Citizen Budget 2019

For a better understanding of the Finance Bill and its provisions
For a better understanding of the Finance Act’s provisions
Introduction

In recent years, Morocco is in the process of public finance reform, mainly through the implementation of the provisions of the Organic Law on the Finance Act, so as to establish the management of public policies based on the principles of transparency, performance and strengthening the quality of public services.

This process culminated in the achievement of significant progress in the results of the Open Budget Survey for 2017; ranking Morocco 2\textsuperscript{nd} in the Middle East and North Africa (MENA) region in terms of budget transparency.

The achievement of this progress is due, on the one hand, to the application of transparency measures dictated by the Organic Law on the Finance Act; and on the other hand, to the efforts made by the Ministry of the Economy and Finance to disseminate information on public finances, as well as the publication of the Citizen Budget and the continuous improvement of its content, making it possible to offer to citizens a summary and simplified presentation of public policy data.

Thus, the eighth edition of the Citizen Budget for the fiscal year 2019 aims to reaffirm the commitment of the Moroccan government to establish the principles of transparency and communication with citizens in terms of budget.

This edition also highlights, in a clear and simplified way, the provisions of the Finance Act, the macroeconomic hypotheses, the main proposed tax measures, the allocation of the expenses and the breakdown of the revenues according to their origin as well as the presentation of the main sectorial strategies, with particular emphasis on those that strongly and directly impact citizens' lives, in particular, education, health, employment, agriculture and drinking water.
What does it consist of?

What are the highlights of the 2019 Finance Act?

What is a State budget? And how is it prepared?

What are the assumptions on which the 2019 budget is based?

What are the revenues and expenditures of the 2019 budget?

What are the priorities of the 2019 budget?

How would the 2019 budget be spent?

What are the main measures of the 2019 Finance Act?

Vocabulary

Appendices
What are the highlights of the 2019 Finance Act?
What are the highlights of the 2019 Finance Act?

Education
68 billion dirhams

Health
28 billion dirhams

Creation of 40,572 budgetary positions

- Education: 15,000 contract positions
- Health: 4,000 budgetary positions

Canteens and university campuses
1.47 billion dirhams

Widows
600 million dirhams

Scholarships
1.8 billion dirhams

Family Assistance Fund
160 million dirhams

One million school bags
250 million dirhams

Widows
600 million dirhams

Mobilization of more than 8 billion dirhams for social protection programs

Assistance to People with Special Needs
150 million dirhams

Widespread of “Tayssir”
2.17 billion dirhams

“RAMED” Program
1.6 billion dirhams

For a better understanding of the Finance Act's provisions
What are the highlights of the 2019 Finance Act?

- Launch of a national preschool generalization program: more than 100,000 students for the 2018-2019 school year;

- **Launch of the 3rd phase of the INDH**: 18 billion dirhams during the period 2019-2023; 1.8 billion per year from the general budget;

- Implementation of the reform of the Regional Investment Centers, which aims at transforming them into public institutions for better participatory governance;

- **Change in the property tax system** through the imposition of a withholding tax at the 15% discharge rate applicable on the gross amount of rents; instead of the application of the scale after deduction of 40%, in addition to the exemption for rents, the gross annual amount does not exceed 30,000 dirhams;

- Review of the current scale of the Corporate Tax to adapt it to the specificities of SMEs through:
  
  o The reduction of the corporate tax rate from 20% to 17.50% for companies, subject to the normal rate and with income between 300,001 to 1,000,000 dirhams;

  o The capping of the progressive scale rate of 17.50% for companies currently subject to this rate (exporting companies, mining, hotel, craft, private education, ...) and with income above 300,000 dirhams.

- Establishment of a social solidarity contribution on earnings which will be applied, according to a proportional rate of 2.5% to the earnings of the companies, subject to corporation tax and with earnings greater than or equal to 40 million dirhams for two consecutive years, the declarations of which are filed as from 1 January 2019;

- **Cancellation of the outstanding debts due to the State**, assessed before 1 January 2000, and whose amount is equal to or lower than 50,000 dirhams;

- **Cancellation of unpaid loans granted by the State to young promoters**, as part of the promotion of youth employment, where the State had instituted a mechanism to facilitate access to bank loans for young Moroccan entrepreneurs, before it was abandoned in 2002;

- **Exemption from the death benefit** paid to the beneficiaries of civil and military officials and agents of the State, from local authorities and public institutions.
What is a State budget?
And how is it prepared?
What is a State budget? And how is it prepared?

The state budget is the main instrument that allows the government, the annual implementation of its economic and social program. It is marked, at different stages of its preparation, adoption and execution by a constitutional and legal framework. It is an act by which the resources and the annual expenses of the State are planned and authorized. It is structured around 3 components: general budget, budgets of autonomously managed State services and budgets of special accounts of the Treasury.

Budget Preparation Process

January - July 15th of the year n-1

Planning and preparation phase

- Triennial budget planning;
- Presentation by the Minister of Finance in the Government Council.

September - October of the year n-1

Arbitration and development phase

- Budgetary committees;
- Preparation of the "Budget" of the year n.

July of the year n-1

Guidance and Consultation phase

- Consulting the parliament;
- Guidance letter.

October of the year n-1

Decision and adoption phase

- Adoption after the decision of the Council of Ministers on the general guidelines of the "budget";
- Adoption after the decision of the Government Council on the budget.

Tabling of the "Budget" in the House of Representatives Office before October 20 of year n-1
What are the assumptions on which the 2019 budget is based?
What are the assumptions on which the 2019 budget is based?

- **Average price of gas**: 560 dollars / ton
- **Growth rate**: 3.2%
- **Budget deficit**: 3.3% * of GDP
- **Inflation rate**: Less than 2%

*including proceeds from privatization*
What are the revenues and expenditures of the 2019 budget?
What are the revenues and expenditures of the 2019 budget?

Where do the 2019 Budget resources come from?

- Tax revenue: 228.62 billion, 4.64%
- CST revenues: 85.08 billion, 1.53%
- Non-tax revenue: 24.81 billion, 50.94%
- Loans: 76.20 billion, 12.06%
- SEGMA revenue: 2.81 billion, 0.27%

* The figures are in billions of dirhams

CST: Treasury Special Accounts
SEGMA: Independently managed State services

Change in comparison with the 2018 Finance Act

How are these resources spent?

- Operating costs: 215.62 billion, 10.06%
- Investment expenditure: 73.37 billion, 7.54%
- CST expenditures: 84.40 billion, 7.43%
- Depreciation of the public debt: 39.21 billion, 12.90%
- Interest and fees on the public debt: 28.03 billion, 3.39%
- SEGMA expenditures: 2.81 billion, 0.27%
What are the revenues and expenditures of the 2019 budget?

