المملكة المغربية

THE KINGDOM OF MOROCCO

€500,000,000 1.375% Notes due 2026

Issue price: 99.374%

€500,000,000 2.000% Notes due 2030

Issue price: 98.434%

The 500,000,000 1.375% Notes due 2026 (the "**2026 Notes**") and the €500,000,000 2.000% Notes due 2030 (the "**2030 Notes**" and, together with the 2026 Notes, the "**Notes**") to be issued by the Kingdom of Morocco (the "**Issuer**", the "**Kingdom**" or "**Morocco**"), will mature on 30 March 2026, in respect of the 2026 Notes, and 30 September 2030, in respect of the 2030 Notes, and, unless previously purchased and cancelled, will be redeemed at their principal amount on that date. See "*Terms and Conditions of the Notes—5. Redemption, Purchase and Cancellation*".

The 2026 Notes will bear interest from and including 30 September 2020 (the "**Issue Date**") at a rate of 1.375% *per annum* payable annually in arrear on 30 March in each year commencing on 30 March 2021. The 2030 Notes will bear interest from and including the Issue Date at a rate of 2.000% *per annum* payable annually in arrear on 30 March in each year commencing on 30 March 2021. Payments on the Notes will be made in Euros without deduction for, or on account of, any Moroccan withholding taxes, unless the withholding is required by law, in which case the Issuer will pay additional amounts in respect of such taxes, subject to certain exceptions as set forth in "*Terms and Conditions of the Notes—7. Taxation*" and "*Taxation*".

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE "*RISK FACTORS*"

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any U.S. state securities laws and are being offered and sold in the United States only to qualified institutional buyers ("QIBs") (as defined in Rule 144A under the Securities Act ("Rule 144A") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Prospective purchasers that are QIBs are hereby notified that the seller of Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A (such Notes so offered and sold, the "Rule 144A Notes"). In addition, Notes are being offered outside the United States in reliance on Regulation S under the Securities Act ("Regulation S", such Notes so offered and sold, the "Regulation S Notes"). Transfers of Notes are subject to the restrictions described under "*Transfer Restrictions*".

This prospectus (the "**Prospectus**") has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This Prospectus constitutes a prospectus for the purposes of the Prospectus Regulation and has been drawn up in accordance with Article 6(4) of the Prospectus Regulation. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Regulated Market (the "**Market**") and to be listed on the Official List of the Luxembourg Stock Exchange (the "**Official List**"). References in this Prospectus to the Notes being "**listed**" (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"). There is no assurance that a trading market in the Notes will develop or be maintained. The Issuer also intends to apply for the Notes to be listed and admitted to trading on the regulated market of the London Stock Exchange plc, together with an admission to trading on the Market of the Luxembourg Stock Exchange. See "*Notification to Competent Authority in Other EEA Member States*".

This Prospectus is valid for 12 months from its date. The obligation of the Issuer to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy will cease to apply once the Notes have been admitted to the Market and at the latest when the Prospectus is no longer valid.

The Notes will be offered and sold in registered form in denominations of €100,000 and any amount in excess thereof that is an integral multiple of €1,000. The Regulation S Notes will be represented by beneficial interests in an unrestricted global note certificate (the "**Regulation S Global Note**") and the Rule 144A Notes will initially be represented by a restricted global note certificate (the "**Rule 144A Global Note**" and, together with the Regulation S Global Note, the "**Global Notes**"), in each case, in registered form without interest coupons attached, which will, in each case, be registered in the name of a nominee for, and shall be deposited on or about the Issue Date with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg and their participants. See "*Clearing and Settlement Arrangements*". Except as described herein, definitive registered certificates evidencing holdings of Notes issued in exchange for beneficial interests in the Global Notes will be available only in certain limited circumstances. See "*Provisions Relating to the Notes in Global Form*".

Long-term foreign-currency debt of the Kingdom is currently rated BBB- with a stable outlook by S&P Global Ratings Europe Limited ("**S&P**") and BBB- with a negative outlook by Fitch Ratings Limited ("**Fitch**"). The Notes are expected to be rated BBB- by each of S&P and Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating organisation. The credit ratings included or referred to in this Prospectus will be treated for the purposes of Regulation (EC) № 1060/2009 on credit rating agencies (the "**CRA Regulation**") as having been issued by S&P and Fitch, respectively. Each of S&P and Fitch is established in the European Union (the "**EU**") and is registered under the CRA Regulation. As such, each of S&P and Fitch is included in the latest update of the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation as of the date of this Prospectus. Any change in the rating of the Notes could adversely affect the price that a purchaser will be willing to pay for the Notes. See "*Risk Factors—Risks Relating to the Kingdom—The Kingdom's Credit Rating*".

Joint Lead Managers

Barclays **BNP Paribas** **J.P. Morgan** **NATIXIS**

The date of this Prospectus is 28 September 2020.

RESPONSIBILITY STATEMENT

The Kingdom accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Kingdom (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Kingdom are honestly held by the Kingdom, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

Information included herein that is identified as being derived from information published by the Kingdom or one of its agencies or instrumentalities is included herein on the authority of such publication as a public official document of the Kingdom. All other information herein with respect to the Kingdom is included herein as a public official statement made on the authority of the Ministry of Economy, Finance and Administration Reform.

NOTIFICATION TO COMPETENT AUTHORITY IN OTHER EEA MEMBER STATES

The Issuer intends to request that the CSSF provide the competent authority in the United Kingdom with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Regulation (the "**Notification**").

Following provision of the Notification, the Issuer intends to apply for the Notes to be listed and admitted to trading on the regulated market of the London Stock Exchange plc, together with an admission to trading on the Market of the Luxembourg Stock Exchange. The Issuer intends for the Notes to be listed on the London Stock Exchange with effect from the business day that is on or around two business days following the Issue Date.

IMPORTANT NOTICE

This Prospectus comprises a prospectus for the purpose of the Prospectus Regulation and for the purpose of giving information with regard to the Kingdom and the Notes, which, according to the particular nature of the Kingdom and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, fiscal position, and prospects of the Kingdom.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in Notes of any information coming to their attention.

The Joint Lead Managers have not separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by the Joint Lead Managers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Kingdom or the issue and offering of the Notes or accept any responsibility for any act or omission of the Kingdom or any other person (other than the relevant Joint Lead Manager) in connection with the issue and offering of the Notes. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above), which they might otherwise have in respect of this Prospectus or any such statement.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Kingdom or the Joint Lead Managers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Kingdom. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Kingdom or any of the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

Each potential investor in the Notes must make its own assessment as to the suitability of investing in the Notes. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in such Notes and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact that such Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Kingdom is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Kingdom expressly does not undertake to update this Prospectus or any of the information contained herein.

This Prospectus does not constitute an offer to sell or an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction, nor does this Prospectus constitute an offer or an invitation to subscribe for or purchase any Note. This Prospectus should not be considered as a recommendation by the Issuer or any Joint Lead Manager that any recipient of this Prospectus should subscribe for, or purchase, any Notes. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. None of the Issuer or the Joint Lead Managers makes any representation to any recipient of this Prospectus regarding the legality of an investment in the Notes by such recipient under applicable investment or similar laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of its purchase of the Notes. For a description of certain restrictions on offers, sales and deliveries of Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

THE NOTES HAVE NOT BEEN REGISTERED WITH, RECOMMENDED BY OR APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES OR APPROVED THIS PROSPECTUS OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

The Issuer and the Joint Lead Managers reserve the right to reject any offer to purchase Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States, other than any QIB to whom an offer has been made directly by one of the Joint Lead Managers or its U.S. broker-dealer affiliate. Distribution of this Prospectus to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB with respect thereto, is unauthorised, and any disclosure without the prior written consent of the Issuer of any of its contents to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB, is prohibited.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA and UK retail investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic

Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Notification under Section 309b(1)(C) of the Securities and Futures Act (Chapter 289) of Singapore - In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time-to-time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

IN CONNECTION WITH THE ISSUE OF THE NOTES, BNP PARIBAS, AS STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF SUCH NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT SHALL BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Kingdom is a sovereign state. Consequently, it may be difficult for investors to obtain or rely upon judgments against the Kingdom in courts outside Morocco or in a jurisdiction to which the Kingdom has not explicitly submitted. In addition, a substantial portion of the assets of the Kingdom is located outside of England and Wales. As a result, it may not be possible for investors to enforce judgments obtained in courts located in England and Wales or elsewhere against the Kingdom. The Kingdom has irrevocably appointed the Ambassador of the Kingdom to the Court of St. James's as its authorised agent for the service of process in England and Wales.

The Kingdom has irrevocably submitted to the non-exclusive jurisdiction of the courts of England and Wales for purposes of any suit, action or proceeding arising out of or relating to the Notes (a "**Related Proceeding**"). The Kingdom has also irrevocably agreed that all claims in respect of any Related Proceeding may be heard and determined in the courts of England and Wales. The Kingdom has irrevocably waived the defence of an inconvenient forum to the maintenance of any Related Proceeding whether on grounds of venue, residence or domicile. See "*Terms and Conditions of the Notes—19. Jurisdiction*".

There may be insufficient assets of the Kingdom located outside of Morocco to satisfy in whole or part any judgment obtained from a court in England and Wales relating to amounts owing under the Notes. If investors were to seek enforcement of such a judgment in Morocco or to bring proceedings in relation to the Notes in Morocco, then certain limitations would apply.

The enforcement of foreign judgments in Morocco is governed by the relevant provisions of the Moroccan Code of Civil Procedure. Under those provisions, a judgment obtained in any English court would be recognised and enforced by the courts in Morocco without reconsideration of its merits provided that the foreign judgment satisfies the following additional conditions:

(i) the foreign judgment must have been issued by a court competent to do so under the law of the relevant country;

(ii) the foreign judgment must be final and enforceable in the country in which it was rendered, and the foreign judgment must not be based on documents subsequently deemed or found to be untrue and must not contain contradictory terms;

(iii) the defendant must have been properly served with legal process with respect to the proceeding in which the foreign judgment was rendered and due process must have been observed in connection with the proceeding, and no party to the litigation must have failed to deliver to the court material documents relating to the dispute and the defence rights of each party have been preserved;

(iv) the foreign judgment must not be contrary to Moroccan public order or relate to the application of Moroccan tax laws;

(v) a final judgment in the same case between the same parties must not have been rendered by a Moroccan court; and

(vi) no action commenced prior to the relevant foreign proceeding may be pending with respect to the same subject matter and between the same parties before the Moroccan courts.

Prospective investors in Notes should be aware that, pursuant to Moroccan law, the Kingdom's properties and assets, including, *inter alia*, commercial assets of the Kingdom, located in the Kingdom are immune from execution, attachment or other legal or judicial process, and, in any Related Proceeding brought in Moroccan courts against the Kingdom or brought in those courts to enforce or seek recognition of a judgment obtained outside Morocco, the Kingdom's waiver of immunity referred to above would not be given effect. Investors should therefore be aware that the waiver of immunity is likely to be ineffective in respect of the attachment of assets and properties located in the Kingdom.

See "*Risk Factors—Risks Relating to the Kingdom—Jurisdiction and Sovereign Immunity*".

FORWARD-LOOKING STATEMENTS

This Prospectus includes statements that are, or may be deemed to be, "**forward-looking statements**". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or in relation to discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the Kingdom's current intentions, plans, estimates, assumptions, programmes, beliefs or expectations.

These statements are based on the Kingdom's current plans, estimates, assumptions and projections. Future events may differ materially from those expressed or implied by such forward-looking statements. Therefore, prospective investors should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and the Kingdom undertakes no obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks. The Kingdom cautions prospective investors that many factors could affect the future performance of the Moroccan economy.

A number of factors could cause future results to differ materially from those expressed in any forward-looking statements made herein, including external factors, such as:

- the impact of the COVID-19 virus on national, regional and global economies;
- regional security concerns in the Middle East and North Africa ("**MENA**"), including the spillover effect of conflicts in Libya, Syria and Iraq and the potential increase in terrorist activity in the region;
- economic conditions in Morocco's major trading partners, in particular any economic slowdown in the EU, and host countries of Moroccans resident abroad (referred to as "**MREs**");
- the impact of the lower oil price environment, including, *inter alia*, with respect to the level of remittances from MREs;
- interest rates in financial markets outside of Morocco;
- the impact of changes in the credit ratings of Morocco;
- the impact of changes in the international prices of commodities, in particular natural gas and other commodities that benefit from subsidies; and

- the decisions of international financial institutions regarding the terms of their financial assistance to Morocco and the funding of new or existing projects over the life of the Notes,

as well as internal factors, such as:

- the Government's response to, and the impact on the Government's finances from, the COVID19 virus;
- general economic and business conditions in Morocco;
- present and future exchange rates of the Dirham;
- foreign currency reserves;
- natural disasters and outbreaks of disease;
- the impact of the climate, in particular rainfall, on agriculture;
- terrorism;
- the level of domestic debt;
- domestic inflation;
- the ability of the Kingdom to implement economic reforms;
- the levels of foreign direct and portfolio investment; and
- the levels of Moroccan domestic interest rates.

See "*Risk Factors*" for a discussion of these factors.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated, all annual information, including budgetary information, is based on calendar years. Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures, which precede them. It should be noted that certain historic data set out herein may be subject to amendment as a result of more accurate and updated information becoming available. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies of the Kingdom, including the *Haut Commissariat au Plan* (the "**HCP**") and the *Ministère de l'Economie, des Finances et de la Réforme de l'Administration* (the "**Ministry of Economy, Finance and Administration Reform**"), as well as *Bank Al-Maghrib*, Morocco's central bank ("**Bank Al-Maghrib**") and the *Office des Changes*. Some statistical information has also been derived from information made publicly-available by the World Bank and the International Monetary Fund (the "**IMF**"). Certain historical statistical information contained herein is based on estimates that the Kingdom or its agencies believe to be based on reasonable assumptions.

Statistics are maintained by these sources in Dirhams, U.S. Dollars or Euros, as applicable. Certain statistics recorded in currencies other than Dirhams have been converted into Dirhams at the exchange rates indicated in this Prospectus. Similar statistics may be obtained from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Although every effort has been made to include in this Prospectus the most reliable and the most consistently presented data, no assurance can be given that such data were compiled or prepared on a basis consistent with international standards. However, as far as the Government of the Kingdom (the "**Government**") is aware and is able to ascertain from the information published by these entities, the information has been accurately reproduced and no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

See "*Risk Factors—Risks Relating to the Kingdom—Statistics*".

Review and Adjustment of Statistics

The Kingdom's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures and may be subsequently adjusted or revised. Certain of the information and data contained in this Prospectus for all or part of the fiscal year 2019 and interim periods in 2020 are preliminary and subject to further adjustment or revision. While the Government does not expect revisions to be material, no assurance can be given that material changes will not be made.

Data Dissemination

The Kingdom is a subscriber to the IMF's Special Data Dissemination Standard (the "**SDDS**"), which is designed to improve the timeliness and quality of information of subscribing member countries. The SDDS requires subscribing member countries to provide schedules indicating, in advance, the date on which data will be released, the so-called "Advance Release Calendar". For Morocco, precise dates or "no-later-than dates" for the release of data under the SDDS are disseminated no later than three months in advance through the Advance Release Calendar, which is published on the Internet under the IMF's Dissemination Standards Bulletin Board. Summary methodologies of all metadata to enhance transparency of statistical compilation are also provided on the Internet under the IMF's Dissemination Standard Bulletin Board.

The website is https://dsbb.imf.org/sdds/country/MAR/category. The website and any information on it are not part of this Prospectus.

Definitions

References in this Prospectus to "**Dirhams**" and "**Dh**" refer to the currency of Morocco; references to "**Euros**" and "**€**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union; and references to "**U.S. Dollars**" and "**U.S.$**" are to the currency of the United States.

Gross Domestic Product ("**GDP**") is a measure of the total value of final products and services produced in a country. "**Nominal GDP**" measures the total value of final production in current prices. "**Real GDP**" measures the total value of final production in constant prices, thus allowing historical GDP comparisons that exclude the effect of inflation. For the purposes of this Prospectus, Real GDP figures are calculated by reference to previous year prices. Unless otherwise stated, references in this Prospectus to "GDP" are to Real GDP figures.

EXCHANGE RATE HISTORY

For ease of presentation, certain financial information included herein is presented as translated into U.S. Dollars and Euros. As at 1 September 2020, the closing transfer exchange rates, expressed as an average of the selling and buying rate as quoted by Bank Al-Maghrib, were U.S.$1 = Dh 9.111 and €1 = Dh 10.919.

The following tables set forth the exchange rate history for the periods indicated, expressed in Dirhams per U.S. Dollar and Dirhams per Euro, respectively, and not adjusted for inflation, as published by Bank Al-Maghrib.

Dirham to U.S. Dollar Exchange Rate History

	Low	**High**	**Average**	**Period End**
	(Dirhams per U.S.$1.00)			
2020 (*up to and including 1 September 2020*)	9.111	10.310	9.685	9.111
2019	9.462	9.747	9.616	9.593
2018	9.125	9.607	9.383	9.566
2017	9.301	10.185	9.697	9.330
2016	9.549	10.199	9.804	10.096
2015	9.104	10.122	9.766	9.906

Source: Bank Al-Maghrib.

Dirham to Euro Exchange Rate History

	Low	High	Average	Period End
		(Dirhams per €1.00)		
2020 (*up to and including 1 September 2020*)......	10.511	11.183	10.807	10.919
2019..	10.601	12.943	10.769	10.765
2018..	10.770	11.398	11.091	10.953
2017..	10.583	11.208	10.927	11.187
2016..	10.572	11.031	10.851	10.645
2015..	10.653	11.069	10.829	10.780

Source: Bank Al-Maghrib.

The rates in the above tables may differ from the actual rates used in the preparation of the information appearing in this Prospectus. The inclusion of these exchange rates is not meant to suggest that any amount of the currencies specified above has been, or could be, converted into the applicable currency at the rates indicated or at any other rate.

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RISK FACTORS

Before making an investment decision, prospective investors should carefully review the specific risk factors described below, in addition to the other information contained in this Prospectus. The Kingdom believes that the following factors may affect the Kingdom's ability to fulfil its obligations under the Notes. The Kingdom's results, financial condition and prospects could be materially affected by each of these risks presented. Also, other risks and uncertainties not described herein could affect the Kingdom's ability to fulfil its obligations under the Notes. Additional risks and uncertainties not presently known to the Kingdom, or that the Kingdom currently believes are immaterial, could impair the ability of the Kingdom to fulfil its obligations under the Notes. Certain other matters regarding the operations of the Kingdom that should be considered before making an investment in the Notes are set out in other sections of this Prospectus. In this Prospectus, the most material risk factors have been presented at the beginning in each category. The order of presentation of the remaining risk factors in each category in this Prospectus is not intended to be an indication of the probability of their occurrence or of their potential effect on the Kingdom's ability to fulfil its obligations under the Notes.

Risks Relating to the Kingdom

COVID-19 Virus

Since the outset of the COVID-19 virus crisis, the Government and Bank Al-Mahgrib have introduced a number of policies aimed at responding to the spread of the virus, as well as financial measures aimed at mitigating the potential economic impact of the crisis. See "*Response to COVID-19*". Restrictions have been placed on travel, public transport and public gatherings, and prolonged closures of workplaces have been required. The crisis is likely to impact all sectors of the Kingdom's economy, and there can be no assurance as to when the various economic sectors will return to pre-crisis levels of activity.In addition, no prediction can be made as to the scope or the scale of systemic changes to the Kingdom's economy that could result from the crisis.

The crisis has also produced an increase in unemployment, the scale of which remains unclear. Should unemployment not return to pre-crisis levels, there may be social dislocation and unrest. In addition, it cannot be determined what impact the crisis will have on inflation and other macro-economic indicators.

The emergence of the COVID-19 virus poses a new risk to the fiscal position of the Kingdom and has already led to significant volatility in financial markets, lower oil prices, reduced global liquidity and trade, lower activity in tourism and export-related industries such as automotive and aerospace, which are key sectors of the Kingdom's economy, and the potential for lower economic growth both regionally and globally, which will, in turn, affect the Kingdom, for the most part negatively. Given the uncertainty of the lasting effect of the COVID-19 virus crisis and the Kingdom's measures to mitigate its effects, the financial impact on the Kingdom's economy cannot be determined, but the Government expects the impact to be significant and adverse.

Economic Risk

Over the last 15 years, successive governments have embarked upon an adjustment programme designed to remedy past structural imbalances of the Kingdom's economic and fiscal situation and have generally adopted tight fiscal and monetary policies, liberalised foreign trade, deregulated sectors of the economy and privatised various state-owned enterprises. These policies, however, have at times been moderated by (i) a concern over their effect on socially-vulnerable groups, (ii) political developments, particularly strikes in the private and public sector and (iii) the need to respond to the deteriorating economic conditions in the Kingdom's key trading partners, including the EU. In response, the Government has adopted an economic reform programme, which includes targets to increase the average economic growth rate, reduce the fiscal deficit, reduce public debt, reduce inflation and reduce the unemployment rate.

Overall, despite the implementation of a wide range of economic reforms to date, Morocco's economic performance has in the past been hampered by its large public sector, vulnerability of agricultural production to drought, reliance on exports of phosphates and phosphate derivatives and unemployment (with the total unemployment rate being 9.2% in 2019, and youth unemployment (persons aged between 15 to 24 years) being 24.9%). In recent years, the Moroccan economy has experienced uneven growth, with Real GDP growth of 4.5% in 2015, 1.1% in 2016, 4.2% in 2017, 3.1% in 2018 and 2.5% in 2019. Credit ratings agencies have commented that the Kingdom's GDP *per capita* (which, at current prices, was Dh 28,950 in 2015, Dh 29,380 in 2016, Dh 30,320 in 2017, Dh 31,473 in 2018 and Dh 32,349 in 2019) is lower than that of similar rated sovereigns.

Morocco's current account deficit was 2.1% of GDP in 2015, 4.1% in 2016, 3.4% in 2017, 5.3% in 2018 and declined to 4.1% in 2019. This decrease in the current account deficit in 2019 was partially due to a decrease in international oil prices and the corresponding impact on the cost of energy imports. Since 2007, the current account deficit has been financed, at least in part, by increased borrowing. If the current account deficit is not reduced, further levels of borrowing or higher levels of foreign direct investment ("**FDI**") will be needed to finance the deficit, which could negatively affect the Kingdom's economy.

Net international reserves represented 6.6 months of imports as at 31 December 2015, 6.8 months as at 31 December 2016, 6.0 months as at 31 December 2017, 5.3 months as at 31 December 2018 and 5.4 months as at 31 December 2019. As at 19 August 2020, official reserves assets represented 7.5 months of imports. If net international reserves significantly decline, this may impact Morocco's ability to service its external debt. Likewise, any rapid or significant changes in the exchange rate of the Dirham to the Euro, the U.S. Dollar or any other currency in which Morocco has borrowed funds, may impact Morocco's ability to service its external debt, including the Notes.

Investment in the emerging market generally poses a greater degree of risk than investment in more mature market economies because the emerging market economies are more susceptible to destabilisation resulting from domestic and international developments than those in more matured market economies.

The Moroccan economy remains vulnerable to external shocks, including events part of, or similar to, the Arab Spring, the global financial crisis and the Eurozone crisis, as well as to increased international commodity prices. A decline in the economic growth of, or receipt of remittances from, the Kingdom's major trading partners, such as France, Spain or the United States, as a result of such external shocks, could have a material adverse impact on the Kingdom's balance of trade and adversely affect the Kingdom's economic growth. Furthermore, if interest rates increase significantly in developed economies, including the United States and the Eurozone, Morocco could find it more difficult and expensive to raise external funding, which could adversely affect Morocco's economic growth.

There can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in the EU or the MENA region, including the Kingdom. In addition, there can be no assurance that these events will not adversely affect the Kingdom's economy and its ability to raise capital in the external debt markets in the future.

There can be no assurance that the Kingdom will be able to adequately address these and other economic issues or that economic growth will continue. Any failure to maintain economic growth or address continuing economic issues will negatively affect investor confidence in the Kingdom and the willingness of investors to invest money, and engage in transactions in, the Kingdom and will affect the Government's finances and, accordingly, the Kingdom's capacity to service its debt (including the Notes).

Political Risks

Concurrent with the events around the Arab World known as the "Arab Spring", predominantly peaceful demonstrations occurred in a number of Moroccan cities commencing on 20 February 2011, which led to the development of the 20 February Movement (the "**20 February Movement**"). In response to the calls for reform of the 20 February Movement, on 9 March 2011, King Mohammed VI announced a plan to reform the constitution and established an advisory committee to propose constitutional reforms. The new Constitution (the "**2011 Constitution**") was subsequently approved by a vote of the Moroccan people in a referendum on 1 July 2011. Since the approval of the 2011 Constitution, there have been further demonstrations, including in May 2012, calling for the implementation of economic and further constitutional reforms, as well as more recent demonstrations calling for measures to reduce unemployment. For example, in 2016 and 2017, there were protests in the northern Rif region following the death of a local fishmonger and further protests occurred in 2018 and 2019 following the imprisonment of certain protestors. Protests also took place in Jerada in 2018 following the deaths of two coal pit workers. In early 2019, thousands of teachers formed the Coordination for National Union, and held a series of protests for reforms to teachers' work conditions and fixed term contracts. There can be no assurance that further demonstrations or political protests will not take place. Such events could directly or indirectly affect Morocco and its economy.

