Royaume du Maroc
Ministère de l'Economie et des Finances
Direction des Etudes et des Prévisions Financières

المملكة المغربية
وزارة الاقتصاد والمالية
مديرية الدراسات والتوقعات المالية

Summary of the Economic and Financial Report Accompanying the 2026 Finance Bill - REF 2026 -

The Finance Bill for the year 2026 comes at a time marked internationally by a slowdown in global growth, rising uncertainties, and increasing trade and geopolitical tensions, combined with the fragmentation of value chains and structural challenges related to climate change and digitalization.

At the national level, the year 2026 is part of the continuation of the reform momentum and the implementation of strategic projects launched in recent years. The national economy, although faced with climatic uncertainties and international challenges, confirms its resilience and is moving toward a new growth path. The growth rate is expected to reach 4.8% in 2025, compared to 3.8% in 2024. This dynamic reflects sectoral reforms and public policies, demonstrating the strength of several strategic sectors that are consolidating the diversification of the national economy. It also benefits from sustained public investment efforts, reflecting the determination to accelerate structural transformation, infrastructure modernization, and the energy and digital transitions, with a view to upcoming major international events, notably the hosting of the 2030 World Cup.

Taking this context into account, the 2026 edition of the Economic and Financial Report (EFR) places emphasis, in its first part, on developments in the global economy and the outlook ahead. The second part is devoted to presenting the macroeconomic context and highlights the drivers of the Kingdom's economic resilience, with particular emphasis on the underlying cyclical dynamics. The third part of the Report focuses on analyzing the sustainability of public finances and the budgetary trajectory up to 2026, linking it to the economic and social priorities that shape public action in the Kingdom.

I. A global economy facing significant uncertainty

Against a backdrop of rising uncertainty and increasing fragmentation in global economic dynamics, ***global economic growth*** is expected to expand at a moderate pace, according to the IMF, slowing from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026—the slowest growth rate since the pandemic crisis.

In the ***United States***, growth is expected to slow to 2% in 2025, following strong expansion of 2.8% in 2024. This slowdown is due to a moderation in household consumption and a loss of momentum in private investment. In 2026, a slight recovery is expected (+2.1%), driven by a gradual easing of financial conditions and a decline in inflation.

In the ***eurozone***, growth is expected to rise to 1.2% in 2025 and 1.1% in 2026, following 0.9% in 2024, supported by fiscal easing in Germany, increased military spending in the region, moderating inflation, lower ECB interest rates, and relative labor market resilience. In this regard, it should be noted that the German economy, after two years of deep recession, appears to be embarking on a modest recovery in 2025 (0.2%), before accelerating in 2026 (0.9%). In *France*, growth is expected to slow in 2025 (0.7%) due to fiscal adjustment, before rebounding in 2026 (0.9%). Growth in ***Italy***, meanwhile, would remain subdued (rising from 0.5% in 2025 to 0.8% in 2026) due to weak domestic demand. Economic activity in ***Spain***, on the other hand, is expected to continue to outperform (2.9% in 2025 and 2.0% in 2026), driven in particular by a dynamic labor market and tourism.

As for growth in *emerging and developing economies*, it is expected to slow but remain resilient overall (4.2% in 2025 and 4.0% in 2026, compared with 4.3% in 2024), driven by favorable demographics and solid macroeconomic fundamentals. Thus, growth in *China* is expected to continue slowing, falling from 5% in 2024 to 4.8% in 2025 and 4.2% in 2026, due to trade restrictions and the uncertain global environment weighing on exports and manufacturing investment. In *India*, the economy is performing strongly, with growth of 6.6% in 2024 and a forecast of 6.2% for 2025–2026, driven by robust consumption, easing inflation, and active support measures. In *Brazil*, following robust growth of 3.4% in 2024, economic activity is expected to slow to 2.4% in 2025 and then to 1.9% in 2026, held back by monetary and fiscal tightening as well as external shocks.

In addition, growth in the MENA region is expected to pick up, rising from 2.1% in 2024 to 3.3% in 2025 and 3.7% in 2026.

