



## PRESS RELEASE

### BANK AL-MAGHRIB 2023 ANNUAL REPORT

His Majesty King Mohammed VI has received today Monday July 29, 2024 (*Moubarram 23, 1446 A.H.*) in the Royal Palace of Tetouan, Mr. Abdellatif Jouahri, Governor of Bank Al-Maghrib, who presented to His Majesty the central bank's annual report on the economic, monetary, and financial situation for the year 2023.

In his address before His Majesty the King, Mr. Jouahri stated that, despite a difficult international environment, successive years of drought, as well as the violent earthquake that hit Al-Haouz region, the domestic economy has improved significantly this year, growing by 3.4 percent. Regarding inflation, after accelerating to a peak of 10.1 percent in February, it gradually slowed, averaging 6.1 percent over the year, down from 6.6 percent in 2022. In addition to the easing of external inflationary pressures, this development is the result of the Government measures and the tightening of monetary policy initiated by Bank Al-Maghrib, which at the same time, has continued to meet all banks' liquidity needs.

On the labor market, the situation remained a source of concern in 2023, with a loss of around 157,000 jobs, reflecting significant declines in agriculture. Job creation in other sectors demonstrated a relative improvement, which was nevertheless not sufficient to offset the decrease in agricultural employment.

Relating to public finances, Mr. Jouahri stressed that fiscal consolidation had continued, with the deficit narrowing to 4.4 percent of GDP, thanks to the good performance of tax revenues and substantial receipts from innovative financing mechanisms, in addition to the resources mobilized through the "Special Fund for managing the effects of the earthquake" set up at His Majesty's behest.

Regarding external accounts, the Governor of Bank Al-Maghrib stated that the current account deficit narrowed to 0.6 percent of GDP, owing to the momentum of the automotive industry, travel receipts and remittances. Bank Al-Maghrib's official reserve assets increased to 359.4 billion dirhams, equivalent to almost 5.5 months of imports.

Mr. Jouahri observed that, despite the constraints and a series of shocks, Morocco has been able to maintain and even expand its reform agenda and its structuring economic and social projects, benefitting from its political and social stability. These efforts, combined with its credibility as a reliable partner, have earned it favorable appraisals from international institutions, better access to financial markets and to financing and precautionary instruments, in addition to hosting, last October, the annual meetings of the World Bank and the IMF.

The challenge today, added the Governor of Bank Al-Maghrib, is to maintain this momentum, consolidate the gains made and ensure their sustainability. Consequently, the country has to navigate and succeed a number of major transitions initiated by His Majesty.

Therefore, and in order to ensure a better contribution of social dialogue to Morocco's transition to a social state, Mr. Jouahri considers that it would be more judicious and equitable to base it on an approach including not only improvement of employment conditions, but also social justice and inequality reduction. He also reiterated the importance of carrying out pension schemes reform while their equilibrium remains fragile.

Furthermore, Mr. Jouahri posited that a fruitful transition to a green and sustainable economy necessitates not only emergency solutions, which are undoubtedly indispensable, but also the expeditious implementation of policies aimed at adapting to and combating climate change. These policies must be reinforced in terms of both efficacy and consistency in order to reinforce Morocco's position among pioneers in this field.

Regarding digital transition, Mr. Jouahri stated that, on the eve of the launch of a new strategy, the success of this project is contingent upon strengthening the core—mainly public—infrastructure, improving the quality of education, promoting digital literacy, and creating an environment that provides incentives and fosters the emergence of a digital ecosystem. Specifically in the financial sector, Mr. Jouahri announced that Bank Al-Maghrib intends, in collaboration with stakeholders, to establish a fund dedicated to FinTech, that will provide entrepreneurs with financial support and assistance to implement their projects.

He also stressed that the success of all these transitions requires substantial resources that cannot be mobilized on a sustainable basis by the State alone. The involvement of the private sector and foreign investors may thus be required.

Finally, the Governor affirmed that Morocco is resolutely pursuing its path towards emergence and prosperity, and that the implementation of this major transition hinges upon refocusing public policy towards the fundamentals of development. This entails investing in human capital, strengthening governance, improving the business environment, and preserving macroeconomic balances. It also requires the mobilization of all the country's driving forces in a mindset of seriousness and accountability, placing the national interest above all else, in accordance with His Majesty's message in last year's Throne speech.