Under the 2011 Constitution, the legislative branch consists of a bicameral Parliament, the House of Representatives and the House of Counsellors. Elections to the House of Representatives last took place in October 2016. These elections resulted in the *Parti de la Justice et du Développement* (the "**PJD**"), a moderate Islamist party, gaining the largest number of seats in Parliament with *Parti Authenticité et Modernité* ("**PAM**") in second position. In April 2017, Mr. El-Othmani, as the Head of Government, formed a six-party coalition government, with six parties holding 240 seats out of the 395 seats in the House of Representatives. On 9 October 2019, a ministerial reshuffle was conducted which led to the Parti du Progrès et du Socialisme ("**PPS**") withdrawing from the coalition government. As a result, the current Government is a five-party coalition, holding 228 seats in the House of Representatives. In April 2017, the Government announced its programme for 2016-2021 based on five key pillars and containing a number of economic targets. There can be no assurance that the Government's programme or its current priorities within the scope of its programme, including any proposed political, economic and social reforms, will be implemented. Any failure of the Government to so implement its programme, in whole or in part, may lead to a deterioration of general economic and political conditions in the Kingdom.

The 2011 Constitution required the promulgation of 21 organic laws by the end of the Parliamentary term in 2016. This deadline was not met with respect to all organic laws. In September 2019, Organic Law № 26-16 was adopted, which sets out a series of implementation phases for integrating the Amazigh language into education and priority sectors of public life. Organic laws that remain to be passed include those relating to the right to strike, and the conditions and modalities of the application of Article 133 (relating to the constitutionality of legislation). Any failure to adopt the remaining organic laws implementing the reforms set out in the 2011 Constitution may lead to a deterioration of political conditions in the Kingdom.

Since 1975, Morocco has been involved in a territorial conflict in its southern region (the "**Sahara Region**"). Morocco has long asserted sovereignty over the territory and, ever since Spain's agreement in 1975 to withdraw from the Sahara Region and to return the territory to Morocco, the Popular Front for the Liberation of Saguia el Hamra and Rio de Oro (the "**Polisario Front**") has, at times, waged a violent campaign of resistance against Morocco with the military, logistical and diplomatic support of the Algerian government. In 1991, the United Nations arranged a ceasefire between Morocco and the Polisario Front, with the intention of holding a referendum on self-determination under the supervision of the United Nations Mission for the Referendum in Western Sahara ("**MINURSO**"). The referendum has been postponed several times due to disputes over who is qualified to be registered to vote. Although the ceasefire remains in place, any renewal of violence in the region may require a greater military presence, and the costs associated with such a presence have in the past affected and may in the future affect in a materially adverse manner the Government's finances.

Budget Deficit, Trade Deficit and Remittances

Morocco's budget deficit was 4.2% of GDP in 2015, before increasing to 4.5% of GDP in 2016, decreasing to 3.5% in 2017, increasing to 3.8% in 2018 and increasing to 4.1% in 2019. Key contributors to the increase in the budget deficit in 2018 and 2019 were, respectively, due to the effects of: (i) an increase in international oil prices and lower than planned grants received from member countries of the Gulf Co-operation Council (the "**GCC**"); and (ii) an increase in current and capital expenditure.

While oil prices have recently been in decline (following Saudi Arabia's decision to cut export oil prices in March 2020), with the sharpest decline in the Brent global oil benchmark price of almost 70% since January 2020, should the situation stabilise and international oil prices rise, it will negatively affect the Kingdom's budgetary performance. Since 2007, the budget deficit has been financed by increased borrowing. If the budget deficit is not reduced, further levels of Government borrowing will be needed to finance the deficit, which could negatively affect the Kingdom's economy. In addition, lower global oil prices may adversely affect the ability of GCC countries and other countries whose budgets are partially dependent on oil revenues to disburse grants or provide loans to the Kingdom.

During the period 2015-2019, Morocco's trade deficit has increased by Dh 55.0 billion, or 35.7%. In 2019, the trade deficit was Dh 209.2 billion, as compared to Dh 206.0 billion in 2018, an increase of Dh 3.2 billion, or 1.5%. This increase was primarily due to an increase in global oil prices in 2019, which had a corresponding impact on the price of energy imports, as well as an increase in the import of capital goods. The trade deficit contributed to a negative current account balance in 2019, which represented 4.1% of GDP in 2019, as compared to 5.3% in 2018. These deficits have generally been offset by capital account inflows, as well as by inflows from remittances, tourism and other services. If these deficits persist or increase, due to, among other factors, decreases in inflows from remittances, tourism and other services, it could limit the growth of the Moroccan economy and strain the finances of the Government.

In addition, the Moroccan economy has historically benefited from strong remittance flows from MREs. In 2015, MRE remittances amounted to Dh 60.2 billion, which increased to Dh 64.8 billion in 2019 (but is expected to decrease in 2020). Lower oil prices, while beneficial to the Moroccan economy and the Government's fiscal position, may reduce money available to MREs in Gulf countries to provide remittances.

Public Debt

Morocco's central Government debt is comprised of the domestic and external debt of the central Government, consolidated central Government debt is comprised of central Government debt plus the debt of certain administrative public establishments (extra-budgetary central Government) minus public debt held by social security funds and consolidated general Government debt is comprised of total consolidated central Government debt plus the debt of local authorities. Public external debt is comprised of the external debt of the treasury and the external debt of public enterprises and local authorities (guaranteed and non-guaranteed). In recent years, the Government has incurred significant internal and external debt, principally for the purpose of financing the fiscal deficit. Central Government debt as a percentage of GDP has increased from 63.7%, as at 31 December 2015, to 64.9%, as at 31 December 2019. Consolidated general

Government debt as a percentage of GDP has increased from 50.2%, as at 31 December 2015, to 52.1%, as at 31 December 2019. In 2019, net interest payments represented 11.8% of current expenditures, 12.2% of current revenues and 2.6% of GDP.

The Government guarantees certain debts of the Kingdom's state-owned enterprises and local authorities. The amounts outstanding under guarantees (which are included in public external debt) have increased from Dh 106.3 billion as at 31 December 2015 to Dh 127.3 billion as at 31 December 2019. Despite the increase in these guaranteed debts, the ratio of external indebtedness of state-owned enterprises to GDP of 16.1% as at 31 December 2015 decreased to 15.2% as at 31 December 2019.

Although the Government intends to reduce Government debt, including as a percentage of GDP, through implementing major reforms relating to public finance, especially those relating to the subsidy system, taxation, public investment management, public enterprises and pension regimes, there is no assurance that it will be able to do so or that the level of Government-guaranteed state-owned enterprise debt will decrease. The failure to reduce Morocco's Government debt could materially impair Morocco's capacity to service its debt.

Socio-economic challenges

Morocco faces certain socio-economic challenges, including high levels of youth unemployment. These challenges require continuing attention by the Government. The total unemployment rate was 9.2% in 2019, as compared to 9.5% in 2018. The percentage of the labour force aged 15 to 24 who were unemployed in 2019 was 24.9%, as compared to 25.6% in 2018. In addition, structural reforms, which the Government is in the process of implementing, such as further subsidy reform and the establishment of a social register aimed at better targeting social protection programmes, may have an adverse impact on the financial circumstances of certain sectors of the Moroccan population, which have in the past and may continue to lead to instances of social unrest.

Food and Energy Security

Morocco is a net importer of energy and imports more than 95% of its energy requirements, in particular oil products. In addition, Morocco does not produce 100% of its domestic consumption of food and, therefore, relies significantly on food imports, in particular cereals. The Kingdom's needs for food imports can increase further when it is experiencing drought or other adverse weather conditions, such as occurred during the 2015/2016 growing season. Disruptions of imports or higher international commodity prices would have a material adverse effect on the Kingdom's economy and finances.

Regional and International Considerations

The Kingdom is located in a region that has been subject to ongoing political and security concerns, especially in recent years. Political instability in the Middle East has increased since the terrorist attacks of 11 September 2001, the U.S.-led intervention in Iraq, the ongoing conflict in Syria, the threat of the so-called "Islamic State", the ongoing conflict in Yemen, instability and conflict in Libya and the crisis involving Qatar. Some Middle Eastern and North African countries have experienced in the recent past or are currently experiencing political, social and economic instability, extremism, terrorism, armed conflict and war, some of which have negatively affected the Kingdom in the past.

A number of Arab countries have experienced significant political and military upheaval, conflict and revolutions as part of the Arab Spring, which has led to the departure of long-time rulers in Tunisia, Egypt, Yemen and Libya. Among the short-term effects of the Arab Spring has been a destabilisation of the region and increased political and social instability. This instability is likely to continue for some years. In addition, a number of Arab countries, including Iraq, Libya, Syria and Yemen, have continued to experience significant civil unrest and internal conflict. In particular, the ongoing conflict in Syria has been the subject of significant international attention and intervention, including by the Russian military, and its impact and resolution are difficult to predict. Any further escalation of this conflict, additional international military intervention in Syria or a more aggressive stance by parties to the conflict could further destabilise the region. The instability caused by the ongoing conflict has been exacerbated by terrorist attacks by the so-called "Islamic State" in the region and internationally. Morocco has been adversely affected by these types of "contagion" effects in the past, including the violence involving the terrorist organisation known as the so-called "Islamic State" and other recent events of volatility in the MENA region.

The continuation of such events or the outbreak of new problems in the region could further strain political stability in the region and the Government's finances and negatively affect the Kingdom's economy.

Deterioration of Economic Conditions in the EU

The EU is Morocco's largest trading partner and exports to the EU accounted for 71% of the Kingdom's total exports in 2019. In addition, remittances from the EU accounted for approximately 66% of the Kingdom's total remittances in 2019, and remittances from MREs are dependent on, among other factors, the economic conditions in the relevant host countries. As a result, the Moroccan economy is affected by events in the Eurozone and the wider EU.

A decline in economic growth in Eurozone countries, any inability of such countries to issue securities in the sovereign debt market or to service existing debt or a protracted period of slow or negative economic growth in the Eurozone would reduce demand for Moroccan imports and may lead to reduced levels of FDI and tourism revenues received from the Eurozone. In addition, although Morocco and the United Kingdom have signed a trade and continuity agreement to ensure that the two countries maintain relations when the United Kingdom leaves the EU, the impact of the United Kingdom's decision on the EU and Morocco cannot yet be determined but may be negative. These events could have a material adverse impact on Morocco's balance of trade and have a material adverse effect on the Moroccan economy.

Subsidies

The Government subsidises the costs of butane, sugar and soft wheat flour. Since December 2015, generalised energy subsidies have been eliminated (with the exception of butane gas and the Government is focusing on replacing traditional subsidies with targeted social programmes, including education support programmes, health waiver programmes, social programmes targeted at vulnerable groups and a social fund to encourage development of local infrastructure and to create revenue-generating activities in poor areas. The cost to the Government of subsidies remains, however, linked to international commodity prices, particularly crude oil and cereal prices. When crude oil and cereal prices rise, most of the resulting costs are borne by the Government. In 2018, the increase in international oil prices led to increased costs of energy subsidies for liquefied natural gas; however such costs are expected to decline in 2020 in the context of lower global oil prices. If the costs of subsidies rise, or the Government is not successful in further reforming the subsidy system, it could have a material adverse effect on the Kingdom's budget deficit and economy.

The Kingdom's Variable Climate

Morocco has a variable climate and water shortage and drought are recurrent problems in many parts of Morocco. Low or unpredictable rainfall impacts on the Kingdom's primary sector activities, most notably in the agricultural sector, and such yearly rainfall variations continue to have a major effect on GDP, employment, prices and the balance of trade. Periods of drought have generally corresponded to declines in the rate of growth of GDP and periods of abundant rainfall have generally corresponded to increases in the rate of growth of GDP. For example, in 2016, Morocco experienced its worst drought in 30 years, with a significant adverse impact on cereal production. Real GDP growth fell to 1.1% in 2016, as compared to 4.5% in 2015. Droughts and other adverse climatic events, particularly if sustained over a long period, have affected, and may in the future affect, in a materially adverse manner the Government's finances and rate of GDP growth.

Terrorism Risk

In recent years, the number of Islamic militants has grown in a number of Middle East and North African countries. Morocco has to date been less vulnerable to violent expressions of Islamic opposition, although Morocco has experienced terrorist attacks in recent years, including, in April 2011, when an improvised explosive device was detonated in a tourist cafe in Marrakesh, killing 17 people and injuring 20 others. In December 2018, two foreign nationals were killed while hiking near Mount Toubkal. Moroccan authorities have treated this as a terror-related incident. Further incidents of terrorism could strain political stability and the Government's finances and could, in particular, hamper several key sectors of the Moroccan economy, most notably tourism.

The Kingdom's Credit Ratings

Long-term foreign-currency debt of the Kingdom is currently rated BBB- with a stable outlook by S&P and BBB- with a negative outlook by Fitch. The Notes are expected to be rated BBB- by each of S&P and Fitch. On 3 April 2020, S&P affirmed Morocco's BBB- rating and stable outlook, citing that it expected (i) the adverse economic and budgetary impact of the COVID-19 pandemic to be contained without lasting or structural damage to credit metrics, and (ii) the Government's continuation of structural economic and budgetary reforms to lead to improved economic and budgetary performance and a steady decline in the current account deficit. On 28 April 2020, Fitch affirmed Morocco's BBB- rating and revised the outlook from stable to negative, stating that the revision reflects the severe effect on the Moroccan economy of the COVID-19 virus crisis, which it expects will cause GDP to contract sharply, and the resulting increase in Morocco's external and fiscal deficits and debt ratios.

S&P defines an issuer with a long-term issuer credit rating of "BBB" as an obligor with "adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments". Fitch notes that an issuer credit rating of "BBB" indicates "that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity".

The Kingdom's credit ratings are an assessment by the relevant rating agency of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Notes. There can be no assurance that the Kingdom's credit ratings will not change throughout the life of the Notes. Ratings may not reflect the potential impact of all risks related to structure, market and other additional factors discussed above, and other factors that may affect the value of the Notes. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes and have the potential to affect the Kingdom's cost of funds in the international capital markets and the liquidity of and demand for the Kingdom's debt securities.

Statistics

A range of ministries, the HCP, Bank Al-Maghrib, the *Office des Changes* and other Government agencies produce statistics of the Kingdom and its economy. The Kingdom subscribes to the IMF's SDDS. Statistical data appearing in this Prospectus has, unless otherwise stated, been obtained from public sources and documents. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, the Kingdom's official financial and economic statistics are subject to review and adjustment, which can be material as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures and may be subsequently adjusted or revised. Accordingly, financial and economic information included in this Prospectus may differ from previously published figures and may be subsequently adjusted or revised. Information presented for past periods should not be viewed as being indicative of current circumstances or periods not presented. Certain of the information and data contained in this Prospectus for all or part of the fiscal year 2019 and for interim periods in 2020 are preliminary and subject to further adjustment or revision.

Risks Relating to an Investment in the Notes

Volatility of the Trading Market

The market for the Notes is influenced by economic and market conditions in the Kingdom and, to varying degrees, interest rates, currency exchange rates and inflation rates in other countries, such as the United States, the member states of the EU and elsewhere. There can be no assurance that events in Morocco, the MENA region or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. The Notes may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, defaults or the risk of potential defaults (particularly in Europe and the Gulf region), general economic conditions and the financial condition of the Kingdom. A significant increase in interest rates in the international financial markets may adversely affect the liquidity of, and trading markets for, the Notes.

Activity in the Trading Market

There can be no assurance that an active trading market for either series of Notes will develop, or, if one does develop, that it will be maintained or that it will be liquid. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If the Notes are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Kingdom. Although applications have been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Market and to be listed on the Official List, and the Issuer intends to apply for the Notes to be listed and admitted to trading on the regulated market of the London Stock Exchange plc, there is no assurance that such applications will be accepted or, if such applications are accepted, that such admissions and listings will be maintained, or that an active trading market will develop.

Minimum Denomination

The Notes are issued in the denomination of €100,000 and integral multiples of €1,000, in excess thereof. Accordingly, the Notes may be traded in amounts in excess of €100,000 that are not integral multiples of €100,000. In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than €100,000 of a series of Notes in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes of that series be printed) and would need to purchase a principal amount of such Notes such that its holding amounts to at least €100,000 of Notes in order to receive a definitive Note.

If definitive Notes are issued, Noteholders should be aware that definitive Notes in a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Modification and Waivers

The Conditions contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses, which permit defined majorities of the Notes to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority.

The Kingdom has previously, and may in the future, issue debt securities which contain collective action clauses in the same form as the collective action clauses in the Conditions, making any such previously issued debt securities and any such additional future debt securities capable of aggregation with the Notes for the purposes of voting on amendments that can bind all holders of debt securities in all the relevant aggregated series, including the Notes, through collective action. If this occurs, then this could mean that the Notes would be capable of aggregation with any such other debt securities. This means that a defined majority of the holders of such debt securities (when taken in the aggregate) would be able to bind all holders of debt securities in all the relevant aggregated series, including the Notes.

The collective action provisions work as follows: any modification or action relating to Reserved Matters (as defined in the Conditions), including in respect of payments and other important terms, may be made to the Notes with the consent of the holders of 75% of the aggregate principal amount outstanding of the Notes. Any such modification or action relating to Reserved Matters may also be made to multiple series of debt securities issued by the Kingdom, including the Noteholders themselves, with the consent of both (i) the holders of $66^2/_3$% of the aggregate principal amount outstanding of all debt securities being aggregated and (ii) the holders of 50% in aggregate principal amount outstanding of each series of debt securities being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the Conditions), any such modification or action relating to Reserved Matters may be made to multiple debt securities, including the Noteholders themselves, with the consent of only 75% of the aggregate principal amount outstanding of all debt securities being aggregated, without requiring a particular percentage of the holders in any individual affected debt securities to vote in favour of any proposed modification or action. The Kingdom may elect to modify or propose action in respect of some debt, but not all, securities and may elect to treat some debt securities differently from others. At the time of any proposed modification or action, the Kingdom must specify which method or methods of aggregation it will apply.

The collective action clauses allow the Conditions to be amended, modified or waived in circumstances whereby the holders of debt securities voting in favour of an amendment, modification or waiver may not be Noteholders themselves but may be holders of different debt securities; as such, no minimum percentage of the Noteholders themselves would be required to have voted in favour of such amendment, modification or waiver for it to become effective. In addition, there is a risk that the provisions allowing for aggregation across multiple debt securities may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to the Notes may adversely affect their trading price.

No Limitation on Issuing Pari Passu Securities

Other than set out in the annual budget law, there is no restriction on the amount of securities that the Kingdom may issue and that rank *pari passu* with the Notes. The issue of any such securities may reduce the amount recoverable by Noteholders in a stress scenario, as the incurrence of additional debt could affect the Kingdom's ability to repay principal of, and make payments of interest on, the Notes.

No Obligation to Effect Equal or Rateable Payments

The Notes will at all times rank at least *pari passu* with all other External Indebtedness (as defined in the Conditions) of the Kingdom. However, the Kingdom will have no obligation to effect equal or rateable payment(s) at any time with respect to any other External Indebtedness of the Kingdom and, in particular, will have no obligation to pay other External Indebtedness of the Kingdom at the same time or as a condition of paying sums due on either series of Notes and *vice versa*. Accordingly, the Kingdom may choose to grant preferential treatment to, and therefore prioritise payment obligations to, other External Indebtedness of the Kingdom as payments fall due.

Exchange Rate Risks and Exchange Controls

The Issuer will pay principal and interest on the Notes in Euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency-equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency-equivalent market value of the Notes. Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Interest Rate Risks

The Notes bear interest on their outstanding principal amount at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the value of such security could fall as a result of changes in the market interest rate. While the nominal compensation rate of the Notes is fixed during the life of the Notes, the current interest rate on the capital market ("**market interest rate**") typically changes on a daily basis. If the market interest rate increases, the value of a security such as the Notes typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the value of a security such as the Notes typically increases, until the yield of such a security is approximately equal to the market interest rate. Consequently, Noteholders should be aware that movements of the market interest rate can adversely affect the value of the Notes and can lead to losses for the Noteholders if they sell their Notes.

Jurisdiction and Sovereign Immunity

The Kingdom is a sovereign state. Consequently, it may be difficult for investors to obtain or rely upon judgments against the Kingdom in courts outside Morocco or in a jurisdiction to which the Kingdom has not explicitly submitted. In addition, a substantial portion of the assets of the Kingdom is located outside of England and Wales. As a result, it may not be possible for investors to enforce judgments obtained in courts located in England and Wales or elsewhere against the Kingdom. The Kingdom has irrevocably appointed the Ambassador of the Kingdom to the Court of St. James's as its authorised agent for the service of process in England and Wales.

There may be insufficient assets of the Kingdom located outside of Morocco to satisfy in whole or part any judgment obtained from a court in England and Wales relating to amounts owing under the Notes. If investors were to seek enforcement of such a judgment in Morocco or to bring proceedings in relation to the Notes in Morocco, then certain limitations would apply.

The enforcement of foreign judgments in Morocco is governed by the relevant provisions of the Moroccan Code of Civil Procedure. Under those provisions, a judgment obtained in any English court would be recognised and enforced by the courts in Morocco without reconsideration of its merits provided that the foreign judgment satisfies the following additional conditions:

(i) the foreign judgment must have been issued by a court competent to do so under the law of the relevant country;

(ii) the foreign judgment must be final and enforceable in the country in which it was rendered, and the foreign judgment must not be based on documents subsequently deemed or found to be untrue and must not contain contradictory terms;

(iii) the defendant must have been properly served with legal process with respect to the proceeding in which the foreign judgment was rendered and due process must have been observed in connection with the proceeding, and no party to the litigation must have failed to deliver to the court material documents relating to the dispute and the defence rights of each party have been preserved;

(iv) the foreign judgment must not be contrary to Moroccan public order or relate to the application of Moroccan tax laws;

(v) a final judgment in the same case between the same parties must not have been rendered by a Moroccan court; and

(vi) no action commenced prior to the relevant foreign proceeding may be pending with respect to the same subject matter and between the same parties before the Moroccan courts.

Prospective investors in Notes should be aware that, pursuant to Moroccan law, the Kingdom's properties and assets, including, *inter alia*, commercial assets of the Kingdom, located in the Kingdom are immune from execution, attachment or other legal or judicial process, and, in any Related Proceeding brought in Moroccan courts against the Kingdom or brought in those courts to enforce or seek recognition of a judgment obtained outside Morocco, the Kingdom's waiver of immunity referred to above would not be given effect. Investors should therefore be aware that the waiver of immunity is likely to be ineffective in respect of the attachment of assets and properties located in the Kingdom.

OVERVIEW

This section contains an overview of the detailed information included elsewhere in this Prospectus. This overview does not contain all of the information that may be material to prospective investors and, therefore, should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, as well as related documents referred to herein. Prospective investors should also carefully consider the information set forth in "Risk Factors" prior to making an investment decision. Any decision to invest in the Notes should be based on the consideration of this Prospectus as a whole by prospective investors.

Overview of the Kingdom

The Kingdom of Morocco is situated in the north-west corner of the African continent and covers an area of approximately 710,850 square kilometres (274,461 square miles). It has a coastline of approximately 3,500 kilometres (2,174 miles) on the shores of the Atlantic Ocean and, east of the Straits of Gibraltar, on the Mediterranean Sea, facing southern Spain, which is less than 15 kilometres (9.3 miles) away across the Straits of Gibraltar. Morocco is bordered to the north by the Mediterranean Sea, to the east by Algeria, to the south by Mauritania and to the west by the Atlantic Ocean.

At the end of 2019, the total population of Morocco was estimated by the HCP at 35.6 million. The latest census figures in 2014 and 2004 placed the total population of Morocco at 33.8 million and 29.8 million, respectively. The population has grown at an average rate of 1.25% per year during the period 2004 to 2014. An increasing proportion of the population lives in the cities (the largest of which are Casablanca, Marrakesh, Fez and Rabat, the capital) growing from 55.1% in 2004 to an estimated 62.9% in 2019. An estimated five million MREs live overseas, predominantly in Europe, with the greatest concentration in France, Spain, Belgium, Italy, the Netherlands and Germany. The demographic structure shows a predominantly young population. As at the end of 2019, an estimated 26.3% of the population was under the age of 15.