As for growth in *sub-Saharan Africa*, it is expected to remain resilient, reaching 4.1% in 2025, and could strengthen in 2026 to 4.4%, up from 4.1% in 2024.

Compared to global commodity prices, they remained moderate in 2025, driven by excess supply and weaker global demand. However, certain sectors, particularly energy and agriculture, remain highly volatile, driven by geopolitical and climate-related uncertainties. These price trends, along with the normalization of supply chains and the lagged effect of monetary tightening, significantly contributed to the continued decline in inflation in 2025. Accordingly, forecasts project inflation of 3.6% in 2025 and 3.2% in 2026 across the G20. The OECD, for its part, forecasts an inflation rate of 4.2% in 2025 and 3.2% in 2026.

As for *international trade*, global merchandise trade increased in 2024 by 2.8% in volume and 2.2% in value, following a contraction of 0.9% and 4.7% in 2023, according to the WTO. For the full year 2025, global merchandise trade is projected to grow by 2.4%, according to the same organization.

Global ***foreign direct investment*** (FDI) flows fell by 11% in 2024, according to the latest edition of UNCTAD's "World Investment Report 2025," continuing their downward trend for the second consecutive year. This decline is largely attributable to a 22% drop in FDI flows to developed economies, including a 58% decline in Europe. In Africa, FDI recorded a significant increase of 75%, driven primarily by the international financing agreement for the Ras El-Hekma urban development projects in Egypt. Excluding this exceptional project, flows rose by 12%, reaching approximately $62 billion, or 4% of global flows. In the first quarter of 2025, global FDI flows stood at $408 billion, according to UNCTAD, a 15% decrease compared to the same period in 2024.

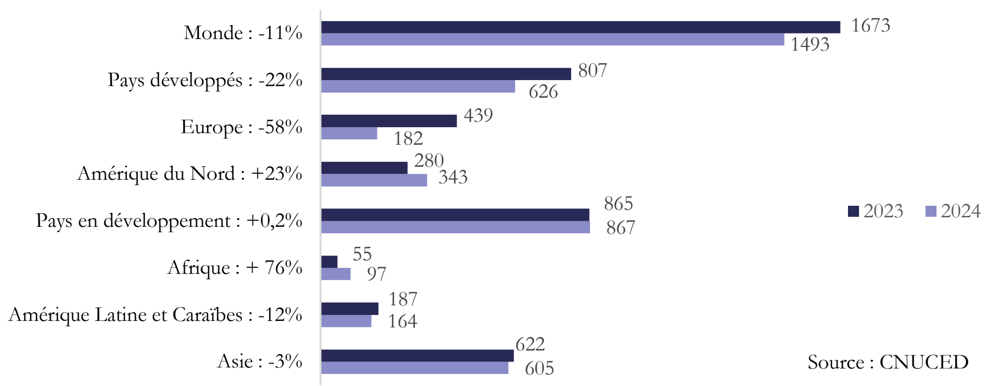


Figure 1: Trends in FDI globally and by region (in billions of dollars)

II. A national economic momentum that continues amid a changing global landscape

Despite a global context marked by persistent geopolitical and trade tensions, coupled with profound geo-economic shifts currently underway, the Moroccan economy has managed to maintain a positive momentum that has been consistently demonstrated over the past few years.

II.1. Economic momentum confirmed in 2024

In 2024, the national economy confirmed this trend by continuing to demonstrate remarkable resilience, despite the succession of internal and external exogenous shocks. The national accounts results bear this out, reporting growth of 3.8% in 2024, representing an additional 0.1 percentage point compared to 2023.

This development is the result of the stronger momentum of non-agricultural activities (+4.5%), which offset the effects induced by the contraction in agricultural value added (-4.8%), relying on key sectors such as industry, tourism, energy, construction and public works (BTP), and telecommunications.

