



Summary of the Note on Regional Distribution of Investment accompanying the 2023 Finance Bill

The Note on the Regional Distribution of Investment accompanying the 2023 Finance Bill proposes to provide an overview of the regional distribution of public investment according to the main sectors of public policy intervention. The first section highlights the role of public investment as a lever for post-Covid economic recovery, as well as the measures undertaken by the government to counteract the weakening international environment following the crises that have occurred. The second section is devoted to the regional distribution of public investment in 2023, in particular through the presentation of the main structuring projects in the major sectors of State intervention, namely the social, infrastructure and productive sectors.

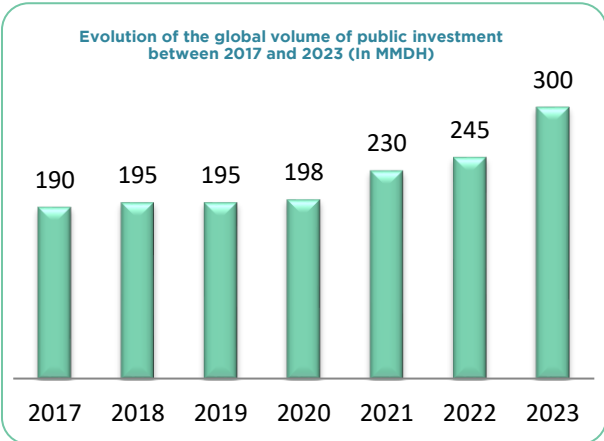
Section I: Public investment as a lever for post-Covid economic recovery

The rapid spread of the severe Covid-19 health crisis in 2020, on the one hand, and the drought on the other, have extremely

disrupted the functioning of the national economy. However, the proactive management of this crisis by the government, under the enlightened leadership of His Majesty the King, has mitigated its harmful effects and preserved the economy's ability to return to growth. Indeed, the Kingdom has taken the initiative to launch a set of emergency measures and structural reforms in various fields, including the adoption of an economic recovery plan with a budget of 120 billion dirhams (11% of GDP), the generalization of social protection and the restructuring of public enterprises and institutions (EEP). These measures have contributed to the rapid recovery of the national economy, recording a growth of 7.9% by the end of 2021, a process that continued in early 2022.

It should be noted, however, that as a result of the economic recovery and the fallout from the war in Ukraine, the world will experience a surge in commodity prices and transportation costs in 2022, which will limit

people's purchasing power and threaten economies with a period of recession. At the national level, the government is committed to implementing a range of measures to mitigate the negative impact of this crisis, including the mobilization of additional credits for the compensation of basic materials, support for road transporters, continued implementation of the program to support the agricultural sector and programs "Awrach" and "Forsa". That said, and while maintaining the effort to intensify investment devoted in recent years, through the continued implementation of sectoral strategies (Generation Green, Renewable Energy, ...), as well as the development of basic infrastructure (dams, roads, port complexes, ...). The effort will continue in 2023 through the mobilization of a budget of **300 billion dirhams for public investment, up 55 billion dirhams** compared to 2022.



Section n° 2: Regional distribution of public investment in 2023

Investment in social sectors is set as a priority in 2023, in order to strengthen the

pillars of the social State. By way of illustration, and with regard to the generalization of pre-school education and the development of the school offer, efforts will continue in 2023 through the construction of 224 new school buildings and the extension of 2,100 classrooms for a budgetary envelope of 2.6 billion dirhams. In addition, operations to rehabilitate schools and training centers are launched in all the regions of the Kingdom at a cost of 2.5 billion dirhams. Concerning the investment plan for the higher education sector, construction and/or equipment projects will continue for higher education establishments spread throughout the national territory. This is the case for the Al-Hoceima University Campus at a cost of 210 million dirhams, the Faculty of Medicine and Pharmacy in Laâyoune at a cost of 350 million dirhams and the University Complex in Tamesna at a cost of 170 million dirhams. Similarly, and in response to the needs induced by the generalization of social protection, the Finance Act 2023 provides for the construction and equipment of Faculties of Medicine and Pharmacy in the cities of Errachidia, Beni Mellal and Guelmim.