**MAIN OPERATING EXPENSES PLANNED UNDER BUDGET 2019**

- Payroll: 112.16 billion dirhams
- Masse salariale: 112.16 billion MMDH
- Matériel et dépenses diverses: 45.13 billion MMDH
- Charges communes de fonctionnement: 44.1 billion MMDH
- Common operating expenses: 44.1 billion dirhams
- Material and miscellaneous expenses: 45.13 billion dirhams
- Operating costs

**MAIN TAX AND NON-TAX REVENUES UNDER THE 2019 BUDGET**

**Non-tax revenues**
- Monopoly profit, operating revenues and proceeds from the State's financial holdings: 11.45 billion dirhams
- State sector revenue: 354.5 billion dirhams
- Miscellaneous revenue: 6.80 billion dirhams
- Donations and legacies: 1.20 billion dirhams

**Tax revenues**
- Income taxes: 44.60 billion dirhams
- Corporate taxes: 51.96 billion dirhams
- Domestic Consumption tax: 29.12 billion dirhams
- Value added tax: 60.71 billion dirhams
- Customs duties: 9.42 billion dirhams
- Registration and stamp duties: 18.03 billion dirhams

For a better understanding of the Finance Act's provisions
What are the priorities of the 2019 budget?
What are the priorities of the 2019 budget?

- Social Policy Support
- Reducing inequalities
- Inducing a new momentum for business investment and support
How would the 2019 budget be spent?

- To support social policies;
- To pursue sectorial strategies;
- To promote and support investment;
- To pursue major institutional reforms;
- To preserve the great macroeconomic balances.
How would the 2019 budget be spent?

A. SOCIAL POLICY SUPPORT

HEALTH

- 28.23 billion dirhams
- 4,000 budgetary positions

The year 2018 was marked by:

- More than 54.6% of the Moroccan population now has basic medical coverage:
  - Affiliation of 65,553 students of higher education to the AMO regime for the 2016-2017 academic year;
  - Adoption by both houses of parliament of the draft law n° 98-15 pertaining to the AMO regime for professionals and the self-employed

- Commissioning of several hospitals with a bed capacity of more than 670 beds;

- Launch of construction works for new hospitals with a bed capacity of 1,050 beds;

- Price reduction of more than 3,600 drugs and medical devices;

- Purchase of 120 mobile health units and 74 ambulances in 2017, in addition to 40 mobile health units and 40 ambulances in 2018.

Improvement of health indicators:

- Decrease in the ratio of maternal mortality from 112 to 72.6 per 100,000 live births between 2010 and 2016;

- Decrease in the ratio of infant and child mortality to 22.16 per 1,000 live births in 2018 against 30.5 in 2011.

The year 2019 will focus on:

The project of the new "Health 2025" plan:

- Development of the healthcare offer in order to improve access to health services;

- Strengthening national health and disease programs;

- Improved governance and optimization of resource allocation.
How would the 2019 budget be spent?

- **68.28 billion dirhams.**
- **15,000 contract positions for national education.**
- **700 budgetary positions for higher education.**
- **25 budgetary positions for vocational training.**

The year 2018 was marked by:

<table>
<thead>
<tr>
<th>Program</th>
<th>Achievements 2017-2018</th>
<th>Forecasts 2018-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Tayssir” Program</td>
<td>706,359 students</td>
<td>2.1 million students</td>
</tr>
<tr>
<td>Development of the school supply</td>
<td>100 new schools</td>
<td>137 new schools</td>
</tr>
<tr>
<td>Royal Initiative &quot;One Million Schoolbags&quot;</td>
<td>4.1 million students</td>
<td>4.36 million students</td>
</tr>
<tr>
<td>School campuses and canteens</td>
<td>1,362 million students</td>
<td>1,443 million students</td>
</tr>
<tr>
<td>Upgrading external and internal spaces of schools</td>
<td>2,155 schools</td>
<td>2,186 schools</td>
</tr>
<tr>
<td>Strengthening the teaching staff</td>
<td>20,000 contract teachers</td>
<td>15,000 contract teachers</td>
</tr>
<tr>
<td>Initial vocational training</td>
<td>433,007 beneficiaries</td>
<td>478,000 beneficiaries</td>
</tr>
<tr>
<td>Apprenticeship</td>
<td>30,457 beneficiaries</td>
<td>41,500 beneficiaries</td>
</tr>
<tr>
<td>Financial contribution to professional training costs at accredited private institutions</td>
<td>5,800 trainees</td>
<td>6000 trainees</td>
</tr>
</tbody>
</table>

Main indicators:

- **The primary school enrollment rate:** from 99.1% in 2016-2017 to 99.5% in 2017-2018;

- **The enrollment rate in higher education:** from 33.1% in 2016-2017 to 35% in 2017-2018;

- The 7% increase in the **number of scholarship holders**: 364,759 scholarship holders in 2017-2018;

- The extension of the **capacity of university campuses** by 4% to **48,321 beds**;

- **The increase in the number of high school graduates** by 18% in 2017-2018 compared to 2016-2017 to reach 260,017 high school graduates.
How would the 2019 budget be spent?

The main actions planned for the year 2019:

### Education

- The construction of 137 new schools and the renovation of 2,186 schools;
- The reduction of the drop-out rate from 5.7% in 2017-2018 to 2.5% in 2021-2022;
- The review of all school programs between 2018 and 2021;
- Contract teachers will receive initial training, in addition to a continuous training system.

### Higher Education

- Achieving balance in the distribution of the education offer between regions through a new university map;
- The creation of the budgetary positions needed to support the development of the education offer;
- The development of social services for the benefit of students through the revision of the procedures and methods of management of scholarships;
- The increase in the number of new enrollments in universities by 30% with controlled access and the strengthening of the professional aspect in the Moroccan university.

### Vocational training

- The construction of 8 new campuses, i.e. 1,200 additional beds;
- The construction of two training centers in the health professions in Casablanca and Rabat as well as a training center for middle management in Casablanca;
- The launch of a professional high school degree in the field of sports;
- The generalization of language centers at all vocational training centers, with an obligation to follow this training for a minimum of 6 months.
How would the 2019 budget be spent?

