

# IMF Executive Board Concludes the First Review under the Precautionary and Liquidity Line Arrangement for Morocco

May 15, 2017

- The Moroccan authorities stated their intention to continue treating the arrangement as precautionary.
- Improving the business climate and governance, competitiveness, access to finance, and labor market policies will be essential to increase potential growth and reduce persistently high unemployment levels.

On May 12, 2017, the Executive Board of the International Monetary Fund (IMF) completed the first review under the Precautionary and Liquidity Line (PLL) Arrangement and reaffirmed Morocco's continued qualification for the PLL.

The two-year PLL arrangement for Morocco in the amount of SDR 2.504 billion (about US\$3.42 billion) was approved by the IMF's Executive Board in July 2016 (see [Press Release No. 16/355](#)). The Moroccan authorities stated their intention to continue treating this PLL arrangement as precautionary. It has provided insurance against external risks and supported the authorities' program to rebuild fiscal and external buffers and promote higher and more inclusive growth. The arrangement will expire on July 21, 2018.

Following the Executive Board's discussion, Mr. Furusawa, Deputy Managing Director and Acting Chair, said:

"Morocco's sound economic fundamentals and overall strong record of policy implementation have contributed to a solid macroeconomic performance in recent years. The external position remained strong in 2016, as international reserves further increased despite a higher-than-expected current account deficit. While fiscal developments were less favorable than expected, this was due in part to slower growth and accelerated value-added tax reimbursements. Growth is expected to rebound in 2017 and accelerate gradually over the medium term, subject to improved external conditions and steadfast reform implementation.

"This outlook remains subject to significant downside risks, including from weak growth in Morocco's main trading partners, geopolitical risks, and global policy uncertainty. In this context, Morocco's PLL Arrangement with the IMF continues to serve as valuable insurance against external risks and supports the authorities' economic policies.

"The authorities are committed to further reducing fiscal and external vulnerabilities while strengthening the foundations for higher and more inclusive growth. Building on progress made in recent years, further fiscal consolidation is needed and should be based on continued expenditure control, a comprehensive approach to enhance revenues, civil service reform, careful implementation of fiscal decentralization, and strengthened oversight of state owned enterprises. Adopting the central bank law and continuing to implement Financial Sector Assessment Program recommendations will help strengthen the financial sector policy framework. Moving toward a more flexible

exchange rate regime will help preserve external competitiveness and enhance the economy's capacity to absorb shocks. Finally, improving the business climate and governance, competitiveness, access to finance, and labor market policies is essential to raise potential growth, reduce persistently high unemployment levels, especially among the youth, and increase female labor participation.”

IMF Communications Department

**PRESS OFFICER:** SILVIA ZUCCHINI

**PHONE:** +1 202 623-7100

**EMAIL:** [MEDIA@IMF.ORG](mailto:MEDIA@IMF.ORG)