and Finance (DTEF).

Non-tax revenues, which accounted for 94.7 percent of total revenues, improved by 18.7 percent to 32.2 billion, after a 12.5 percent decline in 2020. This development is mainly due to receipts of 11.9 billion from specific financing mechanisms, as opposed to 2.6 billion a year earlier, and 10.7 billion from monopolies and shareholdings, instead of 9.6 billion at the end of December 2020. The latter mainly come from OCP for a sum of 4.1 billion, ANCFCC for 3.8 billion, Bank Al-Maghrib for 994 million and Maroc Télécom for 659 million dirhams.

Table 1.5.3: Situation of the Treasury's expenses and resources (in millions of dirhams, unless otherwise indicated)

	2020[1]	2021	Change in %	Implementation rate compared to the Finance Act 2021
Current receipts	**253 099**	**278 306**	**10.0**	**107.4**
Tax receipts[2]	**222 799**	**242 328**	**8.8**	**109.3**
- Direct taxes	92 651	90 416	-2.4	112.9
Corporate tax	48 778	44 489	-8.8	116.4
Income tax	40 165	44 163	10.0	111.0
- Indirect taxes	107 410	124 216	15.6	107.0
Value added tax [2]	80 020	93 255	16.5	107.2
Domestic consumer tax	27 390	30 960	13.0	106.5
- Customs duties	9 488	11 885	25.3	110.4
- Registration and stamp duties	13 250	15 811	19.3	107.3
Nontax receipts	**27 169**	**32 237**	**18.7**	**94.7**
- Monopolies and shareholdings	9 601	10 704	11.5	62.5
- Other revenues	17 568	21 533	22.6	127.3
Receipts from specific mechanisms	2 550	11 900	366.7	85.0
Receipts of some Treasury Special accounts	**3 131**	**3 742**	**19.5**	**113.4**
Overall expenditure	**341 852**	**357 990**	**4.7**	**104.9**
Current expenditure	**255 968**	**280 271**	**9.5**	**102.6**
Goods and services	**191 171**	**203 338**	**6.4**	**98.8**
- Personnal	133 530	140 456	5.2	100.4
- Other goods and services	57 641	62 882	9.1	95.5
Public debt expense	**27 259**	**27 116**	**-0.5**	**98.0**
- Domestic	23 147	22 419	-3.1	95.2
- External	4 112	4 697	14.2	114.1
Subsidy costs	**13 532**	**21 840**	**61.4**	**161.2**
Transfers to territorial authorities	**24 006**	**27 977**	**16.5**	**107.2**
Current balance[3]	**-2 869**	**-1 965**		
Capital spending	**85 885**	**77 719**	**-9.5**	**114.1**
Balance of other the Treasury Special accounts	6 412	3 386		
Primary balance[3]	**-55 084**	**-49 182**		
Overall fiscal balance[3]	**-82 342**	**-76 298**		
Change in pending operations	14 747	-4 742		
Financing requirement/surplus	**-67 595**	**-81 041**		
Domestic financing	24 537	67 484		
- Domestic debt	43 974	46 515		
- Other transactions	-19 437	20 969		
External financing	43 058	8 141		
- Drawings	62 979	18 382		
- Depreciation	-19 921	-10 241		
Proceeds from the sale of State holdings	0	5 416		

[1] Revised figures

[2] Tax revenues are expressed net of tax refunds, rebates and refunds, and include the 30 percent of VAT revenues transferred to local governments

[3] Ordinary balance refers to the difference between ordinary revenues and ordinary expenditure. The budget balance represents the difference between ordinary revenue and overall expenditure including the balance of the special accounts of the Treasury. The primary balance excludes debt interest payments .

Source: Ministry of Economy and Finance (DTEF).

Overall expenditure

Executed at 104.9 percent compared to the PFL, overall expenditure increased by 4.7 percent to 358 billion, with a 9.5 percent increase in ordinary expenditure to 280.3 billion and a 9.5 percent decline in investment expenditure to 77.7 billion.

Chart 1.5.7: Overall expenditure

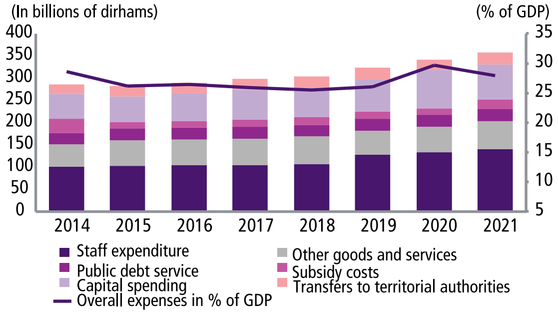
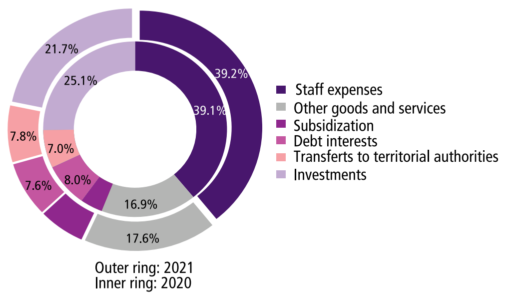


Chart 1.5.8: Structure of overall expenditure



Source: Ministry of Economy and Finance (DTEF).

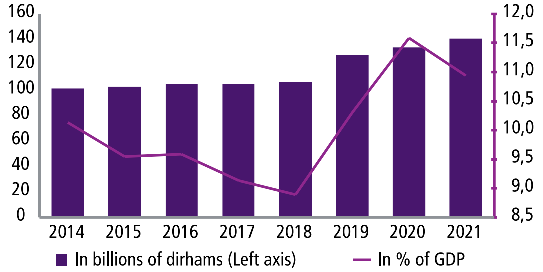
Expenditure on goods and services increased by 6.4 percent to 203.3 billion, representing an implementation rate of 98.8 percent. In particular, as a result of the measures taken in the third phase of the implementation of the social dialogue agreement and of recalls, as well as the net creation of 4.645 budgetary posts[1], the wage bill[2] rose by 5.2 percent to 140.5 billion. As regards the part served by the Directorate of Personnel Expenses, this trend reflects increases of 2.9 percent in the structural component and 92.7 percent to 6.2 billion in recalls. However, as a proportion of GDP, expenditure fell from 11.6 percent to 10.9 percent in 2021. By ministerial department, this expenditure amounted to 47.9 billion for National Education, Vocational Training, Higher Education and Scientific Research, 26.6 billion for the Interior and 10.4 billion for Health.

Expenditure on other goods and services increased by 9.1 percent to 62.9 billion, due in particular to a 15.4 percent rise to 30 billion, in transfers to public establishments and enterprises, and a 22 percent fall to 6.4 billion in payments to the STA.

Similarly, subsidy costs, executed at 161.2 percent, increased by 61.4 percent to 21.8 billion, mainly covering a 62.1 percent rise in the average price of butane gas to 616 dollars per ton. In detail, butane gas has captured a subsidy of 14.6 billion after 9.2 billion in 2020, against 3.6 billion after 3.3 billion for sugar and 2.7 billion after 1.4 billion for domestic soft wheat flour.

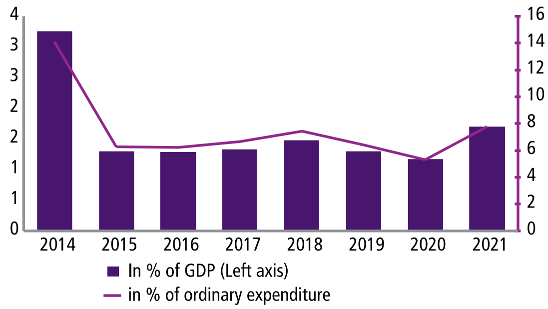
[1] Difference between 21,256 jobs created and 16,611 jobs cut.
[2] Including social charges for the employer's share, previously classified under other goods and services.

Chart 1.5.9: Wage bill* (in millions of dollars)



* Starting 2019, this includes social charges for the employer's share, previously classified under other goods and services.

Chart 1.5.10: Subsidy costs



Source: Ministry of Economy and Finance (DTEF).

Meanwhile, debt interest charges fell by 0.5 percent to 27.1 billion, covering a 3.1 percent fall to 22.4 billion in interest on domestic debt and a 14.2 percent rise to 4.7 billion in interest on foreign debt.

In the light of these developments, the current account balance turned negative at 2 billion, as opposed to 2.9 billion a year earlier, and a surplus of 23.1 billion in 2019. Investment expenditure fell by 9.5 percent to 77.7 billion dollars, but its implementation rate remained high at 114.1 percent compared with the FL. As a proportion of GDP, this expenditure stood at 6.1 percent, as against 7.5 percent in 2020 and 5.8 percent in 2019. It should be noted that the 2021 drop was due to the transfer in 2020 of the 15 billion investment allocation to the Mohammed VI Fund for Investment, and disregarding the latter, investment would have increased by 9.6 percent. By Ministry, it amounted to 11.3 billion for Agriculture, Marine Fishing, Rural Development and Water and Forests, 9.4 billion for Equipment and Transport and 4.7 billion for National Education, Vocational Training, Higher Education and Scientific Research.

Chart 1.5.11: Current balance

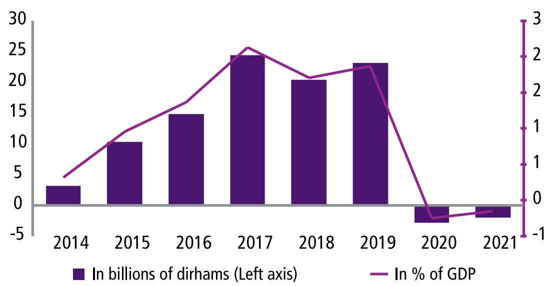
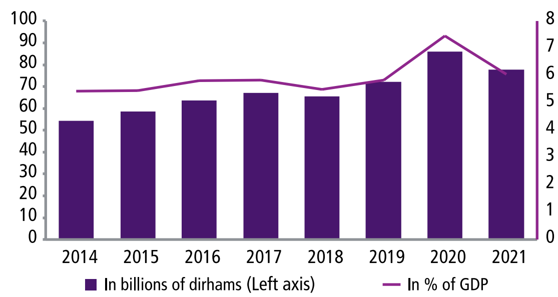


Chart 1.5.12: Investment expenditure



Source: Ministry of Economy and Finance (DTEF). .

Taking into account a positive STA balance of 3.4 billion, the budget deficit, excluding proceeds from the sale of government holdings, fell by 6 billion to 76.3 billion or 5.9 percent of GDP. In addition, considering a reduction in the stock of pending transactions of 4.7 billion, instead of a replenishment of 14.7 billion at the end of 2020, the cash deficit reached 81 billion, an increase of 13.4 billion.

Chart 1.5.13: Stock of pending transactions*

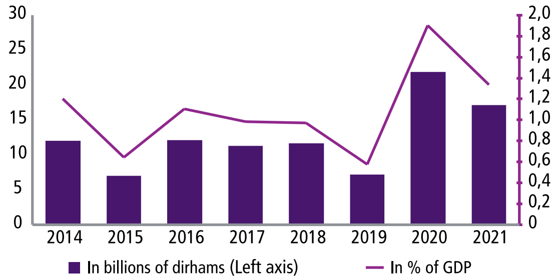
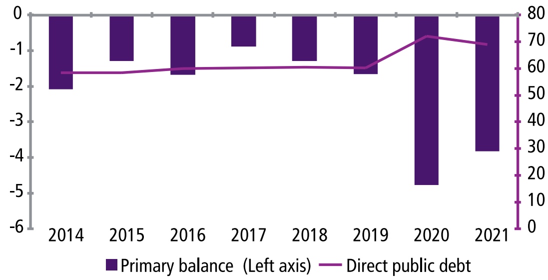


Chart 1.5.14: Primary balance and direct public debt as percent of GDP



* BAM estimates based on annual flows.

Source: Ministry of Economy and Finance (DTEF).

1.5.3 Treasury's financing

The Treasury's financing needs were covered by domestic resources for a net amount of 67.5 billion, by a positive net external flow of 8.1 billion and by receipts from the sale of State holdings of 5.4 billion.

With regard to domestic financing, in addition to 21 billion raised by the Treasury by its own means[1], net funds raised on the auction market amounted to 45.9 billion, as against 43.6 billion in 2020. Mutual funds increased their Treasury securities holdings by 37.5 billion, banks by 12.6 billion and CDG by 8.5 billion. On the other hand, insurance and social security institutions reduced their holdings by 10.9 billion dollars and non-financial companies by 1.7 billion dollars.

With regard to external financing, the Treasury drew down gross funds totalling 18.4 billion dirhams, as opposed to 63 billion a year earlier, including 8.6 billion borrowed from the World Bank. At the same time, amortizations amounted to 10.2 billion, down 48.6 percent compared to 2020, when 11.1 billion was repaid as part of a Treasury bond issue on the international financial market (IMF) in 2010.

[1] These include deposits with the Treasury.

Chart 1.5.15: Treasury's net financing

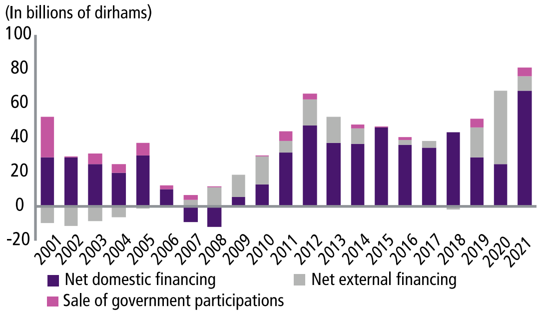
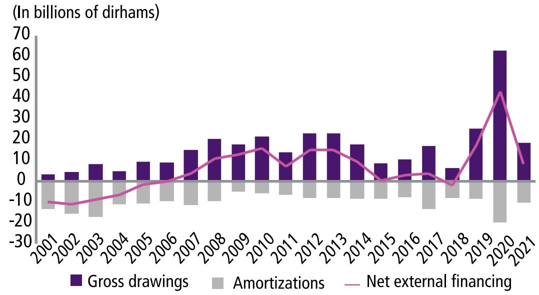


Chart 1.5.16: Treasury's external financing



Source: Ministry of Economy and Finance (DTEF).

Box 1.5.2 : Fiscal rules

A fiscal rule is a constraint on fiscal policy, often setting ceilings on public finance aggregates, such as the level of public debt, the budget balance, public expenditure or revenue. Fiscal rules are usually taken into account in the preparation of the annual budget and the medium-term fiscal framework. Over the past two decades, more and more countries, both developed and developing, have adopted rules-based fiscal frameworks. According to the IMF[1], by the end of 2021, 105 economies, up from 7 in 1990, had enacted at least one fiscal rule, either national or supranational. Supranational rules, introduced in currency unions such as the EU and the West African Economic and Monetary Union (WAEMU), were reported in 53 countries at the end of 2021.

Chart B1.5.2.1: Fiscalrules by country group (Number of countries with at least one rule)

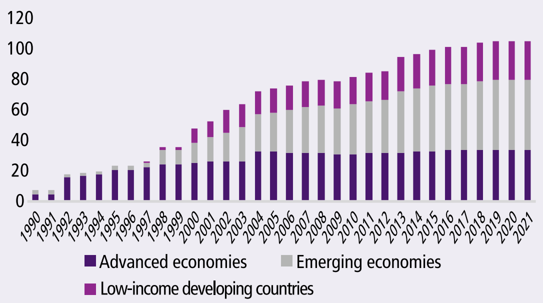
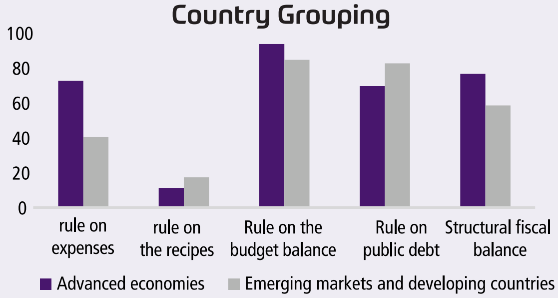


Chart B1.5.2.2: National and supranational fiscal rules

Source : IMF Fiscal Rules Database.

Advanced economies usually adopt fiscal rules that are based on the budget balance, either overall or cyclically adjusted, along with rules governing public debt, mostly determined in terms of debt as a percentage of GDP. These rules can be combined with expenditure rules in order to better anchor the objective of fiscal sustainability. In contrast, emerging and developing economies generally introduce fiscal rules on the budget balance and public debt. The latter is usually in terms of GDP points and sometimes in net present value terms for low-income countries, where a significant share of the debt is in the form of concessional financing. Revenue rules are of limited use in both groups, and only 17 countries in total had them in 2021, in part because of the dependence of revenues on fluctuations in economic activity.

Chart B1.5.2.3: Fiscal Rules by Type and Country Grouping



Source : IMF Fiscal Rules Database..

The legal framework governing the introduction of fiscal rules varies across countries. Some have enshrined them in the constitution, others in legislation or regulation, or as political commitments. By the end of 2021, more than 60 countries had established fiscal rules in the constitution or in legislation, and more than 40 percent of fiscal rules were supported by fiscal responsibility laws. These define legal procedures and transparency requirements for fiscal policy, and in some cases also set numerical targets and suspension or contingency clauses to allow sufficient room for manoeuvre in the event of a crisis. Fiscal rules introduction is sometimes supported by Fiscal Councils set up to monitor and enforce compliance. According to the IMF[1], the number of Fiscal Councils is expected to reach 51 in 49 countries by 2021, roughly double the number in 2010.

Fiscal rules during the pandemic

Fiscal efforts as part of the public authorities' response to the Covid-19 crisis produced high levels of debt and budget deficits. This prompted many countries to activate escape clauses, temporarily suspending or modifying fiscal rules. The Fiscal Councils played an important role in assessing these efforts and ensuring the appropriate use of these escape clauses.

As an example, the European Union activated the general escape clause until the end of 2022, thus suspending the adjustments that member states are required to make in order to meet their budgetary targets. In Germany, in particular, the parliament has approved a far-reaching budget program and suspended the rule that limits the use of debt.

[1] « Fiscal Rules and Fiscal Councils – Recent Trends and Performance during the Covid-19 Pandemic », IMF, January 2022.

According to the IMF[2], 90 percent of countries with deficit rules in 2020 did not comply with them; resulting in a median deviation of almost 4 percent of GDP. Conversely, more than half of the countries with public debt rules had debt ratios above the thresholds set, with a median deviation of 50 percent of GDP in advanced economies and 25 percent in emerging economies.

Nonetheless, in some cases, escape clauses limit the duration of any suspension of the targets set out in the fiscal rule and require the reinstatement of those targets once that period has elapsed. For example, the German constitution stipulates that the use of a escape clause in cases of force majeure would require a "repayment plan" for the additional funds borrowed within a "reasonable period of time".

The case of Morocco

Referring to Article 77 of the Constitution on the preservation of the balance of state finances, the Organic Law on the Finance Act, which came into force in 2016, introduced a budgetary rule stipulating that the borrowing proceeds may not exceed the sum of investment expenditure and the debt principal repayment for the budget year. This rule, the first of its kind in Morocco, was introduced in a situation marked by the launch and implementation of several large-scale projects that were particularly costly in terms of budget resources. Based on international experience, while this rule constitutes a first step in the context of a relevant reorientation of fiscal policy, it is still limited with regard to the ambition of setting up a global framework based on a set of rules that would reconcile the objective of supporting economic activity with that of preserving the balance of public finances in the medium and long term.

[1] « Fiscal Rules and Fiscal Councils – Recent Trends and Performance during the Covid-19 Pandemic », IMF, January 2022.

1.5.4 Public debt

The direct public debt to GDP ratio fell by 3.3 percentage points to 68.9 percent, with a 1.8 percentage point drop to 53.1 percent of GDP for domestic debt and a 1.5 percentage point drop to 15.9 percent for external debt. On the other hand, its outstanding debt continued its upward trend, up again by 6.3 percent to 885.3 billion, reflecting increases of 7.7 percent to 681.5 billion of its domestic component and 2 percent to 203.8 billion of the external one.

In terms of the characteristics of this debt, the average maturity of its domestic component fell by two months from 2020 to 6 years and 5 months, and its average cost[1] fell from 4 percent to 3.5 percent. Regardin the external component, this cost fell from 2.5 percent to 2.4 percent, and its currency composition was still led by the euro, whose share increased from 60.6 percent to 63.1 percent, at the expense of the dollar, which fell by 1.6 percentage points to 31.9 percent.

[1] Calculated as the ratio of the debt interest paid in the current year to the debt stock in the previous year

The external debt of other public borrowers fell by 0.9 percent to 174.8 billion dirhams, representing 13.6 percent of GDP as against 15.3 percent of GDP in 2020. Overall, outstanding external public debt[1] amounted to 378.6 billion dirhams, equivalent to 29.5 percent of GDP. Multilateral creditors hold 49.3 percent of this debt, while International Financial Market (IFM) and commercial banks hold 28.5 percent of it, and bilateral creditors hold 22.2 percent.

Chart 1.5.17: Treasury debt

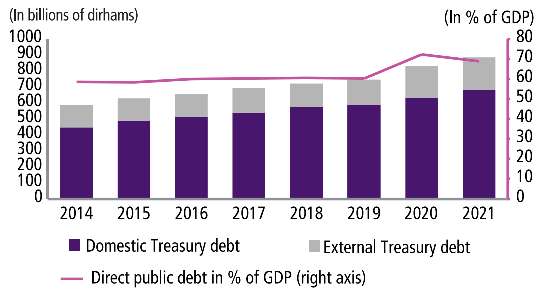
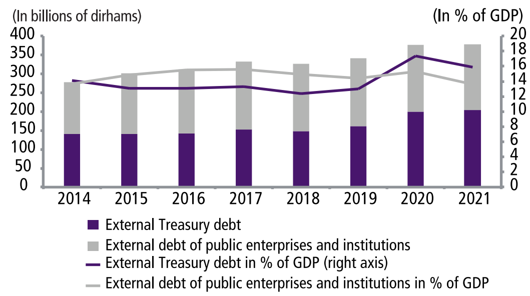


Chart 1.5.18: External public debt



Source: Ministry of Economy and Finance (DTEF).

Table 1.5.4: Public debt position (in billions of dirhams, unless otherwise stated)

	2014	2015	2016	2017	2018	2019	2020	2021
I- Domestic Treasury debt (1+2)	**445.5**	**488.4**	**514.7**	**539.1**	**574.6**	**585.7**	**632.9**	**681.5**
In percent of GDP	44.5	45.3	47.0	46.9	48.1	47.2	54.9	53.1
1- Treasury bond auctions	426.1	470.1	490.0	516.7	546.2	557.2	600.7	646.6
In percent of GDP	42.5	43.6	44.8	45.0	45.7	44.9	52.1	50.4
2- Other domestic debt instruments	19.4	18.3	24.7	22.4	28.4	28.5	32.2	34.9
In percent of GDP	1.9	1.7	2.3	2.0	2.4	2.3	2.8	2.7
II- External Treasury debt	**141.1**	**140.8**	**142.8**	**153.2**	**148.0**	**161.6**	**199.7**	**203.8**
In percent of GDP	14.1	13.1	13.0	13.3	12.4	13.0	17.3	15.9
III- Stock of direct debt (I+II)	**586.6**	**629.2**	**657.5**	**692.3**	**722.6**	**747.3**	**832.6**	**885.3**
In percent of GDP	58.6	58.4	60.1	60.3	60.5	60.3	72.2	68.9
IV- Secured external debt of state-owned companies and institutions	**137.0**	**160.2**	**169.7**	**179.4**	**178.6**	**179.0**	**176.3**	**174.8**
In percent of GDP	13.7	14.9	15.5	15.6	14.9	14.4	15.3	13.6
External public debt (II+IV)	**278.1**	**301.0**	**312.5**	**332.6**	**326.6**	**340.6**	**376.1**	**378.6**
In percent of GDP	27.8	27.9	28.6	28.9	27.3	27.5	32.6	29.5
GDP at current prices base 2014	**1 001.5**	**1 078.1**	**1 094.2**	**1 148.9**	**1 195.2**	**1 239.8**	**1 152.4**	**1 284.2**

Source: Ministry of Economy and Finance (DTEF).

[1] External debt of the Treasury and other public borrowers (Public institutions and enterprises, public financial institutions, local authorities and public utility institutions).

Box 1.5.3 : Contributions and implementation of the organic law on the Finance Act

The reform of the organic law on the Finance Act is the culmination of a major budgetary reform project that has been underway for several years. The reform has gone through several phases and gained a strong impetus with the overhaul of the Constitution in 2011, which defines the main principles that should govern the management and governance of public finances. It sets out a new vision based on a results-based rather than a means-based approach, the clear definition of public policy objectives, and the strengthening of evaluation and control by Parliament and the Court of Auditors. The organic law on the Finance Act, adopted in June 2015 and entered into force in January 2016, was to be rolled out gradually over a five-year period. All the suggested provisions were implemented, apart from those relating to the introduction of general government accounting, to cost analysis accounting, and to the certification of accounts by the Court of Accounts.

1- Objectives of the reform and pillars of the organic law on the Finance Act

The new organic law on the Finance Act defines new budgetary and accounting rules, enshrines the principles of accountability and evaluation, expands the right of parliamentary amendment and contributes to strengthening budgetary transparency. It aims to strengthen: **(i)** the role of the organic law on the Finance Act and ultimately make it the main tool for implementing public policies and sectoral strategies; **(ii)** the effectiveness, efficiency and coherence of public policies and the accountability of managers; **(iii)** fiscal sustainability as well as the legibility and transparency of public finances; and **(iv)** the role of Parliament in the budget debate, control and evaluation.

The organic law on the Finance Act is based on three pillars. The first pillar consists in improving public management performance through the introduction of three-year budgetary programming and the structuring of the budget into programs with managerial accountability. The second involves strengthening transparency by introducing new financial rules aimed at controlling the budget deficit and better assessing the State's assets and financial situation. It also involves introducing new principles such as budgetary accuracy with regard to the State's accounts and the assumptions underlying the budgetary laws, and accounting accuracy, which requires compliance with accounting procedures and records. The organic law on the Finance Act provides for keeping three types of accounts: budgetary accounts, general accounts to evaluate the state's assets and financial situation, and cost analysis accounts to assess the real cost of public policies. The third pillar, relating to accountability, strengthens the role of parliament, in particular through the enrichment of the documentation accompanying the finance bills and the settlement bills.

2- Implementation of the organic law on the Finance Act

One year after the end of the scheduled period, the implementation of the Finance Act is nearly complete, aside from a few provisions relating to general accounting and cost accounting, as well as the certification of public accounts by the Court of Auditors as being accurate. The following matrix presents the planned provisions that came into effect each year and assesses their effectiveness.

Planned measures	Implementation progress
2016	
• New timeline for the Finance bill adoption process. • Reduction of the number of TSA categories and adoption of new rules for their creation and use. • Introduction of new rules on the creation and use of Self-managed government services. • Accompanying the Finance bill with new reports on the regional distribution of investment and on expenditures on common costs. • Creation of a new chapter on refunds, tax refunds, tax deductions and restitutions. • Supporting the Finance bill with a report on the allocation of resources to local authorities and an appendix on supplementary appropriations. • Prohibition of advance commitment authorizations for operating expenditures in the general budget. • Prohibition of including operating expenditures in the capital budget. • New presentation of the balancing table and a new debt ceiling rule.	• A new schedule was put in place and observed since then. • The number of TSA categories was reduced from six to five. • The new reports accompanying the Finance Bill were submitted. • The report of allocating resources to local authorities was submitted in 2021 together with the 2019 Settlement Bill. As for the supplemental appropriations justification annex, it is not included in the Settlement Bill. • The new presentation of the balance table was indeed included in the body of the Finance Act, including data on indebtedness.
2017	
• Enforcement of the restrictive nature of the staff loans allocated within the Finance Act.	• This provision was enforced. It required adoption of a decree by the Head of Government setting out the new budgetary and accounting rules.
2018	
• Entry into force of the new budget classification for the General Budget, the Self-managed government services and the TSA. • Enriching budgetary accounting by introducing the general accounting system. • Submission of performance projects to the relevant parliamentary committees, together with the draft ministerial budgets.	• The general accounting reform was initiated before the organic law on the Finance Act, and an opening balance sheet was published with data as of January 1, 2011. However, the work is still in progress. • The performance projects have been prepared and submitted to Parliament and published on the MEF portal

2019	
• Implementation of the budgetary programming updated each year for all of the State's resources and expenses.	• The Minister presented to Parliament (in accordance with Article 47 (d) of the organic law on the Finance Act) and published the schedule of some expenditures and macroeconomic assumptions but so far, no information on resources. • The multi-year programming of subsidized public institutions is presented in the performance projects of the various ministries.
2020	
• Inclusion of employer's social security and pension contributions under personnel expenses. • Introduction of cost analysis accounting. • Supporting the Settlement Bill with the general government account, the annual performance report and the performance audit report. • Certification of the regularity and sincerity of the State's accounts by the Court of Auditors.	• Employer's contributions for social security and pensions have been effectively integrated under personnel expenses. • The reform of cost accounting is still unfinished. • The annual performance reports accompanying the 2018 and 2019 Settlement Bills were submitted in 2020 and 2021 respectively, while the report on the general government account has not yet been prepared. • In the absence of the summary statements from the general accounts, certification by the Court of Accounts was not conducted.

1.6 Balance of payments

After its decline in 2020, foreign trade rebounded significantly in 2021 due to easing health restrictions and the recovering of demand both domestically and internationally. Thus, imports of goods were up 24.7 percent, driven in particular by the higher energy bill and the increase in purchases of finished consumer goods. Meanwhile, exports grew by 25 percent, as result of the sales of phosphate and derivatives and the automotive industry. These developments resulted in a clear worsening of the trade deficit that reached the equivalent of 15.5 percent of GDP, however, the coverage rate remained almost stable at 62.3 percent.

At the same time, concerns about recurring waves of infections continued to weigh on tourism activity, as travel receipts fell to 34.3 billion dirhams from 36.4 billion in 2020 and 78.7 billion in 2019. On the other hand, after their notable resilience in 2020, remittances from Moroccan Living Aboard rose by 37.5 percent to a record level of 93.7 billion. This performance helped contain the widening of the current account deficit, which amounted to 29.1 billion, or 2.3 percent of GDP, compared with 1.2 percent a year earlier.

The evolution of the financial account was driven mainly by improved revenues from foreign direct investment equivalent to 2.5 percent of GDP and by a 28.6 percent cut in drawings on public external loans. In the same way, and given the absence of Treasury bond issues on the international financial market, the portfolio investment flow amounted to 2.6 billion dirhams against a net inflow of 21.2 billion in 2020.

Finally, and taking into account the foreign currency that Bank Al-Maghrib purchased from the banking system through auctions and the share received by Morocco under the new SDR allocation from the IMF[1], official reserve assets (ORA) increased by 3.2 percent to 330.8 billion dirhams, thereby covering 5 months and 29 days of imports of goods and services.

[1] It is worth noting that the total amount of the IMF allocation was around 650 billion dollars and Morocco received the equivalent of 1.2 billion U.S. dollars, corresponding to its quota of 0.19 percent.

Table 1.6.1: Major Balance of Payments components* (percent of GDP unless indicated otherwise)

	2016	2017	2018	2019	2020	2021
Current account	**-3.8**	**-3.2**	**-4.9**	**-3.4**	**-1.2**	**-2.3**
Trade deficit (FOB-CIF)	16.9	16.5	17.2	16.7	13.9	15.5
Travel receipts (change in %)	5.0	12.3	1.2	7.8	-53.7	-5.9
Remmitencies from Moroccan Living Aboard (change in %)	4.0	5.3	-1.5	0.1	4.8	37.5
Donations	0.9	1.0	0.4	0.3	0.4	0.1
Financial account (net flow)	**-3.2**	**-2.5**	**-3.9**	**-2.6**	**0.3**	**-1.6**
Foreign direct investments receipts	3.2	3.0	3.9	2.8	2.3	2.5
Loans	-1.5	-2.0	-0.3	-0.9	-4.1	0.7
Commercial loans	-1.8	-1.5	-0.7	-0.8	-0.9	-0.4
Cash and deposits	-1.0	2.9	-0.5	-0.8	1.8	-1.2
ORAs (in months of imports)	**6.4**	**5.6**	**5.4**	**6.9**	**7.1**	**5.95**

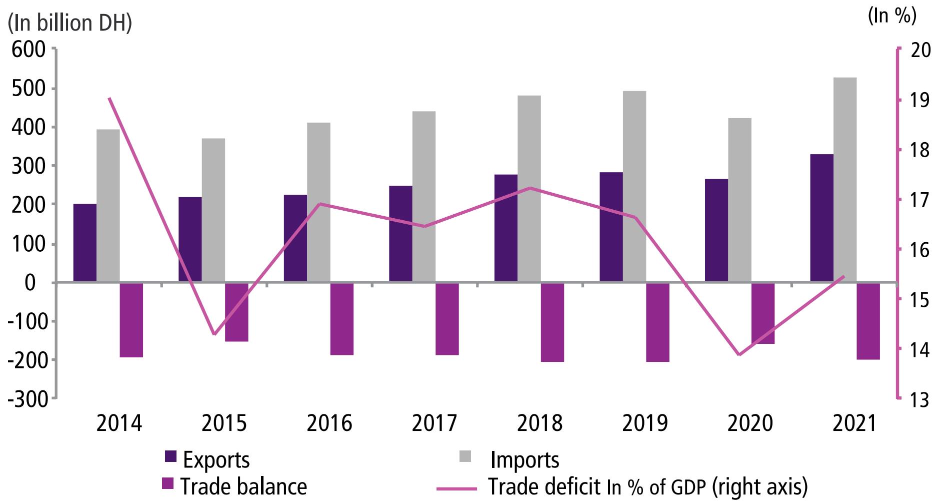
*According to 6th edition of the IMF manual of the balance of payments.

Sources: Foreign Exchange Office and HCP.

1.6.1 Trade balance

In 2021, trade of goods[1] rose by 24.8 percent, reflecting almost identical growth rates in imports and exports, which represent value increases of 104.6 billion and 65.8 billion dirhams respectively. Consequently, trade deficit widened by 38.8 billion to 198.6 billion, equivalent to 15.5 percent of GDP instead of 13.9 percent in 2020. Despite this deterioration, and after an upward trend in recent years, the coverage rate remained almost stable at 62.3 percent.

Chart 1.6.1: Trade balance



Source: Foreign Exchange Office.

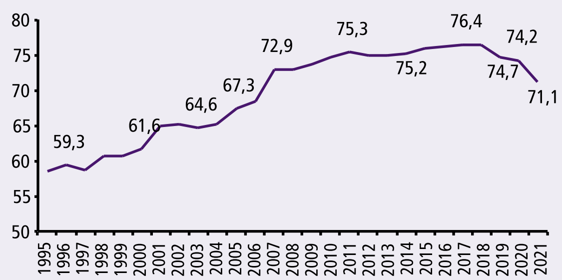
[1] Total exports and imports.

Box 1.6.1: Trade policy developments - recent trends

After its sustained growth since the establishment of the WTO in 1995, world trade showed signs of slowing down after the international financial and economic crisis of 2008 and then contracted in 2020 amid the Covid-19 pandemic. This development reflects, among other things, an unprecedented rise in protectionism, which has led to reshaping the global value chains, particularly with the emergence of regional trade blocs. Several countries increased the subsidies granted to their companies and introduced measures to limit the relocation of economic activities. In addition, the share of duty-free tariff lines rose from 25 percent in 1995 to 46.5 percent in 2009 and continued to grow, albeit at a slower pace.

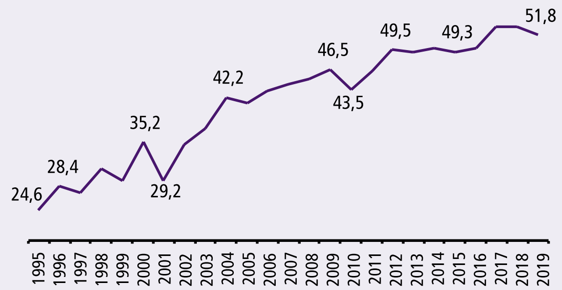
This trend was also reflected in the trade freedom index[1] developed by the Heritage Foundation to track both tariff and non-tariff barriers. This index, which showed an upward trend between 1995 and 2007, almost stagnated between 2008 and 2017 before declining in 2018.

Chart B.1.6.1.1: Index of trade freedom



Source : Heritage Foundation.

Chart B.1.6.1.2: Share of duty -free tariff lines (in percent)

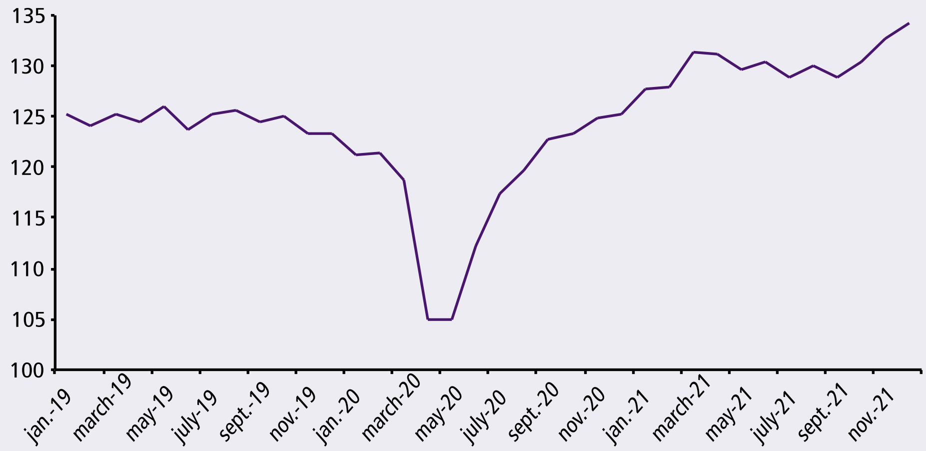


Source : World Bank.

The outbreak of the Covid-19 pandemic exacerbated protectionism and the rise sovereignism, as several countries put restrictions on their exports and thus triggered an unprecedented surge in competition to gain access to Covid-19 pharmaceutical products. This crisis has also highlighted the global economy's over-reliance on production capacity concentrated in a small number of countries for providing some key raw materials or intermediates (pharmaceuticals, microprocessors, etc.). Between October 2019 and the same month of 2020, the WTO counted nearly 137 restrictive trade measures compared to 102 a year earlier. These measures combined with sanitary restrictions resulted in a significant trade contraction in 2020.

[1] The regime is considered "restrictive" if the index value falls between 40 and 50, "largely restrictive" for values between 50 and 60, "moderately free" between 60 and 70, and "largely free" for an index above 70.

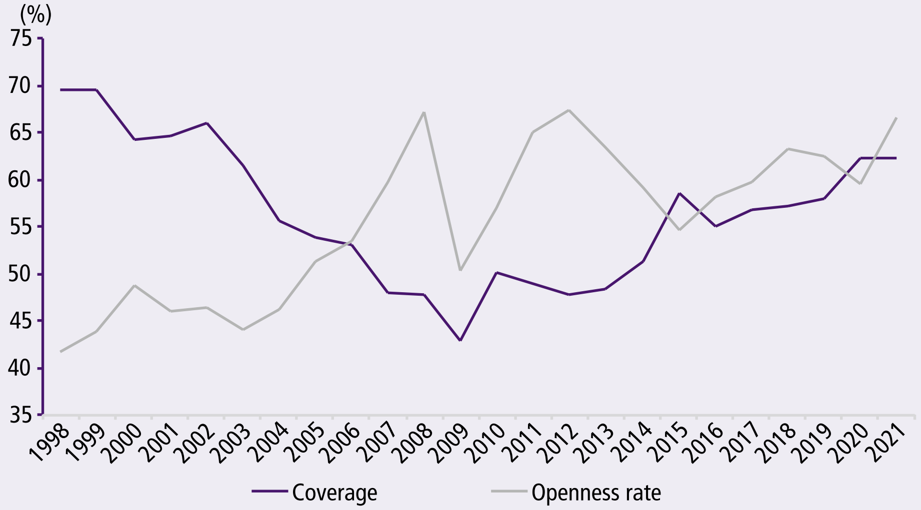
Chart B.1.6.1.3: Index of world trade volume



Source : CPB World Trade Monitor.

After joining the WTO in January 1995, Morocco pursued its policy of trade openness by concluding several free trade agreements and gradually reducing customs duties. The average tariff rate fell from 45.4 percent in 1993 to 10.5 percent in 2019. Under these conditions, the coverage ratio of imports by exports declined significantly from nearly 70 percent in 1998 to 42.8 percent in 2009 before improving over the last decade to 57.9 percent in 2019, owing to the policies introduced to support exporting sectors and promote Morocco's global business. In 2020, amid the pandemic, Morocco's foreign trade contracted sharply and subsequently experienced a rise in the coverage rate by 4.3 percentage points to reach 62.2 percent, a level that remained stable in 2021.

Chart B.1.6.1.4: Coverage and openness rates[2]



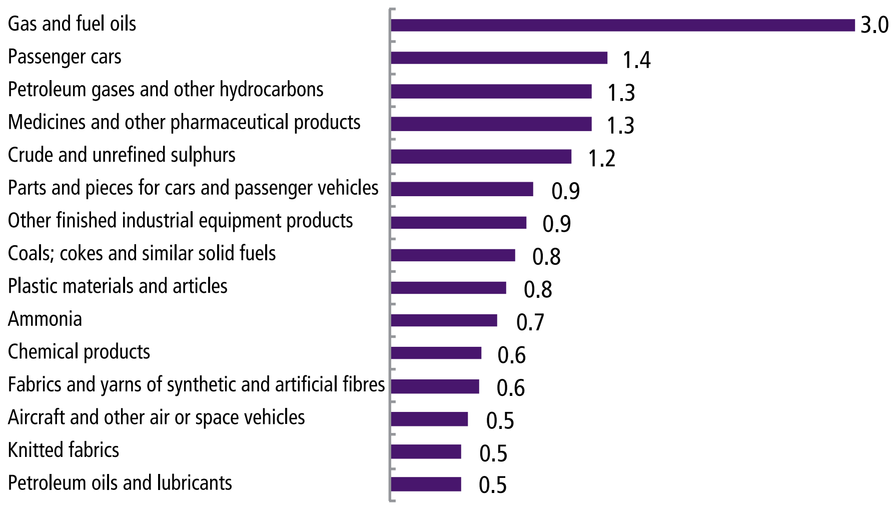
Sources: Foreign Exchange Office and BAM calculations.

[2] The openness rate is calculated as the ratio of the sum of imports and exports to gross domestic product.

The increase in imports concerned all groups of products. Thus, driven by the surge of their international prices, the energy bill rose by 51.9 percent to 75.8 billion dirhams including increases of 54.3 percent for "gas oils and fuel oils", 46 percent for "petroleum gas and other hydrocarbons" and 47.4 percent for "coal, cokes and similar solid fuels". Meanwhile, purchases of finished consumer goods grew by 30 percent to 123.5 billion. In addition to purchases of passenger cars, which rose by 46.8 percent, this increase is mainly due to the cost of Covid-19 vaccines, which expanded purchases of medicines and other pharmaceutical products from 7.7 billion to 13.1 billion.

Similarly, largely due to higher prices for ammonia and sulphur, which are the main inputs used producing phosphate fertilizers, imports of semi-finished and raw products rose by 23.9 percent to 115.5 billion dirhams and 47.2 percent to 28.6 billion dirhams respectively. As for the other groups, the acquisition of capital goods rose by 12.6 percent to 124 billion, driven by increases of 29.3 percent of "aircraft parts and other air or space vehicles" and 20.1 percent of purchases of "piston engines, other engines and their parts". At the same time, food products rose to 59.9 billion, driven by increases of 33.2 percent for "raw or refined sugar", 5.8 percent for wheat and 12.7 percent for corn.

Chart 1.6.2: Contributions of the main sectors to the evolution of imports in 2021 (in % points)



Source: Foreign Exchange Office and BAM calculations.

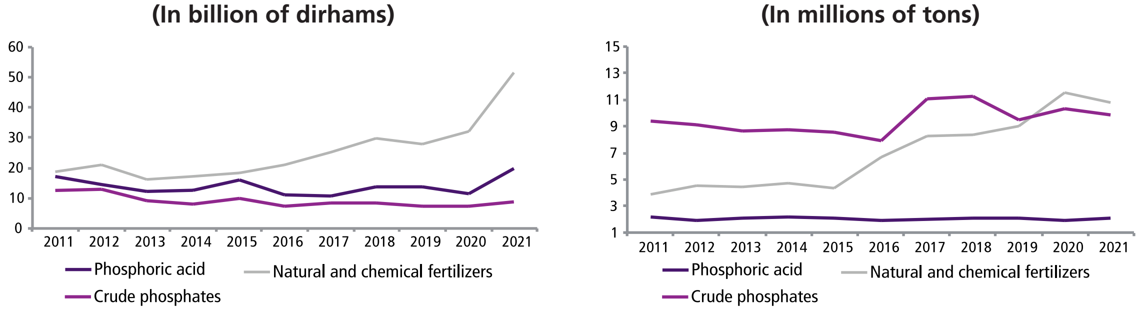
Table 1.6.2: Main import products (In billion of dirhams)

	En millions de dirhams				Variation en %	
	2018	2019	2020	2021	2020/2019	2021/2020
Total imports	**481 442**	**490 953**	**422 861**	**527 423**	**-13.9**	**24.7**
Energy and lubricants	**82 301**	**76 342**	**49 878**	**75 754**	**-34.7**	**51.9**
Gas and fuel oils	41 537	38 776	23 316	35 976	-39.9	54.3
Petroleum gases and other hydrocarbons	15 601	14 055	11 944	17 433	-15.0	46.0
Coals, cokes and similar solid fuels	8 655	9 088	7 195	10 607	-20.8	47.4
Petroleum gasoline	4 466	4 181	2 519	4 472	-39.8	77.5
Consumer goods	**108 491**	**113 024**	**95 015**	**123 539**	**-15.9**	**30.0**
Passenger cars	21 975	20 323	12 601	18 502	-38.0	46.8
Medicines and other pharmaceutical products	6 370	6 901	7 656	13 124	10.9	71.4
Parts and pieces for cars and passenger vehicles	17 593	18 769	15 801	19 734	-15.8	24.9
Fabrics and yarns of synthetic and artificial fibers	7 551	8 169	6 527	8 967	-20.1	37.4
Capital goods	**120 233**	**126 837**	**110 069**	**123 972**	**-13.2**	**12.6**
Aircraft and other air or space vehicles	7 728	8 187	7 360	9 515	-10.1	29.3
Turbojets and turboprop engines and their parts	9 060	8 930	8 389	10 079	-6.1	20.1
Appliances for breaking or connecting electrical circuits and resistors	369	475	547	1 730	15.0	-
Tyres and tires	3 139	2 945	2 597	3 714	-11.8	43.0
Semi-finished products	**99 859**	**104 507**	**93 224**	**115 489**	**-10.8**	**23.9**
Plastic materials and miscellaneous plastic articles	13 763	14 396	12 947	16 126	-10.1	24.6
Ammonia	3 983	3 763	3 991	6 917	6.1	73.3
Chemical products	10 216	10 339	9 670	12 134	-6.5	25.5
Copper wire, rod and profiles	5 031	5 301	4 440	6 221	-16.2	40.1
Raw products	**24 604**	**22 099**	**19 454**	**28 636**	**-12.0**	**47.2**
Raw and unrefined sulphur	7 967	6 913	4 886	9 846	-29.3	-
Rough, squared or sawn wood	3 777	3 678	3 905	5 775	6.2	47.9
Crude or refined soybean oil	1 505	1 330	1 152	2 045	-13.4	77.6
Scrap metal, waste, scrap copper, cast iron, steel and other ores	2 927	2 752	2 218	2 948	-19.4	32.9
Food products	**45 776**	**47 825**	**55 220**	**59 881**	**15.5**	**8.4**
Raw or refined sugar	3 505	3 957	4 448	5 926	12.4	33.2
Wheat	9 124	9 233	13 505	14 294	46.3	5.8
Barley	4 647	5 235	5 388	6 074	2.9	12.7
Fresh or dried fruit, frozen or in brine	1 143	1 390	2 068	2 630	48.7	27.2

Source: Foreign Exchange Office and HCP.

All sectors have experienced an increase in exports. Thus, benefiting from the surge in prices, sales of phosphates and derivatives performed well, reaching 80.3 billion dirhams against 50.9 billion in 2020. This increase amounted to 60.2 percent to 51.5 billion for natural and chemical fertilizers, 74.1 percent to 19.8 billion for phosphoric acid and 21.9 percent to 8.9 billion for raw phosphate. By main markets, the rise reached 66.2 percent in Brazil, 42.5 percent in India, 36.9 percent in Spain and 68.5 percent in Turkey. Meanwhile, sales to the United States of America, one of the Kingdom's top three customers between 2017 and 2019, improved by only 7.8 percent. This decline in shipments, which occurred following the decision to tax Moroccan phosphate fertilizers, was more than offset by the surge in prices. However, the share of this market has returned to 3.9 percent against 13.9 percent before the crisis.

Chart 1.6.3: Exports of phosphates and derivatives

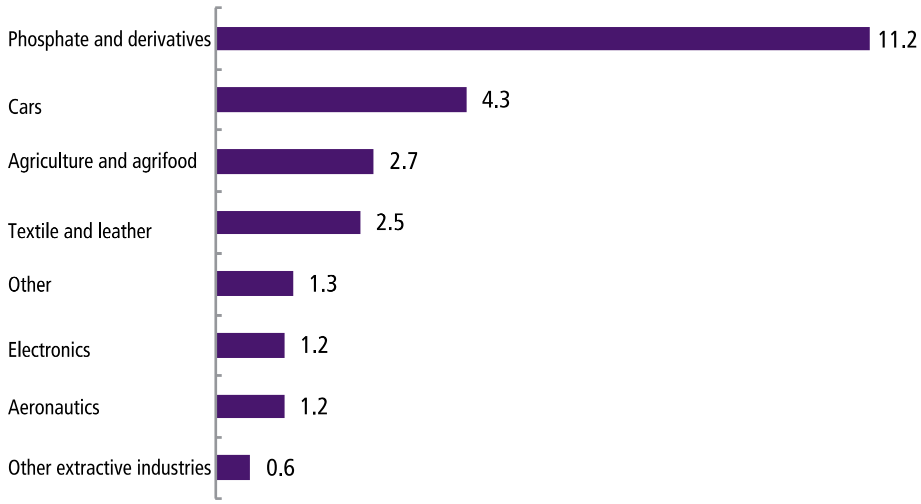


Source: Foreign Exchange Office.

Ensuing from its strengthened production capacity, the automotive sector also exhibited a remarkable perfomance with a 34.7 percent increase to 39.3 billion in sales of the construction segment, the number of passenger vehicles exported reached 358 thousand against 303 thousand in 2020 at a unit price up 13.3 percent. The European market continues to be the main destination with a share of 95.5 percent with, 48.3 percent for France, 9.2 percent for Italy, 9.1 percent for Spain and 6.1 percent for Germany. For the remainder, Africa represents 2.6 percent, including 1.1 percent for Egypt and 0.6 percent for Tunisia, Asia 1.1 percent and America 0.8 percent. In contrast, sales of wiring segments and " vehicles interior and seats" contracted by 1.7 percent to 25.3 billion and 6.5 percent to 6.9 billion respectively, linked to the difficulties experienced by the sector at the global level. In total, the automotive sector reported an export turnover of 83.5 billion, up 15.6 percent year on year.

In the "textile and leather" sector, after two years of decline, sales amounted to 36.4 billion, that is, an increase of 21.7 percent year on year. By product category, shipments of ready-made garments increased by 24.9 percent compared to 30.6 percent for knitwear and 11.2 percent for footwear. Regarding sales of the agricultural and food sector, they improved by 11.4 percent to 69.7 billion, with increases of 11.6 percent for the food industry and 11.1 percent for agricultural products. In the same vein, exports of aerospace reached 15.8 billion, up 24.5 percent, reflecting those of 34.5 percent for the assembly segment and 7.7 percent for that of electrical wiring interconnection systems. For the other categories, developments were particularly characterized by growth of 30.2 percent to 13.4 billion in sales of electronic and electrical components and 18.6 percent to 1.4 billion of the pharmaceutical industry.

Chart 1.6.4: Contributions of the main sectors to the evolution of exports in 2021 (in percentage points)



Source: Foreign Exchange Office and BAM calculations.

Table 1.6.3: Main export sectors

	In million of dirhams				Change in %	
	2018	2019	2020	2021	2020/2019	2021/2020
Exportations totales	**275 441**	**284 496**	**263 089**	**328 846**	**-7.5**	**25.0**
Phosphates and derivatives	**51 989**	**48 946**	**50 869**	**80 271**	**3.9**	**57.8**
Crude phosphates	8 298	7 311	7 338	8 943	0.4	21.9
Phosphates derivatives	43 691	41 635	43 531	71 328	4.6	63.9
Automotive	**75 793**	**80 156**	**72 283**	**83 536**	**-9.8**	**15.6**
Construction	34 272	33 881	29 216	39 349	-13.8	34.7
Wiring	29 366	31 895	25 695	25 271	-19.4	-1.7
Vehicle interiors and seats	7 654	7 824	7 400	6 922	-5.4	-6.5
Textile and Leather	**37 915**	**36 936**	**29 921**	**36 416**	**-19.0**	**21.7**
Made-up clothing	23 774	23 305	18 132	22 643	-22.2	24.9
Hosiery items	7 800	7 498	5 804	7 582	-22.6	30.6
Shoes	2 372	2 193	2 410	2 680	9.9	11.2
Agriculture and agri-food industry	**58 447**	**62 094**	**62 600**	**69 707**	**0.8**	**11.4**
Food industry	32 361	32 373	32 795	36 585	1.3	11.6
Agriculture, forestry, hunting	23 869	27 347	28 055	31 173	2.6	11.1
Aeronautics	**14 744**	**17 484**	**12 660**	**15 761**	**-27.6**	**24.5**
Assembly	8 314	10 257	7 891	10 616	-23.1	34.5
Electrical Wiring Interconnection System	6 363	7 152	4 701	5 064	-34.3	7.7
Electronics and Electricity	**9 158**	**10 408**	**10 315**	**13 433**	**-0.9**	**30.2**
Electronic components	4 411	4 269	2 808	4 124	-34.2	46.9
Wire, cable and other conductors for electricity	2 193	2 402	4 006	5 293	66.8	32.1
Other extractive industries	**4 532**	**4 201**	**3 446**	**5 004**	**-18.0**	**45.2**
Other industries	**22 863**	**24 272**	**20 995**	**24 718**	**-13.5**	**17.7**
Pharmaceutical industry	**1 245**	**1 276**	**1 151**	**1 365**	**-9.8**	**18.6**

Source: Foreign Exchange Office.

Box 1.6.2: Implementation of a Carbon Border Adjustment Mechanism by the European Union and the Potential Impact on Morocco's Exports

As part of its "Fit for 55" package, the European Commission presented, in July 2021, several proposals to reduce greenhouse gas emissions and become a climate neutral continent by 2050. One of the most important of these proposals is the introduction of a Carbon Border Adjustment Mechanism (CBAM[1]) as of January 2023, which consists of introducing a tax on carbon-intensive imports. This will create the conditions for fair competition between EU companies and those of partner countries, particularly in emerging and developing economies where national climate policy requirements are often less stringent. In the first phase, which will run until the end of 2025, the scheme will only require companies to declare their carbon footprint and will be limited to six sectors (electricity, iron, steel, fertilizers, aluminium and cement).

A meta-analysis[2] of 25 studies shows that carbon adjustment mechanisms at the border on average would reduce carbon leakage from 14 percent to 6 percent. The Bank of Finland[3] considers that a price of 28 dollars per ton of CO_2 on imports is equivalent to an additional 2 percent tax on imports from developing countries. On the other hand, the UNCTAD[4] claims that if the price is set at 44 dollars per ton, the EU's imports of energy-intensive products would fall at rates ranging from 0.62 percent to 14.3 percent depending on the sector, while its exports would grow at a rate between 0.38 percent and 4.46 percent. CBAM would benefit advanced countries with low-carbon production processes or with existing carbon tax systems.

Aside from the tariff barrier, CBAM would require exporters to the EU to assess the carbon content of their products, which would lead to a significant technical and administrative complexities, particularly in less developed countries where companies generally are deficient in terms of expertise and competence.

For Morocco, the EU remains its main economic partner with more than 60 percent of its exports on average. In 2020, out of an export turnover of 167.8 billion dirhams, about 3 percent was achieved by the sectors concerned by the first phase of the CBAM, mainly fertilizers. According to the UNCTAD study, a tax on CO_2 emissions would reduce national exports of energy-intensive products by 1.06 percent for a tariff set at 44 dollars per ton and by 1.95 percent for a tariff of 88 dollars per ton.

Nevertheless, CBAM would have a much greater impact if its scope were extended to include a broader list of products and services or indirect emissions, such as those from electricity used in production processes. In fact, the national economy is still very emissions-intensive. According to World Bank data[5], by unit of value added, Morocco emits 46 percent more CO_2 than the world average and 3.4 times more than the euro area. Compared to its main competitors in the EU market, Morocco's emission rate is comparable to that of Egypt, higher than that of countries such as Turkey and the United States, but remains lower than that of economies such as Russia or China.

[1] Carbon Border Adjustment Mechanism.

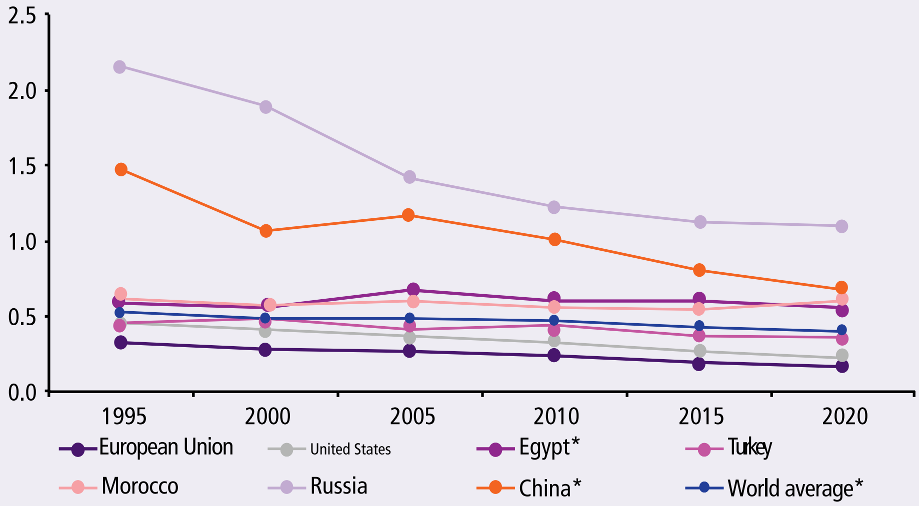
[2] Branger F et Quirion P (2014): "Would border carbon adjustments prevent carbon leakage and heavy industry competitiveness losses? Insights from a meta-analysis of recent economic studies", Ecological Economics, Vol 99, Pages 29-39.

[3] Kuusi T et al (2020): "Carbon border adjustment mechanisms and their economic impact on Finland and the EU", Publications of the Government's analysis, assessment and research activities, Vol 48.

[4] UNCTAD (2021): "A European Union Carbon Border Adjustment Mechanism: Implications for developing countries".

[5]World Bank data base: « https://data.worldbank.org/ »

Chart B.1.6.2.1: CO_2 emissions per unit of GDP (kg/USD base 2015)



* 2019 data.

Source : International Energy Agency.

Given the time required to adapt production processes to carbon content requirements and the high costs involved, the implementation of the various strategies launched by Morocco in this area must be accelerated, including those for energy efficiency and the development of renewable energies, as well as the 2050 low-carbon strategy, which specifically aims to achieve 80 percent decarbonized electricity.

1.6.2 Balance of services

Regarding the exchange of services, the surplus balance decreased by 1.9 percent to 62.4 billion dirhams, as a result of a 9 billion dirhams increase in expenditures to 76.7 billion dirhams, more important than the 7.8 billion dirhams rise in revenues to 139.1 billion dirhams.

Travel receipts declined by a further 5.9 percent, after the 53.7 percent registered in 2020 to 34.3 billion as against 78.7 billion in 2019. On the other hand, expenditure under the same heading improved by 1.1 percent to 10.7 billion dirhams, driven mainly by a 5.3 percent increase to 6 billion dirhams in spending on education. In total, the travel services surplus fell by 8.7 percent to 23.7 billion dirhams.

In the same vein, the trade deficit of transport services increased by 3 billion to 7.6 billion dirhams, resulting from a 5.9 billion increase in expenditure against 2.9 billion for revenues. By mode of transport, maritime transport showed an increase of 2.7 billion in revenues and 5.1 billion in expenditures, while air transport continued to suffer from health restrictions as revenues remained well below their pre-crisis levels.

Chart 1.6.5: Travel receipts and expenses (In billions of dirhams)

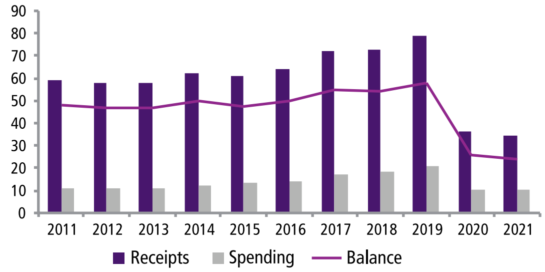
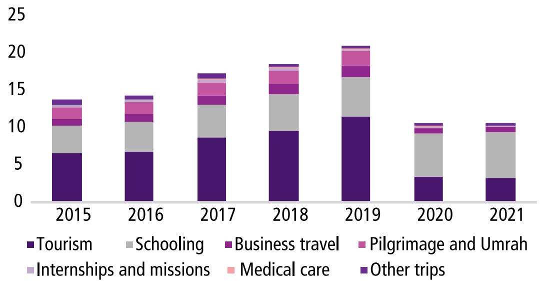


Chart 1.6.6: Travel expenditure by type of operation (in billions of dirhams)



Source: Foreign Exchange Office.

Similarly, the surplus of "telecommunications, computer and information services" deteriorated by 1.3 billion dirhams to 11.9 billion dirhams, reflecting a 38.5 percent increase in expenditure against a near-stability of revenues. For "other business services", their balance rose by 3.6 billion to 23.6 billion dirhams, driven by a 16.7 percent improvement in revenues to 33.6 billion.

1.6.3 Income balance

The income balance surplus rose by 23.9 percent to 87.3 billion dirhams in 2021, driven mainly by a 28.7 percent increase in the balance of current transfers[1] to 105.4 billion, while the balance of primary income, which is structurally in deficit, deteriorated from 6.7 billion to 18.2 billion.

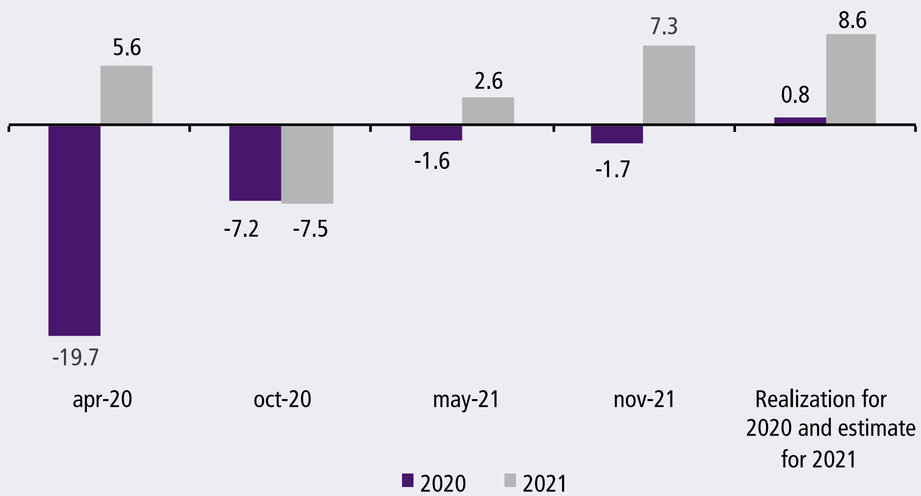
In terms of current transfers, the year was marked by a strong increase in remittances by Moroccan expatriates, which jumped by 37.5 percent to 93.7 billion, after displaying a notable resilience in 2020. Similarly, public transfers fell by 3.5 billion dirhams to 2.1 billion dirhams, reflecting in particular lower donations from the European Union to 1.2 billion dirhams, as against 4.7 billion dirhams received in 2020, while those from partners in the Gulf Cooperation Council were limited to 222 million dirhams.

[1] Essentially made up of transfers from Moroccan expatriates and donations.

Box 1.6.3: Resilience of migrant remittances in times of crisis

Over the past two years, remittances to low and middle-income countries (LMICs) increased significantly amidst the Covid-19 pandemic crisis. In fact, they showed a remarkable resilience in 2020 with a rise of 0.8 percent and jumped 8.6 percent to $605 billion in 2021. This surge was largely unexpected and stands in contrast to that observed during the 2009 financial crisis when these flows declined by 4.8 percent. For instance, in its April 2020 forecast, the World Bank projected a contraction of 19.7 percent for 2020, to be followed by a 5.6 percent increase for 2021.

Chart B1.6.3.1: World Bank Projections of Remittances to low and middle-income countries LMICs (in percent)



Source : World Bank.

Regional trends

By region, the largest increases[1] were reported in Latin America-Caribbean at 8.2 percent in 2020 and 25.3 percent to $131 billion in 2021, driven by a strong and rapid recovery in employment in the United States. Remittances to East Asia and the Pacific, excluding China, ended 2021 with limited growth of 2.5 percent, instead of a 2.4 percent decline in 2020, while those to Europe and Central Asia increased by 1.5 percent and then by 7.8 percent to $74 billion.

As for developing countries in the Middle East and North Africa, they received a total amount of $61 billion in 2021, up 7.6 percent after the 5.2 percent increase in 2020. The main beneficiary countries are Egypt with 10.5 percent and 6.4 percent increases to $31.5 billion followed by Morocco with increases of 6.5 percent and 39.8 percent to $10.4 billion.

[1] For purposes of international comparison, all figures in this box are derived from the World Bank (Migration and Development Brief No. 36: May 2022).

Explanatory factors for the evolution of expatriates' remittances

Several factors can be put forward to explain the evolution of remittances since 2020. The World Bank mentions specifically the surge in family solidarity during the difficult period of the pandemic, as well as the fiscal measures introduced to support businesses and households, in particular to maintain jobs, that were implemented in the main host countries.

Another factor is the redirection of flows from informal to formal channels, especially in connection with travel restrictions. Similarly, the depreciation of the currencies of certain countries has favoured the inflows of remittances. Finally, the drop in transfer costs, albeit slight, would also have contributed to this dynamic. World Bank data show that these costs fell from 6.82 percent in the fourth quarter of 2019 to 6.04 percent in the same quarter of 2021, while its own estimates show that a 2-percentage point reduction in these costs would lead to annual savings of $12 billion for international migrants in low- and middle-income countries.

For direct investment income, outflows rose from 9.6 billion to 16.5 billion and inflows from 3.9 billion to 4.1 billion, thereby widening the deficit to 12.3 billion dirhams. For portfolio investments, the deficit balance rose slightly to 3.9 billion and income from reserve assets reached 2.4 billion dirhams after 2.5 billion dirhams a year earlier, against a background of persistently low interest rates, particularly in the euro area.

1.6.4 Financial account

Despite the uncertainties related to the evolution of the Covid-19 pandemic, foreign direct investments (FDIs) rose by 22.7 percent to 31.9 billion, equivalent to 2.5 percent of GDP, against 2.3 percent in 2020 and an average of 3.3 percent over the five years preceding the crisis. Meanwhile, expenditure almost stabilized at 12.6 billion after a decline of 30.2 percent, the net flow of FDI thus expanding by 43.6 percent to 19.4 billion.

This improvement concerned all sectors, particularly with flows increasing by 11.6 percent to 8.8 billion to manufacturing industries and 14.5 percent to 6.6 billion to real estate, while financial and insurance services and "agriculture, forestry and fishing" attracted 3.3 billion and 1.2 billion respectively. For the remainder, 2.7 billion were drained by the "accommodation and food services", 1.6 billion by the sector of "transport and storage" and 7.8 billion benefited to various other activities.

By country of origin, more than half of FDIs came from the three main foreign investors in Morocco. Thus, inflows from France reached 9.5 billion, those from the United Arab Emirates 4.3 billion and Great Britain was the source of an inflow of 3.4 billion.

Chart 1.6.7: FDI receipts by activity sector (in billion dirhams)

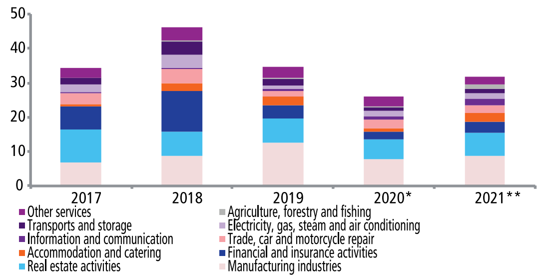
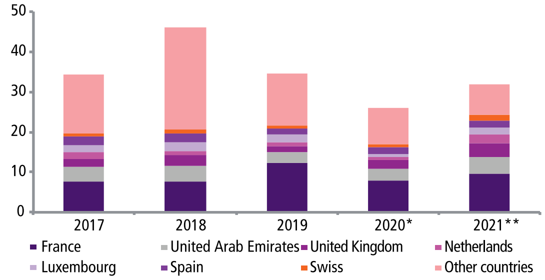


Chart 1.6.8: FDI receipts by country of origin (in billion dirhams)



* Updated figures.

** Provisional figures

Source: Foreign Exchange Office.

Concurrently, direct investments abroad by Moroccans exhibited a significant growth. Expenditures rose to 18.2 billion dirhams and transfers to 13.6 billion dirhams after 7.6 billion and 3.2 billion dirhams, respectively, a year earlier. The net flow thus has progressed with a 4.5 percent increase to 4.6 billion against an average of 7.6 billion during the five years preceding the crisis. More than half of the spending, that is 9.4 billion, was carried out in manufacturing industries while financial and insurance activities accounted for 6.6 billion. Africa remains one of the main destinations with a share of 44.1 percent in 2021 and 60.5 percent on average between 2018 and 2020. Apart from France, which attracted an exceptional flow of 8.4 billion, or 46.5 percent of the total, the amounts of investment in other traditional destinations remained well below pre-crisis levels.

Chart 1.6.9: Moroccan direct investment overseas by sector (in billions of dirhams)

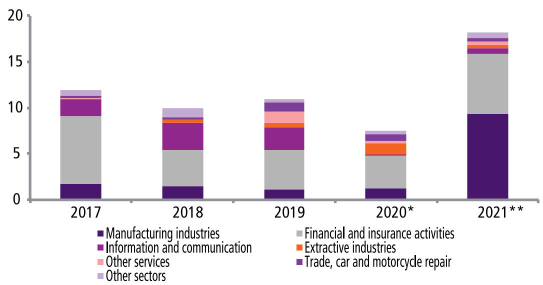
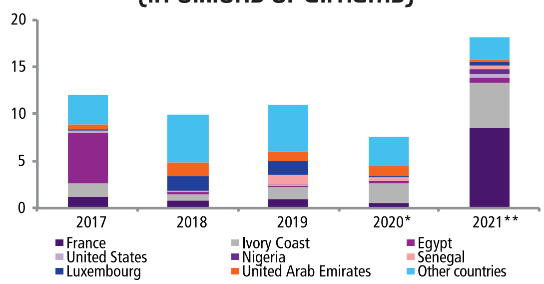


Chart 1.6.10: Moroccan direct investment overseas by country of destination (in billions of dirhams)



* Updated figures.

** Provisional figures

Source: Foreign Exchange Office.

As for portfolio investments, in the absence of Treasury bond issues in the international financial market in 2021, net liabilities declined by 2.3 billion. This change also reflects a 3.6 billion decline in residents' liabilities to the rest of the world arising from holdings of stocks and shares in investment funds.

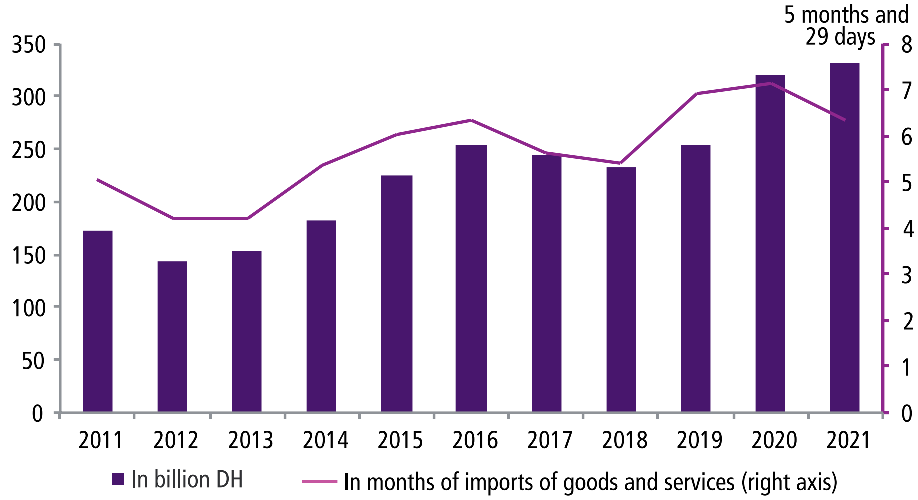
As regards other investments, loans recorded a surplus balance of 9.1 billion dirhams after a deficit of 47.7 billion in 2020, mainly due to a 28.6 percent drop in drawings on the external public debt and a 10.2 percent increase in amortizations. The latter include, in particular, the early repayment of 8.4 billion of the drawdowns on the IMF's precautionary and liquidity line in 2020.

On the other hand, assets held by residents in "cash and deposits" decreased by 6.3 billion dirhams, mainly due to the 7.5 billion dirhams decrease in deposits of Moroccan banks abroad. In contrast, liabilities under the same heading increased by 8.9 billion dirhams, mainly reflecting the 6.2 billion dirhams increase in non-residents' deposits with resident banks. As a result, the balance of this item showed a deficit of 15.3 billion after a surplus of 20.5 billion dirhams in 2020.

Meanwhile, the deficit balance of commercial loans decreased to 5.2 billion against 10.8 billion a year earlier. This change reflects an 8.6 billion increase in payment facilities granted by domestic exporters to their foreign customers, larger than the 2.9 billion increase in advances and trade loans granted to Moroccan importers.

Taking into account all these elements and an amount equivalent to 10.9 billion dirhams corresponding to Morocco's share in the new SDR allocation made by the IMF in 2021, the balance of the financial account, excluding reserves, stood at -34.6 billion dirhams compared to -66.8 billion in 2020. Overall, and taking into account the purchases of currencies by Bank Al-Maghrib from the banking system through auction operations for a total amount of 15 billion dirhams, ORAs rose by 3.2 percent to 330.8 billion, equivalent to 5 months and 29 days of imports of goods and services.

Chart 1.6.11: Official reserve assets

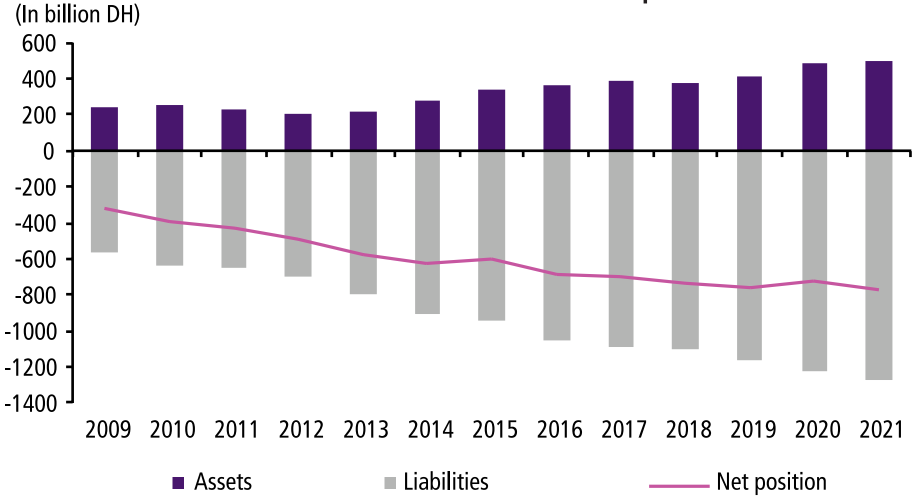


Sources: Foreign Exchange office and BAM calculations.

1.6.5 International investment position (IIP)[1]

Analysis of the international investment position indicates that the debit balance increased by 43.4 billion dirhams to reach 771.3 billion dirhams in 2021, reflecting the 57.3 billion dirhams rise in liabilities, which is greater than the 13.9 billion dirhams rise in assets.

Chart 1.6.12: International investment position



Source: Foreign Exchange Office.

Morocco's liabilities to the rest of the world rose by 4.7 percent to 1274.8 billion dirhams. This evolution mainly covers increases by 5.6 percent to 676.9 billion in foreign direct investments and by 2.2 percent to 134.4 billion in portfolio securities held by non-residents as well as a 3.5 percent decrease to 324.7 billion in loan commitments.

Its assets grew by 2.8 percent to 503.5 billion, mainly as a result of a 3.2 percent increase in ORA to 330.8 billion dirhams and a 5.8 percent rise in outstanding direct investments by Moroccans abroad to 69 billion. This increase is also explained by the 18.4 percent rise to 26.9 billion of "commercial loans and advances" granted by Moroccan exporters to their foreign customers, while residents' holdings in cash and deposits decreased by 8.8 percent to 54.9 billion dirhams.

[1] The international investment position tracks the stock of financial assets and liabilities vis-à-vis the rest of the world at a given date.

Table 1.6.4: International investment position (in billions of dirhams)

	2020			2021		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance
Direct Investments	65.2	640.9	-575.7	69.0	676.9	-607.9
Portfolio investments	12.7	131.5	-118.8	13.0	134.4	-121.4
Financial derivatives (other than reserves)	0.3	0.4	-0.0	0.7	0.1	0.5
Other investments, including	90.9	444.8	-353.9	90.0	463.4	-373.4
Currency and deposits	60.2	39.3	20.9	54.9	48.8	6.2
Loans	0.4	336.5	-336.1	0.7	324.7	-323.9
Commercial loans and advances	22.7	58.6	-35.8	26.9	68.5	-41.6
Reserve assets	320.6	-	320.6	330.8	-	330.8
Total assets / liabilities	**489.6**	**1 217.5**	**-727.9**	**503.5**	**1 274.8**	**-771.3**

Source: Foreign Exchange Office.

1.7 Monetary conditions

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 crisis.

Accordingly, interest rates continued to decline across the various markets in particular. After falling by 45 basis points in 2020, lending rates dropped by a further 16 basis points, primarily benefiting liquidity facilities and housing loans.

Despite the completion of the phase of granting the "Damane" and "Relance" products[1] , bank credit continued to evolve at a steady pace, and its component designed for the non-financial sector grew by 3.1 percent against 4 percent a year earlier. Meanwhile, net claims on the central government grew by 13.8 percent, in a context of increasing needs for financing the Treasury.

Monetary conditions were also marked by a 3.6 percent appreciation of the nominal effective exchange rate, reflecting the increase in the nominal parity of the dirham against the euro, the US dollar and the currencies of several emerging economies. Taking into account a domestic inflation generally lower than that of the main economic partners and competitors, the appreciation stood at 1.3 percent in real terms.