The state religion of Morocco is Islam. Pursuant to the 2011 Constitution, the freedom of religion is respected. Almost the entire population is Sunni Muslim, and His Majesty King Mohammed VI, as Commander of the Faithful, is the supreme Muslim authority in the country. About 1% of the population consists of Christian and Jewish Moroccans.

Pursuant to Article 1 of the 2011 Constitution, Morocco is a constitutional, democratic, parliamentary and social monarchy. The King is the Head of State and names the Head of Government from the political party with the largest number of seats in Parliament. The Kingdom's first Constitution was adopted in 1962 and was subsequently amended several times. Following demonstrations in Casablanca, Morocco's largest city, and Rabat, the capital, as well as other major cities in Morocco beginning on 20 February 2011 in the context of the events of the Arab Spring and an address on 9 March 2011 by King Mohammed VI to the nation in response to the calls for reform of the 20 February Movement, a commission was convened to draft a new constitution. The 2011 Constitution was approved by referendum on 1 July 2011.

The principal changes implemented by the 2011 Constitution include: (i) enhancing the separation of powers and strengthening the powers of the Parliament and the Head of Government; (ii) setting out principles of liberty, democracy and civil rights, including with respect to women's rights; (iii) enhancing the rule of law; (iv) defining the constitutional roles of political parties and the Parliamentary opposition, which is granted official recognition; (v) further regionalisation; and (vi) other measures to promote civil society, such as encouraging good governance and combating corruption. In addition, the 2011 Constitution strengthens civil rights in the Kingdom. It guarantees, *inter alia*: (i) parity (*i.e.,* equal rights for women); (ii) freedom of movement, opinion, expression and worship; (iii) freedom of association and to belong to any union or political group; (iv) the right to strike; (v) the right of free enterprise and to own property; and (vi) rights for freedom of thought, ideas, artistic expression and creation. It also prohibits discrimination based on gender, race, belief, culture, social or religious origin, language or disability.

The 2011 Constitution provides that the official language of the Kingdom is Arabic, and, since the implementation of the 2011 Constitution, Amazigh, a Berber language, is also an official language. A number of other Berber dialects, including Tachelhit and Tarifit, are spoken in many rural areas. French, English and Spanish are also spoken, with French being widely spoken and the language in which business is often conducted.

In the 2016 House of Representative elections, the PJD won the most seats (although not an outright majority) with the PAM in second position. In April 2017, Mr. El-Othmani, as the Head of Government, formed a six-party coalition government, with the six parties holding 240 seats out of the 395 seats in the House of Representatives. On 9 October 2019, a ministerial reshuffle was conducted which led to the PPS withdrawing from the coalition government. As a result, the current Government is a five-party coalition, holding 228 seats in the House of Representatives.

The size of the Moroccan economy, measured in terms of GDP, was Dh 1,145.8 billion in 2019. Morocco's economic growth depends to various degrees on several key sectors. In 2019, the tertiary sector (including, *inter alia*, trade, hotels and restaurants, transportation, post and telecommunications, financial activities and other services) represented 50.4% of GDP at current prices; the secondary sector (including, the extraction industry, the manufacturing industry, electricity and water and building and public works) 26.3%; and the primary sector (including agriculture, forestry and fishing) 11.5%. Although the agricultural sector plays an important role in the Moroccan economy and is volatile due to the impact of a variable climate on agricultural output, the secondary and tertiary sectors' share of GDP have been steadily increasing over the last five years, lessening the Moroccan economy's dependence on agriculture.

The following table sets forth the principal economic indicators for Morocco as at the end of the years indicated.

Principal Economic Indicators[(1)]

	2015	2016	2017	2018	2019[(2)]
GDP at current prices (*Dh billions*)[(3)]	988	1,013.2	1,063.0	1,108.5	1,151.2
Real GDP Growth (*%*)[(4)]	4.5	1.1	4.2	3.1	2.5
GDP *per capita* at current prices (*Dh*)	28,950	29,380	30,320	31,473	32,349
Unemployment rate					
Total (%)	9.7	9.9	10.2	9.5	9.2
Urban (%)	14.6	14.2	14.7	13.8	12.9
CPI Increase (*%*)[(5)]	1.6	1.6	0.7	1.6	0.2
Government budget balance					
in Dh millions	(41,211)	(45,431)	(37,143)	(41,658)	(47,016)
as % of GDP[(6)]	(4.2)	(4.5)	(3.5)	(3.8)	(4.1)
Current Account Balance					
in Dh millions	(21,144.2)	(41,039.6)	(36,341.6)	(58,367.7)	(47,316.5)
as % of GDP	(2.1)	(4.1)	(3.4)	(5.3)	(4.1)
Official Reserves Assets (*Dh billions*) [(10)]	225.4	253.5	244.3	233.7	253.4
Official Reserves Assets (*months of imports*)[(7)]	6.1	6.4	5.6	5.3	5.8
Total Central Government Debt[(8)]					
in Dh billions	629.2	657.5	692.3	722.6	747.2
as % of GDP	63.7	64.9	65.1	65.2	64.9
Total Consolidated General Government Debt[(9)]					
in Dh billions	496.1	509.4	542.6	572.2	600.2
as % of GDP	50.2	50.3	51.0	51.6	52.1
Public External Debt (*as % of GDP*)[(8)]	30.5	30.8	31.3	29.5	29.5
Debt Service (*as % of current account revenues*)	6.0	6.8	6.8	5.8	5.4
Exchange Rate (*Dh per €*)[(7)]	10.780	10.645	11.187	10.953	10.765
Exchange Rate (*Dh per U.S.$*)[(7)]	9.906	10.096	9.330	9.566	9.593

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.
(3) At prices current during each respective year.
(4) Calculated by reference to previous year prices.
(5) Period average to period average.
(6) Excluding privatisation receipts.
(7) Calculated at the end of period.
(8) Central Government debt is comprised of the domestic and external debt of the central Government (excluding deposits). See "*Public Debt*".
(9) Total consolidated general Government debt is comprised of central Government debt, plus debt of certain administrative public establishments, minus public debt held by social security funds and plus debt of local authorities. See "*Public Debt*".
(10) As at 19 August 2020, official reserves assets were U.S.$32.1 billion, representing 7.5 months of imports.

Sources: HCP, Bank Al-Maghrib and Ministry of Economy, Finance and Administration Reform.

Overview of the Offering

*The following is an overview of the terms and conditions of the Notes. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Prospective investors should also carefully consider the information set forth in "Risk Factors" prior to making an investment decision. Capitalised terms not otherwise defined in this overview have the same meaning as in the relevant terms and conditions of the Notes (the "**Conditions**"). See "Terms and Conditions of the Notes" and "Provisions Relating to the Notes while in Global Form" for a more detailed description of the Notes.*

Issuer..	The Kingdom of Morocco.
2026 Notes	
The 2026 Notes	€500,000,000 1.375% Notes due 2026.
Issue Price..	99.374% of the principal amount of the 2026 Notes.
Issue Date...	30 September 2020.
Maturity	Unless previously redeemed or purchased and cancelled, the 2026 Notes will be redeemed at their principal amount on 30 March 2026, subject as provided in Condition 6. See "*Terms and Conditions of the Notes—5. Redemption. Purchase and Cancellation*".
Interest	The 2026 Notes will bear interest from and including the Issue Date at the rate of 1.375% *per annum*, payable annually in arrear on 30 March in each year, subject as provided in Condition 6, commencing on 30 March 2021. See "*Terms and Conditions of the Notes—4. Interest*".
Indication of Yield	1.495% *per annum*. This yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Security Codes	**Regulation S Notes** Common Code: 223983022 ISIN: XS2239830222 **Rule 144A Notes** Common Code: 223983057 ISIN: XS2239830578
2030 Notes	
The 2030 Notes	€500,000,000 2.000% Notes due 2030.
Issue Price..	98.434% of the principal amount of the 2030 Notes.
Issue Date...	30 September 2020.
Maturity	Unless previously redeemed or purchased and cancelled, the 2030 Notes will be redeemed at their principal amount on 30 September 2030, subject as provided in Condition 6. See "*Terms and Conditions of the Notes—5. Redemption. Purchase and Cancellation*".

Interest	The 2030 Notes will bear interest from and including the Issue Date at the rate of 2.000% *per annum*, payable annually in arrear on 30 March in each year, subject as provided in Condition 6, commencing on 30 March 2021. See "*Terms and Conditions of the Notes—4. Interest*".
Indication of Yield	2.176% *per annum*. This yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Security Codes	**Regulation S Notes** Common Code: 223982921 ISIN: XS2239829216 **Rule 144A Notes** Common Code: 223982964 ISIN: XS2239829646
Status	The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Kingdom. The Notes shall at all times rank *pari passu*, without any preference among themselves and at least *pari passu* with all other unsecured External Indebtedness (as defined in the Conditions) of the Kingdom from time-to-time outstanding. The Kingdom shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and *vice versa*. The full faith and credit of the Kingdom is pledged for the due and punctual payment of the principal of, and interest on, the Notes and the performance of all of the Kingdom's other obligations under the Notes. See "*Terms and Conditions of the Notes—2. Status*".
Use of Proceeds	The Kingdom intends to use the net proceeds of the issue of the Notes to finance the budget deficit and increase its foreign reserves in light of the COVID-19 virus crisis. See "*Use of Proceeds*".
Negative Pledge	The Conditions contain a negative pledge provision. See "*Terms and Conditions of the Notes—3. Negative Pledge*".
Taxation	All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Kingdom or any political subdivision or any authority thereof or therein having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. In that event, the Kingdom shall pay such additional amounts as will result in the receipt by the holders of the Notes (the "**Noteholders**") of such amounts as would have been received by them if no such withholding or deduction had been required, subject to certain exceptions set forth under "*Terms and Conditions of the Notes—7. Taxation*" and "*Taxation*".

Events of Default	The Conditions will permit the acceleration of the Notes of a series following the occurrence of certain events of default. See "*Terms and Conditions of the Notes—8. Events of Default*".
Form and Settlement	Each series of Notes will initially be issued in the form of a Regulation S Global Note and a Rule 144A Global Note, each in registered form and without interest coupons and, in each case, registered in the name of a nominee for, and shall be deposited with a common depositary for, Euroclear and Clearstream, Luxembourg. Ownership interests in the Regulation S Global Note and the Rule 144A Global Note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg and their respective participants. Notes in definitive form will be issued only in very limited circumstances. See "*Provisions Relating to the Notes in Global Form*".
Denominations	The Notes will be offered and sold in registered form and in denominations of €100,000 and any amount in excess thereof that is an integral multiple of €1,000. See "*Terms and Conditions of the Notes—1. Form, Denomination, Title, Registration and Transfer*".
Joint Lead Managers	Barclays Bank PLC, BNP Paribas, J.P. Morgan Securities plc and Natixis.
Fiscal Agent and Paying Agent	Citibank N.A., London Branch.
Registrar	Citigroup Global Markets Europe AG.
Risk Factors	There are certain risks relating to the Notes, which investors should ensure they fully understand. These include the fact that the Notes may not be suitable investments for all investors, and risks relating to the Kingdom and to the market. See "*Risk Factors*".
Governing Law	The Notes and any non-contractual obligations arising out of, or in connection with, the Notes are governed by, and shall be construed in accordance with, English law.
Submission to Jurisdiction	The Kingdom has submitted to the non-exclusive jurisdiction of the courts of England and Wales to settle disputes in connection with the Notes.
Selling Restrictions	There are restrictions in the United States, the United Kingdom and certain other jurisdictions in connection with the offering and sale of the Notes. See "*Subscription and Sale*".

Listing and Admission to Trading...........	Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Market and to be listed on the Official List. Following provision of the Notification, the Issuer also intends to apply for the Notes to be listed and admitted to trading on the regulated market of the London Stock Exchange plc, together with an admission to trading on the Market of the Luxembourg Stock Exchange.
Ratings...	Long-term foreign-currency debt of the Kingdom is currently rated BBB- with a stable outlook by S&P and BBB- with a negative outlook by Fitch. The Notes are expected to be rated BBB- by S&P and BBB- by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating organisation. Each of S&P and Fitch is established in the EU and is registered under the CRA Regulation. As such, each of S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation as of the date of this Prospectus. Any change in the rating of the Notes could adversely affect the price that a purchaser will be willing to pay for the Notes. See "*Risk Factors—Risks Relating to the Kingdom—The Kingdom's Credit Ratings*".

USE OF PROCEEDS

The proceeds of the issue of the Notes are expected to amount to €989,040,000. The net proceeds that the Kingdom will receive from the offering, after paying the estimated commissions and expenses incurred in connection with the offering and admission listing, will be approximately €988,034,500.

The Kingdom intends to use the net proceeds of the issue of the Notes to finance the budget deficit and increase its foreign reserves, in light of the COVID-19 virus crisis.

RESPONSE TO COVID-19

In common with most other countries, the COVID-19 virus is affecting the Kingdom. As of 20 September 2020, the Ministry of Health reported 101,743 infections in the Kingdom, with 1,830 deaths and 80,732 recoveries from the virus. The Government has taken a number of measures in response to the COVID-19 virus. See "*Risk Factors—Risks Relating to the Kingdom—COVID-19 Virus*".

Government Policy Response

In September 2020, the Minister of Finance outlined the Government's ongoing strategy to combat the COVID-19 virus, including measures to: (i) protect citizens by implementing healthcare measures; (ii) provide economic support for the vulnerable; (iii) limit the impact on the budget deficit and indebtedness, as well as other key economic measures; and (iv) design the framework to reopen the economy.

Reopening the Economy

On 21 June 2020, the Government announced that the economy would be permitted to reopen in phases. In particular, from 24 June 2020:

- domestic flights will recommence;
- intra-city transportation (rail and buses) will restart;
- cafés and restaurants may reopen (at 50% of their capacity;
- shopping centers, large shopping complexes and galleries may reopen;
- leisure and entertainment businesses, such as sports facilities and baths may reopen (at 50% of their capacity); and
- media, television, radio and cinema production may resume.

Depending on the presence of the virus in Morocco's regions, other businesses (such as, beauty and hair salons, parks and public spaces, beaches, internal tourism, etc.) will be permitted to reopen on a limited and phased basis.

Other closures due to the Health State of Emergency (described below) remain in effect, including the closure of museums, cinemas, theatres and public swimming pools and a ban on gatherings, wedding parties and funerals.

The Government has also been organising repatriation flights for Moroccans abroad. On 22 June 2020, the Government announced a repatriation programme for the benefit of over 4,600 Moroccans from 17 countries in Europe and Africa. This follows an earlier programme, which repatriated over 3,100 Moroccans. The Government is also considering a strategy to repatriate Moroccans in South America and Asia.

On 6 August 2020, the Government launched a programme to revive the tourism sector. The programme is to run from 2020 to 2022 and aims to bring together public and private entities at national and regional level. It is designed to support the tourism sector and encourage its recovery and transformation through three major objectives: preserving the economic infrastructure and safeguarding employment, accelerating the recovery, and laying the foundations for sustainable transformation for the longer term.

Recovery Plan

The Government has formalised a plan to inject a further Dh 120 billion into the economy. This will be accomplished by Government guarantees for business loans amounting to Dh 75 billion and the contribution of Dh 45 billion, of which Dh 15 billion will come from the Government, into a strategic investment fund to support investment projects through public-private partnerships and through capital support of relevant businesses.

Education

On 13 March 2020, the Government announced its decision to shut down all schools, effective 16 March 2020, until further notice.

On 7 September 2020, courses began for the 2020-2021 school year. Three models have been prepared in anticipation of the 2020-2021 school year depending on how the COVID-19 pandemic evolves. The first scenario is to return to 100% face-to-face teaching if the situation improves; the second scenario provides for alternating between face-to-face teaching and self-teaching in the event that preventive measures need to be continued; and the third scenario provides for 100% distance learning if the epidemiological situation worsens. The Ministry of Education, under the supervision of the head of government and in coordination with other departments, has decided to combine the second and third options in conjunction with individual families making their own decisions.

The teaching models can be adapted at the local, provincial or regional level in coordination with the local and health authorities, by a potential transition from work-study education to face-to-face or to distance learning.

Health State of Emergency

On 19 March 2020, the Government announced a "Health State of Emergency" as part of its emergency measures to limit the spread of COVID-19. During this period, which is expected to remain in effect until 10 October 2020 (having been extended on each of 18 April 2020, 19 May 2020, 9 June 2020, 9 July 2020, 6 August 2020, and 9 September 2020) each region has been categorised as either "Zone 1" or "Zone 2", with Zone 1 allowing more economic activity and Zone 2 remaining more restrictive (movement during the day is limited to essential work, shopping, medical care, purchasing medicine and medical supplies, and emergency situations only). Curfews are also in place.

On 26 March 2020, Mr. Saad Eddine El-Othmani, the Head of the Government, announced the introduction of a hiring freeze until the end of the COVID-19 crisis.

On 6 April 2020, the Government introduced a requirement for citizens to wear facemasks in public.

In addition, in April 2020, the Government pardoned 5,654 prisoners and put forward procedures aimed at protecting inmates from the COVID-19 outbreak.

On 10 June 2020, the Government began to gradually reduce containment measures while requiring citizens to comply with social distancing measures and the wearing of masks, in order to resume economic activity.

On 6 September 2020, the General Confederation of Moroccan Businesses ("**CGEM**") announced that the Ministry of Foreign Affairs had accepted its request to allow foreign business visitors to enter Morocco from 10 September 2020.

Since 11 September 2020, foreign tourists from visa-free countries have been able to book flights to and access Morocco, so long as they have a confirmed hotel reservation, or an invitation to enter the country received from a Moroccan company.

Regulatory changes

Various bodies in the Kingdom have relaxed certain regulatory requirements to assist companies during the crisis. For example, the Moroccan Foreign Exchange Office has postponed the deadline for annual filings, the Moroccan Tax Administration has implemented a tax exemption (up to a limit of 50% of the average net monthly salary) for additional compensation paid by companies in the formal sector, and the National Commission for Data Protection has changed its processes to allow declarations and requests relating to personal data to be made via email. The Capital Market Authority revised downwards the maximum variation thresholds applicable to financial instruments listed on the Casablanca Stock Exchange, with effect from 17 March 2020.

In light of the King's call to "seize the opportunity of the current situation to reconsider our priorities and to lay the foundations for a strong, competitive economy and for a more inclusive social model", the Government is undertaking a public sector reform project to identify cost savings and create a national agency to manage public investments and monitor the performance of Government-related institutions. The Government is also studying sectoral reforms to support economic diversification and improve the business climate.

In addition, the Government is bringing forward its project to bring all Moroccans under social coverage in two phases. The first phase (2021-23) is expected to provide for universal health coverage and family allowances for private sector employees, professionals and workers. The second phase (2024-25) will provide global unemployment insurance to all Moroccans active in the labour force. This will be financed by establishing contribution rules for persons not presently eligible for unemployment insurance.

Financial Measures

Emergency Fund

The first priority, which in turn will support other ancillary initiatives, has been the creation of a fund to provide finance for medical and economic activity. On 15 March 2020, King Mohammed VI announced the creation of an emergency fund, the *Special Fund for the Coronavirus Pandemic Management*, which is aimed at upgrading the existing health infrastructure, providing support to the economic sectors worst affected by the COVID-19 crisis, preserving jobs, and mitigating the social impact of the pandemic. The distribution of monies from the fund will be focused on households, the healthcare sector, and general Government spending. As of 31 August 2020, the amounts made and promised to the fund totalled over Dh 33.7 billion, equivalent to more than 3% of Morocco's GDP, of which the Government contributed Dh 10 billion, with the remainder provided by the private and public sectors and other contributors.

The fund is also being used to provide support to employees of companies in the tourism sector, who will receive net monthly compensation of Dh 2,000 from 1 July to 31 December 2020, in cases where the employer has suffered a fall of 25% or more in its turnover and is maintaining at least 80% of its workforce.

The *Caisse Centrale de Garantie* (the "**CCG**"), a central guarantee fund that is supported by the Government, is also being deployed to give guarantees to banks making loans to SMEs. In the period from 15 March to 31 July 2020, the CCG supported 61,693 SMEs during the COVID-19 pandemic, guaranteeing products for bank loans of approximately Dh 32 billion.

Economic Watch Committee

On 11 March 2020, the Government implemented an Economic Watch Committee, headed by the Minister of Finance, whose main missions are: (i) tracking the evolution of the economic situation in Morocco, through rigorous monitoring and assessment; and (ii) identifying appropriate measures to support impacted households and sectors.

On 19 March 2020, the Economic Watch Committee announced the introduction of measures aimed at assisting employees and companies affected by the COVID-19 crisis. The measures aimed at providing assistance to employees include: (i) all employees known by the National Social Security Fund to be unemployed as at 29 February 2020 as a result of the COVID-19 crisis, will receive a monthly flat-rate allowance of Dh 2,000, in addition to family allowances and benefits; and (ii) such persons will also be able to benefit from the postponement of the repayment of the maturities of bank credit until 30 June 2020.

Measures aimed at providing assistance to small and medium-sized companies include: (i) the suspension of the payment of social charges until 30 June 2020; (ii) the establishment of a moratorium for the reimbursement of bank loan maturities and for the reimbursement of leasing maturities until 30 June 2020; (iii) the postponement of certain tax deadlines; and (iv) activation of an additional operating credit line granted by the banks and guaranteed by the Central Guarantee Fund.

The Economic Watch Committee also agreed to suspend the 31 March 2020 tax deadline for companies with a turnover in 2019 of less than Dh 20 million and ordered banks to stop automatic deductions of loan payments for businesses and individuals affected by the crisis. Tax auditing and reviews have also been suspended until 30 June 2020.

On 30 March 2020, subsistence aid was extended to households operating within the informal sector of Dh 800, Dh 1,000 or Dh 1,200 per month, depending on the number of people in the household.

On 20 April 2020, the Economic Watch Committee decided to introduce the following additional measures: (i) providing interest-free loans of up to Dh 15,000 for self-employed entrepreneurs affected by the crisis; (ii) giving exemptions in respect of donations and charges arising during the crisis over a five year period; and (iii) extending the *Damane Oxygène* relief to companies in the real estate sector whose cashflow has deteriorated due to a decline in business activity.

On 29 April 2020, the Economic Watch Committee considered action plans for the gradual resumption of activity in certain sectors of the economy, with the aim of encouraging economic recovery within the confines of the containment strategy.

In May 2020, the Economic Watch Committee established a new Government-guaranteed instrument aimed at helping all businesses to access finance needed to cover their working capital needs during the second quarter of 2020. The Government most recently revised the 2020 budget in July 2020 to include more measures aimed at providing economic support and reprioritising public expenditure as a response to the COVID-19 pandemic. On 6 August 2020, further to High Royal Instructions given on the 21st Throne Day, the "*Pact for Economic Recovery and Employment*" was signed by the Economic Watch Committee in its ninth working meeting. The pact formalised a common commitment between the public and the private sector, the private sector being represented by CGEM and the Morocco Banks Group, which is planned to inject an amount equivalent to 11% of GDP into the economy of the country. The pact aims to cover the following objectives: the recovery of economic activity; to secure and promote employment and protect the health of workers; to speed-up the process of the formalisation of the economy; and to promote good governance.

Professional Group of Moroccan Banks

In April 2020, the Professional Group of Moroccan Banks announced the introduction of certain measures proposed by the Economic Watch Committee to support households and businesses directly affected by the consequences of COVID-19. These measures consist of: (i) the delay until 30 June 2020, on request, of the payment of loan instalments without fees or penalties with the possibility of a further extension of the grace period for three additional months; and (ii) the establishment of additional operating credit lines for affected companies.

Direct Support

In addition to measure to support formal economy employees, the Government has provided direct support to 3.4 million households that operate in the informal sector. Between March and June 2020, the Government allocated Dh 2 billion monthly to such households.

Deduction from Civil Servants' Salaries

On 15 April 2020, the Head of Government announced that three days' wages would be deducted from the salaries of public servants and employees of local authorities and public establishments. The deductions will be provided to the *Special Fund for the Coronavirus Pandemic Management*.

IMF Arrangement under the Precautionary and Liquidity Line

On 7 April 2020, as part of its response to the COVID-19 pandemic, the Kingdom drew on its precautionary and liquidity line for an amount equivalent to approximately U.S.$3.0 billion. The drawdown is to be made available to Bank Al-Maghrib to use mainly to finance the balance of payments and to support the Moroccan economy. See "*The Moroccan Economy—The Government Programme—IMF Arrangement under the Precautionary and Liquidity Line*" and "*Public Debt—International Institutions—IMF*".

The Kingdom also benefits from increased funding support of up to U.S.$5.6 billion (of which U.S.$2.5 billion has been disbursed) from a number of bilateral and multilateral donors and lenders to support its efforts to combat COVID-19.

The World Bank

The World Bank Board approved, in December 2019, a U.S.$275 million financing to promote a disaster risk management development policy with a catastrophe deferred drawdown option, which included a trigger for pandemic risk, enabling it to be deployed as part of the Kingdom's efforts to combat the COVID-19 crisis. This loan was disbursed in full on 6 April 2020. See "*Public Debt—International Institutions—The World Bank*".

