# Summary of the 2012 Economic and Financial Report

The 2012 Finance Bill draft project comes up in a particular national context, marked by democratic change brought about through the ballot box, which has led to the formation of a new government, in the wake of the major institutional and political shift initiated with the ambitious reform of the nation's constitution.

At the international level, the new economic geography of the world highlights a dual dynamics of growth. This geography shows first and foremost signs of weakness in developed countries, which have struggled to overcome the 2008-2009 recession, notably with worsening budget imbalance, growth rates below potential, as well as persisting high unemployment levels. Contrarily, emergent economies, especially the BRICS members (Brazil, Russia, India, China, South Africa), have continued to grow, thanks to a vigorous domestic demand. The expansion of these economies is underpinned by buoyant domestic markets, the strong increase of their working population, technical progress and capital accumulation, combined with the improvement of macroeconomic fundamentals.

At the regional level, the dynamics of change that will eventually bring about new development prospects for the MENA region, has nevertheless resulted in economic disruptions which have notably led to an increase in sovereign risk premia and volatile rates on the raw materials market. In the short term, such a climate undermines growth prospects in several countries of the region, and calls for a review of governance and growth models in some depth, to make them more transparent, more participatory, more inclusive, and fairer socially. Following these shifts in Morocco's regional environment, new opportunities may arise to reinforce and diversify productive systems and growth trends, which Morocco can capitalize on in the future, within its Euro-Mediterranean environment.

The 2012 Economic and Financial Report seeks to address the international and regional trends which the Moroccan economy has to contend with, to apprehend their underlying dynamics and most salient features, and to highlight current opportunities, thus staking out a position for the national economy. The Report aims to examine the fundamentals of the Moroccan economic development model, in terms of capacity, potential, and resilience, while at the same time taking into account specific time periods and geographical factors, as well as sectoral strategies in the light of the objectives set for a more sustainable and more inclusive human development. The report closely seeks out any budgetary room for manoeuvre, taking into consideration the present climate and the constraints it places on the financing of economic activity.

## I. Morocco's international and regional environment

International economic growth proceeds at a moderate pace, in line with the recovery in world trade. But growth is imbalanced, strong in emergent countries and weak in developed ones.
International economic growth slowed down in 2011, dropping from 5.2% in 2010 to 3.8% in 2011, and should stand at 3.3% in 2012. It varies according to countries and

regions, with advanced economies slowing down and risks of recession in several European countries. Indeed, economic prospects for the euro zone have worsened recently, as a result of the growing sovereign debt crisis and its impact on economic confidence. According to IMF forecasts, GDP in the euro zone is expected to shrink by 0.5% in 2012, having increased by 1.5% in 2011 and by over 1.9% in 2010. In the United States of America, economic growth fell in 2011, after a notable (+3%) recovery in 2010, and was primarily affected by soaring raw materials prices, bad weather conditions, and the fallout from the crisis in Japan. However, prospects for U.S economic activity in 2012 remain promising, with an expected growth rate of 1.8%.

With regard to emergent and developing countries, growth remains solid, albeit at a slower rate, thanks to the resilience of domestic demand. Growth should stand at 5.4% in 2012, following 6.2% in 2011 and 7.3% in 2010. Growth rates vary between countries and regions, with better performances in emergent Asian countries, especially China and India.

In the Middle East and North Africa, growth in 2012 is forecast at 3.2%, after 3.1% in 2011 and 4.3% in 2010. Weak prospects in countries affected by political and social protest movements are counterbalanced by improved prospects for oil and minerals exporting countries, and for countries, such as Morocco, which have initiated important reforms over the last decade.

Meanwhile, the volume of goods exported worldwide rose by 14.5% in 2010, an unprecedented rate since 1950, thanks to the revival of economic activity around the world and to the extension of supply chains. Goods imported worldwide increased by 13.5%. In 2011, worldwide exports are likely to register a more modest increase compared to 2010, around 5.8% according to the WTO. In its report “Global Economic Prospects”, published in January 2012, the World Bank has forecast 6.6% for growth in world trade in 2011 and 4.7% in 2012, following a leap of 12.4% in 2010.