**EMPLOYMENT**

- Continuation of the implementation of the National Plan for the Promotion of Employment by 2021:

<table>
<thead>
<tr>
<th>Program</th>
<th>Achievements 2018*</th>
<th>Forecasts 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>“IDMAJ”</td>
<td>59,700 beneficiaries</td>
<td>100,000 beneficiaries</td>
</tr>
<tr>
<td>“TAHFIZ”</td>
<td>2,500 employees</td>
<td>4,000 employees</td>
</tr>
<tr>
<td>“TAEHIL”</td>
<td>8,300 job seekers</td>
<td>22,000 job seekers</td>
</tr>
<tr>
<td>“Auto-Emploi”</td>
<td>1,200 entrepreneurs</td>
<td>2000 entrepreneurs</td>
</tr>
</tbody>
</table>

* Achievements for the first six months of 2018

**HOUSING**

2.84 billion dirhams

Since the launch of the Housing Programs, the achievements are as follows:

- **“Villes Sans Bidonvilles” program**: the removal of 277,583 households in the slums, 66% of the actual number of households concerned;

- **Restructuring program for non-regulatory housing and urban upgrading**: the signing of 588 agreements for the benefit of 1,250,000 inhabitants;

- **Social housing program at 250,000 dirhams**: the signing of 1,154 agreements with a consistency of 1,713,905 housing units;

- **Social housing program with low real estate value**: the number of housing starts reached 52,644 housing units including 35,508 housing units completed.

- **Housing program for the middle class**: the signing of 28 agreements for the construction of 9,096 housing units.
How would the 2019 budget be spent?

SOCIAL PROTECTION 8.2 billion dirhams

The National Initiative for Human Development (INDH)

Achievements during the period 2005-2017: the completion of more than 44,000 projects and 17,000 actions; for an overall investment of 37.85 billion dirhams.

The main actions planned for the year 2019: the launch of the 3rd phase of the INDH for the period 2019-2023, with a total cost of 18 billion dirhams, through the following programs:

- Deficit reduction program for infrastructure and basic social benefits;
- Support Program for People in Precarious Situations;
- Program of Improvement of the Income and Economic Integration of the Youth;

Unique Social Register

- The creation, for the benefit of the resident population in Morocco, of a social identity verification system. This system will allow rationalization in terms of public expenditure, since several programs of aid to the population (Tayssir, Ramed, etc.) are currently operational, but without being integrated into a common information system that can identify the categories of people receiving double the financial support of the State. The launch of this register is planned by the end of 2019.

- Targeting using social benefits and the modalities, in order to reach the target of priority households; will be achieved through the establishment of a system of identification, scoring and authentication; to reduce delays and costs for beneficiaries of such programs.
How would the 2019 budget be spent?

Support Fund for Social Cohesion

Since its creation and until the end of August 2018, this fund has contributed 12.7 billion dirhams to the financing of the following programs:

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount allocated</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAMEP program</td>
<td>6.3 billion dirhams</td>
<td>12.44 million beneficiaries</td>
</tr>
<tr>
<td>Tayssir program</td>
<td>3.18 billion dirhams</td>
<td>706,359 students during the 2017-2018 school year</td>
</tr>
<tr>
<td>The Royal Initiative &quot;One Million Schoolbags&quot;</td>
<td>1.47 billion dirhams</td>
<td>4,103,781 students during the 2017-2018 school year</td>
</tr>
<tr>
<td>The Assistance Program for People with Special Needs</td>
<td>261 million dirhams</td>
<td>16,134 beneficiaries during the first 5 months of the year 2018</td>
</tr>
<tr>
<td>Direct Aid Program to Widows in Precarious Situations</td>
<td>1.5 billion dirhams</td>
<td>87,984 widows and more than 155,000 orphans</td>
</tr>
</tbody>
</table>

Family Assistance Fund

The year 2018 witnessed the broadening of the base of beneficiaries of the fund’s allocations by including; in addition to the children to whom child support is due following dissolution of the marriage bond after ascertaining the mother's indigence, the following categories:

- Children to whom child support is due during the conjugal relationship and after ascertaining the mother's indigence;
- Children to whom child support is due after the death of the mother;
- Children subject to "Kafala" to whom child support is due;
- The poor wife to whom alimony is due.

Also, the number of female beneficiaries of this program since its launch in 2010 reached, at the end of August 2018, 21,830 female beneficiaries, for an amount spent of 220.74 million dirhams.
The Royal Program for the Reduction of Social and Territorial Disparities in Rural Areas

- The duration: 7 years (2017-2023);
- The overall cost: 50 billion dirhams, financed as follows:

- Regional Councils: 40%
- ONEE: 5%
- INDH: 8%
- Rural and Mountain Areas Development Fund: 47%

- Projects: operations to open up and improve accessibility, improve access to drinking water, expand electrification and improve the supply of healthcare and education.

Overall budget for the years 2018 and 2019:

2018: 6.83 billion dirhams
2019: 7.43 billion dirhams
How would the 2019 budget be spent?

CULTURE

817.52 million dirhams

Main achievements for the year 2018:

- The completion of the works of the Casablanca Grand theater;
- The continuation of the cultural projects planned by the city development conventions, particularly in Marrakech, Al Hoceima, Tangiers, Tetouan, Rabat, Salé and Kenitra.

Main actions planned for the year 2019:

- The continuation of the works of the cultural projects planned under the City Development Agreements, signed before His Majesty the King;
- The continuation of the construction works of the Rabat Grand Theater and the launch of the construction works of the Rabat Museum of Archeology and Earth Sciences;
- The restoration of buildings such as the Bouanania School in Meknes, Kasr Al Bahr in Safi, several Kasbas, collective granaries, palaces and traditional houses and most of the walls and gates of ancient cities;
- Restoration and development of historical sites: Lixus, Isli, Volubilis and the Chellah necropolis.

SPORTS AND YOUTH

4.04 billion dirhams

Sports:

Main achievements for the year 2018:

- The construction of 800 Local Socio-Sports Centers over the period 2018-2020.

Main actions planned for the year 2019:

- The completion of sports infrastructures within the framework of partnership agreements (Local Socio-Sports Centers, sports halls, swimming pools...);
- The support of sports federations for the realization of their action plans.
How would the 2019 budget be spent?

**Youth:**

**Main achievements for the year 2018:**
- The development of holiday camps in Tangier and Berkane;
- The construction of holiday camps in Oujda and Taounate;
- The construction of the third phase of the holiday camp in El-Jadida.

**Main actions planned for the year 2019:**
- The construction and equipment of 4 other summer camps;
- Vocational training and integration of young people into the working and professional life;
- Promotion of intercultural activities and the protection and rehabilitation of children;
- Strengthening basic educational actions for early childhood.

**MRA AND IMMIGRATION**

600.6 million dirhams

**Main achievements for the year 2018:**
- The construction of the Moroccan cultural center in Paris;
- Completion of the construction work of the Moroccan Cultural Center in Amsterdam;
- Strengthening the teaching program of the Arabic language and Moroccan culture for the benefit of young Moroccans abroad;

**Main actions planned for the year 2019:**
- Improving the functioning of Moroccan cultural centers in the host countries;
- The implementation of social actions to assist vulnerable groups and people in difficulty;
- Mobilizing the skills of Moroccans residing abroad (MRA) to promote productive investment and local development.
How would the 2019 budget be spent?