Public Finance

In July 2020, Parliament adopted a revised 2020 Finance Law, which assumes a 5% decline in GDP in 2020 and targets a budget deficit of 7.5% of GDP. The revised 2020 Finance Law also abolishes the external debt ceiling in order to fund part of the portion of the budget deficit related to the Government's response to the COVID-19 pandemic.

Bank Al-Maghrib

Bank Al-Maghrib has adopted a set of monetary policy and prudential measures to support access to bank credit for both households and businesses affected by the event surrounding the COVID-19 virus.

Included among such measures is the ability for Moroccan banks to triple their refinancing capacity with Bank Al-Maghrib by: (i) permitting banks to refinance in Dirhams and foreign currency; (ii) extending the range of securities and commercial paper accepted by Bank Al-Maghrib as collateral for refinancing loans to banks; (iii) lengthening loan tenors; (iv) strengthening and adding flexibility to a programme aimed at SMEs; and (iv) providing foreign exchange swaps to domestic banks. In addition, Bank Al-Maghrib lowered its principal interest rate twice: first in March 2020 by 25 basis points to 2.0%; and again on 16 June 2020 by a further 50 basis points, bringing the rate down to 1.5% and bringing the reserve requirement down to 0%.

Bank Al-Maghrib has also launched three programmes aimed at supporting business of different sizes to guarantee loans (ranging from 80%-95%).

Bank Al-Maghrib is also taking measures to support credit institutions on the prudential front, covering liquidity, capital and loan provisioning requirements with a view to strengthening the capacity of these institutions to support households and businesses in these exceptional circumstances. These new decisions, combined with specific measures that have been introduced to support the refinancing of participating banks and microfinance institutions, are expected to mitigate the impact of the pandemic and to support the revival of the economy and employment. Bank Al-Maghrib has also requested that all credit institutions suspend any distribution of dividends for the financial year ended 31 December 2019, until further notice.

Bank Al-Maghrib has announced that it will continue to closely monitor the national economy and the financial system and may, where appropriate, take further measures.

On 9 March 2020, Bank Al-Maghrib expanded the Dirham fluctuation band from plus or minus 2.5% on either side of the reference rate to plus or minus 5% on either side of the reference rate, representing the second phase . See "*The Moroccan Economy—Government Programme*".

DESCRIPTION OF THE KINGDOM OF MOROCCO

Overview of the Kingdom

The Kingdom of Morocco is situated in the north-west corner of Africa and covers an area of approximately 710,850 square kilometres (274,461 square miles). It has a coastline of approximately 3,500 kilometres (2,174 miles) on the shores of the Atlantic Ocean and, east of the Straits of Gibraltar, on the Mediterranean Sea, facing southern Spain, which is less than 15 kilometres (9.3 miles) away across the Straits of Gibraltar. Morocco is bordered to the north by the Mediterranean Sea, to the east by Algeria, to the south by Mauritania and to the west by the Atlantic Ocean.

At the end of 2019, the total population of Morocco was estimated by the HCP at 35.6 million. The latest census figures in 2014 and 2004 placed the total population of Morocco at 33.8 million and 29.8 million, respectively. The population grew at an average rate of 1.25% per year during the period 2004-2014. An increasing proportion of the population lives in the cities (the largest of which are Casablanca, Marrakesh, Fez and Rabat, the capital) growing from 55.1% in 2004 to an estimated 62.9% in 2019. An estimated five million MREs live overseas, predominantly in Europe, with the greatest concentration in France, Spain, Belgium, Italy, the Netherlands and Germany. The demographic structure shows a predominantly young population. As at the end of 2019, an estimated 26.3% of the population was under the age of 15.

The state religion of the Kingdom is Islam. Pursuant to the 2011 Constitution, freedom of religion is respected. Almost the entire population is Sunni Muslim, and His Majesty King Mohammed VI, as Commander of the Faithful, is the supreme Muslim authority in the country. About 1% of the population consists of Christian and Jewish Moroccans.

Pursuant to Article 1 of the 2011 Constitution, Morocco is a constitutional, democratic, parliamentary and social monarchy. The King is the Head of State and selects the Head of Government from the political party with the largest number of seats in Parliament.

The Kingdom's first Constitution was adopted in 1962 and was subsequently amended several times. Following demonstrations in Casablanca, Morocco's largest city, and Rabat, the capital, as well as other major cities in Morocco beginning on 20 February 2011 in the context of the events of the Arab Spring and an address on 9 March 2011 by King Mohammed VI to the nation in response to the calls for reform of the 20 February Movement, a commission was convened to draft a new constitution. The 2011 Constitution was approved by referendum on 1 July 2011.

The principal changes implemented by the 2011 Constitution include: (i) enhancing the separation of powers and strengthening the powers of the Parliament and the Head of Government; (ii) setting out principles of liberty, democracy and civil rights, including with respect to women's rights; (iii) enhancing the rule of law; (iv) defining the constitutional roles of political parties and the Parliamentary opposition, which is granted official recognition; (v) further regionalisation; and (vi) other measures to promote civil society, such as encouraging good governance and combating corruption.

The 2011 Constitution provides that the official language of the Kingdom is Arabic, and, since the implementation of the 2011 Constitution, Amazigh, a Berber language, is also an official language. Organic Law № 26-16, promulgated by decree № 1-19-121 of 12 September 2019 provided for the integration of Amazigh in education and in priority areas of public life. A number of other Berber dialects, including Tachelhit and Tarifit, are spoken in many rural areas. French, English and Spanish are also spoken, with French being widely spoken and the language in which business is often conducted.

In the 2016 House of Representative elections, the PJD won the most seats (although not an outright majority) with the PAM in second position. In April 2017, Mr. Saad Eddine El-Othmani formed a six-party coalition government. The six parties of the coalition government hold 240 seats out of the 395 seats in the House of Representatives.

The size of the Moroccan economy, measured in terms of GDP, was Dh 1,145.8 billion in 2019. Morocco's economic growth depends to various degrees on several key sectors. In 2019, the tertiary sector (including, *inter alia*, trade, hotels and restaurants, transportation, post and telecommunications, financial activities and other services) represented 50.4% of GDP at current prices; the secondary sector (including, the extraction industry, the manufacturing industry, electricity and water and building and public works) 26.3%; and the primary sector (including agriculture, forestry and fishing) 11.5%. Although the agricultural sector plays an important role in the Moroccan economy and is volatile due to the impact of a variable climate on agricultural output, the secondary and tertiary sectors' share of GDP have been steadily increasing over the last five years, lessening the Moroccan economy's dependence on agriculture.

Geography

Morocco consists principally of fertile plains bordering the Atlantic Ocean, bordered to the north by the Rif Mountains and to the east and south by a series of other mountain ranges (the Middle Atlas, the High Atlas and the Anti-Atlas) beyond which lies the Sahara Desert. The plains represent some 20% of Morocco's land area but contain approximately 80% of the population and major natural resources, namely agriculture (including citrus fruits, cereals, sugar beet and cane and vegetables) and mineral extraction (particularly phosphates).

Morocco has many rivers, which, although relatively unimportant for navigation, are used for irrigation and for generating electric power. The mountainous regions of Morocco have extensive areas of forest including large stands of oak, juniper, pine, fir and evergreen oak.

The climate of Morocco varies from the temperate coastal zones along the Atlantic Ocean and the Mediterranean Sea, with moderate temperatures year round, to excessive heat and cold in the mountains, which range up to 4,165 metres in the High Atlas, stretching from Agadir on the Atlantic Coast to east of Marrakesh, to 3,326 metres in the Middle Atlas and Anti-Atlas located north and south, respectively, of the High Atlas, and to 2,465 metres in the Rif Mountains parallel to the Mediterranean coast.

History

Morocco's geographic situation has given it a strategic, economic and political importance, which has influenced its long and rich history. As early as the twelfth century B.C., the Phoenicians had established trading centres in the north and along the Atlantic coast. The conquest of Carthage by Rome in the second century B.C. resulted in Roman dominance of the Mediterranean coast of Africa, and the northern part of current-day Morocco was incorporated into the Roman Empire in 42 A.D. as a Roman province. Following the collapse of the Roman Empire in the fifth century, the region was divided into numerous Berber confederations. Beginning in the seventh century, the Arabs brought Islam to Morocco. The Moroccan empire reached its peak under the Almohad King Ya'qoub al-Mansour at the end of the twelfth century and embraced modern-day Algeria, Tunisia, Libya and large parts of the Iberian Peninsula. The *Reconquista* of Spain by Christian forces and the defeat suffered by the Almohads at the hands of the Spanish in 1212 led to a decline in the empire.

Morocco experienced a renaissance under the Saadians, known as the first Sharifian dynasty (1554-1660), and flourished during the reign of Ahmed I al-Mansour (1579-1603), as the country benefited from the influx of nearly one million Muslims and Jews who were expelled by the Christians from Spain after 1492.

In the middle of the seventeenth century, members of the current reigning Alaouite family from southern Morocco, who are direct descendants of the Prophet Mohammed, began ruling Morocco.

Subjected to gradual European colonialist pressures in the nineteenth century, Morocco was placed under a protectorate in 1912 under which Spain administered much of the north along the Mediterranean Sea (Rif) and the extreme south (the enclave of Ifni and Rio do Oro) and France administered the rest of the country. However, nationalism remained strong in the country and following World War II, Morocco moved towards a return to full independence. Beginning with the end of the French protectorate on 2 March 1956, Morocco was progressively reconstituted as an independent nation. Spain returned the Rif to Morocco in April 1956 Thus, the Kingdom of Morocco began negotiations with Spain resulting in the gradual recovery of the southern Morocco territories of Tarfaya in 1958, Sidi Ifni in 1969 and the region of Sakiaa Hamra and Oued Ed-Dahab (also called Saguia el Hamra and Rio de Oro under the Spanish and more commonly known as the Sahara Region) in 1975. For geopolitical reasons in the context of the cold war, Algeria opposed the completion of the territorial integrity of Morocco and embarked on a deliberate policy of systematically undermining the legitimate right of the Kingdom to recover its southern territories.

Before the protectorate imposed in 1912 by foreign powers, the population of the Sahara Region had for centuries, through its local leaders, formally pledged its allegiance to the Sultans of Morocco. Beginning in 1975, when Spain agreed to withdraw from the Sahara Region and to give back its remaining interests in that region to Morocco, a local group known as the Polisario Front contested the reversion of the region into Morocco. Morocco committed itself in 1991 to holding a referendum on self-determination in the Sahara Region under the auspices of the United Nations. The same year, the United Nations established MINURSO. However, operational difficulties were encountered by the United Nations in trying to implement the referendum on self-determination for the region. There have been five Personal Envoys appointed by the Secretary General of the United Nations to address the issue, the latest being Horst Köhler, who resigned on health grounds in May 2019. A replacement for Mr Köhler has not yet been appointed. Since 1991, a cease-fire has been in effect, and no military activity has taken place in the Sahara Region.

In April 2007, following extensive consultations with representatives of the Moroccan population, including that of the Sahara Region and a number of foreign countries, the Kingdom submitted a proposal to the United Nations for negotiating an Autonomy status for the region, which calls for an autonomous region to be established in the Sahara with powers over local administration, police, economic development, the region's budgets, and social and cultural affairs, with the Kingdom retaining jurisdiction over the attributes of sovereignty and the constitutional and religious prerogatives of the King, as well as national security, defence and external relations. The Polisario Front advised the United Nations that its goal remains the conduct of a referendum, which would include the option of independence for the Sahara Region.

On 20 February 2011 and subsequently, a number of largely peaceful demonstrations occurred in a number of Moroccan cities, including Rabat, Casablanca, Tangier and Marrakesh concurrent with the events that formed the "Arab Spring". Members of the 20 February Movement called for changes to the Kingdom's constitution and the Government, as well as for an end to corruption.

In response to the 20 February Movement, King Mohammed VI addressed the nation on 9 March 2011 and convened a commission, chaired by Abdellatif Mennouni, a former member of the Constitutional Council, to develop proposals for constitutional reform in co-operation with various stakeholders, including, *inter alia*, political parties, trade unions, associations and youth non-government organisations. The commission published a draft constitution in June 2011.

The 2011 Constitution was subsequently approved by a referendum of the Moroccan people on 1 July 2011. According to Government statistics, 98.5% of voters voted in favour of the 2011 Constitution, and the turnout for the referendum was approximately 73%. King Mohammad VI announced shortly thereafter that he would accept the constitutional shift of powers to the Head of Government and work to establish a constitutional monarchy with an elected parliament. See "*—Constitution and Political System*".

While the official political parties backed the reforms, certain opposition groups, including some members of the 20 February Movement, rejected the reforms as not being extensive enough politically or socially, and there were further demonstrations prior to and following the referendum. In addition, since the approval of the 2011 Constitution, there have been further demonstrations, in particular, in May 2012, calling for the swift implementation of the proposed economic reforms, as well as further reforms.

On 30 April 2019, UN Security Council Resolution 2468 extended MINURSO's mandate until 31 October 2019, emphasising the need to achieve a realistic, practicable and enduring political situation in the Sahara Region based on compromise, and welcoming new momentum created by round-table meetings held in December 2018 and March 2019 attended by representatives of Morocco, Algeria, Mauritania and the Polisario Front, throughout the political process engaged by the UN Secretary General and his former Personal Envoy Horst Kohler. On 30 October 2019, MINURSO's mandate was further extended until 31 October 2020 pursuant to UN Security Council Resolution 2494. Morocco has always affirmed its support for the efforts of the UN Secretary General aimed at achieving a political solution that is realistic, practicable, enduring and based on compromise. Since December 2019, a number of African countries have opened consulates in Dakhla, including Djibouti, Gambia, Guinea, and Liberia, in addition to six consulates in Laayoune.

In each of 2016, 2017, 2018 and 2019, there have been instances of protests and demonstrations in Morocco. For example, in 2016 and 2017, there were protests in the northern Rif region following the death of a local fishmonger and further protests occurred in 2018 and 2019 following the imprisonment of certain protestors. Protests also took place in Jerada in 2018 following the deaths of two coal pit workers.

In 2016, steelworkers at Maghreb Steel went on strike for five months in response to the dismissal of a number of workers seeking wage increases. In early 2019, thousands of teachers formed the Coordination for National Union, and held a series of protests for reforms to teachers' work conditions and fixed term contracts.

In April 2019, the Government signed a new social deal with CGEM and three of Morocco's four main trade unions agreeing to certain wage increases. See "*The Moroccan Economy—Employment and Wages*".

Constitution and Political System

On 30 July 1999, King Mohammed VI succeeded his father, King Hassan II, who died on 23 July 1999. King Hassan II ruled without interruption from 1961 until his death. As commander of the faithful and protector of the rights and liberties of citizens, social groups and organisations, as provided by Articles 41 and 42 of the 2011 Constitution, the King is responsible for ensuring that Islam, the free exercise of religion and the 2011 Constitution are respected.

Administration in Morocco is decentralised. The Kingdom has 12 "*régions administratives*", which are further divided into 75 provinces and prefectures. Pursuant to the 2011 Constitution, *walis* of the regions and governors of the provinces are nominated by the Head of Government and the government Minister concerned and approved by the Council of Ministers. Over 1,500 local (urban and rural) communities are managed by directly-elected counsellors, which provides for a further element of decentralisation.

In line with the provisions of the 2011 Constitution, since 2015 Morocco has been implementing advanced regionalisation as part of a decentralisation process to both modernise and reform the Kingdom's institutions. The objectives behind these reforms are to: (i) bring citizens closer to the decision-making process; (ii) reduce the social and territorial disparities between the regions; and (iii) improve the collaboration between, and efficiency and effectiveness of, government departments. As part of the reorganisation, the number of *"régions administratives"* was decreased from 16 to 12.

Constitutional Reform

Pursuant to Article 1 of the 2011 Constitution, Morocco is a constitutional, democratic, parliamentary and social monarchy. The King is the Head of State and selects the Head of Government from the party with the largest number of seats in Parliament. The Kingdom's first Constitution was adopted in 1962 and was subsequently amended several times. Following an address by King Mohammed VI to the nation on 9 March 2011, a commission was convened to draft the 2011 Constitution. The 2011 Constitution was approved by a referendum on 1 July 2011.

The principal changes implemented by the 2011 Constitution include: (i) enhancing the separation of powers and strengthening the powers of the Parliament and the Head of Government; (ii) setting out principles of liberty, democracy and civil rights, including with respect to women's rights; (iii) enhancing the rule of law; (iv) defining the constitutional roles of political parties and the Parliamentary opposition, which is granted official recognition; (v) further regionalisation; and (vi) other measures to promote civil society, such as encouraging good governance and combating corruption. In addition, the 2011 Constitution strengthens civil rights in the Kingdom. See "*—Reform and Civil Rights*".

The 2011 Constitution required the promulgation of 21 organic laws by the end of the Parliamentary term in 2016. While this deadline was not met with respect to all organic laws, 18 organic laws have now been passed relating to the following: the House of Representatives, political parties, the House of Counsellors, the regions, the prefectures and provinces, the communes, the Supreme Council of the Judiciary, the status of judges, appointments to high positions, the Economic, Social and Environmental Council, the organic budget law, parliamentary enquiries, the Constitutional Court, the organisation and conduct of the work of the Government and the status of its members, the Council of Regency, the right to present petitions to public authorities and the right to present motions in the legislative process. In September 2019, Organic Law № 26-16 relating to the implementation of Amazigh as an official language came into force. Certain laws remain to be passed, including those relating to the right to strike, and the conditions and modalities of the application of Article 133 (relating to the constitutionality of legislation).

Role of the King

Under the 2011 Constitution, the King is the Head of State, the Commander of the Faithful and the symbol of the unity of the nation. The King is also the supreme commander of the Royal Armed Forces. The crown and its constitutional rights are hereditary and transmitted to the direct male heirs of King Mohammed VI. Pursuant to Article 47 of the 2011 Constitution, the King names the Head of Government from the political party with the most seats in Parliament. Upon proposition by the Head of Government, the King names the members of the Government.

The King presides over the Council of Ministers, which is composed of the Head of Government and the Ministers. The Council of Ministers deliberates on, *inter alia*, future revisions of the Constitution, preparing bills of organic laws, the general orientation of the annual budget laws, declaring war or a state of emergency, and nominating, upon the proposition of the Head of Government and at the initiative of the relevant Minister, various senior officials, including, *inter alia*, the Governor of Bank Al-Maghrib, ambassadors, *walis* and governors, the head of national security and the heads of various public enterprises.

Role of Parliament

Pursuant to Article 70 of the 2011 Constitution, Parliament exercises the legislative power in the Kingdom and votes on laws, controls the activities of the Government and evaluates public policy. Parliament and its committees have oversight authority over the Government and each Minister.

Parliament is composed of two chambers, the House of Representatives and the House of Counsellors. Under Article 60 of the 2011 Constitution, the opposition is an essential component of both chambers and is given certain rights, including to direct Parliamentary debate from time-to-time and to chair a legislative commission. Members of the House of Representatives are elected by direct, universal suffrage for a five-year term. Members of the House of Counsellors are elected for a six-year term, with three-fifths of the members being representatives of the regions, in proportion to the population, and elected by regional councils. The remaining members of the House of Counsellors are elected by electoral colleges composed of elected representatives of professional organisations, employees and other associations. 60 seats of the House of Representatives are reserved for women in national elections. Following the 2016 elections, 81 seats of the House of Representatives are held by female members, as compared to 67 in the 2011 elections. The current composition of the House of Counsellors includes 23 seats held by the PAM, 12 seats held by the PJD, 24 seats held by the *Parti de l'Istiqlal*, eight seats held by the *Rassemblement National des Indépendants*, ten seats held by the *Mouvement Populaire* and 43 seats held by other parties and individuals. There are 12 female members of the House of Counsellors.

The House of Representatives is comprised of 395 members and the House of Counsellors may comprise a minimum of 90 members and a maximum of 120 members. The Parliament has the power to pass legislation, which may be initiated by the members of the House of Representatives or the House of Counsellors and the Head of Government. See "—*Government and Political Parties*".

Article 71 of the 2011 Constitution vests power in over 30 specified matters to Parliament, including, *inter alia*: (i) civil liberties; (ii) family and civil law; (iii) nationality; (iv) media and the press; (v) criminal law and prisons; (vi) amnesty; (vii) fiscal, customs, tax and related matters; (viii) environmental matters; (ix) privatisation; and (x) property rights.

Role of the Government

The Government exercises executive power in the Kingdom. Upon designation by the King, pursuant to Article 88 of the 2011 Constitution, the Head of Government must present the Government's programme with respect to its economic, social, environmental, cultural and international relations policies to Parliament. The Government's programme is subject to debate in both houses of Parliament, which is followed by a vote of the House of Representatives. The Government is vested following a majority vote of confidence of the House of Representatives.

The Head of Government exercises administrative and rule-making authority, appoints the most important civil servants and presides over the Council of Government. The Head of Government may delegate many of his powers to other members of the Government. The Council of Government deliberates regarding, *inter alia*: (i) public policy; (ii) sectoral policies; (iii) treaties and international conventions (ahead of submission to the Council of Ministers); (iv) matters relating to human rights and public order; (v) preparing draft laws (other than as set forth above) prior to their transmission to Parliament; and (vi) issuing decrees within its competency. Following a decision of the Council of Government, the Head of Government informs the King.

Role of the Judiciary and the Constitutional Court

The judicial power is independent of the executive and legislative powers, and the King guarantees its independence. Article 113 of the 2011 Constitution established a Superior Council of the Judiciary. See "*—Legal System*".

In 1994, a Constitutional Council was established to ensure that laws conform to the Constitution and to confirm election and referenda results. Pursuant to Title VIII of the 2011 Constitution, the Constitutional Council was replaced by a Constitutional Court, which is composed of 12 members who serve a single, nine-year, non-renewable term. Six members are designated by the King (of which one member is proposed by the Secretary General of the Superior Council of the Ulema) and three members are elected by each house of Parliament. The President of the Constitutional Court is named by the King from among the 12 members. The Constitutional Court has the power to rule on constitutional matters.

Organic laws must be submitted to the Constitutional Court, which will review the constitutionality of such laws prior to their promulgation. The Constitutional Court will also review the constitutionality of other laws prior to their promulgation if so requested by the King, the Head of Government, the President of either house of Parliament or by one-fifth of the members of either house of Parliament. Pursuant to Article 134 of the 2011 Constitution, laws declared unconstitutional may not be promulgated or otherwise put in place. The Constitutional Court also has authority over elections and referenda.

In February 2018, and in accordance with Article 133 of the Constitution, Parliament approved organic law № 86-15, which enables private litigants to challenge the constitutionality of a law before the courts. The Constitutional Court has rejected certain provisions of the organic law and, accordingly, the organic law will be amended prior to coming into effect.

Reform and Civil Rights

The 2011 Constitution strengthened civil rights in the Kingdom. It guarantees, *inter alia*: (i) parity (*i.e.,* equal rights for women); (ii) freedom of movement, opinion, expression and worship; (iii) freedom of association and to belong to any union or political group; (iv) the right to strike; (v) the right of free enterprise and to own property; and (vi) rights for freedom of thought, ideas, artistic expression and creation. It prohibits discrimination based on gender, race, belief, culture, social or religious origin, language or disability.

The 2011 Constitution also provides for the supremacy of international agreements and treaties in the Kingdom's hierarchy of laws. The 2011 Constitution also establishes various independent institutions, such as those established for the protection and promotion of human rights, good governance and anti-corruption, including the independent National Council for Human Rights, the Council for Competition and the National Instance of Probity, Prevention and the Struggle Against Corruption.

Legal System

The legal system in Morocco consists of an independent judiciary comprising a secular judicial system based principally upon French legal tradition and legal procedure for commercial, civil and criminal matters and an Islamic judicial system with respect to individual, family and inheritance matters involving Muslims. Article 107 of the 2011 Constitution provides that the King guarantees the independence of the judiciary. The courts of first instance, the courts of appeal and a supreme court (the *Cour de Cassation*), have jurisdiction over all matters, including commercial, civil and criminal matters, other than constitutional matters. See "*—Constitution and Political System—Role of the Judiciary and the Constitutional Court*".

Under the 2011 Constitution, judges are appointed by the *Conseil Supérieur du Pouvoir Judiciaire* (Supreme Council of the Judiciary). The Supreme Council of the Judiciary is presided over by the King and includes the first-president of *Cour de Cassation*, the Attorney General of the King to the *Cour de Cassation*, the President of the first chamber of the *Cour de Cassation,* four elected representatives from the judges of the courts of appeal, six elected representatives from the judges of the courts of first instance, a mediator, the President of the National Council of Human Rights and five persons nominated by the King, recognised for their competence, impartiality, integrity, and their contribution to the independence of justice and rule of law, one of which is proposed by the Secretary General of the Superior Council of Oulemas. The representation of female judges is guaranteed amongst the ten elected members from the courts of appeal and courts of first instance according to the proportion of their presence in the judiciary.