In such conditions, the continued revival of the world economy is undermined by a net increase in downside risks. These relate to the threat of a protracted sovereign debt crisis in the euro zone, severe budgetary cuts in the U.S.A, worsening economic slowdown in China and other emergent countries, exchange rate fluctuations, and to social and political protest movements in the MENA region. To address these constraints, the G20, whose role was strengthened following the international financial crisis of

2008, has pledged to coordinate and take all necessary measures to sustain financial stability and promote stronger economic growth. For their part, European heads of states and governments have committed to reinforcing budgetary discipline within the euro zone. Twenty-five of the twenty-seven countries of the European Union thus adopted a Stability and Growth Pact (SGP) at the end of January 2012, while the CEB continues to ease its monetary policy to counter downside risks on growth linked to the negative fallout from financial turmoil.

Despite such a climate, Morocco still privileges openness as a strategic priority for the elaboration of its growth model. Morocco has achieved considerable progress in several domains relating to the Morocco-EU action plan, as well as to free trade agreements signed with other countries.

For instance, the agreement signed between Morocco and Turkey in 2006 has resulted in an average annual rise of 30% in Moroccan exports to Turkey, reaching MAD 2.9 billion in 2010. Likewise, the Agadir agreement has boosted trade relations between Morocco, Tunisia, Egypt, and Jordan, while the free trade agreement between Morocco and the U.S.A has consolidated trade and financial ties between the two countries. In 2010, the U.S.A became Morocco's $4^{th}$ supplier and $5^{th}$ client. Morocco's trade with African countries has also increased by an average of 15% per year since 2005, to stand at MAD 28.4% billion in 2010, and account for 6.4% of Morocco's foreign trade.

With regard to Morocco's attractiveness to direct foreign investment, investment flow resumed in 2010, following two years of decline caused by the international economic and financial crisis, with a 28% increase year on year, to stand at MAD 32.3 billion, thanks to European investment. Telecoms, property development, and tourism have remained the most attractive sectors. However, prospects for further direct foreign investment are tied to trends in economic and financial activity worldwide and to investment programs, especially in the European Union, Morocco's main economic partner.

In their analysis of the positioning of the Moroccan economy, several reports published by international institutions, such as the World Economic Forum, the World Bank (Doing Business) and the American Institute 'The Heritage Foundation', have underlined the significant progress made. Nonetheless, many challenges must still be addressed in areas seen to underlie Morocco's poor positioning internationally, such as its justice system, its job market, corruption, the protection of investors, innovation, and research and development.

## II. Consolidation of Morocco's model for economic and social development

Morocco has developed both its resilience and potential for growth by renewing the fundamentals of its growth model. Combining economic openness, financial liberalization, and far-reaching structural reforms, the Moroccan model has learned from past experiences and contributed to the achievements of the macroeconomic stabilization program. Such achievements are based on the modernization of the productive sector, an accommodating budgetary discipline, a credible monetary policy, all underpinned by a stable institutional and legal framework.

The economic dynamics of the last three decades have resulted in structural changes and contributions to GDP growth which varies from one sector to another. Sector-based analysis of economic growth shows an expansion of the tertiary sector in the country's productive fabric, a significant contribution from high added value sectors, and a greater share for new generation services gaining ground on traditional sectors.

Indeed, the breakdown of overall added value per sector underlines the predominance of the tertiary, with an average share of 55.6% between 2000 and 2010. The tertiary enjoyed rapid growth, rising from 3.1% between 1990 and 1999 to 4.8% between 2000 and 2010. The share of the primary sector lost 2.3 points and dropped from 19.3% in the 1990s, accounting for an average of 17% of overall added value between 2000 and 2010. In terms of growth, the sector registered a 5.1% average annual increase in volume between 2000 and 2010, despite two years of drought in 2005 and 2007. The share of the secondary sector shrank from 28.2% between 1990 and 1999 to 27.3% between 2000 and 2010, a slight 0.9 point drop. The secondary sector's actual growth rate rose from a 2.1% annual average in the 1980s to 3.1% in the 1990s, and then to 3.7% between 2000 and 2010.

Besides the sound orientation of offer, the different components of domestic demand enjoyed great momentum between 2000 and 2010. Final consumption expenditure has remained the main driver of economic growth, with an average annual growth rate of 4.1% between 2000 and 2010, underpinned by greater buying power resulting from a buoyant job market, pay increases, a drop in income tax, contained inflation, as well as the receding impact of drought on household income. As to final consumption in the public administration, it registered an average annual growth of 3.6% between 2000 and 2010, compared to 2.1% between 1990 and 1999 and 5.3% between 1980 and 1989.