For the vocational training sector, the Finance Act 2023 provides for the continued implementation of 12 Cities of Trades and Skills (CMC) spread over all regions of the Kingdom, with a total cost of 4.46 billion dirhams and 7 cities that are already completed, including those of Souss-Massa, Laâyoune-Sakia El Hamra and the Oriental.

In addition, and in application of the Royal Directives relating to the generalization of medical coverage, investment efforts in health infrastructure will continue in 2023, in particular through the establishment of university hospital centers in each region of the Kingdom. These include the launching of the Er-Rachidia university hospital, the construction of the new Ibn Sina hospital in Rabat, the completion of the Laâyoune hospital and the commissioning of the Agadir hospital. Likewise, the year 2023 will be marked by the reinforcement of the regional hospital network through the launch of 9 establishments and hospital centers, the rehabilitation of 1,367 primary health care establishments throughout the Kingdom's regions at a cost of 800 million dirhams, and the continued implementation of the health system digitization project. This will make it possible to follow the patient's treatment circuit, from the local health center to the university hospital. On the other hand, **Morocco's massive investment in infrastructure** over the last two decades, has improved the competitiveness of the productive sector and triggered the process of sustainable and inclusive growth. It aims to place the Kingdom among the best-endowed and best-developed developing countries in terms of infrastructure. In this sense, the main projects planned for the year 2023 are the construction or raising of 22 large dams spread throughout the regions. In addition, the expressway Tiznit-Laayoune will

continue to be implemented with a budget of 103 million dirhams, the Port Nador West Med with an envelope of 1.4 billion dirhams and solar energy projects, a capacity of 2.48 GW, with an investment of 1.327 billion dirhams, especially in the regions of Drâa-Tafilalet and Laayoune-Sakia El Hamra.

Furthermore, **investment in the productive sectors** will be further strengthened in 2023, in order to revive the supply that has been halted or slowed down as a result of the Covid-19 health crisis, particularly in the tourism sector. The objective is to increase production capacity and to promote the modernization and competitiveness of the economy and businesses, and consequently lead to job growth. By way of illustration, the government's effort in 2023 will be directed towards :

-Investments in the agricultural sector that aim to diversify and intensify agricultural production, increase agricultural value added, and ultimately improve the quality of life of farmers, the development of the local and regional economy and reduce rural exodus. It is indeed the continued implementation of the program of irrigation and development of agricultural space, for a cost of 2.97 billion dirhams planned in 2023 and spread over all regions, projects scheduled under the public-private partnership. This includes the project of desalination of sea water for irrigation in Dakhla, the program for the development of animal and plant production sectors,

particularly in the regions of Rabat-Salé-Kenitra, Marrakech-Safi and Souss-Massa, and the projects of solidarity agriculture for a cost of 931 million dirhams planned in 2023 and distributed over all regions,.

-Investments in the tourism sector, which aim to strengthen the supply and quality of vocational training, in order to better meet the needs of the labor market, particularly through the development and equipment of the tourist site Aghroud and the development of the Palace of Congress / Exhibition Center in Marrakech. This does not take into account the continued implementation of major structuring programs, such as "Mdinti" and "Qariati" for costs in the order of 2.260 million dirhams and 2.340 million dirhams respectively, and benefiting six regions.

It is worth noting that such investment efforts at the regional level have improved the resilience of the national economy, as evidenced by the analysis of the regional structure of nominal GDP during the period 2001-2020. This shows that the Casablanca-Settat region has achieved the highest average share of GDP at current prices, followed by the regions of Rabat-Sale-Kenitra, Tangier-Tetouan-Al Hoceima and Fez-Meknes. These four regions account for 68.7% of the national GDP, reflecting a legacy to be resorbed in favor of spatial inclusion, carried by the New Development Model that consolidates the role of territories as a space of design and place of effective and integrated implementation of public

policies. In the same vein, the analysis of the sectoral configuration of regional value added at current prices, during the period 2001-2020, shows that three regions of the Kingdom, are at the forefront in terms of contribution to the value added of the three major sectors (primary, secondary and tertiary), namely the regions of Casablanca-Settat, Rabat-Salé-Kénitra and Tangier-Tetouan-Al Hoceima.