A system of administrative tribunals was established in the early 1990s. A system of separate commercial courts having jurisdiction over trade disputes was introduced in January 1997, and eight first instance commercial courts and three commercial appeal courts have been in operation since May 1998.

Government and Political Parties

As a result of the implementation of the 2011 Constitution, parliamentary elections, which were due to take place in September 2012, were brought forward and held in November 2011. The November 2011 elections resulted in the PJD, a moderate Islamist party, gaining the largest number of seats (although not an outright majority) in Parliament and replacing *Parti de l'Istiqlal* as the largest parliamentary party. The PAM gained the second largest number of seats.

The second parliamentary elections since the 2011 constitutional reforms were held in October 2016.

The following table sets forth the current representation of each of the principal political groups in the House of Representatives.

Representation of Political Parties in the House of Representatives(1)

Party	Seats
Parti de la Justice et du Développement(2)	125
Parti Authenticité et Modernité	102
Parti de l'Istiqlal	46
Rassemblement National des Indépendants(2)	37
Mouvement Populaire(2)	27
Union Socialiste des Forces Populaires(2)	20
Union Constitutionnelle(2)	19
Parti du Progrès et du Socialisme	12
Other Parties	7

Notes:

(1) The table above reflects the current composition of the House of Representatives as a result of the 2016 elections.

(2) Indicates member of the governing coalition.

Source: Ministry of Interior.

Following the election, initial efforts by the PJD to form a Coalition government led by nominated Head of Government, Mr. Benkirane, were unsuccessful. In March 2017, the King removed Mr. Benkirane as the Head of Government and replaced him with Mr. Saad Eddine El-Othmani. Mr. El-Othmani was the PJD's secretary-general between 2004 and 2008, and the foreign minister in Mr. Benekirane's first government between 2012 and 2013.

In April 2017, Mr. El-Othmani formed a six-party coalition government. The six parties of the coalition government hold 240 seats out of the 395 seats in the House of Representatives. The coalition government is composed of representatives of the PJD, Rassemblement National des Indépendants ("**RNI**"), Union Constitutionnelle ("**UC**"), Mouvement Populaire ("**MP**"), Union Socialiste des Forces Populaires ("**USFP**") and PPS. There were 38 portfolios in government upon its formation (subsequently increasing to 39), with positions as ministers, secretaries of state and delegates to ministers.

Following the dismissal of four ministers from the PPS and MP in October 2017 for failing to achieve their ministerial objectives, in January 2018 the King appointed four new replacement ministers from the same parties. The King also created a new portfolio of a delegate to the foreign minister in charge of African co-operation. In August 2018, Mr. Mohamed Benchaaboun replaced Mr. Mohamed Boussaid as Minister for Economy, Finance and Administration Reform.

On 9 October 2019, there was a cabinet reshuffle in which the size of the Government was reduced from 39 portfolios to 24 portfolios, with the aim of encouraging greater efficiency. The PJD holds seven portfolios (including the Head of Government), the RNI holds four portfolios, independent members of Parliament who are not part of any political party hold nine portfolios, the MP holds two portfolios and the USFP and the UC each hold one portfolio. The King appointed a new Minister of Youth, Sports and Culture in April 2020, as well as a new Government spokesman.

Elections

Elections in the Kingdom are regulated by an electoral law, which was amended following the implementation of the 2011 Constitution to reflect the political and institutional reforms in the new constitution. Monitoring of elections is regulated by Law № 30-11, published in the *Official Bulletin* on 6 October 2011, which sets out conditions for the independent and neutral observation of elections.

In 2011 an organic law regarding political parties was passed (and was subsequently modified in 2015 and 2016), which sets the definition of a political party and rules regarding their establishment, membership, activities, administration, financing, control and the conditions for the granting of state financial support to political parties.

In preparation for the 2016 parliamentary elections, a special accreditation commission was established at the National Council of Human Rights to receive, examine and approve requests for accreditation of independent observers.

The commission accredited approximately 4,680 observers, representing 37 domestic and international organisations, including a delegation from the Parliamentary Assembly of the Council of Europe, to monitor the 2016 parliamentary elections. This marked a 34.4% increase in observers, as compared to the 2011 parliamentary elections, and permitted the observation of approximately 43.2% of polling stations (exceeding the 3% threshold set by international standards of observation). These observers and the political parties that participated confirmed that there were no significant irregularities with respect to the 2016 parliamentary elections.

The next elections to the House of Representatives are expected in 2021.

Press and Media

Morocco has a varied press with over 600 publications in Arabic, French, Amazigh, English and Spanish. The main national publications consist of four Arabic-language and two French-language dailies. A number of newspapers are affiliated with political parties.

The Government has begun the process of liberalising the Kingdom's television and radio services, which have previously been controlled by the Government. In 2016, the Government approved a reformed press code that abolished prison sentences for press offences. Following the enactment of the *loi sur la Communication Audiovisuelle* and the setting up of the *Haute Autorité de la Communication Audiovisuelle,* a regulatory authority, established to, among other things, promote and defend freedom of expression and pluralism, the state no longer holds the monopoly in this sector. In 2005, the *Société Nationale de Radiodiffusion et de Télévision* (the "**SNRT**") was established as a joint-stock company whose share capital is owned by the state. SNRT owns five principal radio stations, as well as several regional stations, and eight television channels.

In 2019, the principal reform projects undertaken by the Government, included:

- implementing the Press and Publishing Code with the aim of avoiding duplication of penalties under the law and the Code of Criminal Procedure;

- passing a decree giving support for the press, publishing, printing and distribution; and
- establishing legal guarantees for the freedom of electronic media, as a key element of the Moroccan media system, through the adoption of the press code and publishing and legal recognition of the digital press.

The Government is contributing to the development of the electronic press, which now (like traditional press) benefits from public subsidies to promote pluralism and independence. As at 31 December 2017, 656 authorisations for the creation of electronic sites had been issued.

International Relations

Morocco is a member of most international institutions including the United Nations (and its affiliated organisations), the African Union, the Arab League, the Organisation of the Islamic Conference, the Community of Sahelo-Saharan States, the IMF, the World Bank (and its affiliates, including the International Finance Corporation and the Multilateral Investment Guarantee Agency), the World Trade Organisation, the African Development Bank, the Islamic Development Bank, the European Bank for Reconstruction and Development (the "**EBRD**") and the Arab Monetary Fund. See "*Public Debt—International Institutions*".

European Union

In February 1996, Morocco signed an Association Agreement with the EU aiming, among other things, to liberalise trade between Morocco and the EU. This agreement deals with reforms and modernisation of the Moroccan economy and the promotion of private trade and investment, as well as with security, social development, environmental protection, and scientific and cultural affairs. In particular, it provides for the phasing out over a period of twelve years of all tariff barriers between Morocco and EU member states. The Association Agreement entered into force on 1 March 2000, following ratification by Morocco and all EU member states. The free trade area is fully effective for industrial products, and progressive liberalisation of trade in agricultural products is continuing based on an agreement between the EU and Morocco, which entered into force on 1 October 2012. The Association Agreement was amended by an exchange of letters with effect from 19 July 2018, which confirms the applicability of the agreement throughout the entire Moroccan territory. Since 2015, nine indicative sectoral action plans have been adopted in the context of the National Legislative and Regulatory Convergence Programme with the objective to bring Moroccan law in line with certain EU laws and regulations. These action plans cover employment, road safety, air transport, aquaculture, consumer protection, water resources management, protection of personal data, the postal sector and metrology.

The European Neighbourhood Instrument (the "**ENI**") is the key financial instrument that supports the EU's cooperation with Morocco for the period 2014-2020 (with total expected funding for the period of between €1.3 billion and €1.6 billion). Morocco receives assistance from the EU through Annual Action Programmes and regional and Neighbourhood-wide co-operation programmes, which are funded annually by the ENI. As at the end of June 2020, Morocco has been allocated approximately €1,079 million under the 2014-2020 ENI to support a number of programmes, including those relating to gender equality, social protection, forestry, health and justice.

The Kingdom has received, and continues to receive, additional funding from the EU. Between 2015 and 2017, the Kingdom received approximately €4.0 million from the European Instrument for Democracy and Human Rights.

In October 2008, Morocco was granted "Advanced Status" by the EU, which sets out the framework for a deeper strategic and economic orientation towards the EU, opens participation to Morocco in several European agencies and reinforces Morocco's position within the EU's Neighbourhood Policy. Morocco is also eligible for participation in the EU's community agencies and community programmes pursuant to an agreement signed on 10 December 2010.

Negotiations for a deep and comprehensive free trade area were launched between Morocco and the EU in March 2013.

In December 2006, the EU and Morocco entered into an aviation "Open Skies Treaty" agreement.

Following a four-year fishing agreement between Morocco and the EU signed in 2013, on 14 January 2019, the Sustainable Fisheries Partnership Agreement (the "**SFPA**") between the EU and Morocco was signed, which is intended to remain in effect for four years. The SFPA allocates fishing opportunities to the EU, in return for a financial contribution of €208.7 million to Morocco to cover the four-year SFPA. This agreement covers the entire waters adjacent to the territory of Morocco.

In June 2019, Morocco and the EU issued a joint political declaration on the occasion of the fourteenth meeting of the Association Council, declaring the joint wish to give a new impetus to the strategic, multi-dimensional and privileged relationship, an impetus consistent with mutual expectations and challenges of today's world, by developing a true "Euro-

Moroccan partnership for shared prosperity". This Euro-Moroccan partnership is expected to be based on four structural areas: an area of convergence of values, an area of economic convergence and social cohesion, an area of shared knowledge, and an area of political consultation and of enhanced cooperation on security, and on two key horizontal fields in which specific operational actions are expected to be carried out, namely cooperation in the field of the environment and the fight against climate change, and cooperation in the field of mobility and migration. In December 2019, the European Commission ("**EC**") adopted two new co-operation programmes in support of the Kingdom of Morocco aimed at strengthening the Euro-Moroccan partnership. The programmes are worth €389 million and will support reforms, including inclusive development and border management.

In parallel with its relations with the EU, Morocco also maintains strong relations and cooperates in matters political, economic and financial with EU member states, in particular with the larger member states that also host a significant number of MREs, such as France, Spain, Germany, Belgium, Portugal and Italy.

Spain controls two enclaves, Sebta and Melilia (also known as, Ceuta and Melilla), which are located on the north coast of Morocco. The Kingdom does not recognise Spain's sovereignty over these enclaves and certain other rocky islands, and considers them to be integral parts of Moroccan territory. The Kingdom is committed to a peaceful resolution of this question in light of the large and growing economic ties between Spain and the EU and the Kingdom. Spain is the Kingdom's largest trading partner.

The Kingdom is pursuing a number of efforts on its own and on a multilateral, cooperative basis with a number of international institutions such as the European Union, the United Nations, and other international organisations to address the issues of illegal migration from its territory to the EU, as well as transmigration, which represents the significant majority of illegal immigrants entering the EU from Morocco. Morocco receives funding under the EU Emergency Trust Fund for Stability and Addressing Root Causes of Irregular Migration and Displaced Persons in Africa. As at 31 December 2019, Morocco had received €289 million for the purpose of migration-related assistance. In addition, the Kingdom is participating in a number of programmes with the European Union and certain member states.

See "*Public Debt—International Institutions—European Union*".

United States of America

The Kingdom and the United States have historically enjoyed strong relations, and the United States is the Kingdom's third most important trading partner (in terms of exports, and fourth in terms of imports), after France and Spain. The Kingdom was the first nation to recognise the independence of the United States in 1777, and the United States established its first embassy abroad in Tangier. The United States designated Morocco a Major Non-NATO Ally in 2004.

On 1 January 2006, a free trade agreement between Morocco and the United States entered into force, having been signed in 2004. Tariffs on more than 95% of qualifying consumer and industrial goods were immediately eliminated. For a limited number of products, tariffs will be eliminated over a period of up to 15 years. The free trade agreement also offers new access to services, intellectual property protection, open government procurement and protections for labour and environment. In December 2012, the Moroccan and U.S. governments announced agreements relating to a common set of international investment principles, as well as services, information technology and communications principles. A joint committee has been set up to oversee the implementation of the U.S.-Morocco free trade agreement. The most recent meeting of the joint committee was held in Rabat in July 2019.

Between 2013 and 2018, FDI in Morocco from the United States averaged approximately Dh 2.7 billion per year, or approximately 6.9% of total FDI. As at 31 December 2019, FDI from the United States amounted to Dh 844 million.

Projects in Morocco benefit from funding from the U.S. Agency for International Development ("**USAID**"), which typically takes the form of medium-term (*i.e.,* five year) grants. The USAID programme in Morocco for 2014-2018 provided for funding of U.S.$98.5 million. The USAID programme in Morocco for 2019-2023 is for an amount of U.S.$94 million intended to finance a local development programme, the establishment (within the public-private framework) of a university virtual reality and augmented reality technology hub and support for civil society organisations to provide services to youth at risk in vulnerable communities.

In April 2016, the Government and the Millennium Challenge Corporation (the "**MCC**") signed the Morocco Employability and Land Compact for an MCC grant in an amount of U.S.$450 million, which aims to finance education and training projects (in an amount of U.S.$220 million) and governance and land productivity improvement projects (in an amount of U.S.$170 million). As at 30 June 2020, U.S.$163.3 million of the grant had been committed and U.S.$54.5 million of the grant had been spent. This follows the implementation of the first MCC Compact in an amount of U.S.$697.5 million of grants between 2008 and 2013. Disbursements during the first half of 2020 amounted to U.S.$19 million.

Maghreb Nations

The states of the Maghreb, Morocco, Algeria, Libya, Tunisia and Mauritania, have attempted to set up an economic union. The *Union du Maghreb Arabe* (the "**Arab Maghreb Union**" or "**AMU**") was formally established in 1989 but has not, as yet, produced the full effect anticipated due to a number of issues. Morocco continues to support the AMU as a framework for a future Maghreb Common Market, as well as a future Free Trade Maghreb Area.

The AMU treaty also provides the establishment of a regional development bank aiming to finance project investment and foreign trade. In this respect, the Maghreb Bank for Investment and Foreign Trade (the "**BMCIE**") was established in 1991 with the aim of strengthening the integration of the five states of the AMU and developing intra-Maghreb investment and trade exchanges. A decision of the Constituent General Assembly of BMCIE was made in December 2015 to establish the bank. Since July 2020, BMCIE has provided loans to trade promotion projects between BMCIE members in a cumulative total amount of U.S.$57 million of which Morocco has benefitted from one financing amount of U.S.$15 million to establish a line of credit by the Moroccan Bank for Foreign Trade.

African Union

In January 2017, Morocco returned to the African Union and has since contributed actively to its work and activities. Morocco has been elected to various organs of the African Union, including the Peace and Security Council for a two-year term between 2018 and 2020 and as President of the Specialised Technical Committee on Trade, Industry and Mining Resources for a two-year term between 2019 and 2021.

The Kingdom has supported the establishment of the African Continental Free Trade Area, which entered into force in May 2019 and targets the progressive elimination of tariff and non-tariff barriers to trade in goods and the gradual liberalisation of trade in services. The aims of the free trade area are to boost investment, stimulate economic growth, create wealth and enhance continental interconnectivity and African integration. Due to the COVID-19 pandemic, trading under the African Continental Free Trade Area originally planned for 1 July 2020 has been postponed to January 2021.

A second phase of negotiations regarding further co-operation in investment, intellectual property rights, competition and the promotion of co-operation in trade-related areas was expected to be launched during the first quarter of 2020 but has also been postponed due to concerns over the COVID-19 outbreak. The creation of the African Continental Free Trade Area is in line with the Government's vision for the sustainable development of Africa, which relies on the viability of a co-development approach, based on intra-African co-operation, economic complementarity, diversification and solidarity.

Agadir Declaration

In May 2001, the Ministers of Foreign Affairs of Morocco, Tunisia, Egypt and Jordan held a meeting in Agadir, Morocco and signed a joint declaration known as the "Agadir Declaration" in which they stated their objective of creating a common free trade zone amongst South-Mediterranean countries having entered into association agreements with the EU. In February 2004, the "Agadir Agreement" established a free trade zone amongst Morocco, Tunisia, Egypt and Jordan. The Agadir Agreement entered into force in July 2006, following ratification by the four countries party to the agreement. Implementation of the Agadir Agreement began in March 2007.

Gulf Co-operation Council

In December 2011, certain members of the GCC, which is comprised of Kuwait, Qatar, Saudi Arabia and the United Arab Emirates, pledged U.S.$5 billion to fund economic and social development projects in both Morocco and Jordan in response to the events of the Arab Spring and with the aim of establishing strategic partnerships between the GCC and each of Morocco and Jordan. In May 2012, the GCC increased the pledged amount to U.S.$5 billion for each of Morocco and Jordan. The funding is being used to fund a variety of projects, including in the health, education, training and infrastructure sectors, as well as in support of the National Human Development Initiative (the "**INDH**"). As at 31 August 2020, approximately 94% of the U.S.$5 billion grant had been disbursed, with approximately U.S.$180 million expected to be disbursed in 2020.

Free Trade

Morocco is a member of the Greater Arab Free Trade Area ("**GAFTA**") established on 1 January 1998, which has reached full trade liberalisation of goods through the implementation of full exemptions for customs duties and charges having equivalent effect among signatory countries. Morocco has also entered into bilateral free trade agreements with several Arab countries, including Egypt, Jordan, Tunisia and the United Arab Emirates.

The Kingdom entered into a free trade agreement with Turkey on 4 April 2004; the Kingdom is currently in negotiations with Turkey to improve certain terms of this agreement. The Kingdom is also in negotiations with respect to a free trade agreement with Canada and the EU. The Kingdom has conducted three rounds of negotiations with Canada and four rounds of negotiations with the EU, the most recent in April 2014. Negotiations regarding a free trade agreement with Canada are currently on hold pending completion of an impact study. Free trade agreement negotiations between the Kingdom and Mercosur, a sub-regional Latin American grouping, also began in 2017.

The Kingdom has also entered into a free trade agreement with the United States and has supported the establishment of the African Continental Free Trade Area.

In October 2019, the Government signed a trade and political continuity agreement with the government of the United Kingdom aimed at ensuring continuity of trade between Morocco and the United Kingdom after the United Kingdom leaves the EU. The agreement provides, *inter alia*, for tariff-free trade of industrial products, as well as the liberalisation of trade in agricultural, agri-food and fisheries products. The agreement also seeks to deepen Moroccan-UK co-operation across foreign policy, economic, social and cultural ties.

See "*—International Relations*" and "*External Sector—Trade Policy*".

Others

On 9 March 2009, the Kingdom severed diplomatic ties with Iran, citing remarks that Iran made in respect of the situation in Bahrain at the time. Following a resumption of relations between the two countries between 2014 and 2018, diplomatic ties were severed with Iran again in May 2019 over national security concerns following military support provided by Iran's ally, Hezbollah, to the Polisario Front.

Israel opened a liaison office in Rabat in 1994 and Morocco was the third Arab country (after Egypt and Jordan) to establish a representative office in Israel. However, as a consequence of the deterioration of the situation in the Middle East since September 2000 and following a resolution by the Arab League, Morocco withdrew its representative in Israel and Israel recalled its representative in Morocco. It is the stated policy of Morocco that Israel has a right to exist alongside a Palestinian state that is politically and economically viable.

In March 2015, Morocco participated in a coalition of Arab countries led by Saudi Arabia and including other GCC members, Egypt, Jordan, Sudan and others, which announced its intention to intervene in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels. In February 2019, Morocco suspended its participation in the coalition.

In September 2016, Morocco signed the Treaty of Amity and Co-operation in Southeast Asia with the Association of Southeast Asian Nations.

Internal Security

Morocco has experienced occasional instances of terrorism, as a result of which, a number of measures to combat terrorism have been taken, including, *inter alia*, the passage of a law in 2003 that made terrorism and the financing of terrorist activities criminal offences and expanded the powers of the judicial police to combat terrorism. The Government expanded the 2003 laws in 2015 to address the foreign terrorist threat. To bring Morocco's laws in line with the UN Security Council Resolution (UNSCR) 2178 (2014), the Government revised the definition of terrorist offences to include terrorist acts and attempts to join or recruit into terrorist organisations. The Moroccan courts may prosecute foreign nationals for crimes relating to terrorism conducted outside of Morocco if the individual is within Moroccan territory. The Moroccan Central Bureau of Judicial Investigation was established in 2015 and is responsible for enforcing terrorism laws.

In April 2011, an improvised explosive device was detonated in a tourist cafe in Marrakesh, killing 17 people and injuring 20 others. In December 2018, two foreign nationals were killed while hiking near Mount Toubkal. The Moroccan authorities have treated these as a terror-related incidents.

Morocco is committed to opposing terrorist activities, without compromising or reducing its commitment to democratic processes and the rule of law.

THE MOROCCAN ECONOMY

The Government Programme

In April 2017, the Government announced its programme for 2016-2021, which is based on five key pillars: (i) supporting democracy, the rule of law and advanced regionalisation; (ii) reinforcing values of integrity, administrative reform and enhancing good governance; (iii) developing Morocco's economic model, promoting employment and sustainable development; (iv) strengthening human development and social and territorial cohesion; and (v) promoting and strengthening Morocco's position on an international level.

The Government's programme contains the following economic targets (among others) to be achieved by 2021:

- increasing the average economic growth rate to between 4.5% and 5.5% (as compared to Real GDP growth of 2.5% in 2019);
- reducing the fiscal deficit to 3% of GDP (as compared to 4.1% in 2019) and a resulting decline in debt ratios from 2020-2021;
- reducing the inflation rate to less than 2% (which has been achieved with CPI of 0.2% in 2019); and
- reducing the unemployment rate to 8.5% (as compared to 9.2% in 2019).

The Government's economic reform programme is in line with that of the previous government, in particular, regarding reform priorities of fiscal consolidation, exchange rate flexibility, tax reforms, civil service reform, governance and oversight of state-owned enterprises, fiscal decentralisation and improvements to the business environment. The Government's programme also puts increasing focus on reducing inequality and increasing access to health and education services.

Recent and ongoing key structural reforms of the Government include:

- *Subsidy Reform*: Since December 2015, generalised energy subsidies have been eliminated (with the exception of butane gas) and the Government is focusing on replacing traditional subsidies with targeted social programmes, including education support programmes, health waiver programmes, social programmes targeted at vulnerable groups, social services for vulnerable groups and a social fund to encourage development of local infrastructure and to create revenue-generating activities in poor areas. Further subsidy reform measures currently in progress include the implementation of gradually increasing prices for butane gas and white sugar, as well as the gradual elimination of flour subsidies. In July and August 2019, the Ministry of Economy, Finance and Administration Reform launched a butane hedging programme in respect a portion of its expected consumption of butane in the second half of 2019. See "*Public Finance—Subsidies*".
- *Organic Budget Law:* The organic budget law was adopted by Parliament in 2015 and many of the provisions have been implemented during the period from 2016 to 2020. See "*Public Finance—General*".
- *Pension Reform:* Pension reform efforts started in 2016 with the objective of creating two main pillars, one for the public sector and one for the private sector. In November 2017, Parliament adopted a law creating a pension scheme for self-employed workers and non-salaried workers exercising a professional activity on an independent basis. See "*—Social Policy*".
- *Tax Reform:* Tax reforms have focused on reforms to support the competitiveness of the economy and efforts to combat fraud, as well as the impact of the informal sector on tax receipts. The Government's programme focuses on measures to improve tax recoveries, streamline procedures and enforce principles of fairness with respect to taxes. See "*Public Finance—Taxation*".
- *Improving the Efficiency of Public Investment:* The Government's key reform efforts for public investment include focusing on prioritising public investment projects that present the best social and economic returns in line with the strategic orientations of the Government, as well as the use of public-private partnerships. See "*—Privatisation and Public Private Partnerships*".
- *Exchange Rate Regime Reform:* Bank Al-Maghrib has a clear mandate to implement monetary and exchange rate policies, with a target to move to greater exchange rate flexibility and inflation targeting. Exchange rate regime reform efforts are designed to enhance Morocco's ability to withstand exogenous shocks and support the competitiveness of the economy. The transition to greater exchange rate flexibility was initiated in January 2018,

with a widening of the Dirham fluctuation band to plus or minus 2.5% on either side of the reference rate. A further widening of the band was adopted on 9 March 2020, to plus or minus 5% on either side of the reference rate.

After the COVID-19 pandemic has eased and the economy can return to growth, the Government's priority will be the gradual recovery of macroeconomic balances, which have been impacted by the crisis, to be achieved through the acceleration for ongoing reforms, particularly those related to the fiscal system, subsidies, public investment and public-private partnerships ("**PPPs**"), GREs governance, privatisation and retirement plans. In addition, in order to support the diversification of the economy, a new generation of industry-specific strategies will be launched, while accelerating structural reforms related to business climate, the financial sector, education, vocational training and governance.