Gross fixed capital formation, the second-largest component of aggregate demand after household final consumption, enjoyed unprecedented growth. Its progress rate leaped from an annual average of 3,8% in the 1990s to 6.4% between 2000 and 2010, as a result of stronger public investment in strategic sectors, such as telecoms, railways, air and road transport, port activities, education, and housing.

With regard to the current account, after running a deficit of around 1% of GDP in the 1990s, the balance of current transactions registered a surplus of nearly 2.8% of GDP between 2001 and 2006, evened out in 2007, then ran a deficit between 2008 and 2010 with an average of 5% of GDP, which amounted to an average deficit of 3.8% between 2007 and 2010. The deficit was primarily caused by growing imports of energy products, hardware, and semi-products, linked to the bustling economic activity in the country.

At the regional level, trends show that structural transformations underway in the Moroccan economy are sustained by unexpected regional dynamics, and tend to offset to a large degree the relative slowdown of regions which hitherto led the country's productive activity. The search for new sources of growth will undoubtedly entail the consolidation of emerging dynamics and the active diversification of the national productive system, both in terms of spatial distribution and sectors of activity.

Between 1998 and 2009, the GDP analysis per region generally underscores the preeminence of the Casablanca-Settat region, followed by Rabat-Sale-Kenitra, Marrakech-Safi, and Souss-Massa. Yet regions with low GDP contributions register the most dynamic economic trends, with growth rates above the national average of 6.1%: Ed Dakhla-Oued ed Dahab and Laayoune-Saguia al Hamra with 9% and 8.5% respectively. Alongside spatial concentration, a degree of sectoral concentration is noticeable, in connection to the regions' potential, vocations, demographic make-up, and economic and social liabilities.

On the financial front, the sector's contribution to economic growth and job creation is on the rise, due to its role in collecting savings and channeling capital towards productive sectors. In this regard, gross national savings rose by 6.3% in 2010, to stand at MAD 235 billion, following a 2.4% drop in 2009. Such a rise is partly due to growing financial transfers from Moroccans in residence abroad, which increased by 7.8% to reach MAD 54.1 billion, against a 5.4% drop in 2009.

To support economic activity and performance, banks granted nearly MAD 686.4 billion in loans in 2011, compared to 621.2 billion in 2010 and 577.3 in 2009, thus registering a progress rate of 10.5%, against 7.6% in 2010 and 9.7% in 2009. The recovery seen in 2011 was fuelled by a notable increase in all loan categories, with the exception of equipment loans which rose by 5.1%, after increasing by 16.9% in 2010.

The considerable progress Morocco made in terms of economic development has had a positive impact on human development indicators, and the positive achievements linked to all Millennium Development Objectives bear witness notably to the improvement in living standards, the generalization of schooling, and access to healthcare.

Economic performance and the promotion of social well-being have led to an increase in the living standards of citizens, highlighted by the rise in gross national income per inhabitant, from MAD 14,387 in 2000 to MAD 25,333 in 2010, an average annual increase of 5.7%. As a consequence of a general rise in living standards, poverty has significantly receded between 2001 and 2007, dropping from 15.3% to 8.9% nationwide.

For their part, schooling indicators have improved markedly. Action taken against illiteracy has significantly reduced the illiteracy rate among the population aged 10 and older, to currently stand at 30%.

Greater access to healthcare should also be pointed out, as shown by the drop in infant mortality rates over the last five years, which fell to 30 per 1,000 live births in 2010, and by the drop in maternal mortality during delivery by more than 50% in 5 years, to stand at 112 deaths per 100,000 births in 2010.

In terms of employment, notable progress has brought the unemployment rate below the 9% mark (8.9% in 2011) in recent years, in a context where the working population aged 15 and older continues to grow, but where productive diversification in the national economy has offered new job opportunities in emergent sectors and in major building and public works projects ... Nonetheless, the job market in Morocco has yet to overcome three important obstacles: unemployment due to quantitative inadequacy, unemployment due to qualitative and skill inadequacy, and unemployment due to dysfunction.

In such conditions, the viability of the Moroccan model depends on the reinforcement of institutional frameworks. A reformed institutional system entails additional growth to reach levels of growth that can generate jobs and help reduce social disparities. The new constitution adopted by referendum in July 2011 has thus crowned the long process of institutional and legislative reforms Morocco initiated in recent years. The new constitution reaffirms Morocco's commitment to universally recognized human rights, and sets the promotion of ethics and integrity, as well as good governance practices, as priorities. To support this reform dynamics, the revision of organic law relating to the Finance Bill has been initiated as a way of strengthening the budget's contribution to the implementation of structural reforms, while further consolidating the sustainability of the macroeconomic framework.