Table 1.7.1: Main indicators of monetary conditions

	2019	2020	2021	
Interest rate		**Average rate (in %)**		**Outstanding* amount (in billion DH)**
Interbank rate	2.28	1.79	1.50	-
Weighted lending average rate	5.00	4.55	4.39	-
Deposits rate to one year	3.01	2.87	2.60	-
Treasury bills rate 52 weeks	2.31	2.06	1.54	-
Effective exchange rate		**Change (in %)**		
Nominal effective exchange rate	2.55	2.26	3.61	-
Real effective exchange rate	0.46	1.28	1.31	-
Monetary aggregates		**Change (in %)**		
Bank loans	5.3	4.6	2.8	985.5
Loans to the nonfinancial sector	5.5	4.0	3.1	842.6
Net international reserves	8.4	26.5	3.2	330.8
Net claims on central government	4.6	12.7	13.8	272.5
M3	3.8	8.4	5.1	1 560.8

* End of december.
** Figures reviewed following the update of the calculation methodology.

[1] Public guarantee lines put in place in 2020 as part of the support granted to businesses to cope with the Covid-19 crisis.

1.7.1 Interest rates

In 2021, Bank Al-Maghrib maintained the largely accommodating orientation of its monetary policy, by keeping its key rate at a historically low level of 1.50 percent and renewing all the measures designed to support the banking system liquidity. Against this background, the weighted average interbank rate was in line with the key rate throughout the year and the financing conditions continued to be very favourable, with a further decline in interest rates on the various markets.

Accordingly, the rates on bank loans to the non-financial sector fell by 16 basis points to an average of 4.39 percent. The infra-annual analysis reveals that after a virtual stability in the first quarter of the year, rates fell by 13 points during the second quarter to 4.32 percent, and remained at this level before recording a slight increase of 9 points in the last quarter.

By institutional sector, rates applied to non-financial compagnies fell from 4.42 percent to 4.18 percent in one year, driven by those for liquidity facilities. The decline amounted to 31 points for large enterprises and 9 points for SMEs. Rates for loans to individuals remained almost stable at 5.19 percent, covering a 16-point decrease for housing loans and a 4-point increase for consumer loans.

Table 1.7.2: Lending rates (in percent)

	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Average of the year	
						2020	2021
Weighted average rates	**4.42**	**4.45**	**4.32**	**4.35**	**4.44**	**4.55**	**4.39**
Loans to individuals	**4.98**	**5.19**	**5.19**	**5.20**	**5.16**	**5.20**	**5.19**
Housing	4.33	4.33	4.26	4.24	4.24	4.43	4.27
Consumption	6.40	6.50	6.64	6.51	6.47	6.49	6.53
Loans to corporations	**4.28**	**4.23**	**4.04**	**4.17**	**4.26**	**4.42**	**4.18**
By economic purpose							
Cash advances	4.09	4.04	3.96	3.95	4.06	4.29	4.00
Equipment	4.23	4.49	4.13	4.84	4.58	4.36	4.51
Property development	5.84	5.81	5.59	5.71	5.78	5.99	5.72
By economic purpose							
VSME	4.49	4.89	4.83	4.98	4.88	4.99	4.90
Large companies	4.13	3.89	3.71	3.83	4.01	4.17	3.86
Loans to individual entrepreneurs	**4.74**	**4.48**	**4.75**	**4.94**	**5.17**	**5.28**	**4.84**
Cash advances	5.25	5.08	5.25	5.37	5.56	5.46	5.32
Equipment	3.91	3.68	3.85	3.89	4.14	4.87	3.89
Loans to property developers	7.38	5.42	4.91	5.31	5.51	6.59	5.29

In terms of lending conditions, the downward trend in rates continued, with a 27 basis point drop both for 6-month deposits, which averaged 2.29 percent, and 12-month deposits, which fell to 2.60 percent. The minimum rate applied to passbook accounts, indexed to the 52-week Treasury bill rate, fell by 62 points to 1.15 percent.

Table 1.7.3: Rates on term deposits (in percent)

	2017	2018	2019	2020	2021
6-month deposits	2.82	2.77	2.72	2.56	2.29
12-month deposits	3.12	3.09	3.01	2.87	2.60
Passbook accounts with banks	1.84	1.86	1.89	1.77	1.15

On the sovereign debt market, rates for Treasury bill issues fell for all maturities. The weighted average rate thus declined by 32 basis points to 1.97 percent, with lower resort to short maturities. The same trend was observed in the secondary segment, with declines of 25 points for 10-year bills, 30 points for 5-year bills and 43 points for the 52-week bills.

Chart 1.7.1: Weighted average rate of Treasury issues (in percent)

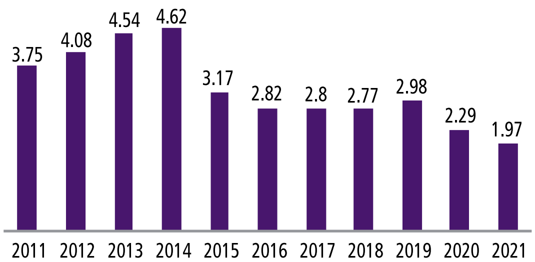
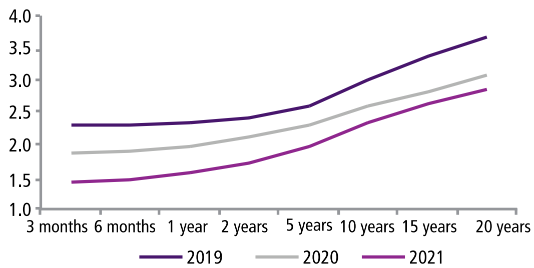


Chart 1.7.2: Secondary market curve (in percent)



1.7.2 Bank loans

The continued accommodative monetary policy stance helped support the financing of the economy amidst a persistently high level of uncertainty, linked in particular to the evolution of the pandemic. Indeed, despite the completion[1] of the "Damane" and "Relance" delivery phase, bank credit increased by 2,8 percent in 2021, after their 4.6 percent rise in 2020. Their 2021 increase covers rises of 3.1 percent, after 4 percent, in loans to the non-financial sector and 0,7 percent, instead of 7.8 percent, in loans to financial companies. As a percentage of GDP, outstanding bank credit rose from 83,2 percent to 76.7 percent year-on-year essentially in relation to the exceptional increase in GDP.

[1] Delivery of the "Damane" and the "Relance" guarantees ended in June 2020 and June 2021, respectively.

Chart 1.7.3: Evolution of banking loans (annual change in percent)

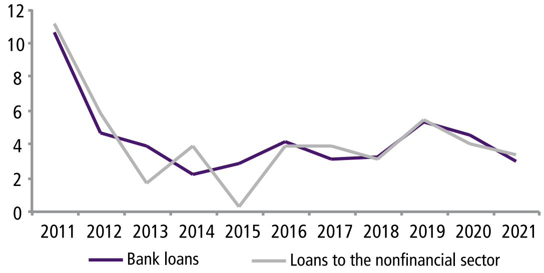
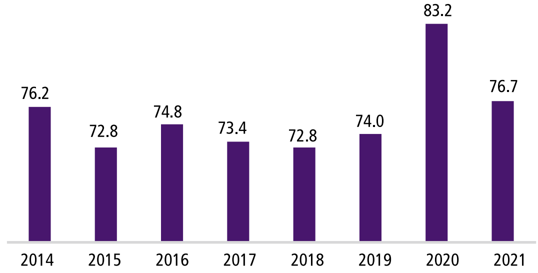


Chart 1.7.4: Bank credit ratio to GDP (in percent)



By institutional sector, credit to private non-financial businesses grew by 4.2 percent, as a result of the 8.7 percent growth in liquidity facilities, a 1.9 percent rise in equipment loans, and a 7.8 percent contraction in real estate development loans. On the other hand, loans to public enterprises recorded a 13.1 percent decline, covering a 29.2 percent contraction in equipment loans and a 6 percent improvement in cash facilities. In terms of loans to individuals they increased by 4.7 percent, notably with a 4.5 percent increase in housing loans and a 2.9 percent rise in consumer loans. Meanwhile, growth of loans to individual entrepreneurs fell by 0.6 percent, mainly due to the steep decline from 12.8% to 14.9% in real estate development loans.

By sector of activity, significant increases were registered in the “food industries and tobacco” at 9.8 percent, in “electricity, gas and water” at 10.4 percent, in “trade, car repairs and household goods” at 7.9 percent and in “agriculture and fishing” at 7.2 percent. In contrast, loans granted to businesses in the “extractive industries” and “chemical and parachemical industries” sectors fell by 30.1 percent and 12 percent respectively.

After their 14.7 percent expansion in 2020 amidst the health crisis, nonperforming loans loans increased by 5.7 percent, while their ratio to outstanding bank credit remained almost unchanged at 8.6 percent. This virtual stabilisation, which occurred despite a persistently high level of risk, reflects the standardisation of 76.2 percent of loans, which have benefitted from the moratorium put in place in 2020.

Chart 1.7.5: Nonperforming loans

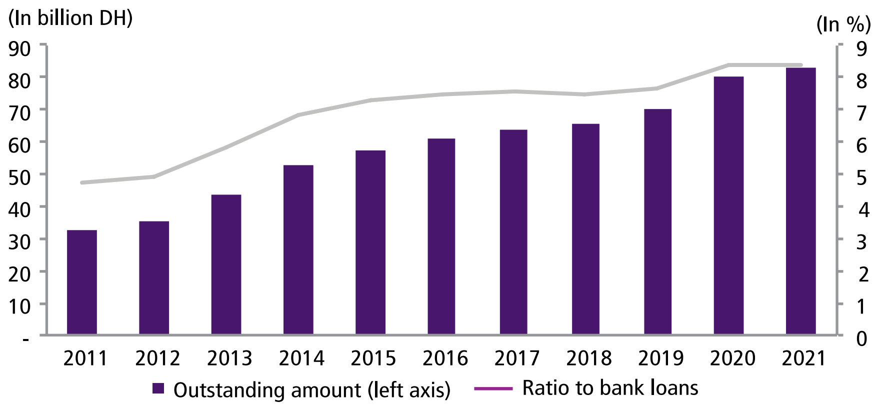


Table 1.7.4: Banking credit

	2019	2020	2021	
	Change (%)		Change (%)	Outstanding amount (in billion DH)
Bank loans	**5.3**	**4.6**	**2.8**	**985.5**
Loans to the nonfinancial sector	**5.5**	**4.0**	**3.1**	**842.6**
Loans to businesses	**7.2**	**4.7**	**4.2**	**405.7**
Cash facilities	9.7	11.0	8.7	190.3
Equipment Loans	5.6	-5.1	1.9	102.5
Property development loans	7.5	0.4	-7.8	48.5
Loans to public firms	**-0.8**	**0.7**	**-13.1**	**44.6**
Cash facilities	-0.2	-17.7	6.0	5.9
Equipment Loans	-0.5	-0.2	-29.2	30.4
Loans to households	**4.0**	**3.6**	**4.1**	**365.1**
Loans to individuals	**5.1**	**3.4**	**4.7**	**306.5**
Consumer loans	4.9	-4.3	2.9	54.7
Housing loans	4.2	4.4	4.5	213.4
Loans to individual entrepreneurs	**-2.1**	**8.9**	**-0.6**	**38.6**
	Ratio to bank loans (%)			
Non-performing loans	**7.6**	**8.4**	**8.6**	
Households	8.6	9.8	9.9	
Private firms	10.8	11.6	11.9	

Loans granted to the non-financial sector by financial companies other than banks[1] increased by 3.1 percent to 152.7 billion dirhams. More particularly, those distributed by financial companies rose by 3.7 percent to 122.4 billion dirhams, covering a 7 percent rise to 67.8 billion dirhams in loans to households and a 0.2 percent drop to 54.6 billion dirhams in loans to private companies. At the same time, offshore banks and micro-credit associations granted loans worth 11.6 billion and 8.3 billion respectively.

[1] Finance companies, off-shore banks, microcredit associations, the Deposit and Management Fund (CDG) and securitisation collective investment funds.

Table 1.7.5: Loans granted by major financial companies other than banks

	2019	2020	2021	
	Change (%)		Change (%)	Outstanding amount (in billion DH)
Finance companies	**5.7**	**-0.9**	**3.7**	**122.4**
Private firms	4.1	-4.8	-0.2	54.6
Households	7.2	2.6	7.0	67.8
Offshore banks	**-13.4**	**-11.4**	**9.9**	**11.6**
Mircro-credit associations	**9.0**	**9.9**	**2.2**	**8.3**

Box 1.7.1: Causality between bank credit and economic growth

The economic literature has extensively covered the relationship between economic growth and the development of the financial sector, and of bank credit in particular. Among the issues frequently raised in this context is whether the availability of finance is the factor that promotes growth and/or whether it is the latter that generates the need for finance.

One of the first studies conducted in this regard was the one by H. Patrick[1] (1966), which identified two possible modes of interaction. The "demand-following" mode refers to a situation where finance is essentially passive and only responds to the growth-induced need for resource, and the "supply-leading" mode, which, conversely, assumes that financial institutions accumulate savings and channel them towards growth-generating investments.

In the aftermath of the 2008 international financial crisis, several studies[2] have focused on identifying the conditions where financial development strongly affects growth. The results particularly reveal that bank loans granted to the private sector have a level of significance, beyond which the economy moves from a "demand-following" mode to a "supply-leading" mode. This level of significance varies between 80 percent and 135 percent of GDP, depending on the economic context.

for the case of Morocco, according to an IMF study[3] conducted in 2015 and surveying 128 countries over the 1980-2013 period, the development of Morocco's financial sector stands at an intermediate stage between the two modes, thus indicating that, overall, it would be ahead of the country's economic development. However, the sector is still largely dominated by the banking system, while the capital and private debt markets are relatively small. At end-2020, bank assets amounted to the equivalent of 137,5 percent of GDP and credit to the non-financial sector to 70,9 percent of GDP, a level above the average for lower middle-income countries or the MENA region.

[1] Patrick H. (1966), « Financial Development and Economic Growth in Underdeveloped Countries ». Economic Development and Cultural Change, Vol.14 (2), 174–89.

[2] Arcand J.-L., Berkes E. et Panizza U. (2015), « Too Much Finance? », Journal of Economic Growth, vol. 20, pp. 105-148.

Cecchetti G. et Kharroubi E. (2012), « Reassessing the impact of finance on growth », BIS Working Papers No 381.

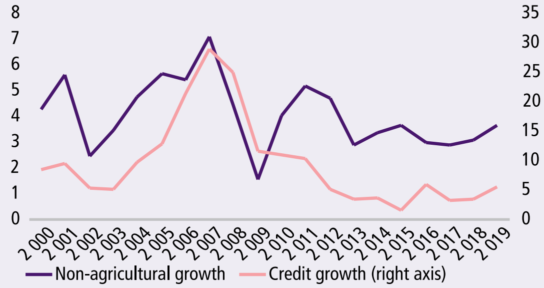
Law S. et Singh N. (2014), « Does too much finance harm economic growth? », Journal of Banking & Finance, vol. 41. Sok Heng Lay (2020), « Bank credit and economic growth : short-run evidence from a dynamic threshold panel model », Economics letters

[3] Ratna Sahay et al. (2015), « Rethinking Financial Deepening : Stability and Growth in Emerging Markets », IMF discussion notes.

To analyse the relationship between growth and the evolution of bank credit in Morocco, BAM conducted a causality study for the 1999-2019 period. The data show a relatively synchronous evolution between the two variables, with a 65 percent correlation. Furthermore, the Granger methodology[4] demonstrates a bi-directional causality relationship between these two aggregates.

However, distinction between the pre- and post-global financial crisis periods shows contrasting results. In the 1999-2007 period, causality flowed from credit to growth, reflecting the existence of a significant need to finance economic activity. During the 2008-2019 period, the causality direction reversed, suggesting that financing would not be an effective constraint to growth. This situation, which is typical of countries with a relatively well-developed financial sector, would corroborate the findings of the 2015 IMF study.

Chart B.1.7.1.1: Evolution of loans and growth (in percent)



A similar study conducted among sectors for the 2008-2019 period shows contrasting results by branch of activity. Whereas the causality relationship is significant from credit to growth for the "agriculture and fishing", "chemical and para-chemical industries" and "construction and public works" sectors, it is rather substantial from growth to credit for "hotels and restaurants".

Table B.1.7.1.1: Results of the Granger causality tests at the sectoral level

	Causality test according to Granger		
Sector of activity	**Credit - Growth**	**Prob.1**	**Prob.2**
Primary Sector	→	0.0110*	0.6382
Agriculture and fisheries	→	0.0314*	0.9623
Secondary Sector	-	0.5978	0.2850
Mining and quarrying	→	0.0873*	0.1639
Processing industries	-	0.5999	0.3755
Food and tobacco industries	-	0.5153	0.6556
Textile, clothing, and leather industries	-	0.8104	0.5804
Chemical and parachemical industries	→	0.0301*	0.1363
Mechanical, electrical, electronic and metal-working industries	-	0.8367	0.3636
Electricity, gas and water	-	0.6842	0.8755
Building and public works	→	0.0885*	0.6151
Tertiary Sector	-	0.4624	0.9145
Trade, repair of motor vehicles and domestic appliances	→	0.0041*	0.2440
Hotels and restaurants	←	0.2845	0.0885*
Transport and communication	-	0.1981	0.8951
Financial activities	-	0.2020	0.4134

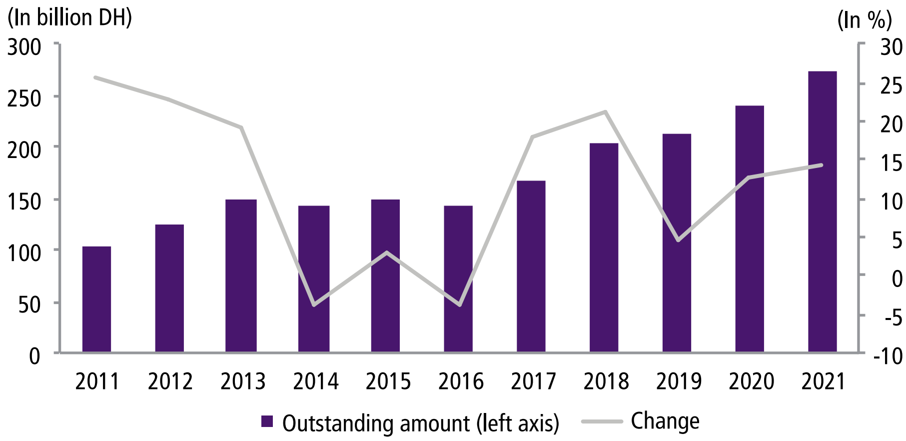
Prob.1(Prob.2): probability associated with the causality test from credit (growth) to growth (credit). Values marked with an * indicate significant causality at the 10 percent level of significance.

[4] A variable y_{2t} causality, in the sense of Granger, a variable y_{1t}, if the forecasting of y_{1t} improves when information about is y_{2t} taken into account.

1.7.3 Other sources of money creation

Amidst increasing financing needs of the Treasury, net claims on the central administration grew by 13.8 percent in 2021 after 12.7 percent a year earlier. Treasury bills held by banks grew by 14.5 percent to 193.2 billion dirhams while those of money market funds rose by 11.3 percent to 30.2 billion. Meanwhile, the liabilities of the other depository institutions fell by 14 percent to 12.7 billion dirhams.

Chart 1.7.6: Net claims on the Central Administration



In 2021, official reserve assets continued improving and increased by 3.2 percent to 330.8 billion dirhams, representing 5 months and 29 days of imports of goods and services. This evolution was mainly driven by the Treasury's net external drawings, which reached 8.14 billion dirhams, the IMF's allocation of 10.8 billion dirhams in SDRs and BAM's purchases of 15 billion dirhams of foreign currencies through auctions intended to regulate the market. Net foreign assets of banks[1], which expanded by 60.4 percent in 2020, fell by 26.4 percent to 23.7 billion dirhams, reflecting, besides the effect of Bank Al-Maghrib's currency auctions, the growth of their customers' purchases amid an upturn in imports.

Chart 1.7.7: Official reserves assets

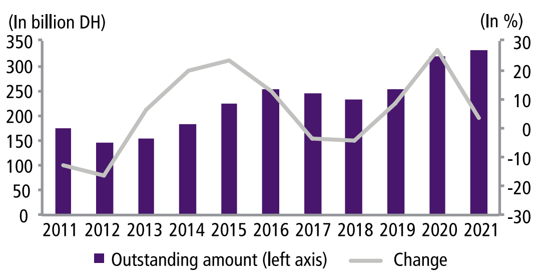
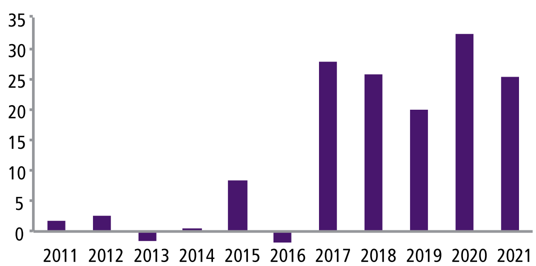


Chart 1.7.8: Banks' net foreign assets (in billion dirhams)



[1] The total claims of banks on non-residents, net of their external liabilities.

1.7.4 Components of M3

In 2021, bank deposits grew by 5.2 percent as opposed to 6.4 percent a year earlier. This change includes a deceleration in demand deposits to 7.6 percent, instead of 10.6 percent, a quasi-stability of time deposits, after their 9.5 percent decrease, and a recovery of foreign currency deposits by 5.4 percent after their 5.4 percent contraction.

By institutional sector, deposits of private non-financial corporations increased by 10.8 percent to 174.4 billion, covering mostly an 11.4 percent increase in demand deposits and a 1.8 percent decline in time deposits. For individuals[1], demand deposits and savings accounts improved by 6.7 percent and 2.9 percent respectively, while time deposits fell by 7.9 percent. Overall, the outstanding amount of all their deposits increased by 3.9 percent, from one year to the next, to reach 753 billion, including 185.9 billion held by Moroccans residing aboard. As for public companies, their assets with banks increased by 28.3 percent to 23.7 billion dirhams.

For the other components of the money supply, after the exceptional increase observed in 2020, currency in circulation returned to its pre-crisis level, with a 6.5 percent increase, while money market fund shares/units grew by 12.5 percent instead of 17.1 percent. Overall, the growth rate of the M3 aggregate fell from 8.4 percent in 2020 to 5.1 percent in 2021.

Table 1.7.6: Main components of M3

	Currency in circulation	Demand deposits	Interest bearing Demand deposits	Time deposits	Money market fund shares	M3
	Outstanding amount as at end-December (in billion DH)					
2019	250.2	587.2	166.5	149.9	54.6	1 370.5
2020	300.6	649.3	169.4	135.6	63.9	1 485.1
2021	320.1	698.7	174.2	136.5	71.9	1 560.8
	Share in M3 (%)					
2019	18.3	42.8	12.2	10.9	4.0	100.0
2020	20.2	43.7	11.4	9.1	4.3	100.0
2021	20.5	44.8	11.2	8.7	4.6	100.0
	Change (%)					
2019	7.1	4.7	4.6	-7.0	-3.4	3.8
2020	20.1	10.6	1.7	-9.5	17.1	8.4
2021	6.5	7.6	2.8	0.6	12.5	5.1

[1] Including Moroccans residing abroad

1.7.5 Liquid investment aggregates[1]

In 2021, the outstanding amount of liquid investments (LI) aggregates improved by 10.9 percent, mainly reflecting a 66.5 percent rebound in equity and diversified mutual funds, driven in turn by the higher prices in the Casablanca stock market. Likewise, the securities of bond mutual funds and Treasury bills posted respective increases of 2.6 percent and 9.2 percent.

Table 1.7.7: Liquid investment aggregates

	2020		2021	
	Outstanding amount (in billion DH)	Change in %	Outstanding amount (in billion DH)	Change in percent
LI1 aggregate	**440.1**	**7.5**	**478.7**	**8.8**
Negotiable Treasury bonds	416.6	6.4	455.1	9.2
Bonds of finance companies	19.0	27.6	22.0	15.9
Commercial paper	1.1	15.4	0.0	-99.4
Securities issued by contractual mutual funds	3.3	70.8	1.6	-52.7
LI2 aggregate	**295.2**	**8.3**	**303.0**	**2.6**
Securities issued by bond mutual funds	295.2	8.3	303.0	2.6
LI3 aggregate	**61.2**	**2.3**	**101.9**	**66.5**
Securities issued by equity and diversified mutual funds	61.2	2.3	101.9	66.5
Total	**796.5**	**7.4**	**883.6**	**10.9**

1.7.6 Foreign exchange market

In 2021, the foreign exchange market witnessed a significant surplus of foreign currency liquidity, mostly related to a strong expansion of the transfers of Moroccan residing abroad and to the outstanding performance of some exports, namely those of phosphates and derivatives. As such, the reference rate of the dirham continued to move towards the lower limit, while remaining within the ±5 percent fluctuation band, and settled there at the end of June. As our quarterly assessments (see Box 1.7.2) show that this appreciation is cyclical and that the value of the national currency remains in line with the fundamentals of the national economy, we conducted auctions of foreign currency purchases starting on 20 September. These operations enabled a gradual movement of the exchange rate towards the central rate.

Compared to the currencies composing its basket, the dirham came out in appreciation over the whole year, both against the euro and the American dollar, with respective rates of 1.8 percent and 5.7 percent. The evolution against the American currency in particular reflects market effects[2] of 3.5 percent and basket effects of 2.2 percent.

[1] Liquid investment aggregates include financial assets held by units other than depositary institutions. These assets represent a stock of the purchasing power but are not liquid enough to be included in M3 aggregate.

[2] The basket effect is the result of the change in the euro/dollar exchange rate, while the difference with the change in the reference rate represents the market effect.

Box 1.7.2 : Assessment of the exchange rate misalignment degree

The exchange rate is one of the economic variables that generally undergo rapid and sometimes significant fluctuations. These fluctuations may be cyclical in nature, reflecting either temporary excesses in currency supply or demand, or a structural misalignment of the currency's value with the country's economic fundamentals. This distinction is extremely necessary for the monetary authorities to identify the appropriate response. In the first case, the central bank, through ad hoc interventions, can mitigate the imbalance in the foreign exchange market, while in the second case, a more profound response, such as regime change, may be required.

To measure the misalignment of the currency with its economic fundamentals, the IMF developed, in 2013, a global approach called External Balance Assessment (EBA). This approach particularly consists in estimating the equilibrium exchange rate, defined as the level which allows the simultaneous achievement of internal and external balances, and relies, to this end, on three separate methods, namely: (i) the current account; (ii) external sustainability; and (iii) the real effective exchange rate.

In Morocco, with the start of the transition to a more flexible exchange rate regime in January 2018, assessments of the exchange rate have become an important component in monitoring the implementation of the reform. Accordingly, Bank Al-Maghrib has set up a quarterly evaluation system based on an approach similar to that developed by the IMF.

In the table below, results of the four assessments carried out in 2021 show that the value of the national currency has remained broadly in line with the fundamentals of the economy, in line with a similar study carried out by the IMF. This suggests that the deviations observed during the year in the value of the dirham compared to the central rate were rather cyclical. In addition, with the auction operations of currency purchase conducted by Bank-Al-Maghrib since september 20, the exchange rate has gradually moved away from thr lower limit of the band and towards the central rate

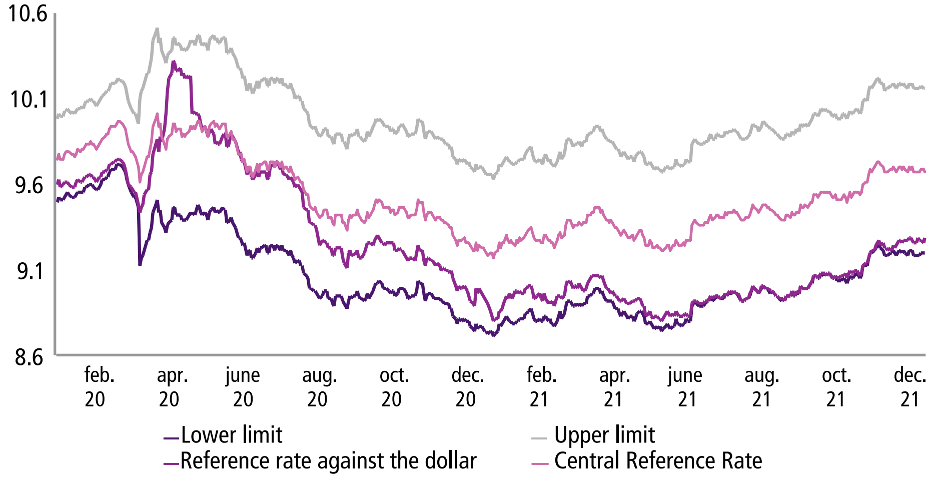
Table B.1.7.2.1 : Difference between the real exchange rate and the equilibrium exchange rate (in percent)*

	March 2021**	June 2021	Sept.2021	Dec.2021
Real effective exchange rate approach	-	1.3	-1.2	0.5
Current account approach	-	-0.8	0.9	0.6
External sustainability approach	6.9	6.2	2.9	-1.5

*As these assessment methods are approximate, any deviation within the interval (-10 percent; +10 percent) is generally considered insignificant.

** During the March exercise, and given the unavailability of data for the year 2021, only the forecast-based external sustainability method was applied.

Chart 1.7.9: Reference rate of the dirham



Moreover, the dirham strengthened by 32 percent on average against the Turkish Lira and by 12.2 percent against the Brazilian Real. Conversely, it depreciated by 1.5 percent against the Pound Sterling and by 1.3 percent against the Chinese Yuan. Against this background, the effective exchange rate rose by 3.6 percent in nominal terms and, considering that domestic inflation was generally lower than in the main partner and competitor countries, the increase amounted to 1.3 percent in real terms.

Chart 1.7.10: Effective exchange rate of the Moroccan dirham (base 100 in 2010)

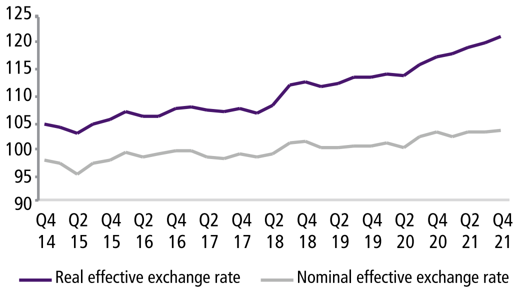
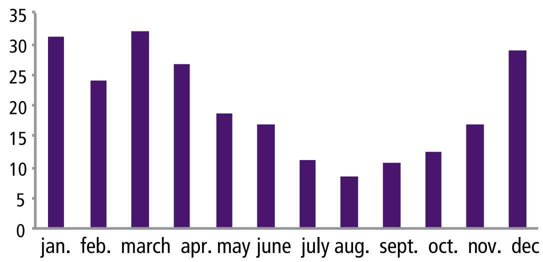


Chart 1.7.11: Interbank foreign exchange trading volume in 2021 (in billion dirhams)



In terms of volumes exchanged, banks' cash operations with customers reached a monthly average of 28.3 billion dirhams for purchases, after 21.8 billion and 30.4 billion for sales, after 22.9 billion. As for forward transactions, purchases increased to 15.6 billion dirhams instead of 11.1 billion a year earlier while sales remained almost stable at 3.5 billion dirhams.

On the interbank market, affected by an excess of foreign currency liquidity, the average volume of transactions[1] fell slightly by 0.8 percent to 19.8 billion dirhams.

[1] Including local and foreign banks.

Chart 1.7.12: Banks' cash operations with customers in 2021 (in billions of dirhams)

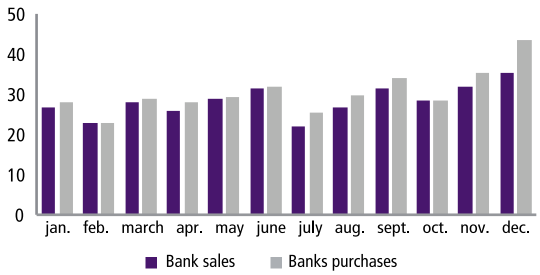
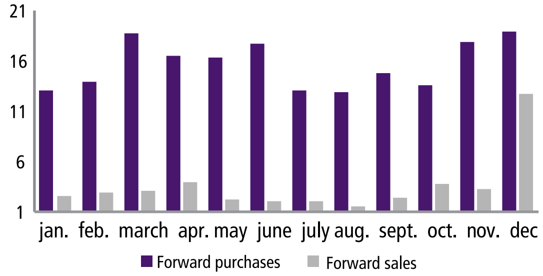


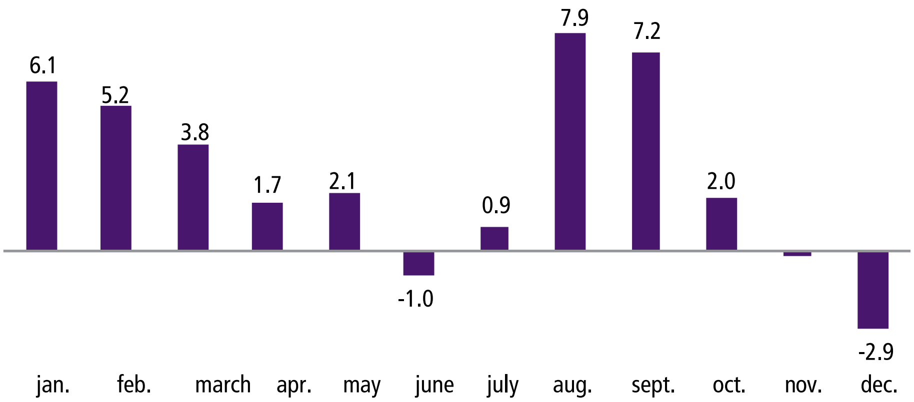
Chart 1.7.13: Banks' hedging operations with customers in 2021 (in billions of dirhams)



As regards banks' operations with their foreign correspondents, the volume of exchanges averaged 50.3 billion dirhams per month, down 9.6 percent, while the average outstanding deposits increased by 8.1 percent to 10.3 billion.

Under these conditions, the foreign exchange position[1] of banks fell from 3.8 billion dirhams on a daily average in 2020 to 2.7 billion in 2021. It remained positive throughout the year, except for the months of June and December during which it was slightly negative.

Chart 1.7.14: Foreign exchange position of banks in 2021 (in billion dirhams)



[1] The foreign exchange position of banks corresponds to the value of their foreign currency assets net of liabilities, including those recorded in the off-balance sheet. It provides information on the actual foreign currency liquidity of the banking system.

Box 1.7.3: Update of effective exchange rate calculation methodology

The effective exchange rate (EER) is one of the indicators that are most widely used to monitor the competitiveness of an economy. In nominal terms (NEER), it is defined as the geometric average of the exchange rates of the currency against those of the main economic partners and competitors, weighted by their share in trade. The real effective exchange rate (REER) is obtained by adjusting this rate by the consumer price indices. An REER increase indicates that the country's exports are becoming more expensive and its imports cheaper, suggesting a loss of price competitiveness.

Since 2015, Bank Al-Maghrib has been calculating and publishing the EER using the average structure of foreign trade in manufacturing products from 2011 to 2013. Given the changes in this structure, a regular update is necessary to ensure continued relevance of these indices. To that end, the Bank has undertaken a comprehensive review of its methodology in 2021 in order to bring it in line with the latest relevant international practices. This methodology focuses mainly on: (i) adopting a rolling weight calculated on the basis of available trade data for the last three years instead of fixed weights; and (ii) reducing the minimum threshold in terms of trade shares to be included in the list of partner economies to 0.45 percent[1] instead of 1 percent previously. For the selection of rival nations, the export structure similarity criteria has been preserved.

Table B.1.7.3.1: Samples of economies retained for the calculation of the EER

2011-2013	2017-2019
Belarus, Brazil, China, Czech Republic, Egypt, Hungary, India, Japan, Pakistan, Poland, Rumania, Russia, Senegal, South Korea, Sweden, Tunisia, Turkey, Ukraine, United Kingdom, United States, Euro area.	South Africa, Saudi Arabia, Brazil, Canada, Chile, China, South Korea, Egypt, United Arab Emirates, United States, Hong Kong, Hungary, India, Japan, Pakistan, Poland, Czech Republic, Rumania, United Kingdom, Russia, Singapore, Sweden, Switzerland, Tunisia, Turkey, Ukraine, Euro area.

Applying this new methodology has resulted in a higher number of partner and competitor economies included in the calculation of the EERs from 21 in the 2011-2013 period to 27 in the 2017-2019 period. However, both versions of the EER show similar developments with a high correlation of over 90 percent. A comparison with the same indices published by the IMF also shows very similar profiles, which can be explained by the convergence of the methodologies adopted.

Chart B.1.7.3.1: NEER

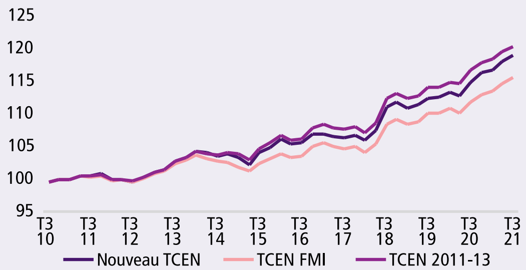
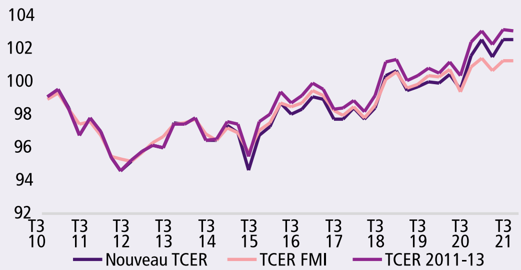


Chart B.1.7.3.2: REER



[1] The IMF also adopted this threshold for its latest update of the effective exchange rate indices.

1.8 Asset markets

In view of its growing need for financing and of the reduced recourse to external resources in 2021, the Treasury maintained a high level of issues on the domestic market, at 144.5 billion dirhams, after 152.6 billion in 2020.

On the private debt market, in a context of a persistently high uncertainty and further to the central bank's decision to maintain favourable refinancing conditions, issues fell sharply, particularly in the bond compartment. This decline amounted to 20.6 percent overall and concerned banks and non-financial companies, both public and private.

Regarding, asset management showed a strong dynamic in 2021 with a 13.3 percent increase in the net outstanding amounts of mutual funds, owing to the growth of net subscriptions to 48.1 billion dirhams and to the positive performance of all funds categories.

In the Casablanca stock market, prices continued their upward trend started after the strong drop of March 2020, ending the year with a performance of 18.3 percent, particularly driven by pharmaceutical companies whose shares posted a 179.7 percent gain. The year also saw a notable increase in turnover in the equity market, while the number of listed companies remained unchanged.

On the real estate market, the downward movement in prices recorded since 2019 has intensified sharply, with a decline of 3.3 percent decline, the largest since the market monitoring system was set up in 2010, whereas the number of transactions rebounded by 33.1 percent, after two years of decline. These trends in prices and transactions were observed in the major cities and concerned all categories of property.

Table 1.8.1: Key indicators of asset markets (percent change unless otherwise stated)

	2017	2018	2019	2020	2021
Debt market					
Outstanding amount of Treasury bills	5.4	5.7	2.0	7.8	7.6
Outstanding amount of private debt	10.5	11.2	15.8	5.4	3.8
Stock market					
MASI	6.4	-8.3	7.1	-7.3	18.3
Liquidity ratio[1] in the central market equity (in %)	6.5	6.0	5.3	6.0	6.4
Capitalization (in % of GDP)	54.6	48.7	50.5	50.8	53.8
Real estate market					
Real Estate Price Index	5.5	0.0	-0.3	-0.8	-3.3
Number of transactions	-6.5	8.4	-3.8	-13.6	33.1

[1] The liquidity ratio is measured by the annual volume of trade in relation to the average capitalization over the year.

Sources: Bank Al-Maghrib, Ministry of Economy and Finance, Casablanca Stock exchange market, Maroclear and ANCFCC.

1.8.1 Debt securities

Treasury bills

After the 46.2 percent surge to 152.6 billion in 2020, Treasury issues on the domestic market remained high in 2021, totalling 144.5 billion dirhams. They mainly concerned medium and long-term maturities[1] with respective shares of 58 percent and 25 percent instead of 49 percent and 20 percent, while short-term bills accounted for 17 percent after 31 percent a year earlier. These issues were carried out under favourable conditions, with rate cuts ranging from 20 basis points (bp) for 10-year bills to 51 bp for 52-week bills.

Chart 1.8.1: Issues and repayments of treasury bills (in billions of dirhams)

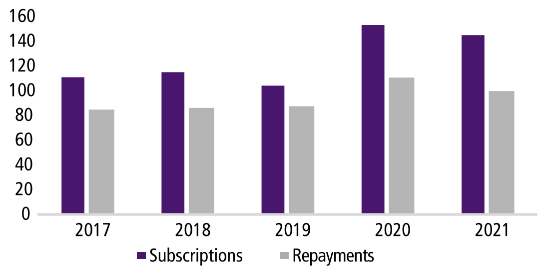
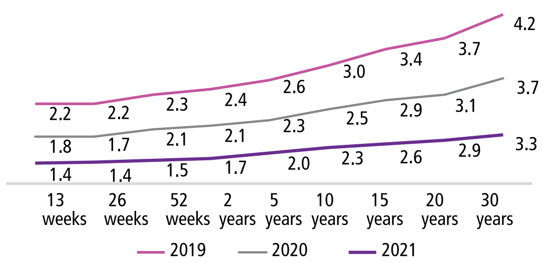
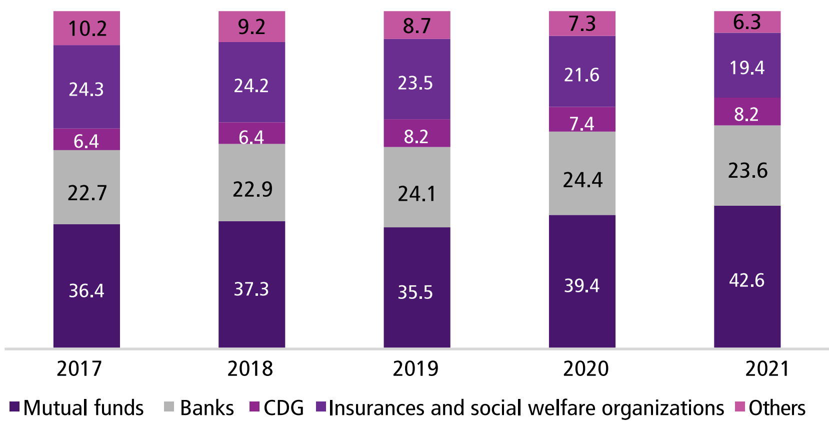


Chart 1.8.2: Average Treasury Bills rates on the primary market (percent)



Taking into account the reimbursement of 98.6 billion dirhams, the outstanding Treasury bills reached 646.6 billion, up by 7.6 percent from 2020. The structure of these bills was dominated by long maturities with a share of 58 percent, against 38 percent for medium maturities and 4 percent for short-term bills. By holder, mutual funds and the Deposit and Management Fund (CDG) rose their shares to 42.6 percent and 8.2 percent respectively, while banks reduced their share to 23.6 percent and "insurance and social welfare organisations" to 19.4 percent.

Chart 1.8.3: Treasury Bills outstanding amount by holder (in percent)



1 Short maturities are those of one year or less, medium maturities are those of 2-5 years and long maturities are those of over 5 years.

Table 1.8.2: Treasury Bills transactions, by maturity (in million dirhams)

	2017	2018	2019	2020		2021	
				Amount	Structure in %	Amount	Structure in %
Subscriptions	**110 680**	**115 052**	**104 393**	**152 647**	**100**	**144 471**	**100**
Short term	25 350	18 227	9 427	47 286	31	24 579	17
Medium term	61 747	73 982	39 796	74 669	49	83 495	58
Long term	23 583	22 843	55 170	30 692	20	36 396	25
Repayments	**84 002**	**85 554**	**93 437**	**109 067**	**100**	**98 580**	**100**
Short term	18 126	24 405	22 084	25 032	23	31 734	32
Medium term	58 019	57 718	52 662	51 450	47	50 991	52
Long term	7 857	3 430	18 691	32 585	30	15 854	16
Outstanding amount	**516 706**	**546 205**	**557 161**	**600 741**	**100**	**646 633**	**100**
Short term	26 276	20 097	10 571	32 825	5	25 670	4
Medium term	191 593	207 857	193 101	216 320	36	248 825	38
Long term	298 838	318 251	353 489	351 596	59	372 138	58

Private debt securities

In 2021, private debt securities issued fell by 20.6 percent to 59.6 billion dirhams, particularly within a context where Bank Al-Maghrib maintained very favourable refinancing conditions.

Funds raised by financial companies decreased by 7 percent to 45.3 billion dirhams, of which 31.5 billion in the form of certificates of deposit. The latter were issued at short maturities up to 57 percent with an average interest rate of 2 percent, while medium and long maturities constituted respectively 36 percent and 7 percent with average rates of 2.3 percent and 2.7 percent. At the same time, bonds issued by banks decreased to 1.7 billion while those issued by other financial companies rose to 3.4 billion. As regards finance companies, their bond issues increased by 9.6 percent to 8.7 billion.

On the other hand, funds raised by non-financial companies, which had rebounded by 55.5 percent in 2020, fell by 45.9 percent to 14.3 billion, of which 11.9 billion were in the form of bonds. This decline reflects a drop to 11.8 billion for private companies and 2.5 billion for public ones.

Table 1.8.3: Private debt issues (in million dirhams)

	2017	2018	2019	2020	2021	Change 2021/2020	
						In millions	In %
Overall	**76713**	**68874**	**86289**	**75063**	**59592**	**-15471**	**-20.6**
Financial companies	**60409**	**54052**	**69345**	**48720**	**45333**	**-3888**	**-7.0**
Banks	52044	47100	57684	38902	33223	-5680	-14.6
Certificates of deposit	39047	36550	48884	32702	31523	-1180	-3.6
Bonds	12997	10550	8800	6200	1700	-4500	-72.6
Other financial companies	8365	6952	11661	9818	12110	2292	23.3
Finance companies bills	7015	5327	9741	7950	8710	760	9.6
Bonds	1350	1625	1920	1868	3400	1532	82.0
Nonfinancial corporations	**16304**	**14822**	**16943**	**26343**	**14260**	**-12083**	**-45.9**
Private	8679	6822	6793	17843	11760	-6083	-34.1
Bonds	2930	4210	3480	13902	9372	-4530	-32.6
Commercial papers	5749	2612	3313	3941	2388	-1553	-39.4
Public	7625	8000	10150	8500	2500	-6000	-70.6
Bonds	7625	8000	10150	8500	2500	-6000	-70.6
Commercial papers	-	-	-	-	-	-	-

Source : Maroclear.

Considering repayments, the outstanding amount of private debt securities increased by 3.8 percent to 250.6 billion dirhams. Banks continue to lead the structure by issuer with 48 percent, followed by non-financial companies with a share of 37 percent and other financial companies with 15 percent.

Table 1.8.4: Outstanding amount of the private debt (in millions of dirhams)

	2017	2018	2019	2020	2021	Change 2021/2020	
						In millions	In %
Overall	**177 733**	**197 724**	**228 993**	**241 458**	**250 587**	**9 129**	**3.8**
Financial companies	**112 530**	**127 772**	**153 092**	**154 875**	**158 288**	**3 413**	**2.2**
Banks	94 152	103 463	121 833	120 859	120 548	-311	-0.3
Certificates of deposit	46 517	52 778	64 348	57 174	56 163	-1 011	-1.8
Bonds	47 635	50 685	57 485	63 685	64 385	700	1.1
Other financial companies	18 378	24 309	31 259	34 016	37 740	3 724	10.9
Finance companies bills	15 488	19 769	25 414	26 884	29 608	2724	10.1
Bonds	2890	4540	5845	7132	8132	1000	14.0
Nonfinancial corporations	**65 203**	**69 952**	**75 901**	**86 583**	**92 299**	**5 716**	**6.6**
Private	28 995	28 223	26 852	32 109	36 592	4 483	14.0
Bonds	26 943	26 927	24 918	29 797	35 236	5 439	18.3
Commercial papers	2 052	1 296	1 934	2 312	1 356	-956	-41.3
Public	36 208	41 729	49 049	54 474	55 707	1 233	2.3
Bonds	36 208	41 729	49 049	54 474	55 707	1 233	2.3
Commercial papers	-	-	-	-	-	-	-

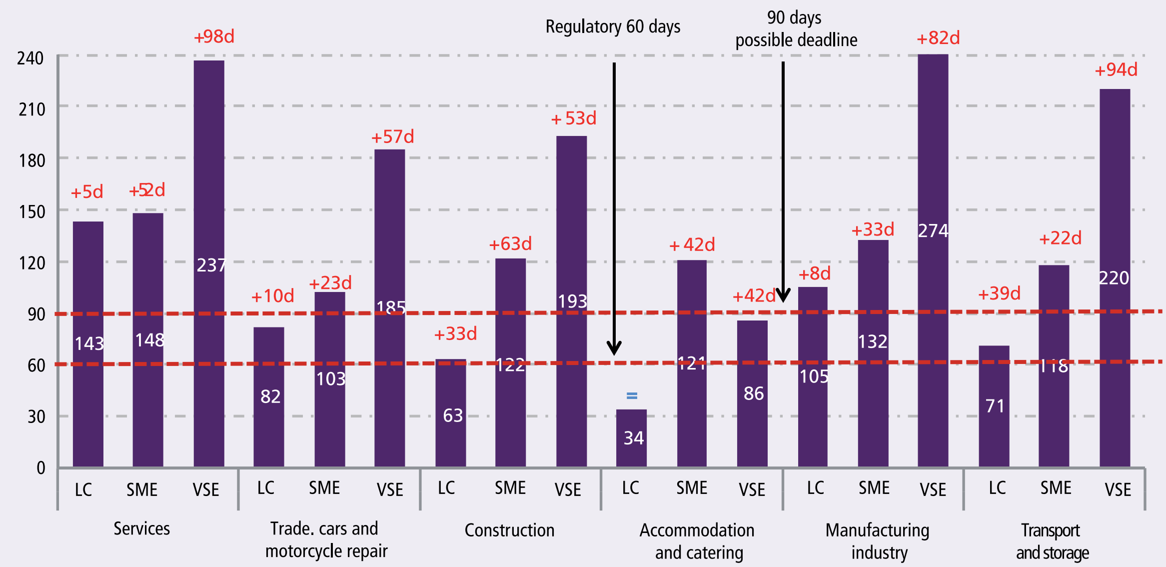
Source : Maroclear.

Box 1.8.1: Evolution of inter-company payment deadlines

According to Bank Al-Maghrib's estimates, conducted on the basis of 2020 data collected from a sample of 58,000 private non-financial companies[1], the problem of payment delays is still persisting and has even worsened in some sectors that were heavily hit by the Covid-19 pandemic.

Small enterprises recorded a significant increase in the customer payment deadlines. This was particularly the case for small companies operating in the manufacturing, the services and the transport and the ware horsing entreposage sectors, where the average time of payment stood at 274 days, 237 days and 220 days respectively. Similarly, large enterprises, which usually benefit from the shortest lead times, recorded particularly longer periods in the "transport and storage" (+39 days) and the "construction" sectors (+33 days). For SMEs, the rise ranged from 22 days to 63 days, depending on the sector.

Chart B.1.8.1.1: Customer payment deadlines by sector and by size (in days of sales)



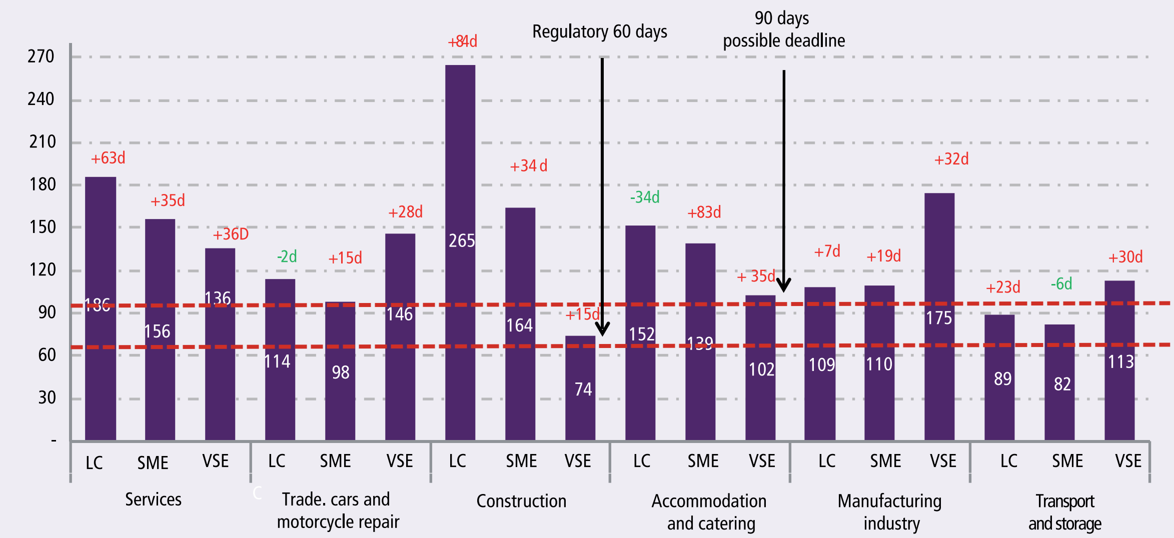
Sources: OMPIC data and BAM processing and calculations.

With respect to payment deadlines for suppliers, more than a quarter of the companies in the sample pay their suppliers within a period of more than 120 days, a proportion that has been steadily increasing since 2017, when it stood at 21 percent. In contrast, six out of ten companies honour their commitments within the regulatory limit of 60 days.

Analysis by company size reveals a significant decline in payment practices among large enterprises, particularly in the "construction" and "services" sectors. On the other hand, in the "accommodation and food catering" sector, suppliers were paid 34 days in advance on average compared to 2019. In this same sector, the deadlines were on the rise for VSEs and SMEs, with respective increases of 35 days and 83 days.

[1] Companies that are deemed to have reliable annual accounts, based on the audit process.

Chart B.1.8.1.2: Supplier payment deadlines by sector and by size (in days of purchases)



Sources: OMPIC data and BAM processing and calculations.

Aware of the impact that these payment periods have on enterprises' development, particularly very small ones, the authorities have continued, over the last few years, their regulatory and operational efforts, namely by: **(i)** Setting the time limit at 60 days for all public procurement and fixing the default interest calculation methods; **(ii)** Establishing electronic platforms where suppliers of public institutions and companies can submit their complaint or electronically deposit their invoices; **(iii)** Creating the Observatory on Payment Deadlines, whose composition and operation were set by a decree published at end-2017. The first meeting of the Observatory was held in July 2018 and its first report was published in 2021; and **(iv)** Drafting an amendment to the law on payment deadlines, notably to introduce financial penalties for companies exceeding the regulatory limits.

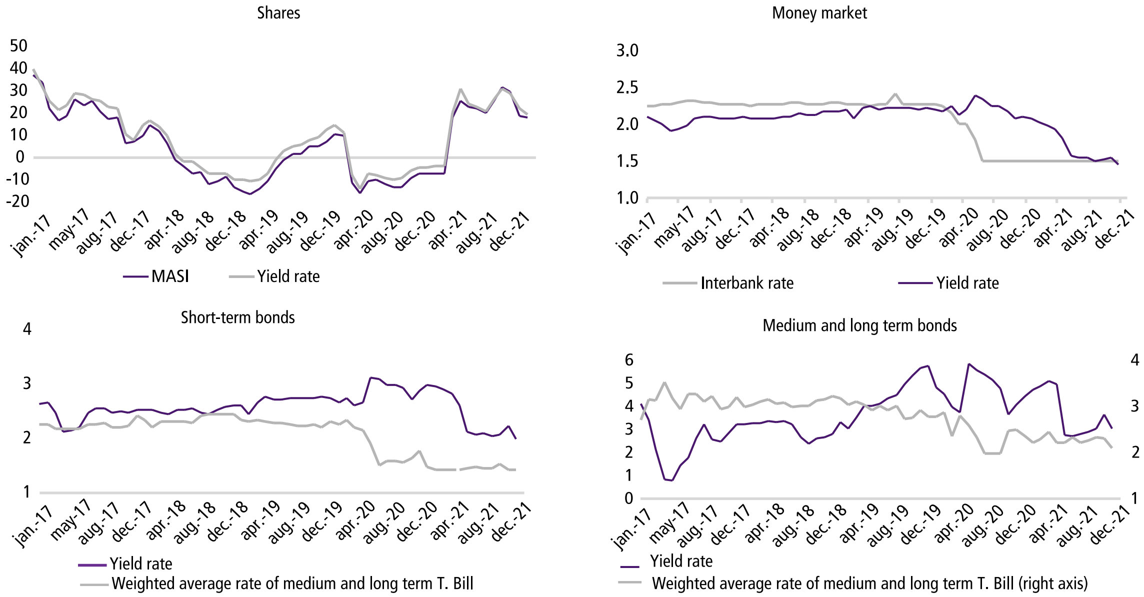
1.8.2 Mutual funds securities

Amid a strong improvement in available savings and a significant appreciation of stock market prices, subscriptions to mutual fund securities rose by 15.5 percent to 1085.6 billion dirhams, mainly driven by short-term funds. Accordingly, the amount of money market funds' securities purchases increased by 20.1 percent to 429.5 billion and that of short-term bond funds grew by 32.5 percent to 246.7 billion. Similarly, purchases of securities by diversified funds more than quadrupled, reaching 42.7 billion, while medium and long-term bond funds and contractual funds fell by 4.5 percent and 22.7 percent respectively.

Taking into account a 15.3 percent increase in redemptions to 1037.5 billion dirhams, the net inflow reached an exceptional level of 48.1 billion. It amounted in particular to 29.2 billion for diversified funds, 8.7 billion for medium and long-term bonds and 7.6 billion for money market funds, while contractual funds recorded a net outflow of 2 billion.

In terms of performance, all categories of funds posted positive returns, albeit at widely contrasting rates. For example, yields ranged from 1.5 percent for money market funds, which were impacted by the decline in interest rates, to 19.5 percent for equity funds, which benefited from the significant rise in stock prices. Taking advantage of the lower rates on Treasury bill issues, bond funds posted yields of 2 percent for short-term funds and 3 percent for medium- and long-term funds.

Chart 1.8.4: Returns on mutual funds (in percent)



Sources : Bank Al-Maghrib and Moroccan Capital Market Authority.

Under this background, mutual funds' net assets amounted to 592.9 billion dirhams, up by 13.3 percent. The assets of bond funds increased by 5.6 percent to 324.8 billion for medium and long maturities and by 4.5 percent to 75.3 billion for short maturities. Similarly, money market funds grew by 12.1 percent to 81 billion, equity funds by 27.1 percent to 47.1 billion and diversified funds more than doubled to 63.1 billion. On the other hand, the net assets of contractual funds recorded a significant decline, from 3.6 billion to 1.7 billion dirhams.

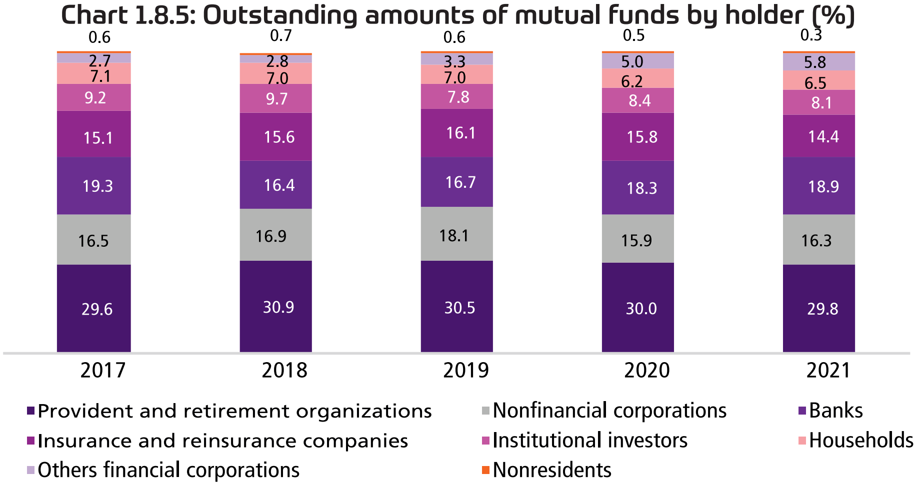
Table 1.8.5: Net assets of mutual fund (in billion dirhams)

	2017	2018	2019	2020	2021
			Subscriptions		
Shares	14.0	6.5	7.3	7.2	9.3
Contractual	15.6	20.9	19.8	21.0	16.2
Diversified	15.6	14.7	9.2	10.4	42.7
Money-market	443.2	361.7	353.8	357.8	429.5
Short-term bonds	128.3	165.1	185.5	186.2	246.70
Medium and long term bonds	150.7	204.8	266.7	357.2	341.2
Total	**767.4**	**773.6**	**842.3**	**939.7**	**1085.6**
			Repurchases		
Shares	7.7	7.0	5.4	5.3	6.4
Contractual	15.3	20.1	20.4	19.6	18.2
Diversified	8.9	13.4	10.3	8.7	13.4
Money-market	448.8	370.7	356.5	346.3	421.9
Short-term bonds	117.4	164.2	190.3	180.5	245.1
Medium and long term bonds	140.6	184.6	246.4	339.0	332.5
Total	**738.7**	**760.1**	**829.2**	**899.5**	**1037.5**
			Net assets		
Shares	35.4	31.7	37.4	37.1	47.1
Contractual	1.9	2.8	2.2	3.6	1.7
Diversified	26.7	27.8	28.9	30.8	63.1
Money-market	68.5	60.9	59.5	72.2	81.0
Short-term bonds	65.0	67.5	64.6	72.1	75.3
Medium and long term bonds	218.4	244.1	277.9	307.4	324.8
Total	**416.0**	**434.8**	**470.6**	**523.2**	**592.9**

Source : Moroccan Capital Market Authority.

Besides this trend in net assets, their structure by holder remained nearly stable. Thus, the share of insurance and reinsurance companies fell to 14.4 percent while that of institutional investors fell to 8.1 percent. Conversely, banks, non-financial companies and other financial institutions saw their shares increase by 18.9 percent, 16.3 percent and 5.8 percent, respectively, while the share of provident and retirment organizations remained almost unchanged, at 29.8 percent.

Chart 1.8.5: Outstanding amounts of mutual funds by holder (%)



Source : Moroccan Capital Market Authority.

Box 1.8.2 : Evolution of securities lending activity

Securities lending is an operation whereby a lender temporarily transfers ownership of financial securities to a borrower in exchange for a fee. These operations first appeared in the 19th century[1], but only gained momentum in the 1960s with the set up of the first relevant regulatory framework, now an essential component of financial markets. According to the International Securities Lending Association (ISLA)[2], the outstanding amount of these operations is expected to reach 32,000 billion euros in 2021, i.e. 28.5 percent of global GDP.

Securities lending operations allow to enhance market liquidity, to increase portfolio profitability by providing additional remuneration for long-term investments and to facilitate speculation on downward price movements. Nonetheless, these operations involve several risks linked in particular to the failure to return securities or collateral, to investment losses on fixed-income products, as well as to operational or legal considerations.

In Morocco, securities lending has been carried out for several years, but was not regulated until 2013 with the enactment of Law 45-12. The legal framework surrounding this activity was subsequently strengthened by several texts aimed at setting up a specific accounting and tax framework and standardising the contracts governing these operations.

However, this activity has not yet developed sufficiently to make a significant contribution to the development of the financial instruments. It essentially involves exchanges of securities between banks and mutual funds for collateral purposes in the context of refinancing operations with the Central Bank. Indeed, between 2016 and 2021, 81 percent of the securities exchanged were Treasury bills, 83 percent were lent by mutual funds and 58 percent were borrowed by banks.

Chart B1.8.2.1: Total volume of securities lending (in billion dirhams)

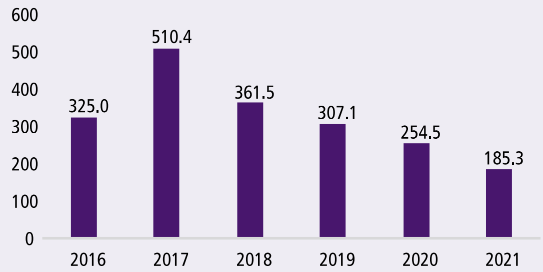
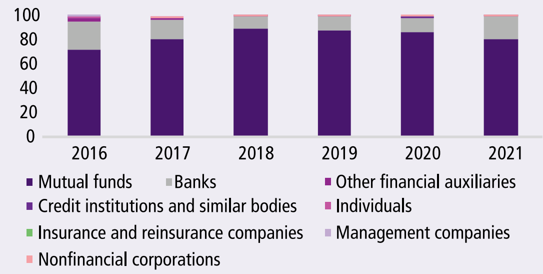


Chart B1.8.2.2: Volume processed by category of lender (percent)



Source : Moroccan Capital Market Authority.

1 Study on the Moroccan financial market conducted by CEJEFIC Consulting and sponsored by the Casablanca Stock Exchange in October 2014.

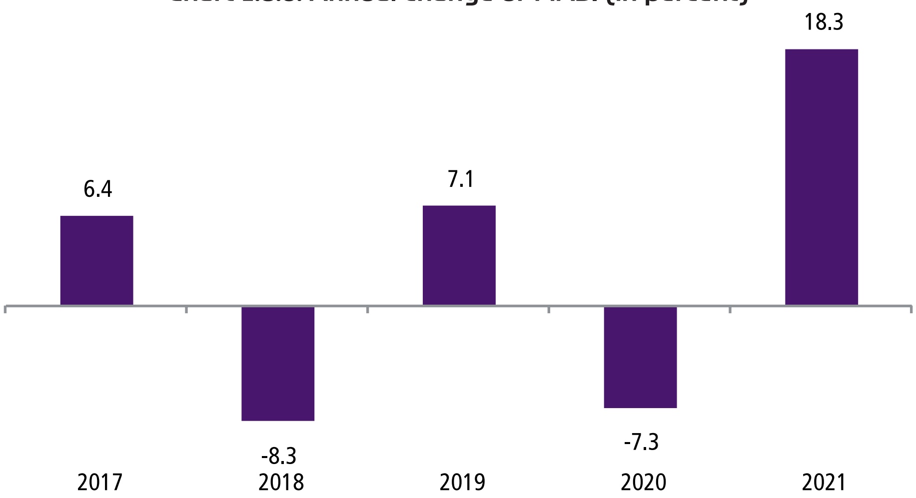
2 The International Securities Lending Association (ISLA) is a non-profit industry association, representing the common interests of securities lending and financing market participants across Europe, Middle East and Africa.

To order to boost this activity, a new regulatory framework (Law 83-20) was adopted in 2021. Its aim is to improve the liquidity of securities by extending the list of participants in securities lending operations to include real estate collective investment schemes (OPCI), individauls and foreign residents, and expanding the list of eligible securities to all financial instruments, excluding forward instruments. It also strengthens the security lending and borrowing transactions by requiring collateral, setting up dedicated trading platforms and introducing a system of criminal penalties.

1.8.3 Stock market

Despite the persistance uncertainties linked in particular to the evolution of health situation, the uptrend in stock prices, which began after the March 2020 sharp fall, continued in 2021, favored by a 117.5 percent rebound in the profits of listed companies.

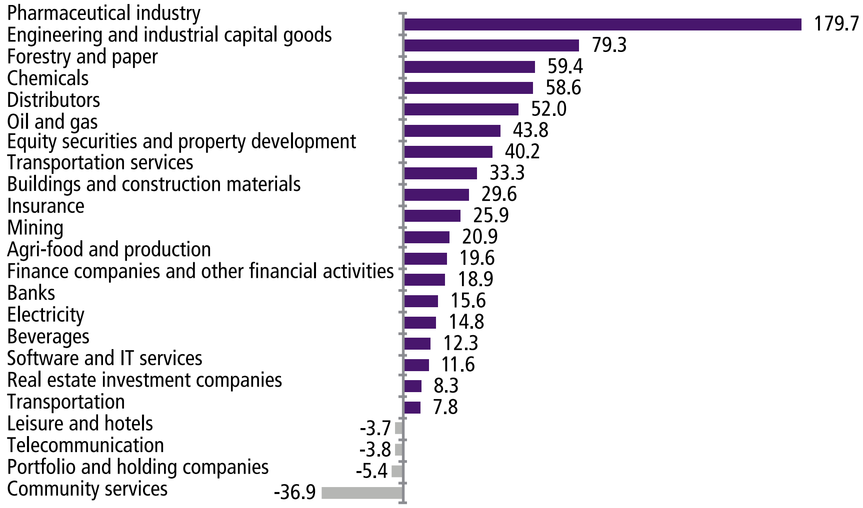
Chart 1.8.6: Annual change of MASI (in percent)



Source: Casablanca Stock Exchange.

The Casablanca stock market thus ended the year with an 18.3 percent performance, after a 7.3 percent decline in 2020. This increase covered most sectors, particularly the “pharmaceutical industry” which rose by 179.7 percent, “buildings and construction materials” with 29.6 percent and banks with 15.6 percent. Conversely, some sectors such as telecommunications and “leisure and hotels” with 3.8 percent and 3.7 percent decline respectively.

Chart 1.8.7: Change od sectoral indexes in 2021 (in percent)



Source: Casablanca Stock Exchange.

Considering a relatively generous dividend distribution, with a yield of 2.59, the PER[1] of the Casablanca stock exchange has decreased significantly from 30.6 to 23.8, but remains high compared to the main "frontier markets".

Table 1.8.6: PER and dividend yield of the most represented countries in the category "emerging markets" and "Frontiers Markets"

Countries	Weight in the MSCI[1]		PER		Dividend yield (%)	
	Catégorie	poids	2020	2021	2020	2021
Vietnam	FM	30.46	18.40	18.1	1.98	1.22
Morocco	FM	**10.32**	**30.60**	**23.80**	**2.88**	**2.59**
Bahrain	FM	6.86	18.80	12.6	4.34	2.35
India	EM	12.45	31.7	24.4	1.28	1.14
Brazil	EM	3.99	23.9	8.3	2.34	6.62

[1] At December 31, 2021.

Source : Eikon.

On the other hand, trade volume improved significantly, to 74.7 billion dirhams against 55.8 billion in 2020. Almost all the transactions concerned shares and were carried out for an amount of 40.8 billion on the central market and 23.5 billion on the over the counter market.

1 The PER is the ratio of share price to earnings per share and the dividend yield is the ratio of the dividend paid to the share price. Data are estimates provided by Eikon.

Table 1.8.7: Volume of transactions (in million dirhams)

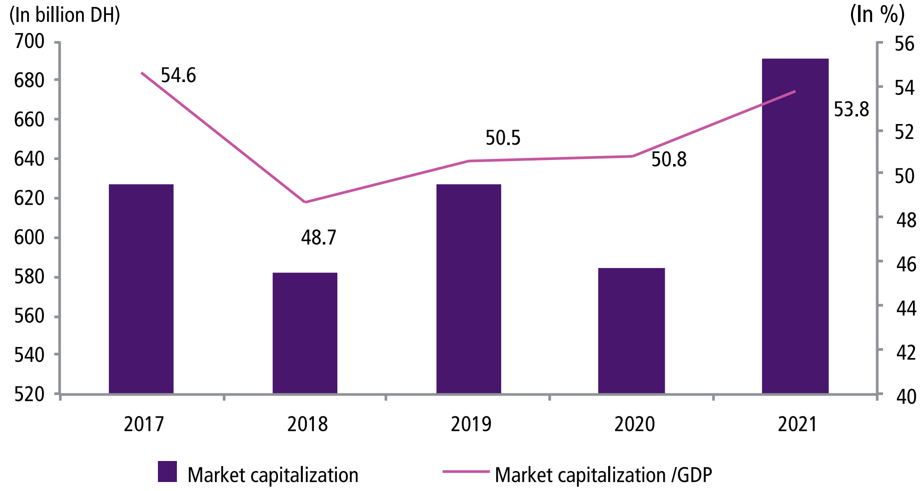
	2017	2018	2019	2020	2021
I- Shares	**66 877.7**	**50 915.2**	**74 863.9**	**55 308.5**	**74 557.0**
1-Central market	39 489.0	37 121.8	31 199.5	33 001.4	40 781.4
2-OTC market	24 051.3	8 791.4	26 676.1	15 836.9	23 474.0
Total of the secondary market (1+2)	**63 540.3**	**45 913.2**	**57 875.6**	**48 838.4**	**64 255.4**
3- New listings	-	798.6	-	600.0	600.0
4- Securities contributions	1 213.1	251.3	4 135.4	2 096.3	6 778.1
5- Public offerings	67.1	25.2	2 382.9	0.0	28.2
6- Transfers	622.7	429.7	622.1	1 367.9	502.7
7- Capital increases	1 434.5	3 497.3	9 847.8	2 406.0	2 392.6
Total of other markets (3+4+5+6+7)	**3 337.4**	**5 002.1**	**16 988.3**	**6 470.1**	**10 301.6**
II- Bonds	**2 859.9**	**1 772.6**	**530.7**	**468.1**	**186.1**
8- Central market	307.8	55.1	3.3	-	36.1
9- OTC market	1 684.4	950.1	527.4	186.9	130.1
Total of secondary market (8+9)	**1 992.3**	**1 005.2**	**530.7**	**186.9**	**166.1**
10- New listings	657.9	767.4	-	-	20.0
11- Securities contributions	209.7	-	-	281.2	-
12- Transfers	-	-	-	-	-
Total of other markets (10+11+12)	**867.6**	**767.4**	**-**	**281.2**	**20.0**
Total (I+II)	**69 737.6**	**52 687.8**	**75 394.6**	**55 776.6**	**74 743.1**

Source: Casablanca Stock Exchange.

By category of investors, 42.1 percent of exchanges were carried out by Moroccan legal entities, 31.9 percent by mutual funds, 14 percent by Moroccan natural persons and 8.7 percent by foreign legal entities.

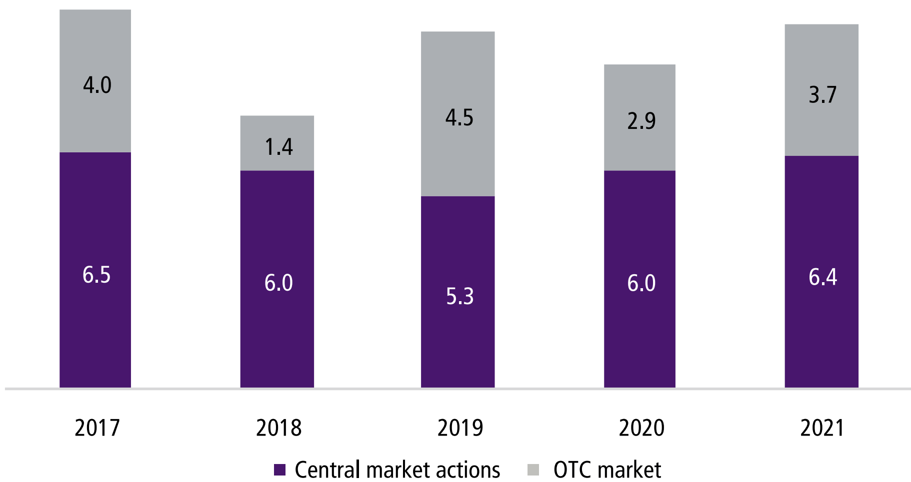
Hence, market capitalisation grew by 105.7 billion to 690.7 billion dirhams, mainly due to the increase in the banking, buildings and construction materials and pharmaceuticals sectors. Its GDP ratio rose to 53.8 percent against 50.8 percent a year earlier. Similarly, the free floating capitalization increased by 16.9 percent following the appreciation of prices, as the liquidity ratio on the central equity market reached 6.4 percent against 6 percent.

Chart 1.8.8 : Stock market capitalisation



Sources: Casablanca Stock Exchange and BAM calculations.

Chart 1.8.9: Liquidity ratio in the equity market (in percent)



Sources: Casablanca Stock Exchange and BAM calculations.

During the year, the stock exchange recorded one listing and one delisting operations and launched one delisting procedure. TGCC, a company specialising in industrial public works and construction, joined the “buildings and construction materials” sector on 16 December. The operation involved 600 millions dirhams, i.e. 13.94 percent of the company's share capital, divided equally between a capital increase of 300 millions dirhams to finance the group's development and a sale of 33 percent of the shares held by its shareholder “Mediterrania Capital Partners”.

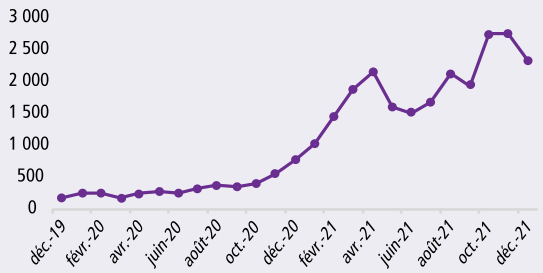
Furthermore, "Nexans Maroc", the sole company in the “Electronic and Electrical Equipment” sector, withdrew from the list on 13 December, on grounds of insufficient liquidity of its shares. For the same reason, Centrale Danone filed a proposed public buyout offer on 3 December. At end-2021, the number of companies listed on the Casablanca Stock Exchange remained stable at 74.

In order to attract new companies to the stock market, the Moroccan Capital Market Authority, the Casablanca Stock Exchange, Maroclear and the Professional Association of Stock Exchange Companies signed a memorandum of understanding on 8 December 2021 aimed at facilitating access of SMEs to the stock market. This agreement provides for introducing an advantageous pricing system, with a 50 percent reduction in listing fees, simplifying the access procedure and setting up a training and support system for the benefit of SMEs.

Box 1.8.3: Recent developments relating to the introduction of central bank digital currencies

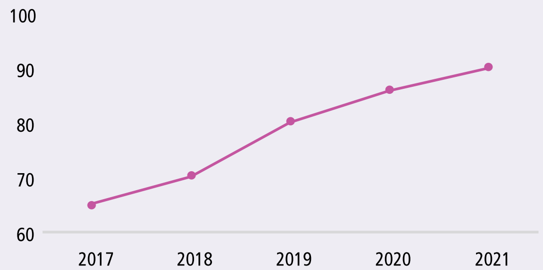
In 2021, crypto assets' development and trading speeded up significantly, as their capitalisation almost quadrupled between the end of 2020 and the end of 2021 to reach nearly $3,000 billion[1].

Chat B.1.8.3.1: Capitalisation of crypto assets (in billion dirhams)



Source: Coingecko.

Chat B.1.8.3.2: Share of central banks that have initiated research on CBDC



Source: BIS survey

In view of the evolution of crypto assets over the last few years, central banks started changing their attitude towards their introduction, already launched in 2009. While they were reluctant at the beginning, banks gradually began to take an interest in these assets, given their growing importance, and some of them are even considering issuing a Central Bank Digital Currency (CBDC). According to the Bank for International Settlements (BIS), which conducts an annual survey on the subject, 90 percent of the central banks that responded to the 2021 edition stated that they were at a more or less advanced stage of exploring the possibility of setting up a CBDC. This percentage stood at 65 percent in 2017 and 86 percent in 2020, whereas in 2014 only the Central Bank of Uruguay had initiated such a reflection. Furthermore, aware of the implications of such a currency on cross-border payments, central banks have strengthened their cooperation efforts to identify common policy lines for these future new currencies.