On the demand side, 2024 was marked by the strong performance of final household consumption (including NPISH), which increased by 3.4% in 2024, supported by wage increases in both the private and public sectors, the launch of direct social assistance, and the solid performance of remittances from Moroccans residing abroad (MRE). As for investment, it once again became the main driver of activity in 2024. Supported by the momentum of the public sector, Gross Fixed Capital Formation (GFCF) accelerated significantly, recording growth of 12.8% after only 2.3% in 2023, raising its contribution to economic growth to 3.2 percentage points, compared to 0.6 percentage points in 2023—thus exceeding even the contribution of final household consumption.

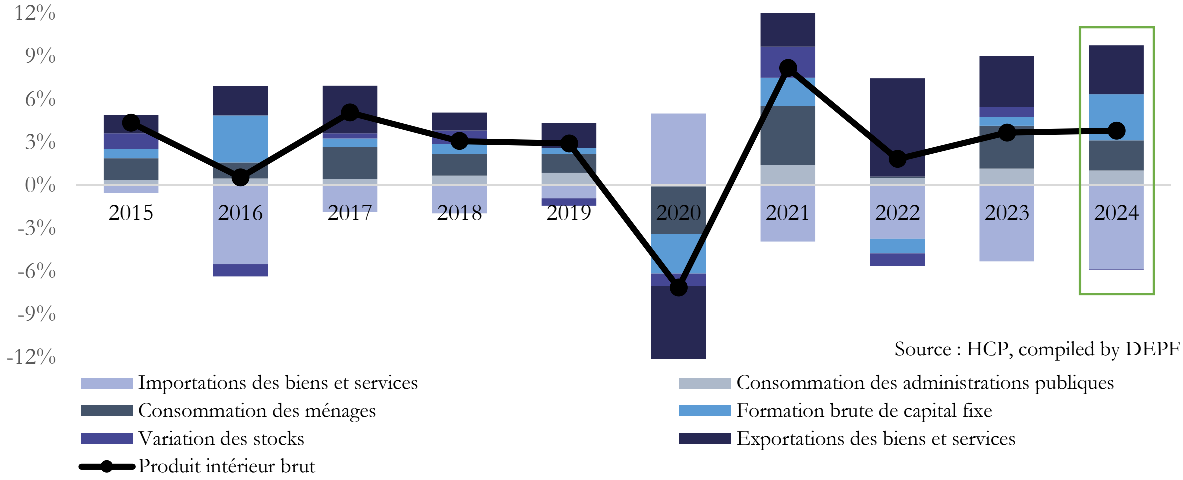
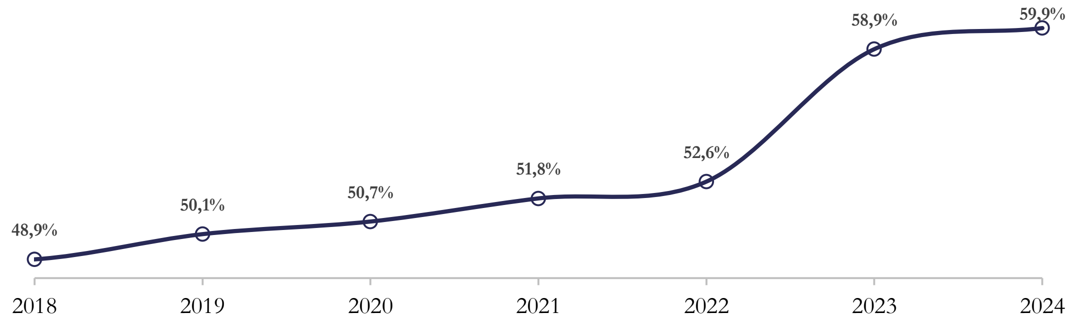


Figure 2: Contribution of demand components to economic growth

The year 2024 was also marked by government policy aimed at easing inflationary pressures. The measures taken by Bank Al Maghrib—including two reductions in the key interest rate (in June and December) totaling 50 basis points to reach 2.50%, and the continued fulfillment of all banks' liquidity requests—combined with those taken by the Government to support household purchasing power, led to a significant reduction in the inflation rate. Inflation, measured by the change in the consumer price index, reached 0.9% in 2024, down from 6.1% in 2023 and 6.6% in 2022.