8. THE PURSUIT OF SECTORAL STRATEGIES

Major infrastructure projects scheduled for 2019: 13.87 billion dirhams

Port infrastructures

- The completion of the works of the port of Safi;
- The launch of works to extend the protection works of the port of Casablanca for an estimated amount of 840 million dirhams;
- Continued construction of the new Nador West-Med port complex at a cost of 9.88 billion dirhams;
- The launch of the realization of the gas port of Jorf-Lasfer for a total cost of 5.42 billion dirhams;
- The start of construction work on the new port of Dakhla Atlantique.

Road and highway sector

- The highway link with the new port of Nador West-Med for an amount of 4.5 billion dirhams;
- Completion of work on the Taza-Al Hoceima expressway;
- Completion of work on the second phase of the Larache-Ksar Kebir expressway and the Kenitra-Sidi Yahia expressway;
- The continuation of work on the Tiznit-Laayoune expressway;
- Expansion and strengthening of the connection between Laayoune and Dakhla.

Dams

The launch of construction works for two large dams with an additional capacity of about 642 million m³ for an amount of 1.6 billion dirhams; under the Priority Program for Drinking Water Supply and Irrigation.

Railway infrastructure

- The railway connection of the port of Nador West Med for an amount of 3 billion dirhams;
- The rail connection of the port of Safi for an amount of 300 million dirhams.
**Main achievements up to 2018:**

- **Average agricultural GDP** over the period 2008-2017: more than 105.5 billion dirhams / year;

- **Investment in the agricultural sector** almost doubled between 2008 and 2017, rising from nearly 7 billion dirhams to more than 13.3 billion dirhams.

**Main actions planned for the year 2019:**

- **The development of solidarity farming:** the continuation of 532 projects already underway and the launch of 100 new projects;

- Continuation of the actions planned under the agribusiness development program contract (2017-2021) for the creation of 40,000 additional jobs and 13 billion dirhams as added value;

- Continued support for the construction of the **Rabat wholesale market**.

**Main achievements up to 2018:**

Since its launch, 54 ecosystems covering 14 industrial sectors: the contracting of 288,216 jobs over the 2014-2017 period.

**Main actions planned for the year 2019:**

- **Automotive sector:** effective start of the **Peugeot SA Group's production plant in Kenitra**: the creation of around 1,800 jobs.

- **Aeronautics sector:** Operationalization of ecosystem performance contracts put in place and support for the installation of industrial projects: creation of 60,000 new jobs in the sector and the achievement of an additional turnover of 18 billion exports of dirhams by 2020.

- **Offshoring sector:** operationalization of performance contracts and support for the installation of projects in progress: the creation of 15,800 direct jobs for an investment amount of 600 million dirhams.

- **Textile and leather sector:** operationalization of the performance contracts of the textile and leather ecosystems set up and the support of the installation of the selected projects: the creation of more than 170,000 jobs by 2020.
How would the 2019 budget be spent?

Main achievements up to 2018:

**Energy**
- 9.62 billion dirhams

Strengthening the electricity supply:
- The installation of an additional capacity of **2,027 MW** over the 2013-2017 period;
- The Safi coal power station with a capacity of **1,386 MW**;
- The production of electric power with an additional capacity of **2,270 MW**.

Main actions planned for the year 2019:

The entry into force of the action plan of the National Authority for Regulation of Electricity; for fixing the rate of use of the electricity transmission and distribution network.

**Green Economy**
- 910 millions of dirhams

Main achievements up to 2018:

- The construction of 9 landfills and recovery centers;
- Upgrading 3 transfer centers and closing 15 unauthorized dumps and landfills;
- The continuation of the construction works of the **NOOR Ouarzazate II** solar power plants of **200 MW**, **NOOR Ouarzazate III** of **150 MW** and **NOOR PV I** of **170 MW**.

Main actions planned for the year 2019:

- The construction of 19 landfills and recovery centers;
- Upgrading and closing of 13 unauthorized dumps and landfills;
- The start of the construction work for the 1st phase of the **NOOR Midelt** hybrid solar power plant;
- Continued construction work on the Taza wind farm and integrated wind project parks including **Tanger II (70 MW)** and **Tiskrad (300 MW)**.

**Crafts**
- 289.98 millions of dirhams

Main achievements up to 2018:

The completion of the creation of artisan villages, the creation of integrated craft complexes and the rehabilitation of kissariats.

Main actions planned for the year 2019:

The continuation of the implementation of infrastructure projects under the Integrated Development Program in the Southern Regions, namely the Guelmim-Oued Noun region, the Laayoune-Sakia EL Hamra region and the Dakhla region -Oued Eddahab.
### How would the 2019 budget be spent?

<table>
<thead>
<tr>
<th>Economic Sector</th>
<th>Budget Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourism</strong></td>
<td>1.13 billion dirhams</td>
</tr>
<tr>
<td><strong>Halieutics</strong></td>
<td>414.10 million dirhams</td>
</tr>
<tr>
<td><strong>Trade</strong></td>
<td>349.46 million dirhams</td>
</tr>
</tbody>
</table>

#### Main achievements for the year 2018:
- + 10% of tourist arrivals at border crossings between January and June 2018, compared to 2017, which reached 5.1 million tourists;
- + 15.2% of foreign exchange earnings over the period January-June 2018, compared to 2017, with 31.2 billion dirhams.

#### Main actions planned for the year 2019:
- The completion of 1,750 mystery audits, as part of the redesign of the hotel ranking system;
- The acceleration of the development of the "seaside", "nature" and "cultural" product;
- Improving the competitive position of the Morocco destination.

### Main achievements up to 2018:
- Fisheries production: 1,465,000 tons, i.e. 88% of the target set by the Halieutis Strategy for 2020;
- Exports: 2.45 billion dirhams, 79% of the level expected in 2020.

### Main actions planned:
- The development of fishing villages and equipped landing points: 40 sites are completed and 5 in the study or construction phase;
- The development of superstructures and port facilities: the construction of 15 new generation halls to optimize the quality of fishery products and their recovery.

- Effective implementation of the electronic register entry platform for importers and exporters;
- Continued financial and technical support to first-time exporting companies in terms of training and coaching for the implementation of their export strategies and support; by the State, of certain prospecting, promotion and marketing actions for foreign markets;
- Simplification of Foreign Trade and Generalization Procedures for Electronic Data Interchange.
How would the 2019 budget be spent?