[1] BIS Papers No 125 : Gaining momentum – Results of the 2021 BIS survey on central bank digital currencies, may 2022.

Several central banks have reached a fairly advanced stage in conducting field tests of a publicly accessible retail CBDC[2], albeit on a limited scale. This is the case in the Central Bank of China, which has deployed the e-CNY in pilot regions, the Riksbank, “Central Bank of Sweden”, which is now at the Proof Of Concept phase in its "E-Krona" digital currency, the Central Bank of the Bahamas, which launched the Sand Dollar in October 2020, and the Central Bank of Nigeria, which launched the eNaira at the end of 2021.

In addition, several wholesale CBDC[3] projects have been launched, some of which have reached an advanced stage. These include:

- Project Jasper, launched in 2016 by the Bank of Canada in partnership with Payments Canada, its member institutions, and other market participants ;
- Project Khokha of the South African Reserve Bank, whose first phase was launched in 2018 ;
- Project Jura, launched in 2021 jointly by the BIS, the Banque de France and the Swiss National Bank, which investigated cross-border settlements on a distributed ledger platform using wholesale CBDC in Euro and Swiss Francs;
- Project Dunbar, launched in 2021 by the BIS with the Central Banks of Australia, Malaysia, Singapore and South Africa with the aim of issuing several wholesale CBDCs;
- Experiment programme of the Banque de France, involving tests launched in May 2020, on the issuance of a secured bond tokenised by the Société Générale, subscribed by the bank and settled with digital euros issued by the Banque de France.

It is worth recalling that the value of CBDCs lies in their potential to foster financial innovation and financial inclusion and to reduce transaction costs and delays. They could also improve monetary policy-making, reduce the financial cost and environmental impact of cash and contribute to the fight against terrorist financing and money laundering.

On the other hand, some central banks, particularly the FED, while continuing to consider the advisability of introducing such currencies, are still wondering about their contribution in improving a national payment system, which they consider already efficient and secure. This questioning apparently reflects a degree of caution, especially with regard to the uncertainties surrounding the implications of such a currency, particularly with regard to financial stability, the protection of personal data and the fight against the financing of illicit activities. Similarly, the ECB launched in July 2021, the investigative phase of the project aimed at establishing a digital Euro, which should last two years, while specifying that this does not prejudge any future decision on the possible issuance of this currency.

In Morocco, Bank Al-Maghrib has proactively set up a committee in early 2021 to study the opportunity, modalities and consequences of issuing a CBDC. In view of the far-reaching implications of this project, the Bank has established a broad consultation process with all stakeholders. It this set up working sub-groups, identified discussion themes, and held regular meetings with international bodies in order to better understand the problem and to draw conclusions from the experiences already gained in this area.

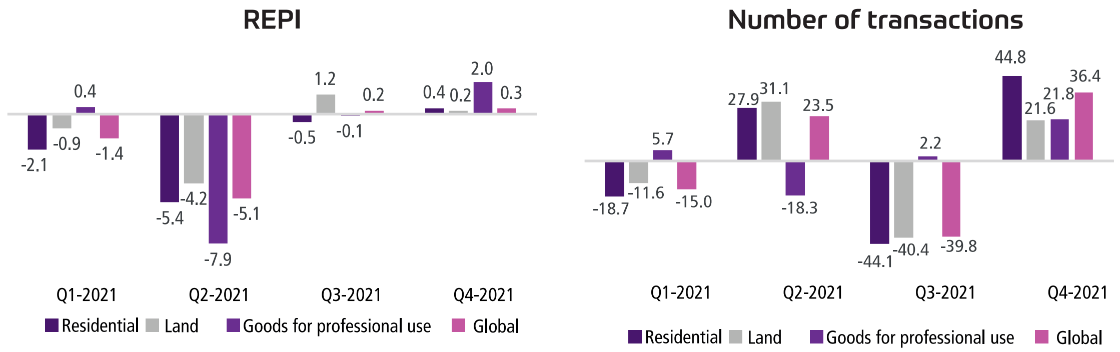
[2] Retail CBDM: Publicly available CBDM
[3] Wholesale CBDM: CBDM available only to financial intermediaries.

1.8.4 Real estate assets

In 2021, the real estate market witnessed an upturn in transactions alongside a sharp decline in prices. Thus, after contractions of 3.8 percent in 2019 and 13.6 percent in 2020, sales posted an average increase of 33.1 percent and concerned all property categories. It amounted to 26.4 percent for residential property, 50.3 percent for real estate and 46.3 percent for professional property.

On the other hand, prices' downward trend intensified sharply with a 3.3 percent decline, the largest since the first issue of the Real Estate Asset Price Index (REPI) in 2010. The drop amounted to 4 percent for residential assets, 1.9 percent for land and 4.6 percent for commercial property.

Chart1.8.10: Quarterly changes in the REPI and number of transactions by asset category (in percent)



Sources : BAM et ANCFCC.

Table 1.8.8: The REPI and the number of transactions (in percent change)

	REPI					Transactions				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Overall	**5.5**	**0.0**	**-0.3**	**-0.8**	**-3.3**	**-6.5**	**8.4**	**-3.8**	**-13.6**	**33.1**
Residential	**5.1**	**0.2**	**0.1**	**-1.0**	**-4.0**	**-7.6**	**6.7**	**-2.1**	**-16.2**	**26.4**
Apartment	6.1	0.1	0.2	-0.9	-5.0	-6.9	5.9	-1.8	-15.6	25.2
House	1.5	0.1	-0.7	-2.1	0.0	-15.4	18.4	-2.4	-28.3	51.6
Villa	4.0	0.2	-0.3	-1.1	-2.5	-16.0	14.8	-13.2	-11.0	20.5
Land	**6.4**	**-0.2**	**-1.1**	**-0.2**	**-1.9**	**-4.0**	**12.5**	**-10.0**	**-7.3**	**50.3**
Business properties	**6.4**	**0.6**	**0.3**	**-0.8**	**-4.6**	**-2.5**	**13.8**	**-4.0**	**-4.5**	**46.3**
Commercial premises	5.9	1.3	-0.3	-0.8	-4.3	-3.5	13.0	-5.8	-3.8	43.7
Offices	7.7	-2.0	2.1	-0.3	-6.9	5.7	18.9	6.7	-8.7	61.1

Sources : BAM and ANCFCC .

The sales increase was widespread in all major cities, with growth rates ranging from 23.6 percent in Casablanca to 62.3 percent in El Jadida. Likewise, price depreciation affected all the major cities with decreases ranging from 0.6 percent in Oujda to 6.1 percent in El Jadida.

Table 1.8.9: REPI and number of transactions by major cities (in percent change)

	REPI					Transactions				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Casablanca	4.7	1.4	-0.7	-0.6	-4.1	5.1	-3.5	0.1	-9.2	23.6
Marrakech	8.4	-3.5	-2.5	-1.0	-3.5	-10.2	16.1	-13.8	-3.0	24.3
Fez	9.3	-1.9	-0.3	-1.5	-4.8	-10.5	10.3	-8.9	-8.3	26.7
Meknes	7.4	0.7	0.7	-1.7	-4.3	-14.1	8.5	-6.6	-18.2	34.8
Oujda	3.8	1.4	-0.4	-0.3	-0.6	-2.6	-5.6	-13.4	-17.4	41.4
Tangier	6.3	1.4	0.2	-2.0	-3.1	-16.4	20.4	-1.5	-24.5	43.5
Kenitra	5.9	0.7	1.2	-3.0	-2.8	-14.6	19.5	-8.2	-15.2	45.3
Agadir	6.4	1.2	-0.8	0.2	-4.2	-4.3	25.2	-12.6	-10.3	35.8
El jadida	6.6	-0.5	0.0	1.2	-6.1	-14.4	9.2	-4.6	-31.4	62.3
Rabat	-0.1	2.6	-1.2	0.7	-4.1	-18.8	23.1	-13.1	-16.9	38.2
Global	**5.5**	**0.0**	**-0.3**	**-0.8**	**-3.3**	**-6.5**	**8.4**	**-3.8**	**-13.6**	**33.1**

Sources : BAM and ANCFCC .

1.9 Financing the economy

This chapter seeks to trace the financial flows occurring between economic agents (households, public administrations, financial companies, non-financial companies and the rest of the world) through analysis of the methods used to finance their needs and to invest their surplus.

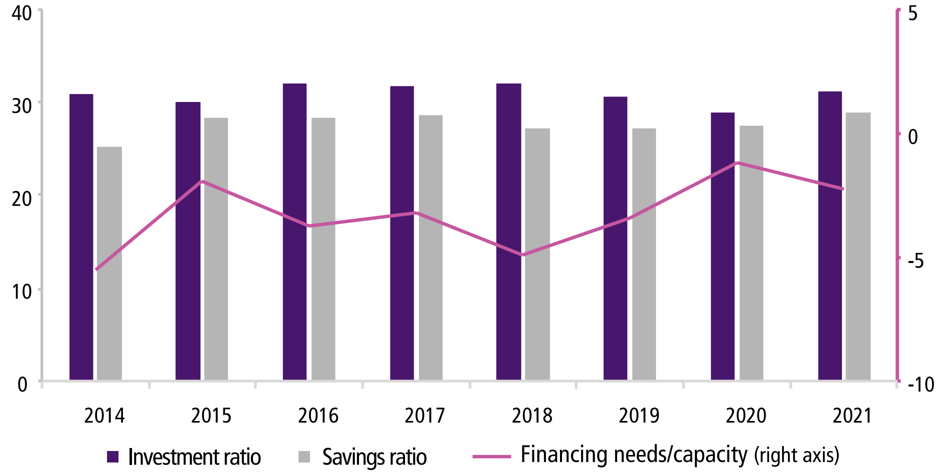
It is compiled based on several data sources, including monetary statistics from Bank Al-Maghrib, the balance of payments and the international investment position published by the Foreign Exchange Office, as well as the national accounts of institutional sectors compiled by the HCP. Since the latter were not available at the time of drafting this chapter, estimates are made by adopting the previous year's structure by agent, which may result in significant differences from actual figures. It should be noted in this regard that the national accounts data used refer to the new base year of 2014 instead of 2007.

Despite the data limitations, this chapter is kept in BAM's annual report as one of the few references that address the issue of financing the economy. Once the data are available, the Bank conducts a thorough evaluation of these estimates in order to draw the necessary lessons for the next year's report.

Thus, the gross national disposable income (GNDI) reached 1371.7 billion dirhams in 2021, up 12.2 percent, as against the 5.5 percent decline in 2020. Taking into account a 10.8 percent increase in final consumption to 1,002.1 billion dirhams, national savings will have rebounded by 16.2 percent to 369.6 billion, equivalent to 26.9 percent of GDI.

At the same time, investment stood at 398.8 billion dirhams or 31.1 percent of GDP against 28.8 percent in 2020. Under these circumstances, the financing requirement rose to 29.1 billion dirhams and its ratio to GDP increased from 1.2 percent to 2.3 percent.

Chart 1.9.1: Financing requirement (in percent of GDP)



Source: HCP.

By institutional sector[1], the financing needs of non-financial companies would have increased in 2021 and covered up to 19.7 billion dirhams by external resources. The financing requirement of the general government[2] would have decreased from 54.2 billion to 24.6 billion. Likewise, financing capacity of households[3] would have decreased from 36.7 billion to 11.4 billion.

Box 1.9.1: Financing capacity/requirement: adjustments induced by the change in the national accounts base

According to the HCP, the financing requirement or capacity corresponds to the general balance of non-financial operations that emerges from the capital account. It indicates the net position of the economy vis-à-vis the rest of the world. A financing capacity results, for a given period, from a surplus of non-financial resources over non-financial uses. Conversely, a financing requirement results from an excess of non-financial uses over non-financial resources, which implies a reliance on additional resources.

This balance is equal to gross savings plus net capital transfers minus expenditures for accumulation purposes (GFCF, changes in inventories, net acquisitions of valuables).

Adopting the new base year of 2014 instead of 2007 has resulted in an easing of the economy's borrowing requirement, falling on average between 2014 and 2020 from 3.9% of GDP to 3.4% of GDP.

[1] The 2021 data are estimated by Bank Al Maghrib on the basis of information from the integrated economic accounts table published by the HCP.
[2] They include the central government, local authorities and compulsory provident institutions.
[3] Households include individuals, individual entrepreneurs and non-profit institutions serving households.

Table B.1.9.1.1: Financing requirement in billions of dirhams under the old and new basis, unless otherwise indicated

		2014	2015	2016	2017	2018	2019	2020
Basis 2014	Total investment	308.2	325.3	349.7	363.7	384.1	379.3	331.6
	National savings	253.0	304.2	308.7	327.4	325.8	336.9	318.2
	Financing requirement / capacity	-55.2	-21.1	-41.0	-36.3	-58.4	-42.4	-13.4
	Investment rate, as a percentage of GDP	30.8	30.2	32.0	31.7	32.1	30.6	28.8
	Savings rate, % of GDP	25.3	28.2	28.2	28.5	27.3	27.2	27.6
	Financing gap / capacity, as percentage of GDP	-5.5	-2.0	-3.8	-3.2	-4.9	-3.4	-1.2
Basis 2007	Total investment	301.1	304.3	328.2	346.8	370.2	368.2	310.0
	National savings	245.0	284.6	285.5	309.1	307.8	320.6	290.6
	Financing gap / capacity	-56.0	-19.7	-42.7	-37.7	-62.5	-47.7	-19.3
	Investment rate, percentage of GDP	32.5	30.8	32.4	32.6	33.4	31.9	28.4
	Savings rate, percentage of GDP	26.5	28.8	28.2	29.1	27.8	27.8	26.7
	Financing gap / capacity, as percentage of GDP	-6.1	-2.0	-4.2	-3.5	-5.6	-4.1	-1.8
Gap	Total investment	7.1	21.0	21.5	16.9	13.9	11.1	21.7
	National savings	7.9	19.6	23.2	18.3	18.0	16.4	27.6
	Financing gap / capacity	0.8	-1.4	1.7	1.3	4.1	5.3	5.9
	Investment rate, percentage of GDP	-1.8	-0.6	-0.4	-1.0	-1.3	-1.3	0.3
	Savings rate, percentage of GDP	-1.2	-0.6	0.0	-0.6	-0.5	-0.6	0.9
	Financing gap/capacity, as percentage of GDP	0.5	0.0	0.5	0.4	0.8	0.7	0.6

Source : HCP.

By economic agent, households and financial companies generated an average financing capacity of 15.6 billion dirhams and 15 billion dirhams respectively between 2014 and 2019, as opposed to 10.1 billion and 14.9 billion dirhams according to the 2007 base. On the other hand, non-financial companies and general government recorded financing requirements of 42.9 billion and 32.1 billion respectively, compared with 56.9 billion and 13 billion.

Table B.1.9.1.2: Financing needs/capacity of economic operators, in billions of dirhams

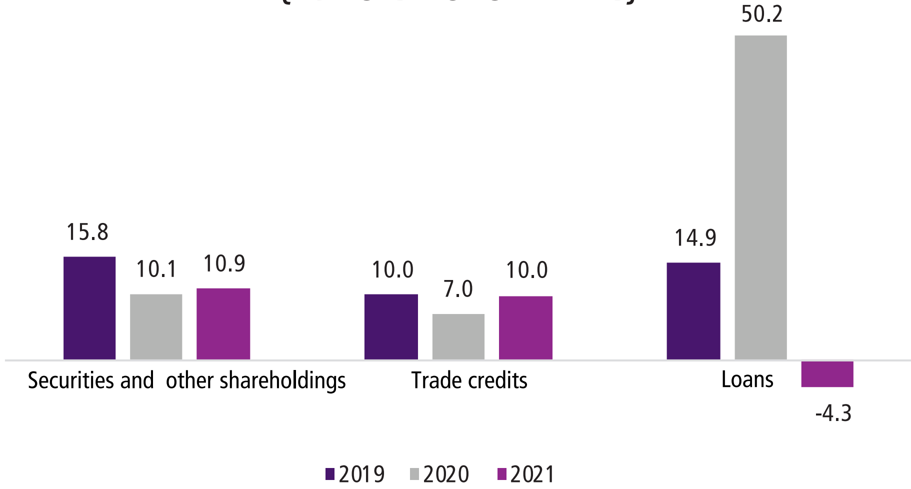
		2014	2015	2016	2017	2018	2019
Basis 2014	Non-financial companies	-53.0	-24.3	-43.5	-42.1	-52.9	-41.8
	Financial companies	11.1	14.1	15.6	15.6	16.9	16.6
	Public administrations	-25.3	-35.0	-32.2	-28.9	-35.3	-35.8
	Households and NPIs	12.0	24.1	19.0	19.1	12.9	18.6
Basis 2007	Non-financial corporations	-64.6	-36.2	-52.9	-56.8	-71.3	-59.4
	Financial corporations	12.0	15.5	12.6	13.8	15.7	19.7
	General government	-10.0	-15.0	-10.6	-5.1	-11.8	-25.3
	Households and NPIs	6.6	16.0	8.2	10.4	4.9	14.6
Gap	Non-financial corporations	11.6	11.8	9.4	14.7	18.4	17.6
	Financial corporations	-0.9	-1.4	3.0	1.8	1.2	-3.0
	General government	-15.3	-20.0	-21.6	-23.8	-23.5	-10.6
	Households and NPIs	5.4	8.1	10.8	8.6	8.0	4.1

Source : HCP.

1.9.1 Financial flows with the rest of the world

Financing requirements of the economy were mainly covered by equity investments in resident companies up to 10.9 billion dirhams, by commercial credits up to 10 billion dirhams and by deposits up to 9 billion dirhams, while external loans were negative by 4.3 billion dirhams.

Chart 1.9.2: Main external financing sources (Net flows in billion dirhams)



Source: Foreign Exchange Office and BAM treatments.

By economic unit, net liabilities of non-financial companies[1] rose by 19.7 billion dirhams, mainly reflecting increases of 10.2 billion in equity investments and 10 billion in commercial loans.

For general government, net external liabilities went up 6.4 billion dirhams, due to the 8.6 billion dirhams rise in borrowings and a 2.2 billion dirhams drop in issuance of securities other than shares. More specifically, the Treasury's gross external borrowing fell from 63 billion dirhams in 2020 to 18.4 billion dirhams, including 8.6 billion dirhams from the World Bank.

Residents' foreign assets expanded by 13.7 billion dirhams compared to 79.9 billion dirhams a year earlier. More specifically, the official reserve assets of Bank Al-Maghrib increased by 10.3 billion dirhams, while the financial assets of other financial companies fell by 2.3 billion. On the other hand, assets of non-financial companies grew by 5.8 billion dirhams, mainly as a result of the 4.8 billion dirhams increase in their commercial advances and the 1.7 billion dirhams increase in their holdings of shares and other equity securities.

[1] Balance of inflows and outflows for commitments.

Table 1.9.1: Financial flows with the rest of the world (in billion dirhams)

	2020				2021			
	Total	GG[1]	NFC[1]	FC[1]	Total	GG[1]	NFC[1]	FC[1]
Funding Requirement[2]	**-13.4**				**-29.1**			
Residents' assets in the rest of the world[3]	**79.9**	**1.8**	**-2.4**	**80.5**	**13.7**	**0.1**	**5.8**	**7.8**
Gold and SDR	-0.5			-0.5	12.4			12.4
Cash and deposits	62.3		-0.3	62.6	-43.4		-1.2	-42.3
Securities and other shareholdings	6.7	1.8	1.4	3.5	4.1	0.1	1.7	2.3
Securities other than shares	16.9	0.0	0.0	16.9	34.9	0.0	0.0	34.9
Credits	0.5		0.2	0.3	0.9		0.4	0.5
Trade credits	-3.8		-3.8	0.0	4.8		4.8	0.0
Other accounts payable	0.0		0.0	0.0	0.0		0.0	0.0
Financial Derivatives	-2.2		0.0	-2.2	0.0		0.0	0.0
Residents' liabilities to the rest of the world[3]	**80.7**	**39.9**	**18.7**	**22.1**	**26.5**	**6.4**	**19.7**	**0.3**
Deposits	-7.5			-7.5	9.0			9.0
Securities other than shares	23.1	23.3	0.0	-0.2	1.3	-2.2	4.4	-0.9
Securities and other shareholdings	10.1		10.0	0.1	10.9		10.2	0.8
Loans	50.2	16.6	1.2	32.4	-4.3	8.6	-4.4	-8.5
Financial Derivatives	-2.8			-2.8	0.0			0.0
Trade credits	7.0		7.0	0.0	10.0		10.0	0.0
Other accounts payable	0.4		0.4	0.0	-0.4		-0.4	0.0

[1] GG: General government; NFC: Nonfinancial corporations; FC: Financial corporations.

[2] National accounts data.

[3] Errors and omissions excluded.

Sources: Foreign Exchange Office data, HCP and BAM estimates.

1.9.2 Financial flows between resident sectors

In 2021, financial flows between resident sectors were shaped by a significant increase in household borrowing from financial companies and a surge in net issuance of Treasury bills.

1.9.2.1 Financial flows of general government

The financial transactions of general government with residents were marked by a rise in the flow of their liabilities. Indeed, net issuance of Treasury bills grew by 45.8 billion after 43.6 billion in 2020, while deposits with the Treasury improved by 14.5 billion after a contraction of 6.9 billion a year earlier. Similarly, their loans increased by 4.4 billion against a decline of 1.2 billion.

Table 1.9.2: Main financial flows of general government (in billion dirhams)

	2020	2021
Financing Requirement[1]	**-54.2**	**-24.6**
Main net flows of financial assets acquisition	**2.0**	**24.9**
Deposits	2.8	16.1
Negotiable debt securities	1.1	-0.1
Treasury bonds	-11.8	-8.7
Mutual funds shares/units	10.0	17.6
Main net flows of liabilities	**50.2**	**60.1**
Deposits with the Treasury	-6.9	14.5
Treasury bonds	43.6	45.8
Loans	-1.2	4.4
Other accounts payable/receivable	14.7	-4.7

[1] BAM estimates based on the table of integrated economic accounts published by the HCP.

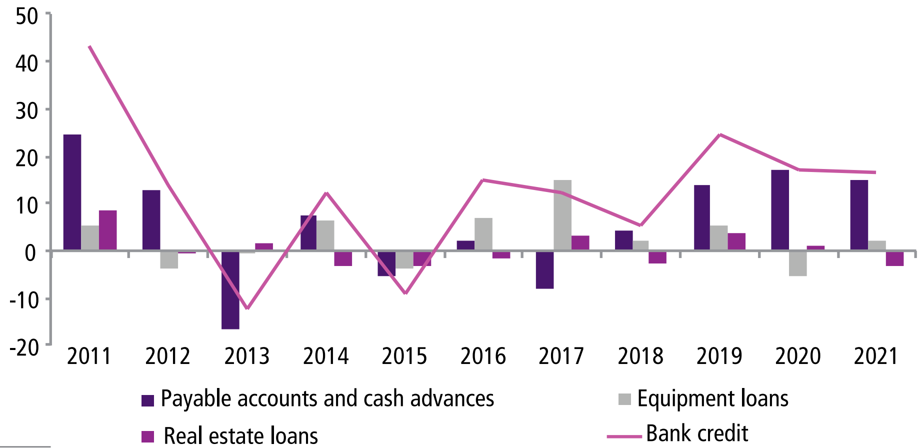
Sources : Bank Al-Maghrib, MCMA and Maroclear.

The financial assets of the general government, which consist mainly of the investments of the compulsory pension and provident funds, increased by 24.9 billion dirhams. Their holdings of mutual fund securities increased by 17.6 billion and their deposits totalled an additional 16.1 billion, while their holdings of Treasury bills fell by 8.7 billion.

1.9.2.2 Financial flows of non-financial companies

Non-financial corporations' liabilities[1] increased by 13.4 billion, reflecting increases of 5.7 billion in their net issuance of debt securities and 7.7 billion in the flow of loans to financial corporations. The flow of cash loans to private nonfinancial corporations in particular rose to 15.2 billion as against 17.3 billion a year earlier.

Chart 1.9.3: Flow of bank loans to non-financial companies



[1] Excluding commercial loans and shares for which data are not available.

Assets of non-financial corporations increased by 33.2 billion dirhams in 2021, as a result of a 19.9 billion dirhams rise in their deposits and a 13.4 billion dirhams surge in their portfolio of mutual fund shares, as well as a 1.1 billion dirhams decrease in their holdings of Treasury bills.

Table 1.9.3: Main financial flows of financial companies (in billion dirhams)

	2020	2021
Funding Requirement[1]	**-12.3**	**-28.7**
Net flows of financial assets acquisition (excluding trade credits and shares)	**2.3**	**33.2**
Deposits	1.0	19.9
Including: Sight deposit	9.9	17.8
Term deposit	-8.8	2.1
Negotiable Treasury bonds	2.9	-1.1
Mutual fund shares/units	-2.1	13.4
Insurance technical reserves	0.5	0.5
Net flows of liabilities (excluding trade credits and shares)	**22.9**	**13.4**
Securities other than shares	10.7	5.7
Loans of financial institutions	12.2	7.7

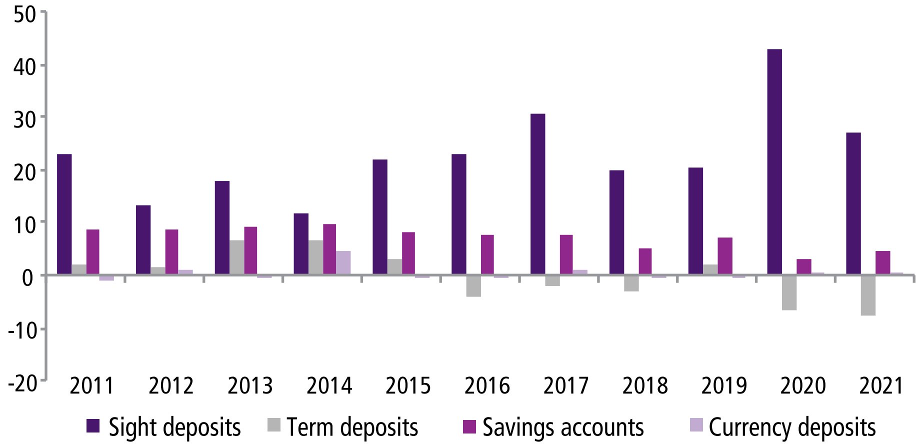
[1] BAM estimates based on the table of integrated economic accounts publisged by the HCP.

Sources : Bank Al-Maghrib, MCMA and Maroclear.

1.9.2.3 Household financial flows

Households' financial assets[1] fell from 109.9 billion dirhams to 65.5 billion dirhams in 2021. This change mainly reflects a 19.4 billion increase in their cash holdings[2], as well as a 22.7 billion increase in their deposits, with a particular rebound of 23.5 billion in demand deposits. Likewise, their holdings of mutual fund securities improved by 5.9 billion.

Chart 1.9.4: Flows of household deposits at banks (in billion dirhams)



[1] Excluding commercial loans and shares.
[2] Equivalent to the change in total cash in circulation, assuming zero cash holdings by non-financial companies.

With regard to household liabilities, the flow of loans contracted with financial companies increased by 21.2 billion dirhams in 2021 instead of 13.8 billion. More specifically, consumer loans increased by 1.4 billion after having dropped by 2.3 billion, while housing loans increased by 10.5 billion against 7.4 billion in 2020.

Table 1.9.4: Main financial flows of households (in billion dirhams)

	2020	2021
Financing capacity[1]	**36.7**	**11.4**
Net flows of financial assets acquisition (excluding trade credits and shares)	**109.9**	**65.5**
Cash	50.4	19.4
Deposits	42.8	22.7
Negotiable debt securities	-0.1	-0.6
Mutual fund shares/units	0.0	5.9
Insurance technical reserves	16.8	18.1
Net flows of liabilities (excluding trade credits and shares)	**13.8**	**21.2**
Loans	13.8	21.2

[1] BAM estimates based on the table of integrated economic accounts publisged by HCP.

Sources : Bank Al-Maghrib, MCMA and Maroclear.

Governance and achievement of bank missions

Part 2

HIGHLIGHTS OF THE YEAR

The Covid-19 pandemic dragged on into 2021 and continued to weigh on economic and social activity. In such a challenging environment, the Bank maintained most of the easing measures it had put in place in 2020 as part of the response to the crisis.

Thus, in terms of monetary policy, Bank Al-Maghrib pursued its accommodating stance, renewing all measures, both conventional and non-conventional. The Bank's Board of Directors kept the key rate unchanged at 1.50 percent, its lowest level ever, and the reserve requirement rate at 0 percent. Meanwhile, the Bank continued to implement its program dedicated to VSMEs, reinforced the use of longer-term refinancing instruments and met all the liquidity requests of the banking system throughout the year.

At the same time, the Bank continued scrutinizing areas of vulnerability facing banking institutions and strengthened its prudential supervision, by ensuring, in particular, close monitoring of asset quality and the level of provisioning of sensitive and non-performing loan portfolios.

On the regulatory side, the Bank lifted most of the temporary prudential measures introduced during the pandemic, and proceeded with the early adoption of risk weight relief applicable to credit institutions' exposures to SMEs.

At the same time, the Bank continued to implement its structuring projects, notably the foreign exchange regime reform. During the year, the Bank closely monitored the market and continued strengthening its operational framework. For the first time, the Bank organized auctions to purchase foreign currency in order to improve market regulation. Similarly, it continued to support operators on the challenges of this reform by organizing several communication and awareness actions.

With respect to financial stability, the Bank developed the governance framework for its macro prudential policy and, alongside the other financial sector regulators, prepared the new roadmap for the period 2022-2024. At the analytical and operational levels, it conducted two macro stress tests of the banking sector in order to assess its resilience, while continuing to develop and consolidate macro prudential instruments.

In the banknote production segment, despite the constraints caused by the health crisis, the Bank managed to meet all the commitments made to its partners and customers. It thus produced 500 million new banknotes and 103 million new coins within optimized deadlines. It also adapted its organizational and operational production methods to meet the growing demand for secure identity and utility documents.

As regards systems and means of payment, the Bank continued to strengthen the operational and supervisory frameworks of the Financial Market Infrastructures (FMIs) by automating the reporting system, conducting on-site inspections of two payment institutions and carrying out a stress test exercise for a second systemically important FMI. Given the growing digitalization of financial services, the Bank set up a committee dedicated to Central Bank Digital Currency and other digital assets in order to deepen its reflection in this area. On the preventive side, a new service was launched during the year to centralize information on irregular cheques and to offer retailers and companies the possibility of verifying the regularity of cheques presented for payment. In addition, the Bank, in collaboration with the Ministry of Finance, continued the implementation of the National Strategy for Financial Inclusion.

On a different level, the Bank undertook several measures to establish and consolidate its governance tools. Thus, a self-assessment exercice of the Bank's transparency framework was carried out in line with the IMF's Code of Transparency for Central Banks. In view of potential implications of the health crisis and the emerging new challenges and issues, a mid-term evaluation of the 2019-2023 Strategic Plan was carried out to assess the progress made towards the initial objectives and to make the necessary adjustments. At the same time, a crisis simulation exercise based on a large-scale cyber-attack scenario was conducted to assess the Bank's resilience and identify priority actions for its improvement. In terms of social responsibility, the Bank undertook various projects aimed to promote green finance and initiated an internal assessment of its greenhouse gas emissions with a view to defining a program to reduce them. In addition to its efforts to comply with the laws and regulations in force, the Bank has set about establishing a compliance framework covering the internal and external regulations applicable to its activities and structures.

Despite the restrictions stemming from the health crisis, Bank Al-Maghrib maintained its openness and proximity to its external environment. It therefore multiplied its communication channels by leveraging the opportunities offered by digital media through social networks to broadcast meetings with the press, to publish its institutional publications, to promote the Museum's cultural activities and to disseminate information on its missions. The Bank’s Museum continued its activities by organizing several thematic and dedicated exhibitions, and promoting its collections at the international and national levels. In terms of its cooperation relations, the Bank concluded new partnership agreements, took part in several international meetings and conferences and held numerous cooperation actions with other central banks.

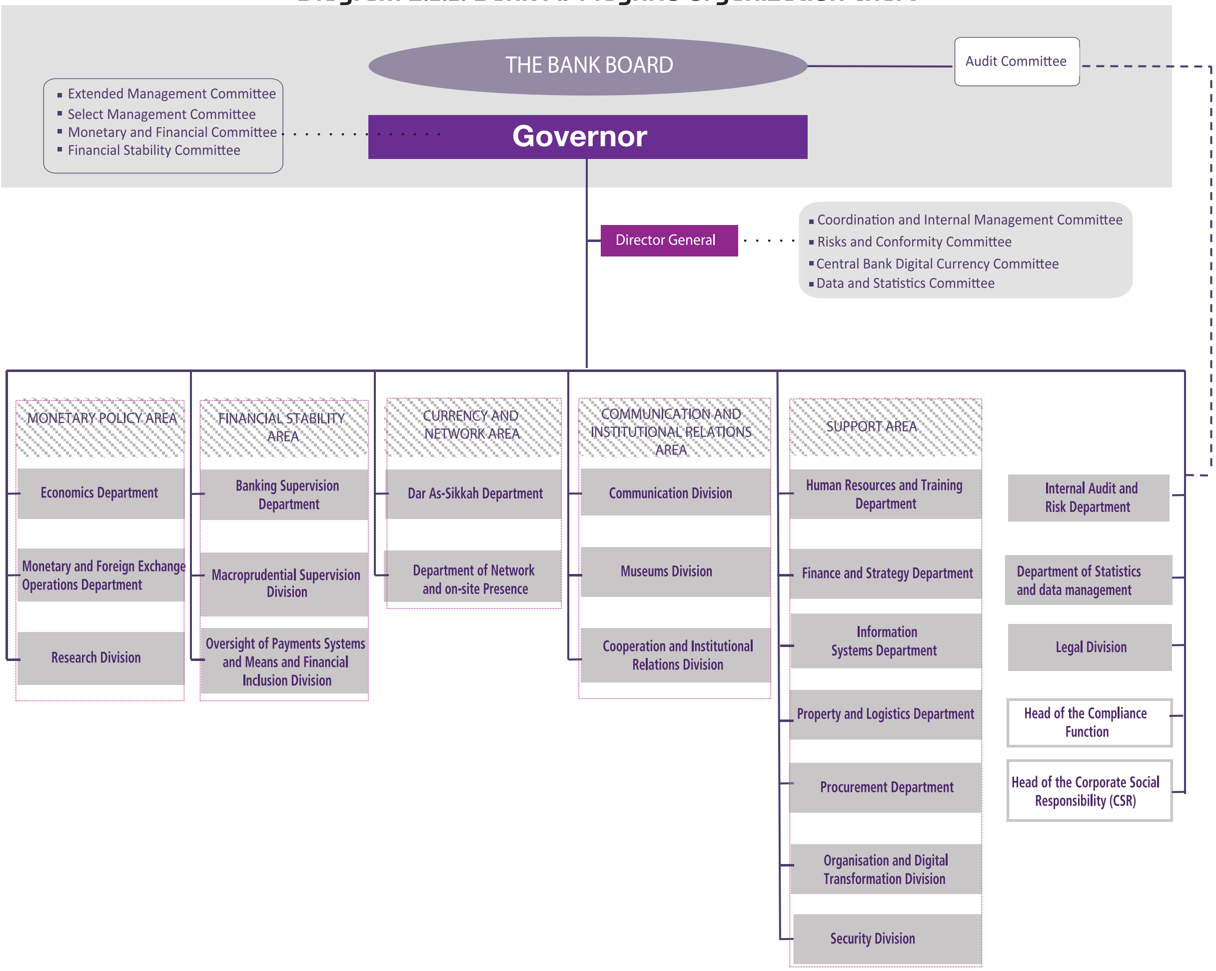
All these achievements would not have been made without the strong mobilization of the women and men who make up the Bank's staff. As such, concerned about the preservation of their health and determined to ensure their well-being, fulfilment and favourable working conditions, the Bank has never ceased to deploy all appropriate actions in favour of its human resources. Throughout the crisis, it has put in place the necessary measures to prevent health problems and assist its employees. At the same time, the year was marked by the launch of a series of online conferences for a wide range of employees, aimed at promoting a culture combining performance and well-being at work. At the same time, the training offer was enriched with specialized cycles and new modules focused on the development of technical, transversal and behavioural skills. As the same time, in terms of recruitment policy, efforts were focused on strengthening the Bank's employer brand and attracting talent. Finally, the Bank pursued its efforts to establish gender equality in the workplace a fundamental value in its policy of developing and promoting its human capital.

2.1 Governance and strategy

2.1.1 Organizational and Governance Structures

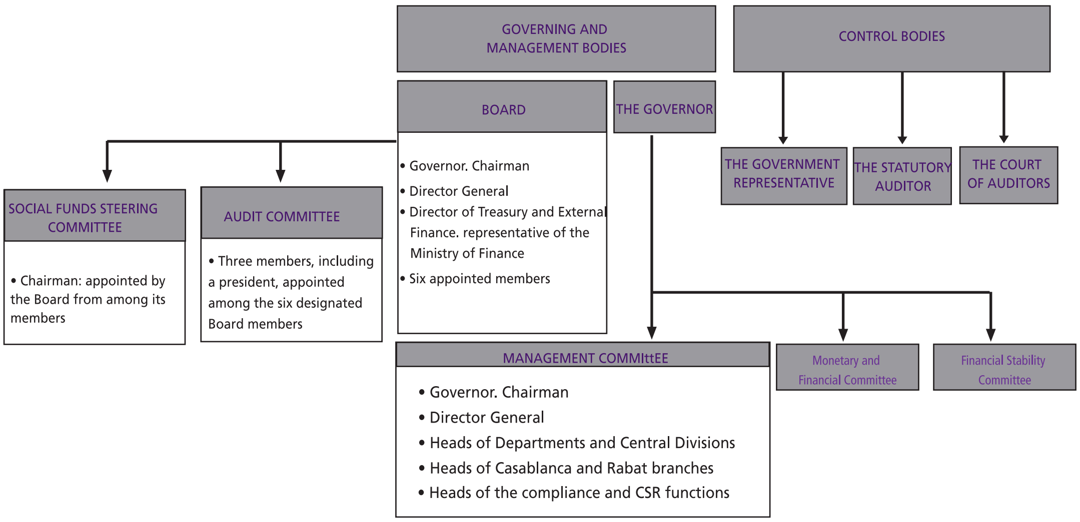
The Bank's organization structure set up following the implementation of its 2019-2023 strategic plan, is based on 21 entities, a compliance function and a CSR (Corporate Social Responsibility) function, as well as 8 permanent governance bodies, each of which is involved in one or more areas of activity.

Diagram 2.1.1: Bank Al-Maghrib organization chart



The governing and management bodies of Bank Al-Maghrib consist of the Board, the Governor and the Management Committee. Supervision of the Bank is entrusted to three bodies: the Government representative, the Statutory auditor and the Court of Auditors.

Diagram 2.1.2: Bank Al-Maghrib governance bodies



Administrative and management bodies

The Bank Board is composed of the Governor, as Chairman, the Director General and 6 members appointed by the Head of Government, from among persons known for their integrity and competence in monetary, financial or economic matters, who do not hold any public elective office nor any position of responsibility in public or private companies or in the public administration.

Three of these members are proposed by the Governor, while the oder three are suggested by the Minister of Finance each. Upon the renewal of the Board in 2020, the appointment criteria, as provided for by the law establishing the Bank's statutes, were further specified, particularly with regard to the individual and collective competencies of the said members, the diversity of their profiles and the gender parity. The biographies of the appointed members are published on the Bank's website.

These members are appointed for a non-renewable period of six years. The Director of the Treasury and External Finance, reporting to the Ministry in charge of Finance, sits on the Board as an ex-officio member, but does not have the right to vote on decisions relating to monetary policy.

The Board, which meets at least once a quarter, according to a pre-established and publicly announced schedule, defines the monetary policy stance on the basis of analyses and projections prepared by the Bank's staff. At the end of each of its meetings, a press release is immediately issued, explaining the Board's decisions and their rationale. In addition, the Governor holds live press conference. The Internal Rules of Procedure of the Board specify the modalities according to which monetary policy decisions are made public. They are published on the Bank's website.

The Board decides on the strategic allocation of foreign exchange reserves and monitors the results of this management. It also determines the characteristics of the banknotes and coins issued by the Bank and decides on their circulation and withdrawal in accordance with the relevant regulations. The Board is also responsible for the administration of the Bank, particularly for aspects relating to general policy, financial management and accounting as well as organization. The Board can also decide on all measures to be implemented in exceptional or emergency situations and determine any other instrument of intervention in the money or foreign exchange market other than those provided for by law.

Two Committees were set up from among the Board members:

- The Audit Committee, which examines and advises on matters relating to accounting information, internal and external audit, internal control and risk control. This committee is composed of three members, chosen from among the six designated members of the Board and meets four times a year, 10 days before the Board meetings. A charter, approved by the Board, defines the roles, responsibilities and operating procedures of the Audit Committee. These are set out in internal regulations. The members appointed in 2020 are Mr. Mustapha Moussaoui, Chairman, Ms. Mouna Cherkaoui and Mr. Fathallah Oualalou. The Internal Audit and Risk Management Department provides the secretariat for the Committee;
- The Social Funds Steering Committee, responsible for managing the Bank's internal pension and health insurance plans and monitoring their technical and financial management. It is chaired by a member of the Board and is composed of the heads of entities in charge of financial management, human resources and monetary and foreign exchange operations, as well as of two staff representatives. Its operating procedures are laid down in a charter approved by the Board. Ms. Najat El Mekkaoui chairs the Committee since 2020, while the head of the Finance and Strategy Department serves as the Committee's secretary.

In compliance with the good governance practices, the Bank Board carries out a self-assessment of its functioning every two years.

In 2021, the internal rules of procedure of the Bank's Board, adopted on March 24, 2015, were amended to take into account the new provisions of Law 40-17 establishing the Statutes of Bank Al-Maghrib as well as the lessons drawn from the health crisis, notably as regards the modalities of extraordinary or remote meetings.

The Governor manages and runs the Bank. He is particularly responsible for ensuring compliance with the statutory provisions and regulations, and for implementing the Board's decisions. The Director General assists the Governor and performs, under his authority, all the tasks that he assigns to him. The Director General also represents the Governor in the event of his absence or of an impediment.

The Management Committee assists the Governor in managing the Bank's business. Headed by the Governor, it is composed of the Director General, the heads of central departments and divisions, heads of the Conformity and CSR functions, and the heads of Rabat and Casablanca branches.

This Committee holds monthly meetings as per a pre-established schedule. It meets once a quarter, in restricted composition, to monitor the implementation of the digital strategy and of the major projects included in the strategic plan.

The Governor is also assisted by:

- The Monetary and Financial Committee (MFC) in areas related to monetary policy, foreign exchange reserves management, banking supervision, financial stability, systems and means of payment, financial inclusion, and research. The MFC meeting is held monthly according to a pre-established schedule after its preparatory meeting headed by the Director General, which is meant, besides preparing for the MFC meetings, to conduct an initial assessment of the Bank's macro-economic projections. The forecast team of the Economics Department takes part in the Board meetings, as well as in the MFC and pre-MFC meetings;
- The Financial Stability Committee, which meets every six months to assess risks to financial stability and to examine the measures taken to mitigate them.

In addition, the Bank holds four committees chaired by the Director General, which intervene in specific areas of activity and whose decisions are submitted to the Governor for approval:

- The Internal Coordination and Management Committee is tasked with reviewing policies, projects, and internal management issues that require inter-entity coordination, mainly with regard to strategy, area-specific policies, projects portfolio, budget and resources;
- The Risk and Compliance Committee is in charge of reviewing and validating risk management policies as well as the information security, cyber security, business continuity, crisis management, ethics and compliance systems. Moreover, the Committee establishes the following bodies from among its members: an Ethics Committee, an advisory committee on procurement compliance, a committee for the prevention of money laundering, and a tax committee.
- The Central Bank Digital Currency Committee (CBDC) is mandated to examine issues related to Central Bank Digital Currency and other digital assets with a view to deepen the thinking on the matter;
- The Data and Statistics Committee (DSC) is in charge of reviewing and approving decisions related to the Bank's Data and Statistics strategy and monitoring the implementation of the related roadmap. It is also tasked with examining and approving opportunities relating to new

data projects, data collection and production requirements, as well as data mining and data analytics projects.

Control bodies

The Government Commissioner shall, on behalf of the State and in the name of the Minister in charge of Finance, control the regularity of the Bank's financial operations with regard to the legal and regulatory provisions applicable to them. He attends Board meetings in an advisory capacity and makes any proposals he deems useful.

The Bank's accounts are, in accordance with article 43 of Law 40-17 establishing its Statutes, subject to an annual audit carried out under the responsibility of the statutory auditor. The latter certifies the summary statements, assesses its internal control system and presents its report to the Board. The latter appoints the external auditor following a review by the Audit Committee of the selection process and sets the duration of the auditor's term of office. The statutory audit is carried out pursuant to the standards of the profession in Morocco, which are largely based on the International Standards on Auditing (ISA).

The external audit is regulated by an internal instruction which defines the following selection criteria: (i) the auditor must not be in a situation of self-audit, in compliance with the regulations of the accounting profession (OEC Morocco and IFAC 2009); (ii) the auditor must belong to a renowned international financial audit network; (iii) the auditor must have carried out auditing missions within central banks either directly or through its international network; (iv) the auditor must be financially stable; and (V) be independent from Bank Al-Maghrib. Moreover, the external auditor's team must be multi-disciplinary, have the required qualifications and demonstrate a convincing experience in the banking and financial fields.

Additionally, the said instruction lays down the following criteria to ensure the auditor's independence: (i) the auditor is prohibited from providing consultancy services on behalf of the Bank; (ii) the size of the auditor's fees as compared to its total turnover; (iii) the auditor has no subordination or interest of any kind with Bank Al-Maghrib or any relationship of kinship or alliance with the members of its Board of Directors and its executives.

The Bank reviews situations of conflicts of interest then submits them to the Audit Committee for assessment. In addition, the Statutory Auditor provides the Audit Committee with an annual certificate confirming his independence from the Bank. In addition, the Audit Committee examines the annual plan for its intervention and its effective coordination with the work of the internal audit department, and takes note of the conclusions of its mission.

Following the expiry of Mazars' term of office, the Bank appointed Deloitte as its statutory auditor in 2021 for a non-renewable six-year term (2021-2026).

The Bank is subject to the control of the Court of Auditors. Each year, it submits to the Court of Auditors its accounting documents and those of the social security organizations for its staff. It also forwards to the Court extracts from the minutes of the Board meetings relating to its budget and assets, together with copies of the external auditors' reports.

Lastly, the Governor must be heard by the standing committees in charge of Finance of the Parliament, at their request, regarding the Bank's tasks, in accordance with the principle of accountability enshrined in the Constitution.

Audit Committee

During 2021, the Audit Committee held five meetings. It reviewed the Bank's annual accounts as at December 31, 2020 and recommended that the Board of Directors approve them. It also ensured the conformity of the process implemented for the selection of the new statutory auditor who was appointed for the period 2021-2026.

The Committee also took note of the main conclusions of the report on the Bank's Internal Control System (ICS) for the year 2020, namely the assessment of its maturity level and its various components. In addition, it examined the draft amendment of the ICS charter, prior to its approval by the Bank's Board.

The Committee also reviewed the results of the operational, reputational, financial and strategic risk management systems for the year 2021 and issued its opinion on the annual internal audit program for 2022, prior to its approval by the Bank's Board. Furthermore, it examined the progress of its recommendations, which mainly concerned the strengthening of risk management and control systems, while taking into account the context of the Covid-19 crisis. Thus, out of 15 recommendations, 13 were implemented under 2021 while two other actions are being finalized.

In accordance to good governance practices, the Committee conducted a self-assessment of its operations in 2021. The results, deemed satisfactory, were shared with the Board at its December 21 meeting. Areas for improvement were identified and implemented.

Social Funds Steering Committee

In accordance with the social funds steering charter, the Steering Committee, chaired by a member of the Bank's Board of Directors, met with the external asset managers. This meeting aimed at reviewing the performance of the funds dedicated to the Staff Retirement Fund and the Mutual Fund for the 2021 financial year, approved the actuarial balance sheet for these two schemes, submitted the conclusions of the annual social funds report and proposed decisions for approval by the Bank's Board of Directors in its March 2022 meeting.

2.1.2 Strategy

The year 2021 was characterized by the mid-term review of the 2019-2023 strategic plan and provided an opportunity to analyse the relevance of the Bank's strategic choices in light of recent developments affecting its environment, to assess the progress made and to decide on any adjustments required.

Overall, the Bank's strategic priorities remain to be relevant in a volatile and uncertain environment marked by paradigm shifts accelerated or induced by the health crisis. The Bank made some slight adjustments, which mainly concerned: **(i)** including the "post-crisis resilience" dimension to the objective linked to consolidating banking regulation; **(ii)** enhancing the understanding of recent changes in economic units' habits and monetary policy transmission mechanisms in the post-Covid environment; **(iii)** accelerating the work related to the central bank's digital currency; **(iv)** repositioning Dar As-Sikkah's activities within the national banknote printing and secure document market; and **(v)** enhancing the digital culture and innovation.

With regard to achievements, the main progress made in the third year of implementation of the strategic plan is outlined in the table below.

Table 2.1.2.1: Third progress report of the 2019-2023 strategic plan implementation

Monetary policy	
exchange rate reform regime	**Policy Analysis and Forecasting Frameworks**
• Close monitoring of foreign exchange market developments and the necessary prerequisites for the future steps of the reform; • Continued adjustment of the reform's operational framework; • Accompanying operators through communication and awareness actions.	• Continued adjustment of the macroeconomic forecasting and public policy simulation system; • Refinement of the draft reference framework for inflation targeting.

Research activities	Data and statistics
• Four working papers published; • Strengthened outreach of the Bank to the academic and research circles.	• Definition of the Bank's Data and Statistics Roadmap

Financial stability, banking supervision and financial inclusion domain

Banking supervision

- Consolidation of the prudential framework for banks;
- Continued adaptation of the supervisory framework for participatory finance players;
- Promoting green finance and climate finance risk management;
- Reinforcing consumer protection actions for banking services;
- Supporting the digitalization of financial services.

Payment systems and means	Financial stability
• Setting up of the Central Bank Digital Currency Committee; • Completion of studies regarding the acceptance of electronic payments and launch of the Advisory Group program for helping the most underprivileged; • Continued strengthening of the MFIs' supervisory and operational frameworks.	• Development of the reference framework for macro prudential policy ; • Consolidation of the macro prudential policy operational and analytical frameworks.

Financial inclusion

- Strengthening actions to accelerate financial inclusion through the banking system;
- Holding the 2021 edition of the Financial Education and Inclusion Days;
- Continuing efforts to promote the emergence of FinTech.

Bank network, currency in circulation and secure documents domain

- Continuing work on modernizing the cash industry;
- Reviewing the regulatory framework for cash processing and recycling;
- Strengthening the cash control mechanism;
- Setting up a production unit for secure identity cards along with a solution for the personalization of
- Car registration cards and electronic driving licenses;
- Expanding of Dar As-Sikkah's customer portfolio to include new institutional partners;
- Enhancing Dar As-Sikkah's Research & Development activities in the field of secure printing.

Governance domain

- Self-assessment of the Bank's transparency framework based on the IMF Transparency Code;
- Conducting a crisis simulation exercise based on a major cyber-attack scenario;
- Establishing an integrated management systems steering process;
- Developing cooperation with regard to preventing and combating corruption;
- Strengthening communication actions;

- Rolling out the Bank's CSR policy;
- Defining the benchmark for compliance obligations;
- Strengthening the Bank's presence and cooperation with national and international institutions.

Resources domain	
HR, training and well-being	**Information system & digital**
• Continued efforts to strengthen the Bank's employer brand; • Strengthening the sourcing mechanism; • Enriching the training offer; • Designing actions to promote well-being in the workplace; • Continued support actions carried out by the medical team since the advent of Covid-19; • Continued implementation of the Bank's Digital Workplace.	• Strengthening the Bank's IS infrastructure; • Deployment of the Cloud policy; • Speeding up the reengineering of the purchasing, budgetary and invoice payment processes; • Continued experimentation to improve the Bank's businesses and activities; • Multiplying change management measures around the digital transformation; • The Bank's Computer Emergency Response Team has joined new international cyber security communities and launched the process of creating a national financial community in this area.

2.1.3 Internal control, audit, risk management and ethics

Internal control system

The Bank's Internal Control System (ICS), inspired from the COSO[1] framework, is subject to an annual review for all its components[2]. This review is prepared based on the results of the entities' self-assessment of their control systems, the overall mapping of operational risks and the conclusions and recommendations resulting from internal and external audit assignments as well as those of the Audit Committee.

The Bank further adapted its ICS to reflect the implications of the health crisis. In this regard, several actions were implemented, including, in particular, the roll-out of crisis management and business continuity plans which were readjusted to meet the specificities of the context. In addition, a mapping of the risks inherent to its activities induced by the crisis was developed according to an agile approach, thereby enabling the swift roll out of related control measures. The Bank remained vigilant so as to ensure information security in the background of increasingly digitalized internal and external exchanges, and in view of heightened cyber-threats in the context of the health crisis.

[1] Committee of Sponsoring Organizations of the Treadway Commission (COSO).
[2] Control environment, risk assessment, control activities, financial and non-financial information, and steering

In parallel, the Bank continued its project to restructure and strengthen the effectiveness of its permanent control systems. Several initiatives have been undertaken in this respect, including improving the tools for steering and monitoring this control.

Internal audit

Bank Al-Maghrib's internal audit is an independent activity entrusted with the mission of providing assurance to the main stakeholders (Board, Audit Committee and Governor's office) on the control of risks to which the Bank is exposed under control. It aims to help the Bank achieve its objectives by assessing, through a systematic and methodical approach, its risk control, internal control and corporate governance processes.

As such, it plans and carries out its assignments according to a risk-based approach, focusing on an audit scope that encompasses all the Bank's entities, processes and activities. In addition to risk analysis, the annual planning of assignments takes into account strategic issues, the complementarity of the work with that of the statutory auditor, the criterion of cyclicality and the expectations of the aforementioned stakeholders. The audit missions particularly aim to assess the compliance of the Bank's activities with the laws, regulations and procedures in force, their effectiveness and efficiency with regard to the objectives assigned to them, as well as the reliability and security of the information.

Main processes audited in 2021

Management Processes	Core "Business" processes	"Support" processes
- Risks and internal control	- Monetary policy	- Information system
- Information Security	- Financial market infrastructure and means of payment	- Human resources
	- Fiduciary activities	- Financial information
	- Banking and market supervision	- Physical Security
		- Purchases

In addition, and in accordance with the International Standards for the Professional Practice of Internal Auditing defined by the Institute of Internal Auditors (IIA), internal and external assessments of the internal audit are scheduled in line with the Bank's strategic cycle. These are carried out by specialized firms selected through international tenders or through peer central banks. Five assessments were conducted since 2009 and have confirmed the compliance of the internal audit with these standards.

Furthermore, in view of the health crisis, the internal audit department needed to readjust its intervention methods and its scope of coverage to take account of the risks resulting from the crisis, while endeavouring to be more agile. In this respect, most of the missions were carried out remotely, taking advantage of the new technologies introduced by the Bank. Similarly, the use of data analytics in auditing assignments was significantly reinforced, thus improving the process of anticipating risk areas and optimizing interventions in the field.

Risk Management

Strategic Risks

In 2021, as part of the mid-term review of its strategy, the Bank updated the potential risks that could hinder the achievement of the objectives set out in the strategic plan. These risks primarily relate to the necessary coordination or support of stakeholders for the conduct of certain projects conducted jointly with other organizations. They also concern the adequate consideration of the changing or evolving context mainly as a result of the health crisis, the delayed adoption of the legal and regulatory reforms needed for the implementation of several strategic projects, as well as to the resistance to change.

In order to manage its risks as effectively as possible, the Bank identified the necessary preventive measures and set up a set of key indicators to monitor them.

Operational risks

Operational risks are managed through a structured methodological approach that differentiates between human, organizational and operational risks, as well as those related to the information system or to exogenous factors. In terms of organization, a Risk Manager at each entity is tasked with assessing the risks inherent in the processes and activities of his or her entity and ensuring the implementation of measures aimed at controlling them. A central risk management structure provides methodological monitoring, support and consolidated reporting on risks.

In 2021, the Bank placed particular emphasis on operational risks which, if they materialize, could compromise its resilience objectives or disrupt the achievement of its core missions. Indeed, some of the risks identified in the Bank's global risk map have become more critical given the uncertainties and disruptions associated with the health crisis. These include the risk of business continuity disruption induced by the contamination with the new coronavirus, cyber risk and the risk of significant deviations in macroeconomic forecasts. Accordingly, several actions were undertaken to control these risks, including adapting its resiliency plan to better respond to the health crisis context, widely deploying an information security awareness strategy and technical measures to address cyber threats, as well as strengthening its forecasting models and the monetary policy analysis framework. At the same time, the Bank rolled out a methodological approach to review the mapping of risks linked to the activities of its branch network in order to better control these risks.

Financial Risks

Financial risks cover the following categories:

- Credit, market and liquidity risks inherent in operations carried out in the context of foreign exchange reserve management;
- Credit risk relating to the implementation of monetary policy operations;
- Market risk related to exchange rate fluctuations for the Bank's export currency activity and the Bank's foreign currency purchase and sale transactions;
- Risks relating to the management of the Bank's funds and the use of the Bank's own funds.

With particular regard to the financial risks inherent to the management of foreign exchange reserves, the Bank put in place a governance framework in line with its key governance objectives, which are, by priority, safety, liquidity and performance. To this end, the investment guidelines and the strategic asset allocation are decided by the MFC before being presented to the Board for validation. A risk committee, established within the monetary and foreign exchange management department, ensures compliance with these guidelines and reviews the changes with regard to risks and to performance before submitting them to the Risk and Compliance Committee and to the MFC.

Reputational risk

In the context of the health crisis, the Bank carried out a more detailed analysis of the actions taken to monitor operational risks related to the Bank's "core business" activities (monetary policy, financial stability, banking supervision). It also managed the barometer measuring the Bank's image score in the media, which remained generally within the tolerance threshold.

Business Continuity and Information Security

In a context marked by the Covid-19 pandemic, the Bank continued to develop its resilience mechanism in order to ensure its business continuity and to protect its staff. To this end, the Bank undertook a series of protective measures and adapted its working methods to cope with the constraints of the crisis and the need for business continuity. These measures, which were designed in line with government guidelines and the best practices, were closely monitored by the Bank's Crisis Management Committee. At the same time, the Bank updated its Business Continuity Plans (BCP), and incorporated the teleworking solutions, which proved to be effective during the crisis.

Moreover, the Bank conducted in 2021 its fifth crisis simulation exercise, which involved a large-scale cyber-attack scenario. Through this exercise, the Bank was able to evaluate the reporting of a cyber incident, its qualification, the mobilization and functioning of the crisis management bodies within the Bank, as well as the capacity to respond to the business, technical and communication challenges. The conclusions of this exercise were consolidated in a roadmap aimed at improving the Bank's cyber resilience system.

With respect to information security, the Bank completed its second round of ISO 27001 standard certification, which covers the "Information System" and "Banking Operations" processes, as the other processes had already been brought into line with this standard. In addition, the Bank continued to strengthen its information security system by rolling out a general e-learning awareness campaign, reviewing/upgrading local information security policies, carrying out several audit missions on priority issues related to cyber risk[1] and implementing a plan to comply with Act 05-20 on cyber security and its implementing decree No. 2-21-406.

Ethics

The Bank's ethics system consists of two codes of ethics (one applicable to the Board members, the other to Governor's office and the staff), along with specific variations applicable to some highly ethically sensitive functions (especially those involved in the procurement process, internal auditors, external service providers and suppliers). In addition, an ethics alert system is in place to provide employees and external partners of the Bank with a formal and secure framework for reporting any behaviour that does not comply with the Bank's rules of good conduct. In 2019, the Bank enhanced its ethics system by implementing an anti-corruption management system certified to the ISO 37001 standard. In 2020, the two aforementioned codes were updated to take into account changes in the national and international context and the good practices in this area.

With regard to the Anti-corruption management system (ACMS), the internal and external audits conducted have confirmed the compliance and effectiveness of this system, which was reinforced during the 2021 fiscal year through various internal and sectoral actions of the Bank. On the sectoral level, the implementation of the Anti-Corruption Cooperation Agreement in the Financial Sector[2] , signed in 2019 by the three regulators (Bank Al-Maghrib (BAM), the Moroccan Capital Market Authority (AMMC)) and Insurance and Social Security Supervisory Authority (ACAPS) and The National Authority of Probity, Prevention and Fight against Corruption (INPPLC), has been pursued in 2021 with a dedicated roadmap. This roadmap was rolled out through an awareness-raising campaign targeting sectoral actors, the drafting of a guidebook and the completed mapping of corruption risks in the banking sector.

[1] The second level control program covered several topics related to information security such as compliance with security policies, cyber security activities and industrial IS security.

[2] Agreement signed in November 2019, between the three financial sector regulators (Bank Al-Maghrib-BAM, the Moroccan Capital Market Authority-AMMC, the Insurance and Social Security Supervisory Authority-ACAPS) and the National Authority for Probity, Prevention and the Fight against Corruption-INPPLC.

Management systems

As part of the strategic objective of strengthening the efficiency and agility of its organization and processes, the Bank pursued the integration and optimization of its management systems through a common "HLS - High Level Structure", while ensuring their synergy and complementarity, particularly with risk management and permanent control activities. The integration and optimization efforts carried out in 2021 as part of this project have focused on the approach to scheduling internal audits, managing the improvement dynamic, steering performance, monitoring interested parties, and the methodologies for assessing the specific risks handled under the management systems.

In addition, the internal and external audits of the aforementioned systems, carried out during fiscal year 2021, confirmed that the latter are operating in accordance with the efficiency and compliance objectives set by the Bank.

2.1.4 Compliance

Further to the adoption of its compliance policy, the Bank set up a compliance framework in 2021, covering the internal and external regulations applicable to its activities and structures. The purpose of this framework is to provide the Bank's employees and entities with the texts and compliance obligations applicable to them in the performance of their duties, and to provide a steering tool for monitoring the degree of compliance by the Bank with the regulations applicable to it and thereby managing the non-compliance risks.

In order to foster a culture of compliance, the Bank appointed a compliance officer in each of its entities, tasked with monitoring the implementation of actions to control non-compliance risks within his or her structure. The Compliance Function, placed under the direct authority of the Governor's office, is notably in charge, according to its annual program, of maintaining and disseminating the compliance reference framework, of identifying, in collaboration with the compliance correspondents, the risks of non-compliance and the actions allowing their control, as well as of preparing the annual report on its activities.

As regards AML/CFT compliance, Morocco was placed on the FATF's grey list of "countries with strategic AML/CFT and WMD proliferation deficiencies" in 2021. As a result, a review process by the regional review group known as the "ICRG & MEA joint group" was launched, entailing the drafting of periodic follow-up reports and the holding of so-called "face-to-face" meetings with the reviewers, as a prelude to the FATF plenary meetings. To address the shortcomings identified in the mutual evaluation report, Morocco confirmed its high-level political commitment to implement the action plan within the set timeframe. This action plan compiles almost all of the recommendations of the mutual evaluation report and focuses on the implementation of mechanisms to strengthen the effectiveness of the national system. These include **(i)** creating and operating a national register of beneficial owners of legal entities and structures; **(ii)** institutionalizing a national mechanism for the implementation of targeted financial sanctions decided by the UN Security Council; **(iii)** designing and deploying a computerized system for managing mutual legal assistance requests...

Meanwhile, the legislative power ratified the draft law n°12-18 amending and supplementing the Penal Code and the law n°43-05 relating to the fight against money laundering published in the Official Bulletin in June 2021. Moreover, the Government expedited the adoption of draft regulatory texts in application of some provisions of the aforementioned, to which the Bank contributed, and which were published in the Official Bulletin in 2021. On the national coordination level, the Bank and the Presidency of the Public Prosecutor's Office agreed to conclude a memorandum of understanding for cooperation in order to establish operational mechanisms, particularly in the area of computerized data exchange, capable of preserving financial public orders.

Internally, the Bank strengthened its regulatory pillar by issuing new rules that particularly advocate enhanced vigilance measures to cover the risks of money laundering and terrorist financing associated with some fiduciary operations carried out by private sorting centres. In the technical pillar, the Bank completed the update of its IT profiling and filtering tools, with the aim of improving the performance of the internal system in this area and ensuring its continuous adaptation. In this connection, the Bank has calibrated some control scenarios that need to be adapted to take into account changes in the nature and amounts of transactions and customer habits. The criteria of the internal risk matrix have also been overhauled. At the same time, the Bank has implemented new international sanctions lists. In the course of its annual training program, the Bank provided two training sessions for anti-money laundering correspondents, customer relationship managers and account managers in its network. These sessions covered the following topics **(i)** the due diligence to be observed with regard to customer indentification; **(ii)** the results of the internal assessment of money laundering and terrorist financing risks inherent to the Bank's banking activity; and **(iii)** the evolution of international standards and the national normative framework.

In addition, the Bank pursued its efforts to strengthen compliance and improve the efficiency of its internal personal data protection system, particularly by extending the monitoring of compliance with the requirements incumbent on its subcontractors and agents, and by deploying new appropriate training and awareness-raising modules. With regard to the compliance of processing operations initiated in accordance with the legal provisions in force, the company carried out a prior examination of the conditions under which they were implemented, their basis and their purpose, prior to the required formalities with the CNDP.

Mindful of the legal and regulatory requirements relating to the implementation of the right to access to information, and based on its approach of proactive and maximum information disclosure, the Bank pursued its efforts to implement the related mechanism. The main activities mainly included: (i) updating some interfaces on the Bank's website; (ii) continuing the inventory of information covered by the right to access information; (iii) appointing persons responsible for the right to access information within the Bank's Network; (iv) deploying an awareness and training program targeting agents and actors of this system.

2.1.5 Social responsibility

After defining its CSR policy, Bank Al-Maghrib launched in 2021 several projects for its implementation.

Bank's CSR policy: 5 axes and 12 CSR commitments

01 I Legal & Ethics Axis Implement and promote ethical and transparent governance, reflecting our purpose and enabling agile and responsible management on a daily basis	1.Implement ethical and transparent governance that integrates the principles of corporate responsibility into our daily activities 2.Ensure compliance and manage risks while promoting the Bank's agile transformation. 3.Promote ethical and transparent governance at the financial sector level, allowing for the integration of social responsibility principles.
02 I Economic Axis Work for the development of an inclusive, innovative and sustainable financial system and maximize the economic and social impact of our missions	4.Foster financial inclusion and encourage the development of the fintech ecosystem 5.Develop and support economic and financial research and education for audiences. 6.carry out our missions in a way that optimizes our economic and social impact, both locally and nationally.
03 I Social axis Promote skills development, diversity and inclusion and ensure the protection and well-being of our employees at work	7.Develop human capital and ensure diversity and equal opportunities. 8.Providing healthy and safe working conditions and ensuring the protection and well-being of our employees.
04 I Environmental Axis Promote skills development, Take climate change into account in our missions and reduce our environmental footprint	9.Take climate change into account in our missions to strengthen risk management and to promote green finance. 10.Reduce the environmental footprint of our activities.
05 I Societal axis To contribute, within the framework of partnerships, to the development of territories, to the support of culture and to solidarity actions	11.Assist territorial and national initiatives targeting the creation of jobs and income-generating activities and the improvement of access to essential services. 12.Preserve and promote the numismatic heritage and support artistic and cultural activities.

The Bank has strengthened its governance, compliance and risk management systems and structured its responsible procurement approach to better integrate CSR principles into its procurement chain. In addition, it conducted various initiatives with the actors of its ecosystem to develop a responsible and resilient financial sector, focusing on the major issues particularly related to cybersecurity, financial security, the fight against corruption and consumer protection.

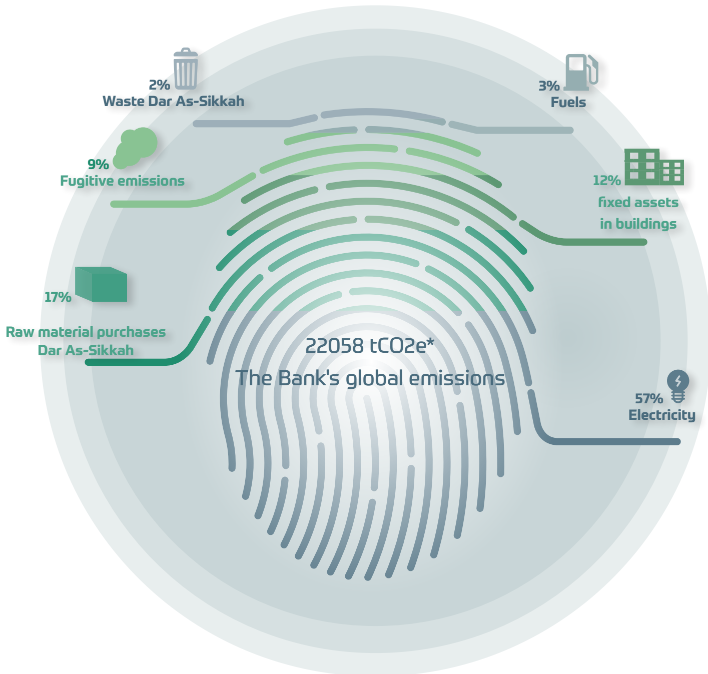
On the economic side of its CSR policy, the Bank followed up on implementing the roadmap of the financial inclusion strategy in collaboration with its stakeholders, strengthened its outreach to the academic and research communities and conducted several economic and financial education activities for the benefit of the academic world, youth and children. In addition, other achievements of the Bank highlighting its socio-economic contribution were realized as part of its missions in the areas of monetary policy, macro-prudential supervision, banking supervision and supervision of payment systems and means.

With regard to its social responsibility towards its employees, the Bank has been particularly active in developing its human capital, promoting gender equality and safeguarding the health and safety of its employees.

Within the framework of its environmental responsibility, the Bank initiated various projects aimed at preserving the soundness of the banking sector against climate risks and promoting green finance. It also assessed greenhouse gas (GHG)[1] emissions, which amounted to 2,058 tCO2e for 2019. In this regard, the Bank defined a GHG emissions reduction program, targeting mainly an energy efficiency plan that covers energy-intensive sites, a renewable energy program, actions to improve the environmental performance of the vehicle fleet, a Bank mobility plan, consideration of the life cycle in the choice of raw materials, as well as industrial waste recovery actions.

1 The assessment was carried out in accordance with the Bilan Carbone® methodology developed by the Agency for Ecological Transition (ADEME - France) and the Carbon Assessment Association (ABC), with 2019 as the reference year, and concerned all the Bank's sites (administrative sites, branches, the Dar As-Sikkah industrial site, the Museum, vacation centers and socio-sports centers). The emissions taken into account are SCOPE 1 emissions (direct emissions produced by fixed combustion sources and heat engine mobiles as well as transient emissions), SCOPE 2 emissions (indirect emissions linked to electricity consumption) and selected SCOPE 3 emissions (indirect emissions linked to upstream or downstream activities: "Purchases of raw materials for DAS", " DAS waste", "Fixed assets in buildings", "Employees' home-work travel").

Diagram 2.1.5.1: Analysis of the Bank's GHG emissions



tCO2e : The tonne of CO2 equivalent is the standard unit of measurement for greenhouse gas emissions.

Finally, as part of its corporate social responsibility (CSR) policy, the Bank introduced a skills-based sponsorship scheme to provide a structured framework for employees to help them lend their skills for the implementation of value-creating and impactful initiatives in the regions. The Bank also launched several initiatives to promote its numismatic heritage and support art and culture through the activities of its Museum.

2.1.6 Budget rules

On the budgetary front, Bank Al-Maghrib adopted an integrated approach that involves strategic planning, providing the operational basis for drawing up budgets and establishing reports that enable the objectives to be monitored and corrective action to be taken in the event of any deviation.

The budget preparation and execution is governed by a charter defining the roles and responsibilities of the various actors involved in this process and setting out the principles and rules, such as alignment with strategy, sound financial management, failure to clear expenses and income, annuality, specialization of financial years and fungibility. When preparing its budget, the

Bank ensures compliance with the following rules: **(i)** financing the resources needed to achieve its objectives and carry out its missions; **(ii)** optimizing expenses, adapting resources to strategic priorities and meeting efficiency and compliance requirements; and **(iii)** identifying its investments with a view to rationalizing and improving efficiency.

In accordance with the budgetary schedule, activities begin in June with the scoping phase, which sets the projected rate of change for the Bank's operating budget. During October, the Internal Management and Coordination Committee (IMCC) validates the timeliness of operating expenses. With regard to the investment budget, the Ad Hoc Committees prioritize projects and examine the suitability of all new investments before submitting them to the IMCC. In November, the Investment Committee validates the budgets for new investments and their annual allocations. At the end of this process, the Bank Board approves the Bank's annual budget and any in-year changes thereto at its December meeting, in accordance with the Bank's statutes.

In 2021, projects to reengineer the budgeting and settlement process continued, with the main purpose of dematerializing data exchanges, improving turnaround times and reporting methods, and strengthening traceability and coordination amongst the players involved. Drawing on internal diagnoses in this area and the best practices observed in several similar organizations, the Bank undertook to define the associated target schemes and to deploy appropriate solutions designed to meet the needs identified.

2.2 Bank missions

2.2.1 Monetary policy

To support the economic recovery, Bank Al-Maghrib maintained, in 2021, all the conventional and non-conventional monetary policy measures put in place in 2020 as part of its response to the Covid-19 crisis. Thus, the Bank Board kept the key rate at 1.50 percent, its lowest historical level, and the required reserve rate at 0 percent. It also continued to implement its programme to support the financing of VSMEs on a monthly basis and expanded its use of longer-term refinancing instruments to give banks to have greater visibility and help them manage their cash flow. In addition, the Bank continued, throughout the year, to meet all the requests submitted at its weekly auctions.

Consequently, the monetary policy stance remained strongly accommodative in a context of persistently high levels of uncertainty related particularly to domestic and international health developments and a relative intensification of inflationary pressures, . Inflationary pressures were mainly driven by higher food and energy prices on world markets, and their medium-term impact on domestic inflation was expected to remain limited.

Regarding liquidity management, bank's liquidity needs have decreased to an average of 70.8 billion dirhams in 2021, indicating improved foreign exchange reserves of the Bank and the return of currency to pre-crisis growth rates. In this context, BAM reduced the volume of its interventions to 82.9 billion dirhams in 2021 on a weekly average, after 96.3 billion in 2020. The extended use of longer-term instruments resulted in an extended average duration of the Bank's interventions from 33.3 days to 55.6 days. As a result, the interbank rate remained in line with the key rate.

On the foreign exchange market, a significant surplus of foreign exchange liquidity was observed, particularly during the second half of the year, driving the reference rate[1] of the dirham to evolve at levels close to the lower limit[2] of the fluctuation band. Under these conditions, Bank Al-Maghrib initiated foreign exchange auctions starting in September, thereby allowing the exchange rate to break away gradually from this limit.

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[1] It is calculated on the basis of quotations from banks holding market maker status. It serves as a benchmark for the foreign exchange market and is used by commercial banks to revalue their foreign currency assets and liabilities.

[2] The lower limit of the fluctuation band represents the limit in which the reference rate of the dirham can rise in relation to the central rate, determined on the basis of a basket of currencies composed of the euro and the US dollar at 60% and 40% respectively.

Monetary policy decisions

The developments in the global economy during the first half of 2021 reflected a relative renewed optimism, prompted by the reported effectiveness of several vaccines and the start of large-scale vaccination campaigns, along with a gradual easing of health restrictions. In Morocco, hopes for rapid economic recovery after the 6.3 percent contraction recorded in 2020 were further fuelled by the early launch of the vaccination campaign in January and its successful completion, as well as by the favourable climatic conditions that prevailed during the agricultural campaign. Nevertheless, a high level of uncertainty still shrouded the outlook, mainly due to the risks of outbreaks as new virus variants emerge.

Supported by the fiscal stimulus and the continued accommodative monetary policy stance, BAM projected, during the first two Board meetings of the year, a 3.6 percent growth on average of non-agricultural activity in 2021. Considering the cereal production, initially estimated by the Bank at around 95 million quintals, the value added of the agricultural sector should rebound by 17.6 percent, thus bringing the growth of the national economy to 5.3 percent. Growth is expected to slow down to 3.3 percent in 2022, reflecting an acceleration of its non-agricultural component to 3.8 percent, assuming the return to an average cereal production of 75 million quintals, and a 2 percent drop in agricultural value added.

Given the demand rebound, the rise in international oil and some food prices, and the pick-up in inflation in the main economic partners, the Bank forecasted a rise in inflation, albeit at a moderate level, from 0.7 percent in 2020 to 1 percent in 2021 and 1.2 percent in 2022. Its underlying component was expected to follow a similar trend, rising from 0.5 percent in 2020 to 1.2 percent in 2021, and then to 1.5 percent in 2022, driven mainly by the rise in food prices, included in it.

With regard to macroeconomic balances, public expenditure grew significantly, particularly due to the investment effort and the costs involved in the widespread implementation of the AMO (mandatory health insurance). Nonetheless, the budget deficit is likely to decrease gradually over the forecast horizon, from 7.6 percent of GDP in 2020 to 7.2 percent in 2021 and then to 6.7 percent in 2022, boosted by the expected economic recovery. However, this decline was not enough to reduce the Treasury's debt, which, according to BAM's forecasts, would rise from 76.4 percent of GDP in 2020 to 78.4 percent in 2021 and 80.7 percent in 2022.

Meanwhile, the current account deficit was expected to increase from 1.5 percent of GDP in 2020 to 4.2 percent in 2021 and then decrease to 2.8 percent in 2022, mainly due to a higher energy bill and larger consumer goods purchases. While remaining below pre-crisis levels, travel receipts were projected to recover gradually and remittances from Moroccan expatriates should continue improving. The official reserve assets were forecasted to reach 319.4 billion dirhams at end-2021 and 328.6 billion dirhams at end-2022, which is the equivalent of more than 7 months of imports of goods and services over the forecasting horizon, taking into account the expected change in the other components of the balance of payments, the SDRs allocated by the IMF, equivalent to 10.8 billion dirhams, and the treasury's external drawings of 41 billion dirhams in 2021 and 40 billion dirhams in 2022.

With regard to the monetary conditions, the key rate cuts carried out in 2020 resulted in lower lending rates and in continued strong bank lending to the non-financial sector, boosted by the secured lending programmes that BAM put in place in response to the crisis.

Considering all these data, and added to the assessments of the various monetary measures put in place since the pandemic's outbreak, the Bank Board deemed, during its first two meetings of the year, that the monetary policy stance remained largely accommodative. It particularly considered that the key rate level remained appropriate and thus decided to keep it unchanged at 1.50 percent.