Morocco's World Bank Doing Business ranking improved from 128 in 2010, to 94 in 2012, 60 in 2019 and 53 in 2020. Recent reforms that have contributed to this improved position include: (i) the adoption of a new bankruptcy law in April 2018; (ii) the dematerialisation of administrative procedures in areas such as starting a business, transferring property and customs transactions; (iii) the coming into operation of the Competition Council in November 2018; (iv) the adoption of a new information access law in February 2019; (v) the implementation of an automated system for the allocation of cases to judges; (vi) the introduction of e-payment for port charges, the abolition of paper-based transit procedures and the extension of port working hours; and (vii) the reduction of the corporate tax rate by adopting a progressive system of corporate taxation. The Government is also working on further reforms, including: (a) the development of a Small Business Act and new Investment Charter to further simplify administrative procedures and support investors; and (b) clearing the stock of VAT repayments owed to public and private enterprises and, more broadly, to reduce payment delays in the economy.

In December 2019, King Mohammed VI established the *Commission Spéciale sur le Modèle de Développement* (the "**CSMD**"). The CSMD is composed of a president and 35 other members from a variety of academic and professional backgrounds and is charged with advising the King on the results of past reform efforts, the current situation and obsticles to inclusive growth and the creation of a new development model to permit Morocco to join the ranks of advanced nations.

IMF Arrangement under the Precautionary and Liquidity Line

In December 2018, the IMF approved for the fourth time, Special Drawing Rights ("**SDR**") for a Dh 2.15 billion (approximately U.S.$3.0 billion) Precautionary and Liquidity Line (the "**Fourth PLL**"). In granting the Fourth PLL, the IMF recognised the Kingdom's growth in 2018, which it noted was expected to continue to accelerate gradually over the medium term (subject to improved external conditions and steadfast reform implementation), the decline in external imbalances, improvements in fiscal consolidation and strengthening of the Kingdom's policy and institutional frameworks, stronger financial sector oversight, a more flexible exchange rate regime and an improved business environment. The Fourth PLL arrangement aims to support a reform programme relating to education, public sector governance and the tax system, improving the business environment to enhance competition and development for small and medium-sized enterprises ("**SMEs**"), continuing the transition to greater exchange rate flexibility, strengthening the monitoring of state-owned enterprises and strengthening the targeting and efficiency of social spending.

In June 2019, the Executive Board of the IMF completed the first review of Morocco's performance under the Fourth PLL. In December 2019, the Executive Board of the IMF completed the second review of PLL arrangement for Morocco and confirmed the two-year arrangement for U.S.$2.97 billion, or 240% of Morocco's quota. The access under the arrangement in the first year will be equivalent to U.S.$1.73 billion, or 140% of Morocco's quota.

The Fourth PLL has a duration of 24 months. The Kingdom has historically treated this facility as precautionary, to be drawn on only in the event of severe exogenous shocks. On 7 April 2020, as part of its response to the COVID-19 pandemic, the Kingdom drew all available resources on the Fourth PLL for an amount equivalent to approximately U.S.$3.0 billion. The amount is repayable over five years, with a grace period of three years. The drawdown on the Fourth PLL is to be made available to Bank Al-Maghrib to use mainly to finance the balance of payments and to support the Moroccan economy.

See "*Public Debt—International Institutions—IMF*".

Privatisation and Public Private Partnerships

Following a long period during which the Government had played a significant role in the Moroccan economy, since 1993, the Government has been reconsidering and redefining its role and that of the private sector in Morocco.

In 1989, legislation was passed providing for the privatisation of 112 companies, including 37 hotels. This legislation was subsequently amended in 1995, 1997 and 2002 to expand the privatisation programme. The privatisation law provided for three privatisation methods, public offers on the Casablanca Stock Exchange (the "**CSE**"), international or domestic tenders and private placements. A number of significant enterprises continue to be state-owned and could be privatised, including the Government's remaining stake in Maroc Telecom, as well as others. A law was passed in February 2006 to regulate concessions to private sector entities.

In October 2018, the Government announced a multi-year privatisation programme starting in 2019. The programme is expected to last five years and to yield approximately 4% of GDP. The goals of the privatisation programme are to: (i) increase the role of the private sector in the economy; (ii) reduce budgetary subsidies to the public sector; (iii) encourage increased competition and thereby raise the standards and efficiency of Moroccan industry; (iv) increase tax revenues; and (v) increase levels of funding from the capital markets and promote wider share ownership. In addition, the Government is aiming, through the granting of concessions, to involve the private sector in financing and operating public utilities. In late 2018, the Government amended the list of public enterprises that can be divested with the addition of companies in the tourism, hotel and energy sectors.

In May 2019, Maroc Telecom announced that the Government would sell up to an 8% stake in the company. The sale was completed in June (6%) and July (2%) 2019. The Government also sold the Ryad Development Company in 2019. Future privatisations are expected to primarily comprise the sale of public and non-strategic minority holdings, as well as the sale of shares in certain public enterprises. Such transactions are expected to relate to companies already on the list of companies to be privatised (either scheduled to the privatisation law (such as Maroc Telecom, BIOPHARMA, SONACOS, Tahaddart and La Mamounia) or in sectoral laws (such as Marsa Morocco)).

In 2019, the Government realised proceeds from privatisation of Dh 9.7 billion, which comprised Dh 8.8 billion from the disposal of the 8% stake of Maroc Telecom and Dh 0.9 billion from the sale of the Ryad Development Company. Of the privatisation receipts, Dh 5.3 billion has been allocated to the state budget.

The 2020 Budget forecasts privatisation receipts of Dh 6.0 billion, of which Dh 3.0 billion will be allocated to the state budget and Dh 3.0 billion will be allocated to the Hassan II Fund. The amended Finance Law for 2020 does not provide for privatisation receipts, but instead categorises the revenue expected to come from the public sector as asset sales.

The following table sets forth the privatisation receipts for the years indicated.

Privatisation Receipts(1)

Year	Receipts
	(Dh millions)
2015	43
2016	2,500
2017	0
2018	0
2019	9,700
2020(2)	*0*
Total	**12,243**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Budgeted figures, in accordance with the amended Finance Law of 2020. The amended Finance Law also provides for asset sales by state-owned enterprises of an estimated Dh 3 billion.

Source: Ministry of Economy, Finance and Administration Reform.

In order to ensure an appropriate use for the proceeds of privatisation, in 1999, the Government set up the Hassan II Fund into which 50% of privatisation proceeds may be transferred. Since 2001, the Hassan II Fund has benefited from, typically, around 50% of privatisation proceeds, and to date has received Dh 34.0 billion. The main objective of the Hassan II Fund is to allocate privatisation proceeds to investment activities rather than to the payment of current expenses.

The Government is undertaking restructuring programmes with respect to other state-owned enterprises and is also in the process of revising a draft law to strengthen governance and oversight of state-owned enterprises, with the aim of submitting the draft law to Parliament as soon as it can be completed.

The Government is also exploring ways to promote PPPs. On 24 December 2014, Parliament enacted a new law establishing PPP contracts (the "**PPP Law**"). This law entrusts private partners with an overall objective of designing, financing, constructing or rehabilitating, maintaining and/or operating works or infrastructure to provide a public service and expanded public-private arrangements to cover schemes spanning from the design to the operations of works with remuneration from the public sector. A draft amendment to the PPP Law was approved by Parliament in March 2020. Key features of the amendment to the PPP Law include: (i) broadening the scope of PPPs to include local authorities and local bodies; (ii) creating a national commission responsible for PPPs with the Head of Government tasked with setting a national strategy and an annual PPP programme and to set the conditions and framework for project evaluations and implementation; (iii) creating a permanent commission for PPP projects dedicated to local authorities and bodies, responsible for developing a sectoral strategy; (iv) simplifying the tender procedure; and (v) aligning provisions of the law on PPPs with sectoral laws.

According to statistics published by the World Bank Group's PPP Knowledge Lab, a total of 28 PPP projects have reached financial closure since 1990, with active investment of U.S.$19.1 billion. Examples of recent PPP projects that have reached financial closure include:

- *Midelt Wind Farm*: In November 2018, *Office National de l'Electricité et de l'Eau Potable* ("**ONEE**"), the Moroccan Agency for Sustainable Energy ("**MASEN**") and Midelt Wind Farm S.A. (a vehicle owned by ONEE and a consortium formed by Enel Green Power ("**EGP**") and Nareva) signed financing agreements to start construction of the first of the wind farms included in the 850 MW *Projet Éolien Intégré*, which is to be built in Midelt on a 2,230 hectare site. The new wind farm, whose capacity amounts to 180 MW, is expected to be commissioned in 2020 and result in the reduction of 430,000 tonnes of CO_2 *per annum*. *Projet Éolien Intégré* was awarded to the consortium formed by EGP and Nareva following an international tender. Once the Midelt wind farm enters into service, the electricity produced is expected to be sold to ONEE on the basis of a 20-year power-purchase agreement. The total investment in the Midelt wind farm amounts to Dh 2.5 billion, equivalent to approximately €230 million, and is financed through equity investments from shareholders and debt financing from ONEE. Financing for this project included financing from the German Development Bank ("**KfW**"), the European Investment Bank ("**EIB**") and the EC.

- *Agadir Desalination Plant (Phase 2)*: In 2018, financial closure was reached in respect of the PPP for the construction of the second phase of the Agadir Desalination Plant. The PPP was entered into on a build-operate and transfer basis with a contract length of 27 years. The PPP concession was granted to Abengoa. The project, valued €309 million, involves the construction of a desalination plant with a 275,000 m^3 total production capacity of desalinated water per day. The contract also provides for a possible capacity expansion of up to 450,000 m^3/day.

- *Noor PV I Solar Trio*: In 2017, financial closure was reached in respect of the PPP for the construction of a photovoltaic solar plant in the Draa-Tafilalet region. The PPP was entered into on a build, operate and transfer basis with a contract length of 20 years. The PPP concession was granted to ACWA Power. The project, valued at U.S.$220 million, involves the construction of the plant with a planned capacity of 177 MW.

- *NOOR II and III Parabolic CSP*: In May 2015, a consortium led by ACWA Power, and including SENER as the technology provider, achieved financial closure of the independent power projects for the NOOR II and NOOR III projects. The NOOR II project is a 200 MW solar power plant based on concentrated solar power technology using a parabolic trough with 7.2 hours molten salt storage. The NOOR III project is a 150MW solar power plant based on concentrated solar power technology using a central tower with 8 hours molten salt storage. Both projects constitute the second phase of the NOOR Solar Complex in Ouarzazate, 500 kilometres south of Rabat. The NOOR Solar Complex is expected to host a minimum of 2 gigawatts of solar power, equivalent to approximately 14% of Morocco's installed generation capacity, in 2020. The total value of both projects is approximately U.S.$2.0 billion, funded on 80/20 debt to equity basis with funds secured from the African Development Bank, the *Agence Française de Développement*, the Clean Technology Fund, the EC, the EIB, KfW and the World Bank. The Noor Solar Complex, which is now operational, is the largest multi-technological solar complex in the world.

Gross Domestic Product

Morocco's GDP has tended to show fluctuating trends, largely due to erratic primary sector activity, most notably in the agricultural sector. Although overall GDP fluctuations have decreased in recent years, as a result, in part, of increased domestic demand and the emergence of new industries, yearly rainfall variations have continued to have a major effect on GDP, prices and the balance of trade.

Morocco's Real GDP grew by 2.5% in 2019, as compared to 3.1% in 2018. This decrease in the rate of growth was primarily due to a 5.8% decline in the agriculture sector. The primary sector shrank by 4.6% in 2019, while the secondary sector grew by 3.5% and the tertiary sector grew by 3.8%. The overall non-agricultural added value grew by 3.5% in 2019, as compared to 3.1% in 2018.

The following table sets forth certain information with respect to total and per capita GDP for the years and period indicated.

Gross Domestic Product[(1)]

	2015	2016	2017	2018	2019[(2)]	As at 31 March 2020
Total GDP						
At current prices (*Dh billions*)	988	1,013.2	1,063.0	1,108.5	1,151.2	287,611
Nominal change (*%*)	6.8	2.6	4.9	4.3	3.9	0.4
Real change *(%)*	4.5	1.1	4.2	3.1	2.5	0.1
Per capita GDP						
At current prices (*Dh*)	28,950	29,380	30,320	31,473	32,349	-
Nominal change (*%*)	5.4	1.5	3.8	3.1	2.8	-
Real change *(%)*	3.2	(0.2)	3.5	2.0	1.8	-

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.

Sources: HCP and Ministry of Economy, Finance and Administration Reform.

The following table sets forth the details in respect of the goods and services account for the years and period indicated.

Goods and Services Account[(1)(2)]

	2015	2016	2017	2018	2019[(3)]	As at 31 March 2020
			(Dh billions)			
Gross Domestic Product	**988.0**	**1,013.3**	**1,063.0**	**1,108.5**	**1,151.2**	**287,611**
Goods and non-factor services imports	418.9	461.1	497.2	545.3	552.9	131.6
less: Goods and non-factor services export	343.8	358.2	395.7	429.8	450.2	106.0
Resources deficit	**(75.1)**	**(102.9)**	**(101.5)**	**(115.5)**	**(102.7)**	**(25.6)**
Total available resources	**1,406.8**	**1,474.3**	**1,560.3**	**1,653.8**	**1,704.1**	**419.2**
General government	190.5	195.6	202.2	210.8	223.0	60.2
Resident households	562.8	586.5	609.6	636.8	653.8	163.5
Final National Consumption	**758.7**	**788.0**	**817.8**	**853.7**	**883.3**	**225.3**
Fixed capital formation	280.3	304.3	304.2	314.7	318.6	-
Changes in stock	24.0	23.9	42.6	55.5	52.0	-
Investment	**304.3**	**328.2**	**346.8**	**370.2**	**370.6**	**87.9**
Total expenditure	**1,406.8**	**1,474.3**	**1,560.3**	**1,653.8**	**1,7041.1**	**419.2**

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Figures in this table have been subject to rounding and may not be an arithmetic aggregation of the figures that precede them.
(3) Preliminary data.

Sources: HCP and Ministry of Economy, Finance and Administration Reform.

The following table sets forth the contribution of certain sectors to nominal GDP growth for the years indicated.

Contribution to Nominal GDP Growth

	2016	2017	2018	2019
		(%)		
Resources deficit	**(2.8)**	**0.1**	**(1.3)**	**1.2**
Consumption	3.0	3.0	3.4	2.7
Investment	2.4	1.8	2.2	0.0
Nominal GDP Growth	**2.6**	**4.9**	**4.3**	**3.9**

Source: Ministry of Economy, Finance and Administration Reform.

Principal Sectors of the Economy

The following table sets forth Morocco's gross domestic product by sector (at current prices) for the years and period indicated.

Gross Domestic Product by Sector (at current prices)(1)

	2015	2016	2017	2018	2019(2)	As at 31 March 2020
			(Dh millions)			
Primary Sector	**124,759**	**121,554**	**131,419**	**135,418**	**140,019**	**32,963**
Agriculture, forests and ancillary services	114,841	110,549	120,092	124,083	128,643	29,948
Fisheries	9,918	11,005	11,327	11,335	11,376	3,015
Secondary Sector	**257,796**	**262,348**	**278,087**	**286,801**	**291,760**	**71,771**
Extraction Industry	22,692	20,638	24,483	25,455	26,337	6,232
Manufacturing Industry	159,425	158,855	166,888	173,754	171,735	41,954
Electricity and water	21,095	24,980	27,021	27,906	32,081	8,112
Building and public works	54,584	57,875	59,695	59,686	61,607	15,473
Tertiary Sector(3)	**491,424**	**510,699**	**531,382**	**555,797**	**586,243**	**150,380**
Trade	76,968	81,775	84,011	87,812	91,208	23,029
Hotels and restaurants	21,175	22,485	26,659	28,808	30,338	6,718
Transportation	36,290	37,997	40,898	42,837	47,818	11,441
Post and telecommunications	21,298	21,239	21,175	21,615	21,925	5,646
Financial activities and insurance	46,868	46,602	48,529	50,872	53,320	13,559
Real estate, rents and services to companies	102,832	109,432	114,878	123,237	130,771	38,491
General government and social security	90,630	93,491	97,356	101,225	107,896	28,678
Education, health and social action	81,816	83,603	83,555	84,900	87,813	22,819
Other non-financial services	13,547	14,075	14,321	14,491	15,154	-
Non-agricultural added value	**759,138**	**784,052**	**820,796**	**853,933**	**889,379**	**225,166**
Global added value	**873,979**	**894,601**	**940,831**	**978,016**	**1,018,022**	**255,114**
Taxes on products net of subsidies	**113,971**	**118,628**	**122,157**	**130,447**	**133,148**	**32,496**
Total Gross Domestic Product	**987,950**	**1,013,229**	**1,063,045**	**1,108,463**	**1,151,170**	**287,611**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.
(3) Including non-market services provided by the general government.

Source: HCP.

The following table sets forth the annual change in GDP by sector in real terms for the years and period indicated.

Annual Growth in Gross Domestic Product by Sector[(1)]

	2015	2016	2017	2018	2019[(2)]	As at 31 March 2020
			(%)			
GDP Growth (at constant prices)	**4.5**	**1.1**	**4.2**	**3.1**	**2.5**	**0.1**
Primary Sector	11.6	(12.5)	13.1	2.4	(4.6)	(4.0)
Secondary Sector	1.8	0.6	3.6	3.0	3.5	0.2
Tertiary Sector	1.7	2.9	2.8	3.1	3.8	1.2
Non-agricultural Sector	1.8	2.1	2.9	3.1	3.5	0.9

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data.

Sources: HCP and Ministry of Economy, Finance and Administration Reform.

See "—*Gross Domestic Product*".

Agriculture and Forestry

In 2019, agriculture, forestry and related services contributed 11.4% to GDP (Dh 128.6 billion). The average agricultural GDP over the period of 2008 to 2019 was more than Dh 106.2 billion per year, an increase of 60% as compared to the period 2000 to 2008, which was mainly a result of the Government's increased investment in the sector.

The Kingdom is a net importer of food. In particular, wheat imports amounted to Dh 9.2 billion in 2019 (as compared to Dh 9.1 billion in 2018) and maize imports amounted to Dh 5.2 billion in 2019 (as compared to Dh 4.6 billion in 2018). Accordingly, the Kingdom's economy and the budget are, to a degree, subject to the impact of changes in global food prices and the level of national production. See *"Risk Factors—Risks Relating to the Kingdom—Food and Energy Security", Risk Factors—Risks Relating to the Kingdom—Subsidies*", "*External Sector—Foreign Trade*" and "*Public Finance—Subsidies*". Since independence, successive Governments have implemented programmes to reform the agricultural sector. Although the sector remains generally underdeveloped, it occupies an important place in the Moroccan economy in respect of growth and employment and it is also one of the main export sectors.

The following table sets forth Morocco's annual production of certain principal agricultural products for the periods indicated.

Annual Production of Principal Agricultural Products[(1)(2)(3)]

	2016/2017			2017/2018			2018/2019[(4)]			2019/2020
	Area *(thousand hectares)*	Prod. *(million quintals)*	Yield *(quintals/ hectare)*	Area *(thousand hectares)*	Prod. *(million quintals)*	Yield *(quintals/ hectare)*	Area *(thousand hectares)*	Prod. *(million quintals)*	Yield *(quintals/ hectare)*	Prod. *(million quintals)*
Principal cereals	**5,386**	**96**	**18**	**4,487**	**103**	**23**	**3,556**	**52**	**15**	**32**
Soft wheat	2,296	49	21	1,891	49	26	1,687	13	16	17.7
Hard wheat	1,088	22	20	997	24	24	819	27	16	7.9
Barley	2,001	25	12	1,599	29	18	1,050	12	11	6.4
Pulse crops[(5)]	**306**	**3**	**9**	**330**	**3**	**9**	**310**	**2**	**7**	**-**
Market garden crops	**253**	**74**	**293**	**262**	**79**	**302**	**240**	**73**	**306**	**-**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Figures for the growing season June 1-May 31.

(3) One quintal = 100 kg.

(4) Figures for 2018/2019 are preliminary, and certain figures are not available due to, in part, difficulties in calculations as a result of drought during the period and the resulting crop substation.

(5) Pulse crops are members of the legume family, seeds or plant parts of which are edible.

Source: Ministry of Agriculture and Fisheries, Rural Development and Water and Forests.

Total principal cereals production in the 2019/2020 growing season was estimated at 32 million quintals (which comprised 17.7 million quintals of soft wheat, 7.9 million quintals of durum wheat and 6.4 million quintals of barley), as compared to 52 million quintals in the 2018/2019 growing season, a decrease of 39%, and a decrease of 57% compared to the average annual production of 75 million quintals.

Agriculture

Morocco's principal crops are cereals (primarily wheat, barley and maize), market garden crops, sugar, olives and citrus fruits. Foodstuffs, beverages and tobacco and raw animal and vegetable product exports represented approximately 21.5% of Morocco's exports by value in 2019. Morocco's principal agricultural exports are fisheries products, vegetables and citrus fruits. In recent years, the agriculture sector has witnessed a steady shift from cereal production for domestic consumption to fruit production for export due to the higher prices farmers can realise and improvements in productivity. In 2019, the agricultural sector provided 69.4% of rural jobs and 32.5% of total jobs nationally.

The 2017/2018 harvest marked the second consecutive good harvest. In 2017/2018, Morocco produced a record harvest of 103 million quintals of cereals, as compared to 96 million quintals of cereals in 2016/2017, a year-on-year increase of 7.3%. In 2017/2018, sugar production covered approximately 46% of local needs. Citrus fruits, vegetables and tomatoes are also produced, mainly for export to the EU or for use in the domestic agri-business.

Water shortage and drought are recurrent problems in many parts of Morocco. Morocco has suffered droughts in varying degrees since 1992, including in 2005, 2007, 2008, 2012, 2016, and 2017, and these conditions diminished the availability of water and curtailed the output of hydroelectric energy facilities. Periods of drought have generally corresponded to declines in the rates of growth of GDP and periods of abundant rainfall have generally corresponded to increases in the rates of growth of GDP. For example, in 2016, Morocco experienced its worst drought in 30 years, with a significant adverse impact on cereal production. Real GDP fell to 1.1% in 2016, as compared to 4.5% in 2015. See "*Risk Factors—Risks Relating to the Kingdom—The Kingdom's Variable Climate*".

Over the last three decades, the Government has implemented several major irrigation and hydroelectric projects to make better use of Morocco's water potential. The *Offices Régionaux de Mise en Valeur Agricole* is the Government network entrusted with agricultural management. The Government has adopted a number of programmes to improve meteorological monitoring to assist farmers in planning their crops and in the timing of planting and harvesting.

In 2019, 97.4% of the rural population of the Kingdom had access to potable water supply, as compared to 97.0% in 2018 and 93.0% in 2012. The Government has placed significant emphasis on irrigation. By the end of 2018, land under irrigation represented more than 1.7 million hectares. Morocco has a network of over 140 dams in operation, which assists in the allocation of water resources among the various regions. The *Plan National de l'Eau* was finalised in 2015 and is based on three pillars: (i) water demand management and water use efficiency; (ii) development of the supply through the storage of surface water in dams, seawater desalination and the reuse of treated wastewater; and (iii) conservation of water resources and natural environment and climate change adaption. Under the *Plan National de l'Eau*, execution of the localised irrigation conversion programme (as provided for in the *Plan Maroc Vert,* see below) is expected to continue until 2050, with the aim of reaching 70% of the overall irrigated area. In 2016, Parliament adopted Law № 36-15 on water, which recognised the risks of extreme water stress and provides for integrated water resources management and accompanying tools.

The Government is encouraging the consolidation of landholdings to promote large-scale modern farms, with the aim of increasing profitability through economies of scale. Approximately 7.6 million hectares of land in Morocco are under cultivation, with modern large scale farms occupying nearly one million hectares and the bulk of the remainder consisting of small- and medium-holdings. Incentives are available to farmers to purchase neighbouring parcels of land and the dismemberment of agricultural landholdings arising on inheritance is being limited. Other measures aimed at encouraging productivity include the granting of subsidies for the acquisition of modern tools and equipment.