C. PROMOTION AND SUPPORT OF INVESTMENT

Modernization of the legal framework of business

- The reform of the investment charter;
- The adoption by the two houses of Parliament of three pieces of legislation regarding the creation of companies by electronic means, and the Commercial Code;
- The publication in the Official Bulletin Law No. 73-17 on the reform of Book V of the Code of Commerce governing the safeguarding of firms in difficulty;
- The establishment of the Observatory of payment deadlines;
- Implementing the reform of the Regional Investment Centers through their transformation into public institutions for better participatory governance;
- The implementation of a process of progressive dematerialization of the operations of the financial and accounting chain of State and Territorial Authorities expenditures.

Measures to promote private investment and support companies

- The reduction of the corporate tax rate from 20% to 17.50% for companies, subject to the normal rate and with income between 300 001 to 1 000 000 dirhams;
- The capping of the progressive scale rate of 17.50% for companies currently subject to this rate (exporting companies, mining, hotel, crafts, private education, ...) with income above 300 000 dirhams, while granting the benefit of the progressive rate of 10% when they realize profits lower than or equal to this threshold;
- Establishment of a 60% tax allowance on the profits distributed by real estate investment funds (OPCI) to the shareholders;
- Decrease from 500 dirhams to 100 dirhams of the minimum amount of the surcharges and the fines applied in case of default or delay in the filing of the declaration of the turnover of the self-employed entrepreneurs, or in case of incomplete or insufficient declaration;
- Cancellation of unpaid loans granted by the State to young promoters under the program designed to facilitate the access of these beneficiaries to bank loans, before it was abandoned in 2002;
- Reinforcement, for the Moroccan companies which carry out operations abroad, of the principle of reduction of the tax paid abroad on the amount of the Corporate Tax due in Morocco, in accordance with the double tax treaties.
How would the 2019 budget be spent?

Strengthening the competitiveness of Micro, Small and Medium-size Enterprises (MSME) and integration of the informal sector

- More than 96,000 applications for registration in the National Register of the Auto-entrepreneur were registered with nearly 79,100 registrations completed, of which 33% of the registered are female entrepreneurs;

- The distribution of the registered in the National Register of the Auto-entrepreneur shows that 43% are registered in the trade sector, 14% in the industry, 36% in the services and 7% in the crafts industry;

- Continued efforts to create and implement a financing model suitable for start-ups and innovative companies;

- The support of 85 MSME projects for a global budget of 258 million dirhams, as part of the growth investment support projects.

The year 2019 will focus on:

- **200 new investment projects** for MSMEs are planned under the IMTIAZ Growth and ISTITMAR Growth programs;

- **800 new modernization projects for the benefit of the MSMEs** are programmed as part of the technical assistance and information systems program.

Facilitating access to financing and promoting financial inclusion

- The revision of the legal framework governing Sukuk issuing;

- The finalization of real estate investment funds (OPCI): regulatory, tax and accounting prerequisites in the process of being finalized;

- Financing start-ups and innovative companies;

- The financing of the MSME related to renewable energies and energy efficiency.
D. THE IMPLEMENTATION OF MAJOR INSTITUTIONAL REFORMS

Judicial reform

- The access of women to the profession of Adoul;
- The launch of a direct telephone line dedicated to the reception of the denunciations of acts of corruption;
- Taking into consideration the effects of the digitization of the judicial process and the expansion of digital archiving centers on the security and reliability of judicial information and the respect of personal data.

Pension reform

The year 2019 will focus on: the continued implementation of the parametric reform of the civil pension system:

- The transition to the statutory retirement age of 61.5, to the wage contribution rate and employer contributions of 14%;
- The pension payment base will be extended to the average salary for the last 72 months of actual service;
- The operationalization of the pension scheme for the self-employed, provided for by Law No. 99-15 instituting a pension scheme for professionals, self-employed persons and non-salaried employees exercising a professional activity.
How would the 2019 budget be spent?

Tax reform

- Designing a Geographic Information System (SIG) and Integrated Recovery System (RIS), improving the Risk Analysis System (SAR) and redesigning tax forms;
- Continued implementation of the roadmap for the negotiation of tax treaties with African countries and the improvement of legislative compliance with regard to harmful practices through the implementation of the prerequisites, to adopt the standards derived from BEPS (Base Erosion and Profit Shifting);
- Modernization of the tax administration's intervention methods through the revision of the control procedures and the introduction of a new approach to the control of the informal;
- The organization of the third national conference on taxation, May 3 and 4, 2019 in Skhirat.

Focus on the implementation of advanced regionalization

- **Support of the regions for the clarification of their responsibilities:** drafting a charter for the period 2018-2023, highlighting the commitments of the ministerial departments and those of the regions, according to well-defined stages and objectives, and execution is followed by a governance body composed of a central committee and regional committees;
- **Strengthening the financial resources of the Regions:** the overall amount of financial resources to be allocated to the regions is estimated at 8.4 billion dirhams, following the increase in corporate tax rates and income tax from 4% to 5%, and the contribution of the General Budget of 2.7 billion dirhams;
- **The development of the repository of the new accounts of local authorities:** following the adoption of the decrees relating to public accounts of local authorities, it was agreed to develop a normative reference system necessary for the implementation of the accounting reform of these entities;
- **Completing the regulatory framework governing local and regional authorities:** publication of all the texts of application of organic laws n ° 111-14, n ° 112-14 and n ° 113-14 relating, respectively, to the Regions, the Administrative offices and Provinces, and the municipalities;
- **Strengthening the implementation and management capacity of local authorities:** support for the work of Regional project implementation agencies created in the ten regions: Tangier-Tetouan-Al Hoceima, Oriental, Rabat-Sale-Kenitra, Fez-Meknes, Casablanca-Settat, Beni Mellal-Khenifra, Daraa-Tafilalet, Sous-Messa, Guelmim-Oued Noun and Dakhla-Oued Ed Dahab;
- **Continued implementation of the new development model of the Southern Provinces and Integrated Development Programs of Cities, namely** Casablanca, Rabat, Sale, Marrakech, Kenitra, Hoceima, Tangier and Tetouan.
E. PRESERVATION OF MAJOR MACROECONOMIC BALANCES

Restoring the budget balance

Revenue optimization

- Mobilization of tax revenues
- Profitability of the portfolio and improvement of national revenues
- Establishment of an Active Public Portfolio Management Policy (GAPP)

Expenditure control

- The management of the wage bill
- Strengthening efforts to rationalize the expenses related to the functioning of the administration
- Strengthening the efficiency of public investment spending

Recovery of external balances

Export momentum and Control of import flows:

⇒ Revitalization of exports

- Support of the national industrial fabric to strengthen the exports supply;
- Promoting the integration of industrial activities to control the flow of imports;
- The conclusion of agreements with the various federations and associations for the creation of about 50 ecosystems in the Global Trade of Morocco as part of the Industrial Acceleration Plan.