Table 2.2.1: Inflation forecasts in 2021 (in percent)

	Board meetings			
Average rate	**23 march**	**22 june**	**13 october**	**21 december**
2021	0,9	1,0	1,2	1,4
2022	1,2	1,2	1,6	2,1
2023	-	-	-	1,4
Over an 8-quarter horizon	1,1	1,3	1,6	1,8

During the second half of the year, as new variants of the Covid-19 virus emerged and spread rapidly, several countries resorted to reintroducing or extending their restrictive measures. However, the overall global economic outlook remained favourable, despite significant uncertainties related to the risk of renewed outbreaks and highly uneven access to vaccines. At the same time, the continued upward trend of commodity, food and energy prices, the higher freight costs and the supply chain bottlenecks continued to weigh on consumer price trends. Inflation continued to rise, forcing a growing number of central banks in the last months of the year to consider or implement monetary policy tightening by increasing rates and/or reducing their asset purchase programmes.

In its October[1] meeting, the Bank Board revised its growth forecasts for 2021 from 5.3 percent, projected in June, to 6.2 percent, based on the new data available, particularly the Q2 national accounts. This improvement reflects an 18.8 percent rebound in agricultural value added, with a cereal harvest estimated by the ministry of agriculture at 103.2 million quintals, and a 4.6 percent increase in non-agricultural activities. Growth was expected to slow to 3 percent in 2022, reflecting a 3.3 percent decline in agricultural value added, assuming that cereal production returns to the average, and that non-agricultural value added increases by 3.6 percent.

[1] The third 2021's board meeting, initially scheduled for September 28th, has been postponed to October 13th, for health-related reasons.

In this context, also marked by heightened external pressures, the consumer price index was projected to rise by 1.2 percent for the year as a whole and by 1.6 percent in 2022. Its underlying component was expected to rise by 1.4 percent in 2021 and 2.1 percent in 2022.

Drawing on all these analyses and assessments, the Board considered that the monetary policy stance remained broadly accommodative and provided adequate financing conditions. It particularly considered that the level of the key interest rate remained appropriate and thus decided to keep it unchanged at 1.50 percent.

Table 2.2.2: Monetary policy decisions since 2012*

Date	Key rate	Monetary reserve ratio	Other decisions
March 27, 2012	Decrease from 3.25% to 3%		Decision to extend the collateral eligible for monetary policy operations to securities representing credit claims on VSMEs.
September 26, 2012		Decrease from 6% to 4%	
December 13, 2012			• Implementation of the first loan operation secured by private securities intended for VSMEs. • Easing of eligibility criteria for deposit certificates.
December 11, 2013			New program to further encourage bank funding of VSMEs.
December 19, 2013			Deleted remuneration of the monetary reserve.
March 25, 2014		Decrease from 4% to 2%	
September 23, 2014	Decrease from 3% to 2.75%		
December 16, 2014	Decrease from 2.75% to 2.50%		
July 1, 2015			New rules for allocating 7-day advances, taking into account each bank's effort in granting loans to the real economy and the pass-through of the Bank's decisions.
March 22, 2016	Decrease from 2.50% to 2.25%		
June 21, 2016		Increase from 2% up to 5%	Launching remuneration for reserves, benefiting banks having made further efforts in granting loans.
September 24, 2019		Decrease from 4% to 2%	
December 17, 2019			• Set-up of an unlimited refinancing mechanism for bank loans granted to the groups targeted by the Integrated Business Support and Financing Program. • Application of a preferential interest rate of 1.25 percent to refinance loans granted under this program.

March, 17 2020	Decrease from 2.25% to 2%		
April, 15 2020			• Expansion of the list of assets eligible as collateral for refinancing operations to include debt securities issued by public institutions and businesses or Fund for Collective Investment in Securitization and bills representing claims on the State or on public institutions and businesses. • Easing of the conditions for refinancing banks under the program to support the financing of SMEs set up in 2013 by (i) extending refinancing to operating loans in addition to investment loans and (ii) increasing its frequency from quarterly to monthly.
June, 16 2020	Decrease from 2% to 1,5%	Decrease from 2% to 0%	• Establishment of a refinancing line for new and rescheduled loans that are granted by banks to microcredits associations during the period from the 2nd quarter of 2020 to the last quarter of 2021. • Establishment of a refinancing line of "Wakala Bil Istitmar" agreed with conventional banks during the period from the 2nd quarter of 2020 to the last quarter of 2021 for the benefit of participatory banks. • Extension of the list of assets eligible as collateral for refinancing operations to bills representing claims on microcredits associations and "Wakala Bil Istitmar" agreed with participatory banks.

* With respect to the key interest rate and the monetary reserve, this table only presents the decisions taken to change their levels.

In view of the significant progress made in the vaccination campaign, which contributed to improve the health situation, and of the continued fiscal and monetary stimulus, the Bank, during its last meeting of the year, revised its growth forecast for 2021 to 6.7 percent, with rebounds of 18.8 percent in agricultural value added and 5.3 percent in non-agricultural activities. In the medium term, the pace of economic activity was expected to slow to 2.9 percent in 2022 before accelerating to 3.4 percent in 2023. In this context, and considering the increase of external pressures, inflation was expected to rise to 1.4 percent in 2021, driven by a significant increase in its underlying component and higher fuel and lubricant prices. In 2022, it was forecasted to reach 2.1 percent, from 1.6 percent forecasted a quarter earlier, before decelerating to 1.4 percent in 2023. .

Moreover, taking into account the achievements of 2021 and the data of the 2022 finance act, the budget deficit forecast was revised to 6.9 percent of GDP in 2021, with a further gradual reduction to 6.3 percent in 2022 and 5.8 percent in 2023. At the same time, the current account deficit was projected to widen from 2.5 percent of GDP in 2021 to 5.3 percent in 2022 and then to 4.9 percent in 2023, mainly as a result of higher oil prices and larger consumer goods purchases, added to a less favourable outlook for travel receipts. Furthermore, bank credit to the non-financial sector was expected to continue evolving moderately despite the completing of the "Damane" and "Relance" products' distribution phase.

Against this background, the Board assessed that the monetary policy stance remained broadly accommodative and ensured adequate financing conditions. It particularly considered that the key rate level remained appropriate and thus decided to keep it unchanged at 1.50 percent.

Box 2.2.1: Assessment of inflation and growth forecasts

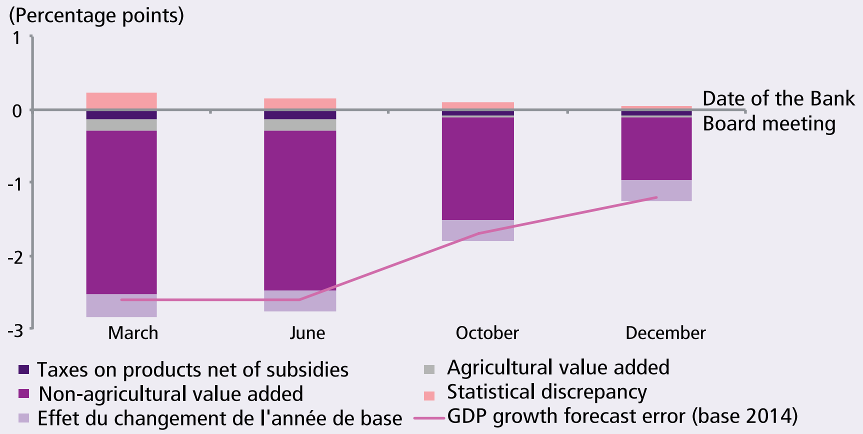
In compliance with its transparency policy and its permanent endeavour to improve its analysis and forecasting system, Bank Al-Maghrib annually assesses the pertinence of its projections, elaborated quarterly during the meetings of its Board. This box summarizes the results of this 2021 review of the "inflation" and "growth" variables. It is worth noting that the central forecasting model underwent a slight adjustment during the year (see Box 2.2.2) formalising the transmission of the currency fluctuations. This change aims to take into account a higher market volatility that could be induced by widening the fluctuation band from ±2.5 percent to ±5 percent on March 9th,2020.

In 2021, the macroeconomic context was shaped by a persistently high level of uncertainty. While a certain degree of optimism emerged about a return to normality owing to the vaccines' availability and effectiveness, the unstable epidemiological situation, due to the emergence of new variants of the virus, the resurgence of infections and the widely uneven access to vaccines, dampened such optimism. Furthermore, the rapid recovery in demand, disruptions in production and supply chains, and rising commodity prices led to a global phenomenon of rising inflation that picked up during the yer's second half.

At the domestic level, despite the persistent uncertain conditions, the advances made in vaccination, the easing of health restrictions, the continued fiscal and monetary stimulus, and the favourable weather conditions have supported the economic recovery amidst a contained rise in inflation.

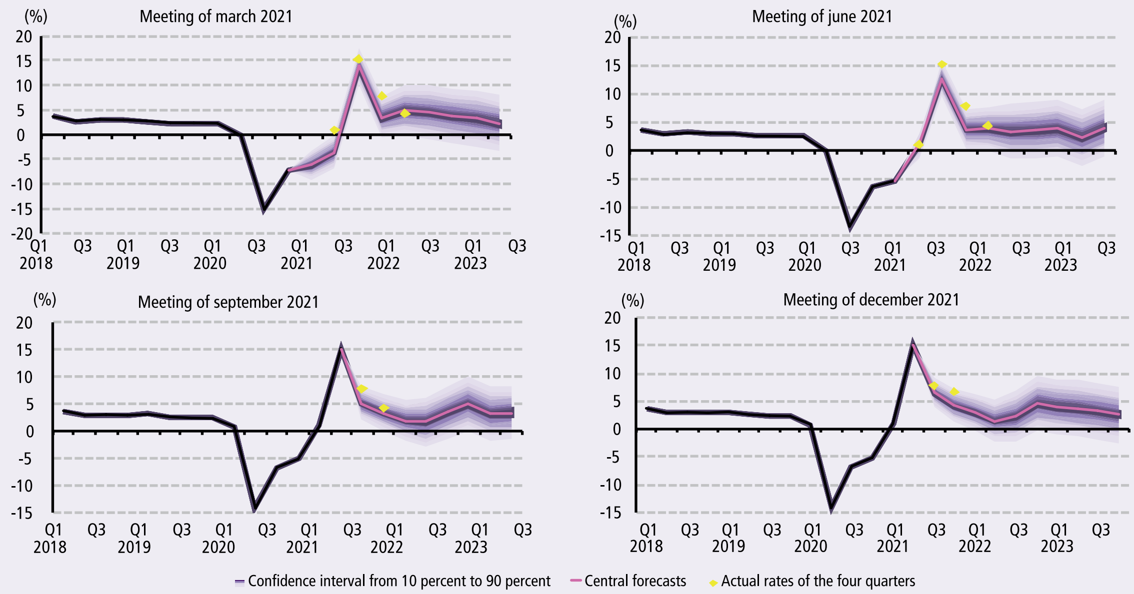
Thus, after a contraction of 7.2 percent in 2020, the national economy recovered by 7.9 percent in 2021. Although this rebound was anticipated, its magnitude was underestimated at 2.6 percentage points in the March and June forecasting exercises. In the October and December projections, the availability of second quarter national accounts data allowed to reduce this gap in a significant way. Indeed, the growth forecast for the value added of non-agricultural activities was revised from the 3.5 percent rate, published in the March MPR, to 5.3 percent in December, with an actual figure of 6.6 percent. Regarding the value-added of agricultural activity, its forecast was close to the actual, at 17.8 percent, with an average difference of 0.6 percentage points. It should be noted that the change in the base year of the national accounts has induced, all other things being equal, an absolute mechanical difference of 0.3 percentage points for overall GDP, 1.1 percentage points for agricultural value added, and 0.2 percentage points for non-agricultural value added.".

Chart B 2.2.1.1: 2021 forecast gap by growth component



The growth forecast fan charts, representing the uncertainties surrounding the projections, show that the actual quarterly figures for 2021 fell within the 90 percent confidence interval, broadly above the central projections.

Chart B 2.2.1.2: Fan charts of the growth forecasts*

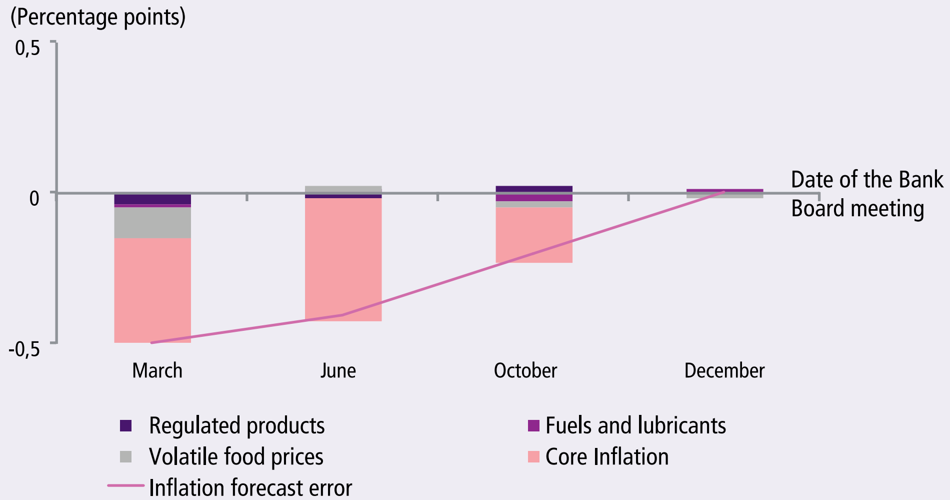


* The only figures available on a quarterly basis are those of the 2007-based national accounts.

After reaching 0.7 percent in 2020, inflation accelerated to 1.4 percent in 2021. The data available in March, relating in particular to external pressures, indicated no such rise, but the deviations from the forecast were gradually reduced from one year to the next, with the average absolute error falling from 0.5 percentage points in March to 0 points in December. The underestimation mainly concerned the underlying component, whose evolution was heavily hit by the rise, particularly sharp from September onwards, in international commodity prices, especially food products[1].

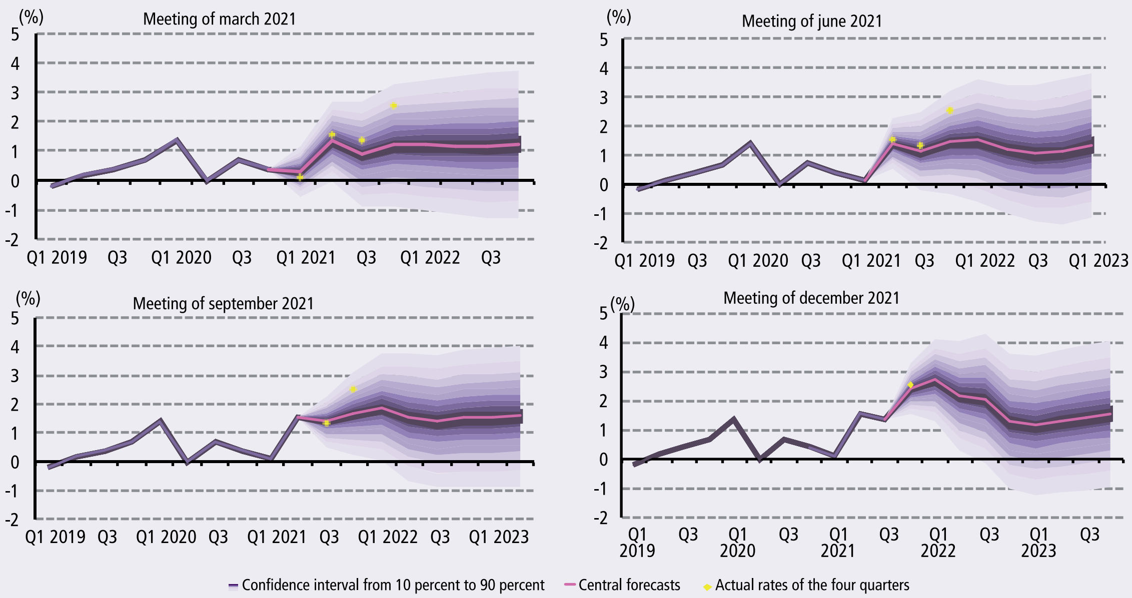
[1] Particularly oils and cereal-based products.

Chart B 2.2.1.3: 2021 forecast gap by inflation component



These results are also reflected in the fan charts. The inflation figures reported for the whole four quarters of the year under review fell within the 90 percent confidence interval and were above the central projections, except for the March figure.

Chart B 2.2.1.4: Inflation forecasts fan charts

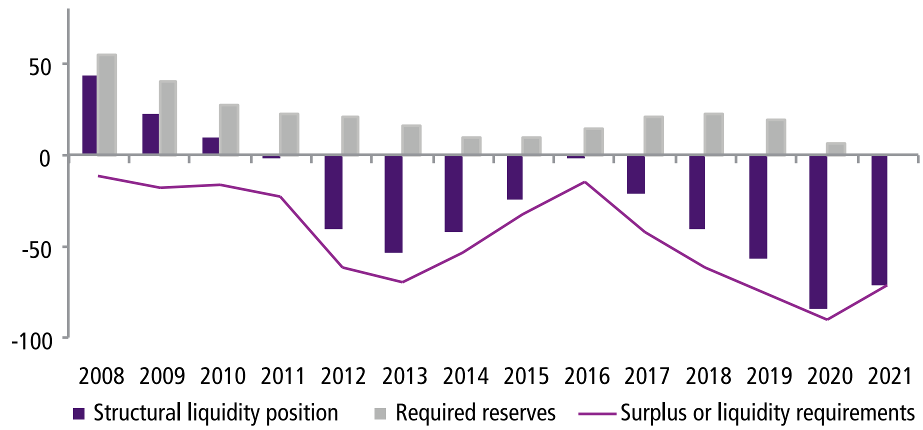


Monetary policy implementation

2.2.2.1 Interventions in the money market

In 2021, banks' liquidity needs fell significantly from 90.2 billion dirhams a year earlier to an average of 70.8 billion dirhams a week. This improvement is mainly attributable to a 24.7 billion increase in BAM's foreign exchange reserves, particularly from the Treasury's intensive use of external drawings and purchases of foreign currency from banks, as part of the auctions initiated in September. The pressure on banks' treasuries was relieved by the reduced level of currency in circulation, which increased by 26.4 billion in 2021, after 44 billion in 2020.

Chart 2.2.1: Structural liquidity position of banks1 and amount of monetary reserve (weekend averages, in billion dirhams)



[1] The structural liquidity position of banks is the sum of BAM's foreign exchange reserves, the Treasury's net position and other net factors, minus currency in circulation.

Taking into account the change in the banks' liquidity needs, BAM adjusted the volume of its interventions to 82.9 billion dirhams on a weekly average in 2021 after 96.3 billion in 2020. By instrument, the Bank granted an average of 21.2 billion, after 29.3 billion in 2020, through repurchase agreements at one and three months, and 26.8 billion, against 20 billion, in the form of one-year secured loans within the framework of programmes supporting the financing of VSMEs, micro-credit associations and participatory banks. Concerning 7-day advances, BAM continued to meet all the banks' requests, and granted a weekly average of 34.1 billion after 42.5 billion. The Bank also carried out four foreign exchange swap operations for 6.7 billion dirhams and was requested five times for 24-hour advances totalling 11.5 billion. The growing recourse to longer-term instruments raised the average duration of the Bank's interventions from 33.3 days to 55.6 days.

Chart 2.2.2: 2021 banks liquidity (weekend averages, in billion dirhams)

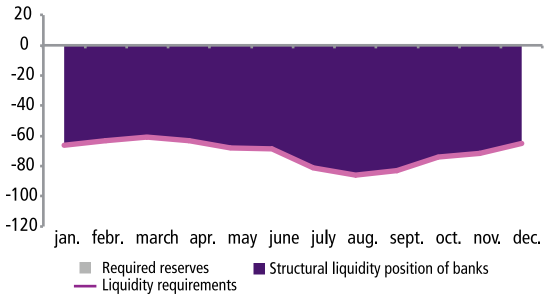
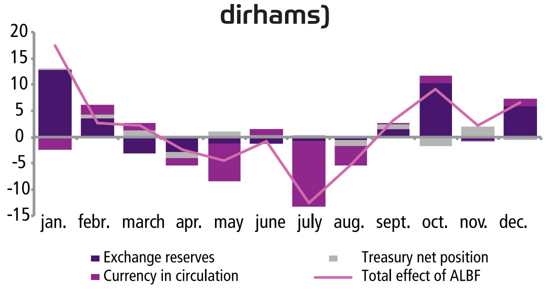
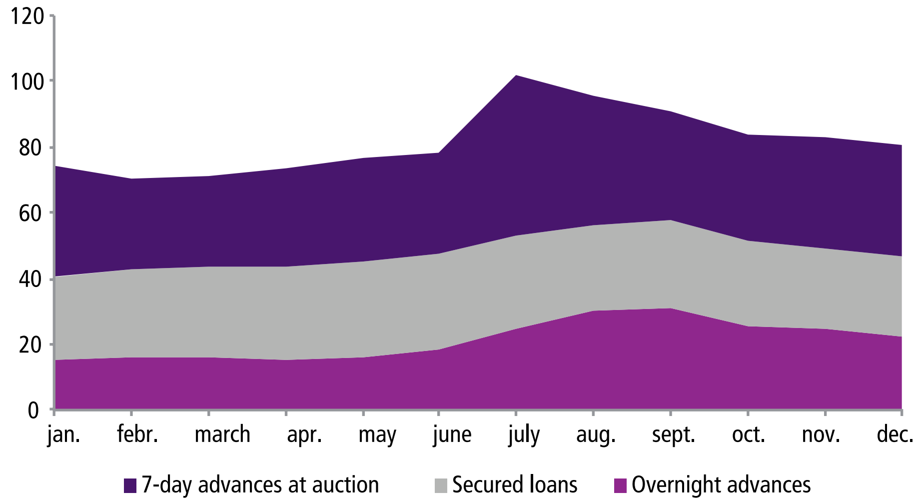


Chart 2.2.3: Contribution of autonomous factors to the change in the 2021 liquidity requirement (weekend averages, in billion dirhams)



The infra-annual analysis shows a gradual easing of banks' liquidity needs during the first three months of the year, from 66 billion to 61.2 billion as a weekly average, reflecting the improved foreign reserves of BAM. From April to August, this deficit peaked at 86.1 billion in August, mainly due to the seasonal expansion of currency. Driven by the increase in foreign exchange reserves and, to a lesser extent, by the decline in currency in circulation, the requirement gradually eased over the rest of the year, falling to an average of 64.8 billion in December.

Chart 2.2.4: Bank Al-Maghrib's interventions in 2021 (weekend averages, in billion dirhams)



Under these conditions, the weighted average interest rate of the interbank market, which constitutes the operational target of the monetary policy, remained consistent with the key rate, standing at 1.50 percent on average. As for the volume of transactions, they returned from a daily average of 4.8 billion dirhams in 2020 to 4.1 billion in 2021. The Treasury's investments on the money market amounted to 7.2 billion in a daily average instead of 6 billion a year earlier, carried out mainly on the repurchase market at an average rate of 1.37 percent.

Chart 2.2.5: Average volume of exchanges on the interbank market in 2021 (in billions of dirhams)

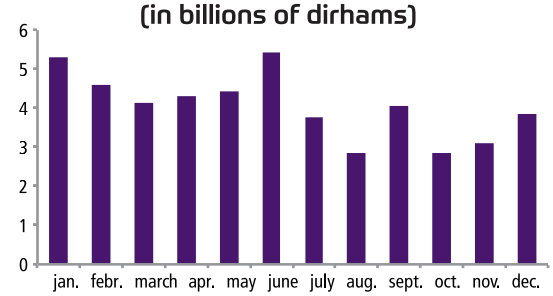
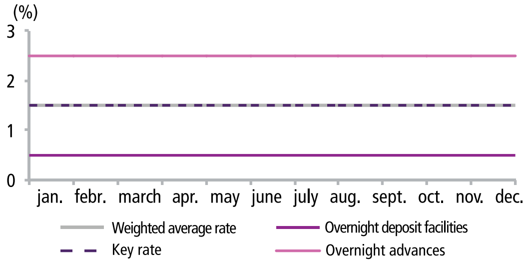


Chart 2.2.6: Weighted Average Interbank Market Rate in 2021 (monthly averages)



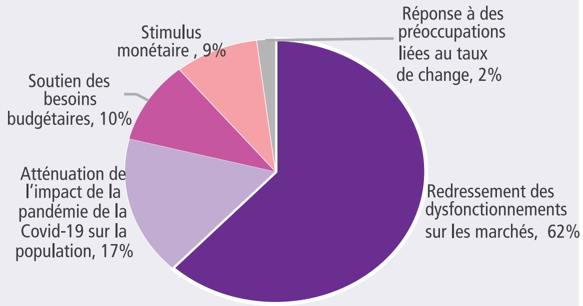
Box 2.2.2: Asset purchase programmes: experiences of emerging and developing countries

In response to the 2008 financial crisis, central banks in advanced countries took unprecedented measures to counter the risks threatening price stability and growth, having exhausted their margins with regard to conventional instruments, notably key interest rates, central banks resorted to unconventional measures, mainly asset purchase programmes (APPs), which generally aimed at achieving two primary objectives[1]. The first objective is to ease credit conditions through the Bank's refinancing or buying back securities issued as claims on the economy (commercial paper, corporate bonds, etc.), known as "credit easing". The second objective is to strengthen the liquidity of credit institutions through the purchase of state-owned securities; this is referred to as "quantitative easing" stricto sensu.

While several central banks in advanced economies had initiated or considered normalizing their monetary policy, the outbreak of the Covid-19 pandemic prompted them to reverse this trend and strengthen their unconventional programmes. Likewise, some central banks in emerging and developing countries (EDCs) resorted to this type of instrument for the first time, with a view to addressing the repercussions of the health crisis. As such, the Indonesian central bank was the first to announce a programme of Treasury bill purchases on March 2d, 2020 in order to "preserve the stability of money and financial markets". Mexico followed on March 12, Croatia on 13 March 13th, and many other developing countries joined in the same month.

A survey of APPs in developing countries conducted by the (IMF, 2021)[2] shows that the reported size of such programmes is usually not very large, except for some countries such as Chile, Indonesia, the Philippines, and Poland. In addition, their implementation period has been relatively short, with a significant slowdown as of May 2021. Among these programmes, 62 percent aimed at addressing market failures, 17 percent at mitigating the impact of the Covid-19 pandemic on the population, 10 percent at supporting fiscal needs, 9 percent at providing monetary stimulus, and 2 percent at addressing exchange rate concerns.

Chart B 2.2.2.1: APP goals reported by central banks of developing countries



[1] Many analysts often combine these policies under the single name of quantitative easing (QE), a term that is widely used.
[2] « Unconventional Monetary Policies in Emerging Markets and Frontier Countries », Chiara Fratto, Brendan Harnoys Vannier, Borislava Mircheva, David de Padua, and Hélène Poirson, IMF WP/21/14, January 2021.

a. Impact of APP

The studies conducted to assess the impact of unconventional monetary policies in DCs are relatively rare. The issues addressed focus on the effects on specific financial market indicators such as long-term bond yields and exchange rates. According to Arslan et al (2020)[3], asset purchase programmes significantly and persistently lowered long-term bond yields and supported the domestic currency of 13 emerging countries. Other studies suggest that the effects of APP announcement on Treasury yields in emerging countries are greater than in advanced countries (Hartley & Rebucci (2020))[4]. Hovever, the magnitude and persistence of this impact depend on the APP characteristics (the objective, whether the programme is quantity or price based, and the type of securities targeted) (IMF, 2021).

However, these programmes are not risk-free. In addition to their implications for independence and fiscal dominance, several central banks have seen their balance sheets grow significantly, exposing them to the risk of insolvency of the parties issuing the securities.

To ensure successful implementation and to minimise the inherent risks, recent work[5] by the IMF and the World Bank has set out guidelines on the design and implementation of such programmes. These guidelines notably recommend that:

- The central bank must possess operational independence, which implies a strong governance framework and the capacity to absorb potential losses from such programmes.
- These purchases should be made at the central bank's own initiative with clear and transparent objectives. They should also be made at market prices in the secondary market if the latter is not too deep, and their volume must be well calibrated to reflect the development level of the debt and capital markets.
- A strong fiscal position is a key prerequisite for the efficiency of these programmes. Their rollout in a context of fiscal vulnerability could raise investors' concerns about fiscal dominance and increase the risk of capital outflows and pressures on the exchange rate.
- Short-term, small-scale and temporary asset purchases are recommended to remedy financial market malfunctions during crises. In the face of very low inflation and little room for manoeuvre in conventional tools, longer-term and larger asset purchases are preferred.

b. Desirability of APPs for Morocco

Inflation in Morocco continues to evolve at moderate levels, in line with the objective of price stability, and financial markets have witnessed no major problems of instability or malfunctioning. In addition, monetary conditions remain largely accommodative as due to the monetary policy stance adopted in recent years and the various measures recently put in place as part of the authorities' response to the Covid-19 crisis.

3 « Central bank bond purchases in emerging market economies », Yavuz Arslan, Mathias Drehmann and Boris Hofmann, BIS bulletin N°20, June 2020.

4 « An Event Study of COVID-19 Central Bank Quantitative Easing in Advanced and Emerging Economies », Alessandro Rebucci, Jonathan S. Hartley & Daniel Jiménez, NBER, June 2020.

5 « Asset Purchases and Direct Financing: Guiding Principles for Emerging Markets and Developing Economies during COVID-19 and Beyond », Tobias Adrian, Christopher J. Erceg, Simon T Gray, and Ratna Sahay, IMF, DP2021/023, october 2021 and « Global Economic Prospects », World Bank, January 2021.

Moreover, analysis of the situation on the primary market for Treasury bills does not indicate any particular pressure on the State budget's financing needs, as the Treasury often subscribes only to a limited share of the supply at auctions and on favourable terms. The possibility of mobilising external funds remains significant, bolstered by the fact that the central bank holds the remainder of the PLL[6] drawdown made on April 7th, 2020. This would further explain the advantageous conditions, which characterised the Treasury's latest issues on the international market and the absence of pressure on the foreign exchange market.

Aside from these considerations, and despite the substantial cuts in the key interest rate made in recent years, the various analyses carried out separately by Bank Al-Maghrib and the IMF show that the room for manoeuvre in conventional monetary policy instruments is far from being exhausted and does not justify the use of APPs, especially given the uncertain consequences and risks surrounding the latter.

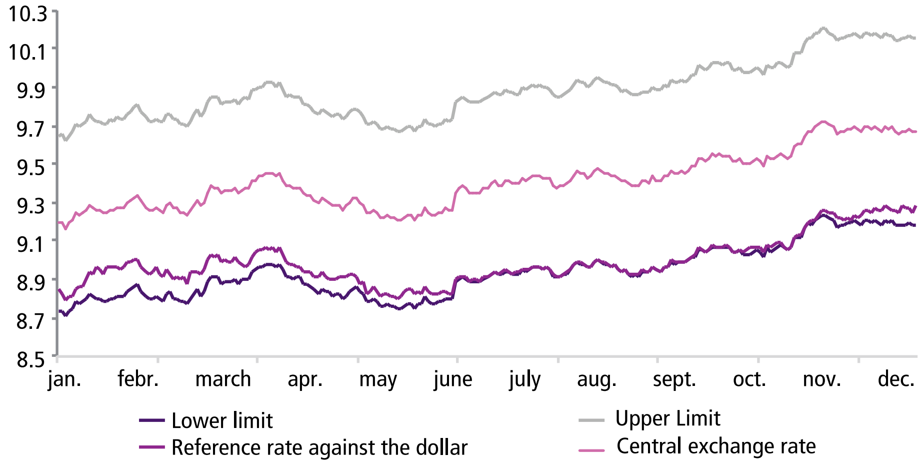
[6] Morocco has prepaid part of the PLL drawdown on January 8, 2021.

Interventions in the foreign exchange market

In the foreign exchange market, the reference rate of the dirham has continued deviating from the central rate since June 2020, ending the first five months of the year 2021 with an average gap of 4 percent. Starting from the end of June 2021, this rate stabilised at the lower limit of the fluctuation band in the context of a significant surplus of foreign currency liquidity. Despite the relative persistence of this gap, assessments carried out by the Bank at the time of each forecasting exercise confirmed that it was rather cyclical and that the value of the national currency remained broadly in line with the fundamentals of the economy.

Thus, to absorb these surpluses and ensure the proper functioning of the market, Bank Al-Maghrib launched September 20, in foreign currency auctions, that amounted, by the end of the year, to the equivalent to 15 billion dirhams. The exchange rate thus gradually detached itself from the lower limit of the band, the gap with the central rate having returned to 4.1 percent at the end of December 2021.

Chart 2.2.7: Reference rate of the dirham against the US dollar in 2021



Box 2.2.3 : Adapting Bank Al-Maghrib's analysis and forecasting system to the exchange rate regime reform

To prepare for the transition to a more flexible exchange rate regime and an inflation-targeting framework, Bank Al-Maghrib launched a major project in 2013 to set up a forecasting and policy analysis system (FPAS[1]) to support its monetary policy framework. This system consists of two major components, a long-term policy analysis model (PAM)[2] and a central quarterly projection model (MQPM)[3], supplied and completed by satellite models to produce integrated and consistent projections of the main macroeconomic aggregates. Widely used by central banks, this model is in line with semi-structural models, relying both on the neo-Keynesian theoretical foundations that underlie the general equilibrium models and on the empirical models' data adjustment. The model depicts an open economy and essentially describes the dynamics of aggregate demand and supply, the nominal interest rate and the exchange rate.

The FPAS, implemented at the end of 2015, came with the launch of the exchange rate reform initiated by the monetary authorities on January 15th, 2018. The first phase of this reform consisted in widening the fluctuation band of the dirham from ±0.3 percent to ±2.5 percent while keeping unchanged the reference basket, composed of the euro and the US dollar at 60 percent and 40 percent respectively. A second transition phase was initiated on March 9th, 2020 by further extending the fluctuation band to ±5 percent around the central rate, calculated based on of the same reference basket.

To better reflect the increased volatility that such expansion would generate on the foreign exchange market, BAM, with the technical support of the IMF, upgraded its analysis and forecasting system in 2020. The adjustments made to the QPM model, in particular, involve considering the new fluctuation band of the dirham in context of maintaining restrictions on the capital account for Moroccan residents.

[1] Forecasting and Policy Analysis System: https://www.bkam.ma/en/Monetary-policy/Analytical-and-forecasting-framework/Forecasting-mechanism)

[2] Policy Analysis Model. For more details, see : « The Morocco Policy Analysis Model: Theoretical Framework and Policy Scenarios. », Aya Achour, Ales Bulir, Omar Chafik, and Adam Remo, IMF WP21/122, April 2021.

[3] A working paper, which details the structure of the Moroccan Quarterly Projection Model, was published in 2018 on the IMF website, under: « Morocco: A Practical Approach to Monetary Policy Analysis in a Country with Capital Controls ». This WP was developed by Mokhtar Benlamine, Ales Bulir, Meryem Farouki, Ágnes Horváth, Faical Hossaini, Hasnae El Idrissi, Zineb Iraoui, Mihály Kovács, Douglas Laxton, Anass Maaroufi, Katalin Szilágyi, Mohamed Taamouti and David Vávra, IMF WP18/27, February 2018.

The nominal exchange rate equation $S_t^{effective}$, expressed in dirham against the euro, has been modified to account for the market effect S_t^{market}, and the basket effect S_t^{basket}, the market effect S_t^{market}. The market effect measures the deviations of the nominal exchange rate from its value calculated based on the basket. A rise in S_t^{market} reflects a depreciation of the dirham against the euro and vice versa.

$$S_t^{effective} = \alpha * S_t^{market} + (1-\alpha) * S_t^{basket} \qquad (1)$$

The alpha coefficient α, which takes values between 0 and 1, is set to reflect the degree of flexibility of the current exchange rate regime, with zero corresponding to a fixed exchange rate regime and 1 to a floating regime.

S_t^{market} is derived from modifying the pure wording of the uncovered interest rate parity function that would equalize returns on the domestic and external financial markets (represented by the euro area) against a risk premium. To consider the imperfect mobility of capital for Morocco, this parity is increased by the cyclical effects of transfers from Moroccans living abroad and by the real exchange rate. The latter is a proxy for the effect of other trade and financial flows on the nominal value of the dirham against the euro. It is worth noting that the risk premium evolves inversely with hedging foreign exchange reserves in months of imports of goods and services. Overall, the higher the reserve coverage ratio, the easier it is to defend the exchange rate peg within the fluctuation bands.

By developing this new version of the model corresponding to a hybrid exchange rate regime, it has become possible to enrich and improve the quality of the analyses underlying monetary policy decision-making by taking into account, in a better way, the interactions between the exchange rate and the other various variables of the economy. The Bank also maintains a version tailored to a fully-fleged floating regime which it uses for simulation purposes during each forecasting exercise.

2.2.2 Research

The 2021 research activity at Bank Al-Maghrib was marked by the publication of four working papers entitled: "Corporate Tax and Investment: What Link in Morocco?", "Vulnerability Analysis of the Moroccan Productive Fabric", "Real and Financial Cycles in Morocco: An Analysis by Wavelets" and "The Morocco Policy Analysis Model: Theoretical Framework and Policy Scenarios".

Concurrently, several webinars were held on various topics including:

- "Exchange rate regime reforms in emerging economies: the case of Hungary", moderated by Zoltan Reppa, Senior Economist at OG Research and expert at the BCC Swiss Fund;
- Use of DSGE models to model real-financial interactions in central banks", moderated by Jaromir Benes, Senior Partner at OGResearch;
- Capacity building in research writing and communication", facilitated by Abdoulaye Seck, Professor of Economics at the Université Anta Diop de Dakar;

- Communication on research within Central Banks: reflection on good practices", facilitated by Daniel Swann, consultant and expert in communication strategy.

2.2.3 Statistical activities and data management

In accordance with the objectives of its 2019-2023 strategic plan, which aims to develop an economic and financial expertise center open to its environment, the Bank started developing its Data and Statistics Strategy in 2021. This strategy aims to respond to a series of challenges arising from the large volume of data, the heterogeneity of data sources and formats, and the complexity of data processing. Accordingly, several priorities were identified, targeting the upgrading of the governance system, the modernization and industrialization of management processes, the standardization of collection, production and dissemination processes and positioning data analytics to serve the Bank's missions, as well as developing collaboration with the ecosystem.

At the same time, the Bank pursued its efforts to improve data quality. In this regard, it mainly initiated a series of actions in collaboration with the institutions subject to the law, with a view to improving the reliability of both their declarations and the common reference data, which form the basis of the central reference system used by the Bank's business lines and the ecosystem. Similarly, it continued to contribute actively to the work of the Observatory of Payment Times by taking part in the overhaul of the legal and regulatory framework governing payment practices in the private sector and in the preparation of the Observatory's annual report.

2.2.4 Reserves management

In an international context marked by a persistently high level of uncertainty and a surge in bond rates, particularly in the United States, the Bank continued to optimize the return on foreign exchange reserves while ensuring compliance with security and liquidity requirements. As such, it reinforced the investment of surplus reserves at higher rates than those observed over the last two years.

The generalized and rapid rise in bond rates at the end of the year had a negative impact on the result of the reserves management linked to the increase in provisions for depreciation of investment securities. Consequently, the result showed a 34 percent decline after increases of 4 percent in 2020 and 37 percent in 2019. It should be noted that the investments made throughout the previous years have largely mitigated the negative impact of this rate increase.

2.2.5 Banking supervision

Microprudential supervision

Following the approval of a new factoring company and the withdrawal of approval from a microcredit association and two payment institutions, the scope of Bank Al-Maghrib's supervision in 2021 covered 89 credit institutions and similar bodies[1]. In addition, it is to be noted that on the cross-border level, the Moroccan banking groups count 73 institutions[2].

In a context marked by the persistent pandemic crisis, the Bank continued to closely monitor asset quality by keeping an eye on sensitive and non-performing loan portfolios and their coverage levels by provisions. In line with its recommendation to suspend the distribution of dividends for 2019, the Bank urged banks to be cautious in this regard for the 2020 financial year.

In 2021, the Bank resumed the performance of on-site supervision missions with emphasis on AML/CFT, customer protection and the operational resilience of banks. In terms of cross-border supervision, cooperation with its foreign counterparts has been further strengthened and the annual meetings of the colleges of supervisors of the three Moroccan banking groups have also continued. For the second year in a row, the Bank chaired the French-speaking Banking Supervisors Group, which this year was devoted to cyber risk.

At the regulatory level, Bank Al-Maghrib lifted most of the temporary prudential measures introduced during the pandemic, except for the 50-basis point reduction in the capital conservation buffer, which has been extended until June 2022. It also anticipated the reduction of the risk weighting applicable to credit institutions' exposures to SMEs provided for by the revision of the Basel 3 framework, bringing it down to 85 percent instead of 100 percent, in order to support them in financing SMEs during the recovery phase.

In order to complete the transposition of the Basel 3 provisions, the Bank introduced the minimum leverage ratio to be observed by banks in order to limit the accumulation of leverage and prevent reversal processes in times of crisis. It also revised the regulatory framework governing the measurement and management of the interest rate risk inherent in the banking book.

To help maintain the continuity of banks' activities by ensuring adequate capitalization to cover risks, absorb losses and follow a sustainable strategy during periods of prolonged stress, Bank Al-Maghrib revised the framework governing banks' internal capital adequacy assessment process (ICAAP).

[1] Including 19 conventional banks (of which 3 hold participatory banking windows), 5 participatory banks, 28 finance companies, 6 offshore banks, 11 microcredit associations, 18 payment institutions, the Caisse de Dépôt et de Gestion and the Société Nationale de Garantie et du Financement de l'Entreprise (formerly the Caisse Centrale de Garantie.)

[2] 51 subsidiaries and 22 branches in 35 countries, including 27 in Africa, 7 in Europe and one in Asia.

On another level, and in order to protect banks against the real estate risk induced by the stock of assets acquired by way of payment in lieu of payment and sale with right of repurchase, the Bank introduced a system of credit risk weights applicable to this portfolio of assets and regulated the use of these techniques.

With increased digitalization, the Bank initiated the process of creating an industry cyber security community to share information regarding cyber threats. It has also stepped up its exchanges with the banking ecosystem to promote appropriate preventive measures in response to cyber incidents.

In the participatory finance field, Bank Al Maghrib enhanced the product offer by introducing the Murabaha on professional furniture for commodity financing operations, after the council of scholars labelled the contractual documentation related to it. At the regulatory level, the provisions governing the equity and solvency ratio have been amended to cover financing granted in the form of Wakala Bil Istithmar and Sukuks Wakala. In order to improve the management of the risk of non-compliance with the opinions of the Council of scholars, the Bank also issued a directive on the external sharia audit mission. In addition, the year 2021 witnessed the signature by participatory banks of a code of ethics, established under the aegis of Bank Al-Maghrib, laying down the rules and principles these banks must observe for a healthy development of their activity.

As for the micro-credit sector, which has been hard hit by the crisis, Bank Al-Maghrib renewed, until December 2022, the temporary easing of the provisioning rules for overdue loans. Simultaneously, it established with the Ministry of Economy and Finance a guarantee fund for restructured loans and additional loans granted by micro-credit associations to support clients affected by the pandemic.

Bank Al-Maghrib also contributed to reforming the law on microfinance, thereby giving a new impetus to the sector and enabling it to play its full role as a major vector of financial inclusion for the targeted populations. This law introduced, alongside the existing associative operators, a new category of microfinance institutions (MFIs) taking the form of a limited company and broadened the range of microfinance services to include micro insurance and deposit-taking operations. It also opened up the possibility for associative MFIs that so wish to make an institutional change by constituting a credit institution, while at the same time providing a prudential framework for this change to strengthen the financial basis of the new institution and its ability to cover the risks arising from its activity.

Monitoring financial integrity

Taking into account the FATF and the Basel Committee on Banking Supervision recommendations Bank Al-Maghrib enacted obligations and vigilance measures at the group level and in the area of integrated management. It also contributed, with the various stakeholders, to finalizing the law relating to the fight against money laundering as well as to drafting the decrees taken for its application.

Under the enhanced FATF monitoring process of Morocco triggered in 2021 and the pursuit of the MENAFATF monitoring process, the Bank stepped up AML/CFT training and awareness-raising activities for the benefit of the reporting entities related to targeted financial sanctions, suspicious indicators and crypto-asset related risks. It also contributed to upgrading the national AML/CFT risk assessment, by adopting the same methodology used for the first risk assessment exercise in 2019 and this, in accordance with the FATF guidelines on the matter.

Green Finance and Climate Risks Management

Bank Al-Maghrib issued in 2021 a directive setting out the principles that credit institutions and similar bodies must implement in order to apprehend and manage the financial risks related to climate change and the environment in the conduct of their activities.

The Bank also renewed its commitment at COP26 to address the systemic threat of climate change and unveiled its action plan in this regard.

Customer protection

Amidst the growing digitalization of banking services, Bank Al-Maghrib urged banks to provide their customers with pricing guides and a summary of annual fees charged through their websites and mobile applications. It also strengthened the communication and awareness actions towards the public about topics related to banking operations and services. In this regard, three guides were distributed, covering banking mobility, handling complaints and issuing releases on guarantees.

In 2021, the Bank received 1,210 complaints from customers of credit institutions, 57 percent of which were transferred to the Moroccan Center for Banking Mediation. Almost 63 percent of the complaints were closed in favour of the complainants. Of this total, 48 percent concerned credit conditions, reflecting the payment difficulties caused by the crisis, while 30percent involved account operations.

2.2.6 Macro-prudential supervision

Given the persistence of the health crisis, Bank Al-Maghrib kept contributing to the work of the sub-committee of the Systemic Risk Coordination and Monitoring Committee (SCCSR), by conducting a monthly monitoring of the risk indicators incurred by the banking, insurance and capital market sectors, and likely to affect the financial stability.

In terms of governance, the Bank drafted and published the strategic framework for its macroprudential policy, which defines the scope, intermediate objectives and instruments of this policy as well as the related decision-making process. Also, after taking stock of the previous three-year period, the Bank prepared, in collaboration with the other financial sector regulators, the financial stability roadmap for the period 2022-2024, taking into account in particular the paradigm shifts induced or accelerated by the pandemic.

At the analytical level, the Bank carried out two macro stress tests of the banking sector to assess its resilience to the shock scenarios induced by the health crisis. At the same time, the Bank calculated and published the Financial Stability Index, which provides information on economic conditions, financial market developments, the soundness of financial institutions and Financial Market Infrastructures (FMIs), and risks arising from the property sector.

With respect to macro prudential instruments, the Bank continued to monitor risks in the real estate and household sectors by analysing changes in the "loan-to-value" and "debt service to household income" indicators. At the same time, in coordination with the other financial regulators (ACAPS and AMMC), the Bank implemented the regulatory framework aimed at monitoring financial conglomerates.

Bank Al-Maghrib also endeavoured, in consultation with the Ministry in charge of finance, to finalize the mechanism of granting emergency liquidity provided for by the law establishing the Statutes of the Bank within the framework of its mission to contribute to financial stability.

2.2.7 Systems and means of payment

In line with its statutory missions, the Bank continued to strengthen the supervisory and operational frameworks of MFIs by providing automated reporting, monitoring two payment institutions and conducting stress tests for a second systemically important MFI.

Moreover, after the adoption of the CROE methodology[1] as a benchmark for assessing MFIs' cyber resilience, Bank Al-Maghrib called on the latter to carry out an initial self-assessment of their cyber resilience maturity. The conclusions that emerged showed a generally satisfactory level of risk management.

With regard to the supervision of means of payment, the Bank carried out real tests to assess compliance and the proper functioning of existing M-Wallets. It has also strengthened the process of tracking the issuance of new electronic payment products and M-wallets. Accordingly, banks and payment institutions are required to submit to the Bank all the documents necessary for the examination of newly issued payment means in order to verify their compliance with the regulatory requirements in force.

Meanwhile, the Bank continued its efforts to promote digital financial services in close collaboration with the various public and private actors. The measures adopted in this regard involved implementation of the institutional communication strategy around mobile payment under the brand name "MarocPay". They also concerned taking charge of developing the technical and functional rules of the market and ensuring representation of the actors in the projects of payments dematerialization , especially governmental ones.

Similarly, the Bank focused on the development of financial innovations. To this end, since its creation in 2019, the "One Stop Shop Fintechs" one-stop shop has provided legal and regulatory support to more than 60 Fintechs wishing to enter the market.

2.2.8 Financial inclusion

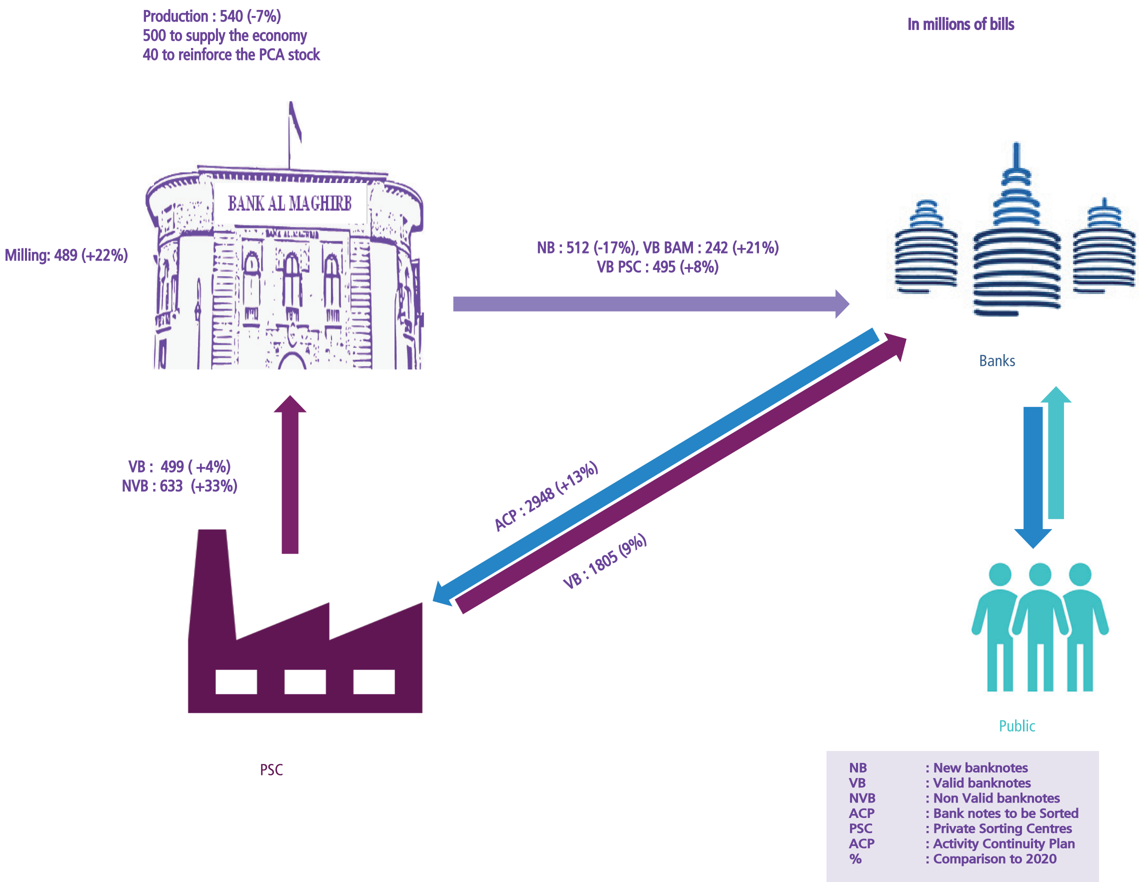
Further implementing the National Strategy for Financial Inclusion, the Bank, in coordination with the Ministry of Finance and stakeholders, defined the strategic orientations for the working groups set up. Within this framework, and after finalization of the study relating to the socio-economic status of rural women, the Bank started, in consultation with the European Bank for Reconstruction and Development, the formulation of a national policy dedicated to the economic empowerment of rural women. At the same time, and in collaboration with the World Bank, the Bank launched the green-back initiative, which aims to reduce the cost of money transfers by acting on three axes, namely improving financial education, developing the quality of services and strengthening consumer protection.

To mark the Arab Day of Financial Inclusion, the Bank organized a series of webinars targeting college and university students from different regions of the Kingdom. The Bank also continued its efforts to develop and analyse financial inclusion indicators.

[1] Cyber Resilience Oversight Expectations for Financial Market infrastructures.

2.2.9 Currency

Diagram 2.2.1: Key figures for currency activity in 2021



After an exceptional acceleration during the health crisis, currency circulation resumed its normal growth pace, with a 5.6 increase, after the 20.1 percent surge in 2020. The breakdown by type of currency reveals that banknotes have scored an increase of 5.4 percent to 2.3 billion denominations, while metal coins grew by 3.1 percent to 3 billion units. Analysis by denomination indicates the predominance of the 200-dirham note with a share of 55 percent and of the 1-dirham coin, with 29 percent.

Chart 2.2.9.1: Structure of banknotes in circulation (In percent volume)

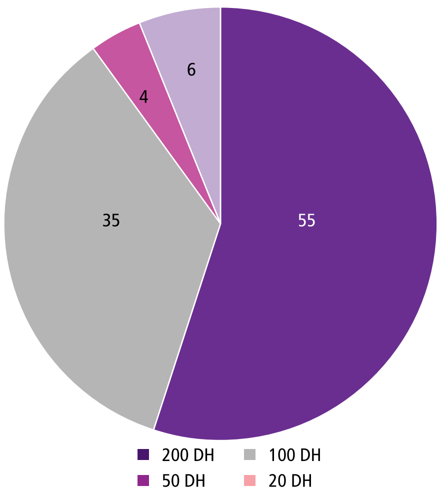
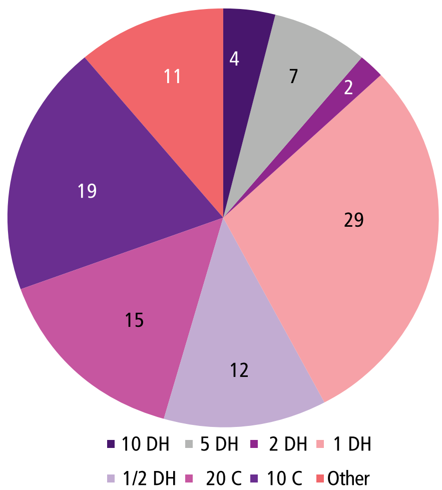


Chart 2.2.9.2: Structure of coins in circulation (In percent volume)



Other: Commemorative coins and coins to be withdrawn from circulation

To supply the national economy with new banknotes and coins, the Bank produced, in 2021, 500 million banknotes and 103 million coins. An additional quantity of 40 million of the 200 dirham denomination has also been produced for the reconstitution of the Business Continuity Plan stock.

Bank Al-Maghrib and the Private Sorting Centers (PSC) provided the local banks with 3.1 billion banknotes, after a 4.3percent increase over the previous year, mostly due to the enhanced banknote recycling operations. These operations, 90 percent of which were carried out by the sorting services of the PSC, allowed to meet 83 percent of the needs, the rest being served by new bills withdrawn from the BAM counters.

With regard to counterfeiting, the data indicate that the downward trend observed in recent years has continued, the rate of counterfeiting having declined from 6.1 bills for every million bills in circulation in 2017 to 3.3 in 2021. The number of counterfeit bills detected amounted to 7,372, worth the equivalent of 1.1 million dirhams, and concerned mainly the 200-dirham denomination with a share of 61 percent.

As for secure identity and utility documents produced on behalf of its partners, the Bank produced and delivered 1.4 million biometric passports, 1.1 million electronic driving licenses, 1 million electronic registration certificates, 70,000 firearms licenses, and 800,000 baccalaureate diplomas and transcripts for the Regional Academies of Education and Training.

Box 2.2.5: Commemorative coins issued in 2021

To mark the 22nd anniversary of the enthronement of His Majesty King Mohammed VI, the Bank issued a commemorative silver coin with a face value of 250 dirhams and a gold coin with a face value of 1000 dirhams.

These two coins display on the front side the portrait of His Majesty King Mohammed VI in addition to the expressions "Mohammed VI" and "Kingdom of Morocco" written in Arabic, with below the dates 2021-1442. On the back side, they show the inscription "22nd anniversary of the enthronement of His Majesty King Mohammed VI", written in Arabic and French. In the center, the coat of arms of the Kingdom is inscribed as well as a view of two Moroccan flags on an arabesque background. Alongside these elements, the reverse is decorated with a network of 22 vertical lines featuring the number 22 by thickness variator. The center of the reverse side of both coins indicates their respective face values of “250 dirhams” and “1000 dirhams”, written in Arabic.

22nd anniversary of the enthronement of His Majesty King Mohammed VI

(800 silver coins)

(50 gold coins)

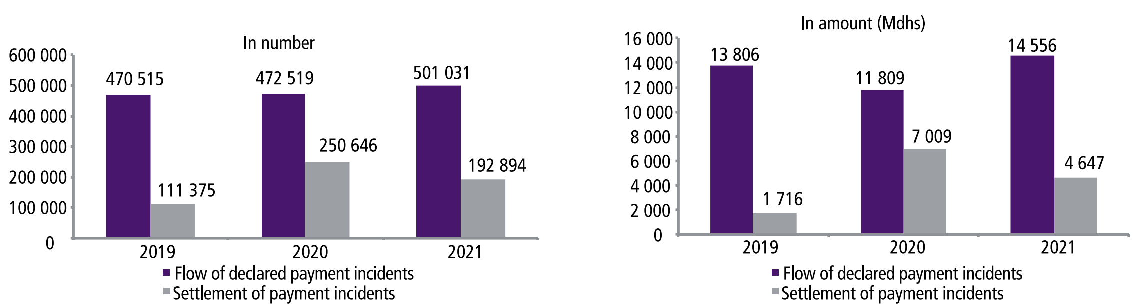
The Bank also issued a commemorative gold coin to celebrate the 58th birthday of His Majesty the King, with a face value of 1000 dirhams. This coin features on the obverse the effigy of His Majesty King Mohammed VI in addition to the inscriptions "Mohammed VI" and "Kingdom of Morocco" written in Arabic, with below the dates 1443-2021. On the reverse, the coin bears the inscription “58th birthday of his Majesty King Mohammed VI" both in Arabic and French.

58th anniversary of His Majesty King Mohammed VI
(50 gold coins)

2.2.10 Activities of central information registries

The Central Registry of Payment Incidents on Cheques recorded 501,031 incidents declared in 2021, up 6 percent compared to the previous year, worth 14.6 billion dirhams. The number of regularizations decreased by 23 percent from 250,646 to 192,894 after having more than doubled a year earlier, as a result of the tax amnesty operation relating to the 2020 contribution in full discharge of fines related to payment incidents on checks. In the same sense, the amount of these fines fell to 4.6 billion dirhams instead of 7 billion a year earlier.

Chart 2.2.10.1: Evolution of payment incidents and regularizations



Outstanding payments on standardized bills of exchange fell by 11.9 percent to 523,221. The regularizations reached 26,660 against 30,942, down 13.8 percent.

The central credit registry identified nearly 5.9 million active credit contracts, up 3.3 percent. These contracts have been allocated to 3.3 million customers, 96 percent of whom are individuals.

In 2021, the Bank also launched a new service to centralize information on irregular checks and make it available to users as a value-added service. Consultations carried out by users in this regard have revealed that one out of ten verified cheques have irregularities, which in 82 percent of the cases take the form of a bank ban and 10 percent of closed accounts.

2.3 Communication and overreach

Throughout 2021, Bank Al-Maghrib has continued its policy of outreach and communication on its missions and activities. Due to health restrictions, the quarterly meeting with the media was held by videoconference for the second year running. At the same time, the Bank multiplied its communication channels by exploiting the opportunities provided by digital technology. In this regard, the live broadcasting of the Governor's press conference on the Bank's YouTube channel provides wide access to this event. Similarly, the dissemination of institutional publications and press releases on social networks allows to reach a wider target and to generalize access to the Institution's information. In order to guarantee a better understanding of these publications, Bank Al-Maghrib has also made available to the public infographics and videos summarizing the main data of the flagship publications. Moreover, the Bank extended its outreach policy on social networks by launching an Instagram account aimed at strengthening the cultural promotion of its Museum. At the same time, in order to respond more effectively to the expectations of the public, Bank Al-Maghrib further improved its physical and telephone reception facilities at all its sites. An analysis of the information needs of the general public allows the Bank to regularly publish on its website and social networks "useful information" guides that answer the most frequently asked questions.

A rich and diversified program marked the Bank’s artistic, numismatic and cultural activities throughout the year. The Bank's Museum renewed its permanent exhibition and named it "Artistic Morocco: History and Trends". It also organized a retrospective exhibition devoted to the late artist Abbès Saladi, as well as a virtual conference under the theme "Saladi, the singularity of an artistic experience." Domestically, the Bank Museum took part in a traveling exhibition at the National Library of the Kingdom of Morocco and loaned the works of the artist Fouad Bellamine to the National Foundation of Museums and those of the painter Chaïbia Talal to the CDG Gallery. On International Museum Day, the Museum organized a webinar entitled "The Future of Museums: Recovering and Reinventing" to offer visitors innovative and creative experiences. Finally, an exhibition dedicated to the archaeological site of Sijilmassa was held around three themes: Natural and human space, a thousand-year-old monetary workshop, a literate and spiritual city. At the international level, it contributed to the exhibition "Caravans of Gold" held in several museums in the United States, the United Arab Emirates and Spain, through the loan of several antique pieces.

Concerning cooperation and institutional relations, two General Cooperation Agreements were signed in 2021 with the Central Bank of Hungary and the Central Bank of the Russian Federation, respectively. The Bank also intensified the exchange of experiences with its colleagues with nearly fifty cooperation actions consisting of 25 videoconferences on behalf of Bank Al-Maghrib and 22 conducted by the Bank's experts. These actions were held with the BCEAO, BEAC, ECB, the Federal Reserve of New York, the IMF and the Central Banks of England, Burundi, Canada, Congo, Spain, France, Italy and the Netherlands. They focused on various themes, including governance, foreign exchange reserve management, financial stability, relations with Parliament, technological orientations, responsible investment and Central Bank Digital Currencies. The Bank also concluded four partnership agreements with the Customs and Indirect Taxation Administration, the United Nations Development Program, the International Finance Corporation and Barid Al-Maghrib.

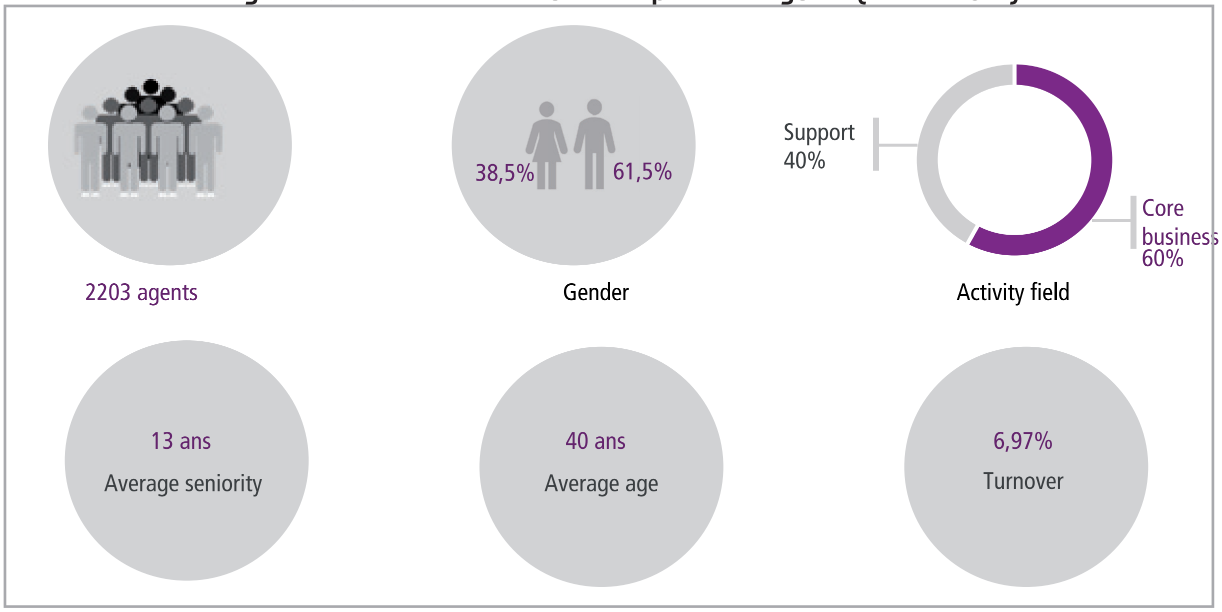
Meanwhile, the Bank pursued its efforts to strengthen its relations with partner institutions and participated in several meetings and events held in virtual format. These include:

- The IMF Spring Meetings and Annual Meetings;
- The twentieth annual BIS conference under the theme "Post-pandemic challenges for Central Banks" as well as the roundtable of African Central Bank Governors on "Interactions between monetary and fiscal policies in Africa";
- The forty-third Ordinary Meeting of the Board of Governors of the African Central Banks Association (ACBA) under the theme "African Economies and the Covid-19 Pandemic: Crisis Management and Economic Recovery Policies";
- The Ordinary Session of the Board of Governors of Arab Central Banks and Monetary Institutions and the General Assembly of the Arab Trade Finance Program;
- The First Annual Conference of the Central Banks of the Middle East and North Africa under the theme "Macroeconomic Policy: Innovation and Challenges in Uncertain Times";
- The Insurance Event under the theme "Insurance Inclusion & Pandemic Resilience";
- The sixth session of the International Conference of Mediterranean Central Banks, on "Central Banks on the Frontline of the Covid-19 Crisis: Weathering the Storm, Stimulating the Recovery";
- The conference on "Financial inclusion beyond the pandemic";
- The third edition of the Central Banks Forum of the Organization of Islamic Cooperation.

2.4 Resources

2.4.1 Human resources

Diagram 3.4.1 : The Bank's human capital in a figures (at end 2021)



Throughout the health crisis, preserving the health of employees was one of the Bank's top priorities. To this end, the Bank continued to implement preventive measures and awareness-raising campaigns about the importance of vaccinations and the importance of respecting barrier measures. It also closely monitored its employees by listening to them, organizing screening operations and assisting employees who tested positive. In keeping with the evolution of the pandemic and the recommendations of the competent authorities, the Bank continued to adopt telecommuting in order to respect the barrier measures among the staff, to provide greater protection for people with health problems and to meet business continuity requirements. The Bank is also concerned about the well-being of its employees at the workplace and has launched a series of online conferences designed to help them better reconcile performance and well-being at work.

Meanwhile, in terms of professional development, the Bank has been providing training for all of its business lines in order to consolidate and strengthen the internal skills pool. Thus, in 2021, more than 400 training sessions were provided, 56 percent of which were advanced. This training offer has enabled more than 40 percent of the Bank's employees to develop their technical, behavioral or cross-functional skills. Efforts were also focused on leadership development by coaching new managers in key skills, particularly active listening, inter-generational management, team development and mobilization.

The Bank also continued to take steps to strengthen its employer brand and attract talent. For the year 2021, efforts were focused on promoting the Bank's business lines, particularly green finance and participatory finance, continuously enhancing sourcing channels and improving the candidate experience. Furthermore, more than 170 employees have joined the Bank in various areas of activity, including IT security, data and fiduciary. Internally, mobility has enabled 120 employees to enrich their skills portfolios and diversify their career paths. Additionally, in order to anticipate and better support the need for skills, succession plans have been drawn up, as in previous years, to identify potential pools of candidates for succession.

In order to anchor the principles laid down in the gender equality charter adopted in 2020, the Bank highlighted, for International Women's Day, "role models" of women working in male-dominated professions such as industrial production, construction and logistics, fiduciary or safety and security. This approach was meant to encourage female employees of the Bank to opt for ambitious and less stereotypical career choices.

2.4.2 Information systems

Several IS achievements were made during the past year in the business areas, including the management of payment monitoring missions, the monitoring of financial inclusion, the overhaul of the central bank accounts system and the implementation of a solution for the production of secure identity cards. Concurrently, the Bank continued to adopt new technological concepts by participating in structuring projects, such as the implementation of the integrated financial information database and the accreditation management solution.

IS development operations focused on strengthening the IT infrastructure and deploying collaborative tools, particularly in the context of the pandemic. With regard to cyber security, and taking into account the challenges and the growing complexity and sophistication of cyber-attacks, the Bank strived to further improve the resilience of the Bank's IS.

2.4.3 Digital transformation

In 2021, the Bank continued to implement its digital strategy, which covers both its internal activities as well as its ecosystem. Internally, it worked on the digital initiatives of the Bank's "Innovation Lab", which launched several experiments to improve the user experience for services of common interest, to monitor and control maintenance services, and to improve controls in the fight against money laundering and the financing of terrorism.

At the same time, the Bank went on to optimize and digitalize its activities. The reengineering work carried out in this regard concerned several support processes, including the "Supplier payment" and "Budget preparation and monitoring" processes, as well as the alignment of certain Bank procedures with the provisions of Law 55.19 relating to simplifying administrative procedures.

In addition, support for employees has been a priority to involve them effectively in the Bank's transformation and promote a spirit of innovation. More than 600 managers have benefited from training and awareness-raising initiatives concerning the challenges of digital technology.

Moreover, the Bank continued to support the banking sector in digitalizing its services. These have particularly concerned the deployment of online account opening systems, contributing to the setting up of a national trusted third-party system aiming at offering online authentication services to the users of financial services based on the functionalities of the biometric national identity card. It also concerned drafting the implementing texts of the law 43-20 relating to trusted services for electronic transactions.

Financial statements of the Bank

Part 3

In this part of the report, figures are rounded to the nearest thousand dirhams. Therefore, totals and sub-totals do not always correspond to the sum of the relevant rounded off figures.

3.1 Overview of the financial situation for fiscal year 2021(1)

3.1.1 Balance sheet

As at December 31, 2021, the Bank's total balance sheet stood at 432,144,052 KDH, up 5 percent from the previous year. This change reflects the sharp rise in foreign assets and in SDR allocations following the IMF's general allocation of SDRs for its member countries, the increase in currency in circulation as well as the lower commitments in convertible dirhams owing to the partial reimbursement of the PLL[2] .

In 2021, **currency in circulation** resumed its pre-crisis level, posting a 6 percent rise to 337,710,576 KDH after a strong increase by 20 percent in 2020. **Foreign currency transactions** posted an annual increase of 5 percent to 284,505,249 KDH, due to the consolidation of foreign currency assets, related in particular to the purchase of foreign currencies from Moroccan banks initiated as of September 2021 to regulate the foreign exchange market, for a total amount of 15 billion dirhams. On the other hand, the balance of **transactions with the State** contracted by 13 percent to 5,265,450 KDH, due to the drop in the Treasury's current account. The **net position of credit institutions** went from -59,537,133 KDH to -62,875,251 KDH, reflecting the higher loans to banks at the end of the year. The balance of **patrimonial transactions** increased by 34 percent to 924,042 KDH, following the strengthening of the Bank's equity capital further to the constitution in 2021 of a provision for foreign exchange losses.

Table 3.1.1: Balance sheet by transaction

In thousand dirhams	2021	2020	Change (%)
(of which)			
Currency in circulation	337 710 576	319 282 169	6
Transactions with foreign countries	-284 505 249	-270 000 683	5
Transactions with the State	5 265 450	6 022 680	-13
Net position of credit institutions	-62 875 251	-59 537 133	-6
Patrimonial transactions	924 042	688 718	34

Liabilities -Assets

[1] The changes in balance sheet and profit and loss items are discussed in more detail in the remarks on the summary statements. For analytical purposes, the balance sheet items and the profit and loss account have been grouped together in this first part of the report.

[2] Drawdown, on April 7, 2020, on the IMF's Precautionary and Liquidity Line (PLL) amounting to 3 billion USD (the equivalent of 28.7 billion dirhams).

3.1.2 Income

The **net income** of the Bank stood at 937,033 KDH at end-2021, down 44 percent from the previous year, mainly due to the following evolutions:

- a 34 percent drop in **income from foreign exchange reserves management operations** to 1,583,059 KDH, mainly related to the net bond income at 1,644,730 KDH (-32 percent), which was severely hit this year by the evolution of provisions for depreciation of investment securities, against a background of generalized rise in sovereign bond rates, which increased at the end of the year;
- a 27 percent drop in **income from monetary policy operations** to 1,262,510 KDH, resulting from the decline in the average outstanding loans to banks, following the easing of the liquidity deficit and the full-year impact of the key rate cut[1];
- a 31 percent increase in **income from other operations** to 849,462 KDH, mainly driven by sales of secured papers (+54 percent) and by net exchange commissions (+6 percent).

General operating expenses increased slightly by 2 percent to 1,928,359 KDH, due to the higher operating expenses (+2 percent).

Non-current income fell by 79 percent to -115,815 KDH, covering 106,939 KDH in social solidarity contribution on profits in 2021 against 73,393 KDH a year earlier.

Table 3.1.2: Net income of the fiscal year

In thousand dirhams	2021	2020	Change (%)
Income from foreign exchange reserves management operations	1 583 059	2 393 510	-34
Income from monetary policy operations	1 262 510	1 726 349	-27
Income from other operations	849 462	650 350	31
Income of activities	**3 695 032**	**4 770 209**	**-23**
General operating expenses	-1 928 359	-1 890 677	2
Gross operating income	**1 766 673**	**2 879 532**	**-39**
Noncurrent income	-115 815	-64 862	-79
Income tax	-713 824	-1 130 502	-37
Net income	**937 033**	**1 684 169**	**-44**

[1] 75 bps cut in key rate to 1.50 percent (decided by the Bank Board in March and June 2020).

3.2 Summary statements and related notes

3.2.1 Balance sheet (assets)

Table 3.2.1: Assets as at December 31, 2021

In thousand dirhams	Notes	2021	2020
Assets and investments in gold	**1**	**12 008 623**	**11 989 425**
Assets and investments in foreign currency	**2**	**298 416 554**	**297 853 278**
Holdings and investments held in foreign banks		50 752 727	88 485 179
Foreign Treasury bills and similar securities		239 508 275	205 947 284
Other holdings in foreign currency		8 155 552	3 420 815
Assets with international financial institutions	**3**	**21 596 724**	**9 188 280**
IMF subscription-Reserve tranche		2 097 811	2 084 098
Special Drawings Rights holdings		19 105 311	6 715 532
Subscription to the Arab Monetary Fund		393 602	388 650
Lending to the Government		**-**	**243 839**
Claims on Moroccan credit institutions and similar bodies	**4**	**91 359 926**	**84 356 146**
Securities received under repurchase agreements		22 749 736	15 280 279
Advances to banks		68 474 368	68 955 288
Other facilities		135 822	120 579
Treasury bills - Open market operations		-	-
Other assets	**5**	**3 988 298**	**4 329 415**
Fixed assets	**6**	**4 773 927**	**4 840 082**
Total assets		**432 144 052**	**412 800 465**

3.2.2 Balance sheet (liabilities)

Table 3.2.2: Liabilities as at December 31, 2021

In thousand dirhams	Notes	2021	2020
Banknotes and coins in circulation	**7**	**337 710 576**	**319 282 169**
Banknotes in circulation		333 902 150	315 640 803
Coins in circulation		3 808 426	3 641 365
Commitments in gold and foreign currency	**8**	**5 102 421**	**8 387 871**
Commitments in gold		-	-
Commitments in foreign currency		5 102 421	8 387 871
Commitments in convertible dirhams	**9**	**19 566 060**	**29 434 460**
Commitments to international financial institutions		19 554 414	29 421 299
Other liabilities		11 646	13 161
Deposits and commitments in dirhams	**10**	**38 967 531**	**35 974 495**
Current account of the Treasury		5 258 034	6 242 051
Deposits and commitments in dirhams to Moroccan banks		28 484 675	24 819 013
Current accounts		28 484 675	24 819 013
Liquidity-withdrawal accounts		-	-
Deposit facility accounts		-	-
Deposits of general government and public institutions		1 176 044	973 357
Other accounts		4 048 778	3 940 073
Other liabilities	**11**	**5 735 780**	**5 308 085**
Special Drawing Rights allocations	**3**	**18 426 682**	**7 200 415**
Equity capital and the like	**12**	**5 697 969**	**5 528 801**
Capital		500 000	500 000
Reserves[1]		5 169 757	5 001 340
Retained earnings		28 212	27 460
Other equity capital		-	-
Net income of the fiscal year		**937 033**	**1 684 169**
Total liabilities		**432 144 052**	**412 800 465**

[1] Including the foreign exchange loss reserve.

3.2.3 Off-balance sheet

Table 3.2.3: Off-balance sheet as at December 31, 2021

In thousand dirhams	Notes	2021	2020
Spot foreign exchange transactions			
Spot delivery of currencies			
Spot purchase of dirhams			
Forward foreign exchange transactions	**13**		
Foreign currencies receivable		3 747 394	28 749 736
Foreign currencies deliverable		3 745 375	28 856 663
Foreign exchange transactions- currency deposits	**13**	**5 142 569**	**2 137 152**
Foreign exchange transactions-arbitrage operations	**13**		
Foreign currencies receivable		-	1 529 663
Foreign currencies deliverable		-	1 530 914
Off-balance currency adjustment		**-**	**-**
Commitments on derivatives		**-**	**-**
Commitments on securities	**14**		
Securities received on advances granted		73 832 432	63 257 199
Securities received on advances to be granted		10 324 200	6 792 000
Other guarantees received on advances granted		25 520 307	29 740 812
Advances to be granted		9 807 990	6 452 400
Foreign securities receivable		1 177 569	3 549 354
Foreign securities deliverable		1 162 318	1 414 877
Other liabilities	**15**		
Received market guarantees		92 470	120 463
Guarantees commitments received for staff loans		906 678	879 661
Financing commitments granted to the staff		9 159	21 480
Other granted commitments		1 000	1 000

3.2.4 Profit and Loss Account (PLA)

Table 3.2.4: Profit and loss account as at December 31, 2021

In thousand dirhams	Notes	2021	2020
Profit		**5 282 811**	**5 961 582**
Interests earned on holdings and investments in gold and in foreign currency	16	2 418 155	2 623 873
Interests earned on claims on credit institutions and similar bodies	17	1 244 143	1 627 045
Other interests earned	18	12 610	13 384
Commissions earned	19	651 047	611 277
Other financial revenues	20	569 062	813 906
Sales of produced goods and services	21	310 627	204 829
Miscellaneous revenues	22	16 011	15 786
Reversal of depreciation		-	-
Reversal of provisions	23	60 699	50 359
Noncurrent revenues	24	458	1 123
Expenses		**4 345 777**	**4 277 414**
Interests paid on commitments in gold and in foreign currency	25	108 708	132 119
Interests paid on deposits and commitments in dirhams	26	153 540	174 404
Commissions paid	27	28 856	15 667
Other financial expenses	28	769 534	754 764
Staff expenses	29	880 452	878 935
Purchases of materials and supplies	30	313 924	285 073
Other external expenses	31	357 299	354 619
Depreciation and provision endowments	32	896 435	474 870
Noncurrent expenses	33	123 205	76 461
Income tax	34	713 824	1 130 502
Net income		**937 033**	**1 684 169**

3.2.5 Cash flow statement

Tableau 3.2.5: Cash flow as at December 31, 2021

In thousand dirhams	2021	2020
Cash and foreign currency deposits at the beginning of the year	**91 108 812**	**41 303 899**
Cash flow from operating activities	**-11 499 848**	**29 699 757**
Interests received	3 646 418	4 320 361
Commissions on banking transactions received	651 047	611 277
Other products received	384 042	369 390
Interests and commissions paid	-291 136	-336 390
Staff expenses paid	-883 911	-874 254
Taxes paid	-1 331 431	-1 717 512
Other expenses paid	-588 725	-658 894
+/- Change in Treasury deposits in Dirhams	-984 017	4 184 636
+/- Change in deposits with Moroccan banks in Dirhams	3 665 661	3 086 294
+/- Change in other customer deposits in Dirhams and in foreign currencies	-11 434 621	28 370 305
+/- Change in foreign-currency-denominated investment securities	1 820 767	10 019 846
+/- Change in foreign currency trading securities	1 101 606	-1 167 133
+/- Change in advances to banks	-6 988 536	-16 932 249
+/- Change in other liabilities	-829 865	-1 597 733
+/- Change in other assets	562 852	2 021 815
Cash flow from investment activities	**-38 594 011**	**-31 160 396**
+/- Change in foreign investment securities in foreign currencies	-37 175 788	-29 554 643
+/- Change in IMF subscription-Reserve branch	-	-
+/- Change in SDR holdings	-12 082 320	291 779
+/- Change in gold assets and investments	-	-
+/- Change in deposits with the IMF	-	-
+/- Change in FMA subscription	-	-
+/- Change in SDR allocations	10 937 793	-
Acquisition of fixed assets	-273 710	-1 897 944
Proceeds from sale of fixed assets	14	412
Cash flows from financing activities	**18 428 407**	**52 511 094**
+/- change in banknotes and currency in circulation	18 428 407	52 511 094
Revaluation of cash and foreign currency deposits	**-1 334 685**	**-1 245 543**
Cash and foreign currency deposits at end of year	**58 108 674**	**91 108 812**

3.2.6 Statement of change in shareholders' equity

Table 3.2.6: Change in shareholders' equity at December 31, 2021

In thousands of Dirhams	2021 opening balance	Appropriation of 2020 income[1]	Distribution of dividends[2]	2021 Income	Capital transactions (+incr. / -decr.)	2021 closing balance
Equity	500 000					500 000
Carry forward	27 460	752				28 212
Reserves	5 001 340	1 683 417	-1 515 000			5 169 757
Income for the year				937 033		937 033
Income pending allocation	1 684 169	-1 684 169				0
Total	**7 212 969**	**0**	**-1 515 000**	**937 033**	**0**	**6 635 002**

[1] Taking into account the foreign exchange loss reserve established in 2021 for the year 2020.