In terms of employment, the momentum in national economic activity had a positive impact on the labor market situation in 2024. The data show the creation of 82,000 jobs, compared to a loss of 157,000 jobs in 2023 and 24,000 in 2022. These job gains are attributable to an increase of 179,000 in paid employment and a decrease of 97,000 in unpaid employment. The national employment rate consequently improved, reaching 59.9% in 2024 compared to 48.9% in 2018, reflecting a qualitative improvement in employment.



Source : HCP, compiled by DEPF

Figure 3: Changes in the percentage of the workforce

The momentum of the Moroccan economy was also reflected at the regional level, with varying trends across different regions. An analysis of the regional distribution of GDP at current prices between 2013 and 2023 reveals a gradual transformation in the economic structure of the regions, both in terms of their contribution to national wealth and their growth rates.

The data shows that the Casablanca-Settat region remains the Kingdom's main economic hub, contributing 32.4% of GDP, despite a slight decline of 0.5 percentage points compared to 2013. The Rabat-Salé-Kénitra region has consolidated its second-place position with a 5.8% contribution to GDP, thanks to its administrative role, industrial zones, and logistical appeal. For its part, the Tangier-Tetouan-Al Hoceima region continues to gain momentum, with its contribution to GDP rising from 9.6% to 10.6%, driven by the automotive sector, logistics, and port infrastructure. *These three regions thus account for nearly 58.7% of the nation's wealth.*

As for the southern regions, they have seen significant growth, driven by the development model designed specifically for them. The Laâyoune-Sakia El Hamra region has seen its share of GDP rise from 1.4% to 2% over the past decade, while the Guelmim-Oued Noun and Dakhla-Oued Eddahab regions are experiencing positive growth, supported by major infrastructure, renewable energy, and fisheries projects. Conversely, some regions have seen a slight decline, notably Fès-Meknès (from 9% to 8.4%), Marrakech-Safi (from 9% to 8.5%), and Béni Mellal-Khénifra (from 6.7% to 5.4%).

These developments reflect a partial rebalancing of regional disparities and highlight the positive impact of public and private investment in certain regions. However, the fact that more than half of the nation's wealth is concentrated in just three regions confirms the persistence of interregional disparities, underscoring the need to strengthen integrated regional development policies to enhance the Kingdom's economic and social cohesion.

II.2. Continued economic recovery in 2025

According to the HCP's national accounts report for the second quarter of 2025, economic growth accelerated significantly to 5.5% compared to the second quarter of 2024, following 4.8% in the first quarter, bringing economic growth for the first half of 2025 to 5.2%. This momentum is driven by strong domestic demand and a marked recovery in the productive sectors, against a backdrop of contained inflation.

As a result, value added in the agricultural sector increased by an average of 4.6% by the end of the first half of 2025, following a 4.7% decline a year earlier. This trend is expected to continue throughout 2025, against a backdrop of estimated grain production of 43 million quintals, compared to 31.2 million quintals at the end of the previous season.

Value added in the *manufacturing sector* also rose by 6.9% in the second quarter of 2025, compared with (+2.6%) in the second quarter of 2024, driven primarily by strong performance in the manufacture of transportation equipment (+18%), food and beverage manufacturing (+7.1%), and chemical manufacturing (+8%). This momentum in the manufacturing sector is expected to continue throughout 2025, as evidenced by the 3.2-point increase in the capacity utilization rate (CUR) during the first two months of the third quarter of 2025, compared to a 0.6-point increase a year earlier.

Similarly, value added in the *mining sector* accelerated to (+10.9%) in the second quarter of 2025, following a 6.7% increase in the first quarter of the same year, resulting in average growth of 8.8% by the end of the first half of 2025. It should be noted in this regard that rock phosphate production increased by 15.1% by the end of the first half of 2025, following a 31.9% rise a year earlier, while production of phosphate derivatives improved by 6.8% by the end of June 2025, following a (+30.3%) increase a year earlier.

As for the *construction sector*, its value added accelerated to an average of (+6.5%) by the end of June 2025, up from (+3%) a year earlier. This momentum continued into the third quarter of 2025, as evidenced by the 12.1% increase in cement sales—the primary barometer of construction activity—following a 15.4% rise in the second quarter of the same year.