⇒ Control of import flows

- Reducing Morocco's dependence on energy by continuing to implement the energy efficiency program;
- Strengthening surveillance of imported products by ensuring, inter alia, compliance with technical specifications and rules of origin;
- Continued application of anti-dumping, compensatory or preventive measures in the context of compliance with our country's international obligations.

Promotion of Foreign Direct Investment (FDI): Morocco joined the Compact with Africa (CwA) initiative in 2017, launched under the German G20 presidency with the objective of promoting private investment in Africa.

Reform of the exchange rate: the parity of the dirham is determined within a fluctuation band of ± 2.5%, against ± 0.3% previously, while maintaining the currency basket composed of the euro and of the US dollar by 60% and 40% respectively.
What are the main measures of the 2019 Finance Act?
What are the main measures of the 2019 Finance Act?

1. Measures to promote investment, support for business and create jobs:

- Revising the current scale of the CT to adapt it to the specificities of SMEs:
  - Reduction of the corporate tax rate from 20% to 17.5% for companies, subject to the standard rate and with income between 300,001 to 1,000,000 dirhams;
  - Capping the rate of the progressive scale of 17.5% for companies currently subject to this rate (exporting companies, mining, hotel, crafts, private education ...) with income above 300,000 dirhams.

- Deduction of donations granted to associations, the list of which is fixed by a regulatory text, having concluded an agreement with the State for the realization of projects of general interest, the tax result under the corporate tax and the Income tax, setting the conditions for the application of this deduction by regulatory means within a limit of 2 ‰ of turnover;

- Reduction of the applicable income tax rate on the turnover of auto-entrepreneurs from 1% to 0.5% for commercial, industrial and craft activities and from 2% to 1% for service providers;

- Decrease from 500 dirhams to 100 dirhams, of the minimum amount of the surcharges and the fines applied in case of default or delay in the filing of the declaration of the turnover of the auto-entrepreneurs, or in case of incomplete or insufficient declaration;

- Cancellation of the outstanding debts due to the State, assessed before January 1st, 2000, and whose amount is equal to or lower than 50,000 dirhams;

- Cancellation of unpaid loans granted by the State to young promoters under the program established to facilitate the access of these beneficiaries to bank loans, before it was abandoned in 2002;

- Exemption from VAT on water pumps powered by solar energy and any other renewable energy used in the agricultural sector;

- Allocation of proceeds from the sale of privatization operations, carried out under the provisions of Law No. 39-89 authorizing the transfer of public enterprises to the private sector, equally between the Hassan II Fund for Economic and Social Development and the general budget;

- Establishment of a 60% tax allowance on the profits distributed by real estate investment funds (OPCI) to the shareholders;
What are the main measures of the 2019 Finance Act?

- Reinforcement, for the Moroccan companies which carry out operations abroad, of the principle of reduction of the tax paid abroad on the amount of the Corporate Tax due in Morocco, in accordance with the double tax treaties;

- Extension until December 31, 2019 of the terms of the contracts concluded between the State and real estate developers who have not been able to complete the housing programs within the stipulated time frame, unless these contracts are subject to a tax regulation by the Tax Department.

2. Measures to support solidarity, improve purchasing power and the safety and health protection of citizens:

- The allocation of budgetary positions created by the various ministries and institutions, for the benefit of people with disabilities, according to the percentage defined by the laws and regulations in force, in addition to the allocation of 200 budgetary positions to the benefit of this category, among which the Head of Government is qualified to allocate;

- Establishment of a social solidarity contribution at a proportional rate of 2.5% to the profits made by the companies, subject to the Corporate Tax, realizing a profit greater than or equal to 40 million dirhams during two consecutive accounting years, effective January 1, 2019;

- Exemption from import duties on cars and all types of chairs, whether or not equipped with an electric motor, as well as on tools and equipment, the list of which is fixed by the regulations in force, specially designed for people with disabilities;

- Reduction of the minimum number of housing projects to be concluded with the State to 100 housings projects in rural areas;

- To allow banks and organizations to acquire, for the benefit of their clients, social housing exempted from value-added tax, under the terms of lease-purchase agreements;

- Exemption of the value of the deceased's principal residence from the inheritance tax to guarantee the fundamental rights of the heirs;

- Exemption from the tax on the death benefit paid to the beneficiaries of civil and military officials and agents of the state, local authorities and public institutions, under the laws and regulations in force;
What are the main measures of the 2019 Finance Act?

- Integration of the tax on insurance contracts in the general tax code, by submitting them at the rate of 10%. The proceeds of this tax will be allocated to the "social cohesion support fund";

- Exemption from any tax deduction of pay and allowances paid to conscripts;

- Exemption from the obligation to file an income tax return, for pensioners with only retirement pensions, paid by several depositors and whose total net taxable amount does not exceed the exempt threshold of 30,000 dirhams;

- Exemption from VAT on drugs intended for the treatment of Meningitis disease as well as medicines whose manufacturer price (excluding taxes), set by regulation, exceeds 588 dirhams;

- Exemption from the tax on vehicles used for mixed transport, duly authorized, the total laden weight or the maximum total weight in towed load is less than or equal to 3,000 kilos;

- Exemption from stamp duty applied to cash-settled transactions for the benefit of the fuel dispensing stations;

- Increase in the taxation of domestic consumption tax by 50% on soft and non-carbonated drinks, mineral waters, table waters and other flavored waters containing sugar;

- Increase in taxation on energy drinks under the domestic consumption tax, from 500 dirhams to 600 dirhams per hectoliter;

- Increase in taxation on shisha tobacco under the domestic consumption tax, from 350 dirhams to 450 dirhams per 1000 grams;

- Increase in the taxation of cigarettes under the domestic consumption tax, by increasing the minimum tax rate from 567 to 630 dirhams / 1000 cigarettes and the minimum tax burden from 53.6% to 58%;

- Increase in the amount of vouchers representing food or food expenses, issued by employers to their employees, exempt from income tax, from 20 to 30 dirhams per employee and per working day;

- Extension of the period of exemption from Income Tax for salaries and allowances paid by institutions to students enrolled in the doctorate cycle, from 24 to 36 months;
What are the main measures of the 2019 Finance Act?