[2] In accordance with regulatory provisions

3.2.7 Main accounting rules and evaluation methods

3.2.7.1 Legal framework

The financial statements are developed and presented in conformity with BAM's chart of accounts, approved by the National Accounting Board in May 2007.

The Bank applies the accounting requirements specified in the General Accounting Standard for issues common to companies in terms of assessing stocks and its fixed and other assets, and applies particular assessments for all its financial operations.

The financial statements, as cited under Article 47 of the Law No.40-17 bearing Statutes of Bank Al-Maghrib, include the balance sheet, the profit and loss account (PLA) and the additional information statement (AIS).

Concurrently, the Bank prepares an annual off-balance sheet statement. It has also integrated into its financial statements, as of fiscal year 2019, the cash-flow statement and the statement of changes in shareholders' equity.

3.2.7.2 Evaluation methods

Assets and commitments in gold and foreign currency

Assets and liabilities in gold and foreign currencies are converted into dirhams based on the exchange rate applied on the closing date of the fiscal year.

Profits and losses resulting from this operation are entered in the exchange reserves' revaluation account on the liabilities of the Bank's balance sheet, in accordance with the agreement governing this account, concluded between Bank Al-Maghrib and the State on December 29, 2006.

By virtue of this agreement, the "foreign exchange reserve evaluation account" must be kept positive at 2.5 percent minimum of the Bank's net foreign assets. In case a currency loss causes the balance of this account to fall below this threshold, the difference shall be deducted from the Bank's profit and loss account for the year in question, up to a limit of 10 percent of the net profit for that year, and entered in a "foreign exchange loss reserve" account. If this difference exceeds 10 percent of the net profit of the Bank, the "reserve for foreign exchange loss" account may be replenished over several years.

In case the balance of the “foreign exchange reserve revaluation account” exceeds the required minimum threshold, the balance of the “foreign exchange loss reserve” account is returned to the Treasury.

This re-evaluation mechanism has no tax impact.

Foreign exchange operations include spot and forward purchases and sales of foreign currencies, whether for Bank Al-Maghrib’s own account or as part of intermediation with banks. These transactions are entered in the corresponding off-balance sheet accounts on their commitment date. Then, they are recorded in the balance sheet accounts on the value or delivery date.

Securities

The securities acquired as part of the exchange reserves management are sorted on the basis of the purpose for which they are held, either in the portfolio of transaction, of investment, or of securities held for sale.

Transaction portfolio consists of securities purchased with the initial intention of reselling them in the short term. They are recorded at their purchase price, including costs and, if need be, accrued coupons. Gains and losses resulting from the daily evaluation of such securities at the market price are entered in the corresponding income accounts.

Investment portfolio consists of securities acquired with the intention of being held until maturity. They are entered according to the rules below:

- They are recorded at their purchase price, excluding costs and, where necessary, accrued coupons;
- Unrealized gains on these securities are not recorded;
- Unrealized losses on these securities are recorded only when the Bank judges that the security showing an unrealised loss is likely to be resold in the following year and where there is a probable risk of default by the issuer;
- The differences (discounts or premiums) between securities’ prices of purchase and redemption are amortized using an actuarial method over the remaining life of the securities.

As of January 1, 2020, in order to comply with international best practices, the Bank switched from the straight-line method to the actuarial method for spreading discounts/surcharges on investment securities. This method, just like the linear method, is accepted by the accounting plan of Bank Al-Maghrib as approved by the national accouting board.

As at December 31, 2021, no provision was recorded for this portfolio.

Portfolio of securities held for sale consists of securities other than those recorded as transaction or investment securities. Their recording comes as follows:

- Entries into the portfolio are recorded in the balance sheet at their purchase price, excluding costs and, if need be, accrued coupons;
- The differences (discounts or premiums) between the securities' purchase price and redemption price are not amortized over the duration for these securities' holding;
- The unrealized losses resulting from the difference between the book value and the market value of these securities are recorded as depreciation provisions on a daily basis. Conversely, unrealized gains are not taken into account.

Discount securities are entered at their redemption price. The discount interests are spread over the life of the securities and recorded in the profit or loss accounts on a daily basis.

Other foreign assets

The Bank holds a portfolio of securities denominated in US dollars. The management of this portfolio is delegated to the World Bank by virtue of delegation contracts.

These securities are initially entered at their purchase price. The gains or losses are entered in the appropriate profit and loss accounts, based on the net asset values reported by the managing agent.

Tangible and intangible fixed assets

Tangible and intangible fixed assets are recorded at their purchase cost. They are posted on the assets side of the balance sheet at a net value representing their acquisition cost minus accumulated depreciations.

Fixed assets, including incidental expenses, are amortized according to the straight-line method, depending on the probable useful life of the asset, by applying the current amortization rates.

Below are the amortization periods that have been adopted for each type of fixed assets:

Table 3.2.7: Amortization periods of fixed assets

Real properties	20 years
Fixtures, fittings and facilities	5 years
Dar As-Sikkah equipment	10 years
Office equipment, computing materials and software, vehicles and other materials	5 years
Office furniture	10 years

Financial fixed assets

Shareholdings in Moroccan and foreign financial institutions are entered in the assets side of the balance sheet at their net book value representing their acquisition cost minus the possible provisions set up at the closing date. Meanwhile, the value of foreign holdings is converted into dirhams at the historical rate of the currency.

Securities that were not fully paid up are recorded as assets at their total value, including the remaining amount to be paid up. The share not yet paid up is recorded as a counterpart to a debt account on the liabilities side of the balance sheet.

The potential provisions for depreciation of these unlisted securities are evaluated at the end of the fiscal year following the net asset value method, based on the last financial statements available.

Inventories

Inventories are composed of:

- consumable materials and supplies;
- raw materials needed for manufacturing banknotes, coins, and secured documents and secure identity cards (paper, ink, blanks, chips, cards, etc.);
- finished goods and in-process inventory (secured documents, export-oriented banknotes, and miscellaneous);
- commemorative coins.

Consumable materials and supplies are recorded in the balance sheet at their purchase price, minus the provisions for their depreciation at the closing date, if need be.

Raw materials are recorded in the balance sheet at their purchase price plus the handling costs, and minus the provisions for their depreciation, if need be.

Finished goods and in-process inventory are recorded in the balance sheet at their production cost, minus the provisions for their depreciation, if need be.

3.2.8 Financial risk management system

Definition of financial risks

Financial risks facing the Bank in the management of foreign exchange reserves are:

- **Credit risk**, defined as:
  - On the one hand, the payment default risk (counterparty risk) which refers to the inability of a counterparty to fulfil its obligations;
  - On the other, the risk of lowering the credit rating of a counterparty by one or more rating agencies.
- **Market risk**, referring to the risk of loss arising from adverse changes in market factors. It concerns, inter alia, risks related to movements in interest or foreign exchange rates.
- **Liquidity risk**, which refers the inability of meeting immediate commitments of the country, by selling assets, without significantly impacting their price.

Breakdown of foreign exchange reserves

Foreign exchange reserves include the following items:

- foreign currency investments: composed mainly of deposits and securities;
- gold assets;
- IMF reserve position;
- SDR holdings;
- foreign banknotes.

Breakdown of foreign currency investments (Tranching)

Foreign currency investments are broken down into two tranches: precautionary reserves and excess reserves.

Precautionary Reserves aim at meeting the Bank's short-term needs. They consist of two portfolios recorded at market value (Cash and Liquidity) and invested over a relatively short period of time while complying with security and liquidity criteria.

Excess reserves are mainly intended to finance the Bank's medium- and long-term liquidity needs. They consist of a portfolio carried at market value (MTM) and an investment portfolio carried at historical value (HTM).

Strategic Allocation process

Strategic Allocation is the process whereby the Bank determines the minimum size of the reserve tranches (Tranching) and allocates the portfolios across the various asset classes and currencies while taking into account the Bank's commitments and respecting the fundamental principles of foreign exchange reserve management, namely by priority: security, liquidity and return.

As part of this process, Bank Al-Maghrib also consults strategists and portfolio managers from international financial institutions, such as the World Bank and major investment banks. This consultation helps determine the interest rate evolution scenarios used in the optimization exercise for the selection of the benchmark indices of the different portfolios composing the reserve tranches, in consistency with the management objectives and constraints.

Results of this strategic allocation are presented and discussed annually at a dedicated Monetary and Financial Committee (MFC). The subsequent decisions made are then submitted to the Bank's Board for final approval, during its December meeting.

Governance framework

As part of its mission relating to foreign exchange reserve management, the Bank has set up a financial risk management system, which identifies, monitors, and mitigates the risks inherent in the investment of the foreign reserves, namely credit, market, and liquidity risks.

To achieve this goal, the risk management function at Bank Al-Maghrib is based on a clear and well-structured governance framework.

Each year, the **Bank Board** validates the foreign exchange reserve investment policy and risk tolerances. It also approves the investment sphere and the strategic asset allocation. The **Monetary and Financial Committee (MFC)** oversees the operational implementation of the strategic allocation and validates the management strategy. It also examines the evolution of the reserve management financial risk indicators. Finally, the **Audit Committee** studies the annual change of the Bank's financial and operational risks.

Reserves holding and management purposes, investment principles, asset class limits, and issuer and counterparty eligibility and concentration rules are all set out in an investment directive, while portfolio benchmarks and management are defined under the strategic allocation approved by the Bank's Board.

From an operational point of view, all the Bank's foreign currency exposures are controlled and monitored on a daily basis to ensure compliance with strategic allocation guidelines.

In this context, these exposures are analysed in detail in regular reports and communicated to the different governance bodies of the Bank.

All deviations to the rules are reported in detail to the Monetary and Financial Committee, for approval.

Financial risks' management

Credit risk

The Bank manages credit risk by setting eligibility criteria for both issuers and counterparties, while keeping investments in line with security and liquidity principles.

The minimum criteria are set based on the credit risk incurred by the different instruments. They are higher for transactions with direct credit risk, such as unsecured deposits, than for transactions processed in a delivery-versus-payment system. At present, the minimum average credit rating is "A-" for money market investments with bank counterparties, and "BBB-" for bond investments.

In addition to the eligibility criteria, the Bank sets limits to avoid excessive risk-taking and concentration. These include limits on exposures by issuer, counterparty, asset class, country and credit rating.

In order to ensure that the overall credit risk exposure is assessed, the Bank daily calculates and monitors the average credit rating of the portfolios under management as well as the 99 percent Credit VaR, which assesses the potential losses over a one-year horizon associated with a credit event (a rating downgrade or a default).

On December 31, 2021, assets under management amounted to 31.1 billion USD with an average rating of "AA-" thus indicating a very good credit quality of these assets.

Chart 3.2.1: Breakdown of portfolio exposures by region

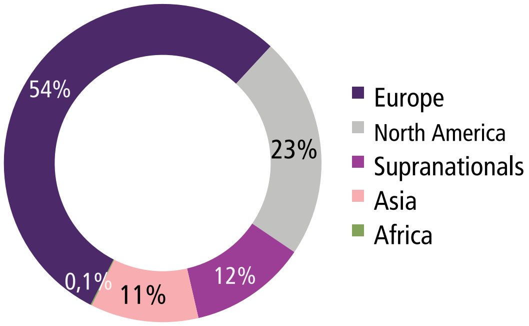


Chart 3.2.2: Breakdown of portfolio exposures by asset class

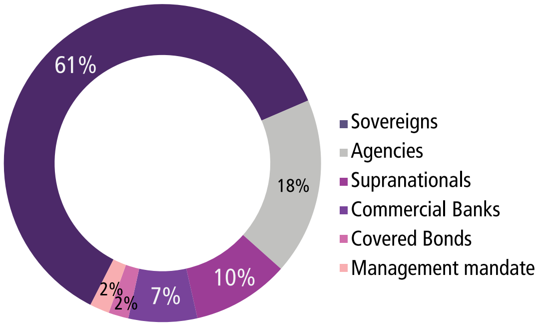
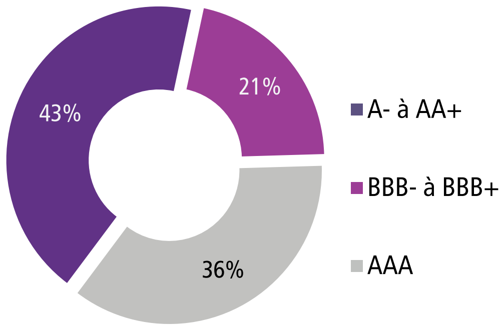


Chart 3.2.3: Breakdown of bond portfolios by rating



Market risk

The market risk associated with foreign exchange reserves management mainly arises from interest rate risk and the foreign exchange risk.

- Interest rate risk

The Bank manages interest rate risks through benchmark indices for all portfolios and duration spreads allowed within the strategic allocation against these indices.

Exposure to interest rate risk is measured through various indicators, namely maximum potential loss (VaR), duration and volatility of performance against the benchmark indices (Tracking Error).

At December 31, 2021, the overall duration of the foreign exchange reserves trended upward to 2.43 years as against 1.89 year at end-2020.

- Foreign exchange risk

The foreign exchange risk is generated by the impact of fluctuations in the exchange rate of foreign currencies against the Moroccan dirham. This risk stems from the gap between the currency composition of foreign exchange reserves and the weighting of the dirham basket, which is 60 percent for the euro and 40 percent for the US dollar (defined through a maximum deviation limit of 5 percent set by the strategic allocation). The risk also arises from the variation in the gap between the reference rate and the central rate of the basket.

Liquidity risk

The Bank manages the liquidity risk by building up liquid portfolios within the foreign exchange reserves:

- **Precautionary reserves**: composed of available and liquid assets allowing to finance short-term needs of the Bank. As at December 31, 2021, precautionary reserves reached 70.1 billion dirhams;
- **Excess reserve portfolios recorded at market value**: made up of liquid assets that can be mobilised in the event of exhaustion of the "precautionary reserves" tranche. The value of these portfolios reached 50.2 billion dirhams as at December 31, 2021.

Liquidity risk is also addressed, with regard to the above-mentioned liquid portfolios, through minimum size and maximum control ratio rules for bond issues.

3.2.9 Comments on the balance sheet items

Assets

By virtue of Article 12 of its Statutes, Bank Al-Maghrib holds and manages foreign exchange reserves, which consist of gold, foreign currencies and SDRs.

Note 1: Assets and investments in gold

This item contains the dirham equivalent of gold assets deposited in Morocco and with foreign depositors, as well as investments in gold made with foreign counterparties.

Since the end of 2006, these assets are evaluated at market prices. Gains and losses resulting from this operation are inscribed in the re-evaluation account of foreign exchange reserves[1], in accordance with the agreement governing this account signed in 2006 between Bank Al-Maghrib and the State.

After an average increase of 17 percent in 2019 and 2020, the counter value of gold assets remained almost unchanged in 2021 at 12,008,623 KDH, due to a slight increase of 0.2 percent in the price of an ounce of gold against the dirham, which reached 16,889 KDH on 31 December 2021.

Table 3.2.8: Assets and investments in gold

	2021	2020
Gold price per ounce in dirhams [(1)]	16 889	16 862
Quantity of gold ounces	711 032	711 032
Market value [(2)]	**12 008 623**	**11 989 425**
Gold stock (in tons)	**22.12**	**22.12**

(1) Price of Gold/MAD
(2) In thousand of dirhams

The quantity of gold ounces remained stable, from one year to the next, at 711,032 ounces (equal to 22 tons).

[1] The credit balance in this account may not be credited to current income, nor distributed or allocated for any particular use.

Note 2: Assets and investments in foreign currency

This item includes the equivalent in dirhams of assets in convertible foreign currencies, held in the form of money deposits (time and demand deposits) and foreign bond securities.

At the end of fiscal year 2021, foreign currency assets and investments amounted to 298,416,554 KDH, slightly up by 0.2 percent, as against 28 percent in 2020, the year when the drawdown on the PLL was carried out.

In fact, after a downward movement observed during the first half of the year 2021, due to the partial repayment of 8.8 billion dirhams from the PLL drawdown in January, foreign currency assets and investments resumed their rise as from the last quarter. This evolution was mainly linked to the foreign currency purchase operations that the Bank initiated in September with Moroccan banks and which covered a total amount of 15 billion dirhams.

Table 3.2.9: Breakdown by type of investment

In thousand dirhams	2021	share		2020	share	
Current accounts	12 860 589	4%		21 283 856	7%	
Term accounts	21 406 349	7%		40 400 865	14%	
Securities held for sale (1)	79 297 421	27%		81 404 380	27%	
Investment securities	160 210 855	54%	80%	123 419 518	41%	69%
Transaction securities	-	-		1 123 387	0,4%	
Other (2)	24 641 341	8%		30 221 273	10%	
Total	**298 416 554**	**100%**		**297 853 278**	**100%**	

(1) Taking into account provisions for depreciation. The market price valuation of securities held for sale at December 31, 2021 amounts to 79 591 006 KDH.

(2) Including accrued interests, management mandates and foreign banknotes.

Foreign currency assests, which represent 69 percent (72 percent in 2020) of the Bank's assets, are invested for 80 percent (69 percent in 2020) in bonds. Within this category, the investment portfolio grew by 30 percent to 160,210,855 KDH, further to the enhanced investments in the excess reserves tranche. Conversely, deposits and monetary investments decreased by 44 percent to 34,266,938 KDH.

Table 3.2.10 : Breakdown by currency

In thousand dirhams	2021	2020	change (%)
EUR	166 880 329	189 171 557	-12
USD	127 459 177	105 251 512	21
Other currencies	4 077 049	3 430 210	19
Total	**298 416 554**	**297 853 278**	**0,2**

Table 3.2.11 : Breakdown by remaining maturity(*)

	2021	2020
≤ 1year	17%	24%
> 1year	83%	76%
Total	**100%**	**100%**

(*) Securities held in internally-managed portfolios, including certificates of deposit.

Note 3: Assets with international financial institutions

This item, which includes positions with the IMF and the AMF, has more than doubled to reach 21,596,724 KDH, following the substantial increase in SDR assets.

Position with the IMF

On the assets side:

- IMF subscription - Reserve tranche, which constitutes the fraction (18.1 percent) covered by Bank Al-Maghrib as Morocco's quota in the capital of the IMF. It is composed of:
  - **The available tranche**: 147.35 million SDRs (1,913, 919 KDH), representing Bank Al-Maghrib's contribution to the IMF in foreign currency. This tranche, available for our country to draw when needed, is included in the foreign exchange reserves of the Bank. In 2016, the latter subscribed 76.55 million SDRs, equivalent to its share (25 percent) in Morocco's quota in the IMF capital increase, according to the 14th General Quota Review of the IMF;

Table 3.2.12: Position with the IMF

In thousand dirhams	2021	2020	Change (%)
ASSETS			
IMF subscription - Reserve tranche	2 097 811	2 084 098	1
SDR holdings	19 105 311	6 715 532	>100
Total	**21 203 122**	**8 799 630**	**>100**
LIABILITIES			
SDR allocations	18 426 682	7 200 415	>100
Accounts NO. 1 and 2(*)	19 496 197	29 401 935	-34
Total	**37 922 879**	**36 602 350**	**4**

(*) Holds the PLL drawdown made in 2020, partially refunded in 2021.

  - **The mobilized tranche**: 14.36 million SDR (183,892 KDH) equal to Bank Al-Maghrib's subscription in national currency, deposited in the IMF "Account No.1" open in the books of the Bank. Revaluation of IMF assets for the year ended on April 30, 2021 resulted in an adjustment of -10 370 KDH.

- SDR holdings: represent the equivalent of Bank Al-Maghrib's assets with the IMF. This account records, in the debit side, SDRs purchased by the Bank and the remunerations paid by the IMF, while in the credit side, it records quarterly payments of commissions on SDR allocations. These assets strengthened in 2014, as the Bank bought 320 million SDRs to restore a neutral position towards the IMF.

In 2021, their strong increase to 19 105 311 KDH, that is 12,389,779 KDH more compared to 2020 (+947 million SDRs) reflects the IMF allocation to Morocco of 857 million SDRs (equivalent to 10,937,793 KDH), representing its share in the general allocation[1] of SDRs issued in August 2021 to member countries.

1 See the box below.

The financial costs of the PLL, deducted from the SDR assets as per the IMF schedule, totalled 244,676 KDH at the end of 2021 against 243,839 KDH in 2020.

Box 3.2.1 : IMF allocation of SDRs to member countries

On August 23, 2021, the IMF issued to its 190 member countries a general allocation of 456 billion SDRs, equivalent to 650 billion USD, proportional to their respective current quotas.

This allocation is intended to meet long-term global reserve needs, boost confidence and strengthen the resilience and stability of the global economy. It would particularly support the most vulnerable member countries in overcoming the effects of the COVID-19 crisis.

The 857.2 million SDRs allocated to Morocco (equivalent to 1.2 billion USD or 10.9 billion dirhams) impacted the Bank's SDR holdings on the assets side and SDR allocations on the liabilities side of the balance sheet.

The cumulative amount of SDR assets thus rose from 515.8 million SDRs to 1,463.1 million SDRs while SDR allocations rose from 561.4 million SDRs to 1,418.7 million SDRs from one year-end to the next.

The **liabilities side** include the "SDR allocations item", which corresponds to the equivalent value, in dirhams, of SDR allocations granted by the IMF to Morocco as a member country. In 2009, this account was credited with 5.7 billion dirhams, representing Morocco's share in the general allocation and special allocation (475.8 million SDRs)[1] granted by the IMF to member countries. In 2021, it peaked to 18,426,682 KDH, as a result of the general SDR allocation issued by the IMF.

AMF subscription

This account represents the share paid by the Bank for the paid-in subscription in the capital of the AMF.

Morocco's participation in this institution amounts to 41.33 million Arab dinars, divided between Bank Al-Maghrib and the Treasury as follows:

- 200,000 Arab dinars paid in national currency and deposited in the AMF account open in Bank Al-Maghrib books. The share paid by BAM amounts to 150,000 Arab dinars (5,771 KDH);
- 21.69 million Arab dinars, subscribed in foreign currency, of which 10.10 million Arab dinars subscribed by the Bank (393,602 KDH) remained unchanged since 2018, when the Bank settled the last tranche of the Bank's participation in the AMF capital increase, scheduled for member countries over the five-year period 2014-2018, was completed;
- 19.44 million Arab dinars, of which 9.10 million were paid by Bank Al-Maghrib under the AMF capital increase by incorporation of reserves, which took place in 2005 (5.88 million Arab dinars) and in 2013 (3.23 million Arab dinars).

[1] Of which 436 million SDRs under the general allocation corresponding to 74.13 percent of Morocco's quota in 2009 (588.2 million SDRs) and 39.7 million SDRs relating to the special allocation granted in accordance with the IMF's fourth amendment.

Note 4: Claims on Moroccan credit institutions and similar bodies

This item covers refinancing operations of credit institutions made as part of the monetary policy conduct, in conformity with Article 7 of the Bank's Statutes.

The Bank reduced the volume of its liquidity injections amidst a narrowing of the banking liquidity deficit, bringing it down to nearly 83 billion dirhams, on weekly average, against 96 billion dirhams in 2020.

On December 31, 2021, the bank refinancing totalled 91, 224,104 KDH including:

- 47,273,368 KDH through 7-day advances at auction granted at the key rate (1.50 percent since June 2020);
- 22,749,736 KDH corresponding to repurchase agreements (1 and 3 months), initiated since march 2020 and granted at the average key rate during the period under review;

Table 3.2.13: Structure of claims on banks

In thousand dirhams	2021	2020	Change (%)
Repo type operations	**70 023 104**	**59 953 567**	**17**
7-day advances	47 273 368	44 673 288	6
Repurchase agreements	22 749 736	15 280 279	49
Secured loans(*)	**21 201 000**	**24 282 000**	**-13**
Total	**91 224 104**	**84 235 567**	**8**

(*) 1 month, 3 months and 1 year.

- 21,201,000 KDH corresponding to secured loans notably granted within the framework of the programme designed in 2013 to support VSME financing, approved at the average of the key rate during the period under consideration and, since February 2020, under the integrated programme of business support and financing (PIAFE) over 1 year at a preferential rate of 1.25 percent.

Note 5: Other assets

This item includes, inter alia, cash accounts and equalization accounts, which are mainly composed of expenses to be spread out over many fiscal years, prepaid expenses, and accrued revenues, and any other debtor amount pending equalization.

Other assets fell by 8 percent, from one year to the next, from 4,329,415 KDH to 3,988,298 KDH.

Note 6: Net fixed assests

This item recorded a slight drop by 1 percent to 4,773,927 KDH, reflecting a higher increase of depreciation and provisions (+304,493 KDH) compared to fixed assets.

Table 3.2.14: Net fixed assets

In thousand dirhams	2021	2020	Change (%)
(including)			
Fixed loans	787 976	768 945	2
Equity securities and the like	2 107 218	2 107 417	-0,01
Tangible and intangible fixed assets	7 574 594	7 355 197	3
Gross fixed assets	**10 470 029**	**10 231 690**	**2**
Depreciation and provision endowments	-5 696 102	-5 391 608	6
Net fixed assets	**4 773 927**	**4 840 082**	**-1**

Equity securities and the like

Table 3.2.15: Equity securities and the like

In thousand dirhams	2021					2020	
	Type of activity	Net book value	Gross book value(1)	Accounting net situation(2)	Quote-part (%)	Gross book value	change (%)(3)
Securities held in Moroccan institutions and the like (including)		**221 709**	**218 574**			**221 709**	**-**
Dar Ad-Damane	Financial	1 265	0	150 748	1,69	1 265	-
Maroclear	Financial	4 000	4 000	306 695	20,00	4 000	-
Casablanca Finance City Authority	Financial	50 000	49 630	496 337	10,00	50 000	-
The Moroccan Deposit Insurance corporation (SGFG)	Financial	59	59	6 175(4)	5,94(4)	59	-
Receivables attached to equity		164 885	164 885			164 885	-
Securities held in foreign financial institutions		**1 885 510**	**1 867 053**			**1 885 708**	**-0,01**
Ubac Curaçao	Financial	23 228	23 228	88 505 USD	6,85	23 228	-
Swift	Financial	519	519	487 076 EUR	0,02	519	-
Arab Monetary Fund	Financial	5 771	5 771	1 407 274 DA(5)	0,02	5 970	-3
Arab Trade Financing Program	Financial	16 856	16 856	1 171 672 USD	0,28	16 856	-
Africa50-Project Finance	Financial	175 142	166 105	380 329 USD	4,71	175 142	-
Africa50-Project Development	Financial	19 460	10 040	22 856 USD	4,73	19 460	-
Bank for International Settlements	Financial	1 644 533	1 644 533	22 823 000 SDR(6)	0,53	1 644 533	
Gross total of equity securities and the like		**2 107 218**	**2 085 627**			**2 107 417**	**-0,01**

(1) Minus of provisions made for the impairment of the Bank's holdings

(2) Net position of the organizations in which the Bank holds investments, based on the financial statements of 2020.

(3) Change in the gross accounting value between 2020 et 2021.

(4) Increase of the share capital by 2.380 KDH raising to 3.380 KDH by incorporation of the retained earnings, by decision of its general assembly of June 30, 2020.

(5) Arab Dinars.

(6) SDR : Special Drawing Rights.

Tangible and intangible fixed assets

Table 3.2.16: Tangible and intangible fixed assets

In thousand dirhams	2020 Gross amount	Increase	Decrease	2021 Gross amount
Operating real estate properties	2 077 457	320 920	275 636	2 122 741
Operating furniture and equipment	2 721 612	123 675	498	2 844 789
Other operating tangible fixed assets	1 005 854	53 293	1 228	1 057 919
Non-operating tangible fixed assets	790 106	2 132	23 188	769 050
Intangible fixed assets	760 167	22 279	2 350	780 095
Total	**7 355 197**	**522 298**	**302 901**	**7 574 594**

At end-2021, the gross value of tangible and intangible fixed assets posted an annual growth of 219, 397 KDH to reach 7, 574, 594 KDH. Investments made this year are broken down as follows:

- 59 percent for the acquisition of furniture and operating and production equipment for Dar-As-Sikkah and the upgrading of the Bank's IT infrastructure and software;
- 22 percent pertaining mainly to the upgrading, renewal and modernisation of the various facilities and to the development of the Bank's areas;
- 18 percent related to real estate investments associated with the completion of the refurbishment of the Central Administration and the construction of the building dedicated to the production of secure identity cards.

The decreases mainly cover the write-off, from the Bank's assets, of the fees related to the indoor swimming pool located at the Tangier holiday centre[1].

Liabilities

Note 7: Banknotes and coins in circulation

In accordance with Article 5 of its Statutes, Bank Al-Maghrib shall issue banknotes and coins. The amount of this item corresponds to the difference between the banknotes and coins issued and those held in the Bank's vaults.

After a strong increase of 20 percent in 2020, fiduciary money increased by 6 percent to reach 337,710,576 KDH, thereby representing 78 percent of the Bank's balance sheet.

[1] Gratuitous transfer by the Bank to the Moroccan Society for Tourism Engineering (Société Marocaine d'Ingénierie Touristique - SMIT) of the public interest indoor swimming pool.

Note 8: Commitments in gold and foreign currency

These liabilities mainly include currency deposits of foreign banks and non-residents. They decreased by 39 percent from the previous year to reach 5,102,421 KDH.

Note 9: Commitments in convertible dirhams

This item includes the Bank's commitments in convertible dirhams towards foreign banks, international financial institutions (IMF, IBRD) and non-residents.

Account No.1 of the IMF represents the major component of this item. Its assets, as well as those of "Account No.2" of the IMF, are readjusted each year to take into consideration the parity of the dirham against SDRs. These commitments dropped by 34 percent to 19,566,060 KDH, primarily due to the partial repayment of the PLL[1] (8.8 billion dirhams) in January 2021. The 2021 revaluation of the IMF's dirham assets resulted in an adjustment amounting to -1.1 billion dirhams.

Table 3.2.17: Commitments in convertible dirhams

In thousand dirhams	2021	2020	Change (%)
Commitments to international financial institutions	**19 554 414**	**29 421 299**	**-34**
Commitments to foreign banks	57 655	17 867	>100
Current accounts of international financial institutions	19 496 759	29 403 432	-34
Other commitments	**11 646**	**13 161**	**-12**
Total	**19 566 060**	**29 434 460**	**-34**

Note 10: Deposits and liabilities in dirhams

This item mainly includes:

- The current account of the Treasury, held by Bank Al-Maghrib by virtue of Article 16 of its Statutes. It is remunerated according to the requirements below, in accordance with the agreement signed between the Ministry of Economy and Finance and Bank Al-Maghrib on July 28, 2009:
  - The tranche lower than or equal to 2 billion dirhams is remunerated at the rate of 7-day advances minus fifty basis points, or 1.00 percent;
  - The tranche above 2 billion dirhams up to 3 billion dirhams is remunerated at the rate of 7-day advances minus one-hundred basis points, or 0.50 percent;
  - The tranche exceeding 3 billion dirhams is not remunerated.
- Accounts of Moroccan banks, held mainly to meet their commitments regarding the reserve requirement, established by virtue of Articles 25 and 66 of the above-mentioned Statutes, were totally released to the banks by decision of the Bank's Board on June 16, 2020;

[1] The counter value of the PLL income was recorded in 2020, on the assets side of the balance sheet as foreign currency assets and on the liabilities side in the IMF Account NO.1 (28,764,740 KDH).

- Deposits of general government and public institutions, including the account of Hassan II Fund for Economic and Social Development.

This item can also include, in a context of excess liquidity:

- 7-day liquidity withdrawals as unsecured deposits by tenders, remunerated at the key rate minus fifty basis points, or 1.00 percent;
- 24-hour deposit facilities allowing banks to place, on their own initiative, a cash surplus. The remuneration applied to these deposits equals the key rate minus one-hundred basis points, or 0.50 percent

in 2021, this item grew by 2,993,036 KDH to 38,967,531 KDH, mainly reflecting the 3,665,662 KDH increase in assets of Moroccan banks and the 984,017 KDH drop in the funds in the Treasury's current account.

Table 3.2.18: Deposits and liabilities in dirhams

In thousand dirhams	2021	2020	Change (%)
Public Treasury current account	5 258 034	6 242 051	-16
Moroccan banks' current account	28 484 675	24 819 013	15
Liquidity withdrawals	-	-	-
Deposit facilities	-	-	-
Deposits of general government and public institutions	1 176 044	973 357	21
Other accounts	4 048 778	3 940 073	3
Total	**38 967 531**	**35 974 495**	**8**

Note 11: Other liabilities

Other liabilities particularly include:

- Miscellaneous creditors, primarily consisting of tax and fiscal withholdings, other sums payable to the State and to third parties, and pending contributions to provident funds and institutions for social security.

  Their balance at end-2021 stood at 592, 808 KDH, of which 411, 251 KDH as debts to suppliers. At December 31, 2021, breakdown of these debts by due date, pursuant to the provisions of Law No.32-10 relating to payment deadlines which came into force in 2013, comes as follows:

Table 3.2.19: Breakdown by maturity of suppliers' debt balance

In thousand of dirhams	Amount of suppliers' debt at the end of the fiscal year	Amount of unmatured debts	Amount of debts due			
Closing dates			Less than 30 days	Between 31 and 60 days	between 61 and 90 days	More than 90 days
Fiscal Year 2020	393 463	393 013	57	9	236	147
Fiscal Year 2021	411 251	411 190	7	-	-	54

- The equalization accounts, mainly composed of intersystem transactions, accruals, deferred income and any other debtor amount pending settlement. At the end of the year, these accounts grew from 294, 335 KDH one year earlier to 465, 831 KDH at the end of the year.
- Amounts claimable after receipt of payment, whose accounts make up the counterpart of securities presented for payment, fell from 170,603 KDH in 2020 to 52,267 KDH in 2021.
- Provisions for risks and expenses allowing to note the existing losses and expenses related to operations executed during the fiscal year and that are most likely realized. They rose from 160,202 KDH in 2020 to 203,023 KDH at end 2021, after a provision of 60,000 KDH was made up to cover a part of the net commitment of social funds. The provision for penalties relating to payments to suppliers exceeding the regulatory time limit, set up in accordance with the aforementioned Law n°32-10, amounted to 164 KDH (see Table 3.2.35 of Note 32 of the of the PLA);
- The foreign exchange reserves re-evaluation account, which includes the exchange variations resulting from the assessment of assets and liabilities in gold and in foreign currency, based on the year-end exchange rates, in accordance with the provisions of the agreement governing this account, as concluded between Bank Al-Maghrib and the Ministry of Economy and Finance.

  This agreement stipulates that in the event of a deficit below the required minimum, a reserve for exchange rate losses is set aside from the net profit. The credit balance of this account can neither be posted in the revenues of the financial year, nor distributed or allocated to any other usage (See the section relating to the main accounting rules and evaluation methods).

  En 2021, the revaluation account of foreign exchange reserves posted a credit balance of 4 421 489 KDH, i.e. +10 percent compared to 2020. After a sharp decline during the first half of this year, marked mainly by the appreciation of the dirham, the balance of the foreign exchange reserves revaluation account improved during the second half of the year. This change mainly reflected the depreciation of the dirham and the impact of the re-evaluation by the IMF of the dirham assets (+ 1.1 billion dirhams).

Table 3.2.20: Other liabilities

In thousand dirhams	2021	2020	Change (%)
Other securities transactions	361	361	-
Miscallaneous creditors	592 808	675 030	-12
Equalization accounts	465 831	294 335	58
Amounts claimable after receipt of payment	52 267	170 603	-69
Provisions for risks and expenses	203 023	160 202	27
Revaluation account of foreign exchange reserves	4 421 489	4 007 554	10
Total	**5 735 780**	**5 308 085**	**8**

Note 12: Equity capital and the like

Under Article 2 of the Bank's Statutes, the capital is set at 500,000 KDH, fully paid-up and held by the State. The capital may be increased by incorporation of reserves by decision of the Bank board, after consulting the government commissioner, up to a maximum of fifty percent of the capital.

The special reserve funds have been set up by allocating part of the profits, pursuant to reference to the aforementioned article 48. They amount to 4,501,340 KDH since 2006, representing the bulk of the equity capital.

For the first time in 2021, a reserve for foreign exchange losses has been set up by allocating 10 percent of the 2020 profit, i.e. 168,417 thousand of dirhams, in accordance with the statutory provisions and those of the convention governing the foreign exchange reserve valuation account.

Table 3.2.21: Equity capital and the like

In thousand dirhams	2021	2020	Change (%)
Equity	**500 000**	**500 000**	**- -**
Reserves	**5 169 757**	**5 001 340**	**3**
General reserve funds	500 000	500 000	- -
Special reserve funds	4 501 340	4 501 340	-
Foreign exchange loss reserve	168 417	-	-
Retained earnings	**28 212**	**27 460**	**3**
Total	**5 697 969**	**5 528 801**	**3**

3.2.10 Comments on off-balance sheet items

The Bank keeps record of off-balance sheet commitments, both given and received. The accounts on the off-balance sheet are registered to debit when the liabilities materialize on maturity or in case of realization by a debit on the balance sheet, and to credit side in the opposite case.

They include commitments in foreign currency, commitments on securities and other liabilities.

Note 13 : Foreign exchange transactions

This item records foreign exchange swap transactions in foreign currencies carried out, in particular, in the context of monetary regulation, as well as of currency transitional arbitrage operations initiated on the first day pending their unwinding on D+2.

Table 3.2.22: Foreign exchange transactions

In thousand dirhams	2021	2020
Forward foreign exchange transactions		
Forward currencies receivable	3 747 394	28 749 736
Forward currencies to be delivered	3 745 375	28 856 663
Foreign exchange transactions- currency deposits	**5 142 569**	**2 137 152**
Foreign exchange transactions-arbitrage operations		
Foreign currencies receivable		1 529 663
Foreign currencies deliverable		1 530 914

Note 14: Commitments on securities

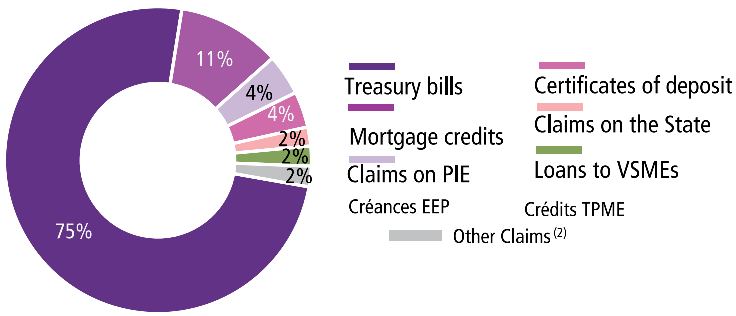
This heading mainly covers securities pledged to Bank Al-Maghrib to secure various refinancing operations to banks as well as options to advance funds[1]. As part of the easing measures introduced in 2020 in response to the Covid-19 crisis, the Bank expanded the list of assets eligible as collateral to include banks' refinancing operations.

Table 3.2.23: Commitments on securities

In thousand dirhams	2021	2020
Securities received on advances granted	73 832 432	63 257 199
Securities received on advances to be granted	10 324 200	6 792 000
Other guarantees received on advances granted	25 520 307	29 740 812
Advances to be granted	9 807 990	6 452 400
Foreign securities receivable	1 177 569	3 549 354
Foreign securities deliverable	1 162 318	1 414 877

[1] Possible advances to the participants in the Moroccan Gross Settlement System (SRBM) to avoid systemic bottlenecks.

Chart 3.2.4: Structure of commitments on securities[1]



(1) Collateral received on the advances granted by the Bank as part of the monetary policy implementation.
(2) WAKALA BIL ISTITMAR and receivables for the benefit of VSME and microcredit associations.

Note 15: Other committments

Table 3.2.24: Other committments

In thousand dirhams	2021	2020
Received market guarantees	92 470	120 463
Guarantees liabilities received for staff loans	906 678	879 661
Financing liabilities granted to the staff	9 159	21 480
Other granted liabilities	1 000	1 000

3.2.11 Comments on profit and loss account

Note 16: Interests earned on holdings and investments in gold and in foreign currency

This item is highly correlated with levels of foreign exchange reserves and interest rates. It includes interest earned on the following gold, SDR and foreign currency investment operations carried out by the Bank as part of its foreign reserve management mandate under its Statutes:

- Bond market investments (investment portfolio, portfolio of securities held for sale and transaction portfolio);
- Investments in the international money market and in other Moroccan commercial banks (Treasury portfolio);
- SDR holdings and the reserve tranche available with the IMF;
- Foreign securities lending;
- Gold loans.

Table 3.2.25: Interests earned on holdings in gold and in foreign currency

In thousand dirhams	2021	2020	Change (%)
Investments in gold	-	-	-
Bond investments	2 356 292	2 551 938	-8
Money market investments	32 649	43 343	-25
Claims on the IMF	7 164	17 291	-59
Other interests(*)	22 050	11 301	95
Total	**2 418 155**	**2 623 873**	**-8**

(*) Mainly include interests on foreign securities loans.

Interests from foreign currency investment operations amounted to 2,418,155 KDH, showing a further decrease of 8 percent this year. This change mainly reflects the impact of the decrease in yield rates on bond and money market investments.

The 8 percent drop in bond interests to 2,356,292 KDH was attributable to the 35 percent contraction of the investment portfolio interests, which was partially mitigated by the 6 percent improvement in investment securities interests.

Investments in the money market segment generated an income of 32,649 KDH, i.e. -25 percent compared to 2020, mainly because of the lower outstanding amounts and investment rates in the dollar segment.

Meanwhile, interest on SDR receivables fell by more than half to 7,164 KDH, despite the sharp rise in their outstanding amounts after Morocco collected its share (857 million SDRs, i.e. 10,937,793 KDH) of the general SDR allocation that the IMF issued on August 23, 2021 to its member countries. This decline is exclusively attributable to the 15 bps depreciation to 0.05 percent of the average rate of SDR remuneration (0.20 percent in 2020 and 0.79 percent in 2019).

Note 17: Interests earned on claims on credit institutions and similar bodies

This item records interests received by the Bank on various advances to credit institutions as part of the monetary policy conduct (for payment conditions, see Note 4 of the balance sheet).

These interests recorded an annual decrease of 24 percent to 1,244,143 KDH, alongside the Bank's reduction of injections amidst an improved banking liquidity. They are composed of:

- 513,311 KDH from 7-day advances. The 35 percent decline of the latter reflects the 21 percent contraction of the average outstanding amount of this instrument to 34,220,742 KDH and the full-year effect of the key rate cut in 2020;
- 322,162 KDH from long-term repurchase agreements initiated since March 2020, which decreased by 37 percent due to the 28 percent reduction of the average outstanding amount to 21,477,457 KDH;

Table 3.2.26: Interests received on claims on credit institutions

In thousand dirhams	2021	2020	Change (%)
(Including)			
7-day advances	513 311	793 567	-35
24-hour advances	880	1 556	-43
Repurchase agreements	322 162	508 430	-37
Secured loans	407 529	323 051	26
Total	**1 244 143**	**1 627 045**	**-24**

- 407,529 KDH relating to secured loan operations (1 month, 3 months and 1 year) whose outstanding amount grew by 34 percent to 27,238,672 KDH, leading to the increase of such interests.

Note 18: Other interests earned

This item mainly covers interests due to the Bank under loans granted to its staff for housing purchase and construction. These interests totalled 12,610 KDH at the end of this fiscal year, as against 13,384 KDH one year earlier.

Note 19: Commissions earned

The Bank collects commissions for the banking operations it carries out on behalf of its customers, and which mostly cover foreign exchange operations and the centralization of the Treasury's auction operations.

The amount of these commissions increased by 7 percent in 2021, mainly due to the 4 percent increase in the exchange commissions, which reflected the higher volume of the foreign banknotes transferred to Bank Al-Maghrib. Meanwhile, the commission of auction operations' centralization has slightly decreased by 1 percent, due to the fall in the Treasury's gross collections between 2020 and 2021.

Table 3.2.27: Commissions earned

In thousand dirhams	2021	2020	Change (%)
Foreign exchange commissions	540 804	521 661	4
Intermediation margin	23 161	1 822	>100
Management of Treasury bonds	70 104	71 018	-1
Other commissions	16 978	16 776	1
Total	**651 047**	**611 277**	**7**

Note 20: Other financial revenues

The other financial revenues item mainly covers gains generated from foreign currency transactions, deferral of discounts on investment securities and profits from foreign currency swaps.

At the end of 2021, this income amounted to 569,062 KDH, down by 244,844 KDH compared to 2020, mainly due to the drop in capital gains realized on the sale of US investment securities, within a context marked by the higher rate of return on dollar-denominated assets.

Table 3.2.28: Other financial revenues

In thousand dirhams	2021	2020	Change (%)
Capital gains on sales of marketable securities	424 110	602 294	-30
Spreading of discounts on foreign securities	66 297	52 838	25
Capital gains on management mandates	18 634	28 302	-34
Gains on foreign exchange swap transactions (monetary policy)	18 629	99 745	-81
Gains on foreign exchange swap transactions (premium/discount)	17 884	24 593	-27
Dividends on equity securities	20 100	557	>100
Other revenues	3 408	5 578	-39
Total	**569 062**	**813 906**	**-30**

Gains from foreign exchange swap operations with Moroccan banks fell by 81 percent in 2021, as banks reduced their use of this instrument.

In 2021, the Bank received a dividend of 19,856 KDH (2.2 million USD) for its participation in the BIS capital in 2020, considering a global unit dividend of 520 SDR, decided by its Board of Directors on June 29, 2021.

Note 21: Sales of produced goods

This item includes revenues from sales of various goods produced by the Bank, which mainly cover secured documents including the biometric passport and secure identity cards. Their sale price is particularly set on the basis of the costs derived from the Bank's analytical system. This item also consists of changes in inventories of finished products, in-process production and commemorative coins.

At end-2021, these sales posted an annual increase of 105,798 KDH to reach 310,627 KDH. This evolution mainly results from the rise in revenues from the sales of secured documents to 306,929 KDH, of which 188,919 KDH from biometric passports (+66 percent) and 102,913 KDH from secured identity cards (+42 percent), which the production was started in 2020.

Note 22: Miscellaneous revenues

Miscellaneous revenues include the contribution of banks to the invoicing system of the Moroccan Gross Settlement System (SRBM) and the recovery of costs settled by Bank Al-Maghrib. These revenues stood at 16,011 KDH, of which 13,764 KDH were revenues from the SRBM billing system.

Note 23: Reversal of provisions

At end-2021, these reversals amounted to 60,699 KDH. They particularly covered reversals of provisions set aside: (i) the depreciation of foreign investment securities up to 11,952 KDH (11,881 KDH in 2020); (ii)the pension commitment as part of implementing the plan to finance the gradual transition to the TV 88-90 mortality table by 20,000 KDH; and (iii) the impairment of equity investments of 8,662 KDH (see Table 3.2.35 of note 32 of the PLA).

Note 24: Noncurrent revenues

This item, which includes exceptional and non-recurring revenues, amounted to 458 KDH at-end 2021, as against 1,123 KDH in 2020.

Note 25: Interests paid on commitments in gold and in foreign currency

These interests fell by 18 percent to 108,708 KDH, mainly due to the drop by 60 percent to 6,013 KDH in the commissions on SDR allocations (0.05 percent in 2021 after 0.20 percent in 2020), and by 12 percent in interests on monetary deposits to 102,695 KDH.

Note 26: Interests paid on deposits and commitments in dirhams

This item includes interests paid by the Bank, mainly for cash in the Treasury's current account and for remuneration of the monetary reserve (for conditions of remuneration of the above-mentioned accounts, see Note 10 of the balance sheet). It can also include, in a context of liquidity excess, interests paid by the Bank under 7-day liquidity withdrawals, overnight deposits facilities and swap of dirhams against currencies.

In 2021, this interest fell by 12 percent to 153,540 KDH, following the decrease in the remuneration of customers' accounts of Bank Al-Maghrib.

Table 3.2.29: Interests on committments in dirhams

In thousand dirhams	2021	2020	Change (%)
(of which)			
Monetary reserve accounts	-	-	-
Other accounts (including)	152 458	172 691	-12
Treasury account	24 255	31 805	-24
Total	**153 540**	**174 404**	**-12**

Note 27: Commissions paid

This item includes commissions paid in exchange for financial services provided to the Bank as well as the negative intermediation margin1 on foreign exchange transactions carried out with authorised intermediaries.

From one year-end to the next, these commissions rose from 15,667 KDH to 28,856 KDH, up by 13,190 KDH, including a negative intermediation margin of +9,462 KDH on foreign exchange transactions.

Note 28: Other financial expenses

This item covers losses on foreign currency transactions, including capital on the sales of investment securities and deferral of premiums on investment securities.

The 2 percent increase in this item to 769,534 KDH is due in particular to the increased capital losses arising from the sale of foreign securities, particularly in EUR, mitigated by the 5 percent decrease in the deferral of premiums on investment securities.

Table 3.2.30: Other financial expenses

In thousand dirhams	2021	2020	Change (%)
Losses in investment securities held for sale (*)	39 846	10 084	>100
Deferral of premiums on foreign securities	548 384	574 735	-5
Negative interest rates paid on investment securities	163 521	163 098	0,3
Losses on foreign exchange swap transactions	14 032	-	-
Losses on foreign exchange swap transactions (premium/ discount)	1 134	2 481	-54
Other expenses	2 616	4 365	-40
Total	**769 534**	**754 764**	**2**

(1) The difference between the book value and the sale price.

1 The negative intermediation margin corresponds to the commission charged by the Bank on foreign exchange transfer operations carried out with Moroccan banks where a loss is incurred (difference between the negotiated exchange rate and the reference rate).

Note 29: Staff expenses

This item mainly includes the salaries and wages, allowances and bonuses paid to the Bank staff, employer contributions to Bank Al-Maghrib Staff Pension Fund and contributions to the Mutual Fund, various staff insurance premiums and vocational training expenses.

This item recorded a slight increase in its balance of 0.2 percent to 880,452 KDH, mainly due to a small increase in some personnel expenses combined with the negative evolution of remunerations.

Table 3.2.31: Staff expenses

In thousand dirhams	2021	2020	Change (%)
Staff salaries	671 461	672 012	-0,1
Social expenses	192 532	191 761	0,4
Training expenses	2 419	2 337	4
Other expenses	14 040	12 827	9
Total	**880 452**	**878 935**	**0,2**

Note 30: Purchases of materials and supplies

This entry includes fees of raw materials (paper, ink, coin blanks, electronic chips and cards and precious metals) used in the manufacturing of coins and banknotes, secured documents and commemorative coins. It also includes changes in inventories of raw materials and supplies as well as rebates, discounts and payment deductions obtained on purchases, and granted to the Bank by its suppliers.

The 10 percent increase in this item to 313,924 KDH covers:

- item in purchases of banknote paper and money market blanks, due to the higher production volume;
- a decrease in the purchase of materials and supplies, covering a reduction in those relating to electronic covers and the manufacture of identity documents considering the available stocks;
- changes in inventories of +27,420 KDH at the end of 2021 against -56,643 KDH in 2020.

Table 3.2.32: Purchases of materials and supplies

In thousand dirhams	2021	2020	Change (%)
Purchase of raw materials	197 374	188 097	5
Purchase of consumable materials and supplies	73 143	59 667	23
Other purchases	43 407	37 309	16
Total	**313 924**	**285 073**	**10**

Note 31: Other external expenses

This item includes Bank overheads and current expenditure covering, inter alia, computer maintenance, building upkeep, rental, water and electricity consumption, donations and grants as well as various taxes and duties.

Other external expenses increased from 354,619 KDH to 357,299 KDH, from one year to the next, recording a slight movement of +1 percent.

Table 3.2.33: Other external expenses

In thousand dirhams	2021	2020	Change (%)
Maintenance and repair of fixed assets	126 565	125 730	1
Rents	38 855	43 477	-11
Water, electricity and fuel costs	26 699	25 233	6
Transportation, travel, mission and reception expenses	7 729	8 859	-13
Postal and telecommunication costs	39 990	31 631	26
Taxes and duties	21 172	20 464	3
Other expenses	96 288	99 225	-3
Total	**357 299**	**354 619**	**1**

Note 32: Depreciation and provision endowments

Depreciation charges

Table 3.2.34: Depreciations

In thousand dirhams	2021	2020	Change (%)
Depreciations of tangible and intangible fixed assets	**308 369**	**309 269**	**-0,3**
Properties(1)	111 696	101 576	10
Furniture and equipment	164 247	171 171	-4
Other tangible fixed assets	-	4	-
Intangible fixed assets	32 426	36 518	-11
Depreciations of other costs to be spread out over many fiscal years	**5 035**	**5 380**	**-6**
Depreciations of previous fiscal years	**11 693**	**6 375**	**83**
Total	**325 097(2)**	**321 024**	**1**

(1) Including fixtures, fittings and facilities.

Allocations to provisions

Table 3.2.35: Provisions

In thousand dirhams	Outstanding amount December 31, 2020	Expenses	Reversals	Other changes	Outstanding amount December 31, 2021
Provisions for depreciation					
Foreign treasury bonds and similar securities	59 193	484 089	11 952	48	531 378
Miscellaneous stocks and values	6 536	7 822	6 536		7 822
Moroccan equity securities	2 765	370			3 135
Foreign equity securities	25 289	1 830	8 662		18 457
Other provisions(3)	4 821	939	83		5 677
Provisions for risks and expenses posted under liabilities					
Provisions for risks and expenses (including)	159 814	76 288	33 467		202 635
Pension commitment	100 000	60 000	20 000		140 000
Provisions for risks	50 284	4 288	3 937		50 635
Late penalty fees	164	262	164		262
Other provisions	389				389
Total		**571 338 (2)**	**60 699 (4)**		

(2) Totalling 896 435 KDH equivalent to the amount of the heading "Depreciation and provision endowments" of the PLA.

(3) Includes, in particular, provisions for receivables from customers presenting a high default risk.

(4) Corresponds to the amount of the PLA item "reversals of provisions".

For the terms governing provisions constitution and reversal, see the “Evaluation methods” section and Note 11 of the balance sheet.

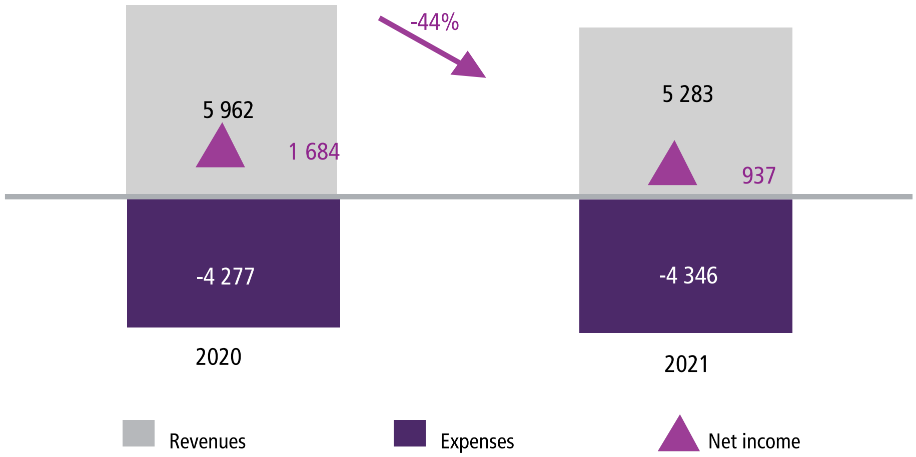
Note 33: Non-current expenses

Non-current expenses climbed by 61 percent to 123,205 KDH of which 106,939 KDH are related to the social solidarity contribution on profits, calculated on the basis of 3.5 percent of the net income of the past year, compared to 73,393 KDH in 2020 calculated at a rate of 2.5 percent of the 2019 net income.

Note 34: Income tax

According to article 19 of the General Tax Code, the tax rate is fixed at 37 percent, which is the taxation level applied to credit institutions under common Law. The income tax fell from 1,130,502 KDH in 2020 to 713,824 KDH at-end 2021. .

Chart 3.2.5: Change of revenues, expenses and net income (in MDH)



3.3 Commitments to social funds

The Bank's staff is covered by two internal pension and medical insurance schemes called, respectively, “Caisse de Retraite du Personnel de Bank Al-Maghrib- CRP-BAM (Bank Al-Maghrib’s staff pension fund)” and the “Fonds Mutuel-FM (Mutual Fund)”.

The CRP-BAM provides the Bank’s staff members or their dependants with a retirement pension, an invalidity pension, a dependants' pension and a mixed capital-pension allowance. Meanwhile, the FM ensures reimbursement of medical and prescription expenses for the Bank staff and eligible family members.

These two schemes have a separate accounting system but do not have legal personality.

Table 3.3.1 : Social funds' committments and financing

In thousand dirhams	Pension Fund of BAM staff		Mutual Fund	
	2021	2020	2021	2020
Gross commitment	3 723 465	3 409 224	614 659	567 424
hedging assests	3 601 092	3 393 290	481 715	463 158
Net commitement(*)	- 122 372	-15 934	- 132 944	-104 266

* Net liability of social funds partially provisioned at end 2021 for an amount of 120,000 KDH (see Note 11 of the balance sheet).

Pension and health benefits are calculated in accordance with actuarial standards, using the projected unit credit method, which takes into account changes in salaries, pension revaluations and the benefit entitlement.

An independent actuary approves the data and assumptions used in the actuarial valuations, as well as the pension and health liabilities.

Social funds' assets are managed within the framework of a strategic allocation, defining an optimal allocation by asset class, taking into account the objectives of the pension and medical coverage schemes, in terms of both return and risk.

Pursuant to the Charter for the Management of Social Security Funds, an annual report is drafted to present, on the one hand, the conclusions of the internal actuarial balance sheet duly approved and certified by the independent actuary and, on the other hand, the achievements of the hedging assets' financial management. This report is submitted to the Social Funds Steering Committee for review and approval, and the ensuing decisions are submitted to the Bank's Board of Directors for approval.

3.4 Statutory Audit Report

STATUTORY AUDITOR'S REPORT YEAR ENDED DECEMBER 31, 2021

AUDIT OF STATUTORY FINANCIAL STATEMENTS

Opinion

In accordance with the terms of our appointment by the Bank's Board, we have audited the accompanying financial statements of BANK AL MAGHRIB including the balance sheet as of December 31st, 2021, the profit and loss statement and the additional disclosures (ETIC). These financial statements show a net equity of 6 635 002 KMAD including a net profit of 937 033 KMAD.

These financial statements have been approved by the Bank's Board on March 22nd, 2022 based on the information available at that date in an evolving context of the Covid-19 crisis.

We certify that the financial statements referred to in the first paragraph above are regular, sincere and give, in all material aspects, a true and fair view of the result of operations of the past fiscal year as well as the financial situation and the assets of BANK AL MAGHRIB on December 31st, 2021, in accordance with the accounting principles generally accepted in Morocco.

Basis for opinion

We conducted our audit in accordance with Moroccan auditing standards. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Morocco, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Moroccan accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Moroccan auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Moroccan auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Specific verifications and information

We ensured that the information contained in the Management board's report is consistent with the Bank's financial statements.

Casablanca, March 23rd, 2022

The Statutory Auditor

Deloitte Audit

Sakina Bensouda Korachi
Partner

3.5 Approval by the Bank Board

Pursuant to Article 47 of the Law No. 40-17, bearing Statutes of Bank Al-Maghrib, the Governor of the Bank submits the financial statements to the Bank Board for approval.

At its March 22nd, 2022 meeting, after reviewing the auditor's opinion on their sincerity and on their consistency with the information given in the Bank's management report, the Board approved the financial statement and the net income allocation for the year 2021.

Statistical appendices

بنك المغرب

TABLE A1 MAIN INDICATORS OF THE ECONOMY

	2019*	2020*	2021**
International Economy (1)			
Economic growth (in %)			
World	2.9	-3.1	6.1
Euro area	1.6	-6.4	5.3
United States	2.3	-3.4	5.7
United Kingdom	1.7	-9.3	7.4
Brazil	1.2	-3.9	4.6
China	6.0	2.2	8.1
Inflation (in %)			
World	3.5	3.2	4.7
Euro area	1.2	0.3	2.6
United States	1.8	1.2	4.7
United Kingdom	1.8	0.9	2.6
Brazil	3.7	3.2	8.3
China	2.9	2.4	0.9
Unemployment (in %)			
Euro area	7.6	8.0	7.7
United States	3.7	8.1	5.4
United Kingdom	3.8	4.5	4.5
Brazil	12.0	13.8	14.2
China	3.6	4.2	4.0
National Economy (2)			
National accounts			
At the price of the year before (change in %)			
Gross domestic product	2.9	-7.2	7.9
Non-agricultural GDP	3.8	-7.1	6.8
Non-agricultural value added	4.0	-6.9	6.6
Taxes on products net of subsidies	2.3	-8.4	8.8
Agricultural value added	-5.0	-8.1	17.8
Household final consumption	2.2	-5.6	8.2
General government final consumption	4.8	-0.5	5.6
Investment	-0.2	-11.9	13.3
At current prices (in billions of dirhams)			
Gross domestic product	1 239.8	1 152.4	1 284.2
Gross National Disposable Income	1 294.3	1 222.6	1 371.7
Gross national saving (in % of GDP)	27.2	27.6	28.8
Investment rate (in % of GDP)	30.6	28.8	31.1
Financing requirement or capacity	42.4	13.4	29.1
Financing requirement or capacity (in % of GDP)	3.4	1.2	2.3

(*) Revised.
(**) Provisional.
(1) Source: Global economic perspectives. IMF April 2022.
(2) Source : High Commission for Planning.

TABLE A1 MAIN INDICATORS OF THE ECONOMY (continued)

	2019*	2020*	2021**
National Economy			
Employment and unemployment			
Activity rate (in %)	45.8	44.8	45.3
Employment rate (in %)	41.6	39.4	39.7
Net job creations (in thousands)	165	-432	230
Unemployment rate (in %)	9.2	11.9	12.3
Productivity and wage costs (change in %)	**-0.3**	**-4.9**	**4.2**
Prices (change in %)			
Inflation	0.2	0.7	1.4
Core inflation	0.5	0.5	1.7
External accounts			
Total exports FOB (in Billions of DH)	284.5	263.1	328.8
Total imports CIF (in Billions of DH)	491.0	422.9	527.4
Trade balance (in % of GDP)	16.7	13.9	15.5
Receipts of travel (variation in %)	7.8	-53.7	-5.9
Receipts Moroccan expatriates (variation in %)	0.1	4.8	37.5
Current account balance (in % of GDP)	-3.4	-1.2	-2.3
Foreign direct investment receipts (in % of GDP)	2.8	2.3	2.5
Public finance (in % of GDP)			
Overall budget balance (1)	-3.8	-7.1	-5.9
Total treasury debt (Direct dept)	60.3	72.2	68.9
Domestic treasury debt	47.2	54.9	53.1
External treasury debt	13.0	17.3	15.9
Public external debt	27.5	32.6	29.5
Money and monetary conditions			
Banking liquidity (in Billions of dirhams)	-76.62	-90.25	-70.78
Key rate (2) (in %)	2.25	1.50	1.50
Lending rate (3) (in %)	5.00	4.55	4.39
Interbank rate (3) (in %)	2.28	1.79	1.50
Official reserve assets (in Billions of dirhams) (2)	253.38	320.57	330.83
Official reserve assets in months of imports (2)	6.9	7.1	6.0
Bank loans (change in %)	5.3	4.6	2.8
Bank loans to the non financial sector (change in %)	5.5	4.0	3.1
Rate of non-performing loans (in %)	7.6	8.4	8.6
Money supply (M3) (in Billions of dirhams)	1 370.5	1 485.1	1 560.8
Real effective exchange rate (annual change)	0.5	1.3	1.3

(*) Revised for the sections of: external accounts, public finance and money and monetary conditions.
(**) Provisional for the sections of: external accounts, public finance and money and monetary conditions.
(1) Excluding the proceeds from the sale of state holdings
(2) At end-December.
(3) Weighted average rates.
Sources : High Commission for Planning, Foreign Exchange Control Office, Ministry of Economy and Finance and Bank Al-Maghrib.

TABLE A2.1 GROSS DOMESTIC PRODUCT AT THE PRICES OF THE PREVIOUS YEAR (BASE 2014)

(Changes In %)

	2017*	2018*	2019*	2020*	2021**
Gross domestic product	**5.1**	**3.1**	**2.9**	**-7.2**	**7.9**
Primary sector	**19.5**	**4.5**	**-3.9**	**-7.1**	**17.6**
Agriculture and forestry	21.5	5.6	-5.0	-8.1	17.8
Fishing and aquaculture	-9.3	-12.5	13.8	12.2	12.7
Secondary sector	**3.4**	**3.1**	**4.1**	**-5.4**	**6.8**
Extraction industry	11.0	-0.8	2.3	2.6	0.9
Manufacturing industries	3.4	3.2	3.4	-7.4	6.1
Electricity and gas distribution - Water distribution, sewage system, waste treatment	2.9	8.8	14.7	-1.3	6.5
Construction	1.3	1.3	0.5	-4.1	10.7
Tertiary sector	**3.3**	**2.9**	**3.9**	**-7.9**	**6.4**
Wholesale and retail trade, repair of motor vehicles and motorcycles	4.6	-0.2	2.1	-6.6	7.9
Transport and storage	1.3	-0.5	5.5	-28.5	15.2
Accommodation and catering activities	10.4	6.2	3.6	-54.6	31.6
Information and communication	-2.0	3.5	2.5	5.1	-0.8
Financial activities and insurance	3.8	1.9	5.3	0.6	4.6
Real estate activities	1.5	3.2	1.8	-0.8	3.0
Research and development and services to companies	4.7	6.1	8.3	-13.4	10.0
General government, compulsory social security	3.9	3.9	6.6	5.3	4.1
Education, health and social action activities	1.1	4.1	2.0	0.8	3.0
Other services	1.9	1.5	0.2	-23.2	2.4
Global added value	**5.2**	**3.1**	**3.0**	**-7.0**	**7.8**
Non-agricultural GDP	**3.3**	**2.8**	**3.8**	**-7.1**	**6.8**
Non-agricultural added value	**3.2**	**2.8**	**4.0**	**-6.9**	**6.6**
Taxes on products net of subsidies	**4.0**	**2.4**	**2.3**	**-8.4**	**8.8**

(*) Revised.
(**) Provisional.
Source : High Commission for Planning.

TABLE A2.2 GROSS DOMESTIC PRODUCT AT CURRENT PRICES BY BRANCH OF ACTIVITY (BASE 2014)

(In millions of dirhams)

	2017*	2018*	2019*	2020*	2021**
Gross domestic product	**1 148 895**	**1 195 237**	**1 239 836**	**1 152 419**	**1 284 154**
Primary sector	**128 220**	**135 128**	**134 428**	**122 896**	**154 559**
Agriculture and forestry	120 299	127 084	127 851	117 094	145 272
Fishing and aquaculture	7 921	8 044	6 577	5 802	9 287
Secondary sector	**291 882**	**301 694**	**313 058**	**300 146**	**334 920**
Extraction industry	20 809	20 789	20 392	16 659	21 749
Manufacturing industries	167 672	177 736	183 041	174 915	197 024
Electricity and gas distribution - Water distribution, sewage system, waste treatment	35 891	37 031	42 938	44 343	44 113
Construction	67 510	66 138	66 687	64 229	72 034
Tertiary sector	**610 049**	**634 322**	**663 041**	**613 065**	**662 044**
Wholesale and retail trade, repair of motor vehicles and motorcycles	118 712	119 305	122 214	111 643	129 473
Transport and storage	39 508	38 724	43 097	33 754	38 916
Accommodation and catering activities	44 817	48 214	50 617	23 416	30 384
Information and communication	29 383	30 286	31 249	32 727	32 269
Financial activities and insurance	48 195	52 304	52 094	51 956	53 536
Real estate activities	79 155	82 619	86 344	86 599	90 341
Research and development and services to companies	50 397	54 407	59 112	51 623	56 992
General government, compulsory social security	101 660	105 827	112 999	119 211	124 902
Education, health and social action activities	80 659	84 471	86 816	87 739	90 559
Other services	17 563	18 165	18 499	14 397	14 672
Global added value	**1 030 151**	**1 071 144**	**1 110 527**	**1 036 107**	**1 151 523**
Non-agricultural GDP	**1 028 596**	**1 068 153**	**1 111 985**	**1 035 325**	**1 138 882**
Non-agricultural added value	**909 852**	**944 060**	**982 676**	**919 013**	**1 006 251**
Taxes on products net of subsidies	**118 744**	**124 093**	**129 309**	**116 312**	**132 631**

(*) Revised.
(**) Provisional.
Source : High Commission for Planning.

TABLE A2.3 GOODS AND SERVICES ACCOUNT AT CURRENT PRICES (BASE 2014)

(In millions of dirhams)

	2017*	2018*	2019*	2020*	2021**	Changes in % 2020*/2019	Changes in % 2021**/2020
RESOURCES							
Gross domestic product	1 148 895	1 195 237	1 239 836	1 152 419	1 284 154	-7.1	11.4
Imports of goods and services	477 560	519 049	519 554	438 514	539 602	-15.6	23.1
EXPENDITURES							
Households final consumption	673 764	702 020	723 177	672 430	754 704	-7.0	12.2
General government final consumption	206 594	215 092	225 389	223 756	238 486	-0.7	6.6
Final national consumption of NPIs(1)	7 765	8 700	8 799	8 204	8 876	-6.8	8.2
Gross fixed capital formation	323 247	332 976	337 145	302 245	346 877	-10.4	14.8
Changes in stocks	38 149	48 798	40 024	27 596	49 847	-31.1	80.6
Acquisitions - cessions of valuables	2 322	2 370	2 158	1 807	2 073	-16.3	14.7
Exports of goods and services	374 614	404 330	422 698	354 895	422 893	-16.0	19.2

(*) Revised.
(**) Provisional.
(1) Non-profit institutions.
Source : High Commission for Planning.

TABLE A2.4 GROSS NATIONAL DISPOSABLE INCOME AT CURRENT PRICES AND ITS APPROPRIATION (BASE 2014)

(In millions of dirhams)

	2017*	2018*	2019*	2020*	2021**	Changes in % 2020*/2019	Changes in % 2021**/2020
Gross domestic product	1 148 895	1 195 237	1 239 836	1 152 419	1 284 154	-7.1	11.4
Net income of property from outside	-17 699	-17 982	-18 673	-11 018	-17 479	-41.0	58.6
Gross national income	1 131 196	1 177 255	1 221 163	1 141 401	1 266 675	-6.5	11.0
Net current transfers from outside	84 303	74 333	73 111	81 200	105 040	11.1	29.4
Gross national disposable income	1 215 499	1 251 588	1 294 274	1 222 601	1 371 715	-5.5	12.2
Final national consumption	888 123	925 812	957 365	904 390	1 002 066	-5.5	10.8
Households	673 764	702 020	723 177	672 430	754 704	-7.0	12.2
General government	206 594	215 092	225 389	223 756	238 486	-0.7	6.6
NPIs(1)	7 765	8 700	8 799	8 204	8 876	-6.8	8.2
Gross national saving	327 376	325 776	336 909	318 211	369 649	-5.5	16.2

(*) Revised.
(**) Provisional.
(1) Non-profit institutions.
Source : High Commission for Planning.

TABLE A2.5 INVESTMENT AND SAVINGS AT CURRENT PRICES (BASE 2014)

(In millions of dirhams)

	2017*	2018*	2019*	2020*	2021**	Changes in % 2020*/2019	Changes in % 2021**/2020
RESOURCES							
Gross national saving	327 376	325 776	336 909	318 211	369 649	-5.5	16.2
Net capital transfers received	0	0	0	3	0	-	-
EXPENDITURES							
Gross fixed capital formation	323 247	332 976	337 145	302 245	346 877	-10.4	14.8
Changes in stocks	38 149	48 798	40 024	27 596	49 847	-31.1	80.6
Acquisitions - cessions of valuables	2 322	2 370	2 158	1 807	2 073	-16.3	14.7
Financing requirement or capacity	-36 342	-58 368	-42 418	-13 434	-29 148	-68.3	117.0

(*) Revised.
(**) Provisional.
Source : High Commission for Planning.

TABLE A2 6 AGRICULTURE

(Area in thousands of hectars / production in millions of quintals / yield in quintals/ha)

	Campagne 2019-2020			Campagne 2020-2021		
	Area	Production	Yield	Area	Production	Yield
Principal cereals	**4 340.5**	**32.1**	**7.4**	**4 354**	**103.2**	**23.7**
Soft wheat	1 852.0	17.7	9.6	1 877	50.6	27.0
Hard wheat	993.3	7.9	8.0	988	24.8	25.1
Barley	1 495.2	6.5	4.3	1 489	27.8	18.7
Pulse crops	**272.0**	**1.5**	**5.5**	**-**	**3.0**	**-**
Market garden crops	**258.1**	**71.9**	**278.6**	**-**	**74.0**	**-**

Sources : Ministry of Agriculture, Fisheries, Rural Development, Water and Forests, National Interprofessional Office of Cereals and Legumes.

TABLE A2.7 ELECTRICITY PRODUCTION

(In GWh)

	2019	2020*	2021**	Changes in % 2021/2020
Net local production (1)	**40 348**	**38 755**	**41 260**	**6.5**
Thermal	32 214	31 044	32 866	5.9
Hydraulic	1 654	1 290	1 213	-6.0
Wind	4 634	4 516	5 024	11.2
Solar	1 581	1 546	1 839	19.0
Electricity exchange balance (***)	**-928**	**232**	**-163**	**-**

(1) The difference between net local production and the total by the source of production represents the contribution of national third parties.
(*) Revised.
(**) Provisional.
(***) The difference between imports and exports.
Source : The National Office of Electricity and Drinking Water.

TABLE A2.8 INDUSTRIAL, ENERGY AND MINING PRODUCTION INDEX

(Base 100 in 2015)

Sector and Branch	2020	2021	Changes in % 2021/2020
Extractive Industries	**138.7**	**141.6**	**2.1**
Extraction of metal ores	98.0	100.6	2.7
Other extractive industries	140.8	143.7	2.1
Manufacturing industries excluding oil refining	**106.1**	**113.2**	**6.7**
Food Industries	117.6	125.5	6.7
Beverage manufacturing	91.9	93.4	1.6
Manufacture of tobacco products	95.5	96.7	1.3
Manufacture of textiles	81.0	90.9	12.2
Clothing industry	87.1	98	12.5
Manufacture of leather and footwear (except leather clothing)	58.4	64.6	10.6
Woodworking and manufacture of articles of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	71.3	85.3	19.6
Paper and cardboard industry	115.7	122.9	6.2
Printing and reproduction of recordings	99.9	109.5	9.6
Chemical industry	147.6	147.8	0.1
Pharmaceutical industry	109.2	115.5	5.8
Manufacture of rubber and plastic products	99.3	121.9	22.8
Other non-metallic mineral product manufacturing	90.6	100.1	10.5
Metallurgy	78.3	91.2	16.5
Manufacture of fabricated metal products, except machinery and equipment	77.8	95.7	23.0
Manufacture of computer, electronic and optical products	92.0	82.9	-9.9
Manufacture of electrical equipment	90.3	107.4	18.9
Manufacture of machinery and equipment N.C.E.	99.9	115.6	15.7
Automotive Industry	101.3	110.6	9.2
Manufacture of other transport equipment	111.2	113.1	1.7
Furniture manufacturing	85.8	85.5	-0.3
Other manufacturing industries	91.0	85.3	-6.3
Repair and installation of machinery and equipment	93.7	112.1	19.6
Electricity production and distribution	**123.4**	**131.6**	**6.6**

Source : High Commission for Planning.

TABLE A2.9 TOURISM

	2018	2019	2020	2021	Changes in % 2021/2020
Total of tourist arrivals	**12 288 708**	**12 932 260**	**2 777 802**	**3 721 702**	**34.0**
Foreign tourists	**6 679 101**	**7 043 006**	**1 407 994**	**1 284 335**	**-8.8**
European Union countries	**4 672 843**	**5 004 616**	**1 002 807**	**873 634**	**-12.9**
France	1 844 397	1 990 813	412 179	493 933	19.8
Spain	814 069	880 818	200 136	99 495	-50.3
Germany	394 328	413 384	79 077	38 894	-50.8
United Kingdom	510 516	551 499	113 258	56 435	-50.2
Italy	305 505	351 916	57 105	52 588	-7.9
Europe out of EU	**468 789**	**466 595**	**93 912**	**85 330**	**-9.1**
America	**563 435**	**603 885**	**99 063**	**94 741**	**-4.4**
United States	304 960	346 702	54 103	66 991	23.8
Canada	130 579	131 497	21 305	19 485	-8.5
Brazil	50 681	47 113	9 596	3 217	-66.5
Middle East (1)	**199 303**	**198 454**	**47 311**	**75 487**	**59.6**
Maghreb	**214 295**	**227 281**	**49 240**	**46 265**	**-6.0**
Africa	**226 525**	**188 792**	**53 779**	**86 466**	**60.8**
Asia	**284 917**	**307 871**	**55 974**	**20 845**	**-62.8**
Other countries	**48 994**	**45 512**	**5 908**	**1 567**	**-73.5**
Moroccans resident abroad	**5 609 607**	**5 889 254**	**1 369 808**	**2 437 367**	**77.9**

(1) Including Egypt.

Source : Ministry of Tourism, Handicrafts, Social and Solidarity Economy.