As the agriculture sector plays an important economic and social role in Morocco, the Government established the *Plan Maroc Vert* for the period 2009-2020. The principal aims of the *Plan Maroc Vert* are to: (i) increase the value added to Morocco's crops; (ii) encourage growth and development of the agriculture sector; (iii) increase employment and exports; and (iv) combat rural poverty. The *Plan Maroc Vert* has enjoyed substantial public investment totalling almost Dh 41 billion between 2009 and 2018, an average of approximately Dh 3.7 billion per year. Furthermore, the *Plan Maroc Vert* also benefits from substantial private investment, which means that for each dirham contributed by the Government, on average a further Dh 2.3 is invested by the private sector through the *Agricultural Development Fund*. The Government expects the *Plan Maroc Vert* to benefit from total investment of Dh 120 billion during the term of its existence, which will be used to encourage higher value crops, improve productivity, increase exports and employment in the sector and reduce rural poverty. Investment in the agriculture sector almost doubled between 2008 and 2017, rising from Dh 7.0 billion in 2008 to more than Dh 13.3 billion in 2017. The 2019 Budget allocated Dh 12.5 billion to *Plan Maroc Vert* to continue its strategy in 2020 through: (i) the development of irrigation and agricultural land through the national programmes and initiatives; (ii) the development of animal and vegetable production sectors through improved agribusiness practices; (iii) an agricultural training and research programme; and (iv) a programme for the preservation of plant and animal heritage and health safeguards for food products.

In February 2020, Morocco launched a new development strategy for the agricultural sector called *Génération Green 2020-2030*. The strategy aims to capitalise on the achievements of the *Plan Maroc Vert*, by modernising the agricultural sector. The principal objective is to consolidate the agricultural sectors, with a view to doubling exports (to Dh 50-60 billion) and agricultural production (to Dh 200-250 billion) by 2030. The strategy aims to achieve this objective through two major developments: (i) by enhancing human involvement in agriculture, growing a new generation of agricultural middle class and deploying 1 million hectares of collective land to encourage a new generation of young people and entrepreneurs; and (ii) by modernising wholesale and traditional markets and improving distribution processes. The implementation of the *Génération Green 2020-2030* strategy will require an annual increase in the agricultural sector's budget of almost 2.5% from 2020.

Forestry

Morocco possesses extensive forests covering approximately nine million hectares, or 12.7% of the country, of which 5.8 million hectares are managed. Cork and wood-pulp are the most important forest products. Cork is mostly exported and wood-pulp is either exported or used in the domestic paper industry. *Le Fonds National Forestier* (the National Forest Fund, or "**FNF**") was established in 1949 to promote the Kingdom's development of forestry products, preserve biodiversity and integrate forested areas into the Kingdom's rural development strategy. In recent years, Morocco's National Highway Authority has planted more than 3 million trees in efforts to reverse deforestation across the country.

In February 2020, Morocco launched a new development strategy for the water and forest sector called *Forêts du Maroc*. This new strategy aims to conserve and protect forests and make forests a space for development, to combat deforestation and desertification, to ensure collaborative and sustainable management of forest resources, and to preserve biodiversity. It will centre on four main initiatives: (i) the creation of a new model of management working with local populations; (ii) the development of the forest areas according to their productive capacity; (iii) the promotion and modernisation of forest trades through the creation of modern nurseries and the introduction of digital management tools; and (iv) the institutional reform of the sector through human resources, training and research, and the creation of a Water and Forest Agency and a Nature Conservation Agency. The strategy aims, by 2030, to regenerate 133,000 hectares of forests, create 27,500 jobs, and enhance production and eco-tourism to a level of Dh 5 billion *per annum*.

Fisheries

In 2019, fisheries contributed 1.0% to GDP and production was 1.4 million tonnes, as compared to 1.3 million tonnes in 2018, an increase of 82,000 tonnes, or 6.3%. By value, fisheries products were Dh 7,327 million in 2019, as compared to Dh 7,346 million in 2018, a decrease of Dh 19 million, or 0.3%. The principal fishing centres in Morocco are Agadir, Safi, Essaouira, Tan-Tan and Casablanca.

The production of fisheries products declined by 7.5% at the end of June 2020, compared to an increase of 11.1% at the end of June 2019, mainly due to a decline of 10.9% in the production of pelagic fish. As at the date of this Prospectus, the market supply is becoming more regular, and the fish supply is increasing.

In 2009, the Government announced *Plan Halieutis*, a development strategy for 2020 to modernise the fishing sector and encourage sustainable fisheries policies, support the further development of the maritime fishing industry and increase exports. *Plan Halieutis* fixed 2020 production, exports and GDP targets for the sector. In 2019, fisheries production reached 1.45 million tonnes, representing 87% of the 2020 *Plan Halieutis* target. Fisheries exports were Dh 22.3 billion in 2019, representing 75% of the 2020 *Plan Halieutis* target. One of the *Plan Halieutis* strategies is to develop fishing villages and, in particular, to provide more equipped landing points.

Mining

In 2019, mining activities contributed 2.3% to GDP (Dh 26.3 billion). Morocco's proven mineral resources are extensive and mining in general, and phosphates, in particular, have long represented a significant source of industrial raw materials and export earnings. Morocco is believed to possess approximately 71.4% of the world's estimated reserves of phosphates. Other minerals mined in Morocco include coal, copper, manganese ore, zinc, lead and iron ore. Total mining production in Morocco was 36.8 million tonnes in 2018. Mining exports accounted for 4.8% of total exports in 2019 (excluding phosphates and derivatives), as compared to 5.3% in 2018. Approximately 40,000 people were employed in the mining sector in 2019.

Phosphate mining is carried out by OCP S.A. ("**OCP**"), which is a 94.12% state-owned entity. The production of phosphates increased by 9.1% at the end of June 2020 compared to 0.1% at the end of March 2020, while the production of derivatives increased by 13.5% as compared to 7.3% for the same periods, respectively. The production of fertilizers increased by 16.9% and that of phosphoric acid by 8.9%, despite the context of the COVID-19 pandemic. In terms of exports, the sales made by the OCP group fell 4.2% at the end of July 2020.

Morocco is the world's third largest producer (after the United States and China) and the world's largest exporter of phosphate, representing 31.8% of world trade (in volume) in 2019. In 2019, phosphate mining accounted for 55.0% of the mining sector's exports. Phosphate output in 2019 was 35.3 million tonnes, representing a 2.8% increase over 2018 levels, and 9.5 million tonnes of phosphate rock was exported in 2019, as compared to 11.3 million tonnes in 2018. In 2019, phosphate rock exports were valued at a total of Dh 7.3 billion, a decrease of 11.9%, as compared to 2018, due to a decline in demand and lower commodity prices.

OCP operates ten phosphate rock mines at three locations in central Morocco (six at Khouribga, three at Gantour (Ben Guerir and Youssoufia) and one in the Sahara Region (at Boucraa)), with a combined annual phosphate rock production capacity of 44 million tonnes in 2018. OCP processes approximately two-thirds of its phosphate rock production into phosphoric acid (including purified phosphoric acid) and phosphate-based fertilisers at its facilities at Safi and Jorf Lasfar.

The following table sets forth the total production, sales and prices of phosphate rock for the years and period indicated.

Phosphate Rock Production, Sales and Prices[(1)]

	2015	2016	2017	2018	2019[(2)]	As at 31 March 2020
Production (*tonnes thousands*)[(3)]	26,264	26,929	32,843	34,315	35,280	17,948
Foreign sales						
Volume (*tonnes thousands*)	8,525	7,903	11,061	11,251	9,495	2,298
Value *(Dh Billions)*	9,979	7,412	8,370	8,298	7,311	1,638
Average Price (*U.S.$/tonne*)	120	111	90	88	88	72

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.
(3) Represents treated phosphate rock, which is phosphate rock available for sale.

Sources: Ministry of Energy, Mines, Water and the Environment, HCP, OCP.

OCP exported 5.69 million tonnes in each of the first seven months of 2020, as compared to 5.4 million tonnes in the corresponding period of 2019.

In the mining sector, exploration works were conducted on 49 targets, including in respect of precious metals, base metals and uranium, industrial rocks and minerals, mining reconnaissance and geothermal projects.

The Ministry of Energy, Mines and Sustainable Development has introduced a *National Mining Sector Development Strategy*, which excludes phosphates. The *National Mining Sector Development Strategy* aims to: (i) triple the mining sector's turnover to over Dh 15 billion; (ii) multiply investment in exploration and research by ten times to approximately Dh 4 billion; and (iii) double the jobs in the sector to over 30,000 by 2025.

Industrial Sector

In 2019, the industrial sector contributed 14.9% to GDP (Dh 171.7 billion). Since independence, the Government has sought to develop the manufacturing sector as a source of economic growth and employment. The import-substitution policies pursued by the Government throughout much of the post-independence period until the mid-1980s fostered the growth of a diversified manufacturing sector, but have insulated, to a large extent, domestic producers from international competition and production has generally been directed at the domestic market. Since the mid-1980s, the Government's market-orientated policies have been aimed at greater deregulation of domestic markets and encouraging competitiveness in, and the restructuring of, the manufacturing sector and a greater participation by the private sector.

The production index for manufacturing industries, excluding petroleum refining, increased by 0.5% as at the end of March 2020, before decreasing by 21.4% as at the end of June 2020, as compared to an increase of 2.3% as at the end of the corresponding period in 2019.

In 2014, a new strategy for industrial acceleration, the Industrial Acceleration Plan, was adopted, which aimed to encourage industrial growth and to increase the share of manufacturing of GDP by 2020. The 2019 Budget allocated funds of Dh 1.8 billion to the Industrial Acceleration Plan for 2019. Between 2014 and 2019, 504,853 jobs were created under the Industrial Acceleration Plan. See "*External Sector—Balance of Payments—Foreign Direct Investment*". The Government is currently preparing a second Industrial Acceleration Plan for the period 2021-2025. The plan is based on five key principles: (i) sustainable competitiveness on a global level; (ii) decarbonising Moroccan industry; (iii) promoting innovation and engineering; (iv) regionalisation; and (v) stimulating the industrialisation and development of SMEs. However, the Government is currently evaluating changes that will be required to be made to the plan as a result of the COVID-19 pandemic.

As a result of strategies adopted by the Government, export industries in the automotive sector and aerospace industries have developed. Investment in the aerospace industry is intended to increase the value of such sector's exports to Dh 27 billion in 2020. In 2012, the Renault-Tanger factory in Tangier opened with an initial capacity to construct 170,000 vehicles per year. Between 2012 and 2018, 1.4 million vehicles had been produced at the plant, which now has an annual production capacity of 340,000 vehicles. In December 2017, Chinese electric car manufacturer, BYD, signed an agreement to open a factory near Tangiers to build battery operated vehicles. The Peugeot group opened a plant in Kenitra in June 2019, which is valued at Dh 6.0 billion and is estimated to have led to the creation of 19,100 direct and indirect jobs. Production at the plant began in July 2019, with an initial capacity of 100,000 vehicles per year, which is expected to increase to 200,000 vehicles per year from 2020.

The following table sets forth certain information regarding the automobile industry in Morocco for the years indicated.

Automobile Industry

	Year ended 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
Jobs in the automobile industry	88,529	109,228	147,146	171,961	195,543
Automobile sector exports (*Dh millions*)	54,094	60,874	67,042	75,793	80,207
Production of automobiles *(number of units)*	287,000	345,000	375,000	401,000	403,000
Number of automobiles exported (*number of units)*	258,742	315,610	333,189	358,779	358,463[(1)]

Note:
(1) Estimated.

Sources: La Caisse Nationale de Sécurité Sociale, Office des Changes, Renault Maroc.

International aerospace companies, including Airbus, Boeing, Safran and MATIS, have established a presence in the Kingdom. In 2019, the export turnover of the aerospace sector was Dh 15.8 billion, as compared to Dh 14.7 billion in 2018, an increase of 7.3%. Since the launch of the Industrial Acceleration Plan, more than 8,000 jobs have been created in the aerospace sector, bringing total jobs to approximately 17,700. The Government is targeting the creation of a cumulative total of 31,700 new jobs in this sector by the end of 2020.

A large number of industrial parks have been developed in Morocco by the private sector, in addition to the free trade zones established by the Government.

Industrial exports (semi-finished and finished products) generated approximately Dh 202.1 billion in 2019, which accounted for 77.7% of total exports in 2019.

The following tables set forth changes in percentage terms of the indices of certain manufacturing production by volume for the periods indicated.

Indices of Manufacturing Production (excluding petroleum refinement)(1)

	Weighting(2)	2017/2016	2018/2017	2019/2018	As at 30 June 2020
			(% change)		
Manufacturing industries (excluding petroleum refining).	100	2.2	2.9	2.4	(21.4)
Food industry	15.0	5.4	0.8	1.0	(1.0)
Beverage industry	3.6	3.4	(7.8)	(0.9)	(10.4)
Tobacco industry	6.9	(0.2)	1.6	(1.5)	(9.7)
Textiles industry	2.3	0.7	1.2	(3.0)	(44.7)
Clothing industry	6.2	(4.7)	0.6	3.5	(37.4)
Leather and shoes industry (excluding clothing)	1.1	2.1	(8.3)	(8.8)	(43)
Wood industry (excluding furniture)	0.9	(2.7)	1.5	4.1	(62.5)
Paper and cardboard industry	1.4	3.3	3.1	(1.2)	(11.6)
Printing and reproduction	0.9	3.6	7.3	1.7	(18.6)
Chemical industries	17.9	4.8	7.4	4.7	3.3
Pharmaceutical industry	4.7	2.4	1.8	2.9	(11.6)
Rubber and plastic industry	2.1	(1.4)	4.4	4.8	(48.1)
Mineral industry	13.1	(1.8)	1.4	0.9	(31.5)
Metallurgy	2.5	(4.0)	(17.0)	9.0	(48.3)
Metal products (excluding machinery and equipment)	4.7	(7.9)	16.4	(3.4)	(49.8)
Computer, electronics and optical industry	1.9	2.9	7.3	6.9	(12.1)
Electrical equipment industry	2.8	7.3	0.1	6.4	(42.4)
Machinery and equipment industry	1.0	3.1	4.7	(4.2)	(44.4)
Automotive industry	8.1	3.3	8.3	6.3	(57.1)
Other transport manufacture	1.3	26.3	6.1	0.6	(59.6)
Furniture industry	1.1	(5.0)	3.8	0.6	(11.1)
Other manufacturing	0.3	3.6	1.2	(7.8)	(30.1)
Repair and installation industry	0.4	1.0	1.4	2.5	(40.1)

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Base 100 in 2015.

Source: HCP.

Construction and Public Works

In 2019, construction and public works contributed 5.3% to GDP (Dh 61.6 billion). The Government considers cement sales to be the principal barometer of activity in the sector. Cement sales increased by 1.8% in 2019, as compared to 2018, having decreased by 3.7% in 2018, as compared to 2017. In 2019, bank financing to the construction sector increased by 3.5%, as compared to 2018. In 2019, cement sales were 13.5 million tonnes, as compared to 13.3 million tonnes in 2018, an increase of 0.2 million tonnes, or 1.8%.

During the first eight months of 2020, cement sales decreased by 15.8%, as compared to the corresponding period in 2019. As at the date of this Prospectus, after three months of the almost total shutdown of all construction sites nationwide as part of the Government's response to the COVID-19 pandemic, the building materials sector is showing some signs of recovery. See "*Response to COVID-19*".

This sector has benefited from the large-scale infrastructure projects, as well as the social housing building projects implemented by the Government. The social housing building projects generally benefit from Government-guaranteed mortgages and Government-fixed prices.

Electricity and Water

In 2019, the electricity and water sector contributed 2.8% to GDP (Dh 32.1 billion).

Electricity and Energy

Morocco has limited resources or proven reserves of natural gas, crude oil and coal and therefore depends upon imported sources of energy for approximately 95% of its energy requirements. No significant deposits of hydrocarbons have been discovered to date, despite exploration drilling offshore and onshore, but small gas fields have been discovered in certain regions to provide fuel for nearby commercial users. More than 90% of Morocco's annual production of electricity is generated by thermal power plants, while the remainder is produced by hydroelectric power facilities and wind farms.

The performance of Morocco's energy sector is linked to the performance of the industrial sector and domestic demand. The Government is implementing a sectoral strategy to secure diverse energy sources and to ensure the availability and accessibility of energy at reasonable prices, with a focus on renewable resources.

From 2013 to 2017, the capacity of electricity supply was increased by 2,027 MW and, in 2018, the Safi coal plant, which has capacity of 1,386 MW, began operations. As a result of investment totalling approximately Dh 37.8 billion, capacity has increased by 3,939.2 MW over the last five years. In 2019, the continuation of existing projects and the commissioning of new works, such as the Dakhla diesel thermal power plant, resulted in 178 MW of further capacity being added. Total installed electrical power production, from all sources, is expected to reach 12,527.5 MW in 2020.

Following its creation in August 2018 and the appointment of its president, the National Authority for Regulation of Electricity is expected to become operational during 2020. Key reform measures expected to be pursued by the National Authority for Regulation of Electricity include initiatives regarding the electricity distribution and transmission networks.

Morocco is a net importer of energy. See "*External Sector—Foreign Trade*". Accordingly, the Moroccan economy is subject to shocks from changes in international energy prices, in particular oil prices. See "*Risk Factors—Risks Relating to the Kingdom—Food and Energy Security*", "*Risk Factors—Risks Relating to the Kingdom—Subsidies*" and "*Public Finance—Subsidies*".

The following table sets forth Morocco's total primary energy consumption and local production for the years indicated.

Primary Energy Consumption(1)

	2015	2016	2017	2018	2019(2)
		(in thousands of tonnes oil equivalent)			
Consumption					
Coal(3)	5,329	5,152	5,308	6,050	7,601
Petroleum products	10,487	10,848	11,636	11,261	11,441
Natural gas	1,125	1,144	1,135	1,024	967
Hydroelectricity, solar and wind power and imported electricity(4)	2,439	2,550	2,738	2,563	1,720
Total	**19,380**	**19,694**	**20,808**	**20,898**	**21,730**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) 2019 figures are provisional.
(3) Figures for the consumption of coal include the consumption of petroleum coke.
(4) Electricity consumption and production is in GWh.

Source: Ministry of Energy and Mining; ONEE.

In 2019, total energy consumption was 21.7 million tonnes, as compared to 20.9 million in 2018, an increase of 0.8 million, or 4.0%. Total net electricity production by ONEE was 40,348 GWh in 2019, as compared to 34,519 GWh in 2018, an increase of 16.9%. In 2019, concessional production was 28,254 GWh (as compared to 21,491 GWh in 2018), and third party contributions were (928) GWh (as compared to contributions of 3,374 GWh in 2018). According to information received from the ONEE, renewable energy production was 2,614 GWh (as compared to 1,807 GWh in 2018) and auxiliary consumption was (41) GWh (as compared to (42.2) GWh in 2018).

In the first seven months of 2020, domestic electricity production decreased by 6.6%, as compared to the corresponding period in 2019, and electricity consumption decreased by 4.0%

The Government expects that demand for electricity will continue to rise due to the Government's promotion of further industrialisation and the large rural electrification programme in progress (the "**Generalised Rural Electrification Programme**"), which aims to achieve 99.78% rural electrification by 2020. Electrification of approximately 99.7% has been achieved by 2019. In 2019, electricity output reached approximately 38,710.2 GWh, as compared to 37,294.9 GWh in 2018. Most of Morocco's annual production of electricity is generated by thermal power plants with an aggregate capacity of 700 MW in 2019. Total hydroelectric generating capacity in 2019 was 1,770 MW (with production of 1,654 GWh) of which Morocco's largest dam, Al-Wahda, accounted for 392.905 GWh (average per year). In 2019, the total installed capacity from renewable energy was 3,685 MW, and, at the end of 2019, renewable energy represented 35% of total electricity production. The Government targets increasing the share of renewable energy to 52% of total capacity by 2030.

In the context of the Government's policy of liberalisation of the electricity sector, the ONEE awarded in 1997 a 30-year concession to a foreign consortium (Swedish-Swiss Asea Brown Boveri and CMS Energy Corp. of the United States) to take over the operation of two existing coal-fired power plants located at Jorf Lasfar, south of Casablanca and to build and operate two additional plants. All four power plants are operational.

In November 2009, the Government launched the *Plan Maroc Solaire*, which was an integrated project to install new solar electricity generation capacity of 2,000 MW in five locations: Ouarzazate, Ain Bni Mathar, Foum Al Oued, Boujdour and Sebkhat Tah. The Government expects the project to be completed by 2020 and to represent 38% of the total installed power generation capacity and 14% of the total anticipated electricity production in 2020. The plants at Ouarzazate and Ain Bni Mathar are in operation. The Government is also developing two further hydroelectric projects at the El Menzel-Mdez Complex and the STEP d'Abdelmoumen Complex, together representing a further potential generation capacity of 520 MW. There are a number of developments in the construction phase, including three solar power plans of Noor Ouarzazate II (200 MW), Noor Ouarzazate III (150 MW) and Noor PV I (170 MW) and wind farms and parks of Taza, Tanger II (70 MW) and Tiskrad (300 MW). See "*—Privatisation and Public Private Partnerships*".

In June 2010, the Government launched the *Programme Intégré de Production Electrique Eolienne* to encourage the development of wind farms with an electricity generation capacity of 2,000 MW by 2020. The Tarfaya wind farm is one of Africa's largest onshore wind farms with a capacity of 300 MW. Wind farms with a production capacity of more than 1,600 MW for the period 2019-2023 are in various stages of development.

The following table sets forth Morocco's total electricity production for the years indicated.

Electricity Production(1)

	2015	**2016**	**2017**	**2018**	**2019**(2)
			(GWh)		
Net production of Electricity	29,914	30,840	31,890	34,519	40,348
Of which:					
Hydroelectric	*2,282*	*1,662*	*1,565*	*1,998*	*1,654*
Thermal	*25,048*	*25,652*	*26,616*	*27,653*	*32,214*
Wind	*2,519*	*3,000*	*3,035*	*3,841*	*4,699*
Balance of trade	4,974	5,154	5,896	3,374	(928)
Concessional Production	18,577	19,105	19,572	21,491	28,254
Total(3)	**34,273**	**35,273**	**37,080**	**37,295**	**38,710**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) 2019 figures are provisional.

(3) Net energy produced, excluding wind power, via the customer network.

Source: Ministry of Energy and Mining; ONEE.

Total electricity production for 2019 increased by 3.8%, as compared to 2018.

In November 1996, the 1,400 kilometre, 48-inch-diameter Euro-Maghreb natural gas pipeline was completed. This pipeline exports Algerian natural gas to Spain and Portugal. Its carrying capacity is approximately 12.5 billion cubic metres per year.

Small gas fields, which provide fuel for nearby commercial users, have also been discovered in certain regions. Exploration agreements have been entered into with petroleum companies with respect to prospective off-shore fields along the Atlantic coast.

A number of international oil companies are currently conducting exploration offshore activities. As at 31 November 2018, hydrocarbon exploration activities were being conducted over a total surface area of 126,972 km^2 and included 28 onshore permits, 42 offshore licences, one reconnaissance licence and ten exploitation concessions.

As at December 2018, the National Office of Hydrocarbons and Mines was working on 18 projects with partners, seven specialist projects and two co-operation projects. In 2018, seven wells (five in the Gharb basin, one on Grand Tendrara and one offshore) were drilled and three new oil agreements were signed. In 2018, private partners invested Dh 1.4 billion in oil exploration, while the National Office of Hydrocarbons and Mines invested Dh 30.5 million.

Onshore exploration activities in 2018 included: (i) the completion of the drilling of two wells by Sound Energy in the Grand Tendrara block and the Anoual block; and (ii) five exploratory drilling projects by SDX in the Gharb Occidental block. Offshore exploration activities in 2018 included: (i) the updating by Repsol of its lead portfolio and geological evaluation of the Gharb offshore south area; (ii) the drilling of the RSD-1 well in the deep offshore Rabat block by ENI, in partnership with Woodside and Chariot Oil; (iii) interpretation of 2D and 3D seismic data and the updating of leads and prospects by Chariot Oil in the Kenitra offshore and Mohammedia offshore blocks; (iv) the acquisition of multibeam data and geochemical samples by Kosmos in the Essaouira offshore block; (v) the acquisition of 3D seismic data by Kosmos in the Boujdour Maritime offshore block; (vi) the acquisition of 3D seismic data by Genel in the Sidi Moussa offshore block; (vii) the acquisition of 3D seismic data by Teredo in the Boujdour shallow offshore block; and (viii) the interpretation of 3D seismic data by New Age in the Foum Ognit offshore block. In 2019, twelve further wells were drilled in the Gharb Occidental block.

In January 2019, the Board of the National Office of Hydrocarbons and Mines approved the triennial plan for 2019-2021, which is based on the continuation of mineral and oil exploration and the development of three production projects: (i) the putting into production in Tendrara; (ii) the extension of production in Meskala; and (iii) the continuation of production in Gharb.

Morocco's energy sector also comprises several oil distribution companies. In accordance with the Paris Agreement on Climate Change 2016, Morocco has committed to transform its energy sector. The Government's principal goals are for 52% of installed electricity production capacity to come from renewable sources and for energy consumption to be reduced by 20% by 2030.

In 2018, Morocco signed the Sustainable Electricity Trade Roadmap (the "**SET Roadmap**") with France, Germany, Spain and Portugal. The SET Roadmap is intended to lead to renewable electricity exchanges between the countries.