## III. Economic, financial, and social policy

Confronted to years of economic recession, the reorganization of productive sectors has entailed the reshuffling of the respective importance of economic sectors, in terms of growth, job creation and investment, and has, for a large part, helped absorb external shock waves. Such resilience is also the result of a new spatial distribution of growth and the emergence of regional vocations supported by sectoral plans.

In its policy statement, the new government has pledged to speed up and consolidate the implementation of the different programs and sectoral plans which prefigure the structural shifts of the Moroccan economy. This governmental pledge aims to reinforce a national development model that is strong, diversified on the sectoral and territorial plane, competitive, and that produces wealth, creates decent jobs, and guarantees a fair distribution of the fruits of economic growth.

Morocco is thus pressing ahead with sectoral strategies highly focused on sectors geared towards export, in which it enjoys undeniable comparative advantages, to stimulate growth and address the deterioration of its trade deficit.

In this regard, the fisheries sector has made considerable progress since the implementation of the Halieutis Plan, and a new version of the Ibhar Program, designed in concert with all relevant parties, was launched in May 2011.

With regard to industry, the National Pact for Industrial Emergence is starting to have effect on the Moroccan industrial sector, two years after it was launched. This is clearly reflected in trends relating to export and to the World Crafts of Morocco, two major areas in this new industrial strategy. Automobile exports have increased by 50%, with a surplus of MAD 6.3 billion, followed by aeronautics (+ 38%), offshoring (+29%), and electronics (+24%). In 2010 alone, the automobile sector created 8,300 net jobs, offshoring 4,000 jobs (+10%), and electronics 1,700 jobs (+23%).

In the textile and clothing industry, export growth has resumed with an increase, year on year, of 4.6% in 2011 and 3.6% in 2010, thanks to the set of measures put in place as part of the Pact.
In the phosphate industry, a development strategy has been adopted as part of the general development plan of OCP Group for the 2010-2020 period, aimed at consolidating OCP's leadership on the international phosphate and derived products market.

As for tourism, public authorities have implemented the "Vision 2020" road map to further develop the sector and consolidate its assets. This strategy aims to double the numbers of tourists visiting the country, to reach 18 million tourists, which will place Morocco in the top 20 tourist destinations in the world.

In view of their significant contribution to economic and social development, the domestic sectors, such as agriculture, housing, and domestic trade, are at the heart of the sectoral reforms introduced by the government.

Thus, since it was launched in 2008, the "Plan Maroc Vert" agricultural strategy has pushed ahead with the implementation of a range of projects, notably including institutional restructuring, the introduction of the value chain, the adjustment of the system of incitement for agriculture, the rational use of productive factors, the inclusion of different parts of the sector in the development process, as well as regional agricultural development.

After an unprecedented boom between 2003 and 2008, the housing sector slowed down in 2009 and 2010. To reverse this downward trend, the government adopted in 2010 a recovery program for the 2010-2020 period, which was actually implemented in 2011. 2011 saw an improvement in all the sector's indicators, as shown by the increase in cement sales and housing loans, of respectively 10.7% and 10.1% compared to 2010.

With regard to domestic trade, a new set of measures has been put in place in support of the Rawaj Plan, designed to lift obstacles to domestic trade in the country.

To support sectoral development, public authorities have launched major infrastructure works and projects in several regions, specifically in the domains of logistics, energy, water and telecoms. These domains are essential to the reduction of poverty, the achievement of Millennium Development Objectives, the promotion of trade, and to regional integration.

Likewise, the development of an effective system to finance economic productiveness, with the development of national financial markets and the channeling of national savings, is at the core of the government's program. Several reforms of the sector have been introduced in the last two years, relating primarily to the promotion of long-term savings, the introduction of a preferential treatment scheme for companies authorized to operate in the Casablanca financial centre, and to the on-going reforms of capital markets.