TABLE A3.1 EMPLOYMENT AND UNEMPLOYMENT

(Population in thousands and rates in percentage)

	2019	2020	2021
Working age population	**26 359**	**26 750**	**27 125**
Labour force	**12 082**	**11 971**	**12 280**
Urban	7 204	7 291	7 511
Rural	4 878	4 680	4 770
Labor force participation rate	**45.8**	**44.8**	**45.3**
Urban	42.3	41.9	42.3
Rural	52.2	50.0	50.9
Employment rate	**41.6**	**39.4**	**39.7**
Urban	36.9	35.3	35.1
Rural	50.3	47.0	48.4
Unemployment rate	**9.2**	**11.9**	**12.3**
By area of residence			
Urban	12.9	15.8	16.9
Rural	3.7	5.9	5.0
By gender			
Men	7.8	10.7	10.9
Women	13.5	16.2	16.8
Group of age			
15 to 24 years	24.9	31.2	31.8
25 to 34 years	15.1	18.5	19.6
35 to 44 years	4.5	6.9	7.0
45 years and over	2.1	4.0	3.8
By diploma			
Without any diploma	3.1	5.6	4.6
With diploma	15.7	18.5	19.6

Source : High Commission for Planning.

TABLE A3.2 SECTORIAL STRUCTURE OF EMPLOYMENT (1)

	Structure in %		Changes In percentage point	Creation of employment (in thousands)
	2020	2021		
Total (in thousands)	**10 542**	**10 772**	**-**	**230**
Agriculture, forestry and fishing	31.3	31.2	-0.1	68
Industries (including craft)	12.1	11.7	-0.4	-19
Construction and public works	10.8	11.2	0.4	71
Services	45.7	45.8	0.1	115

(1) This concerns the employment of persons aged 15 years and above.
Source : High Commission for Planning.

TABLE A3.3 EMPLOYMENT AND UNEMPLOYMENT BY REGION

(in %)

Region	Year	Labor force participation rate			Employment rate			Unemployment rate		
		Urban	Rural	National	Urban	Rural	National	Urban	Rural	National
Tangier-Tetouan-Al Hoceima	2020	44.6	50.1	46.6	38.3	47.7	41.7	14.1	4.7	10.4
	2021	45.4	57.6	49.8	38.4	55.7	44.6	15.5	3.2	10.4
Oriental	2020	40.8	46.4	42.4	31.5	39.0	33.6	22.8	15.9	20.7
	2021	40.7	47.4	42.5	32.2	41.7	34.8	20.8	11.9	18.1
Fez-Meknes	2020	38.7	49.3	42.4	32.3	46.1	37.1	16.6	6.5	12.5
	2021	39.2	48.1	42.3	31.8	45.9	36.6	18.9	4.7	13.4
Rabat-Sale-Kenitra	2020	42.0	50.5	44.2	35.5	47.3	38.6	15.5	6.3	12.7
	2021	42.2	50.2	44.2	35.8	47.5	38.8	15.1	5.3	12.2
Beni Mellal-Khenifra	2020	36.1	51.9	43.5	31.7	49.9	40.2	12.0	3.8	7.4
	2021	37.7	52.2	44.4	32.3	49.3	40.2	14.4	5.5	9.6
Casablanca-Settat	2020	44.8	58.6	47.8	37.3	56.0	41.4	16.6	4.5	13.4
	2021	44.8	58.3	47.7	36.7	55.7	40.8	18.2	4.3	14.6
Marrakech-Safi	2020	41.8	50.7	46.6	37.4	48.5	43.4	10.5	4.3	6.9
	2021	41.9	51.0	46.8	36.1	49.4	43.2	13.9	3.2	7.6
Draa-Tafilalet	2020	35.8	43.9	40.9	31.2	40.8	37.3	12.9	7.0	8.9
	2021	38.5	46.6	43.6	32.3	43.6	39.4	16.0	6.4	9.6
Souss-Massa	2020	41.5	41.6	41.5	35.5	38.5	36.6	14.4	7.5	11.8
	2021	41.6	40.8	41.3	35.6	38.4	36.6	14.4	5.9	11.3
South regions	2020	42.1	51.9	44.1	32.5	46.7	35.4	22.8	10.0	19.8
	2021	42.8	51.5	44.5	33.0	46.1	35.5	22.9	10.5	20.1
Total	**2020**	**41.9**	**50.0**	**44.8**	**35.3**	**47.0**	**39.4**	**15.8**	**5.9**	**11.9**
	2021	**42.3**	**50.9**	**45.3**	**35.1**	**48.4**	**39.7**	**16.9**	**5.0**	**12.3**

Source : High Commission for Planning.

TABLE A4.1 INFLATION
(In percentage. in annual change)

(Base 100 = 2017)

Period	Inflation															
	Global	Volatile food prices	Fuels and lubricants	Tariff-Regulated Products	Core inflation (CPIX)											
					Global	Food products included in the core inflation	Clothing and foot-wear	Hous-ing, water, gas, electric-ity and other fuels (1)	Furniture, household items and routine household mainte-nance	Health (1)	Transport (2)	Communica-tions	Leisure and cul-ture (1)	Education	Restau-rants and hotels	Various goods and services(1)
2020	0.7	2.0	-12.4	1.2	0.5	0.0	0.3	1.3	0.2	0.5	0.7	-0.4	-1.4	2.7	1.1	1.4
January	1.4	4.2	13.9	0.3	0.5	-0.3	1.0	1.3	0.0	0.2	0.0	-0.6	-0.5	3.1	1.7	1.5
February	1.2	3.7	4.9	0.6	0.7	0.1	0.8	1.3	-0.1	0.2	0.7	-0.5	-1.2	3.1	1.5	1.4
March	1.6	9.0	-6.7	0.6	0.8	0.4	0.7	1.3	0.0	0.6	1.0	-0.5	-1.4	3.2	1.5	1.2
April	0.9	6.8	-24.2	0.5	0.9	0.7	0.9	1.1	0.1	0.6	0.5	-0.5	-1.3	3.2	1.3	1.2
May	-0.2	-1.3	-27.2	0.5	0.8	0.3	0.5	1.5	0.2	0.9	1.1	-0.4	-1.6	3.2	1.2	1.2
June	-0.7	-6.2	-20.4	0.6	0.7	0.1	0.4	1.7	0.1	0.3	0.7	-0.4	-1.4	3.1	1.0	1.3
July	-0.1	-4.7	-14.1	1.2	0.7	0.1	0.3	1.5	0.1	0.3	0.8	-0.4	-1.6	3.1	0.7	1.4
August	0.9	1.7	-13.5	1.5	0.6	0.1	0.0	1.1	0.1	0.0	0.9	-0.3	-1.6	3.1	0.6	1.4
September	1.4	7.3	-12.9	1.9	0.3	-0.3	-0.3	1.1	0.2	0.3	0.6	-0.2	-1.6	1.5	0.6	1.3
October	1.3	7.8	-16.0	1.9	0.2	-0.5	-0.6	1.3	0.5	0.6	0.4	-0.1	-1.7	1.8	0.8	1.3
November	0.2	0.8	-15.3	1.9	0.2	-0.7	-0.3	1.1	0.5	0.6	0.5	-0.1	-1.3	1.8	0.8	1.5
December	-0.3	-4.0	-12.1	1.9	0.3	-0.5	0.3	1.3	0.4	1.6	0.7	-0.1	-1.3	1.7	0.7	1.3
2021	1.4	-1.3	12.9	1.2	1.7	1.8	1.9	1.6	1.1	2.2	1.7	-0.2	1.1	1.6	1.0	2.4
January	0.0	-2.4	-11.5	2.1	0.4	-0.3	0.4	1.3	0.5	1.6	1.1	0.0	-0.6	1.7	0.6	0.6
February	0.3	-2.8	-4.7	1.9	0.5	0.0	0.7	1.1	0.5	1.7	0.9	-0.1	-0.2	1.7	0.8	0.6
March	0.1	-6.1	4.6	1.8	0.6	0.0	1.0	1.5	0.5	2.0	1.0	-0.1	0.1	1.7	0.9	0.9
April	1.4	0.4	23.6	1.8	0.8	0.1	1.6	1.5	0.7	2.2	1.4	-0.1	0.2	1.7	0.9	1.4
May	1.9	3.5	25.6	1.8	0.9	0.3	1.9	1.7	0.8	1.8	1.0	-0.2	1.0	1.7	1.1	1.5
June	1.5	0.9	17.7	1.4	1.1	0.7	2.1	1.7	0.9	2.0	1.2	-0.3	1.0	1.8	1.1	1.7
July	2.2	6.2	13.6	0.9	1.5	1.4	2.1	1.7	1.1	2.0	1.6	-0.3	1.1	1.8	1.3	2.9
August	0.8	-4.5	13.7	1.2	1.6	1.4	2.4	1.9	1.2	2.0	1.3	-0.4	1.4	1.8	1.3	2.7
September	1.2	-6.6	15.7	0.7	2.6	3.9	2.5	1.9	1.4	2.2	1.9	-0.4	1.5	1.3	1.2	3.0
October	1.7	-4.6	21.2	0.2	3.1	4.6	3.0	1.9	1.5	2.9	2.3	-0.4	2.1	1.4	1.0	4.4
November	2.6	-0.9	25.2	0.2	3.3	5.0	3.1	1.9	2.0	3.2	2.6	-0.3	2.2	1.3	1.0	4.4
December	3.2	3.1	19.9	0.1	3.6	5.5	3.0	2.1	2.4	2.1	3.1	-0.2	3.4	1.3	1.0	4.5

(1) Excluding products and services with regulated tariffs.
(2) Excluding products and services with regulated tariffs and fuels and lubricants.
Source : Calculated on the basis of data from High Commission for Planning.

TABLE A4.2 INFLATION OF TRADABLES AND NON TRADABLES

(In percentage, in annual change)

Period	Price of tradable goods	Price of non tradable goods	Core inflation
2020	0.3	0.9	0.5
January	-0.3	1.6	0.5
February	0.1	1.4	0.7
March	0.5	1.2	0.8
April	0.6	1.2	0.9
May	0.6	1.0	0.8
June	0.5	0.9	0.7
July	0.6	0.8	0.7
August	0.4	0.9	0.6
September	0.2	0.4	0.3
October	0.1	0.4	0.2
November	0.0	0.4	0.2
December	0.2	0.5	0.3
2021	1.9	1.4	1.7
January	0.4	0.3	0.4
February	0.6	0.3	0.5
March	0.6	0.6	0.6
April	0.7	1.0	0.8
May	0.7	1.2	0.9
June	1.0	1.4	1.1
July	1.3	1.8	1.5
August	1.7	1.5	1.6
September	3.1	1.9	2.6
October	3.7	2.4	3.1
November	4.2	2.3	3.3
December	4.7	2.3	3.6

Source : Calculated on the basis of data from High Commission for Planning.

TABLE A4.3 INDUSTRIAL PRODUCER PRICE INDEX
(In percentage, in annual change)

(base 100 = 2018)

	2021												Changes in % 2021/2020
	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	
Mining industries	**0.1**	**0.1**	**0.1**	**0.1**	**0.3**	**0.3**	**0.3**	**0.1**	**0.1**	**0.0**	**0.0**	**0.0**	**0.1**
Mining hydrocarbons	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining metallic ores	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other extractive industries	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.2	0.2	0.0	0.0	0.0	0.2
Manufacturing industries excluding refining	**-0.5**	**-0.2**	**0.4**	**1.1**	**1.2**	**3.9**	**5.5**	**5.6**	**7.7**	**7.8**	**8.3**	**11.2**	**4.3**
Food industries	2.4	2.6	2.7	3.2	4.3	5.8	5.0	4.4	7.7	8.3	9.3	9.6	5.4
Beverages manufacturing	1.4	1.4	1.4	1.4	1.4	2.4	2.3	3.7	3.7	3.6	3.6	2.6	2.4
Manufacturing of tobacco products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Textile manufacturing	1.4	2.0	2.0	5.1	5.1	5.3	5.3	5.0	5.6	5.4	5.0	5.1	4.4
Manufacturing of wearing apparel	-0.3	-0.3	-0.6	0.7	1.0	-0.2	0.4	0.6	0.7	0.8	0.8	-0.5	0.2
Manufacturing of leather and related products except leather clothing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-3.1	-1.2	0.0	-0.4	0.6	1.0	2.6	3.8	4.6	4.6	3.8	3.8	1.7
Manufacturing of paper and cardboards	-2.5	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2
Printing and reproduction of recorded media	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	-0.4
Chemical industry	-6.3	-6.3	-4.2	-1.8	-1.4	7.4	15.5	15.5	22.7	22.6	22.3	41.0	10.1
Pharmaceutical industry	0.0	0.0	0.0	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing of rubber and plastic products	-1.0	-1.9	-1.0	-1.0	-1.0	-1.0	-1.0	-0.9	-0.9	-2.9	-2.9	-2.9	-1.5
Manufacturing of other non-metallic products	-0.5	-0.6	-0.2	-0.1	-0.1	-0.5	-0.2	-0.3	-0.2	0.0	0.3	0.5	-0.1
Manufacturing of base metals	0.2	4.4	8.0	7.3	5.3	22.2	20.1	27.6	31.5	29.2	33.1	27.3	17.9
Manufacturing of metal products, except machinery and equipment	0.0	-0.1	0.4	0.9	0.9	1.2	1.3	1.3	1.2	1.3	3.2	3.1	1.2
Computer, electronic and optics products	0.0	0.0	0.1	0.6	0.6	1.8	1.7	1.8	2.0	2.0	1.8	1.8	1.1
Manufacturing of Electric equipment	1.1	1.8	1.7	1.8	1.2	2.2	7.8	7.2	7.6	7.8	7.9	8.0	4.7
Manufacturing of machinery and equipment N.E.C	0.0	0.0	0.0	0.0	0.0	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.3
Automotive industry	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Manufacture of other transport equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacture of furniture	-0.3	-0.3	-0.3	0.5	0.3	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.4
Other manufactured industries	11.3	9.8	9.9	6.3	5.1	4.5	0.7	-3.3	-1.9	-1.1	0.0	0.2	3.2
Production and distribution of electricity	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Production and distribution of water	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Source : High commission for planning.

TABLE A5.1 IMPORTS BY MAIN PRODUCTS

(Weight in thousands of tonnes, Value in millions of dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
TOTAL IMPORTS	**61 128**	**422 861**	**60 476**	**527 423**	**-652**	**-1.1**	**104 562**	**24.7**	**100.0**	**100.0**
FOOD, BEVERAGES AND TOBACCO	**14 413**	**55 220**	**11 839**	**59 881**	**-2 574**	**-17.9**	**4 661**	**8.4**	**19.6**	**11.4**
Wheat	5 522	13 505	4 669	14 294	-853	-15.4	789	5.8	39.4	23.9
Corn	2 867	5 388	2 172	6 074	-695	-24.2	687	12.7	18.3	10.1
Raw or refined sugar	1 293	4 448	1 493	5 926	201	15.5	1 478	33.2	12.6	9.9
Oilcakes and other food industry residues	2 128	5 307	1 708	5 719	-419	-19.7	413	7.8	14.4	9.6
Fresh or dried fruit, frozen or in brine	115	2 068	146	2 630	31	27.2	562	27.2	1.2	4.4
Tea	72	1 919	66	1 866	-5	-7.2	-53	-2.8	0.6	3.1
Dates	74	1 472	113	1 817	39	52.8	345	23.4	1.0	3.0
Miscellaneous food preparations	48	1 483	57	1 789	9	19.1	306	20.6	0.5	3.0
Cereal-based pastries and preparations	67	1 450	71	1 572	4	6.0	122	8.4	0.6	2.6
Other food products	2 230	18 180	1 345	18 194	-885	-39.7	13	0.1	11.4	30.4
ENERGY AND LUBRICANTS	**22 596**	**49 878**	**24 733**	**75 754**	**2 136**	**9.5**	**25 877**	**51.9**	**40.9**	**14.4**
Gas oils and fuel oils	6 219	23 316	6 926	35 976	707	11.4	12 660	54.3	28.0	47.5
Petroleum gas and other hydrocarbons	3 543	11 944	3 504	17 433	-39	-1.1	5 489	46.0	14.2	23.0
Coals, cokes and similar solid fuels	11 274	7 195	12 422	10 607	1 149	10.2	3 412	47.4	50.2	14.0
Other energy products	1 561	7 423	1 880	11 738	319	20.4	4 315	58.1	7.6	15.5
RAW PRODUCTS OF ANIMAL AND VEGETABLE ORIGIN	**1 839**	**12 270**	**1 740**	**15 578**	**-99**	**-5.4**	**3 307**	**27.0**	**2.9**	**3.0**
Raw or refined soybean oil	547	3 905	506	5 775	-41	-7.4	1 870	47.9	29.1	37.1
Raw, sawn or hewn wood	610	2 218	609	2 948	-1	-0.2	730	32.9	35.0	18.9
Seeds, spores and fruits used to plant	92	1 288	34	1 253	-58	-63.4	-35	-2.7	1.9	8.0
Live plants and floriculture products	18	720	18	807	0	-1.3	87	12.1	1.0	5.2
Raw or refined palm or palm kernel oil	57	429	70	783	13	22.6	354	82.5	4.0	5.0
Other raw products of animal and vegetable origin	515	3 711	502	4 012	-12	-2.4	301	8.1	28.9	25.8
RAW MINERAL PRODUCTS	**7 984**	**7 184**	**7 573**	**13 058**	**-410**	**-5.1**	**5 874**	**81.8**	**12.5**	**2.5**
Crude and unrefined sulphur	7 231	4 886	6 716	9 846	-515	-7.1	4 960	101.5	88.7	75.4
Scrap metal, waste and scrap from copper, iron, steel and other ores	432	1 152	516	2 045	84	19.6	893	77.6	6.8	15.7
Other raw products of mineral origin	321	1 147	341	1 168	20	6.2	21	1.8	4.5	8.9

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its usage group and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.1 IMPORTS BY MAIN PRODUCTS (continued)

(Weight in thousands of tonnes Value in millions of dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
SEMI-FINISHED PRODUCTS	**11 889**	**93 224**	**11 772**	**115 489**	**-117**	**-1.0**	**22 265**	**23.9**	**19.5**	**21.9**
Plastic materials and miscellaneous plastic articles	881	12 947	872	16 126	-8	-0.9	3 179	24.6	7.4	14.0
Chemical products	2 817	9 670	2 966	12 134	149	5.3	2 464	25.5	25.2	10.5
Ammonia	1 899	3 991	1 654	6 917	-245	-12.9	2 926	73.3	14.0	6.0
Paper and cardboard, miscellaneous articles in paper and cardboard	592	6 052	652	6 702	60	10.1	650	10.7	5.5	5.8
Copper wires rods and shapes	73	4 440	76	6 221	3	3.6	1 781	40.1	0.6	5.4
Semi-finished products of iron or non-alloy steel	868	3 584	899	5 177	31	3.5	1 593	44.4	7.6	4.5
Flat-rolled products of iron or non-alloy steel	374	3 218	350	3 328	-24	-6.5	109	3.4	3.0	2.9
Iron and non-alloy steel wires, bars and shapes	566	3 340	436	3 260	-130	-23.0	-80	-2.4	3.7	2.8
Raw aluminium, aluminum scrap and powders	78	1 467	133	2 883	54	69.4	1 416	96.5	1.1	2.5
Natural and chemical fertilizers	1 107	2 757	846	2 871	-260	-23.5	114	4.2	7.2	2.5
Electronic components (transistors)	1	1 778	1	2 782	0	10.9	1 004	56.5	0.0	2.4
Electrical wires and cables	35	2 539	36	2 690	1	1.9	150	5.9	0.3	2.3
Prepared wood and articles of wood	278	1 847	373	2 663	95	34.2	816	44.2	3.2	2.3
Other semi-finished products	2 320	35 594	2 479	41 733	159	6.9	6 140	17.2	21.1	36.1
FINISHED PRODUCTS OF AGRICULTURAL EQUIPMENT	**30**	**1 363**	**38**	**1 825**	**8**	**27.4**	**462**	**33.9**	**0.1**	**0.3**
Agricultural tools and machines	24	1 063	28	1 294	4	16.4	232	21.8	74.7	70.9
Cultivators and agricultural tractors	5	290	9	506	4	77.7	216	74.5	24.7	27.7
Other finished products of agricultural equipment	0	11	0	25	0	46.4	14	128.8	0.6	1.4
FINISHED INDUSTRIAL EQUIPMENT PRODUCTS	**845**	**108 706**	**969**	**122 147**	**124**	**14.7**	**13 440**	**12.4**	**1.6**	**23.2**
Miscellaneous machines and appliances	85	10 853	90	10 288	5	6.0	-566	-5.2	9.3	8.4
Piston engines, other motors and parts thereof	70	8 389	74	10 079	4	6.2	1 690	20.1	7.6	8.3
Parts of aircrafts and other air or space vehicles	3	7 360	3	9 515	1	29.6	2 155	29.3	0.3	7.8
Apparatus for cutting or connecting electrical circuits and resistances	28	8 756	30	9 255	1	5.2	499	5.7	3.1	7.6
Wires cables and other insulated conductors for electricity	42	6 999	48	8 040	6	13.1	1 041	14.9	4.9	6.6

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its usage group and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.1 IMPORTS BY MAIN PRODUCTS (end)

(Wheight in thousands of tonnes and Value in millions of dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
Utility cars	70	5 807	81	6 842	12	17.0	1 035	17.8	8.4	5.6
Electrical devices for line telephony or telegraphy	4	7 040	4	6 498	0	-4.3	-542	-7.7	0.4	5.3
Pumps and compressors	40	3 679	44	3 927	4	9.5	248	6.7	4.6	3.2
Bondages and tires	57	2 597	82	3 714	25	42.9	1 117	43.0	8.4	3.0
Automatic data-processing machines and parts thereof	4	2 837	5	3 155	1	26.4	318	11.2	0.5	2.6
Medical and surgical instruments and apparatus	7	2 986	7	2 885	0	2.7	-101	-3.4	0.7	2.4
Measuring, checking or precision instruments	5	2 475	8	2 628	3	59.1	152	6.2	0.9	2.2
Apparatus for receiving, recording or reproducing sound and images	2	2 247	3	2 366	1	25.6	119	5.3	0.3	1.9
Other finished industrial equipment products	428	36 681	490	42 956	62	14.6	6 275	17.1	50.6	35.2
FINISHED CONSUMER PRODUCTS	**1 532**	**95 015**	**1 812**	**123 539**	**280**	**18.3**	**28 525**	**30.0**	**3.0**	**23.4**
Parts and spare parts for cars and tourist vehicles	238	15 801	298	19 734	60	25.1	3 933	24.9	16.4	16.0
Tourist vehicles	116	12 601	158	18 502	42	36.3	5 901	46.8	8.7	15.0
Drugs and other pharmaceuticals	10	7 656	9	13 124	0	-5.1	5 469	71.4	0.5	10.6
Fabrics and yarns of man-made filaments	68	6 527	92	8 967	23	34.1	2 439	37.4	5.1	7.3
Knitted fabrics	88	5 006	119	6 976	31	35.3	1 971	39.4	6.6	5.6
Miscellaneous plastic items	119	5 590	121	6 101	2	1.6	511	9.1	6.7	4.9
Refrigerators, dishwashers and other household items	58	2 575	87	3 850	29	49.2	1 275	49.5	4.8	3.1
Seats, furniture, mattresses and lighting items	96	3 049	109	3 754	13	13.3	706	23.1	6.0	3.0
Cotton fabrics and threads	30	2 586	42	3 650	12	42.2	1 064	41.1	2.3	3.0
Perfumery or toiletries and cosmetic preparations	51	2 625	55	2 952	4	8.1	327	12.4	3.0	2.4
Radio and television receivers	16	2 543	16	2 703	1	4.0	160	6.3	0.9	2.2
Hosiery items	15	2 013	16	2 573	1	7.2	559	27.8	0.9	2.1
Other finished consumer products	628	26 442	691	30 652	63	10.0	4 210	15.9	38.1	24.8
INDUSTRIAL GOLD	**0**	**0**	**0**	**152**	**0**	**697.7**	**152**	**-**	**0.0**	**0.0**

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its usage group, and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.2 EXPORTS BY MAIN PRODUCTS

(Weight in thousands of tonnes / Value in millions of dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
TOTAL EXPORTS	**33 784**	**263 089**	**34 580**	**328 846**	**796**	**2.4**	**65 757**	**25.0**	**100.0**	**100.0**
FOOD PRODUCTS, BEVERAGES AND TOBACCO	**4 073**	**56 796**	**4 251**	**62 808**	**178**	**4.4**	**6 012**	**10.6**	**12.3**	**19.1**
Crustaceans, molluscs and shellfish	131	8 026	137	11 491	6	4.7	3 465	43.2	3.2	18.3
Fresh tomatoes	613	7 470	630	7 693	17	2.7	224	3.0	14.8	12.2
Prepared and preserved fish and shellfish	216	7 910	190	7 309	-26	-11.9	-602	-7.6	4.5	11.6
Fresh, frozen or in brine vegetables	494	5 101	562	5 422	69	13.9	320	6.3	13.2	8.6
Citrus fruits	577	4 985	596	4 765	19	3.3	-219	-4.4	14.0	7.6
Strawberries and raspberries	138	3 866	134	4 466	-4	-2.7	600	15.5	3.2	7.1
Fresh, salted, dried or smoked fish	292	3 814	332	4 297	40	13.7	483	12.7	7.8	6.8
Fresh or dried fruit, frozen or in brine	94	3 407	104	3 985	9	10.0	578	17.0	2.4	6.3
Others products	1 520	12 217	1 567	13 380	47	3.1	1 163	9.5	36.9	21.3
ENERGY PRODUCTS AND LUBRICANTS	**160**	**1 355**	**196**	**2 146**	**36**	**22.6**	**790**	**58.3**	**0.6**	**0.7**
Petroleum oil and lubricants	158	1 272	174	1 628	16	10.4	357	28.0	89.2	75.9
Other energy products	2	83	21	517	20	1245.6	434	520.6	10.8	24.1
RAW PRODUCTS OF ANIMAL AND VEGETABLE ORIGIN	**241**	**5 990**	**254**	**7 258**	**13**	**5.4**	**1 267**	**21.2**	**0.7**	**2.2**
Plants and parts of plants	42	1 564	41	2 774	-2	-4.1	1 209	77.3	16.0	38.2
Inedible animal sub-products	14	930	16	750	2	10.8	-180	-19.4	6.1	10.3
Crude or refined olive oil	20	416	31	611	11	55.1	195	46.9	12.2	8.4
Fish fats and oils	46	827	30	587	-16	-34.8	-240	-29.0	11.8	8.1
Other crude or refined vegetable oils	5	354	14	519	9	163.8	165	46.8	5.5	7.2
Gums, resins and other plant juices and extracts	1	403	1	422	0	49.6	19	4.8	0.3	5.8
Raw or refined soybean oil	26	269	31	421	4	16.7	151	56.1	12.1	5.8
Live plants and floriculture products	9	253	9	233	0	2.1	-21	-8.1	3.4	3.2
Others products	78	974	82	941	5	6.1	-33	-3.4	32.4	13.0
RAW PRODUCTS OF MINERAL ORIGIN	**13 056**	**12 176**	**13 780**	**16 494**	**723**	**5.5**	**4 318**	**35.5**	**39.8**	**5.0**
Phosphates	10 343	7 338	9 865	8 943	-478	-4.6	1 605	21.9	71.6	54.2
Scrap metal, waste and scrap from copper, iron, steel and other ores	62	1 201	98	2 288	36	59.0	1 088	90.6	0.7	13.9
Copper ore	123	1 111	130	1 658	7	6.0	548	49.3	0.9	10.1
Barium sulfate	412	369	1 103	888	690	167.3	519	140.7	8.0	5.4
Others products	2 117	2 158	2 584	2 717	468	22.1	558	25.9	18.8	16.5

(*) Revised.
(**) Provisional.
(***) Represents the part of each product in its usage group, and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.2 EXPORTS BY MAIN PRODUCTS (continued and end)

(Weight in thousands of tonnes / Value in millions dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
SEMI FINISHED PRODUCTS	**15 172**	**58 516**	**14 874**	**90 914**	**-298**	**-2.0**	**32 398**	**55.4**	**43.0**	**27.6**
Natural and chemical fertilizers	11 544	32 148	10 788	51 511	-755	-6.5	19 364	60.2	72.5	56.7
Phosphoric acid	1 931	11 383	2 106	19 817	174	9.0	8 434	74.1	14.2	21.8
Electronic components (transistors)	1	2 807	1	4 126	0	34.4	1 319	47.0	0.0	4.5
Electrical wires and cables	9	909	15	1 554	6	73.8	644	70.9	0.1	1.7
Other base metals and works articles thereof	3	1 092	3	1 267	0	-14.2	175	16.0	0.0	1.4
Glass and glassware	34	929	48	1 163	15	43.3	233	25.1	0.3	1.3
Others products	1 651	9 249	1 912	11 478	262	15.8	2 229	24.1	12.9	12.6
FINISHED PRODUCTS OF AGRICULTURAL EQUIPMENT	**0**	**127**	**0**	**157**	**0**	**25.7**	**31**	**24.4**	**0.0**	**0.0**
Agricultural tools and machines	0	11	0	12	0	50.0	1	11.1	48.3	7.5
Cultivators and agricultural tractors	0	2	0	1	0	-54.6	-1	-70.6	3.9	0.4
Other products	0	114	0	145	0	23.1	31	27.4	47.9	92.1
FINISHED PRODUCTS OF INDUSTRIAL EQUIPMENT	**282**	**52 860**	**271**	**55 113**	**-10**	**-3.7**	**2 253**	**4.3**	**0.8**	**16.8**
Wires, cables and other insulated conductors for electricity	177	27 970	176	28 522	0	-0.1	552	2.0	65.0	51.8
Parts of airplanes and other air or space vehicles	2	8 073	2	9 757	0	11.9	1 684	20.9	0.8	17.7
Devices for cutting or connecting electrical circuits and resistors	27	7 068	18	6 787	-9	-34.0	-281	-4.0	6.6	12.3
Piston engines, other engines and parts thereof	9	1 789	10	1 807	0	3.3	18	1.0	3.5	3.3
Electrical devices for wire telephony or telegraphy	0	1 130	0	1 416	0	49.4	286	25.3	0.1	2.6
Integrated circuits and electronic micro-assemblies	1	659	1	881	0	41.8	221	33.6	0.4	1.6
Others products	66	6 171	64	5 944	-2	-3.0	-227	-3.7	23.5	10.8
FINISHED CONSUMER PRODUCTS	**799**	**74 837**	**954**	**93 592**	**154**	**19.3**	**18 756**	**25.1**	**2.8**	**28.5**
Passenger cars	350	28 214	413	37 866	63	17.9	9 652	34.2	43.3	40.5
Confected clothing	63	18 131	79	22 642	16	24.7	4 511	24.9	8.3	24.2
Hosiery items	35	5 804	46	7 524	11	32.6	1 720	29.6	4.8	8.0
Parts and spare for cars and passenger vehicles	83	5 677	117	7 299	35	42.1	1 622	28.6	12.3	7.8
Seats, furniture, mattresses and lighting items	20	2 432	22	2 486	2	10.8	54	2.2	2.3	2.7
Others products	249	14 578	277	15 775	28	11.2	1 197	8.2	29.1	16.9
INDUSTRIAL GOLD	**0**	**430**	**0**	**363**	**0**	**-10.4**	**-68**	**-15.7**	**0.0**	**0.1**

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its usage group, and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.3 DISTRIBUTION OF FOREIGN TRADE BY MAIN PARTNERS

(In millions of dirhams)

	Exports FOB		Imports CIF		Balance	
	2020*	2021**	2020*	2021**	2020*	2021**
Total	**263 089**	**328 846**	**422 861**	**527 423**	**-159 772**	**-198 577**
EUROPE	**184 400**	**219 386**	**268 195**	**323 729**	**-83 795**	**-104 343**
Spain	62 909	70 707	64 935	82 961	-2 026	-12 254
France	57 523	67 063	50 656	55 621	6 868	11 441
Italy	11 587	14 023	21 952	26 717	-10 366	-12 695
United Kingdom	5 378	10 762	5 357	6 541	21	4 221
Germany	8 571	9 664	22 367	23 145	-13 796	-13 481
Netherlands	8 391	8 331	6 282	8 145	2 109	185
Turkey	5 711	7 192	23 074	30 403	-17 362	-23 211
Other countries of Europe	24 330	31 644	73 573	90 195	-49 243	-58 550
ASIA	**26 919**	**38 904**	**90 414**	**122 284**	**-63 495**	**-83 380**
India	11 299	16 243	6 356	9 620	4 943	6 623
Pakistan	2 993	4 905	350	387	2 643	4 518
Arab countries of the Middle East(1)	4 204	3 397	15 857	29 300	-11 653	-25 903
China	2 479	3 259	51 537	61 766	-49 059	-58 508
Japan	1 606	1 748	2 786	3 902	-1 180	-2 154
Singapour	1 729	1 399	945	1 337	783	62
Other countries of Asia	2 609	7 954	12 582	15 972	-9 972	-8 018
AMERICA	**27 437**	**37 254**	**49 206**	**60 078**	**-21 769**	**-22 823**
Brazil	10 856	18 244	7 292	7 632	3 564	10 612
United States	9 369	9 912	26 556	33 571	-17 187	-23 659
Mexico	1 671	2 749	953	1 447	718	1 302
Argentina	2 229	2 722	5 782	7 445	-3 553	-4 723
Canada	1 930	1 945	5 012	5 145	-3 082	-3 200
Other countries of America	1 382	1 682	3 610	4 838	-2 229	-3 156
AFRICA	**21 455**	**26 146**	**13 987**	**19 869**	**7 469**	**6 277**
Ivory Cost	2 373	3 222	128	243	2 245	2 980
Senegal	2 020	2 796	105	141	1 915	2 656
Mauritania	1 743	2 355	14	4	1 729	2 351
Tunisia	844	1 296	1 922	2 280	-1 078	-984
Nigeria	994	1 177	261	284	734	893
Algeria	1 270	1 032	4 012	5 836	-2 743	-4 804
Egypte	854	747	5 521	7 368	-4 667	-6 621
Libya	645	690	127	328	518	362
Other countries of Africa	10 713	12 830	1 898	3 386	8 816	9 444
OCEANIA AND OTHER COUNTRIES	**2 877**	**7 155**	**1 059**	**1 464**	**1 818**	**5 692**

(*) Revised.
(**) Provisional.
(1) Occupied Palestinian territories, Qatar, Jordan, United Arab Emirates, Oman, Kuwait, Syrian Arab Republic, Iraq, Saudi Arabia, Bahrain, Yemen and Lebanon.
Source : Foreign Exchange Office.

TABLE A5.4 BALANCE OF PAYMENT

(In millions of dirhams)

	2021*		
	Credit	Debit	Balance
CURRENT TRANSACTIONS ACCOUNT			
GOODS AND SERVICES	**423 589.3**	**539 989.0**	**–116 399.7**
GOODS	**284 504.0**	**463 285.0**	**–178 781.0**
General merchandise	283 415.0	463 143.0	–179 728.0
Net exports of goods under merchanting	942.0	-	+942.0
Non-monetary gold	147.0	142.0	+5.0
SERVICES	**139 085.3**	**76 704.0**	**+62 381.3**
Manufacturing services performed on physical inputs detained by others	14 643.0	28.0	+14 615.0
Maintenance and repairing services n.i.e (1)	2 481.3	1 198.0	+1 283.3
Transport	25 560.7	33 178.2	–7 617.5
Sea transport	13 990.8	23 927.7	–9 936.9
Air transport	7 364.1	5 545.3	+1 818.8
Other modes of transport	4 079.7	3 155.8	+923.9
Postal and courier services	126.1	549.4	–423.3
Travel	34 310.4	10 654.0	+23 656.4
Business	1 544.0	911.2	+632.8
Personal	32 766.4	9 742.8	+23 023.6
Construction	2 854.2	2 594.4	+259.8
Insurance and pension services	1 509.6	2 020.5	–510.9
Financial services	588.4	1 164.1	–575.7
Charges for the use of intellectual property n.i.e (1)	10.2	1 346.7	–1 336.5
Telecommunications, computer and information services	17 600.4	5 711.2	+11 889.2
Other business services	33 599.3	9 995.9	+23 603.4
Personal, cultural and recreational services	819.0	350.8	+468.2
Government goods and services n.i.e (1)	5 108.8	8 462.2	–3 353.4
PRIMARY INCOME	**7 153.5**	**25 328.4**	**–18 174.9**
Investment income	6 538.3	25 295.8	–18 757.5
Direct investment	4 113.8	16 450.0	–12 336.2
Portfolio investment	18.8	3 963.3	–3 944.5
Other investment	17.7	4 882.5	–4 864.8
Reserve assets	2 388.0	-	+2 388.0
Other primary income	615.2	32.6	+582.6
SECONDARY INCOME	**110 347.7**	**4 921.6**	**+105 426.1**
Public	2 126.8	739.0	+1 387.8
Private	108 220.9	4 182.6	+104 038.3
CURRENT ACCOUNT BALANCE	**541 090.5**	**570 239.0**	**–29 148.5**
CAPITAL ACCOUNT			
Net lending (+) / net borrowing (-)			**–29 148.5**

(*) Provisional.
(1) Not included elsewhere.
Source : Foreign Exchange Office.

TABLE A5.4 BALANCE OF PAYMENT (continued)

(In millions of dirhams)

	2021*		
	Net acquisition of financial assets	Net incurrence of liabilities	Balance
FINANCIAL ACCOUNT			
DIRECT INVESTMENTS	**4 551.0**	**19 355.0**	**-14 804.0**
Equity and investment funds shares	3 660.0	14 533.0	-10 873.0
Debt instruments	891.0	4 822.0	-3 931.0
PORTFOLIO INVESTMENTS	**345.0**	**-2 298.0**	**+2 643.0**
Equity and investment fund shares	345.0	-3 584.0	+3 929.0
Debt securities	-	1 286.0	-1 286.0
FINANCIAL DERIVATIVES	**-2 287.0**	**-1 996.0**	**-291.0**
OTHER INVESTMENTS	**-1 656.0**	**20 457.0**	**-22 113.0**
Other equity	78.0	-	+78.0
Currency and deposits	-6 334.0	8 952.0	-15 286.0
Loans	1.0	-9 127.0	+9 128.0
Insurance, pension and standard guarantee systems	-199.0	132.0	-331.0
Trade credits and advances	4 798.0	9 955.0	-5 157.0
Other accounts receivable / payable	-	-376.0	+376.0
Special Drawing Rights	-	10 921.0	-10 921.0
RESERVE ASSETS	**13 675.0**	**-**	**+13 675.0**
TOTAL ASSETS/LIABILITIES	**14 628.0**	**35 518.0**	**-20 890.0**
Net lending (+) / net borrowing (-)			**-20 890.0**
Net errors and omissions			+8 258.5

(*) Provisional.
Source : Foreign Exchange Office.

TABLE A5.5 INTERNATIONAL INVESTMENT POSITION

(In millions of dirhams)

	2020*			2021**		
	Asset	Liability	Balance	Asset	Liability	Balance
Direct investment	**65 213.5**	**640 923.1**	**-575 709.6**	**69 028.2**	**676 926.2**	**-607 898.0**
Equity and investment fund shares	**59 515.4**	**575 636.3**	**-516 120.9**	**62 601.2**	**606 815.9**	**-544 214.7**
Direct investor in direct investment enterprises	59 515.4	575 636.3	-516 120.9	62 601.2	606 815.9	-544 214.7
Debt instruments	**5 698.1**	**65 286.8**	**-59 588.7**	**6 427.0**	**70 110.3**	**-63 683.3**
Direct investor in direct investment enterprises	5 698.1	65 286.8	-59 588.7	6 427.0	70 110.3	-63 683.3
Portfolio investment	**12 665.5**	**131 498.5**	**-118 833.0**	**13 007.3**	**134 361.5**	**-121 354.2**
Equity and investment funds shares	**11 777.8**	**32 110.9**	**-20 333.1**	**12 112.6**	**32 327.5**	**-20 214.9**
Deposit-taking corporations, except the central bank	1 005.9	10 688.8	-9 682.9	987.0	11 658.6	-10 671.6
Other sectors	10 771.9	21 422.1	-10 650.2	11 125.6	20 668.9	-9 543.3
Other financial corporations	3 089.8	2 457.5	632.3	3 268.8	1 833.4	1 435.4
Nonfinancial corporations, households and NPISHs	7 682.1	18 964.6	-11 282.5	7 856.8	18 835.5	-10 978.7
Debt securities	**887.7**	**99 387.6**	**-98 499.9**	**894.7**	**102 034.0**	**-101 139.3**
Deposit-taking corporations, except the central bank	545.9	959.6	-413.7	538.6	-	538.6
General government	-	73 368.0	-73 368.0	-	71 280.0	-71 280.0
Other sectors	341.8	25 060.0	-24 718.2	356.1	30 754.0	-30 397.9
Other financial corporations	341.8	-	341.8	356.1	-	356.1
Nonfinancial corporations, households and NPISHs	-	25 060.0	-25 060.0	-	30 754.0	-30 754.0
Financial derivatives (other than reserves) and employees stock-options	**314.1**	**356.4**	**-42.3**	**658.3**	**130.4**	**527.9**
Other investment	**90 878.3**	**444 765.1**	**-353 886.8**	**90 010.6**	**463 382.6**	**-373 372.0**
Other equity	**4 342.1**	**-**	**4 342.1**	**4 431.8**	**-**	**4 431.8**
Currency and deposits	**60 213.7**	**39 266.0**	**20 947.7**	**54 938.4**	**48 786.3**	**6 152.1**
Central bank	784.9	2 845.6	-2 060.7	625.1	2 776.1	-2 151.0
Deposit-taking corporations, except the central bank	56 643.7	36 420.4	20 223.3	51 914.3	46 010.2	5 904.1
Other sectors	2 785.1	-	2 785.1	2 399.0	-	2 399.0
Other financial corporations	694.5	-	694.5	721.5	-	721.5
Nonfinancial corporations, households and NPISHs	2 090.6	-	2 090.6	1 677.5	-	1 677.5
Loans	**375.7**	**336 488.2**	**-336 112.5**	**703.7**	**324 651.2**	**-323 947.5**
Central bank	-	27 680.4	-27 680.4	-	19 415.2	-19 415.2
Deposit-taking corporations, except the central bank	375.7	7 239.9	-6 864.2	703.7	7 112.2	-6 408.5
General government	-	128 174.0	-128 174.0	-	134 816.0	-134 816.0
Other sectors	-	173 393.9	-173 393.9	-	163 307.8	-163 307.8
Other financial corporations	-	588.3	-588.3	-	606.3	-606.3
Nonfinancial corporations, households and NPISHs	-	172 805.6	-172 805.6	-	162 701.5	-162 701.5
Insurance, pension and standard guarantee systems	**3 197.8**	**2 788.9**	**408.9**	**2 998.7**	**2 920.4**	**78.3**
Trade credit and advances	**22 749.0**	**58 574.0**	**-35 825.0**	**26 938.0**	**68 528.0**	**-41 590.0**
Other sectors	22 749.0	58 574.0	-35 825.0	26 938.0	68 528.0	-41 590.0
Nonfinancial corporations, households and NPISH	22 749.0	58 574.0	-35 825.0	26 938.0	68 528.0	-41 590.0
Other accounts receivable / payable	**-**	**447.6**	**-447.6**	**-**	**70.0**	**-70.0**
Special drawing rights	**-**	**7 200.4**	**-7 200.4**	**-**	**18 426.7**	**-18 426.7**
Reserve assets	**320 567.4**	**-**	**320 567.4**	**330 831.8**	**-**	**330 831.8**
Monetary gold	11 989.4		11 989.4	12 008.6		12 008.6
Special drawing rights	6 615.2		6 615.2	19 003.7		19 003.7
Reserve position in the IMF	1 889.8		1 889.8	1 913.9		1 913.9
Other reserve assets	300 073.0		300 073.0	297 905.6		297 905.6
TOTAL ASSETS/LIABILITIES	**489 638.8**	**1 217 543.1**	**-727 904.3**	**503 536.2**	**1 274 800.7**	**-771 264.5**

(*) Revised.
(**) Provisional.
Source : Foreign Exchange Office.

TABLE A6.1 TREASURY REVENUE AND EXPENDITURE

(In millions of dirhams)

	2020			2021			Changes in %
	Realization(*)	RFL	Implementation rate of finance bill (%)	Realization(**)	FL	Implemantation rate of finance bill (%)	Realization
CURRENT REVENUE	**253 099**	**243 993**	**103.7**	**278 306**	**259 010**	**107.4**	**10.0**
Tax revenues	**222 799**	**207 320**	**107.5**	**242 328**	**221 681**	**109.3**	**8.8**
Direct taxes	92 651	87 515	105.9	90 416	80 112	112.9	-2.4
Corporate tax	48 778	42 914	113.7	44 489	38 236	116.4	-8.8
Income tax	40 165	40 047	100.3	44 163	39 797	111.0	10.0
Other direct taxes	3 708	4 553	81.4	1 764	2 079	84.9	-52.4
Indirect taxes (1)	107 410	99 213	108.3	124 216	116 073	107.0	15.6
VAT	80 020	71 594	111.8	93 255	87 009	107.2	16.5
Interior	30 994	27 093	114.4	32 186	35 305	91.2	3.8
Import	49 025	44 501	110.2	61 070	51 704	118.1	24.6
CDT	27 390	27 620	99.2	30 960	29 063	106.5	13.0
Tobacco	11 024	10 565	104.3	12 222	11 211	109.0	10.9
Energy products	14 417	15 483	93.1	16 363	15 926	102.7	13.5
Others	1 950	1 572	124.1	2 376	1 926	123.4	21.8
Customs duties	9 488	7 930	119.6	11 885	10 768	110.4	25.3
Registration fees and stamp duties	13 250	12 661	104.7	15 811	14 729	107.3	19.3
Non-tax revenues (2)	**27 169**	**33 674**	**80.7**	**32 237**	**34 029**	**94.7**	**18.7**
Monopolies and participations	9 601	14 686	65.4	10 704	17 118	62.5	11.5
Other revenues	17 568	18 988	92.5	21 533	16 912	127.3	22.6
Receipts from specific financing mechanisms	2 550	14 000	18.2	11 900	14 000	85.0	366.7
Revenues of Certain Special Treasury accounts	**3 131**	**3 000**	**104.4**	**3 742**	**3 300**	**113.4**	**19.5**
EXPENDITURE	**341 852**	**329 785**	**103.7**	**357 990**	**341 141**	**104.9**	**4.7**
Current expenditure	**255 968**	**258 972**	**98.8**	**280 271**	**273 041**	**102.6**	**9.5**
Goods and services	191 171	197 295	96.9	203 338	205 710	98.8	6.4
Staff or employees	133 530	135 933	98.2	140 456	139 860	100.4	5.2
Other goods and services	57 641	61 362	93.9	62 882	65 850	95.5	9.1
Public debt	27 259	28 339	96.2	27 116	27 678	98.0	-0.5
Interior	23 147	23 421	98.8	22 419	23 560	95.2	-3.1
Foreign	4 112	4 918	83.6	4 697	4 118	114.1	14.2
Subsidization	13 532	11 860	114.1	21 840	13 550	161.2	61.4
Transfers to local authorities	24 006	21 478	111.8	27 977	26 103	107.2	16.5
CURRENT BALANCE	**-2 869**	**-14 979**	**-**	**-1 965**	**-14 031**	**-**	**-**
Capital expenditure	**85 885**	**70 813**	**121.3**	**77 719**	**68 100**	**114.1**	**-9.5**
Special Treasury accounts Balance	**6 412**	**3 000**	**-**	**3 386**	**7 000**	**-**	**-**
Funds of Covid-19	5 322	-	-	-4 140		-	-
BUDGET DEFICIT	**-82 342**	**-82 792**	**-**	**-76 298**	**-75 131**	**-**	**-**
CHANGE IN PENDING TRANSACTIONS	**14 747**		**-**	**-4 742**		**-**	**-**
FINANCING REQUIREMENTS OR SURPLUS	**-67 595**	**-82 792**	**-**	**-81 041**	**-75 131**	**-**	**-**
Foreign financing	**43 058**	**43 629**	**-**	**8 141**	**34 351**	**-**	**-**
Draws	62 979	60 000	-	18 382	41 000	-	-
Amortization	-19 921	-16 371	-	-10 241	-6 649	-	-
Interior financing	**24 537**	**39 163**	**-**	**67 484**	**36 780**	**-**	**-**
Proceeds from the sale of state holdings	**0**	**0**	**-**	**5 416**	**4 000**	**-**	**-**

(*) Revised.
(**) Preliminary.
(1) Including the share of the VAT receipts paid to local authorities.
(2) Excluding proceeds from the sale of state holdings.
Source : Ministry of Economy and Finance.

TABLE A7.1 MAIN FOREIGN EXCHANGE RATES QUOTED BY BANK AL-MAGHRIB AND EFFECTIVE EXCHANGE RATE

End of period	2020		2021												
	Annual average	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual average
1 EURO (1)	10.823	10.910	10.835	10.816	10.715	10.709	10.755	10.682	10.578	10.561	10.557	10.508	10.452	10.460	10.634
1 DOLLAR (1)	9.502	8.968	8.900	8.941	9.002	8.955	8.849	8.866	8.946	8.966	8.970	9.060	9.155	9.253	8.992
REAL EFFECTIVE EXCHANGE RATE(*)	101.036	102.572			101.499			102.538			102.593			102.798	102.357
NOMINAL EFFECTIVE EXCHANGE RATE(*)	114.312	116.359			116.715			118.022			118.888			120.116	118.435

(*) Quarterly data
(1) Monthly average reference exchange rate.
Source: Bank Al-Maghrib

TABLE A7.2 DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY

(In millions of dirhams)

	Annual average 2020	2021												Annual average 2021
		Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Spot operations														
Currency-againt-currency sale/purchase operations with foreign correspondants	55 684	53 314	39 761	57 927	53 338	46 463	46 810	38 714	44 806	50 185	47 501	53 223	71 874	50 326
Interbank sale/purchase operations against the Moroccan Dirham(*)	19 950	31 002	23 855	31 848	26 914	18 564	16 745	11 233	8 530	10 892	12 339	16 722	28 895	19 795
Currency investments abroad	9 489	7 327	6 425	8 865	10 643	10 559	12 796	11 542	12 169	8 347	9 986	11 588	13 361	10 301
Currency sale by BAM to the banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Forward operations														
Forward purchase of currency by banks customers (import coverage)	11 132	13 003	13 969	18 710	16 502	16 294	17 623	13 053	12 924	14 774	13 517	17 918	18 926	15 601
Forward sale of currency by banks customers (export coverage)	3 352	2 541	2 987	3 171	4 005	2 202	2 094	1 969	1 492	2 316	3 797	3 258	12 695	3 544

(*) The series of the volume processed on the interbank foreign exchange market now includes purchase or sale transactions against the Moroccan Dirham on the local interbank market (one-way), plus the transactions carried out between local and foreign banks.

Source : Bank Al-Maghrib.

TABLE A7.3 BANK LIQUIDITY FACTORS AND BAM INTERVENTIONS(1)

(In millions of dirhams)

	Dec- 20	Jan- 21	Feb- 21	March- 21	April- 21	May- 21	June- 21	July- 21	Aug- 21	Sept- 21	Oct- 21	Nov- 21	Dec- 21
Notes and coins	317 136	319 466	317 698	316 303	317 582	324 681	323 617	336 001	339 675	339 447	338 141	338 355	337 055
Treasury's net position (2)	-6 537	-6 426	-5 548	-4 188	-5 325	-4 198	-3 846	-3 440	-4 688	-3 926	-5 551	-3 624	-4 445
Bank Al-Maghrib net foreign exchange holdings	266 945	279 756	283 279	280 286	277 340	275 997	274 847	274 071	273 569	206 476	285 454	284 874	291 251
Other net factors	-26 648	-19 898	-23 382	-21 022	-17 800	-14 922	-15 866	-15 678	-15 314	53 937	-15 534	-14 431	-14 590
Bank's structural liquidity position (3)	-83 375	-66 034	-63 349	-61 227	-63 368	-67 805	-68 482	-81 049	-86 107	-82 960	-73 771	-71 535	-64 840
Reserve requirement	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus or liquidity requirement	-83 375	-66 034	-63 349	-61 227	-63 368	-67 805	-68 482	-81 049	-86 107	-82 960	-73 771	-71 535	-64 840
Bank Al-Maghrib money market interventions	**97 298**	**78 856**	**73 007**	**72 207**	**73 877**	**77 057**	**78 142**	**101 982**	**95 590**	**92 195**	**84 154**	**83 255**	**82 769**
7-days advance on call for tenders	42 398	33 622	27 520	27 420	30 112	31 895	30 638	49 060	38 835	33 653	32 756	34 018	36 494
Repo	19 565	15 371	15 713	15 690	15 017	15 970	18 553	24 713	30 094	30 866	25 624	24 504	22 725
Advances at 24 hours	0	0	0	0	0	0	0	120	0	0	0	0	0
Guaranteed loans	29 136	25 263	26 974	27 898	28 748	29 192	28 952	28 089	26 412	26 677	25 774	24 708	23 490
Change Swap	6 200	4 600	2 800	1 200	0	0	0	0	250	1 000	0	25	60

(1) Monthly outstanding amounts calculated on the basis of end-of-week averages.
(2) The Treasury's net position is the difference between, on the one hand, the total of advances granted to the Treasury and the treasury bonds - open market transactions held by Bank Al-Maghrib, and on the other hand, the total of accounts of the Treasury and Hassan II Fund for economic and social development.
(3) Bank's structural liquidity position is the net effect of autonomous factors on bank treasuries It is calculated as follows : BSLP = Net foreign assets of Bank Al-Maghrib + Treasury's net position + Other net factors - Notes and coins in circulation.
Source: Bank Al-Maghrib.

TABLE A7.4 MONEY MARKET RATES IN 2021

(in %)

Month	Bank Al-Maghrib's intervention rate		Interbank market rate	
	7-days advances	24-hours advances	Monthly average	Month end
January	1.50	2.50	1.50	1.50
February	1.50	2.50	1.50	1.50
March	1.50	2.50	1.50	1.50
April	1.50	2.50	1.50	1.50
May	1.50	2.50	1.50	1.50
June	1.50	2.50	1.50	1.50
July	1.50	2.50	1.50	1.50
August	1.50	2.50	1.50	1.50
September	1.50	2.50	1.50	1.50
October	1.50	2.50	1.50	1.50
November	1.50	2.50	1.50	1.50
December	1.50	2.50	1.50	1.50

Source: Bank Al-Maghrib.

TABLE A7.5 INTEREST RATES OF DEPOSITS WITH BANKS

(in %)

	2020		2021	
	January -June	July- December	January -June	July- December
Savings accounts (1)	1.80	1.74	1.27	1.03

(1) The minimum rate on savings books is equal to the weighed average rate of 52 weeks treasury bills issued by tender during previous semester minus 50 basis points.
Source: Bank Al-Maghrib.

TABLE A7.6 DEPOSIT RATES IN 2021

(in %)

Month	6-month deposits	12- month deposits
January	2.48	2.70
February	2.35	2.82
March	2.43	2.79
April	2.21	2.73
May	2.13	2.48
June	2.35	2.69
July	2.41	2.58
August	2.25	2.54
September	2.35	2.60
October	2.13	2.21
November	2.15	2.51
December	2.19	2.53

Source: Bank Al-Maghrib.

TABLE A7.7 WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER

(in %)

Months		Maturities								
		13-weeks bills	26-weeks bills	52-weeks bills	2-years bills	5-years bills	10-years bills	15-years bills	20-years bills	30-years bills
2020	January	-	-	2.32	2.36	-	2.65	2.94	3.30	3.92
	February	2.20	-	2.35	2.41	-	2.64	2.94	3.19	3.81
	March	-	-	2.35	2.41	2.50	-	2.95	3.19	3.80
	April	2.15	-	2.29	2.35	-	-	-	-	-
	May	2.08	2.16	2.20	2.32	2.48	-	-	3.20	-
	June	1.79	1.98	2.00	2.01	2.36	2.40	2.90	2.86	3.73
	July	1.47	1.55	-	1.77	-	2.39	-	2.86	3.47
	August	1.56	1.62	-	1.85	2.10	-	-	-	-
	September	1.53	1.59	1.68	1.86	2.10	-	-	-	-
	October	1.47	1.55	1.64	1.84	2.10	-	-	-	-
	November	1.51	1.62	1.81	2.01	2.18	2.62	2.85	3.06	-
	December	-	1.65	1.93	2.18	2.31	-	2.75	-	-
2021	January	1.43	1.47	1.55	1.76	1.99	2.38	2.68	2.94	3.34
	February	1.36	1.42	1.53	1.67	1.93	2.35	2.63	2.89	-
	March	1.32	1.41	1.53	1.66	1.95	2.29	2.62	2.82	3.27
	April	-	-	-	1.71	1.95	-	-	2.83	3.27
	May	1.32	1.42	1.51	1.68	1.96	2.32	2.63	2.83	-
	June	-	1.41	1.52	1.69	1.98	2.33	-	2.83	-
	July	1.39	-	1.57	1.78	2.03	2.36	2.64	2.84	3.28
	August	1.38	1.41	1.57	1.77	2.04	2.36	2.65	-	-
	September	1.36	1.40	1.56	1.76	2.06	2.37	-	2.84	-
	October	-	-	1.55	1.73	2.04	2.38	2.64	-	3.28
	November	1.35	1.39	1.53	1.71	1.98	2.32	2.64	2.84	3.28
	December	1.35	1.4	1.56	1.73	2.01	2.32	-	-	-

Source: Bank Al-Maghrib

TABLE A7.8 INTEREST RATES (1) OFFERED ON NEGOTIABLE DEBT SECURITIES

(in %)

	2020	2021
Certificates of deposit		
Under 32 days	-	-
32 days to 92 days	1.72 - 2.85	1.51 - 2.20
93 days to 182 days	1.70 - 2.70	1.64 - 3.20
183 days to 365 days	1.80 - 3.00	1.64 - 3.00
366 days to 2 years	2.00 - 2.90	1.85 - 3.30
More than 2 years up to 3 years	2.72 - 3.15	2.13 - 2.30
More than 3 years up to 5 years	2.25 - 3.00	2.35 - 2.66
More than 5 years	2.53 - 3.40	2.37 - 3.00
Financing companies bonds		
2 years	2.15 - 2.90	1.98 - 2.28
More than 2 years up to 3 years	2.52 - 2.99	2.04 - 2.39
More than 3 years up to 5 years	2.53 - 3.13	2.24 - 2.71
More than 5 years	2.90	-
Commercial papers		
Under 32 days	3.70 - 5.00	3.80 - 4.35
32 days to 92 days	3.70 - 5.00	2.16 - 4.95
93 days to 182 days	2.15 - 5.00	2.06 - 4.35
183 days to 365 days	2.54 - 4.95	2.05 - 4.15

(1) Minimum and maximum observed.
(-) No emission.
Source: Bank Al-Maghrib

TABLE A7.9 RATE (1) OF PRIVATE BONDS

(in %)

	2020	2021
Less than 4 years	2.76 - 5.05	1.89 - 4.00
More than 4 years to 5 years	2.63 - 3.45	2.38 - 4.97
More than 5 years to 7 years	2.37 - 4.13	2.12 - 5.16
More than 7 years to 10 years	2.17 - 4.14	2.42 - 4.69
More than 10 years to 15 years	3.91	-
More than 15 years to 20 years	2.25 - 3.75	-
More than 20 years to 25 years	-	-
More than 25 years to 30 years	3.46 - 3.98	3.59
Over 30 years	4.12* - 5.44*	3.96* - 4.63*

(1) Minimum and maximum observed.
(-) No issue of securities.
(*) These are the perpetual bonds.
Source : Maroclear.

TABLE A7.10 LENDING RATES

(in %)

Periods / Agent and economic object	Q1-21	Q2-21	Q3-21	Q4-21
Average lending rate (in %)	**4.45**	**4.32**	**4.35**	**4.44**
Loans to individuals	**5.19**	**5.19**	**5.20**	**5.16**
Housing loans	4.33	4.26	4.24	4.24
Consumer loans	6.50	6.64	6.51	6.47
Loans to sole proprietors	**4.48**	**4.75**	**4.94**	**5.17**
Accounts receivable and cash advances	5.08	5.25	5.37	5.56
Equipment loans	3.68	3.85	3.89	4.14
Loans to property development	5.42	4.91	5.31	5.51
Loans to enterprises	**4.23**	**4.04**	**4.17**	**4.26**
By economic purpose				
Accounts receivable and cash advances	4.04	3.96	3.95	4.06
Equipment loans	4.49	4.13	4.84	4.58
Loans to property development	5.81	5.59	5.71	5.78
By size of the enterprise				
VSME	4.89	4.83	4.98	4.88
Large companies	3.89	3.71	3.83	4.01

Source: Bank Al-Maghrib.

TABLE A7.11 MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS(1)

(Annual rates in %)

Periods / rates	April 2019 - March 2020	April 2020 - March 2021	April 2021 - March 2022	April 2022 - March 2023
Maximum interest rate agreed (MIRA)	13.57	13.52	13.36	13.09

(1) The maximum conventional interest rate (TMIC) is calculated annually on April 1 of each year, depending on variation recorded during the previous calendar year in the deposit rate on 6-month and 1-year deposits.
Source: Bank Al-Maghrib.

TABLE A 8.1 MONETARY AND LIQUID INVESTMENTS AGGREGATES

(In billions of dirhams)

	2019	2020	2021												Annual change (%)		
			Janv	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2019	2020	2021
Currency in circulation	**250.2**	**300.6**	**303.6**	**301.7**	**299.7**	**303.5**	**307.1**	**307.9**	**322.4**	**321.7**	**319.4**	**321.3**	**319.4**	**320.1**	**7.1**	**20.1**	**6.5**
Bank notes and coins in circulation	266.8	319.3	319.1	317.4	315.3	318.9	322.7	324.5	340.6	339.4	336.9	337.6	337.4	337.7	7.4	19.7	5.8
Banks cash holdings (To be deducted)	16.5	18.7	15.5	15.8	15.6	15.4	15.6	16.6	18.3	17.7	17.6	16.3	18.0	17.6	11.2	12.8	-5.7
Bank money	**661.6**	**718.8**	**709.9**	**708.6**	**717.0**	**713.2**	**717.1**	**735.0**	**726.6**	**730.7**	**739.0**	**732.2**	**737.8**	**766.7**	**5.8**	**8.6**	**6.7**
Demand deposits with BAM	2.3	2.8	4.5	5.8	5.8	5.5	5.5	5.1	4.7	4.2	4.1	3.8	3.8	2.8	10.6	24.4	-3.1
Demand deposits with banks	587.2	649.3	639.2	638.4	646.3	641.3	647.0	665.5	659.9	660.3	669.9	665.0	671.1	698.7	4.7	10.6	7.6
Demand deposits with the Treasury	72.1	66.6	66.1	64.4	64.9	66.4	64.6	64.5	62.0	66.2	65.1	63.4	62.9	65.3	15.8	-7.6	-2.1
M1	**911.8**	**1 019.4**	**1 013.4**	**1 010.3**	**1 016.6**	**1 016.7**	**1 024.2**	**1 043.0**	**1 049.0**	**1 052.4**	**1 058.4**	**1 053.4**	**1 057.2**	**1 086.8**	**6.2**	**11.8**	**6.6**
Demand deposits	**166.5**	**169.4**	**170.2**	**170.9**	**171.3**	**171.8**	**172.3**	**171.8**	**173.0**	**172.9**	**173.4**	**173.5**	**173.3**	**174.2**	**4.6**	**1.7**	**2.8**
Savings accounts in banks	166.5	169.4	170.2	170.9	171.3	171.8	172.3	171.8	173.0	172.9	173.4	173.5	173.3	174.2	4.6	1.7	2.8
M2	**1 078.3**	**1 188.8**	**1 183.6**	**1 181.2**	**1 187.9**	**1 188.5**	**1 196.5**	**1 214.7**	**1 222.0**	**1 225.3**	**1 231.8**	**1 226.9**	**1 230.5**	**1 261.0**	**5.9**	**10.2**	**6.1**
Other monetary assets	**292.2**	**296.4**	**293.9**	**294.7**	**298.6**	**305.7**	**309.2**	**327.0**	**318.9**	**313.3**	**319.5**	**318.6**	**321.1**	**299.8**	**-3.5**	**1.4**	**1.2**
Time accounts and fixed-term bills with banks	149.9	135.6	135.9	135.8	137.0	138.0	140.0	139.0	139.7	139.8	140.2	139.0	139.3	136.5	-7.0	-9.5	0.6
Money market UCITS	54.6	63.9	66.2	66.7	68.6	69.7	73.6	74.6	72.2	71.1	75.1	74.0	77.3	71.9	-3.4	17.1	12.5
Deposits in foreign currencies (1)	42.0	39.8	39.9	40.5	41.3	44.4	44.0	49.6	51.7	50.3	47.8	49.6	52.6	41.9	12.4	-5.4	5.4
Securities sold under repurchase agreements	5.6	12.8	10.6	9.7	9.6	11.3	8.9	9.4	11.5	9.1	8.3	13.7	10.2	10.4	-19.4	128.7	-19.0
Certificates of deposit of a residual maturity of 2 years or less	28.6	29.6	29.9	30.4	29.7	30.5	30.3	32.1	33.0	32.5	32.2	31.7	29.9	28.9	3.0	3.5	-2.4
Time accounts with the treasury	8.3	6.9	6.7	6.9	7.2	7.2	7.5	7.5	7.4	7.2	7.3	7.6	7.8	7.8	-16.4	-16.6	13.5
Other deposits(2)	3.1	7.7	4.7	4.6	5.3	4.6	4.8	14.8	3.5	3.3	8.5	2.9	3.9	2.4	1.4	145.7	-68.8
M3	**1 370.5**	**1 485.1**	**1 477.5**	**1 475.8**	**1 486.5**	**1 494.2**	**1 505.6**	**1 541.7**	**1 540.9**	**1 538.6**	**1 551.4**	**1 545.6**	**1 551.6**	**1 560.8**	**3.8**	**8.4**	**5.1**
LI	**741.5**	**796.5**	**795.3**	**820.2**	**832.7**	**828.3**	**844.6**	**857.4**	**845.3**	**834.6**	**857.0**	**861.9**	**868.8**	**883.6**	**5.9**	**7.4**	**10.9**
LI 1	409.2	440.1	434.2	431.7	438.7	435.1	449.3	458.9	441.6	434.6	452.4	450.6	452.3	478.7	2.8	7.5	8.8
LI 2	272.5	295.2	298.1	311.2	314.7	312.1	311.1	311.9	316.6	309.3	311.4	311.2	315.8	303.0	8.0	8.3	2.6
LI 3	59.8	61.2	63.0	77.3	79.3	81.0	84.2	86.7	87.1	90.6	93.1	100.1	100.7	101.9	19.8	2.3	66.5

(1) Demand and time deposits in foreign currencies with banks.
(2) Loans made by banks from financial corporations.
Source: Bank Al-Maghrib.

TABLE A 8.2 BREAKDOWN OF MONETARY ASSETS BY INSTITUTIONAL SECTOR

(In billions of dirhams)

	2019	2020	2021												Annual change (%)		
			Janv	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2019	2020	2021
Households	**734.7**	**773.5**	**776.2**	**780.1**	**782.4**	**782.3**	**785.1**	**790.2**	**792.1**	**792.4**	**795.0**	**793.5**	**792.7**	**794.9**	**4.0**	**5.3**	**2.8**
Demand deposits	443.5	486.8	489.2	492.7	495.4	495.3	499.2	507.4	507.9	507.9	511.0	509.7	508.9	513.9	4.9	9.8	5.6
Savings accounts with banks	166.5	169.4	170.2	170.9	171.3	171.8	172.3	171.8	173.0	172.9	173.4	173.5	173.3	174.2	4.6	1.7	2.8
Time accounts and fixed-term bills with banks	102.3	95.4	94.1	94.2	93.3	93.0	91.7	89.5	89.1	89.2	88.3	88.6	88.6	87.8	1.8	-6.7	-8.0
Deposits in foreign currencies	12.2	11.9	12.3	12.1	12.0	11.8	11.7	12.0	11.9	11.7	11.8	11.6	11.4	9.3	1.0	-2.1	-22.0
Certificates of deposits of a residual maturity of 2 years or less	3.4	3.4	3.3	3.5	3.4	3.3	3.0	2.7	3.0	3.1	2.7	2.7	2.7	2.6	-9.4	-1.2	-21.7
Money market UCITS	6.8	6.6	7.1	6.8	7.0	7.0	7.2	7.0	7.2	7.6	7.7	7.4	7.9	7.1	-13.7	-2.8	7.0
Private nonfinancial corporations	**178.4**	**182.9**	**176.6**	**177.0**	**180.7**	**178.2**	**176.9**	**187.6**	**186.8**	**187.3**	**192.3**	**194.4**	**201.6**	**213.2**	**0.9**	**2.5**	**16.6**
Demand deposits	115.0	127.5	120.5	119.4	120.6	118.4	117.8	124.9	122.9	122.8	125.1	124.2	127.3	142.0	4.7	10.8	11.4
Time accounts and fixed-term bills with banks	21.5	17.7	17.4	17.6	16.6	16.0	15.8	15.5	16.0	16.2	17.0	16.5	17.4	17.4	-11.4	-17.6	-1.8
Deposits in foreign currencies	11.7	12.1	11.6	11.9	12.8	13.1	13.9	14.7	16.5	16.0	13.7	16.2	17.2	14.9	5.6	3.3	23.1
Money market UCITS	28.7	25.2	26.7	27.8	30.4	30.3	28.9	31.8	30.7	31.2	35.7	36.9	39.1	38.1	-8.0	-12.3	51.4
Public sector	**28.3**	**32.3**	**32.0**	**30.9**	**33.4**	**33.5**	**37.8**	**45.2**	**44.4**	**44.1**	**45.3**	**44.3**	**45.7**	**37.5**	**-15.2**	**14.3**	**16.0**
Demand deposits	13.3	12.9	12.2	11.9	14.2	12.7	13.2	14.3	13.4	13.8	14.7	14.8	14.8	15.6	2.8	-2.9	21.1
Time accounts and fixed-term bills with banks	6.2	3.7	3.4	4.1	4.1	5.0	5.2	7.3	7.9	7.4	7.4	6.3	6.3	6.1	-51.1	-40.1	64.9
Money market UCITS	6.8	13.9	15.2	14.1	13.6	13.1	17.7	17.6	16.6	16.3	16.3	15.4	15.3	13.8	-2.5	105.5	-0.4
Other financial corporations	**83.4**	**107.2**	**102.7**	**101.0**	**104.2**	**107.9**	**112.9**	**125.0**	**112.8**	**105.4**	**112.4**	**107.1**	**106.6**	**107.2**	**-1.4**	**28.5**	**0.0**
Demand deposits	7.8	13.0	11.1	9.6	10.9	8.6	12.4	13.9	10.3	8.6	11.7	9.5	12.4	18.4	2.8	67.1	41.9
Time accounts and fixed-term bills with banks	15.5	16.1	18.5	17.4	20.4	21.2	24.1	23.7	24.2	24.5	24.8	24.6	24.3	22.4	-22.0	3.8	39.0
Other deposits	2.6	7.4	4.4	4.2	4.9	4.2	4.4	14.3	3.2	3.0	8.2	2.5	3.6	2.0	-10.1	184.9	-72.9
Deposits in foreign currencies	15.7	13.7	14.5	15.3	14.7	16.5	16.4	16.7	16.6	16.0	15.4	14.0	14.5	15.6	21.6	-13.2	14.0
Certificats of deposits of a residual maturity of 2 years or less	24.9	25.9	26.3	26.7	26.0	26.9	26.9	28.7	29.4	28.7	28.6	28.3	26.6	25.6	4.6	4.1	-1.4
Money market UCITS	12.3	18.2	17.2	18.1	17.7	19.2	19.8	18.3	17.6	16.1	15.4	14.4	15.0	12.9	17.6	48.2	-29.6
Values given in pension	4.5	12.8	10.6	9.7	9.6	11.3	8.9	9.4	11.5	8.7	8.3	13.7	10.2	10.4	-35.0	183.6	-18.9

Source: Bank Al-Maghrib.

TABLE A 8.3 M3 COUNTERPARTS

(In billions of dirhams)

	2019	2020**	2021												Annual change (%)		
			Janv	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2019	2020	2021
Claims on the economy	**1 079.9**	**1 131.7**	**1 120.2**	**1 121.6**	**1 134.3**	**1 141.8**	**1 150.8**	**1 172.5**	**1 160.6**	**1 160.4**	**1 178.2**	**1 169.3**	**1 168.0**	**1 176.9**	**5.6**	**4.8**	**4.0**
Nets claims of ODC	1 078.5	1 130.1	1 118.9	1 120.3	1 133.0	1 140.5	1149.4	1 171.1	1 159.2	1 159.0	1 176.8	1 167.9	1 166.6	1 175.5	5.5	4.8	4.0
Banks loans	917.2	959.0	933.9	932.2	950.4	950.0	951.0	987.8	962.9	965.2	984.5	967.2	966.9	985.5	5.3	4.6	2.8
Of which participation financing	9.1	13.5	13.9	14.4	14.9	15.5	16.0	16.9	17.2	17.6	18.0	18.5	18.8	19.3	99.0	48.1	42.9
Net claims on central government	**212.4**	**239.4**	**243.4**	**246.4**	**248.6**	**253.4**	**250.2**	**268.4**	**272.7**	**273.6**	**270.7**	**269.0**	**278.9**	**272.5**	**4.6**	**12.7**	**13.8**
Nets claims of ODC	211.9	243.6	248.0	248.3	250.6	255.7	251.7	269.0	274.6	274.9	271.6	270.2	279.5	275.9	4.8	15.0	13.2
Loans	58.6	55.2	55.2	55.3	53.4	52.5	53.0	60.3	59.8	59.3	59.0	60.3	58.9	59.5	3.8	-5.8	7.8
Treasury bills portfolio	160.3	195.8	204.0	201.8	211.3	212.5	212.7	219.8	220.6	225.7	221.9	217.7	226.5	223.3	3.8	22.2	14.0
Banks	145.7	168.7	176.9	173.6	183.4	180.4	181.1	188.6	189.9	191.2	189.1	187.6	197.3	193.2	6.7	15.8	14.5
Money market UCITS	14.6	27.1	27.2	28.2	28.0	32.1	31.6	31.2	30.7	34.5	32.9	30.1	29.2	30.2	-18.0	85.9	11.3
Net claims of depository institutions on non residents	**263.9**	**316.5**	**318.6**	**316.9**	**312.6**	**313.2**	**308.6**	**307.9**	**313.0**	**313.2**	**313.6**	**317.4**	**321.4**	**316.9**	**5.5**	**20.0**	**0.1**
Official reserve assets	253.4	320.6	313.9	308.5	305.1	304.0	304.5	300.8	301.1	312.6	317.8	320.7	322.7	330.8	8.4	26.5	3.2
Monetary Gold	10.4	12.0	11.8	11.2	10.9	11.2	12.0	11.2	11.6	11.5	11.1	11.5	11.8	12.0	19.0	15.4	0.2
Foreign currency	6.3	26.1	27.2	29.8	31.1	26.0	20.4	16.7	18.7	23.7	19.6	17.7	18.9	15.9	85.0	314.5	-39.0
Securities deposits included in the official reserves	227.6	274.0	264.9	257.7	253.3	257.1	262.4	263.3	261.1	256.8	266.5	270.8	271.2	282.0	7.1	20.4	2.9
Reserve position in the IMF	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	-0.3	-3.3	1.3
SDR holdings	7.1	6.6	8.1	7.9	7.9	7.9	7.8	7.8	7.8	18.7	18.7	18.8	18.9	19.0	-1.0	-7.3	187.3
Counterparts of deposits with the Treasury	**80.4**	**73.5**	**72.8**	**71.3**	**72.1**	**73.6**	**72.1**	**72.0**	**69.4**	**73.4**	**72.4**	**71.1**	**70.8**	**73.1**	**11.4**	**-8.5**	**-0.6**
Non-monetary liabilities	**242.2**	**243.2**	**245.7**	**246.0**	**245.2**	**251.6**	**245.7**	**242.4**	**245.8**	**246.7**	**249.1**	**251.3**	**255.3**	**257.2**	**10.7**	**0.4**	**5.8**
DC capital and reserves	160.7	160.9	162.0	159.8	160.7	164.9	159.5	157.7	161.8	162.1	164.8	166.8	169.8	171.1	7.8	0.1	6.3
DC Non-monetary liabilities	81.5	82.4	83.7	86.2	84.4	86.7	86.2	84.7	84.0	84.6	84.3	84.5	85.5	86.2	16.8	1.1	4.6
Others nets items	**23.9**	**32.8**	**31.8**	**34.4**	**36.0**	**36.3**	**30.4**	**36.6**	**29.1**	**35.4**	**34.5**	**29.9**	**32.2**	**21.3**	**169.4**	**37.4**	**-35.0**
Total counterparts(*)	**1 370.5**	**1 485.1**	**1 477.5**	**1 475.8**	**1 486.5**	**1 494.2**	**1 505.6**	**1 541.7**	**1 540.9**	**1 538.6**	**1 551.4**	**1 545.6**	**1 551.6**	**1 560.8**	**3.8**	**8.4**	**5.1**

(*) Total of counterparts= Net claims of depository institutions on non residents + Net claims on central government + Claims on the economy+ Counterparts of deposits with the Treasury - Non-monetary liabilities - Other net items.
(**) Revised.
Source: Bank Al-Maghrib.