As for the *tourism sector*, it continued its upward trend during the second quarter of 2025, posting a 10.5% increase following a 9.4% rise in the same quarter of 2024, representing an average growth rate of 10.1% as of the end of June 2025 after a 6.3% increase as of the end of June 2024. This momentum strengthened over the first eight months of 2025, with tourist arrivals reaching nearly 13.5 million by the end of August 2025, marking a (+15%) year-over-year increase. In turn, travel revenue closed out the first eight months of 2025 with a 14.3% increase, following a (+4.7%) rise a year earlier, reaching 87.6 billion dirhams.

On *the demand* side, household consumption remains robust, supported by government measures to boost purchasing power, against a backdrop of inflation that remains under control (+1.1% as of the end of August 2025). At the same time, investment activity is strengthening, driven by major infrastructure projects and capital expenditures from the General State Budget, which increased by 3.7% to reach 67.9 billion dirhams as of the end of August 2025. This momentum is also expected to benefit from the strong growth, as of the end of August 2025, in FDI inflows of 43.4%, as well as the 13% increase in imports of capital goods and the 21.5% rise in capital expenditures.

With regard to the *employment situation*, it is worth noting that, by the end of the second quarter of 2025, the national economy had created nearly 5,000 jobs, following a loss of 82,000 jobs a year earlier. This improvement is mainly due to an increase in paid employment, with 132,000 jobs created, primarily in urban areas (+124,000). Unpaid employment, on the other hand, lost 126,000 jobs, with 12,000 in urban areas and 115,000 in rural areas.

III. Strengthening the sustainability of public finances and macroeconomic stability in a challenging environment

The management of public finances in Morocco, over the period 2021–2024, has followed a trajectory that reconciles economic recovery, structural reforms, and fiscal consolidation.

In this regard, the analysis of the evolution of *public revenues* between 2021 and 2024 shows an average annual increase in ordinary revenues of 12.9%, reflecting improved mobilization of tax resources, the impact of the structural reforms implemented, and a favorable economic dynamic. As a result, the ratio of ordinary revenues to GDP increased from 19.9% in 2020 to 23.3% in 2024, representing a rise of 3.5 percentage points of GDP.

The strengthening of ordinary revenues is attributable to the strong contribution of tax revenues, which accounted on average for 81.9% of ordinary revenues over the same period. It should be noted that tax revenues recorded an average annual growth of 10.8%, driven by increases in Corporate Income Tax (+9.6%), Personal Income Tax (+10.6%), Value Added Tax (+12.4%), and the Domestic Consumption Tax (+7.4%). As a share of GDP, tax revenues showed a notable improvement, rising from 17.2% in 2020 to 18.8% in 2024, representing an increase of 1.5 percentage points of GDP.

As for *non-tax revenues*, they grew at an average annual rate of 25.7% between 2021 and 2024. This growth was primarily driven by a 29.6% increase in other revenues—notably those related to innovative financing mechanisms—as well as a 14.7% rise in revenues from public institutions and enterprises. As a share of GDP, non-tax revenue stood at 4.2% in 2024, compared to 2.4% in 2020, representing an increase of 1.9 percentage points of GDP.

Overall spending showed an upward trend over the 2021–2024 period, with an average annual growth rate of 7.7%, driven primarily by significant budgetary efforts to implement reforms and structural initiatives, particularly in the context of strengthening the foundations of the welfare State and revitalizing the national economy. Despite this increase in absolute terms, the level of total spending relative to GDP decreased by 0.8 percentage points, falling from 27.6% of GDP in 2020 to 26.7% of GDP in 2024.

It is worth noting that an analysis of the overall expenditure structure reveals that current expenditures outweigh capital expenditures. Recurrent expenditures grew by an average of 7.5% per year over the 2021–2024 period, driven by a 5.4% increase in personnel costs, a 10.4% rise in expenditures on other goods and services, a 5.6% increase in debt interest payments, and a 17.1% rise in compensation expenditures. However, the share of current expenditures in total expenditures is gradually declining, falling from 76.4% in 2021 to 72.5% in 2024, reflecting the significant budgetary effort allocated to investment.