- Approval of a package of amendments to the renewal program for vehicles used for public transit services and public transit in rural areas, on the road, for-hire motor freight road transport vehicles, and motor vehicles for vehicle repairs, and the renewal fee for vehicles used for driving instruction. These amendments mainly concern:
  - Extension of the program until 2023;
  - Increase in the amount of bonuses awarded;
  - The inclusion of small goods trucks, with the commitment to purchase a new vehicle with a total permissible gross weight of more than 3.5 tons;
  - Renewal bonus award and scrapping bonus for trucking trailers and semi-trailers for hire;
  - The obligation of the beneficiaries of the scrapping bonus, to acquire a vehicle whose life span is less than 10 years.

3. Measures to improve tax collection, control, and limitation of tax exemptions:

- Maintaining the Social Solidarity Contribution on the buildings built by natural persons as the main dwelling, with the obligation to submit invoices justifying the construction;

- Establishment of a minimum contribution rate of 3% on the price of the sale of a building, or part of a building, occupied as a main house, when the sale price exceeds the amount of 4,000,000 dirhams;

- Change in the property tax system through the imposition of a 10% withholding tax applicable on the gross annual amount of rent less than 120,000 dirhams and 15% on the gross amount of rent greater than or equal to 120,000 dirhams;

- Increase of the minimum contribution rate for loss-making enterprises, from 0.50% to 0.75%, from the 4th deficit year, while applying a minimum contribution rate of 0.25% for companies operating in medicine sales activities;

- Reduction of the maximum amount of expenses paid in cash, tax deductible within the limit of 5,000 dirhams per day and per supplier, without exceeding 50,000 dirhams per month and per supplier (instead of the limit of 10,000 dirhams per day and per supplier, without exceeding 100,000 dirhams per month);

- Elimination of the advantageous tax regime specific to coordination centers, offshore banks and offshore holding companies;
What are the main measures of the 2019 Finance Act?

- To submit the acts of promise of sale or purchase made by the notaries, the adoul or the attorneys accredited near the court of cassation as well as the writings stating the amounts paid under these acts, with a fixed registration fee of 200 dirhams and this, in line with the contracts signed as part of the property sale in the future state of completion (VEFA);

- To submit public contracts as well as agreements and contracts for the completion of works, concluded in accordance with the general rules between the State, public institutions or local authorities, on the one hand, and companies, on the other, to mandatory registration while exempting them from registration fees. And for reasons of compliance, the cancellation of the relative 1% duty on transactions with the State that are currently subject to the registration procedure;

- Extend the application of delay penalties within the framework of the code of recovery, to revenues and state products, when these penalties are not provided for in a contractual framework;

- Attribution to taxpayers with property income, subject to the Income Tax, the right of spontaneous recovery.

4. Various measures

- Provision of 114 additional budgetary positions for the benefit of the national education sector, with a view to regularizing the administrative and financial situation, as of January 1st, 2019, of a number of associate professors (50 professors) and secondary school teachers (64 teachers) graduates of the cycle of aggregation of the Regional Centers of the Trades of Education and Training;

- Creation of 3 Independently Managed State Services: "National School of Architecture of Agadir", and "National School of Architecture of Oujda" reporting to the Ministry of Urban Planning, and the "Provincial Hospital Center of Mediouna " reporting to the Ministry of Health;

- Removal of 3 independently managed State Services and 4 Special Assignment Accounts in accordance with the provisions of the Organic Law of Finance;
What are the main measures of the 2019 Finance Act?

- Removal of independently managed State services related to Regional Investment Centers (CRI), in view to the entry into force of the law reforming these centers and recommending their transformation into public institutions;

- Authorizing the General department of Civil Protection to reuse budgetary positions that have become vacant for reasons other than retirement (resignation, death, dismissal ...), like other security forces;

- Increase, from 40% to 60%, of the respective shares of the proceeds of the transactional and lump-sum fines resulting from the tickets of the traffic code, which are assigned to each of the two accounts "National Security Support Fund" and "Royal Gendarmerie Support Fund".
Vocabulary
Finance Act: Law providing, evaluating, enunciating and authorizing, for each budget year, all the resources and expenses of the State. The Finance Act of the year consists of two parts:

- The first part sets the general data of the financial equilibrium;
- The second part sets out, for each ministry or institution:
  - by chapter, the expenditure of the general budget;
  - by service, the expenditure of the independently managed State services reporting to the ministry or institution concerned;
  - and by account, the expenses of the special accounts reporting to the ministry or institution concerned.

State Budget: Act by which the resources and annual expenses of the State are foreseen and authorized. It is structured around three components: the general budget, the budgets of the independently managed State services and the budgets of the special accounts of the treasury.

S.E.G.M.A (Independently Managed State Services): These are non-corporate state services whose activity is essentially directed towards producing goods or rendering services generating income.

Special Accounts of the Treasury: Accounts showing transactions that cannot be included in the general budget because of their specialization, from a cause-and-effect relationship between revenue and expenditure or their continuity over time.

General budget: It traces all the revenues and all the expenses of the State with the exception of those traced at the level of the budgets of the independently managed State services and the special accounts of the treasury (chapter 3 of the LOF N°130-13). Article 17 specifies that investment expenditure is intended primarily for the implementation of strategic development plans and multiannual programs for the preservation, reconstruction or enhancement of the national heritage.

Staff costs: These include salaries, wages, allowances and employer contributions for social security and retirement (Article 15 of LOF N°130-13).

Operating expenses: These include staff costs, equipment and miscellaneous expenses, expenditure on unforeseen and provisional allocations, refund expenses, tax reliefs and refunds, and common operating expenses.

For a better understanding of the Finance Act’s provisions
Vocabulary

- **Common expenses**: All general budget expenditure that cannot be included in the budgets of the ministerial departments or institutions. A section of the common charges is dedicated in Titles I and II of the general budget, to the payment of these expenses (Article 43 of LOF N° 130-13).

- **Budget deficit**: Situation where government revenues are lower than its expenses.

- **Public debt**: The funds borrowed by the state to cover the budget deficit.

- **GDP**: The Gross Domestic Product is the sum of newly created wealth in one year in the country.

- **Tax revenue**: Revenue from compulsory, non-refundable and non-exchange-related contributions collected by the State to meet public expenditure (Direct taxes and similar taxes, indirect taxes, customs duties, registration and stamp duties).

- **Non-tax revenue**: This includes all non-tax revenue of the State except loans. These are, in particular, goods and services procured for consideration by the State through sale or rental, income from monopolies and holdings, concessions, financial investments, donations and legacies, repayment of loans and advances by the State, penalties, fines and non-tax seizures.