TABLE A 8.4 BREAKDOWN OF LOANS BY ECONOMIC PURPOSE AND BY INSTITUTIONAL SECTOR (*)

(In billions of dirhams)

	2019	2020**	2021												Annual change (%)		
			Janv	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2019	2020	2021
Bank loans(*)	**917.2**	**959.0**	**933.9**	**932.2**	**950.4**	**950.0**	**951.0**	**987.8**	**962.9**	**965.2**	**984.5**	**967.2**	**966.9**	**985.5**	**5.3**	**4.6**	**2.8**
By economic purpose																	
Accounts receivable and cash advances	189.7	206.0	208.5	209.0	211.0	214.0	214.3	227.1	227.4	223.3	228.2	227.8	224.5	225.7	6.8	8.5	9.6
Equipment loans	184.0	180.1	178.4	178.5	180.0	180.7	180.0	179.4	178.9	177.2	177.1	177.8	179.4	171.3	5.7	-2.2	-4.9
Real-estate loans	276.7	284.2	282.9	283.5	285.2	286.5	288.2	289.8	288.3	288.2	289.0	288.9	289.4	291.1	3.5	2.7	2.4
Home loans	215.0	222.4	222.8	224.1	225.8	227.7	228.9	230.7	230.6	230.0	231.0	231.3	232.1	232.8	3.8	3.4	4.7
Including: Participatory financing for housing	7.8	11.3	11.6	12.0	12.4	12.8	13.2	14.0	14.3	14.6	15.0	15.3	15.5	15.9	90.9	45.3	40.6
Loans to real-estate developers	59.4	59.0	55.6	54.8	55.7	54.6	55.4	55.1	53.5	53.1	52.4	52.3	54.0	54.3	2.4	-0.7	-7.9
Consumer loans	56.6	54.2	54.3	54.6	54.9	55.1	54.9	55.4	55.7	55.7	55.7	55.6	55.8	55.6	4.6	-4.1	2.5
Various claims on customers	140.2	154.3	128.4	125.2	138.1	132.1	131.0	153.4	129.2	136.8	150.1	132.0	132.9	156.9	6.0	10.1	1.7
Financial loans (1)	124.3	138.6	113.1	109.9	122.3	116.6	115.3	138.7	114.6	122.2	135.1	117.6	119.0	142.4	6.0	11.5	2.7
Other loans (2)	15.8	15.7	15.3	15.3	15.8	15.5	15.6	14.7	14.5	14.6	15.0	14.4	13.9	14.5	5.8	-0.8	-7.9
Non performing loans	69.9	80.2	81.4	81.5	81.2	81.7	82.7	82.7	83.5	84.0	84.5	85.2	84.8	84.8	7.2	14.7	5.7
By institutional sector																	
Loans to the nonfinancial sector	**785.5**	**817.1**	**815.5**	**816.1**	**823.4**	**827.5**	**830.6**	**843.8**	**842.6**	**843.4**	**848.2**	**847.8**	**846.9**	**842.6**	**5.5**	**4.0**	**3.1**
Public sector excluding the central government	73.6	75.7	73.5	72.0	74.3	74.6	72.4	73.5	73.0	76.8	76.9	76.6	77.0	70.0	3.7	2.9	-7.5
Local governments	22.6	24.4	24.3	24.3	24.5	24.5	24.5	24.4	24.3	24.3	24.6	24.7	24.8	25.4	15.7	8.0	4.3
Public nonfinancial corporations	51.0	51.3	49.1	47.6	49.8	50.1	48.0	49.1	48.7	52.5	52.2	51.9	52.2	44.6	-0.8	0.7	-13.1
Private sector	711.9	741.4	742.1	744.2	749.1	752.9	758.2	770.3	769.6	766.6	771.3	771.2	769.9	772.6	5.7	4.1	4.2
Private nonfinancial corporations	372.0	389.3	388.9	388.7	391.2	393.6	396.9	406.9	405.4	402.1	405.9	404.4	402.3	405.7	7.2	4.7	4.2
Other resident sectors	339.9	352.1	353.2	355.5	357.9	359.3	361.3	363.4	364.2	364.5	365.5	366.8	367.6	366.9	4.1	3.6	4.2
Households	338.5	350.6	351.8	354.0	356.4	357.7	359.6	361.5	362.4	362.7	363.4	365.1	365.9	365.1	4.0	3.6	4.1
Private individuals and Moroccans living abroad	302.9	311.8	312.5	314.5	316.1	318.6	319.8	322.5	323.4	323.4	324.7	325.5	326.5	326.6	4.7	2.9	4.7
Sole proprietors	35.6	38.8	39.4	39.5	40.3	39.1	39.8	39.0	39.0	39.3	38.8	39.6	39.5	38.6	-2.1	8.9	-0.6
NPISH	1.4	1.5	1.4	1.5	1.5	1.6	1.6	1.9	1.8	1.8	2.0	1.8	1.7	1.7	39.8	7.9	16.1
Other financial corporations	**131.7**	**141.9**	**118.4**	**116.1**	**127.0**	**122.5**	**120.5**	**144.1**	**120.3**	**121.8**	**136.4**	**119.4**	**120.0**	**142.9**	**4.4**	**7.8**	**0.7**
Finance companies	52.4	51.5	51.5	50.8	51.9	52.2	51.3	51.9	51.8	51.2	52.0	51.4	52.2	52.7	-7.5	-1.7	2.5
Credit institutions and similar bodies(1)	26.4	24.0	23.8	23.4	26.2	25.3	25.3	26.1	24.6	26.4	25.5	23.8	23.9	24.6	10.6	-9.0	2.3
Non-money market UCITS	18.4	28.2	13.9	12.9	18.0	13.8	16.1	28.7	13.9	16.7	24.6	14.3	16.2	25.3	35.6	53.3	-10.3
Other (3)	34.5	38.2	29.2	29.0	30.8	31.1	27.8	37.4	30.0	27.5	34.4	30.0	27.8	40.3	7.7	10.9	5.3

(1) Consisting of loans granted to financial and non financial customers as part of a financial operation.
(2) Composed mainly of factoring receivables.
(3) Mutual fund management companies, brokerage firms, insurance and reinsurance companies, provident and pension funds, and mutual securitization investment funds.
(*) Loans granted by conventional banks and participants banks.
(**) Revised.
Source: Bank Al-Maghrib.

TABLE A 8.5 QUARTER BREAKDOWN OF LOANS BY TERM AND BY ACTIVITY SECTOR

(In billions of dirhams)

	2019	2020*	2021				Annual change (%)		
			March	June	Sept	Dec	2019	2020	2021
Bank loans(1)	**917.2**	**959.0**	**950.4**	**987.8**	**984.5**	**985.5**	**5.3**	**4.6**	**2.8**
Breakdown by term (2)									
Short term	274.7	302.6	264.6	283.4	291.1	287.9	-3.9	10.1	-4.8
Nonperforming maturities	9.1	10.2	10.4	11.0	11.9	9.6	17.4	12.2	-5.8
Medium term	210.2	212.5	237.8	242.3	230.8	230.9	16.7	1.1	8.7
Long term	362.3	363.7	366.8	379.3	378.2	381.8	6.7	0.4	5.0
Non-performing loans;	69.9	80.2	81.2	82.7	84.5	84.8	7.2	14.7	5.7
By activity sector									
Primary sector	**38.3**	**36.4**	**36.4**	**37.2**	**38.8**	**39.0**	**6.7**	**-5.1**	**7.2**
Agriculture and fishing	38.3	36.4	36.4	37.2	38.8	39.0	6.7	-5.1	7.2
Secondary sector	**245.6**	**251.1**	**246.8**	**258.5**	**254.6**	**253.4**	**1.0**	**2.2**	**0.9**
Extractive industries	21.4	25.4	25.0	27.5	22.2	17.8	25.8	19.0	-30.1
Manufacturing Industries	85.6	91.4	93.0	96.6	99.5	99.3	-2.1	6.8	8.7
Food and tobacco industries	32.0	33.5	32.9	34.9	36.8	36.7	-0.4	4.6	9.8
Textile, clothing, and leather industries	6.3	7.2	7.4	7.5	7.8	8.1	5.8	14.5	12.9
Chemical and Para chemical industries	11.3	11.1	11.5	12.5	10.7	9.8	0.5	-1.4	-12.0
Mechanical, electrical, electronic and metal-working industries	19.5	19.0	19.3	19.4	19.8	20.3	4.2	-2.4	6.6
Other manufacturing industries	16.6	20.6	21.8	22.2	24.3	24.4	-15.0	24.3	18.3
Electricity, gas and water	42.5	37.0	36.5	37.7	39.4	40.8	-3.3	-12.9	10.4
Construction and public works	96.1	97.2	92.3	96.6	93.6	95.4	1.3	1.1	-1.9
Tertiary sector	**633.2**	**671.6**	**667.2**	**692.2**	**691.1**	**693.1**	**7.1**	**6.1**	**3.2**
Trade, automotive and household goods repairs	59.9	62.0	61.6	64.9	64.6	66.8	7.3	3.4	7.9
Hotels and restaurants	14.0	17.1	17.5	18.2	19.8	20.4	-2.8	21.8	19.7
Transport and Communications	39.8	40.2	41.9	40.0	45.1	41.2	9.8	0.9	2.5
Financial activities	144.8	154.6	138.8	156.0	146.0	149.3	6.7	6.7	-3.4
Individuals and Moroccan living abroad	302.9	311.8	316.1	322.5	324.7	326.6	4.7	2.9	4.7
Local governments	22.6	24.4	24.5	24.4	24.6	25.4	15.7	8.0	4.3
Other sections (3)	49.1	61.6	66.8	66.2	66.3	63.3	21.4	25.5	2.9

(*) Revised.
(1) Loans granted by conventional banks and participants banks.
(2) Short term: period < 2 years, medium term: between 2 and 7 years and long term: > 7 years.
(3) Excluding personal and domestic services.
Source: Bank Al-Maghrib.

TABLE A 8.6 CLAIMS ON NONFINANCIAL UNITS BY ECONOMIC PURPOSE (1)

(In billions of dirhams)

	2019	2020*	2021				Annual change (%)		
			March	June	Sept	Dec	2019	2020	2021
Claims on nonfinancial units	**304.8**	**313.4**	**322.9**	**329.0**	**333.1**	**339.1**	**12.6**	**2.8**	**8.2**
Loans granted by other financial corporations	**151.7**	**148.0**	**149.8**	**151.3**	**150.7**	**152.7**	**3.9**	**-2.4**	**3.1**
Finance companies	**119.2**	**118.1**	**118.3**	**120.7**	**119.9**	**122.4**	**5.7**	**-0.9**	**3.7**
Consumer loans	30.1	30.0	30.4	30.8	30.4	30.9	8.9	-0.2	3.0
Leasing	67.4	65.1	65.4	66.1	65.7	67.2	4.1	-3.4	3.2
Non performing loans	11.8	14.0	14.0	14.8	15.4	15.4	5.2	18.8	10.1
Offshore banks	**12.0**	**10.6**	**11.6**	**10.0**	**11.1**	**11.6**	**-13.4**	**-11.4**	**9.9**
Cash advances	6.0	3.2	3.6	2.2	2.2	2.9	-32.1	-46.6	-10.9
Equipment loans	5.7	6.9	7.4	7.3	8.2	8.1	20.9	22.3	16.8
Moroccan Deposit and Management Fund	**6.0**	**4.6**	**4.9**	**4.7**	**2.8**	**1.8**	**-20.6**	**-22.8**	**-60.8**
Cash advances	3.1	1.9	2.0	1.8	1.3	0.6	-14.4	-38.0	-66.1
Equipment loans	2.1	2.1	2.0	2.0	0.7	0.0	-36.0	-0.2	-100.0
Microcredit associations	**7.4**	**8.1**	**8.4**	**8.4**	**8.5**	**8.3**	**9.0**	**9.9**	**2.2**
Securitization funds	**6.8**	**6.2**	**6.2**	**7.0**	**7.9**	**8.2**	**56.2**	**-8.8**	**31.5**
Securities issued by non financial corporations and held by other financial corporations	**144.4**	**156.5**	**164.1**	**168.6**	**173.8**	**178.2**	**25.2**	**8.4**	**13.8**
Non-money market UCITS	59.3	64.5	71.7	74.9	79.4	83.7	35.2	8.8	29.8
Insurance and reinsurance companies	53.7	56.7	57.6	58.6	59.4	60.3	13.4	5.6	6.3
Moroccan Deposit and Management Fund	8.9	12.4	11.7	11.7	11.3	10.4	14.4	38.4	-16.2
Pension funds (2)	22.1	22.5	22.5	23.1	23.1	23.3	38.1	1.8	3.5
Other claims	**8.7**	**8.8**	**9.0**	**9.1**	**8.6**	**8.3**	**-7.2**	**1.4**	**-6.1**

(*) Revised.
(1) Excluding claims on other financial corporations and the Central Government.
(2) Relating to the financial sector, namely CIMR and CNRA.
Source: Bank Al-Maghrib.

TABLE A 8.7 CHANGE IN THE INTERBANK MARKET

(In millions of dirhams)

	2020	2021												Average
	Average	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
Averge outstanding amounts	7 408	9 021	8 213	7 577	7 851	7 592	9 545	6 147	6 199	6 680	6 620	7 553	8 739	7 637
Average exchanged volume	4 783	5 301	4 613	4 150	4 327	4 423	5 447	3 772	2 855	4 070	2 870	3 087	3 869	4 073

Source : Bank Al-Maghrib.

TABLE A 8.8 SUBSCRIPTIONS TO TREASURY BILLS BY TENDER

(In millions of dirhams)

Maturities	TOTAL 2020	2021												
		Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
Total subscriptions	**152 647**	**21 254**	**7 352**	**10 740**	**9 404**	**15 262**	**9 414**	**12 838**	**6 296**	**11 687**	**14 180**	**19 589**	**6 455**	**144 471**
Short-term	**47 286**	**1 778**	**2 504**	**3 404**	**-**	**1 000**	**2 772**	**1 371**	**2 143**	**4 018**	**315**	**3 924**	**1 350**	**24 579**
13 Weeks	8 492	319	600	1 134	-	100	-	400	300	700	-	400	200	4 153
26 Weeks	12 405	312	1 244	500	-	500	772	-	300	500	-	100	200	4 428
52 Weeks	26 389	1 147	660	1 770	-	400	2 000	971	1 543	2 818	315	3 424	950	15 998
Medium term	**74 669**	**10 194**	**1 774**	**4 287**	**8 815**	**11 376**	**6 037**	**9 764**	**3 808**	**5 390**	**10 367**	**7 278**	**4 405**	**83 495**
2 Years	41 336	4 914	1 304	3 750	5 435	4 995	1 920	6 266	1 508	3 043	4 264	4 457	3 455	45 310
5 Years	33 333	5 280	470	537	3 381	6 381	4 117	3 498	2 301	2 347	6 103	2 821	950	38 186
Long term	**30 692**	**9 282**	**3 074**	**3 049**	**589**	**2 886**	**604**	**1 703**	**346**	**2 279**	**3 498**	**8 387**	**700**	**36 396**
10 Years	4 143	3 539	1 839	1 332	-	2 071	403	1 093	240	1 952	2 504	5 633	700	21 306
15 Years	10 846	1 681	678	17	-	370	-	100	105	-	150	1 336	-	4 437
20 Years	6 185	2 616	558	1 254	300	445	201	100	-	327	-	199	-	6 000
30 Years	9 518	1 446	-	446	289	-	-	410	-	-	844	1 218	-	4 654

Source : Bank Al-Maghrib.

TABLE A9.1 OUTSTANDING AMOUNT OF TREASURY BILLS BY TENDER

(By category of initial subcribers)

(In millions of dirhams)

	2017	2018	2019	2020	2021	Changes in %		Share in %	
						2020/2019	2021/2020	2020	2021
UCITS	187 877	203 962	197 575	236 533	275 290	19.7	16.4	39.4	42.6
Insurance companies and pension institutions	125 394	131 910	131 179	129 539	125 246	-1.3	-3.3	21.6	19.4
Banks	117 541	125 184	134 237	146 651	152 686	9.2	4.1	24.4	23.6
Deposit and management fund(1)	33 151	35 021	45 964	44 423	52 956	-3.4	19.2	7.4	8.2
Other financial enterprises	30 322	27 187	24 374	23 918	23 650	-1.9	-1.1	4.0	3.7
Non-financial enterprises	21 996	22 269	23 325	19 282	16 361	-17.3	-15.1	3.2	2.5
Finance companies	425	672	497	395	388	-20.5	-1.7	0.1	0.1
Non-resident enterprises	-	-	10	-	56	-	-	-	-
Total treasury bill auctions	**516 706**	**546 205**	**557 161**	**600 741**	**646 633**	**7.8**	**7.6**	**-**	**-**

(1) Excluding the outstanding amount of provident funds treasury bills by the CDG.
Source: Bank Al-Maghrib.

TABLE A9.2 OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES

(By category of initial subcribers)

(In millions of dirhams)

Securities types	2020					2021				
	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total
Outstanding	**12 743**	**2 281**	**66 021**	**5 325**	**86 370**	**10 558**	**2 084**	**69 191**	**5 293**	**87 127**
Certificates of deposit	9 192	1 685	41 351	4 946	57 174	6 779	1 246	43 473	4 664	56 163
Bills of financing companies	3 551	596	22 359	379	26 885	3 679	838	24 462	629	29 608
Commercial paper	0	0	2 312	0	2 312	100	0	1 256	0	1 356
Issues	**3 856**	**1 661**	**34 938**	**4 138**	**44 593**	**4 289**	**765**	**32 784**	**4 782**	**42 620**
Certificates of deposit	3 386	1 230	23 963	4 123	32 702	2 646	400	23 944	4 532	31 523
Bills of financing companies	470	376	7 089	15	7 950	1 518	365	6 577	250	8 710
Commercial paper	0	55	3 886	0	3 941	125	0	2 263	0	2 388

Source: Bank Al-Maghrib.

TABLE A9.3 BOND MARKET

(In millions of dirhams)

	2020	2021				2021
		Q1	Q2	Q3	Q4	
Outstanding	**155 088**	**156 222**	**157 784**	**163 365**	**163 460**	**163 460**
Public sector	**86 709**	**87 209**	**88 784**	**88 784**	**87 642**	**87 642**
Non-financial corporations	54 474	54 474	56 049	56 049	55 707	55 707
Banks	32 235	32 735	32 735	32 735	31 935	31 935
Private sector	**68 379**	**69 013**	**69 000**	**74 582**	**75 818**	**75 818**
Banks	31 450	30 950	30 950	31 950	32 450	32 450
Non-financial corporations	29 797	30 931	31 118	35 400	35 236	35 236
Other financial corporations	7 132	7 132	6 932	7 232	8 132	8 132
Bonds issued	**30 471**	**1 984**	**2 750**	**8 598**	**3 640**	**16 972**
Public sector	**12 200**	**500**	**2 500**	**-**	**200**	**3 200**
Banks	3 700	500	-	-	200	700
Non-financial corporations	8 500	-	2 500	-	-	2 500
Private sector	**18 271**	**1 484**	**250**	**8 598**	**3 440**	**13 772**
Banks	2 500	-	-	-	1 000	1 000
Non-financial corporations	13 903	1 484	250	6 098	1 540	9 372
Other Financial corporations	1 868	-	-	2 500	900	3 400

Sources : Data from Maroclear and BAM computing.

TABLE A9.4 STOCK EXCHANGES INDICATORS

Period		Turnover (in millions of dirhams)	MASI	MADEX	Market capitalisation (in millions of dirhams)
2013 December		18 278.6	9 114.1	7 418.1	451 113
2014 December		13 429.6	9 620.1	7 842.8	484 448
2015 December		20 286.6	8 925.7	7 255.2	453 316
2016 December		22 115.5	11 644.2	9 547.3	583 380
2017 December		21 047.7	12 388.8	10 100.3	626 965
2018 December		18 220.2	11 364.3	9 233.0	582 155
2019 December		17 253.4	12 171.9	9 919.3	626 693
2020 December		16 970.9	11 287.4	9 189.9	584 976
2021 December		20 395.0	13 358.3	10 807.7	690 717
2020	January	4 910.8	12 531.9	10 227.6	645 161
	February	4 229.6	12 260.9	10 003.8	630 153
	March	6 709.2	9 704.9	7 876.8	503 024
	April	2 564.9	9 400.7	7 622.3	488 273
	May	5 110.2	9 852.8	7 997.2	509 161
	June	5 100.8	10 169.2	8 256.6	523 868
	July	1 458.9	10 228.3	8 310.2	529 635
	August	1 090.1	10 134.8	8 237.1	524 676
	September	2 107.6	9 987.8	8 116.7	517 860
	October	3 559.7	10 460.7	8 508.4	542 277
	November	1 964.0	10 990.9	8 949.9	566 269
	December	16 970.9	11 287.4	9 189.9	584 976
2021	January	3 308.6	11 630.0	9 479.9	601 086
	February	1 777.2	11 358.2	9 248.4	585 906
	March	9 141.6	11 483.7	9 336.1	595 331
	April	2 148.0	11 811.2	9 602.7	611 042
	May	5 785.0	12 114.5	9 853.9	626 206
	June	9 589.4	12 409.2	10 090.9	637 517
	July	9 361.7	12 304.2	9 995.1	633 231
	August	2 518.2	12 694.2	10 314.6	653 223
	September	4 171.1	13 186.8	10 723.2	677 260
	October	3 663.9	13 555.5	10 988.7	697 510
	November	2 883.3	13 085.4	10 581.8	674 660
	December	20 395.0	13 358.3	10 807.7	690 717

Source : Casablanca Stock Exchange.

TABLE A9.5 INDEX OF REAL ESTATE ASSETS PRICES

	REPI		
	2020*	2021**	Changes (%)
Overall	**113.9**	**110.1**	**-3.3**
Residential	**113.9**	**109.3**	**-4.0**
Apartments	112.4	106.8	-5.0
Houses	120.0	119.9	0.0
Villas	125.2	122.1	-2.5
Urban Land	**117.0**	**114.8**	**-1.9**
Professional	**116.6**	**111.2**	**-4.6**
Business premises	118.8	113.7	-4.3
Offices	108.4	101.0	-6.9

(*) Revised.
(**) Provisional
Sources: Data drawn from the National Agency for Land Conservation, Cadastre and Cartography and BAM computing.

TABLE A9.6 NUMBER OF TRANSACTIONS BY CATEGORY

	Changes (%)	
	2020/2019	2021/2020
Overall	**-13.6**	**33.1**
Residential	**-16.2**	**26.4**
Apartments	-15.6	25.2
Houses	-28.3	51.6
Villas	-11.0	20.5
Urban Land	**-7.3**	**50.3**
Professional	**-4.5**	**46.3**
Business premises	-3.8	43.7
Offices	-8.7	61.1

Source: Data drawn from the National Agency for Land Conservation, Cadastre and Cartography and BAM computing.

TABLE A9.7 INDEX OF REAL ESTATE ASSETS PRICES AND NUMBER OF TRANSACTIONS IN THE MAJOR CITIES

CITIES	Changes (%) 2021/2020	
	REPI	NUMBER OF TRANSACTIONS
Agadir	-4.2	35.8
Casablanca	-4.1	23.6
El jadida	-6.1	62.3
Fez	-4.8	26.7
Kenitra	-2.8	45.3
Marrakech	-3.5	24.3
Meknes	-4.3	34.8
Oujda	-0.6	41.4
Rabat	-4.1	38.2
Tangier	-3.1	43.5

Sources: Data drawn from the National Agency for Land Conservation, Cadastre and Cartography and BAM computing.

بنك المغرب

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LIST OF ABBREVIATIONS

ABC	: Association Bilan Carbone (Bilan Carbone Association)
ABCA	: Association des Banques Centrales d'Afrique (Association of African Central Banks)
ACAPS	: Autorité de contrôle des assurances et de la prévoyance sociale (Insurance and Social Security Supervisory Authority)
ADD	: Agence du Développement du Digital (Digital Development Agency)
ADM	: Autoroutes du Maroc
AfCFTA	: African Continental Free Trade Area
AFI	: Alliance for Financial Inclusion
AMMC	: Autorité Marocaine du Marché des Capitaux (Moroccan capital market authority)
AMO	: Assurance maladie obligatoire (Mandatory Health Insurance)
ANAM	: Agence nationale de l'assurance maladie (National Health Insurance Agency)
ANCFCC	: Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie (Land registry office)
ANP	: Agence Nationale des Ports (National Ports Agency)
ANRT	: Agence Nationale de Réglementation des Télécommunications (National Telecommunications Regulatory Agency)
AONIA	: AUD Overnight Index Average
API	: Application Programming Interface
AREF	: Académie Régionale d'Education et de Formation (Regional Academy of Education and Training)
BAM	: Bank Al-Maghrib
Bbl	: Baril
BCC	: Business Cash Center
BEPS	: Base Erosion and Profit Shifting
BIS	: Bank for International Settlments
BLS	: Bureau of Labour Statistics
BoE	: Bank of England
CARES	: Corona virus Aid, Relief and Economic security
CBAM	: Carbon Border Adjustment Mechanism
CBDC	: Central Bank Digital Currency

CCG	: Caisse centrale de Guarantie (Central Guarantee Fund)
CCSRS	: Comité de Coordination et de Surveillance des Risques Systémiques (Systemic Risk Coordination and Surveillance Committee)
CDG	: Caisse de Dépôt et de Gestion (Deposit and Management Fund)
CFC	: Casablanca finance city
CFPs	: Collaborative Financing Platforms
CFT	: Combating the Financing of Terrorism
CGEM	: Confédération Générale des entreprises du Maroc (The General Confederation of Moroccan Companies)
CIF	: Cost Insurance and Freight
CMMB	: Moroccan Center for Banking Mediation (Centre marocain de médiation bancaire)
CNSS	: Caisse Nationale de Sécurité Sociale (National Social Security Fund)
COP	: Conference of Parties
COSO	: Committee of Sponsoring Organizations of the Treadway Commission
CPI	: Consumer Price Index
CPIX	: Underlying inflation indicator
CRP	: Caisse de retraite du personnel (Staff Pension Fund)
CSR	: Corporate Social Responsibility
CT	: Consumer Tax
CVE	: Economic Monitoring Committee
DAP	: Diammonium Phosphate
DCT	: Domestic Consumption Tax
DH	: Moroccan Dirham
DIMA	: Direct investments by Moroccans Abroad
DP	: Days of Purchase
DPT	: Deposit
DS	: Days of Sales
DTEF	: Direction du Trésor et des Finances Extérieures (Department of treasury and external finance)
EBA	: External Balance Assessment
ECB	: European Central Bank
EIG	: Economic Interest Grouping
EMBI	: Emerging Markets Bond Index
EMC	: Economic Monitoring Committee (Comité de veille économique)
EMDP	: Emerging and Developing Countries
EPI	: Enterprises and Public Institutions
EPRA	: European Public Real Estate Association
ESTER	: Euro Short Term Rate
ETI	: Entreprises de taille intermédiaire (Intermediate Size Companies)
EU	: European Union
Euribor	: Euro Interbank Offered Rate
FA	: Finance Act
FAO	: Food and Agriculture Organization
FATF	: Financial Action Task Force
FC	: Financing Cost
FDI	: Foreign Direct Investment
FED	: U.S. Federal Reserve
FM	: Fonds mutuel (Mutual Fund)
FMI	: Financial Market Infrastructure
FNE	: Fonds National de l'Environnement (National Fund for the Protection and Development of the Environment)
FOB	: Free On Board

FODEP	: Fonds de Dépollution industrielle (Industrial Depollution Fund)
FTSE	: Financial Times Stock Exchanges
FY	: Fiscal Year
GCC	: Gulf Cooperation Council
GDP	: Gross Domestic Product
GG	: General Government
GNDI	: Gross National Disposable Income
GNI	: Gross National Income
GPBM	: Groupement Professionnel des Banques du Maroc (Professional Grouping of Moroccan Banks)
GWH	: Gigawatt per Hour
HCP	: Haut commissariat au plan (High Commission for Planning)
HLS	: High Level Structure
IASB	: International Accounting Standard Board
IBORs	: Interbank Offered Rates
IBRD	: International Bank for Reconstruction and Development
ICRG	: International Cooperation Review Group
ICS	: Internal Control System
ICT	: Internal consumption taxes
IFRS	: International Financial Reporting Standards
IIA	: Institute of Internal Auditors
IIP	: International Investment Position
ILO	: International Labour Organisation
IMF	: International Monetary Fund
IORWG	: Operational Risk Management Group
IOSCO	: International Organization of Securities Commissions
IS	: Information Systems
ISDA	: International Swaps and Derivatives Association
ISMS	: Information Security Management System
ISO	: International Organization for Standardization
IT	: Income Tax
JPY	: Japanese Yen
KDh	: Thousands of Dirhams
LC	: Large Companies
LE	: Large Enterprises
LG	: Local Governments
LI	: Liquid Investments
Libor	: London Interbank Offered Rate
PLL	: Precautionary and Liquidity Line
MAD	: Moroccan Dirham
MASI	: Moroccan All Shares Index
MCMA	: Mutuelle Centrale Marocaine d'Assurances (Moroccan central insurance fund)
MEFRA	: Ministry of Economy, Finance and Reform of Administration
MENA	: Middle East and North Africa
MENAFATF	: Middle East and North Africa Financial Action Task Force
MFC	: Monetary and Financial Committee
MONIA	: Moroccan Overnight Index Average
MSCI	: Morgan Stanley Capital International
MSCI EAFE	: Morgan Stanley Capital International, Europe, Australia and the Far East
MSCI EM	: Morgan Stanley Capital International, Emerging Markets.
MSCI FM	: Morgan Stanley Capital International, Frontier Markets.
MTM	: Mark to Market

MW	: Megawatt
NEET	: Not in Education, Employment, or Training (ni étudiant, ni employé, ni stagiaire)
NBE	: Normalized Bill of Exchange
NGFS	: Network of Central Banks and supervisors for Greening the Financial System
NIR	: Net International Reserves
OCP	: Office Chérifien des Phosphates (National Phosphates Office)
OECD	: Organisation for Economic Co-operation and Development
OFRC	: Operational and Financial Risk Committee
OMPIC	: Office Marocain de la Propriété Industrielle et Commerciale (Moroccan Office of Industrial and Commercial Property)
ONEE	: Office National de l'Electricité et de l'Eau Potable (National Office for Electricity and Drinking Water)
OPCI	: Organisme de placement collectif en immobilier (Real Estate Investment Trusts)
OPEC	: Organization of the Petroleum Exporting Countries
ORA	: Official Reserves Assets
OTC	: Over the Counter
P2P	: Person to Person
PAM	: Policy Analysis Model
PAS	: Structural Adjustment Program
PEI	: Public enterprises and institutions
PER	: Price Earnings Ratio
PIAFE	: Programme of Business Support and Financing (programme intégré d'appui et de financement de l'entrepreneuriat)
PLA	: Profit and Loss Account
PLL	: Precautionary and Liquidity Line
PNRC	: Plan National de Lutte Contre le Réchauffement Climatique (National Plan Against Global Warming)
PoCs	: Proof of Concept
PPP	: Public-Private Partnerships
REIT	: Real Estate Investment Trusts
REPI	: Real Estate Price Index
RIBAT	: Risk Based Assessment Tool
SARON	: Swiss Average Rate Overnight
SDN	: IMF Staff Discussion Note
SDR	: Special Drawing Rights
SFCs	: Collaborative Financing Companies
SGFG	: Société Marocaine de Gestion des Fonds de Garantie des Dépôts Bancaires (The Moroccan Deposit Insurance Corporation)
SMAC	: Système de Management Anti-Corruption (Anti-Corruption Management System)
SMEs	: Small and Medium Sized Entreprises
SNIF	: National Strategy for Financial Inclusion
SRBM	: Système des Règlements Bruts du Maroc (Moroccan Real-time Gross Settlement System)
TCA	: Trade and Cooperation Agreement
TLTRO	: Targeted Longer-Term Refinancing Operations
TSAV	: Taxe Spéciale Annuelle sur les Véhicules (Special Annual Vehicle Tax)
TSP	: Triple superphosphate
UNCTAD	: United Nations Conference on Trade and Development
UNESCO	: Organisation des Nations unies pour l'éducation, la science et la culture (United Nations Educational, Scientific and Cultural Organization)
UK	: United Kingdom
VaR	: Value at Risk
VAT	: Value Added Tax
VECM	: Vector Autoregressive Error Correction Model

VSEs	: Very Small Entreprises
VSMEs	: Very small, Small and Medium-sized Enterprises
WB	: World Bank
WHO	: World Health Organization
WP	: Working Paper
WTI	: West Texas Intermediate

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Statistical appendices

TABLE A1 MAIN INDICATORS OF THE ECONOMY

	2019*	2020*	2021**
International Economy (1)			
Economic growth (in %)			
World	2.9	-3.1	6.1
Euro area	1.6	-6.4	5.3
United States	2.3	-3.4	5.7
United Kingdom	1.7	-9.3	7.4
Brazil	1.2	-3.9	4.6
China	6.0	2.2	8.1
Inflation (in %)			
World	3.5	3.2	4.7
Euro area	1.2	0.3	2.6
United States	1.8	1.2	4.7
United Kingdom	1.8	0.9	2.6
Brazil	3.7	3.2	8.3
China	2.9	2.4	0.9
Unemployment (in %)			
Euro area	7.6	8.0	7.7
United States	3.7	8.1	5.4
United Kingdom	3.8	4.5	4.5
Brazil	12.0	13.8	14.2
China	3.6	4.2	4.0
National Economy (2)			
National accounts			
At the price of the year before (change in %)			
Gross domestic product	2.9	-7.2	7.9
Non-agricultural GDP	3.8	-7.1	6.8
Non-agricultural value added	4.0	-6.9	6.6
Taxes on products net of subsidies	2.3	-8.4	8.8
Agricultural value added	-5.0	-8.1	17.8
Household final consumption	2.2	-5.6	8.2
General government final consumption	4.8	-0.5	5.6
Investment	-0.2	-11.9	13.3
At current prices (in billions of dirhams)			
Gross domestic product	1 239.8	1 152.4	1 284.2
Gross National Disposable Income	1 294.3	1 222.6	1 371.7
Gross national saving (in % of GDP)	27.2	27.6	28.8
Investment rate (in % of GDP)	30.6	28.8	31.1
Financing requirement or capacity	42.4	13.4	29.1
Financing requirement or capacity (in % of GDP)	3.4	1.2	2.3

(*) Revised.
(**) Provisional.
(1) Source: Global economic perspectives. IMF April 2022.
(2) Source : High Commission for Planning.

TABLE A1 MAIN INDICATORS OF THE ECONOMY (continued)

	2019*	2020*	2021**
National Economy			
Employment and unemployment			
Activity rate (in %)	45.8	44.8	45.3
Employment rate (in %)	41.6	39.4	39.7
Net job creations (in thousands)	165	-432	230
Unemployment rate (in %)	9.2	11.9	12.3
Productivity and wage costs (change in %)	**-0.3**	**-4.9**	**4.2**
Prices (change in %)			
Inflation	0.2	0.7	1.4
Core inflation	0.5	0.5	1.7
External accounts			
Total exports FOB (in Billions of DH)	284.5	263.1	328.8
Total imports CIF (in Billions of DH)	491.0	422.9	527.4
Trade balance (in % of GDP)	16.7	13.9	15.5
Receipts of travel (variation in %)	7.8	-53.7	-5.9
Receipts Moroccan expatriates (variation in %)	0.1	4.8	37.5
Current account balance (in % of GDP)	-3.4	-1.2	-2.3
Foreign direct investment receipts (in % of GDP)	2.8	2.3	2.5
Public finance (in % of GDP)			
Overall budget balance (1)	-3.8	-7.1	-5.9
Total treasury debt (Direct dept)	60.3	72.2	68.9
Domestic treasury debt	47.2	54.9	53.1
External treasury debt	13.0	17.3	15.9
Public external debt	27.5	32.6	29.5
Money and monetary conditions			
Banking liquidity (in Billions of dirhams)	-76.62	-90.25	-70.78
Key rate (2) (in %)	2.25	1.50	1.50
Lending rate (3) (in %)	5.00	4.55	4.39
Interbank rate (3) (in %)	2.28	1.79	1.50
Official reserve assets (in Billions of dirhams) (2)	253.38	320.57	330.83
Official reserve assets in months of imports (2)	6.9	7.1	6.0
Bank loans (change in %)	5.3	4.6	2.8
Bank loans to the non financial sector (change in %)	5.5	4.0	3.1
Rate of non-performing loans (in %)	7.6	8.4	8.6
Money supply (M3) (in Billions of dirhams)	1 370.5	1 485.1	1 560.8
Real effective exchange rate (annual change)	0.5	1.3	1.3

(*) Revised for the sections of: external accounts, public finance and money and monetary conditions.
(**) Provisional for the sections of: external accounts, public finance and money and monetary conditions.
(1) Excluding the proceeds from the sale of state holdings
(2) At end-December.
(3) Weighted average rates.
Sources : High Commission for Planning, Foreign Exchange Control Office, Ministry of Economy and Finance and Bank Al-Maghrib.

TABLE A2.1 GROSS DOMESTIC PRODUCT AT THE PRICES OF THE PREVIOUS YEAR (BASE 2014)

(Changes In %)

	2017*	2018*	2019*	2020*	2021**
Gross domestic product	**5.1**	**3.1**	**2.9**	**-7.2**	**7.9**
Primary sector	**19.5**	**4.5**	**-3.9**	**-7.1**	**17.6**
Agriculture and forestry	21.5	5.6	-5.0	-8.1	17.8
Fishing and aquaculture	-9.3	-12.5	13.8	12.2	12.7
Secondary sector	**3.4**	**3.1**	**4.1**	**-5.4**	**6.8**
Extraction industry	11.0	-0.8	2.3	2.6	0.9
Manufacturing industries	3.4	3.2	3.4	-7.4	6.1
Electricity and gas distribution - Water distribution, sewage system, waste treatment	2.9	8.8	14.7	-1.3	6.5
Construction	1.3	1.3	0.5	-4.1	10.7
Tertiary sector	**3.3**	**2.9**	**3.9**	**-7.9**	**6.4**
Wholesale and retail trade, repair of motor vehicles and motorcycles	4.6	-0.2	2.1	-6.6	7.9
Transport and storage	1.3	-0.5	5.5	-28.5	15.2
Accommodation and catering activities	10.4	6.2	3.6	-54.6	31.6
Information and communication	-2.0	3.5	2.5	5.1	-0.8
Financial activities and insurance	3.8	1.9	5.3	0.6	4.6
Real estate activities	1.5	3.2	1.8	-0.8	3.0
Research and development and services to companies	4.7	6.1	8.3	-13.4	10.0
General government, compulsory social security	3.9	3.9	6.6	5.3	4.1
Education, health and social action activities	1.1	4.1	2.0	0.8	3.0
Other services	1.9	1.5	0.2	-23.2	2.4
Global added value	**5.2**	**3.1**	**3.0**	**-7.0**	**7.8**
Non-agricultural GDP	**3.3**	**2.8**	**3.8**	**-7.1**	**6.8**
Non-agricultural added value	**3.2**	**2.8**	**4.0**	**-6.9**	**6.6**
Taxes on products net of subsidies	**4.0**	**2.4**	**2.3**	**-8.4**	**8.8**

(*) Revised.
(**) Provisional.
Source : High Commission for Planning.

TABLE A2.2 GROSS DOMESTIC PRODUCT AT CURRENT PRICES BY BRANCH OF ACTIVITY (BASE 2014)

(In millions of dirhams)

	2017*	2018*	2019*	2020*	2021**
Gross domestic product	**1 148 895**	**1 195 237**	**1 239 836**	**1 152 419**	**1 284 154**
Primary sector	**128 220**	**135 128**	**134 428**	**122 896**	**154 559**
Agriculture and forestry	120 299	127 084	127 851	117 094	145 272
Fishing and aquaculture	7 921	8 044	6 577	5 802	9 287
Secondary sector	**291 882**	**301 694**	**313 058**	**300 146**	**334 920**
Extraction industry	20 809	20 789	20 392	16 659	21 749
Manufacturing industries	167 672	177 736	183 041	174 915	197 024
Electricity and gas distribution - Water distribution, sewage system, waste treatment	35 891	37 031	42 938	44 343	44 113
Construction	67 510	66 138	66 687	64 229	72 034
Tertiary sector	**610 049**	**634 322**	**663 041**	**613 065**	**662 044**
Wholesale and retail trade, repair of motor vehicles and motorcycles	118 712	119 305	122 214	111 643	129 473
Transport and storage	39 508	38 724	43 097	33 754	38 916
Accommodation and catering activities	44 817	48 214	50 617	23 416	30 384
Information and communication	29 383	30 286	31 249	32 727	32 269
Financial activities and insurance	48 195	52 304	52 094	51 956	53 536
Real estate activities	79 155	82 619	86 344	86 599	90 341
Research and development and services to companies	50 397	54 407	59 112	51 623	56 992
General government, compulsory social security	101 660	105 827	112 999	119 211	124 902
Education, health and social action activities	80 659	84 471	86 816	87 739	90 559
Other services	17 563	18 165	18 499	14 397	14 672
Global added value	**1 030 151**	**1 071 144**	**1 110 527**	**1 036 107**	**1 151 523**
Non-agricultural GDP	**1 028 596**	**1 068 153**	**1 111 985**	**1 035 325**	**1 138 882**
Non-agricultural added value	**909 852**	**944 060**	**982 676**	**919 013**	**1 006 251**
Taxes on products net of subsidies	**118 744**	**124 093**	**129 309**	**116 312**	**132 631**

(*) Revised.
(**) Provisional.
Source : High Commission for Planning.

TABLE A2.3 GOODS AND SERVICES ACCOUNT AT CURRENT PRICES (BASE 2014)

(In millions of dirhams)

	2017*	2018*	2019*	2020*	2021**	Changes in % 2020*/2019	Changes in % 2021**/2020
RESOURCES							
Gross domestic product	1 148 895	1 195 237	1 239 836	1 152 419	1 284 154	-7.1	11.4
Imports of goods and services	477 560	519 049	519 554	438 514	539 602	-15.6	23.1
EXPENDITURES							
Households final consumption	673 764	702 020	723 177	672 430	754 704	-7.0	12.2
General government final consumption	206 594	215 092	225 389	223 756	238 486	-0.7	6.6
Final national consumption of NPIs(1)	7 765	8 700	8 799	8 204	8 876	-6.8	8.2
Gross fixed capital formation	323 247	332 976	337 145	302 245	346 877	-10.4	14.8
Changes in stocks	38 149	48 798	40 024	27 596	49 847	-31.1	80.6
Acquisitions - cessions of valuables	2 322	2 370	2 158	1 807	2 073	-16.3	14.7
Exports of goods and services	374 614	404 330	422 698	354 895	422 893	-16.0	19.2

(*) Revised.
(**) Provisional.
(1) Non-profit institutions.
Source : High Commission for Planning.

TABLE A2.4 GROSS NATIONAL DISPOSABLE INCOME AT CURRENT PRICES AND ITS APPROPRIATION (BASE 2014)

(In millions of dirhams)

	2017*	2018*	2019*	2020*	2021**	Changes in % 2020*/2019	Changes in % 2021**/2020
Gross domestic product	1 148 895	1 195 237	1 239 836	1 152 419	1 284 154	-7.1	11.4
Net income of property from outside	-17 699	-17 982	-18 673	-11 018	-17 479	-41.0	58.6
Gross national income	1 131 196	1 177 255	1 221 163	1 141 401	1 266 675	-6.5	11.0
Net current transfers from outside	84 303	74 333	73 111	81 200	105 040	11.1	29.4
Gross national disposable income	1 215 499	1 251 588	1 294 274	1 222 601	1 371 715	-5.5	12.2
Final national consumption	888 123	925 812	957 365	904 390	1 002 066	-5.5	10.8
Households	673 764	702 020	723 177	672 430	754 704	-7.0	12.2
General government	206 594	215 092	225 389	223 756	238 486	-0.7	6.6
NPIs(1)	7 765	8 700	8 799	8 204	8 876	-6.8	8.2
Gross national saving	327 376	325 776	336 909	318 211	369 649	-5.5	16.2

(*) Revised.
(**) Provisional.
(1) Non-profit institutions.
Source : High Commission for Planning.

TABLE A2.5 INVESTMENT AND SAVINGS AT CURRENT PRICES (BASE 2014)

(In millions of dirhams)

	2017*	2018*	2019*	2020*	2021**	Changes in % 2020*/2019	Changes in % 2021**/2020
RESOURCES							
Gross national saving	327 376	325 776	336 909	318 211	369 649	-5.5	16.2
Net capital transfers received	0	0	0	3	0	-	-
EXPENDITURES							
Gross fixed capital formation	323 247	332 976	337 145	302 245	346 877	-10.4	14.8
Changes in stocks	38 149	48 798	40 024	27 596	49 847	-31.1	80.6
Acquisitions - cessions of valuables	2 322	2 370	2 158	1 807	2 073	-16.3	14.7
Financing requirement or capacity	-36 342	-58 368	-42 418	-13 434	-29 148	-68.3	117.0

(*) Revised.
(**) Provisional.
Source : High Commission for Planning.

TABLE A2 6 AGRICULTURE

(Area in thousands of hectars / production in millions of quintals / yield in quintals/ha)

	Campagne 2019-2020			Campagne 2020-2021		
	Area	Production	Yield	Area	Production	Yield
Principal cereals	**4 340.5**	**32.1**	**7.4**	**4 354**	**103.2**	**23.7**
Soft wheat	1 852.0	17.7	9.6	1 877	50.6	27.0
Hard wheat	993.3	7.9	8.0	988	24.8	25.1
Barley	1 495.2	6.5	4.3	1 489	27.8	18.7
Pulse crops	**272.0**	**1.5**	**5.5**	**-**	**3.0**	**-**
Market garden crops	**258.1**	**71.9**	**278.6**	**-**	**74.0**	**-**

Sources : Ministry of Agriculture, Fisheries, Rural Development, Water and Forests, National Interprofessional Office of Cereals and Legumes.

TABLE A2.7 ELECTRICITY PRODUCTION

(In GWh)

	2019	2020*	2021**	Changes in % 2021/2020
Net local production (1)	**40 348**	**38 755**	**41 260**	**6.5**
Thermal	32 214	31 044	32 866	5.9
Hydraulic	1 654	1 290	1 213	-6.0
Wind	4 634	4 516	5 024	11.2
Solar	1 581	1 546	1 839	19.0
Electricity exchange balance (***)	**-928**	**232**	**-163**	**-**

(1) The difference between net local production and the total by the source of production represents the contribution of national third parties.
(*) Revised.
(**) Provisional.
(***) The difference between imports and exports.
Source : The National Office of Electricity and Drinking Water.

TABLE A2.8 INDUSTRIAL, ENERGY AND MINING PRODUCTION INDEX

(Base 100 in 2015)

Sector and Branch	2020	2021	Changes in % 2021/2020
Extractive Industries	**138.7**	**141.6**	**2.1**
Extraction of metal ores	98.0	100.6	2.7
Other extractive industries	140.8	143.7	2.1
Manufacturing industries excluding oil refining	**106.1**	**113.2**	**6.7**
Food Industries	117.6	125.5	6.7
Beverage manufacturing	91.9	93.4	1.6
Manufacture of tobacco products	95.5	96.7	1.3
Manufacture of textiles	81.0	90.9	12.2
Clothing industry	87.1	98	12.5
Manufacture of leather and footwear (except leather clothing)	58.4	64.6	10.6
Woodworking and manufacture of articles of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	71.3	85.3	19.6
Paper and cardboard industry	115.7	122.9	6.2
Printing and reproduction of recordings	99.9	109.5	9.6
Chemical industry	147.6	147.8	0.1
Pharmaceutical industry	109.2	115.5	5.8
Manufacture of rubber and plastic products	99.3	121.9	22.8
Other non-metallic mineral product manufacturing	90.6	100.1	10.5
Metallurgy	78.3	91.2	16.5
Manufacture of fabricated metal products, except machinery and equipment	77.8	95.7	23.0
Manufacture of computer, electronic and optical products	92.0	82.9	-9.9
Manufacture of electrical equipment	90.3	107.4	18.9
Manufacture of machinery and equipment N.C.E.	99.9	115.6	15.7
Automotive Industry	101.3	110.6	9.2
Manufacture of other transport equipment	111.2	113.1	1.7
Furniture manufacturing	85.8	85.5	-0.3
Other manufacturing industries	91.0	85.3	-6.3
Repair and installation of machinery and equipment	93.7	112.1	19.6
Electricity production and distribution	**123.4**	**131.6**	**6.6**

Source : High Commission for Planning.

TABLE A2.9 TOURISM

	2018	2019	2020	2021	Changes in % 2021/2020
Total of tourist arrivals	**12 288 708**	**12 932 260**	**2 777 802**	**3 721 702**	**34.0**
Foreign tourists	**6 679 101**	**7 043 006**	**1 407 994**	**1 284 335**	**-8.8**
European Union countries	**4 672 843**	**5 004 616**	**1 002 807**	**873 634**	**-12.9**
France	1 844 397	1 990 813	412 179	493 933	19.8
Spain	814 069	880 818	200 136	99 495	-50.3
Germany	394 328	413 384	79 077	38 894	-50.8
United Kingdom	510 516	551 499	113 258	56 435	-50.2
Italy	305 505	351 916	57 105	52 588	-7.9
Europe out of EU	**468 789**	**466 595**	**93 912**	**85 330**	**-9.1**
America	**563 435**	**603 885**	**99 063**	**94 741**	**-4.4**
United States	304 960	346 702	54 103	66 991	23.8
Canada	130 579	131 497	21 305	19 485	-8.5
Brazil	50 681	47 113	9 596	3 217	-66.5
Middle East (1)	**199 303**	**198 454**	**47 311**	**75 487**	**59.6**
Maghreb	**214 295**	**227 281**	**49 240**	**46 265**	**-6.0**
Africa	**226 525**	**188 792**	**53 779**	**86 466**	**60.8**
Asia	**284 917**	**307 871**	**55 974**	**20 845**	**-62.8**
Other countries	**48 994**	**45 512**	**5 908**	**1 567**	**-73.5**
Moroccans resident abroad	**5 609 607**	**5 889 254**	**1 369 808**	**2 437 367**	**77.9**

(1) Including Egypt.

Source : Ministry of Tourism, Handicrafts, Social and Solidarity Economy.

TABLE A3.1 EMPLOYMENT AND UNEMPLOYMENT

(Population in thousands and rates in percentage)

	2019	2020	2021
Working age population	**26 359**	**26 750**	**27 125**
Labour force	**12 082**	**11 971**	**12 280**
Urban	7 204	7 291	7 511
Rural	4 878	4 680	4 770
Labor force participation rate	**45.8**	**44.8**	**45.3**
Urban	42.3	41.9	42.3
Rural	52.2	50.0	50.9
Employment rate	**41.6**	**39.4**	**39.7**
Urban	36.9	35.3	35.1
Rural	50.3	47.0	48.4
Unemployment rate	**9.2**	**11.9**	**12.3**
By area of residence			
Urban	12.9	15.8	16.9
Rural	3.7	5.9	5.0
By gender			
Men	7.8	10.7	10.9
Women	13.5	16.2	16.8
Group of age			
15 to 24 years	24.9	31.2	31.8
25 to 34 years	15.1	18.5	19.6
35 to 44 years	4.5	6.9	7.0
45 years and over	2.1	4.0	3.8
By diploma			
Without any diploma	3.1	5.6	4.6
With diploma	15.7	18.5	19.6

Source : High Commission for Planning.

TABLE A3.2 SECTORIAL STRUCTURE OF EMPLOYMENT (1)

	Structure in %		Changes In percentage point	Creation of employment (in thousands)
	2020	2021		
Total (in thousands)	**10 542**	**10 772**	**-**	**230**
Agriculture, forestry and fishing	31.3	31.2	-0.1	68
Industries (including craft)	12.1	11.7	-0.4	-19
Construction and public works	10.8	11.2	0.4	71
Services	45.7	45.8	0.1	115

(1) This concerns the employment of persons aged 15 years and above.
Source : High Commission for Planning.

TABLE A3.3 EMPLOYMENT AND UNEMPLOYMENT BY REGION

(in %)

Region	Year	Labor force participation rate			Employment rate			Unemployment rate		
		Urban	Rural	National	Urban	Rural	National	Urban	Rural	National
Tangier-Tetouan-Al Hoceima	2020	44.6	50.1	46.6	38.3	47.7	41.7	14.1	4.7	10.4
	2021	45.4	57.6	49.8	38.4	55.7	44.6	15.5	3.2	10.4
Oriental	2020	40.8	46.4	42.4	31.5	39.0	33.6	22.8	15.9	20.7
	2021	40.7	47.4	42.5	32.2	41.7	34.8	20.8	11.9	18.1
Fez-Meknes	2020	38.7	49.3	42.4	32.3	46.1	37.1	16.6	6.5	12.5
	2021	39.2	48.1	42.3	31.8	45.9	36.6	18.9	4.7	13.4
Rabat-Sale-Kenitra	2020	42.0	50.5	44.2	35.5	47.3	38.6	15.5	6.3	12.7
	2021	42.2	50.2	44.2	35.8	47.5	38.8	15.1	5.3	12.2
Beni Mellal-Khenifra	2020	36.1	51.9	43.5	31.7	49.9	40.2	12.0	3.8	7.4
	2021	37.7	52.2	44.4	32.3	49.3	40.2	14.4	5.5	9.6
Casablanca-Settat	2020	44.8	58.6	47.8	37.3	56.0	41.4	16.6	4.5	13.4
	2021	44.8	58.3	47.7	36.7	55.7	40.8	18.2	4.3	14.6
Marrakech-Safi	2020	41.8	50.7	46.6	37.4	48.5	43.4	10.5	4.3	6.9
	2021	41.9	51.0	46.8	36.1	49.4	43.2	13.9	3.2	7.6
Draa-Tafilalet	2020	35.8	43.9	40.9	31.2	40.8	37.3	12.9	7.0	8.9
	2021	38.5	46.6	43.6	32.3	43.6	39.4	16.0	6.4	9.6
Souss-Massa	2020	41.5	41.6	41.5	35.5	38.5	36.6	14.4	7.5	11.8
	2021	41.6	40.8	41.3	35.6	38.4	36.6	14.4	5.9	11.3
South regions	2020	42.1	51.9	44.1	32.5	46.7	35.4	22.8	10.0	19.8
	2021	42.8	51.5	44.5	33.0	46.1	35.5	22.9	10.5	20.1
Total	**2020**	**41.9**	**50.0**	**44.8**	**35.3**	**47.0**	**39.4**	**15.8**	**5.9**	**11.9**
	2021	**42.3**	**50.9**	**45.3**	**35.1**	**48.4**	**39.7**	**16.9**	**5.0**	**12.3**

Source : High Commission for Planning.

TABLE A4.1 INFLATION

(In percentage. in annual change)

(Base 100 = 2017)

Period	Inflation															
	Global	Volatile food prices	Fuels and lubricants	Tariff-Regulated Products	Core inflation (CPIX)											
					Global	Food products included in the core inflation	Clothing and foot-wear	Hous-ing, water, gas, electric-ity and other fuels (1)	Furniture, household items and routine household mainte-nance	Health (1)	Transport (2)	Communica-tions	Leisure and cul-ture (1)	Education	Restau-rants and hotels	Various goods and services(1)
2020	0.7	2.0	-12.4	1.2	0.5	0.0	0.3	1.3	0.2	0.5	0.7	-0.4	-1.4	2.7	1.1	1.4
January	1.4	4.2	13.9	0.3	0.5	-0.3	1.0	1.3	0.0	0.2	0.0	-0.6	-0.5	3.1	1.7	1.5
February	1.2	3.7	4.9	0.6	0.7	0.1	0.8	1.3	-0.1	0.2	0.7	-0.5	-1.2	3.1	1.5	1.4
March	1.6	9.0	-6.7	0.6	0.8	0.4	0.7	1.3	0.0	0.6	1.0	-0.5	-1.4	3.2	1.5	1.2
April	0.9	6.8	-24.2	0.5	0.9	0.7	0.9	1.1	0.1	0.6	0.5	-0.5	-1.3	3.2	1.3	1.2
May	-0.2	-1.3	-27.2	0.5	0.8	0.3	0.5	1.5	0.2	0.9	1.1	-0.4	-1.6	3.2	1.2	1.2
June	-0.7	-6.2	-20.4	0.6	0.7	0.1	0.4	1.7	0.1	0.3	0.7	-0.4	-1.4	3.1	1.0	1.3
July	-0.1	-4.7	-14.1	1.2	0.7	0.1	0.3	1.5	0.1	0.3	0.8	-0.4	-1.6	3.1	0.7	1.4
August	0.9	1.7	-13.5	1.5	0.6	0.1	0.0	1.1	0.1	0.0	0.9	-0.3	-1.6	3.1	0.6	1.4
September	1.4	7.3	-12.9	1.9	0.3	-0.3	-0.3	1.1	0.2	0.3	0.6	-0.2	-1.6	1.5	0.6	1.3
October	1.3	7.8	-16.0	1.9	0.2	-0.5	-0.6	1.3	0.5	0.6	0.4	-0.1	-1.7	1.8	0.8	1.3
November	0.2	0.8	-15.3	1.9	0.2	-0.7	-0.3	1.1	0.5	0.6	0.5	-0.1	-1.3	1.8	0.8	1.5
December	-0.3	-4.0	-12.1	1.9	0.3	-0.5	0.3	1.3	0.4	1.6	0.7	-0.1	-1.3	1.7	0.7	1.3
2021	1.4	-1.3	12.9	1.2	1.7	1.8	1.9	1.6	1.1	2.2	1.7	-0.2	1.1	1.6	1.0	2.4
January	0.0	-2.4	-11.5	2.1	0.4	-0.3	0.4	1.3	0.5	1.6	1.1	0.0	-0.6	1.7	0.6	0.6
February	0.3	-2.8	-4.7	1.9	0.5	0.0	0.7	1.1	0.5	1.7	0.9	-0.1	-0.2	1.7	0.8	0.6
March	0.1	-6.1	4.6	1.8	0.6	0.0	1.0	1.5	0.5	2.0	1.0	-0.1	0.1	1.7	0.9	0.9
April	1.4	0.4	23.6	1.8	0.8	0.1	1.6	1.5	0.7	2.2	1.4	-0.1	0.2	1.7	0.9	1.4
May	1.9	3.5	25.6	1.8	0.9	0.3	1.9	1.7	0.8	1.8	1.0	-0.2	1.0	1.7	1.1	1.5
June	1.5	0.9	17.7	1.4	1.1	0.7	2.1	1.7	0.9	2.0	1.2	-0.3	1.0	1.8	1.1	1.7
July	2.2	6.2	13.6	0.9	1.5	1.4	2.1	1.7	1.1	2.0	1.6	-0.3	1.1	1.8	1.3	2.9
August	0.8	-4.5	13.7	1.2	1.6	1.4	2.4	1.9	1.2	2.0	1.3	-0.4	1.4	1.8	1.3	2.7
September	1.2	-6.6	15.7	0.7	2.6	3.9	2.5	1.9	1.4	2.2	1.9	-0.4	1.5	1.3	1.2	3.0
October	1.7	-4.6	21.2	0.2	3.1	4.6	3.0	1.9	1.5	2.9	2.3	-0.4	2.1	1.4	1.0	4.4
November	2.6	-0.9	25.2	0.2	3.3	5.0	3.1	1.9	2.0	3.2	2.6	-0.3	2.2	1.3	1.0	4.4
December	3.2	3.1	19.9	0.1	3.6	5.5	3.0	2.1	2.4	2.1	3.1	-0.2	3.4	1.3	1.0	4.5

(1) Excluding products and services with regulated tariffs.
(2) Excluding products and services with regulated tariffs and fuels and lubricants.
Source : Calculated on the basis of data from High Commission for Planning.

TABLE A4.2 INFLATION OF TRADABLES AND NON TRADABLES

(In percentage, in annual change)

Period	Price of tradable goods	Price of non tradable goods	Core inflation
2020	0.3	0.9	0.5
January	-0.3	1.6	0.5
February	0.1	1.4	0.7
March	0.5	1.2	0.8
April	0.6	1.2	0.9
May	0.6	1.0	0.8
June	0.5	0.9	0.7
July	0.6	0.8	0.7
August	0.4	0.9	0.6
September	0.2	0.4	0.3
October	0.1	0.4	0.2
November	0.0	0.4	0.2
December	0.2	0.5	0.3
2021	1.9	1.4	1.7
January	0.4	0.3	0.4
February	0.6	0.3	0.5
March	0.6	0.6	0.6
April	0.7	1.0	0.8
May	0.7	1.2	0.9
June	1.0	1.4	1.1
July	1.3	1.8	1.5
August	1.7	1.5	1.6
September	3.1	1.9	2.6
October	3.7	2.4	3.1
November	4.2	2.3	3.3
December	4.7	2.3	3.6

Source : Calculated on the basis of data from High Commission for Planning.

TABLE A4.3 INDUSTRIAL PRODUCER PRICE INDEX

(In percentage, in annual change)

(base 100 = 2018)

	2021												Changes in % 2021/2020
	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	
Mining industries	**0.1**	**0.1**	**0.1**	**0.1**	**0.3**	**0.3**	**0.3**	**0.1**	**0.1**	**0.0**	**0.0**	**0.0**	**0.1**
Mining hydrocarbons	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining metallic ores	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other extractive industries	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.2	0.2	0.0	0.0	0.0	0.2
Manufacturing industries excluding refining	**-0.5**	**-0.2**	**0.4**	**1.1**	**1.2**	**3.9**	**5.5**	**5.6**	**7.7**	**7.8**	**8.3**	**11.2**	**4.3**
Food industries	2.4	2.6	2.7	3.2	4.3	5.8	5.0	4.4	7.7	8.3	9.3	9.6	5.4
Beverages manufacturing	1.4	1.4	1.4	1.4	1.4	2.4	2.3	3.7	3.7	3.6	3.6	2.6	2.4
Manufacturing of tobacco products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Textile manufacturing	1.4	2.0	2.0	5.1	5.1	5.3	5.3	5.0	5.6	5.4	5.0	5.1	4.4
Manufacturing of wearing apparel	-0.3	-0.3	-0.6	0.7	1.0	-0.2	0.4	0.6	0.7	0.8	0.8	-0.5	0.2
Manufacturing of leather and related products except leather clothing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	-3.1	-1.2	0.0	-0.4	0.6	1.0	2.6	3.8	4.6	4.6	3.8	3.8	1.7
Manufacturing of paper and cardboards	-2.5	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2
Printing and reproduction of recorded media	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	-0.4
Chemical industry	-6.3	-6.3	-4.2	-1.8	-1.4	7.4	15.5	15.5	22.7	22.6	22.3	41.0	10.1
Pharmaceutical industry	0.0	0.0	0.0	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing of rubber and plastic products	-1.0	-1.9	-1.0	-1.0	-1.0	-1.0	-1.0	-0.9	-0.9	-2.9	-2.9	-2.9	-1.5
Manufacturing of other non-metallic products	-0.5	-0.6	-0.2	-0.1	-0.1	-0.5	-0.2	-0.3	-0.2	0.0	0.3	0.5	-0.1
Manufacturing of base metals	0.2	4.4	8.0	7.3	5.3	22.2	20.1	27.6	31.5	29.2	33.1	27.3	17.9
Manufacturing of metal products, except machinery and equipment	0.0	-0.1	0.4	0.9	0.9	1.2	1.3	1.3	1.2	1.3	3.2	3.1	1.2
Computer, electronic and optics products	0.0	0.0	0.1	0.6	0.6	1.8	1.7	1.8	2.0	2.0	1.8	1.8	1.1
Manufacturing of Electric equipment	1.1	1.8	1.7	1.8	1.2	2.2	7.8	7.2	7.6	7.8	7.9	8.0	4.7
Manufacturing of machinery and equipment N.E.C	0.0	0.0	0.0	0.0	0.0	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.3
Automotive industry	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Manufacture of other transport equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacture of furniture	-0.3	-0.3	-0.3	0.5	0.3	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.4
Other manufactured industries	11.3	9.8	9.9	6.3	5.1	4.5	0.7	-3.3	-1.9	-1.1	0.0	0.2	3.2
Production and distribution of electricity	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Production and distribution of water	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Source : High commission for planning.

TABLE A5.1 IMPORTS BY MAIN PRODUCTS

(Weight in thousands of tonnes, Value in millions of dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
TOTAL IMPORTS	**61 128**	**422 861**	**60 476**	**527 423**	**-652**	**-1.1**	**104 562**	**24.7**	**100.0**	**100.0**
FOOD, BEVERAGES AND TOBACCO	**14 413**	**55 220**	**11 839**	**59 881**	**-2 574**	**-17.9**	**4 661**	**8.4**	**19.6**	**11.4**
Wheat	5 522	13 505	4 669	14 294	-853	-15.4	789	5.8	39.4	23.9
Corn	2 867	5 388	2 172	6 074	-695	-24.2	687	12.7	18.3	10.1
Raw or refined sugar	1 293	4 448	1 493	5 926	201	15.5	1 478	33.2	12.6	9.9
Oilcakes and other food industry residues	2 128	5 307	1 708	5 719	-419	-19.7	413	7.8	14.4	9.6
Fresh or dried fruit, frozen or in brine	115	2 068	146	2 630	31	27.2	562	27.2	1.2	4.4
Tea	72	1 919	66	1 866	-5	-7.2	-53	-2.8	0.6	3.1
Dates	74	1 472	113	1 817	39	52.8	345	23.4	1.0	3.0
Miscellaneous food preparations	48	1 483	57	1 789	9	19.1	306	20.6	0.5	3.0
Cereal-based pastries and preparations	67	1 450	71	1 572	4	6.0	122	8.4	0.6	2.6
Other food products	2 230	18 180	1 345	18 194	-885	-39.7	13	0.1	11.4	30.4
ENERGY AND LUBRICANTS	**22 596**	**49 878**	**24 733**	**75 754**	**2 136**	**9.5**	**25 877**	**51.9**	**40.9**	**14.4**
Gas oils and fuel oils	6 219	23 316	6 926	35 976	707	11.4	12 660	54.3	28.0	47.5
Petroleum gas and other hydrocarbons	3 543	11 944	3 504	17 433	-39	-1.1	5 489	46.0	14.2	23.0
Coals, cokes and similar solid fuels	11 274	7 195	12 422	10 607	1 149	10.2	3 412	47.4	50.2	14.0
Other energy products	1 561	7 423	1 880	11 738	319	20.4	4 315	58.1	7.6	15.5
RAW PRODUCTS OF ANIMAL AND VEGETABLE ORIGIN	**1 839**	**12 270**	**1 740**	**15 578**	**-99**	**-5.4**	**3 307**	**27.0**	**2.9**	**3.0**
Raw or refined soybean oil	547	3 905	506	5 775	-41	-7.4	1 870	47.9	29.1	37.1
Raw, sawn or hewn wood	610	2 218	609	2 948	-1	-0.2	730	32.9	35.0	18.9
Seeds, spores and fruits used to plant	92	1 288	34	1 253	-58	-63.4	-35	-2.7	1.9	8.0
Live plants and floriculture products	18	720	18	807	0	-1.3	87	12.1	1.0	5.2
Raw or refined palm or palm kernel oil	57	429	70	783	13	22.6	354	82.5	4.0	5.0
Other raw products of animal and vegetable origin	515	3 711	502	4 012	-12	-2.4	301	8.1	28.9	25.8
RAW MINERAL PRODUCTS	**7 984**	**7 184**	**7 573**	**13 058**	**-410**	**-5.1**	**5 874**	**81.8**	**12.5**	**2.5**
Crude and unrefined sulphur	7 231	4 886	6 716	9 846	-515	-7.1	4 960	101.5	88.7	75.4
Scrap metal, waste and scrap from copper, iron, steel and other ores	432	1 152	516	2 045	84	19.6	893	77.6	6.8	15.7
Other raw products of mineral origin	321	1 147	341	1 168	20	6.2	21	1.8	4.5	8.9

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its usage group and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.1 IMPORTS BY MAIN PRODUCTS (continued)

(Weight in thousands of tonnes Value in millions of dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
SEMI-FINISHED PRODUCTS	**11 889**	**93 224**	**11 772**	**115 489**	**-117**	**-1.0**	**22 265**	**23.9**	**19.5**	**21.9**
Plastic materials and miscellaneous plastic articles	881	12 947	872	16 126	-8	-0.9	3 179	24.6	7.4	14.0
Chemical products	2 817	9 670	2 966	12 134	149	5.3	2 464	25.5	25.2	10.5
Ammonia	1 899	3 991	1 654	6 917	-245	-12.9	2 926	73.3	14.0	6.0
Paper and cardboard, miscellaneous articles in paper and cardboard	592	6 052	652	6 702	60	10.1	650	10.7	5.5	5.8
Copper wires rods and shapes	73	4 440	76	6 221	3	3.6	1 781	40.1	0.6	5.4
Semi-finished products of iron or non-alloy steel	868	3 584	899	5 177	31	3.5	1 593	44.4	7.6	4.5
Flat-rolled products of iron or non-alloy steel	374	3 218	350	3 328	-24	-6.5	109	3.4	3.0	2.9
Iron and non-alloy steel wires, bars and shapes	566	3 340	436	3 260	-130	-23.0	-80	-2.4	3.7	2.8
Raw aluminium, aluminum scrap and powders	78	1 467	133	2 883	54	69.4	1 416	96.5	1.1	2.5
Natural and chemical fertilizers	1 107	2 757	846	2 871	-260	-23.5	114	4.2	7.2	2.5
Electronic components (transistors)	1	1 778	1	2 782	0	10.9	1 004	56.5	0.0	2.4
Electrical wires and cables	35	2 539	36	2 690	1	1.9	150	5.9	0.3	2.3
Prepared wood and articles of wood	278	1 847	373	2 663	95	34.2	816	44.2	3.2	2.3
Other semi-finished products	2 320	35 594	2 479	41 733	159	6.9	6 140	17.2	21.1	36.1
FINISHED PRODUCTS OF AGRICULTURAL EQUIPMENT	**30**	**1 363**	**38**	**1 825**	**8**	**27.4**	**462**	**33.9**	**0.1**	**0.3**
Agricultural tools and machines	24	1 063	28	1 294	4	16.4	232	21.8	74.7	70.9
Cultivators and agricultural tractors	5	290	9	506	4	77.7	216	74.5	24.7	27.7
Other finished products of agricultural equipment	0	11	0	25	0	46.4	14	128.8	0.6	1.4
FINISHED INDUSTRIAL EQUIPMENT PRODUCTS	**845**	**108 706**	**969**	**122 147**	**124**	**14.7**	**13 440**	**12.4**	**1.6**	**23.2**
Miscellaneous machines and appliances	85	10 853	90	10 288	5	6.0	-566	-5.2	9.3	8.4
Piston engines, other motors and parts thereof	70	8 389	74	10 079	4	6.2	1 690	20.1	7.6	8.3
Parts of aircrafts and other air or space vehicles	3	7 360	3	9 515	1	29.6	2 155	29.3	0.3	7.8
Apparatus for cutting or connecting electrical circuits and resistances	28	8 756	30	9 255	1	5.2	499	5.7	3.1	7.6
Wires cables and other insulated conductors for electricity	42	6 999	48	8 040	6	13.1	1 041	14.9	4.9	6.6

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its usage group and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.1 IMPORTS BY MAIN PRODUCTS (end)

(Wheight in thousands of tonnes and Value in millions of dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
Utility cars	70	5 807	81	6 842	12	17.0	1 035	17.8	8.4	5.6
Electrical devices for line telephony or telegraphy	4	7 040	4	6 498	0	-4.3	-542	-7.7	0.4	5.3
Pumps and compressors	40	3 679	44	3 927	4	9.5	248	6.7	4.6	3.2
Bondages and tires	57	2 597	82	3 714	25	42.9	1 117	43.0	8.4	3.0
Automatic data-processing machines and parts thereof	4	2 837	5	3 155	1	26.4	318	11.2	0.5	2.6
Medical and surgical instruments and apparatus	7	2 986	7	2 885	0	2.7	-101	-3.4	0.7	2.4
Measuring, checking or precision instruments	5	2 475	8	2 628	3	59.1	152	6.2	0.9	2.2
Apparatus for receiving, recording or reproducing sound and images	2	2 247	3	2 366	1	25.6	119	5.3	0.3	1.9
Other finished industrial equipment products	428	36 681	490	42 956	62	14.6	6 275	17.1	50.6	35.2
FINISHED CONSUMER PRODUCTS	**1 532**	**95 015**	**1 812**	**123 539**	**280**	**18.3**	**28 525**	**30.0**	**3.0**	**23.4**
Parts and spare parts for cars and tourist vehicles	238	15 801	298	19 734	60	25.1	3 933	24.9	16.4	16.0
Tourist vehicles	116	12 601	158	18 502	42	36.3	5 901	46.8	8.7	15.0
Drugs and other pharmaceuticals	10	7 656	9	13 124	0	-5.1	5 469	71.4	0.5	10.6
Fabrics and yarns of man-made filaments	68	6 527	92	8 967	23	34.1	2 439	37.4	5.1	7.3
Knitted fabrics	88	5 006	119	6 976	31	35.3	1 971	39.4	6.6	5.6
Miscellaneous plastic items	119	5 590	121	6 101	2	1.6	511	9.1	6.7	4.9
Refrigerators, dishwashers and other household items	58	2 575	87	3 850	29	49.2	1 275	49.5	4.8	3.1
Seats, furniture, mattresses and lighting items	96	3 049	109	3 754	13	13.3	706	23.1	6.0	3.0
Cotton fabrics and threads	30	2 586	42	3 650	12	42.2	1 064	41.1	2.3	3.0
Perfumery or toiletries and cosmetic preparations	51	2 625	55	2 952	4	8.1	327	12.4	3.0	2.4
Radio and television receivers	16	2 543	16	2 703	1	4.0	160	6.3	0.9	2.2
Hosiery items	15	2 013	16	2 573	1	7.2	559	27.8	0.9	2.1
Other finished consumer products	628	26 442	691	30 652	63	10.0	4 210	15.9	38.1	24.8
INDUSTRIAL GOLD	**0**	**0**	**0**	**152**	**0**	**697.7**	**152**	**-**	**0.0**	**0.0**

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its usage group, and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.2 EXPORTS BY MAIN PRODUCTS

(Weight in thousands of tonnes / Value in millions of dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
TOTAL EXPORTS	**33 784**	**263 089**	**34 580**	**328 846**	**796**	**2.4**	**65 757**	**25.0**	**100.0**	**100.0**
FOOD PRODUCTS, BEVERAGES AND TOBACCO	**4 073**	**56 796**	**4 251**	**62 808**	**178**	**4.4**	**6 012**	**10.6**	**12.3**	**19.1**
Crustaceans, molluscs and shellfish	131	8 026	137	11 491	6	4.7	3 465	43.2	3.2	18.3
Fresh tomatoes	613	7 470	630	7 693	17	2.7	224	3.0	14.8	12.2
Prepared and preserved fish and shellfish	216	7 910	190	7 309	-26	-11.9	-602	-7.6	4.5	11.6
Fresh, frozen or in brine vegetables	494	5 101	562	5 422	69	13.9	320	6.3	13.2	8.6
Citrus fruits	577	4 985	596	4 765	19	3.3	-219	-4.4	14.0	7.6
Strawberries and raspberries	138	3 866	134	4 466	-4	-2.7	600	15.5	3.2	7.1
Fresh, salted, dried or smoked fish	292	3 814	332	4 297	40	13.7	483	12.7	7.8	6.8
Fresh or dried fruit, frozen or in brine	94	3 407	104	3 985	9	10.0	578	17.0	2.4	6.3
Others products	1 520	12 217	1 567	13 380	47	3.1	1 163	9.5	36.9	21.3
ENERGY PRODUCTS AND LUBRICANTS	**160**	**1 355**	**196**	**2 146**	**36**	**22.6**	**790**	**58.3**	**0.6**	**0.7**
Petroleum oil and lubricants	158	1 272	174	1 628	16	10.4	357	28.0	89.2	75.9
Other energy products	2	83	21	517	20	1245.6	434	520.6	10.8	24.1
RAW PRODUCTS OF ANIMAL AND VEGETABLE ORIGIN	**241**	**5 990**	**254**	**7 258**	**13**	**5.4**	**1 267**	**21.2**	**0.7**	**2.2**
Plants and parts of plants	42	1 564	41	2 774	-2	-4.1	1 209	77.3	16.0	38.2
Inedible animal sub-products	14	930	16	750	2	10.8	-180	-19.4	6.1	10.3
Crude or refined olive oil	20	416	31	611	11	55.1	195	46.9	12.2	8.4
Fish fats and oils	46	827	30	587	-16	-34.8	-240	-29.0	11.8	8.1
Other crude or refined vegetable oils	5	354	14	519	9	163.8	165	46.8	5.5	7.2
Gums, resins and other plant juices and extracts	1	403	1	422	0	49.6	19	4.8	0.3	5.8
Raw or refined soybean oil	26	269	31	421	4	16.7	151	56.1	12.1	5.8
Live plants and floriculture products	9	253	9	233	0	2.1	-21	-8.1	3.4	3.2
Others products	78	974	82	941	5	6.1	-33	-3.4	32.4	13.0
RAW PRODUCTS OF MINERAL ORIGIN	**13 056**	**12 176**	**13 780**	**16 494**	**723**	**5.5**	**4 318**	**35.5**	**39.8**	**5.0**
Phosphates	10 343	7 338	9 865	8 943	-478	-4.6	1 605	21.9	71.6	54.2
Scrap metal, waste and scrap from copper, iron, steel and other ores	62	1 201	98	2 288	36	59.0	1 088	90.6	0.7	13.9
Copper ore	123	1 111	130	1 658	7	6.0	548	49.3	0.9	10.1
Barium sulfate	412	369	1 103	888	690	167.3	519	140.7	8.0	5.4
Others products	2 117	2 158	2 584	2 717	468	22.1	558	25.9	18.8	16.5

(*) Revised.
(**) Provisional.
(***) Represents the part of each product in its usage group, and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.2 EXPORTS BY MAIN PRODUCTS (continued and end)

(Weight in thousands of tonnes / Value in millions dirhams)

	2020*		2021**		Changes				Structure of 2021 in %(***)	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
SEMI FINISHED PRODUCTS	**15 172**	**58 516**	**14 874**	**90 914**	**-298**	**-2.0**	**32 398**	**55.4**	**43.0**	**27.6**
Natural and chemical fertilizers	11 544	32 148	10 788	51 511	-755	-6.5	19 364	60.2	72.5	56.7
Phosphoric acid	1 931	11 383	2 106	19 817	174	9.0	8 434	74.1	14.2	21.8
Electronic components (transistors)	1	2 807	1	4 126	0	34.4	1 319	47.0	0.0	4.5
Electrical wires and cables	9	909	15	1 554	6	73.8	644	70.9	0.1	1.7
Other base metals and works articles thereof	3	1 092	3	1 267	0	-14.2	175	16.0	0.0	1.4
Glass and glassware	34	929	48	1 163	15	43.3	233	25.1	0.3	1.3
Others products	1 651	9 249	1 912	11 478	262	15.8	2 229	24.1	12.9	12.6
FINISHED PRODUCTS OF AGRICULTURAL EQUIPMENT	**0**	**127**	**0**	**157**	**0**	**25.7**	**31**	**24.4**	**0.0**	**0.0**
Agricultural tools and machines	0	11	0	12	0	50.0	1	11.1	48.3	7.5
Cultivators and agricultural tractors	0	2	0	1	0	-54.6	-1	-70.6	3.9	0.4
Other products	0	114	0	145	0	23.1	31	27.4	47.9	92.1
FINISHED PRODUCTS OF INDUSTRIAL EQUIPMENT	**282**	**52 860**	**271**	**55 113**	**-10**	**-3.7**	**2 253**	**4.3**	**0.8**	**16.8**
Wires, cables and other insulated conductors for electricity	177	27 970	176	28 522	0	-0.1	552	2.0	65.0	51.8
Parts of airplanes and other air or space vehicles	2	8 073	2	9 757	0	11.9	1 684	20.9	0.8	17.7
Devices for cutting or connecting electrical circuits and resistors	27	7 068	18	6 787	-9	-34.0	-281	-4.0	6.6	12.3
Piston engines, other engines and parts thereof	9	1 789	10	1 807	0	3.3	18	1.0	3.5	3.3
Electrical devices for wire telephony or telegraphy	0	1 130	0	1 416	0	49.4	286	25.3	0.1	2.6
Integrated circuits and electronic micro-assemblies	1	659	1	881	0	41.8	221	33.6	0.4	1.6
Others products	66	6 171	64	5 944	-2	-3.0	-227	-3.7	23.5	10.8
FINISHED CONSUMER PRODUCTS	**799**	**74 837**	**954**	**93 592**	**154**	**19.3**	**18 756**	**25.1**	**2.8**	**28.5**
Passenger cars	350	28 214	413	37 866	63	17.9	9 652	34.2	43.3	40.5
Confected clothing	63	18 131	79	22 642	16	24.7	4 511	24.9	8.3	24.2
Hosiery items	35	5 804	46	7 524	11	32.6	1 720	29.6	4.8	8.0
Parts and spare for cars and passenger vehicles	83	5 677	117	7 299	35	42.1	1 622	28.6	12.3	7.8
Seats, furniture, mattresses and lighting items	20	2 432	22	2 486	2	10.8	54	2.2	2.3	2.7
Others products	249	14 578	277	15 775	28	11.2	1 197	8.2	29.1	16.9
INDUSTRIAL GOLD	**0**	**430**	**0**	**363**	**0**	**-10.4**	**-68**	**-15.7**	**0.0**	**0.1**

(*) Revised.
(**) Provisional.
(***) Represents the share of each product within its usage group, and the share of each usage group within the total.
Source : Foreign Exchange Office.