On the social front, public authorities have made considerable efforts:

- to boost buying power: through several measures taken over the 2008-2010 period as part of the social dialogue, regarding notably the revision of the income tax scale, the increase of annual promotion quotas from 25% to 28%, and the reclassification of civil servants with a wage scale of 1 to 4, to a scale of 5, the increase of minimal pensions from 500 to MAD 600 per month, and the 10% increase in the minimum wage in two phases...;

- to create decent jobs: through the implementation of new measures and the elaboration of a renewed policy involving different partners. Two special measures on training for job integration have been designed for the benefit of young people, the Enhanced Integration Contract and the Job Integration Contract;
- to improve governance in national education: a project for modern governance of projects at the Ministry of National Education, Higher Education, Executive Training, and Scientific Research, was introduced in April 2010 to switch to a system of decentralized governance, supported by information systems as well as efficient and integrated planning and management systems;
- to extend access to healthcare: through action taken as part of the implementation of the Strategic Action Plan (2008-2012) which prioritizes the further reduction of maternal mortality; extending access to medicine by cutting costs and rationalizing use; pressing ahead with the generalization of the medical assistance scheme for disadvantaged population groups, and putting in place a medical care scheme for higher education students.

## IV. Public Finances

In a context marked by strong and costly external shock waves, the determined choice of an expansionist budgetary policy to support investment, development, and buying power, was made to maintain the country's growth momentum and improve its international rating. However, it has also had an impact, because of the increase in raw material prices, on price compensation charges and, by extension, on the budget deficit.

Available figures on public finances trends underline on-going budget consolidation, as shown by increasing revenue and controlled expenditure (excluding price compensation). Indeed, tax revenues increased further in 2010, 2.1% higher than in 2009. Such a trend is the result of growing indirect tax revenues which have made a newly positive contribution with 5.7%, offsetting the drop in direct tax that contributed negatively with 4.5% to tax revenue growth. For their part, registration and stamp duties and customs duties accounted for respectively -0.6% and –1.1% in 2009, and 0.6% and 0.3% in 2010.

Generally, the increase in state revenues can be attributed to changes in tax base (household consumption, imported goods), but also to the adjustment of property asset prices, as well as to the increase in raw material prices, notably energy products.

The increase in expenditure in 2010 was caused by the soaring prices of energy products worldwide. Current expenditure rose by 5.9% compared to 2009. In proportion to GDP, this budget figure accounts for 21.1%, 0.3 point more than in the previous year, which is basically the figure registered in 2001.
The breakdown of current expenditure still shows that the largest share goes to expenditure on goods and services, which account for 72.8% of overall expenditure excluding investment in 2010, against 74% in 2001. Staff expenditure in proportion to GDP went up, from 11% at the beginning of the decade to 11.7% in 2005. This trend was then reversed thanks to specific measures (not replacing retiring staff, voluntary retirement, and ban on recruitment of lower-scale staff...), and to the improving rate of growth of the national economy. Staff expenditure hence accounted for 10.3% of GDP in 2010.

Interest charges on public debt have significantly dropped over the last ten years, due to the falling stock of direct public debt and to the easing of interest rates. The charges account for 2.3% of GDP in 2010, against 4.4% in 2001.

Contrarily, expenditure on price compensation continues to draw on the state budget and is highly sensitive to external shocks. Indeed, price compensation expenditure increased by 107.5% in 2010, if compared to 2009, while its share in the state budget rose from 6.5% to 12.8% in 2010. In relation to GDP, it represents 3.4%, a 1.7 point increase compared to the percentage of 2009.

State investment expenditure increased by 9% on average per year between 2001 and 2010, bringing its share in the overall budget up from 18.3% in 2001 to 21.6% in 2010. Investment secured through the state budget has been sustained since 2006, and the share of investment in GDP rose from 4.3% at the start of the decade, to 5.8% in 2010.

Over the last decade, these trends have resulted in the reduction of the budget deficit, falling from 3.4% of GDP between 2001 and 2005 to 1.5% of GDP on average for the 2006-2010 period, and have even yielded a budget surplus in 2007 and 2008 (0.6% and 0.4% of GDP respectively). In 2010, the budget deficit was at 4.7% of GDP, after 2.2% of GDP in the previous year. Given the increase in the stock of payment arrears by MAD 6.9 billion, if compared to the end of December 2009, the Treasury's financing requirements amounted to MAD 28.9 billion in 2010, against MAD 18.5 billion in the previous year.

With regard to the implementation of the 2011 Finance Bill, tax revenues surpassed Finance Bill forecasts by nearly MAD 4.7 billion. Corporate tax and income tax revenues rose by 14.6% and 2.2% respectively, compared to 2010. VAT revenues (excluding VAT from local authorities) increased by 10.2%. However, customs revenues dropped by 16% compared to 2010, to stand at MAD 10.3 billion, as a result of the tariffs reform and free trade agreements. Registration and stamp duties amounted to MAD 10.6 billion, with an increase of 5.8% compared to 2010, and in line with the 2011 Finance Bill forecasts.