At the same time, *capital expenditures* increased by an average of 8.1% annually over the 2021–2024 period, accounting for an average of 7% of GDP. This trend reflects the government's ongoing commitment to infrastructure development and the implementation of key projects essential to economic recovery and to strengthening the long-term resilience of the national economy

It is worth noting in this regard that public investment in 2024 growth of 6%, due mainly to the acceleration of several projects and construction sites, particularly those under the national program for drinking water supply and irrigation, and preparations to host upcoming sporting events, notably the 2025 Africa Cup of Nations and the 2030 World Cup.

As a result of these changes in revenue and expenditure, the *budget deficit* has narrowed significantly over the past four years. Starting in 2021, the budget deficit has indeed gradually narrowed to reach *3.8% of GDP in 2024*, thanks to a positive primary balance that reached 62.9 billion dirhams in 2024, representing 3.9% of GDP.

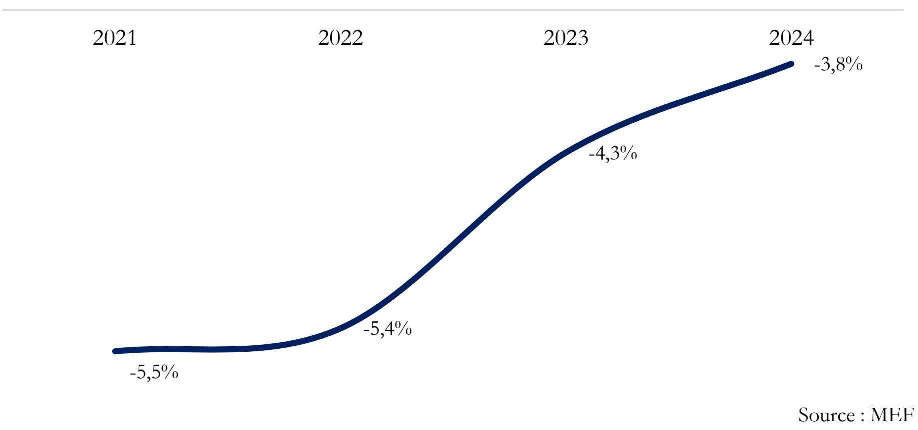


Figure 4: Change in the budget balance as a percentage of GDP

It should be noted that this reduction took place against a backdrop of significant fiscal efforts to address the repercussions of the health crisis, maintain price stability, stimulate economic growth, and undertake far-reaching social reforms, which underscores the relevance and scope of the efforts made to enhance the efficiency of public finances.

A sustained process of structural reforms has indeed been undertaken in recent years, under the impetus of His Majesty the King, with the aim of improving the sustainability of public finances and stimulating economic growth. This undertaking notably includes the overhaul of the tax system (implementation of the Framework Law No. 69-19 adopted in 2021), the expansion of social protection, the restructuring of the public sector (adoption in 2024 of the State's shareholder policy), the promotion of both public and private investment (implementation of the Investment Charter and operationalization of the Mohammed VI Investment Fund), as well as the reform of the Law relating to the Finance Act. Although these reforms are progressing at different paces, their implementation has reached a notable degree of maturity.

In accordance with the High Royal Guidelines, on the occasion of the 26th anniversary of the Throne Day, and in line with the commitments of the government program, the 2026 Finance Bill is structured around four strategic priorities, namely: consolidating economic achievements to strengthen our country's position among emerging nations; launching a new generation of integrated territorial development programs; continuing the consolidation of the pillars of the social State; and pursuing major structural reforms while preserving the balance of public finances.

In *terms of outlook*, and based on the adopted assumptions—namely a cereal production of 70 million quintals, an average Brent price of 65 dollars per barrel, a euro-dollar parity of 1.11, and an increase in foreign demand addressed to Morocco (excluding phosphate products and derivatives) of 2.3%—the national economy is expected to grow by 4.6% in 2026, with a target budget deficit of 3% of GDP.