TABLE A5.3 DISTRIBUTION OF FOREIGN TRADE BY MAIN PARTNERS

(In millions of dirhams)

	Exports FOB		Imports CIF		Balance	
	2020*	2021**	2020*	2021**	2020*	2021**
Total	**263 089**	**328 846**	**422 861**	**527 423**	**-159 772**	**-198 577**
EUROPE	**184 400**	**219 386**	**268 195**	**323 729**	**-83 795**	**-104 343**
Spain	62 909	70 707	64 935	82 961	-2 026	-12 254
France	57 523	67 063	50 656	55 621	6 868	11 441
Italy	11 587	14 023	21 952	26 717	-10 366	-12 695
United Kingdom	5 378	10 762	5 357	6 541	21	4 221
Germany	8 571	9 664	22 367	23 145	-13 796	-13 481
Netherlands	8 391	8 331	6 282	8 145	2 109	185
Turkey	5 711	7 192	23 074	30 403	-17 362	-23 211
Other countries of Europe	24 330	31 644	73 573	90 195	-49 243	-58 550
ASIA	**26 919**	**38 904**	**90 414**	**122 284**	**-63 495**	**-83 380**
India	11 299	16 243	6 356	9 620	4 943	6 623
Pakistan	2 993	4 905	350	387	2 643	4 518
Arab countries of the Middle East(1)	4 204	3 397	15 857	29 300	-11 653	-25 903
China	2 479	3 259	51 537	61 766	-49 059	-58 508
Japan	1 606	1 748	2 786	3 902	-1 180	-2 154
Singapour	1 729	1 399	945	1 337	783	62
Other countries of Asia	2 609	7 954	12 582	15 972	-9 972	-8 018
AMERICA	**27 437**	**37 254**	**49 206**	**60 078**	**-21 769**	**-22 823**
Brazil	10 856	18 244	7 292	7 632	3 564	10 612
United States	9 369	9 912	26 556	33 571	-17 187	-23 659
Mexico	1 671	2 749	953	1 447	718	1 302
Argentina	2 229	2 722	5 782	7 445	-3 553	-4 723
Canada	1 930	1 945	5 012	5 145	-3 082	-3 200
Other countries of America	1 382	1 682	3 610	4 838	-2 229	-3 156
AFRICA	**21 455**	**26 146**	**13 987**	**19 869**	**7 469**	**6 277**
Ivory Cost	2 373	3 222	128	243	2 245	2 980
Senegal	2 020	2 796	105	141	1 915	2 656
Mauritania	1 743	2 355	14	4	1 729	2 351
Tunisia	844	1 296	1 922	2 280	-1 078	-984
Nigeria	994	1 177	261	284	734	893
Algeria	1 270	1 032	4 012	5 836	-2 743	-4 804
Egypte	854	747	5 521	7 368	-4 667	-6 621
Libya	645	690	127	328	518	362
Other countries of Africa	10 713	12 830	1 898	3 386	8 816	9 444
OCEANIA AND OTHER COUNTRIES	**2 877**	**7 155**	**1 059**	**1 464**	**1 818**	**5 692**

(*) Revised.
(**) Provisional.
(1) Occupied Palestinian territories, Qatar, Jordan, United Arab Emirates, Oman, Kuwait, Syrian Arab Republic, Iraq, Saudi Arabia, Bahrain, Yemen and Lebanon.
Source : Foreign Exchange Office.

TABLE A5.4 BALANCE OF PAYMENT

(In millions of dirhams)

	2021*		
	Credit	Debit	Balance
CURRENT TRANSACTIONS ACCOUNT			
GOODS AND SERVICES	**423 589.3**	**539 989.0**	**–116 399.7**
GOODS	**284 504.0**	**463 285.0**	**–178 781.0**
General merchandise	283 415.0	463 143.0	–179 728.0
Net exports of goods under merchanting	942.0	-	+942.0
Non-monetary gold	147.0	142.0	+5.0
SERVICES	**139 085.3**	**76 704.0**	**+62 381.3**
Manufacturing services performed on physical inputs detained by others	14 643.0	28.0	+14 615.0
Maintenance and repairing services n.i.e (1)	2 481.3	1 198.0	+1 283.3
Transport	25 560.7	33 178.2	–7 617.5
Sea transport	13 990.8	23 927.7	–9 936.9
Air transport	7 364.1	5 545.3	+1 818.8
Other modes of transport	4 079.7	3 155.8	+923.9
Postal and courier services	126.1	549.4	–423.3
Travel	34 310.4	10 654.0	+23 656.4
Business	1 544.0	911.2	+632.8
Personal	32 766.4	9 742.8	+23 023.6
Construction	2 854.2	2 594.4	+259.8
Insurance and pension services	1 509.6	2 020.5	–510.9
Financial services	588.4	1 164.1	–575.7
Charges for the use of intellectual property n.i.e (1)	10.2	1 346.7	–1 336.5
Telecommunications, computer and information services	17 600.4	5 711.2	+11 889.2
Other business services	33 599.3	9 995.9	+23 603.4
Personal, cultural and recreational services	819.0	350.8	+468.2
Government goods and services n.i.e (1)	5 108.8	8 462.2	–3 353.4
PRIMARY INCOME	**7 153.5**	**25 328.4**	**–18 174.9**
Investment income	6 538.3	25 295.8	–18 757.5
Direct investment	4 113.8	16 450.0	–12 336.2
Portfolio investment	18.8	3 963.3	–3 944.5
Other investment	17.7	4 882.5	–4 864.8
Reserve assets	2 388.0	-	+2 388.0
Other primary income	615.2	32.6	+582.6
SECONDARY INCOME	**110 347.7**	**4 921.6**	**+105 426.1**
Public	2 126.8	739.0	+1 387.8
Private	108 220.9	4 182.6	+104 038.3
CURRENT ACCOUNT BALANCE	**541 090.5**	**570 239.0**	**–29 148.5**
CAPITAL ACCOUNT			
Net lending (+) / net borrowing (-)			**–29 148.5**

(*) Provisional.
(1) Not included elsewhere.
Source : Foreign Exchange Office.

TABLE A5.4 BALANCE OF PAYMENT (continued)

(In millions of dirhams)

	2021*		
	Net acquisition of financial assets	Net incurrence of liabilities	Balance
FINANCIAL ACCOUNT			
DIRECT INVESTMENTS	**4 551.0**	**19 355.0**	**-14 804.0**
Equity and investment funds shares	3 660.0	14 533.0	-10 873.0
Debt instruments	891.0	4 822.0	-3 931.0
PORTFOLIO INVESTMENTS	**345.0**	**-2 298.0**	**+2 643.0**
Equity and investment fund shares	345.0	-3 584.0	+3 929.0
Debt securities	-	1 286.0	-1 286.0
FINANCIAL DERIVATIVES	**-2 287.0**	**-1 996.0**	**-291.0**
OTHER INVESTMENTS	**-1 656.0**	**20 457.0**	**-22 113.0**
Other equity	78.0	-	+78.0
Currency and deposits	-6 334.0	8 952.0	-15 286.0
Loans	1.0	-9 127.0	+9 128.0
Insurance, pension and standard guarantee systems	-199.0	132.0	-331.0
Trade credits and advances	4 798.0	9 955.0	-5 157.0
Other accounts receivable / payable	-	-376.0	+376.0
Special Drawing Rights	-	10 921.0	-10 921.0
RESERVE ASSETS	**13 675.0**	**-**	**+13 675.0**
TOTAL ASSETS/LIABILITIES	**14 628.0**	**35 518.0**	**-20 890.0**
Net lending (+) / net borrowing (-)			**-20 890.0**
Net errors and omissions			+8 258.5

(*) Provisional.
Source : Foreign Exchange Office.

TABLE A5.5 INTERNATIONAL INVESTMENT POSITION

(In millions of dirhams)

	2020*			2021**		
	Asset	Liability	Balance	Asset	Liability	Balance
Direct investment	**65 213.5**	**640 923.1**	**-575 709.6**	**69 028.2**	**676 926.2**	**-607 898.0**
Equity and investment fund shares	**59 515.4**	**575 636.3**	**-516 120.9**	**62 601.2**	**606 815.9**	**-544 214.7**
Direct investor in direct investment enterprises	59 515.4	575 636.3	-516 120.9	62 601.2	606 815.9	-544 214.7
Debt instruments	**5 698.1**	**65 286.8**	**-59 588.7**	**6 427.0**	**70 110.3**	**-63 683.3**
Direct investor in direct investment enterprises	5 698.1	65 286.8	-59 588.7	6 427.0	70 110.3	-63 683.3
Portfolio investment	**12 665.5**	**131 498.5**	**-118 833.0**	**13 007.3**	**134 361.5**	**-121 354.2**
Equity and investment funds shares	**11 777.8**	**32 110.9**	**-20 333.1**	**12 112.6**	**32 327.5**	**-20 214.9**
Deposit-taking corporations, except the central bank	1 005.9	10 688.8	-9 682.9	987.0	11 658.6	-10 671.6
Other sectors	10 771.9	21 422.1	-10 650.2	11 125.6	20 668.9	-9 543.3
Other financial corporations	3 089.8	2 457.5	632.3	3 268.8	1 833.4	1 435.4
Nonfinancial corporations, households and NPISHs	7 682.1	18 964.6	-11 282.5	7 856.8	18 835.5	-10 978.7
Debt securities	**887.7**	**99 387.6**	**-98 499.9**	**894.7**	**102 034.0**	**-101 139.3**
Deposit-taking corporations, except the central bank	545.9	959.6	-413.7	538.6	-	538.6
General government	-	73 368.0	-73 368.0	-	71 280.0	-71 280.0
Other sectors	341.8	25 060.0	-24 718.2	356.1	30 754.0	-30 397.9
Other financial corporations	341.8	-	341.8	356.1	-	356.1
Nonfinancial corporations, households and NPISHs	-	25 060.0	-25 060.0	-	30 754.0	-30 754.0
Financial derivatives (other than reserves) and employees stock-options	**314.1**	**356.4**	**-42.3**	**658.3**	**130.4**	**527.9**
Other investment	**90 878.3**	**444 765.1**	**-353 886.8**	**90 010.6**	**463 382.6**	**-373 372.0**
Other equity	**4 342.1**	**-**	**4 342.1**	**4 431.8**	**-**	**4 431.8**
Currency and deposits	**60 213.7**	**39 266.0**	**20 947.7**	**54 938.4**	**48 786.3**	**6 152.1**
Central bank	784.9	2 845.6	-2 060.7	625.1	2 776.1	-2 151.0
Deposit-taking corporations, except the central bank	56 643.7	36 420.4	20 223.3	51 914.3	46 010.2	5 904.1
Other sectors	2 785.1	-	2 785.1	2 399.0	-	2 399.0
Other financial corporations	694.5	-	694.5	721.5	-	721.5
Nonfinancial corporations, households and NPISHs	2 090.6	-	2 090.6	1 677.5	-	1 677.5
Loans	**375.7**	**336 488.2**	**-336 112.5**	**703.7**	**324 651.2**	**-323 947.5**
Central bank	-	27 680.4	-27 680.4	-	19 415.2	-19 415.2
Deposit-taking corporations, except the central bank	375.7	7 239.9	-6 864.2	703.7	7 112.2	-6 408.5
General government	-	128 174.0	-128 174.0	-	134 816.0	-134 816.0
Other sectors	-	173 393.9	-173 393.9	-	163 307.8	-163 307.8
Other financial corporations	-	588.3	-588.3	-	606.3	-606.3
Nonfinancial corporations, households and NPISHs	-	172 805.6	-172 805.6	-	162 701.5	-162 701.5
Insurance, pension and standard guarantee systems	**3 197.8**	**2 788.9**	**408.9**	**2 998.7**	**2 920.4**	**78.3**
Trade credit and advances	**22 749.0**	**58 574.0**	**-35 825.0**	**26 938.0**	**68 528.0**	**-41 590.0**
Other sectors	22 749.0	58 574.0	-35 825.0	26 938.0	68 528.0	-41 590.0
Nonfinancial corporations, households and NPISH	22 749.0	58 574.0	-35 825.0	26 938.0	68 528.0	-41 590.0
Other accounts receivable / payable	**-**	**447.6**	**-447.6**	**-**	**70.0**	**-70.0**
Special drawing rights	**-**	**7 200.4**	**-7 200.4**	**-**	**18 426.7**	**-18 426.7**
Reserve assets	**320 567.4**	**-**	**320 567.4**	**330 831.8**	**-**	**330 831.8**
Monetary gold	11 989.4		11 989.4	12 008.6		12 008.6
Special drawing rights	6 615.2		6 615.2	19 003.7		19 003.7
Reserve position in the IMF	1 889.8		1 889.8	1 913.9		1 913.9
Other reserve assets	300 073.0		300 073.0	297 905.6		297 905.6
TOTAL ASSETS/LIABILITIES	**489 638.8**	**1 217 543.1**	**-727 904.3**	**503 536.2**	**1 274 800.7**	**-771 264.5**

(*) Revised.
(**) Provisional.
Source : Foreign Exchange Office.

TABLE A6.1 TREASURY REVENUE AND EXPENDITURE

(In millions of dirhams)

	2020			2021			Changes in %
	Realization(*)	RFL	Implemen-tation rate of finance bill (%)	Realization(**)	FL	Impleman-tation rate of finance bill (%)	Realization
CURRENT REVENUE	**253 099**	**243 993**	**103.7**	**278 306**	**259 010**	**107.4**	**10.0**
Tax revenues	**222 799**	**207 320**	**107.5**	**242 328**	**221 681**	**109.3**	**8.8**
Direct taxes	92 651	87 515	105.9	90 416	80 112	112.9	-2.4
Corporate tax	48 778	42 914	113.7	44 489	38 236	116.4	-8.8
Income tax	40 165	40 047	100.3	44 163	39 797	111.0	10.0
Other direct taxes	3 708	4 553	81.4	1 764	2 079	84.9	-52.4
Indirect taxes (1)	107 410	99 213	108.3	124 216	116 073	107.0	15.6
VAT	80 020	71 594	111.8	93 255	87 009	107.2	16.5
Interior	30 994	27 093	114.4	32 186	35 305	91.2	3.8
Import	49 025	44 501	110.2	61 070	51 704	118.1	24.6
CDT	27 390	27 620	99.2	30 960	29 063	106.5	13.0
Tobacco	11 024	10 565	104.3	12 222	11 211	109.0	10.9
Energy products	14 417	15 483	93.1	16 363	15 926	102.7	13.5
Others	1 950	1 572	124.1	2 376	1 926	123.4	21.8
Customs duties	9 488	7 930	119.6	11 885	10 768	110.4	25.3
Registration fees and stamp duties	13 250	12 661	104.7	15 811	14 729	107.3	19.3
Non-tax revenues (2)	**27 169**	**33 674**	**80.7**	**32 237**	**34 029**	**94.7**	**18.7**
Monopolies and participations	9 601	14 686	65.4	10 704	17 118	62.5	11.5
Other revenues	17 568	18 988	92.5	21 533	16 912	127.3	22.6
Receipts from specific financing mechanisms	2 550	14 000	18.2	11 900	14 000	85.0	366.7
Revenues of Certain Special Treasury accounts	**3 131**	**3 000**	**104.4**	**3 742**	**3 300**	**113.4**	**19.5**
EXPENDITURE	**341 852**	**329 785**	**103.7**	**357 990**	**341 141**	**104.9**	**4.7**
Current expenditure	**255 968**	**258 972**	**98.8**	**280 271**	**273 041**	**102.6**	**9.5**
Goods and services	191 171	197 295	96.9	203 338	205 710	98.8	6.4
Staff or employees	133 530	135 933	98.2	140 456	139 860	100.4	5.2
Other goods and services	57 641	61 362	93.9	62 882	65 850	95.5	9.1
Public debt	27 259	28 339	96.2	27 116	27 678	98.0	-0.5
Interior	23 147	23 421	98.8	22 419	23 560	95.2	-3.1
Foreign	4 112	4 918	83.6	4 697	4 118	114.1	14.2
Subsidization	13 532	11 860	114.1	21 840	13 550	161.2	61.4
Transfers to local authorities	24 006	21 478	111.8	27 977	26 103	107.2	16.5
CURRENT BALANCE	**-2 869**	**-14 979**	**-**	**-1 965**	**-14 031**	**-**	**-**
Capital expenditure	**85 885**	**70 813**	**121.3**	**77 719**	**68 100**	**114.1**	**-9.5**
Special Treasury accounts Balance	**6 412**	**3 000**	**-**	**3 386**	**7 000**	**-**	**-**
Funds of Covid-19	5 322	-	-	-4 140		-	-
BUDGET DEFICIT	**-82 342**	**-82 792**	**-**	**-76 298**	**-75 131**	**-**	**-**
CHANGE IN PENDING TRANSACTIONS	**14 747**		**-**	**-4 742**		**-**	**-**
FINANCING REQUIREMENTS OR SURPLUS	**-67 595**	**-82 792**	**-**	**-81 041**	**-75 131**	**-**	**-**
Foreign financing	**43 058**	**43 629**	**-**	**8 141**	**34 351**	**-**	**-**
Draws	62 979	60 000	-	18 382	41 000	-	-
Amortization	-19 921	-16 371	-	-10 241	-6 649	-	-
Interior financing	**24 537**	**39 163**	**-**	**67 484**	**36 780**	**-**	**-**
Proceeds from the sale of state holdings	**0**	**0**	**-**	**5 416**	**4 000**	**-**	**-**

(*) Revised.
(**) Preliminary.
(1) Including the share of the VAT receipts paid to local authorities.
(2) Excluding proceeds from the sale of state holdings.
Source : Ministry of Economy and Finance.

TABLE A7.1 MAIN FOREIGN EXCHANGE RATES QUOTED BY BANK AL-MAGHRIB AND EFFECTIVE EXCHANGE RATE

End of period	2020		2021												
	Annual average	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual average
1 EURO (1)	10.823	10.910	10.835	10.816	10.715	10.709	10.755	10.682	10.578	10.561	10.557	10.508	10.452	10.460	10.634
1 DOLLAR (1)	9.502	8.968	8.900	8.941	9.002	8.955	8.849	8.866	8.946	8.966	8.970	9.060	9.155	9.253	8.992
REAL EFFECTIVE EXCHANGE RATE(*)	101.036	102.572			101.499			102.538			102.593			102.798	102.357
NOMINAL EFFECTIVE EXCHANGE RATE(*)	114.312	116.359			116.715			118.022			118.888			120.116	118.435

(*) Quarterly data
(1) Monthly average reference exchange rate.
Source: Bank Al-Maghrib

TABLE A7.2 DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY

(In millions of dirhams)

	Annual average 2020	2021												Annual average 2021
		Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Spot operations														
Currency-againt-currency sale/purchase operations with foreign correspondants	55 684	53 314	39 761	57 927	53 338	46 463	46 810	38 714	44 806	50 185	47 501	53 223	71 874	50 326
Interbank sale/purchase operations against the Moroccan Dirham(*)	19 950	31 002	23 855	31 848	26 914	18 564	16 745	11 233	8 530	10 892	12 339	16 722	28 895	19 795
Currency investments abroad	9 489	7 327	6 425	8 865	10 643	10 559	12 796	11 542	12 169	8 347	9 986	11 588	13 361	10 301
Currency sale by BAM to the banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Forward operations														
Forward purchase of currency by banks customers (import coverage)	11 132	13 003	13 969	18 710	16 502	16 294	17 623	13 053	12 924	14 774	13 517	17 918	18 926	15 601
Forward sale of currency by banks customers (export coverage)	3 352	2 541	2 987	3 171	4 005	2 202	2 094	1 969	1 492	2 316	3 797	3 258	12 695	3 544

(*) The series of the volume processed on the interbank foreign exchange market now includes purchase or sale transactions against the Moroccan Dirham on the local interbank market (one-way), plus the transactions carried out between local and foreign banks.
Source : Bank Al-Maghrib.

TABLE A7.3 BANK LIQUIDITY FACTORS AND BAM INTERVENTIONS(1)

(In millions of dirhams)

	Dec- 20	Jan- 21	Feb- 21	March- 21	April- 21	May- 21	June- 21	July- 21	Aug- 21	Sept- 21	Oct- 21	Nov- 21	Dec- 21
Notes and coins	317 136	319 466	317 698	316 303	317 582	324 681	323 617	336 001	339 675	339 447	338 141	338 355	337 055
Treasury's net position (2)	-6 537	-6 426	-5 548	-4 188	-5 325	-4 198	-3 846	-3 440	-4 688	-3 926	-5 551	-3 624	-4 445
Bank Al-Maghrib net foreign exchange holdings	266 945	279 756	283 279	280 286	277 340	275 997	274 847	274 071	273 569	206 476	285 454	284 874	291 251
Other net factors	-26 648	-19 898	-23 382	-21 022	-17 800	-14 922	-15 866	-15 678	-15 314	53 937	-15 534	-14 431	-14 590
Bank's structural liquidity position (3)	-83 375	-66 034	-63 349	-61 227	-63 368	-67 805	-68 482	-81 049	-86 107	-82 960	-73 771	-71 535	-64 840
Reserve requirement	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus or liquidity requirement	-83 375	-66 034	-63 349	-61 227	-63 368	-67 805	-68 482	-81 049	-86 107	-82 960	-73 771	-71 535	-64 840
Bank Al-Maghrib money market interventions	**97 298**	**78 856**	**73 007**	**72 207**	**73 877**	**77 057**	**78 142**	**101 982**	**95 590**	**92 195**	**84 154**	**83 255**	**82 769**
7-days advance on call for tenders	42 398	33 622	27 520	27 420	30 112	31 895	30 638	49 060	38 835	33 653	32 756	34 018	36 494
Repo	19 565	15 371	15 713	15 690	15 017	15 970	18 553	24 713	30 094	30 866	25 624	24 504	22 725
Advances at 24 hours	0	0	0	0	0	0	0	120	0	0	0	0	0
Guaranteed loans	29 136	25 263	26 974	27 898	28 748	29 192	28 952	28 089	26 412	26 677	25 774	24 708	23 490
Change Swap	6 200	4 600	2 800	1 200	0	0	0	0	250	1 000	0	25	60

(1) Monthly outstanding amounts calculated on the basis of end-of-week averages.
(2) The Treasury's net position is the difference between, on the one hand, the total of advances granted to the Treasury and the treasury bonds - open market transactions held by Bank Al-Maghrib, and on the other hand, the total of accounts of the Treasury and Hassan II Fund for economic and social development.
(3) Bank's structural liquidity position is the net effect of autonomous factors on bank treasuries It is calculated as follows : BSLP = Net foreign assets of Bank Al-Maghrib + Treasury's net position + Other net factors - Notes and coins in circulation.
Source: Bank Al-Maghrib.

TABLE A7.4 MONEY MARKET RATES IN 2021

(in %)

Month	Bank Al-Maghrib's intervention rate		Interbank market rate	
	7-days advances	24-hours advances	Monthly average	Month end
January	1.50	2.50	1.50	1.50
February	1.50	2.50	1.50	1.50
March	1.50	2.50	1.50	1.50
April	1.50	2.50	1.50	1.50
May	1.50	2.50	1.50	1.50
June	1.50	2.50	1.50	1.50
July	1.50	2.50	1.50	1.50
August	1.50	2.50	1.50	1.50
September	1.50	2.50	1.50	1.50
October	1.50	2.50	1.50	1.50
November	1.50	2.50	1.50	1.50
December	1.50	2.50	1.50	1.50

Source: Bank Al-Maghrib.

TABLE A7.5 INTEREST RATES OF DEPOSITS WITH BANKS

(in %)

	2020		2021	
	January -June	July- December	January -June	July- December
Savings accounts (1)	1.80	1.74	1.27	1.03

(1) The minimum rate on savings books is equal to the weighed average rate of 52 weeks treasury bills issued by tender during previous semester minus 50 basis points.
Source: Bank Al-Maghrib.

TABLE A7.6 DEPOSIT RATES IN 2021

(in %)

Month	6-month deposits	12- month deposits
January	2.48	2.70
February	2.35	2.82
March	2.43	2.79
April	2.21	2.73
May	2.13	2.48
June	2.35	2.69
July	2.41	2.58
August	2.25	2.54
September	2.35	2.60
October	2.13	2.21
November	2.15	2.51
December	2.19	2.53

Source: Bank Al-Maghrib.

TABLE A7.7 WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER

(in %)

Months		Maturities								
		13-weeks bills	26-weeks bills	52-weeks bills	2-years bills	5-years bills	10-years bills	15-years bills	20-years bills	30-years bills
2020	January	-	-	2.32	2.36	-	2.65	2.94	3.30	3.92
	February	2.20	-	2.35	2.41	-	2.64	2.94	3.19	3.81
	March	-	-	2.35	2.41	2.50	-	2.95	3.19	3.80
	April	2.15	-	2.29	2.35	-	-	-	-	-
	May	2.08	2.16	2.20	2.32	2.48	-	-	3.20	-
	June	1.79	1.98	2.00	2.01	2.36	2.40	2.90	2.86	3.73
	July	1.47	1.55	-	1.77	-	2.39	-	2.86	3.47
	August	1.56	1.62	-	1.85	2.10	-	-	-	-
	September	1.53	1.59	1.68	1.86	2.10	-	-	-	-
	October	1.47	1.55	1.64	1.84	2.10	-	-	-	-
	November	1.51	1.62	1.81	2.01	2.18	2.62	2.85	3.06	-
	December	-	1.65	1.93	2.18	2.31	-	2.75	-	-
2021	January	1.43	1.47	1.55	1.76	1.99	2.38	2.68	2.94	3.34
	February	1.36	1.42	1.53	1.67	1.93	2.35	2.63	2.89	-
	March	1.32	1.41	1.53	1.66	1.95	2.29	2.62	2.82	3.27
	April	-	-	-	1.71	1.95	-	-	2.83	3.27
	May	1.32	1.42	1.51	1.68	1.96	2.32	2.63	2.83	-
	June	-	1.41	1.52	1.69	1.98	2.33	-	2.83	-
	July	1.39	-	1.57	1.78	2.03	2.36	2.64	2.84	3.28
	August	1.38	1.41	1.57	1.77	2.04	2.36	2.65	-	-
	September	1.36	1.40	1.56	1.76	2.06	2.37	-	2.84	-
	October	-	-	1.55	1.73	2.04	2.38	2.64	-	3.28
	November	1.35	1.39	1.53	1.71	1.98	2.32	2.64	2.84	3.28
	December	1.35	1.4	1.56	1.73	2.01	2.32	-	-	-

Source: Bank Al-Maghrib

TABLE A7.8 INTEREST RATES (1) OFFERED ON NEGOTIABLE DEBT SECURITIES

(in %)

	2020	2021
Certificates of deposit		
Under 32 days	-	-
32 days to 92 days	1.72 - 2.85	1.51 - 2.20
93 days to 182 days	1.70 - 2.70	1.64 - 3.20
183 days to 365 days	1.80 - 3.00	1.64 - 3.00
366 days to 2 years	2.00 - 2.90	1.85 - 3.30
More than 2 years up to 3 years	2.72 - 3.15	2.13 - 2.30
More than 3 years up to 5 years	2.25 - 3.00	2.35 - 2.66
More than 5 years	2.53 - 3.40	2.37 - 3.00
Financing companies bonds		
2 years	2.15 - 2.90	1.98 - 2.28
More than 2 years up to 3 years	2.52 - 2.99	2.04 - 2.39
More than 3 years up to 5 years	2.53 - 3.13	2.24 - 2.71
More than 5 years	2.90	-
Commercial papers		
Under 32 days	3.70 - 5.00	3.80 - 4.35
32 days to 92 days	3.70 - 5.00	2.16 - 4.95
93 days to 182 days	2.15 - 5.00	2.06 - 4.35
183 days to 365 days	2.54 - 4.95	2.05 - 4.15

(1) Minimum and maximum observed.
(-) No emission.
Source: Bank Al-Maghrib

TABLE A7.9 RATE (1) OF PRIVATE BONDS

(in %)

	2020	2021
Less than 4 years	2.76 - 5.05	1.89 - 4.00
More than 4 years to 5 years	2.63 - 3.45	2.38 - 4.97
More than 5 years to 7 years	2.37 - 4.13	2.12 - 5.16
More than 7 years to 10 years	2.17 - 4.14	2.42 - 4.69
More than 10 years to 15 years	3.91	-
More than 15 years to 20 years	2.25 - 3.75	-
More than 20 years to 25 years	-	-
More than 25 years to 30 years	3.46 - 3.98	3.59
Over 30 years	4.12* - 5.44*	3.96* - 4.63*

(1) Minimum and maximum observed.
(-) No issue of securities.
(*) These are the perpetual bonds.
Source : Maroclear.

TABLE A7.10 LENDING RATES

(in %)

Periods / Agent and economic object	Q1-21	Q2-21	Q3-21	Q4-21
Average lending rate (in %)	**4.45**	**4.32**	**4.35**	**4.44**
Loans to individuals	**5.19**	**5.19**	**5.20**	**5.16**
Housing loans	4.33	4.26	4.24	4.24
Consumer loans	6.50	6.64	6.51	6.47
Loans to sole proprietors	**4.48**	**4.75**	**4.94**	**5.17**
Accounts receivable and cash advances	5.08	5.25	5.37	5.56
Equipment loans	3.68	3.85	3.89	4.14
Loans to property development	5.42	4.91	5.31	5.51
Loans to enterprises	**4.23**	**4.04**	**4.17**	**4.26**
By economic purpose				
Accounts receivable and cash advances	4.04	3.96	3.95	4.06
Equipment loans	4.49	4.13	4.84	4.58
Loans to property development	5.81	5.59	5.71	5.78
By size of the enterprise				
VSME	4.89	4.83	4.98	4.88
Large companies	3.89	3.71	3.83	4.01

Source: Bank Al-Maghrib.

TABLE A7.11 MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS(1)

(Annual rates in %)

Periods / rates	April 2019 - March 2020	April 2020 - March 2021	April 2021 - March 2022	April 2022 - March 2023
Maximum interest rate agreed (MIRA)	13.57	13.52	13.36	13.09

(1) The maximum conventional interest rate (TMIC) is calculated annually on April 1 of each year, depending on variation recorded during the previous calendar year in the deposit rate on 6-month and 1-year deposits.

Source: Bank Al-Maghrib.

TABLE A 8.1 MONETARY AND LIQUID INVESTMENTS AGGREGATES

(In billions of dirhams)

	2019	2020	2021												Annual change (%)		
			Janv	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2019	2020	2021
Currency in circulation	**250.2**	**300.6**	**303.6**	**301.7**	**299.7**	**303.5**	**307.1**	**307.9**	**322.4**	**321.7**	**319.4**	**321.3**	**319.4**	**320.1**	**7.1**	**20.1**	**6.5**
Bank notes and coins in circulation	266.8	319.3	319.1	317.4	315.3	318.9	322.7	324.5	340.6	339.4	336.9	337.6	337.4	337.7	7.4	19.7	5.8
Banks cash holdings (To be deducted)	16.5	18.7	15.5	15.8	15.6	15.4	15.6	16.6	18.3	17.7	17.6	16.3	18.0	17.6	11.2	12.8	-5.7
Bank money	**661.6**	**718.8**	**709.9**	**708.6**	**717.0**	**713.2**	**717.1**	**735.0**	**726.6**	**730.7**	**739.0**	**732.2**	**737.8**	**766.7**	**5.8**	**8.6**	**6.7**
Demand deposits with BAM	2.3	2.8	4.5	5.8	5.8	5.5	5.5	5.1	4.7	4.2	4.1	3.8	3.8	2.8	10.6	24.4	-3.1
Demand deposits with banks	587.2	649.3	639.2	638.4	646.3	641.3	647.0	665.5	659.9	660.3	669.9	665.0	671.1	698.7	4.7	10.6	7.6
Demand deposits with the Treasury	72.1	66.6	66.1	64.4	64.9	66.4	64.6	64.5	62.0	66.2	65.1	63.4	62.9	65.3	15.8	-7.6	-2.1
M1	**911.8**	**1 019.4**	**1 013.4**	**1 010.3**	**1 016.6**	**1 016.7**	**1 024.2**	**1 043.0**	**1 049.0**	**1 052.4**	**1 058.4**	**1 053.4**	**1 057.2**	**1 086.8**	**6.2**	**11.8**	**6.6**
Demand deposits	**166.5**	**169.4**	**170.2**	**170.9**	**171.3**	**171.8**	**172.3**	**171.8**	**173.0**	**172.9**	**173.4**	**173.5**	**173.3**	**174.2**	**4.6**	**1.7**	**2.8**
Savings accounts in banks	166.5	169.4	170.2	170.9	171.3	171.8	172.3	171.8	173.0	172.9	173.4	173.5	173.3	174.2	4.6	1.7	2.8
M2	**1 078.3**	**1 188.8**	**1 183.6**	**1 181.2**	**1 187.9**	**1 188.5**	**1 196.5**	**1 214.7**	**1 222.0**	**1 225.3**	**1 231.8**	**1 226.9**	**1 230.5**	**1 261.0**	**5.9**	**10.2**	**6.1**
Other monetary assets	**292.2**	**296.4**	**293.9**	**294.7**	**298.6**	**305.7**	**309.2**	**327.0**	**318.9**	**313.3**	**319.5**	**318.6**	**321.1**	**299.8**	**-3.5**	**1.4**	**1.2**
Time accounts and fixed-term bills with banks	149.9	135.6	135.9	135.8	137.0	138.0	140.0	139.0	139.7	139.8	140.2	139.0	139.3	136.5	-7.0	-9.5	0.6
Money market UCITS	54.6	63.9	66.2	66.7	68.6	69.7	73.6	74.6	72.2	71.1	75.1	74.0	77.3	71.9	-3.4	17.1	12.5
Deposits in foreign currencies (1)	42.0	39.8	39.9	40.5	41.3	44.4	44.0	49.6	51.7	50.3	47.8	49.6	52.6	41.9	12.4	-5.4	5.4
Securities sold under repurchase agreements	5.6	12.8	10.6	9.7	9.6	11.3	8.9	9.4	11.5	9.1	8.3	13.7	10.2	10.4	-19.4	128.7	-19.0
Certificates of deposit of a residual maturity of 2 years or less	28.6	29.6	29.9	30.4	29.7	30.5	30.3	32.1	33.0	32.5	32.2	31.7	29.9	28.9	3.0	3.5	-2.4
Time accounts with the treasury	8.3	6.9	6.7	6.9	7.2	7.2	7.5	7.5	7.4	7.2	7.3	7.6	7.8	7.8	-16.4	-16.6	13.5
Other deposits(2)	3.1	7.7	4.7	4.6	5.3	4.6	4.8	14.8	3.5	3.3	8.5	2.9	3.9	2.4	1.4	145.7	-68.8
M3	**1 370.5**	**1 485.1**	**1 477.5**	**1 475.8**	**1 486.5**	**1 494.2**	**1 505.6**	**1 541.7**	**1 540.9**	**1 538.6**	**1 551.4**	**1 545.6**	**1 551.6**	**1 560.8**	**3.8**	**8.4**	**5.1**
LI	**741.5**	**796.5**	**795.3**	**820.2**	**832.7**	**828.3**	**844.6**	**857.4**	**845.3**	**834.6**	**857.0**	**861.9**	**868.8**	**883.6**	**5.9**	**7.4**	**10.9**
LI 1	409.2	440.1	434.2	431.7	438.7	435.1	449.3	458.9	441.6	434.6	452.4	450.6	452.3	478.7	2.8	7.5	8.8
LI 2	272.5	295.2	298.1	311.2	314.7	312.1	311.1	311.9	316.6	309.3	311.4	311.2	315.8	303.0	8.0	8.3	2.6
LI 3	59.8	61.2	63.0	77.3	79.3	81.0	84.2	86.7	87.1	90.6	93.1	100.1	100.7	101.9	19.8	2.3	66.5

(1) Demand and time deposits in foreign currencies with banks.
(2) Loans made by banks from financial corporations.
Source: Bank Al-Maghrib.

TABLE A 8.2 BREAKDOWN OF MONETARY ASSETS BY INSTITUTIONAL SECTOR

(In billions of dirhams)

	2019	2020	2021												Annual change (%)		
			Janv	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2019	2020	2021
Households	**734.7**	**773.5**	**776.2**	**780.1**	**782.4**	**782.3**	**785.1**	**790.2**	**792.1**	**792.4**	**795.0**	**793.5**	**792.7**	**794.9**	**4.0**	**5.3**	**2.8**
Demand deposits	443.5	486.8	489.2	492.7	495.4	495.3	499.2	507.4	507.9	507.9	511.0	509.7	508.9	513.9	4.9	9.8	5.6
Savings accounts with banks	166.5	169.4	170.2	170.9	171.3	171.8	172.3	171.8	173.0	172.9	173.4	173.5	173.3	174.2	4.6	1.7	2.8
Time accounts and fixed-term bills with banks	102.3	95.4	94.1	94.2	93.3	93.0	91.7	89.5	89.1	89.2	88.3	88.6	88.6	87.8	1.8	-6.7	-8.0
Deposits in foreign currencies	12.2	11.9	12.3	12.1	12.0	11.8	11.7	12.0	11.9	11.7	11.8	11.6	11.4	9.3	1.0	-2.1	-22.0
Certificates of deposits of a residual maturity of 2 years or less	3.4	3.4	3.3	3.5	3.4	3.3	3.0	2.7	3.0	3.1	2.7	2.7	2.7	2.6	-9.4	-1.2	-21.7
Money market UCITS	6.8	6.6	7.1	6.8	7.0	7.0	7.2	7.0	7.2	7.6	7.7	7.4	7.9	7.1	-13.7	-2.8	7.0
Private nonfinancial corporations	**178.4**	**182.9**	**176.6**	**177.0**	**180.7**	**178.2**	**176.9**	**187.6**	**186.8**	**187.3**	**192.3**	**194.4**	**201.6**	**213.2**	**0.9**	**2.5**	**16.6**
Demand deposits	115.0	127.5	120.5	119.4	120.6	118.4	117.8	124.9	122.9	122.8	125.1	124.2	127.3	142.0	4.7	10.8	11.4
Time accounts and fixed-term bills with banks	21.5	17.7	17.4	17.6	16.6	16.0	15.8	15.5	16.0	16.2	17.0	16.5	17.4	17.4	-11.4	-17.6	-1.8
Deposits in foreign currencies	11.7	12.1	11.6	11.9	12.8	13.1	13.9	14.7	16.5	16.0	13.7	16.2	17.2	14.9	5.6	3.3	23.1
Money market UCITS	28.7	25.2	26.7	27.8	30.4	30.3	28.9	31.8	30.7	31.2	35.7	36.9	39.1	38.1	-8.0	-12.3	51.4
Public sector	**28.3**	**32.3**	**32.0**	**30.9**	**33.4**	**33.5**	**37.8**	**45.2**	**44.4**	**44.1**	**45.3**	**44.3**	**45.7**	**37.5**	**-15.2**	**14.3**	**16.0**
Demand deposits	13.3	12.9	12.2	11.9	14.2	12.7	13.2	14.3	13.4	13.8	14.7	14.8	14.8	15.6	2.8	-2.9	21.1
Time accounts and fixed-term bills with banks	6.2	3.7	3.4	4.1	4.1	5.0	5.2	7.3	7.9	7.4	7.4	6.3	6.3	6.1	-51.1	-40.1	64.9
Money market UCITS	6.8	13.9	15.2	14.1	13.6	13.1	17.7	17.6	16.6	16.3	16.3	15.4	15.3	13.8	-2.5	105.5	-0.4
Other financial corporations	**83.4**	**107.2**	**102.7**	**101.0**	**104.2**	**107.9**	**112.9**	**125.0**	**112.8**	**105.4**	**112.4**	**107.1**	**106.6**	**107.2**	**-1.4**	**28.5**	**0.0**
Demand deposits	7.8	13.0	11.1	9.6	10.9	8.6	12.4	13.9	10.3	8.6	11.7	9.5	12.4	18.4	2.8	67.1	41.9
Time accounts and fixed-term bills with banks	15.5	16.1	18.5	17.4	20.4	21.2	24.1	23.7	24.2	24.5	24.8	24.6	24.3	22.4	-22.0	3.8	39.0
Other deposits	2.6	7.4	4.4	4.2	4.9	4.2	4.4	14.3	3.2	3.0	8.2	2.5	3.6	2.0	-10.1	184.9	-72.9
Deposits in foreign currencies	15.7	13.7	14.5	15.3	14.7	16.5	16.4	16.7	16.6	16.0	15.4	14.0	14.5	15.6	21.6	-13.2	14.0
Certificats of deposits of a residual maturity of 2 years or less	24.9	25.9	26.3	26.7	26.0	26.9	26.9	28.7	29.4	28.7	28.6	28.3	26.6	25.6	4.6	4.1	-1.4
Money market UCITS	12.3	18.2	17.2	18.1	17.7	19.2	19.8	18.3	17.6	16.1	15.4	14.4	15.0	12.9	17.6	48.2	-29.6
Values given in pension	4.5	12.8	10.6	9.7	9.6	11.3	8.9	9.4	11.5	8.7	8.3	13.7	10.2	10.4	-35.0	183.6	-18.9

Source: Bank Al-Maghrib.

TABLE A 8.3 M3 COUNTERPARTS

(In billions of dirhams)

	2019	2020**	2021												Annual change (%)		
			Janv	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2019	2020	2021
Claims on the economy	**1 079.9**	**1 131.7**	**1 120.2**	**1 121.6**	**1 134.3**	**1 141.8**	**1 150.8**	**1 172.5**	**1 160.6**	**1 160.4**	**1 178.2**	**1 169.3**	**1 168.0**	**1 176.9**	**5.6**	**4.8**	**4.0**
Nets claims of ODC	1 078.5	1 130.1	1 118.9	1 120.3	1 133.0	1 140.5	1149.4	1 171.1	1 159.2	1 159.0	1 176.8	1 167.9	1 166.6	1 175.5	5.5	4.8	4.0
Banks loans	917.2	959.0	933.9	932.2	950.4	950.0	951.0	987.8	962.9	965.2	984.5	967.2	966.9	985.5	5.3	4.6	2.8
Of which participation financing	9.1	13.5	13.9	14.4	14.9	15.5	16.0	16.9	17.2	17.6	18.0	18.5	18.8	19.3	99.0	48.1	42.9
Net claims on central government	**212.4**	**239.4**	**243.4**	**246.4**	**248.6**	**253.4**	**250.2**	**268.4**	**272.7**	**273.6**	**270.7**	**269.0**	**278.9**	**272.5**	**4.6**	**12.7**	**13.8**
Nets claims of ODC	211.9	243.6	248.0	248.3	250.6	255.7	251.7	269.0	274.6	274.9	271.6	270.2	279.5	275.9	4.8	15.0	13.2
Loans	58.6	55.2	55.2	55.3	53.4	52.5	53.0	60.3	59.8	59.3	59.0	60.3	58.9	59.5	3.8	-5.8	7.8
Treasury bills portfolio	160.3	195.8	204.0	201.8	211.3	212.5	212.7	219.8	220.6	225.7	221.9	217.7	226.5	223.3	3.8	22.2	14.0
Banks	145.7	168.7	176.9	173.6	183.4	180.4	181.1	188.6	189.9	191.2	189.1	187.6	197.3	193.2	6.7	15.8	14.5
Money market UCITS	14.6	27.1	27.2	28.2	28.0	32.1	31.6	31.2	30.7	34.5	32.9	30.1	29.2	30.2	-18.0	85.9	11.3
Net claims of depository institutions on non residents	**263.9**	**316.5**	**318.6**	**316.9**	**312.6**	**313.2**	**308.6**	**307.9**	**313.0**	**313.2**	**313.6**	**317.4**	**321.4**	**316.9**	**5.5**	**20.0**	**0.1**
Official reserve assets	253.4	320.6	313.9	308.5	305.1	304.0	304.5	300.8	301.1	312.6	317.8	320.7	322.7	330.8	8.4	26.5	3.2
Monetary Gold	10.4	12.0	11.8	11.2	10.9	11.2	12.0	11.2	11.6	11.5	11.1	11.5	11.8	12.0	19.0	15.4	0.2
Foreign currency	6.3	26.1	27.2	29.8	31.1	26.0	20.4	16.7	18.7	23.7	19.6	17.7	18.9	15.9	85.0	314.5	-39.0
Securities deposits included in the official reserves	227.6	274.0	264.9	257.7	253.3	257.1	262.4	263.3	261.1	256.8	266.5	270.8	271.2	282.0	7.1	20.4	2.9
Reserve position in the IMF	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	-0.3	-3.3	1.3
SDR holdings	7.1	6.6	8.1	7.9	7.9	7.9	7.8	7.8	7.8	18.7	18.7	18.8	18.9	19.0	-1.0	-7.3	187.3
Counterparts of deposits with the Treasury	**80.4**	**73.5**	**72.8**	**71.3**	**72.1**	**73.6**	**72.1**	**72.0**	**69.4**	**73.4**	**72.4**	**71.1**	**70.8**	**73.1**	**11.4**	**-8.5**	**-0.6**
Non-monetary liabilities	**242.2**	**243.2**	**245.7**	**246.0**	**245.2**	**251.6**	**245.7**	**242.4**	**245.8**	**246.7**	**249.1**	**251.3**	**255.3**	**257.2**	**10.7**	**0.4**	**5.8**
DC capital and reserves	160.7	160.9	162.0	159.8	160.7	164.9	159.5	157.7	161.8	162.1	164.8	166.8	169.8	171.1	7.8	0.1	6.3
DC Non-monetary liabilities	81.5	82.4	83.7	86.2	84.4	86.7	86.2	84.7	84.0	84.6	84.3	84.5	85.5	86.2	16.8	1.1	4.6
Others nets items	**23.9**	**32.8**	**31.8**	**34.4**	**36.0**	**36.3**	**30.4**	**36.6**	**29.1**	**35.4**	**34.5**	**29.9**	**32.2**	**21.3**	**169.4**	**37.4**	**-35.0**
Total counterparts(*)	**1 370.5**	**1 485.1**	**1 477.5**	**1 475.8**	**1 486.5**	**1 494.2**	**1 505.6**	**1 541.7**	**1 540.9**	**1 538.6**	**1 551.4**	**1 545.6**	**1 551.6**	**1 560.8**	**3.8**	**8.4**	**5.1**

(*) Total of counterparts= Net claims of depository institutions on non residents + Net claims on central government + Claims on the economy+ Counterparts of deposits with the Treasury - Non-monetary liabilities - Other net items.
(**) Revised.
Source: Bank Al-Maghrib.

TABLE A 8.4 BREAKDOWN OF LOANS BY ECONOMIC PURPOSE AND BY INSTITUTIONAL SECTOR (*)

(In billions of dirhams)

	2019	2020**	2021												Annual change (%)		
			Janv	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2019	2020	2021
Bank loans(*)	**917.2**	**959.0**	**933.9**	**932.2**	**950.4**	**950.0**	**951.0**	**987.8**	**962.9**	**965.2**	**984.5**	**967.2**	**966.9**	**985.5**	**5.3**	**4.6**	**2.8**
By economic purpose																	
Accounts receivable and cash advances	189.7	206.0	208.5	209.0	211.0	214.0	214.3	227.1	227.4	223.3	228.2	227.8	224.5	225.7	6.8	8.5	9.6
Equipment loans	184.0	180.1	178.4	178.5	180.0	180.7	180.0	179.4	178.9	177.2	177.1	177.8	179.4	171.3	5.7	-2.2	-4.9
Real-estate loans	276.7	284.2	282.9	283.5	285.2	286.5	288.2	289.8	288.3	288.2	289.0	288.9	289.4	291.1	3.5	2.7	2.4
Home loans	215.0	222.4	222.8	224.1	225.8	227.7	228.9	230.7	230.6	230.0	231.0	231.3	232.1	232.8	3.8	3.4	4.7
Including: Participatory financing for housing	7.8	11.3	11.6	12.0	12.4	12.8	13.2	14.0	14.3	14.6	15.0	15.3	15.5	15.9	90.9	45.3	40.6
Loans to real-estate developers	59.4	59.0	55.6	54.8	55.7	54.6	55.4	55.1	53.5	53.1	52.4	52.3	54.0	54.3	2.4	-0.7	-7.9
Consumer loans	56.6	54.2	54.3	54.6	54.9	55.1	54.9	55.4	55.7	55.7	55.7	55.6	55.8	55.6	4.6	-4.1	2.5
Various claims on customers	140.2	154.3	128.4	125.2	138.1	132.1	131.0	153.4	129.2	136.8	150.1	132.0	132.9	156.9	6.0	10.1	1.7
Financial loans (1)	124.3	138.6	113.1	109.9	122.3	116.6	115.3	138.7	114.6	122.2	135.1	117.6	119.0	142.4	6.0	11.5	2.7
Other loans (2)	15.8	15.7	15.3	15.3	15.8	15.5	15.6	14.7	14.5	14.6	15.0	14.4	13.9	14.5	5.8	-0.8	-7.9
Non performing loans	69.9	80.2	81.4	81.5	81.2	81.7	82.7	82.7	83.5	84.0	84.5	85.2	84.8	84.8	7.2	14.7	5.7
By institutional sector																	
Loans to the nonfinancial sector	**785.5**	**817.1**	**815.5**	**816.1**	**823.4**	**827.5**	**830.6**	**843.8**	**842.6**	**843.4**	**848.2**	**847.8**	**846.9**	**842.6**	**5.5**	**4.0**	**3.1**
Public sector excluding the central government	73.6	75.7	73.5	72.0	74.3	74.6	72.4	73.5	73.0	76.8	76.9	76.6	77.0	70.0	3.7	2.9	-7.5
Local governments	22.6	24.4	24.3	24.3	24.5	24.5	24.5	24.4	24.3	24.3	24.6	24.7	24.8	25.4	15.7	8.0	4.3
Public nonfinancial corporations	51.0	51.3	49.1	47.6	49.8	50.1	48.0	49.1	48.7	52.5	52.2	51.9	52.2	44.6	-0.8	0.7	-13.1
Private sector	711.9	741.4	742.1	744.2	749.1	752.9	758.2	770.3	769.6	766.6	771.3	771.2	769.9	772.6	5.7	4.1	4.2
Private nonfinancial corporations	372.0	389.3	388.9	388.7	391.2	393.6	396.9	406.9	405.4	402.1	405.9	404.4	402.3	405.7	7.2	4.7	4.2
Other resident sectors	339.9	352.1	353.2	355.5	357.9	359.3	361.3	363.4	364.2	364.5	365.5	366.8	367.6	366.9	4.1	3.6	4.2
Households	338.5	350.6	351.8	354.0	356.4	357.7	359.6	361.5	362.4	362.7	363.4	365.1	365.9	365.1	4.0	3.6	4.1
Private individuals and Moroccans living abroad	302.9	311.8	312.5	314.5	316.1	318.6	319.8	322.5	323.4	323.4	324.7	325.5	326.5	326.6	4.7	2.9	4.7
Sole proprietors	35.6	38.8	39.4	39.5	40.3	39.1	39.8	39.0	39.0	39.3	38.8	39.6	39.5	38.6	-2.1	8.9	-0.6
NPISH	1.4	1.5	1.4	1.5	1.5	1.6	1.6	1.9	1.8	1.8	2.0	1.8	1.7	1.7	39.8	7.9	16.1
Other financial corporations	**131.7**	**141.9**	**118.4**	**116.1**	**127.0**	**122.5**	**120.5**	**144.1**	**120.3**	**121.8**	**136.4**	**119.4**	**120.0**	**142.9**	**4.4**	**7.8**	**0.7**
Finance companies	52.4	51.5	51.5	50.8	51.9	52.2	51.3	51.9	51.8	51.2	52.0	51.4	52.2	52.7	-7.5	-1.7	2.5
Credit institutions and similar bodies(1)	26.4	24.0	23.8	23.4	26.2	25.3	25.3	26.1	24.6	26.4	25.5	23.8	23.9	24.6	10.6	-9.0	2.3
Non-money market UCITS	18.4	28.2	13.9	12.9	18.0	13.8	16.1	28.7	13.9	16.7	24.6	14.3	16.2	25.3	35.6	53.3	-10.3
Other (3)	34.5	38.2	29.2	29.0	30.8	31.1	27.8	37.4	30.0	27.5	34.4	30.0	27.8	40.3	7.7	10.9	5.3

(1) Consisting of loans granted to financial and non financial customers as part of a financial operation.
(2) Composed mainly of factoring receivables.
(3) Mutual fund management companies, brokerage firms, insurance and reinsurance companies, provident and pension funds, and mutual securitization investment funds.
(*) Loans granted by conventional banks and participants banks.
(**) Revised.
Source: Bank Al-Maghrib.

TABLE A 8.5 QUARTER BREAKDOWN OF LOANS BY TERM AND BY ACTIVITY SECTOR

(In billions of dirhams)

	2019	2020*	2021				Annual change (%)		
			March	June	Sept	Dec	2019	2020	2021
Bank loans(1)	**917.2**	**959.0**	**950.4**	**987.8**	**984.5**	**985.5**	**5.3**	**4.6**	**2.8**
Breakdown by term (2)									
Short term	274.7	302.6	264.6	283.4	291.1	287.9	-3.9	10.1	-4.8
Nonperforming maturities	9.1	10.2	10.4	11.0	11.9	9.6	17.4	12.2	-5.8
Medium term	210.2	212.5	237.8	242.3	230.8	230.9	16.7	1.1	8.7
Long term	362.3	363.7	366.8	379.3	378.2	381.8	6.7	0.4	5.0
Non-performing loans;	69.9	80.2	81.2	82.7	84.5	84.8	7.2	14.7	5.7
By activity sector									
Primary sector	**38.3**	**36.4**	**36.4**	**37.2**	**38.8**	**39.0**	**6.7**	**-5.1**	**7.2**
Agriculture and fishing	38.3	36.4	36.4	37.2	38.8	39.0	6.7	-5.1	7.2
Secondary sector	**245.6**	**251.1**	**246.8**	**258.5**	**254.6**	**253.4**	**1.0**	**2.2**	**0.9**
Extractive industries	21.4	25.4	25.0	27.5	22.2	17.8	25.8	19.0	-30.1
Manufacturing Industries	85.6	91.4	93.0	96.6	99.5	99.3	-2.1	6.8	8.7
Food and tobacco industries	32.0	33.5	32.9	34.9	36.8	36.7	-0.4	4.6	9.8
Textile, clothing, and leather industries	6.3	7.2	7.4	7.5	7.8	8.1	5.8	14.5	12.9
Chemical and Para chemical industries	11.3	11.1	11.5	12.5	10.7	9.8	0.5	-1.4	-12.0
Mechanical, electrical, electronic and metal-working industries	19.5	19.0	19.3	19.4	19.8	20.3	4.2	-2.4	6.6
Other manufacturing industries	16.6	20.6	21.8	22.2	24.3	24.4	-15.0	24.3	18.3
Electricity, gas and water	42.5	37.0	36.5	37.7	39.4	40.8	-3.3	-12.9	10.4
Construction and public works	96.1	97.2	92.3	96.6	93.6	95.4	1.3	1.1	-1.9
Tertiary sector	**633.2**	**671.6**	**667.2**	**692.2**	**691.1**	**693.1**	**7.1**	**6.1**	**3.2**
Trade, automotive and household goods repairs	59.9	62.0	61.6	64.9	64.6	66.8	7.3	3.4	7.9
Hotels and restaurants	14.0	17.1	17.5	18.2	19.8	20.4	-2.8	21.8	19.7
Transport and Communications	39.8	40.2	41.9	40.0	45.1	41.2	9.8	0.9	2.5
Financial activities	144.8	154.6	138.8	156.0	146.0	149.3	6.7	6.7	-3.4
Individuals and Moroccan living abroad	302.9	311.8	316.1	322.5	324.7	326.6	4.7	2.9	4.7
Local governments	22.6	24.4	24.5	24.4	24.6	25.4	15.7	8.0	4.3
Other sections (3)	49.1	61.6	66.8	66.2	66.3	63.3	21.4	25.5	2.9

(*) Revised.
(1) Loans granted by conventional banks and participants banks.
(2) Short term: period < 2 years, medium term: between 2 and 7 years and long term: > 7 years.
(3) Excluding personal and domestic services.
Source: Bank Al-Maghrib.

TABLE A 8.6 CLAIMS ON NONFINANCIAL UNITS BY ECONOMIC PURPOSE (1)

(In billions of dirhams)

	2019	2020*	2021				Annual change (%)		
			March	June	Sept	Dec	2019	2020	2021
Claims on nonfinancial units	**304.8**	**313.4**	**322.9**	**329.0**	**333.1**	**339.1**	**12.6**	**2.8**	**8.2**
Loans granted by other financial corporations	**151.7**	**148.0**	**149.8**	**151.3**	**150.7**	**152.7**	**3.9**	**-2.4**	**3.1**
Finance companies	**119.2**	**118.1**	**118.3**	**120.7**	**119.9**	**122.4**	**5.7**	**-0.9**	**3.7**
Consumer loans	30.1	30.0	30.4	30.8	30.4	30.9	8.9	-0.2	3.0
Leasing	67.4	65.1	65.4	66.1	65.7	67.2	4.1	-3.4	3.2
Non performing loans	11.8	14.0	14.0	14.8	15.4	15.4	5.2	18.8	10.1
Offshore banks	**12.0**	**10.6**	**11.6**	**10.0**	**11.1**	**11.6**	**-13.4**	**-11.4**	**9.9**
Cash advances	6.0	3.2	3.6	2.2	2.2	2.9	-32.1	-46.6	-10.9
Equipment loans	5.7	6.9	7.4	7.3	8.2	8.1	20.9	22.3	16.8
Moroccan Deposit and Management Fund	**6.0**	**4.6**	**4.9**	**4.7**	**2.8**	**1.8**	**-20.6**	**-22.8**	**-60.8**
Cash advances	3.1	1.9	2.0	1.8	1.3	0.6	-14.4	-38.0	-66.1
Equipment loans	2.1	2.1	2.0	2.0	0.7	0.0	-36.0	-0.2	-100.0
Microcredit associations	**7.4**	**8.1**	**8.4**	**8.4**	**8.5**	**8.3**	**9.0**	**9.9**	**2.2**
Securitization funds	**6.8**	**6.2**	**6.2**	**7.0**	**7.9**	**8.2**	**56.2**	**-8.8**	**31.5**
Securities issued by non financial corporations and held by other financial corporations	**144.4**	**156.5**	**164.1**	**168.6**	**173.8**	**178.2**	**25.2**	**8.4**	**13.8**
Non-money market UCITS	59.3	64.5	71.7	74.9	79.4	83.7	35.2	8.8	29.8
Insurance and reinsurance companies	53.7	56.7	57.6	58.6	59.4	60.3	13.4	5.6	6.3
Moroccan Deposit and Management Fund	8.9	12.4	11.7	11.7	11.3	10.4	14.4	38.4	-16.2
Pension funds (2)	22.1	22.5	22.5	23.1	23.1	23.3	38.1	1.8	3.5
Other claims	**8.7**	**8.8**	**9.0**	**9.1**	**8.6**	**8.3**	**-7.2**	**1.4**	**-6.1**

(*) Revised.
(1) Excluding claims on other financial corporations and the Central Government.
(2) Relating to the financial sector, namely CIMR and CNRA.
Source: Bank Al-Maghrib.

TABLE A 8.7 CHANGE IN THE INTERBANK MARKET

(In millions of dirhams)

	2020	2021												
	Average	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
Averge outstanding amounts	7 408	9 021	8 213	7 577	7 851	7 592	9 545	6 147	6 199	6 680	6 620	7 553	8 739	7 637
Average exchanged volume	4 783	5 301	4 613	4 150	4 327	4 423	5 447	3 772	2 855	4 070	2 870	3 087	3 869	4 073

Source : Bank Al-Maghrib.

TABLE A 8.8 SUBSCRIPTIONS TO TREASURY BILLS BY TENDER

(In millions of dirhams)

Maturities	TOTAL 2020	2021												
		Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
Total subscriptions	**152 647**	**21 254**	**7 352**	**10 740**	**9 404**	**15 262**	**9 414**	**12 838**	**6 296**	**11 687**	**14 180**	**19 589**	**6 455**	**144 471**
Short-term	**47 286**	**1 778**	**2 504**	**3 404**	**-**	**1 000**	**2 772**	**1 371**	**2 143**	**4 018**	**315**	**3 924**	**1 350**	**24 579**
13 Weeks	8 492	319	600	1 134	-	100	-	400	300	700	-	400	200	4 153
26 Weeks	12 405	312	1 244	500	-	500	772	-	300	500	-	100	200	4 428
52 Weeks	26 389	1 147	660	1 770	-	400	2 000	971	1 543	2 818	315	3 424	950	15 998
Medium term	**74 669**	**10 194**	**1 774**	**4 287**	**8 815**	**11 376**	**6 037**	**9 764**	**3 808**	**5 390**	**10 367**	**7 278**	**4 405**	**83 495**
2 Years	41 336	4 914	1 304	3 750	5 435	4 995	1 920	6 266	1 508	3 043	4 264	4 457	3 455	45 310
5 Years	33 333	5 280	470	537	3 381	6 381	4 117	3 498	2 301	2 347	6 103	2 821	950	38 186
Long term	**30 692**	**9 282**	**3 074**	**3 049**	**589**	**2 886**	**604**	**1 703**	**346**	**2 279**	**3 498**	**8 387**	**700**	**36 396**
10 Years	4 143	3 539	1 839	1 332	-	2 071	403	1 093	240	1 952	2 504	5 633	700	21 306
15 Years	10 846	1 681	678	17	-	370	-	100	105	-	150	1 336	-	4 437
20 Years	6 185	2 616	558	1 254	300	445	201	100	-	327	-	199	-	6 000
30 Years	9 518	1 446	-	446	289	-	-	410	-	-	844	1 218	-	4 654

Source : Bank Al-Maghrib.

TABLE A9.1 OUTSTANDING AMOUNT OF TREASURY BILLS BY TENDER

(By category of initial subcribers)

(In millions of dirhams)

	2017	2018	2019	2020	2021	Changes in %		Share in %	
						2020/2019	2021/2020	2020	2021
UCITS	187 877	203 962	197 575	236 533	275 290	19.7	16.4	39.4	42.6
Insurance companies and pension institutions	125 394	131 910	131 179	129 539	125 246	-1.3	-3.3	21.6	19.4
Banks	117 541	125 184	134 237	146 651	152 686	9.2	4.1	24.4	23.6
Deposit and management fund(1)	33 151	35 021	45 964	44 423	52 956	-3.4	19.2	7.4	8.2
Other financial enterprises	30 322	27 187	24 374	23 918	23 650	-1.9	-1.1	4.0	3.7
Non-financial enterprises	21 996	22 269	23 325	19 282	16 361	-17.3	-15.1	3.2	2.5
Finance companies	425	672	497	395	388	-20.5	-1.7	0.1	0.1
Non-resident enterprises	-	-	10	-	56	-	-	-	-
Total treasury bill auctions	**516 706**	**546 205**	**557 161**	**600 741**	**646 633**	**7.8**	**7.6**	**-**	**-**

(1) Excluding the outstanding amount of provident funds treasury bills by the CDG.
Source: Bank Al-Maghrib.

TABLE A9.2 OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES

(By category of initial subcribers)

(In millions of dirhams)

Securities types	2020					2021				
	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total
Outstanding	**12 743**	**2 281**	**66 021**	**5 325**	**86 370**	**10 558**	**2 084**	**69 191**	**5 293**	**87 127**
Certificates of deposit	9 192	1 685	41 351	4 946	57 174	6 779	1 246	43 473	4 664	56 163
Bills of financing companies	3 551	596	22 359	379	26 885	3 679	838	24 462	629	29 608
Commercial paper	0	0	2 312	0	2 312	100	0	1 256	0	1 356
Issues	**3 856**	**1 661**	**34 938**	**4 138**	**44 593**	**4 289**	**765**	**32 784**	**4 782**	**42 620**
Certificates of deposit	3 386	1 230	23 963	4 123	32 702	2 646	400	23 944	4 532	31 523
Bills of financing companies	470	376	7 089	15	7 950	1 518	365	6 577	250	8 710
Commercial paper	0	55	3 886	0	3 941	125	0	2 263	0	2 388

Source: Bank Al-Maghrib.

TABLE A9.3 BOND MARKET

(In millions of dirhams)

	2020	2021				2021
		Q1	Q2	Q3	Q4	
Outstanding	**155 088**	**156 222**	**157 784**	**163 365**	**163 460**	**163 460**
Public sector	**86 709**	**87 209**	**88 784**	**88 784**	**87 642**	**87 642**
Non-financial corporations	54 474	54 474	56 049	56 049	55 707	55 707
Banks	32 235	32 735	32 735	32 735	31 935	31 935
Private sector	**68 379**	**69 013**	**69 000**	**74 582**	**75 818**	**75 818**
Banks	31 450	30 950	30 950	31 950	32 450	32 450
Non-financial corporations	29 797	30 931	31 118	35 400	35 236	35 236
Other financial corporations	7 132	7 132	6 932	7 232	8 132	8 132
Bonds issued	**30 471**	**1 984**	**2 750**	**8 598**	**3 640**	**16 972**
Public sector	**12 200**	**500**	**2 500**	**-**	**200**	**3 200**
Banks	3 700	500	-	-	200	700
Non-financial corporations	8 500	-	2 500	-	-	2 500
Private sector	**18 271**	**1 484**	**250**	**8 598**	**3 440**	**13 772**
Banks	2 500	-	-	-	1 000	1 000
Non-financial corporations	13 903	1 484	250	6 098	1 540	9 372
Other Financial corporations	1 868	-	-	2 500	900	3 400

Sources : Data from Maroclear and BAM computing.

TABLE A9.4 STOCK EXCHANGES INDICATORS

Period	Turnover (in millions of dirhams)	MASI	MADEX	Market capitalisation (in millions of dirhams)
2013 December	18 278.6	9 114.1	7 418.1	451 113
2014 December	13 429.6	9 620.1	7 842.8	484 448
2015 December	20 286.6	8 925.7	7 255.2	453 316
2016 December	22 115.5	11 644.2	9 547.3	583 380
2017 December	21 047.7	12 388.8	10 100.3	626 965
2018 December	18 220.2	11 364.3	9 233.0	582 155
2019 December	17 253.4	12 171.9	9 919.3	626 693
2020 December	16 970.9	11 287.4	9 189.9	584 976
2021 December	20 395.0	13 358.3	10 807.7	690 717
2020 January	4 910.8	12 531.9	10 227.6	645 161
February	4 229.6	12 260.9	10 003.8	630 153
March	6 709.2	9 704.9	7 876.8	503 024
April	2 564.9	9 400.7	7 622.3	488 273
May	5 110.2	9 852.8	7 997.2	509 161
June	5 100.8	10 169.2	8 256.6	523 868
July	1 458.9	10 228.3	8 310.2	529 635
August	1 090.1	10 134.8	8 237.1	524 676
September	2 107.6	9 987.8	8 116.7	517 860
October	3 559.7	10 460.7	8 508.4	542 277
November	1 964.0	10 990.9	8 949.9	566 269
December	16 970.9	11 287.4	9 189.9	584 976
2021 January	3 308.6	11 630.0	9 479.9	601 086
February	1 777.2	11 358.2	9 248.4	585 906
March	9 141.6	11 483.7	9 336.1	595 331
April	2 148.0	11 811.2	9 602.7	611 042
May	5 785.0	12 114.5	9 853.9	626 206
June	9 589.4	12 409.2	10 090.9	637 517
July	9 361.7	12 304.2	9 995.1	633 231
August	2 518.2	12 694.2	10 314.6	653 223
September	4 171.1	13 186.8	10 723.2	677 260
October	3 663.9	13 555.5	10 988.7	697 510
November	2 883.3	13 085.4	10 581.8	674 660
December	20 395.0	13 358.3	10 807.7	690 717

Source : Casablanca Stock Exchange.

TABLE A9.5 INDEX OF REAL ESTATE ASSETS PRICES

	REPI		
	2020*	**2021****	**Changes (%)**
Overall	**113.9**	**110.1**	**-3.3**
Residential	**113.9**	**109.3**	**-4.0**
Apartments	112.4	106.8	-5.0
Houses	120.0	119.9	0.0
Villas	125.2	122.1	-2.5
Urban Land	**117.0**	**114.8**	**-1.9**
Professional	**116.6**	**111.2**	**-4.6**
Business premises	118.8	113.7	-4.3
Offices	108.4	101.0	-6.9

(*) Revised.
(**) Provisional
Sources: Data drawn from the National Agency for Land Conservation, Cadastre and Cartography and BAM computing.

TABLE A9.6 NUMBER OF TRANSACTIONS BY CATEGORY

	Changes (%)	
	2020/2019	2021/2020
Overall	**-13.6**	**33.1**
Residential	**-16.2**	**26.4**
Apartments	-15.6	25.2
Houses	-28.3	51.6
Villas	-11.0	20.5
Urban Land	**-7.3**	**50.3**
Professional	**-4.5**	**46.3**
Business premises	-3.8	43.7
Offices	-8.7	61.1

Source: Data drawn from the National Agency for Land Conservation, Cadastre and Cartography and BAM computing.

TABLE A9.7 INDEX OF REAL ESTATE ASSETS PRICES AND NUMBER OF TRANSACTIONS IN THE MAJOR CITIES

CITIES	Changes (%) 2021/2020	
	REPI	NUMBER OF TRANSACTIONS
Agadir	-4.2	35.8
Casablanca	-4.1	23.6
El jadida	-6.1	62.3
Fez	-4.8	26.7
Kenitra	-2.8	45.3
Marrakech	-3.5	24.3
Meknes	-4.3	34.8
Oujda	-0.6	41.4
Rabat	-4.1	38.2
Tangier	-3.1	43.5

Sources: Data drawn from the National Agency for Land Conservation, Cadastre and Cartography and BAM computing.

بنك المغرب

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LIST OF ABBREVIATIONS

ABC : Association Bilan Carbone (Bilan Carbone Association)
ABCA : Association des Banques Centrales d'Afrique (Association of African Central Banks)
ACAPS : Autorité de contrôle des assurances et de la prévoyance sociale (Insurance and Social Security Supervisory Authority)
ADD : Agence du Développement du Digital (Digital Development Agency)
ADM : Autoroutes du Maroc
AfCFTA : African Continental Free Trade Area
AFI : Alliance for Financial Inclusion
AMMC : Autorité Marocaine du Marché des Capitaux (Moroccan capital market authority)
AMO : Assurance maladie obligatoire (Mandatory Health Insurance)
ANAM : Agence nationale de l'assurance maladie (National Health Insurance Agency)
ANCFCC : Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie (Land registry office)
ANP : Agence Nationale des Ports (National Ports Agency)
ANRT : Agence Nationale de Réglementation des Télécommunications (National Telecommunications Regulatory Agency)
AONIA : AUD Overnight Index Average
API : Application Programming Interface
AREF : Académie Régionale d'Education et de Formation (Regional Academy of Education and Training)
BAM : Bank Al-Maghrib
Bbl : Baril
BCC : Business Cash Center
BEPS : Base Erosion and Profit Shifting
BIS : Bank for International Settlments
BLS : Bureau of Labour Statistics
BoE : Bank of England
CARES : Corona virus Aid, Relief and Economic security
CBAM : Carbon Border Adjustment Mechanism
CBDC : Central Bank Digital Currency

CCG	: Caisse centrale de Guarantie (Central Guarantee Fund)
CCSRS	: Comité de Coordination et de Surveillance des Risques Systémiques (Systemic Risk Coordination and Surveillance Committee)
CDG	: Caisse de Dépôt et de Gestion (Deposit and Management Fund)
CFC	: Casablanca finance city
CFPs	: Collaborative Financing Platforms
CFT	: Combating the Financing of Terrorism
CGEM	: Confédération Générale des entreprises du Maroc (The General Confederation of Moroccan Companies)
CIF	: Cost Insurance and Freight
CMMB	: Moroccan Center for Banking Mediation (Centre marocain de médiation bancaire)
CNSS	: Caisse Nationale de Sécurité Sociale (National Social Security Fund)
COP	: Conference of Parties
COSO	: Committee of Sponsoring Organizations of the Treadway Commission
CPI	: Consumer Price Index
CPIX	: Underlying inflation indicator
CRP	: Caisse de retraite du personnel (Staff Pension Fund)
CSR	: Corporate Social Responsibility
CT	: Consumer Tax
CVE	: Economic Monitoring Committee
DAP	: Diammonium Phosphate
DCT	: Domestic Consumption Tax
DH	: Moroccan Dirham
DIMA	: Direct investments by Moroccans Abroad
DP	: Days of Purchase
DPT	: Deposit
DS	: Days of Sales
DTEF	: Direction du Trésor et des Finances Extérieures (Department of treasury and external finance)
EBA	: External Balance Assessment
ECB	: European Central Bank
EIG	: Economic Interest Grouping
EMBI	: Emerging Markets Bond Index
EMC	: Economic Monitoring Committee (Comité de veille économique)
EMDP	: Emerging and Developing Countries
EPI	: Enterprises and Public Institutions
EPRA	: European Public Real Estate Association
ESTER	: Euro Short Term Rate
ETI	: Entreprises de taille intermédiaire (Intermediate Size Companies)
EU	: European Union
Euribor	: Euro Interbank Offered Rate
FA	: Finance Act
FAO	: Food and Agriculture Organization
FATF	: Financial Action Task Force
FC	: Financing Cost
FDI	: Foreign Direct Investment
FED	: U.S. Federal Reserve
FM	: Fonds mutuel (Mutual Fund)
FMI	: Financial Market Infrastructure
FNE	: Fonds National de l'Environnement (National Fund for the Protection and Development of the Environment)
FOB	: Free On Board

FODEP	: Fonds de Dépollution industrielle (Industrial Depollution Fund)
FTSE	: Financial Times Stock Exchanges
FY	: Fiscal Year
GCC	: Gulf Cooperation Council
GDP	: Gross Domestic Product
GG	: General Government
GNDI	: Gross National Disposable Income
GNI	: Gross National Income
GPBM	: Groupement Professionnel des Banques du Maroc (Professional Grouping of Moroccan Banks)
GWH	: Gigawatt per Hour
HCP	: Haut commissariat au plan (High Commission for Planning)
HLS	: High Level Structure
IASB	: International Accounting Standard Board
IBORs	: Interbank Offered Rates
IBRD	: International Bank for Reconstruction and Development
ICRG	: International Cooperation Review Group
ICS	: Internal Control System
ICT	: Internal consumption taxes
IFRS	: International Financial Reporting Standards
IIA	: Institute of Internal Auditors
IIP	: International Investment Position
ILO	: International Labour Organisation
IMF	: International Monetary Fund
IORWG	: Operational Risk Management Group
IOSCO	: International Organization of Securities Commissions
IS	: Information Systems
ISDA	: International Swaps and Derivatives Association
ISMS	: Information Security Management System
ISO	: International Organization for Standardization
IT	: Income Tax
JPY	: Japanese Yen
KDh	: Thousands of Dirhams
LC	: Large Companies
LE	: Large Enterprises
LG	: Local Governments
LI	: Liquid Investments
Libor	: London Interbank Offered Rate
PLL	: Precautionary and Liquidity Line
MAD	: Moroccan Dirham
MASI	: Moroccan All Shares Index
MCMA	: Mutuelle Centrale Marocaine d'Assurances (Moroccan central insurance fund)
MEFRA	: Ministry of Economy, Finance and Reform of Administration
MENA	: Middle East and North Africa
MENAFATF	: Middle East and North Africa Financial Action Task Force
MFC	: Monetary and Financial Committee
MONIA	: Moroccan Overnight Index Average
MSCI	: Morgan Stanley Capital International
MSCI EAFE	: Morgan Stanley Capital International, Europe, Australia and the Far East
MSCI EM	: Morgan Stanley Capital International, Emerging Markets.
MSCI FM	: Morgan Stanley Capital International, Frontier Markets.
MTM	: Mark to Market

MW	: Megawatt
NEET	: Not in Education, Employment, or Training (ni étudiant, ni employé, ni stagiaire)
NBE	: Normalized Bill of Exchange
NGFS	: Network of Central Banks and supervisors for Greening the Financial System
NIR	: Net International Reserves
OCP	: Office Chérifien des Phosphates (National Phosphates Office)
OECD	: Organisation for Economic Co-operation and Development
OFRC	: Operational and Financial Risk Committee
OMPIC	: Office Marocain de la Propriété Industrielle et Commerciale (Moroccan Office of Industrial and Commercial Property)
ONEE	: Office National de l'Electricité et de l'Eau Potable (National Office for Electricity and Drinking Water)
OPCI	: Organisme de placement collectif en immobilier (Real Estate Investment Trusts)
OPEC	: Organization of the Petroleum Exporting Countries
ORA	: Official Reserves Assets
OTC	: Over the Counter
P2P	: Person to Person
PAM	: Policy Analysis Model
PAS	: Structural Adjustment Program
PEI	: Public enterprises and institutions
PER	: Price Earnings Ratio
PIAFE	: Programme of Business Support and Financing (programme intégré d'appui et de financement de l'entrepreneuriat)
PLA	: Profit and Loss Account
PLL	: Precautionary and Liquidity Line
PNRC	: Plan National de Lutte Contre le Réchauffement Climatique (National Plan Against Global Warming)
PoCs	: Proof of Concept
PPP	: Public-Private Partnerships
REIT	: Real Estate Investment Trusts
REPI	: Real Estate Price Index
RIBAT	: Risk Based Assessment Tool
SARON	: Swiss Average Rate Overnight
SDN	: IMF Staff Discussion Note
SDR	: Special Drawing Rights
SFCs	: Collaborative Financing Companies
SGFG	: Société Marocaine de Gestion des Fonds de Garantie des Dépôts Bancaires (The Moroccan Deposit Insurance Corporation)
SMAC	: Système de Management Anti-Corruption (Anti-Corruption Management System)
SMEs	: Small and Medium Sized Entreprises
SNIF	: National Strategy for Financial Inclusion
SRBM	: Système des Règlements Bruts du Maroc (Moroccan Real-time Gross Settlement System)
TCA	: Trade and Cooperation Agreement
TLTRO	: Targeted Longer-Term Refinancing Operations
TSAV	: Taxe Spéciale Annuelle sur les Véhicules (Special Annual Vehicle Tax)
TSP	: Triple superphosphate
UNCTAD	: United Nations Conference on Trade and Development
UNESCO	: Organisation des Nations unies pour l'éducation, la science et la culture (United Nations Educational, Scientific and Cultural Organization)
UK	: United Kingdom
VaR	: Value at Risk
VAT	: Value Added Tax
VECM	: Vector Autoregressive Error Correction Model

VSEs	: Very Small Entreprises
VSMEs	: Very small, Small and Medium-sized Enterprises
WB	: World Bank
WHO	: World Health Organization
WP	: Working Paper
WTI	: West Texas Intermediate

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