- **Inflation**: refers to a sustained, general, and self-sustaining increase in the prices of goods and services.
Appendices
1. **Budgetary impact of the various tax and customs measures:**

<table>
<thead>
<tr>
<th>Proposed Tax Measures</th>
<th>Budgetary impact in millions of dirhams</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Positive impact</strong></td>
<td><strong>Negative impact</strong></td>
</tr>
<tr>
<td>Increase of the rate of the minimum contribution for loss-making enterprises, from 0.50% to 0.75%, from the 4th deficit year</td>
<td>+1598</td>
</tr>
<tr>
<td>Revision of the Corporate Tax rate</td>
<td>-617</td>
</tr>
<tr>
<td><strong>Total Corporate Tax</strong></td>
<td></td>
</tr>
<tr>
<td>Establishment of a minimum contribution rate of 3% on the price of the sale of a building, or part of a building, occupied as a main house</td>
<td>+209</td>
</tr>
<tr>
<td>Change in the property tax system</td>
<td>+104</td>
</tr>
<tr>
<td><strong>Total Income Tax</strong></td>
<td></td>
</tr>
<tr>
<td>Refund of VAT credits</td>
<td>+500</td>
</tr>
<tr>
<td>Restoration of VAT on the self constructed personal home and abrogation of the Social Contribution of Solidarity</td>
<td>+200</td>
</tr>
<tr>
<td><strong>Total VAT</strong></td>
<td></td>
</tr>
<tr>
<td>Removal of the exemption from death-loan insurance operations</td>
<td>+300</td>
</tr>
<tr>
<td><strong>Total tax on insurance contracts</strong></td>
<td></td>
</tr>
<tr>
<td>Institution of a social solidarity contribution on profits</td>
<td>+2007</td>
</tr>
<tr>
<td><strong>Total social solidarity contribution on profits</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total amount</strong></td>
<td>+4918</td>
</tr>
<tr>
<td><strong>Evaluation</strong></td>
<td></td>
</tr>
</tbody>
</table>

Budgetary impact (in millions of dirhams) +4301

Proposed customs measures

Increase in the minimum tax rate from 567 to 630 dirhams / 1000 cigarettes and the minimum tax burden from 53.6% to 58% +1.2 billion dirhams
2. Evolution of public debt expenditure:

<table>
<thead>
<tr>
<th>Public external debt</th>
<th>2016</th>
<th>2017</th>
<th>2018**</th>
<th>2019**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding external public debt (in millions of dirhams)</td>
<td>312,468</td>
<td>332,558</td>
<td>320,410</td>
<td>344,452</td>
</tr>
<tr>
<td>In % of GDP</td>
<td>14.10%</td>
<td>14.40%</td>
<td>12.90%</td>
<td>13.90%</td>
</tr>
<tr>
<td>Outstanding external debt of the treasury (in millions of dirhams)</td>
<td>142,793</td>
<td>153,197</td>
<td>144,239</td>
<td>163,077</td>
</tr>
<tr>
<td>Outstanding external debt of public entities and enterprises (millions of dirhams)</td>
<td>169,675</td>
<td>179,361</td>
<td>176,171</td>
<td>181,375</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Domestic treasury debt</th>
<th>2016</th>
<th>2017</th>
<th>2018**</th>
<th>2019**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding domestic treasury debt (in millions of dirhams)</td>
<td>514,679</td>
<td>539,135</td>
<td>575,959</td>
<td>604,163</td>
</tr>
<tr>
<td>In % of GDP</td>
<td>50.80%</td>
<td>50.70%</td>
<td>51.60%</td>
<td>51.60%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Treasury Debt</th>
<th>2016</th>
<th>2017</th>
<th>2018**</th>
<th>2019**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding Treasury Debt (millions of dirhams)</td>
<td>657,472</td>
<td>692,332</td>
<td>720,197</td>
<td>767,240</td>
</tr>
<tr>
<td>In % of GDP</td>
<td>64.90%</td>
<td>65.10%</td>
<td>64.50%</td>
<td>65.60%</td>
</tr>
<tr>
<td>Interest expense</td>
<td>26,639</td>
<td>26,749</td>
<td>27,027</td>
<td>28,031</td>
</tr>
<tr>
<td>In % of GDP</td>
<td>2.60%</td>
<td>2.50%</td>
<td>2.40%</td>
<td>2.40%</td>
</tr>
</tbody>
</table>

(*) Provisional data  
(**) Forecasts

Loan revenue and debt service expenses (in millions of dirhams):

<table>
<thead>
<tr>
<th>Loan revenue (in millions of dirhams)</th>
<th>FL 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of subscriptions planned in the medium and long term</td>
<td>49200</td>
</tr>
<tr>
<td>External loans variable expenses</td>
<td>27000</td>
</tr>
<tr>
<td>Total revenue</td>
<td>76200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Debt service expenses (in millions of dirhams)</th>
<th>FL 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and commissions on the public debt</td>
<td>28031</td>
</tr>
<tr>
<td>Interest and commissions on domestic debt</td>
<td>24175</td>
</tr>
<tr>
<td>Interest and commission on external debt</td>
<td>3856</td>
</tr>
<tr>
<td>Amortization of public debt in the medium and long term</td>
<td>39213</td>
</tr>
<tr>
<td>Amortization of domestic debt</td>
<td>34095</td>
</tr>
<tr>
<td>Amortization of external debt</td>
<td>5118</td>
</tr>
<tr>
<td>Total public debt service expenditure</td>
<td>67244</td>
</tr>
</tbody>
</table>

Impact of the change in the interest rate on the debt service

- **Domestic debt**: a 0.01% increase in interest rates on the domestic market would result in an increase of 10.3 million dirhams or 0.04% of interest expenses on domestic debt for the following year.
- **External debt**: an increase of 0.01% in interest rates would result in an additional cost of 6 million dirhams or 0.16% of the total interest expenses on the external debt.

Impact of changes in exchange rate fluctuations on debt service

- Assuming an appreciation of the euro against the dirham of 1% (all other things being equal), the external debt service of the Treasury would record an increase of 57 million dirhams or 0.63%.
- An appreciation of the dollar against the dirham of 1%, (all other things being equal), would generate an additional cost of 21.7 million dirhams or 0.24% of the total external debt service.
Appendices

3. Interaction of the government with the parliament

The government responded positively to the amendments presented by accepting 98 amendments:

- 65 accepted amendments having been proposed by the House of Representatives;
- 33 accepted amendments having been proposed by the House of Councillors.

Results of the study and voting of the provisions of the Draft Finance Law 2019 at Parliament level

<table>
<thead>
<tr>
<th></th>
<th>House of Councillors</th>
<th>House of Representatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amendments accepted</td>
<td>53%</td>
<td>42%</td>
</tr>
<tr>
<td>Amendments refused</td>
<td>47%</td>
<td>58%</td>
</tr>
</tbody>
</table>
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You can download this guide and you will also find more information concerning the Finance Bill of the year 2019.

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