Current expenditure excluding price support fund stood at MAD 193.1 billion, MAD 29.8 billion above Finance Bill forecasts, following the increase in price compensation charges.

Expenditure on goods and services amounted to MAD 126.5 billion in 2010, MAD 2.5 billion down from the 2011 Finance Bill forecasts. Expenditure on other goods and services amounted to MAD 37.9 billion, a saving of MAD 5.1 billion according to the Finance Bill, resulting mainly from an 11.7% drop in expenditure on equipment.

Expenditure on price compensation increased to MAD 48.8 billion in 2011, 79.6% higher than in 2010, as a consequence of the upsurge in raw material prices, especially oil products.

Moreover, expenditure on investment for 2011 is estimated at MAD 167.3 billion.

In view of the positive balance of Special Treasury Accounts of nearly MAD 1.9 billion, the implementation of state revenues and expenditure produced a budget deficit of MAD 50.1 billion, 6.1% of GDP instead of

3.5% forecast initially. However, were it not for price compensation charges, the overall deficit would have amounted to a mere 0.2% of GDP.

Although the 2012 Finance Bill draft project is being prepared in a context deemed exceptional, it is inspired by the ambition to live up to the new provisions introduced in the new constitution. Action taken by the Government in this regard aims to implement institutional reforms, consolidate good governance principles and mechanisms, invigorate the fundamentals of strong sustainable growth in a stable macro-economic environment, as well as extend access to basic services and infrastructure, as part of an inclusive and fair social policy.

In terms of economic growth, prospects for economic activity in 2012 are generally good, notably due to the economy's effective capacity of resilience, if compared to that of other countries in the region. Such resilience stems from buoyant domestic demand, the continuation of major public works and projects, and on-going reforms. In this sense, the country's economic growth should reach 4.2% in 2012, after 4.8% in 2011, given the moderate worldwide growth of 3.3% in 2012, against 3.8% in 2011, the drop in international trade in goods and services from 6.9% in 2011 to 3.8% in 2012, the average price of crude oil around $ 100 per barrel, and given the Euro/ Dollar parity at 1.4. Morocco's growth trend can be attributed to a 4.6% increase in GDP excluding agriculture, and a slower increase in agriculture added value, which should fall from 4.2% in 2011 to 1.7% in 2012.

Public investment should be extended and sustained in support of major structuring projects and sectoral policies, and should be in the region of MAD 188.3 billion, MAD 21 billion higher than in 2011.

Similarly, support to household consumption will be maintained, following efforts made, notably as part of the social dialogue, to improve citizens' income and sustain their buying power. This could be achieved by increasing wages, reviewing the civil servant promotion scheme, and allocating MAD 32.5 billion to price compensation (including the price support fund).

In accordance with the will of public authorities to develop and upgrade social action programs, the 2012 Finance Bill draft project also provides for the implementation of a key measure, the creation of the Social Cohesion Support Fund. In a spirit of national solidarity, the Fund could be financed by companies subject to corporate tax which post gross benefits of MAD 200 million or more in 2012, by a contribution from the Insurance Company Solidarity Fund, and by revenues derived from the increase in DCT (Domestic Consumption Tax) on tobacco. The Fund will also contribute to the implementation of the RAMED healthcare scheme, to the assistance provided to disabled people, and to the fight against school drop-out (TAYSSIR, providing school bags and supplies ...).

As a major component of current social policy, housing will secure more funding, thanks to the growing revenues of the Fund for Housing Solidarity and Urban Integration. In this regard, the special tax on cement will go up from MAD 0.10 to MAD 0.15 per kilogram, and 65% of revenues from this tax will be allocated to slum clearance programs, including the program for the south.

The 2012 Finance Bill draft project also aims to promote employment through the creation of 26,204 budget items for jobs, and the implementation of two measures for job training and integration aimed at young people (Enhanced Integration Contract and Job Integration Contract).

The options chosen regarding budgetary policy for 2012 reset public finances on a favorable course, in the medium term, despite the difficult international context that the Moroccan economy has had to contend with in recent years. In these circumstances, the budget deficit expected according to revenues and expenditure forecasts for 2012 should stand at 5% of GDP, against 6.1% in 2011.