Law № 26-80, promulgated by decree dated 6 May 1982, established the National Agency for the Development of Renewable Energy and Energy Efficiency and, since 2010, is governed by the provisions of Law № 16-09. The name of the agency was changed to the Moroccan Agency for Sustainable Energy ("**MASEN**") in 2016 (having previously also been called the Moroccan Agency for Solar Energy). The mission of the MASEN is to contribute to the implementation of national energy policy, which is aimed at reducing energy dependence and preserving the environment through the promotion of energy efficiency measures.

Water

The Government's water sector policy is aimed at ensuring the delivery of potable water to the population, further developing irrigation for agricultural use and ensuring adequate supplies for industrial and tourism uses. There are approximately 145 large dams in the Kingdom, of which 20 are major dams. As at 31 December 2019, dam storage capacity was at 49.2% which was a total of 7,679 billion cubic metres.

The 2019 Budget allocated Dh 1.6 billion to the construction of two large dams with an additional capacity of approximately 642 million m^3. The construction of these dams is being pursued under the Government's priority programme for drinking water supply and irrigation.

Tourism

In 2019, tourism receipts contributed 6.8% to GDP (Dh 78.8 billion), as compared to 6.6% (Dh 73.0 billion in 2018). Tourism nights increased by 5.0% in 2019. Tourism nights, however, decreased by 59% in the first six months of 2020, as compared to the corresponding period in 2019, as tourist arrivals decreased from 5.4 million to 2.0 million (a decrease of 63%) over the period.

Tourism represents the largest source of foreign currency earnings, contributing 15.5% of total balance of payment current receipts in 2019. Compared to 2018, foreign exchange earnings increased by 7.7% in 2019 to Dh 78.7 billion. In 2019, French and Spanish tourists accounted for approximately 49.6% of the total visitors to the Kingdom, followed by Italian, Belgian, Dutch, British and German tourists.

The following table sets forth the key indicators and the number of tourist visits to Morocco for the years and period indicated.

Annual Visits by Tourists to Morocco[(1)]

	2015	2016	2017	2018	2019	Six months ended 30 June 2020
Tourism receipts (*Dh billion*)...............................	61.1	64.2	72.1	73.0	78.8	23.2
MREs (*visits, millions*)...	5.0	5.2	5.5	5.6	5.9	-
Foreign Tourists (*visits, millions*).........................	5.2	5.1	5.9	6.8	7.0	-
Total (*visits, millions*)	**10.2**	**10.3**	**11.3**	**12.3**	**12.9**	**2.0**

Note:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

Source: Ministry of Tourism and OC.

In 2019, there were 12.9 million arrivals, as compared to 12.3 million in 2018, an increase of 643,552 arrivals, or 4.9%. Tourist nights increased to 25.2 million in 2019 (of which 17.4 million were non-resident tourist nights and 7.8 million were domestic tourist nights), as compared to 24 million tourist nights in 2018 (of which 16.9 million were non-resident tourist nights and 7.2 million domestic tourist nights). Tourism receipts were Dh 78.8 billion in 2019, as compared to Dh 73.0 billion in 2018, an increase of Dh 5.8 million, or 7.4%. In the first seven months of 2020, tourism receipts were Dh 23.2 billion, as compared to Dh 41.5 billion in the corresponding period in 2019, a decrease of 44%.

In 2010, the Government adopted *Vision 2020*, a strategy for the tourism sector, which principally aims to double the size of the tourism sector and raise Morocco to a position within the top 20 tourist destinations worldwide by 2020. The Government expects that this will have the effect of creating 470,000 new jobs.

Recent initiatives adopted by the Ministry of Tourism have focused on the diversification of the tourism industry, with a particular focus on attracting visitors from the United States and China. The Government is also in the process of redesigning the system of hotel rankings. Such initiatives have improved the sector's performance and positioned the Kingdom as a premier destination on the African continent. Since 2010, the tourism sector has generated 100,000 jobs, with a total in 2018 of 548,000 people employed in the sector.

The year 2019 saw the completion of other schemes, such as the technical support offered by the National Federation of the Hotel Industry and the National Tourism Confederation, as part of the reform of the classification system, which benefited nearly 400 tourist accommodation establishments, and the efforts of the Moroccan National Tourist Office in improving the competitive position of Morocco as a tourist destination through partnerships with various regional tourism centres.

In 2020, the implementation of Law № 80-14 relating to tourist establishments and other forms of tourist accommodation will continue. Enacted in 2019, this law reforms the classification system for tourist accommodation establishments.

Infrastructure

Rail Networks

The national rail network, operated by the *Office National des Chemins de Fer* ("**ONCF**") totals 2,109 kilometres of track, of which 200 kilometres is high speed track. Six of Morocco's main ports (Casablanca, Safi, Tangier, Tanger-Med, Kenitra and Jorf Lasfar) are open to rail traffic. ONCF operates in three main sectors: passenger transport, freight transport and phosphates transport. In 2018, ONCF transported over 38 million passengers and over 30 million tonnes of freight and phosphates.

In December 2011, ONCF commenced work on a high-speed network (the "**TGV**"), which is expected to be completed in 2035 and to be 1,500 kilometres long. Once completed, the network is expected to have an "Atlantic" section between Tangier, Casablanca and Agadir and a "Maghreb" section between Casablanca, Rabat, Meknes, Fes and Oujda on the Algerian border. In November 2018, the first stage of the project was completed and Morocco officially inaugurated the 200 kilometres of high speed line from Tangier to Casablanca, the "Atlantic" line. Construction of this line cost approximately €1.8 billion.

Major railway infrastructure projects continued in 2020 include the railway connection of the Nador West Med port, at a cost of Dh 3 billion, and the rail connection of the port of Safi, at a cost of Dh 300 million.

Plan Rail 2040 aims to complete an efficient and modern railway network in Morocco, and to improve railway services, as well as the productivity, competitiveness and efficiency of railway sector participants.

Road Networks

Morocco has an extensive road network. Between 2014 and 2018, the length of the road network increased from 41,102 kilometres to 57,334 kilometres.

The Government is in the process of expanding and modernising the motorway network through considerable investment, in order to link the Kingdom's major cities. Currently, the motorway network runs along the Atlantic coast from El Jadida to Tangier, through Casablanca and Rabat, from Rabat to Oujda on the Algerian border, through Meknes and Fez, and from Tangier to Tetouan in the Rif mountains. The 141 kilometre highway connecting El Jadida to Safi was completed in 2016.

Major highway infrastructure projects undertaken in 2019 included: (i) construction of a highway link to the port of Nador West-Med, at an estimated cost of Dh 4.5 billion; (ii) completing work on the Taza-Al Hoceima expressway (expected to be completed in 2020); (iii) completing the second phase of work on the Larach-Ksar Kebir and the Kenitra-Sidi Yahia expressways; (iii) continuing to develop the Tiznit-Laayoune expressway; and (iv) expanding and strengthening the connection between Laayoune and Dakhla. These projects have added a further 1,800 kilometres to the highway network. In 2020, these and other projects will continue as part of the *National Highway Reinforcement Scheme*, with the following expected milestones: (i) the completion of the Nador West-Med highway link; (ii) the extension of the Casablanca-Berrechid highway; and (iii) the construction of the Casablanca bypass highway.

In 2019, the budget for *Autoroutes du Maroc*, which is responsible for the development of the Moroccan road network, was over Dh 2.0 billion. *Autoroutes du Maroc* operates independently of the Government's Budget, but certain investments benefit from Government guarantees.

Plan Routes 2035 targets increased capacity and quality to the road network, as well as increased road safety, by 2035. The plan provides, *inter alia*, for a 5,000 kilometre highway and expressway system to be built to support up to 50% of intercity traffic, highway length to reach 3,400 kilometres and 7,000 kilometres of development and major works on main routes by 2035.

Ports

Morocco has 43 ports (14 ports open to external trade, 22 fishing ports and seven pleasure ports). Traffic through Moroccan ports increased from 115.1 million tonnes in 2014 to 153 million tonnes in 2019. The ports of Agadir, Al-Hoceima, Casablanca, Dakhla, Jorf Lasfar, Kenitra, Laayoune, Mohammedia, Nador, Safi, Tantan, Tangier and Tanger-Med are open to external trade with three more ports (a new port in Safi, the port of Nardor West Med and a new phosphate port at Laayoune) under construction.

Ports and maritime projects (including related studies) have been prioritised over the last three years with expenditure of Dh 1.4 billion, Dh 1.2 billion and Dh 1.2 billion, in 2017, 2018 and 2019, respectively. Moroccan ports have expanded with the growth in external trade, and port traffic averaged approximately 153 million tonnes annually in 2019. Tanger-Med is the largest port in the Mediterranean and in Africa, with a capacity of three million twenty-foot Equivalent Units ("**TEU**"). Construction on a second port, Tanger-Med II, began in June 2009 and the port was inaugurated in June 2019. Tanger-Med II increases capacity to 9 million TEU. In December 2013, Morocco and the Arab Fund for Economic and Social Development entered into a loan and guarantee agreement in respect of the second phase of the Tanger-Med II project in an amount of approximately Dh 1.5 billion.

Planned works on port infrastructure in 2020 include: (i) completing the works at the port of Safi; (ii) extending the protection works at the port of Casablanca, at an estimated cost of Dh 840 million; (iii) continuing construction of the new Nador West-Med port complex, at an estimated cost of Dh 9.9 billion; (iv) launching the gas port of Jorf-Lasfer, at an estimated cost of Dh 5.4 billion; (v) constructing a rail connection between the ports of Nador and Safi, which will be financed by a public-private partnership; and (vi) starting construction on the new port of Dakhla Atlantique.

Stratégie Nationale Portuaire 2030 aims to increase the efficiency of existing ports, increase competiveness and regional development and to promote Morocco as a logistics platform for the Mediterranean basin. By the end of 2030, the construction of new ports at Safi, West Med Nador, Kenitra Atlantic, Jorf Lasfar and Dakhla Atlantic, and extensions at the existing ports of Mohammedia, Casablanca, Jorf Lasfar, Agadir and Tarfaya are scheduled to be completed, as well as works to integrate the ports of Tangier-city, Casablanca, Safi-city and Kenitra-city with urban facilities.

Air Traffic

The principal Moroccan cities are served by domestic and international airlines. There are 18 international airports in Morocco, including Casablanca, Agadir, Marrakesh, Tangier, Rabat, Oujda, Fez, Laayoune, Nador, Al Hoceima, Ouarzazate, Errachidia, Dakhla, Tetouan and Essaouira, in addition to a number of domestic airports and secondary domestic airports. In 2019, Moroccan air traffic increased by 11.2%, following increases of 10.4% in 2018 and 11.6% in 2017. International air traffic increased by 9.8% in 2019, while national air traffic increased by 22.6%. Flights to Europe accounted for more than 79.0% of Moroccan international air traffic in 2019. In 2019, 25.1 million passengers travelled through Morocco's airports (reflecting a 11.8% increase as compared to 2018), of which 22.4 million passengers were international air travel passengers (reflecting a 9.8% increase as compared to 2018). In the first six months of 2020, air traffic was down by 57.5% as compared to the corresponding period in 2019.

Casablanca's Mohammed V airport accounted for 41.1% of air traffic and Marrakesh Menara airport accounted for 25.5% in 2019. Over 30 airlines operate at the Mohammed V airport, which served over 10.3 million passengers in 2019. A new terminal is in operation and the capacity of the airport is over 10 million passengers per year.

Royal Air Maroc ("**RAM**"), the national airline, operates domestic and international flights and serves over 90 destinations in Europe, the Middle East, Africa and North America. The Kingdom owns 98.04% of RAM (of which 44.1% is held through the Hassan II Fund). RAM Express is a subsidiary of RAM that serves the domestic market with low-cost transportation intended to support the further development of the domestic air travel and tourism market. On 1 April 2020, RAM joined the oneworld alliance.

Since the early 2000s, the Government has adopted a strategy of encouraging the liberalisation of air transport. This strategy has resulted in an increase in foreign companies operating in Morocco (now 45, of which 17 are low-cost airlines), a reduction in air fares, the establishment of a new Moroccan airline "Air Arabia Maroc", which specialises in low-cost scheduled flights, the creation of RAM Express for domestic transportation and strengthening the "Casablanca Hub", which is linked to 51 countries and 91 airports.

In December 2006, the EU and Morocco entered into an aviation "Open Skies Treaty" agreement.

Post and Telecommunications

In 2019, the post and telecommunications sector contributed 1.9% to GDP (Dh 21.9 billion). Activity in the sector increased by 0.3% in 2019.

The National Telecommunications Regulatory Agency (the "**NTRA**") is the public body responsible for the control and regulation of the telecommunications sector. According to statistics published by the NTRA, as at 31 December 2019, fixed and mobile internet subscriptions reached 25.4 million, reflecting an annual increase of 11.4%, resulting in an internet penetration rate of 71.3%. This increase was primarily due to growth in internet mobile subscriptions, which increased to 23.7 million as at 31 December 2019 (reflecting an annual increase of 11.2%). There were 15.7 million 4G internet customers as at 31 December 2019, reflecting an annual increase of 63.7%.

According to statistics published by the NTRA in its annual survey of information and communication technology usage, 99.9% of households were equipped with mobile phones in 2018 (as compared to 99.8% in 2017 and 99.5% in 2016), while 86.3% of households were equipped with a smartphone (as compared to 85.8% in 2017). In 2018, 21.8% of households had fixed line telephones (as compared to 19.7% in 2017) and 60.6% of households had a computer or tablet (as compared to 58.4% in 2017). In 2018, 74.2% of households had equipment that connected to the internet (as compared to 70.2% in 2017), of which 82.4% of urban households and 56.8% of rural households had internet-connected equipment. Since the launch, on 6 December 2019, of national roaming, more than 3,400 localities now have 2G, 3G, or 4G mobile coverage. Since 16 December 2019, there has been in place a centralised number portability database shared cooperatively by the Kingdom's three mobile service operators.

At its meeting of 26 December 2019, the NTRA's board considered the introduction of new technologies in Morocco such as 5G mobile coverage and the Internet of Things, by prioritising the development of fixed broadband networks within the framework of the national plan for the development of broadband and high speed broadband as well as the effective implementation of operational models of infrastructure sharing and co-investment.

In February 2019, Law № 121-12, which amended and supplemented the Postal and Telecommunications Law № 24-96, was published. The new law has three main pillars:

- the projection of consumers through requirements to provide information on general and contractual conditions of telecommunications offers and services, regular updates of quality of service commitments and the publication of coverage maps by telecommunications operators;

- the development of the broadband offering, by updating the definition of "universal service" and the concept of the digital development of the territory, as well as providing for the supervision of the deployment of broadband infrastructure by operators and developers in building plots and new buildings; and

- the strengthening of regulatory levers, including the sharing of infrastructure and access, national roaming, the adoption of objective, proportionate, transparent and non-discriminatory measures aimed at facilitating the introduction of new services and promoting the adaptation of telecommunications markets to technological developments.

Informal Economy

The Kingdom has a significant informal economy in terms of the production of both goods and services and is a significant source of employment. Accordingly, the HCP has conducted three studies of the informal economy in 1999, 2007 and in 2013/2014. The 2013/2014 study included all non-agricultural production units which produce goods and services and covered a sample of 10,085 production units. According to the HCP, the informal economy accounted for an estimated 11.5% of GDP in 2013, as compared to 11% of GDP in 2007. Approximately 2.4 million people participated in the informal economy in 2013 (accounting for 36.3% of all non-agricultural employment), as compared to 2.2 million people in 2007 and 1.9 million in 1999.

The Government is implementing a number of policies to reduce the size of the informal sector and shift informal sector businesses and employees into the formal system. These policies target, in particular, SMEs and micro-SMEs. The 2019 Budget provides for 200 new investment projects for micro-SMES and SMEs, with a budget of Dh 700 million. Measures are also being implemented to improve the qualification and development of the national entrepreneurial framework, including measures to encourage the registration of entrepreneurs on the National Register of Entrepreneurs. These projects include:

- encouraging the informal sector to gradually integrate into the economic cycle, through the strengthening of tax and customs controls, the fight against tax fraud and tax evasion, smuggling, dumping and the application of the quality and safety of imported products, while guaranteeing consumer protection, transparency and fair competition between economic operators and the protection of the national economy;

- integrating the informal economy through transitional measures, with a view to strengthening confidence in the tax system and voluntary participation therein;

- creating a Dh 8 billion fund to support entrepreneurship, which will provide guarantees, financing, capital investment and technical assistance schemes for the benefit of MSMEs, young project leaders, self-employed entrepreneurs, micro-enterprises; and

- providing training in professional skills and foreign languages.

See "*—Employment and Wages*" and "*—Social Policy*".

Employment and Wages

HCP, the public statistical institution, customarily reports Moroccan employment statistics in terms of formal and informal employment in urban and rural areas. Formal employment comprises employment duly registered with the Ministry of Labour and subject to social security contributions by employers. Informal employment is not registered or subject to employment contributions.

The following tables set forth key employment and unemployment indicators for the years and period indicated.

Employment Indicators(1)

	As at 31 December						As at 30 June		
	2018			**2019**			**2020**		
	Urban Areas	*Rural Areas*	*Total*	*Urban Areas*	*Rural Areas*	*Total*	*Urban Areas*	*Rural Areas*	*Total*
					(thousands)				
Population (aged 15 and over)	16,632	9,318	25,950	17,030	9,344	26,359	-	-	-
Active population	6,987	4,960	11,947	7,204	4,878	12,082	7.324	4.640	11.964
					(%)				
Activity rate(2)	42.0	53.2	46.0	42.3	52.2	45.8	42.2	49.6	44.8
Unemployment rate	**13.8**	**3.6**	**9.5**	**12.9**	**3.7**	**9.2**	**15.6**	**7.2**	**12.3**
By gender									
Men	*10.9*	*3.9*	*8.1*	*10.3*	*4.0*	*7.8*	*13.2*	*8.3*	*11.3*
Women	*23.9*	*2.6*	*14.1*	*21.8*	*2.7*	*13.5*	*23.3*	*3.7*	*15.6*
By age									
15-24 years	*41.8*	*10.5*	*25.6*	*39.2*	*11.3*	*24.9*	*47.4*	*18.4*	*33.4*
25-34 years	*20.9*	*4.5*	*15.0*	*20.4*	*5.1*	*15.1*	*22.6*	*9.4*	*18.2*
35-44 years	*6.2*	*1.6*	*4.5*	*6.1*	*1.7*	*4.5*	*9.0*	*5.5*	*7.7*
45 years and over	*3.2*	*0.9*	*2.2*	*3.1*	*0.8*	*2.1*	*5.5*	*2.9*	*4.4*
By degree									
Without a diploma	*5.7*	*1.7*	*3.3*	*5.2*	*1.7*	*3.1*	*9.2*	*4.7*	*6.6*
With a diploma	*18.6*	*9.7*	*16.7*	*17.3*	*9.6*	*15.7*	*19.1*	*14.5*	*18.2*

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Labour force aged 15 and over as a percentage of the total population aged 15 and over.

Source: HCP.

In 2019, 165,000 jobs were created in the Moroccan economy (a combination of the creation of 250,000 jobs in urban areas and the loss of 85,000 in rural areas), as compared to 112,000 jobs in 2018, (86,000) jobs in 2017, 37,000 jobs in 2016 and 33,000 jobs in 2015. The services sector created 267,000 jobs, 24,000 jobs were created in the construction industry, 17,000 jobs were created in the manufacturing industry, and 146,000 jobs were lost in the agriculture and fisheries industry.

In 2019, the unemployment rate was 9.2%, as compared to 9.5% in 2018. The urban unemployment rate was 12.9% in 2019 (as compared to 13.8% in 2018) and the rural unemployment rate was 3.7% (as compared to 3.6% in 2018).

In the second quarter of 2020, the unemployment rate was 12.3% and the urban unemployment rate was 15.6%.

In 2014, the National Labour Market Observatory was established to monitor, anticipate and analyse trends and processes in the labour market.

In 2015, the Government approved a new National Employment Strategy 2015-2025, which aims to strengthen the links between economic and social policies and to prioritise social inclusion and human capital development. The National Employment Strategy was developed with technical support from the International Labour Organisation and financial support from Spanish and Swedish development agencies. The National Employment Strategy focuses on four key pillars: (i) promoting employment creation; (ii) increasing the value of human capital; (iii) improving the performance of active labour market policies and the reinforcement of labour market intermediation; and (iv) developing the labour market governance framework. The National Employment Strategy prioritises young people and women and aims to create at least 200,000 jobs per year between 2015 and 2025.

Within the context of the National Employment Strategy, the Plan for Employment Promotion 2017-2021 was adopted, which establishes five key strategic goals: (i) supporting employment creation; (ii) matching education and training with the needs of the labour market; (iii) intensifying and consolidating active labour market policies; (iv) improving the functioning of the labour market and working conditions; and (v) supporting regional employment. Pursuant to this action plan, different ministries have committed to certain specific sector development strategies on youth integration and microenterprise promotion. The Plan for Employment Promotion also sets out measures to improve employment services, with targeted support measures such as guidance and counselling, information portals, catalogues of training offers and training opportunities. A Plan on Equality for 2017-2021 has also been developed, which prioritises the financial autonomy of women and supports businesses run by women.

Active labour market policies are implemented through the National Agency for the Promotion of Employment and Skills (“**ANAPEC**”) and include:

- *The Idmaj Programme* – This programme is aimed at assisting young people and graduates to access employment. Between 2014 and 2019, 799,800 people have received jobs from the *Idmaj* programme.

- *The Taehil Programme* – This programme offers training programmes for graduates to gain skills in targeted professions. Between 2014 and 2019, 201,900 graduates participated in the *Taehil* programme.

- *The Morocco SME Programme* – This programme launched in 2015, as a result of feedback gained following the shift in industrialisation, and focusses on very small businesses. The main aims of the programme are (i) improving the competitiveness of high-impact businesses, (i) contributing to inclusive growth and (iii) promoting entrepreneurship.

- *The Caisse Centrale de Garantie* – The Government works in partnership with this fund (the CCG), which is designed to support small businesses from inception through their entire life. As well as providing assistance and financial support – in particular by helping very small businesses secure guarantees, the CCG helps SMEs by focussing its strategy on modernisation, diversification, and regional support. Between 2014 and July 2020, 65,478 SMEs benefitted from support under the CCG programme.

- *The Tahfiz Programme* – This programme, launched in 2016, aims at promoting employment through incentives to enterprises and newly-created associations. Between 2016 and 2019, 11,622 enterprises and newly-created associations benefitted from support under the *Tahfiz* programme.

The “*Fonds Innov Invest*” (the “**FII**”) was launched at the end of 2017, dedicated to start-ups and innovative projects during their initial development phases. The FII principally works with start-ups in the financial, green, medical and educational technology sectors. The FII has provided aid, loans and investments for promoters of innovative projects and start-ups. It has also helped develop partnerships between these start-ups and larger Moroccan financial bodies, including managers and investors from seed and venture capital funds selected to get involved at different levels depending on their specialism. As at 31 May 2020, the FII has assisted 200 start-ups and project leaders, and provided funding of Dh 100 million, representing 67% of its target objectives.

In addition, the Integrated Entrepreneurship Support and Financing Programme (the “**IESFP**”) was launched in 2020 with the aim of providing a global solution to the problem of access to finance, particularly for young project leaders and micro-businesses.

The IESFP has three pillars relating to the financing of entrepreneurship, the coordination of the actions of the various stakeholders of the entrepreneurial ecosystem at regional level and the promotion of access of populations and rural MSMEs to financial services. The IESFP has a three-year budget of Dh 8 billion, with Dh 3 billion being contributed by Moroccan banks. As at 30 June 2020, the IESFP has provided Dh 980 million of loans to 6,718 beneficiaries.

Further to the adoption in 2020 of law № 36-20, it is intended that the CCG be changed from a public company (an *etablissement public*) to a limited company (a *société anonyme*). The goal of this transformation is to modernise the legal framework of the CCG to allow it to support the public policies and strategies related to access to finance for businesses, particularly MSMEs, public firms, and other populations targeted by the Government.

The Government has also introduced a number of measures to introduce flexibility in the employment market through reforming labour laws.

In August 2018, King Mohammed VI called upon the Government to devise an integrated strategy targeting youth unemployment. In response, five groups have been established: (i) a group led by the Ministry of Labour of Professional Integration to support job creation; (ii) a group led by the Ministry of National Education to examine training and employment matching opportunities; (iii) a group led by the Ministry of Industry to support entrepreneurship development; (iv) a group led by the Ministry of Agriculture to support rural employment; and (v) a group to support the territorialisation of employment promotion. A committee, chaired by the Head of Government, has also been established. The recommendations of these groups are expected to be debated and to form a roadmap with concrete action plans, to be determined at a National Meeting of Employment and Training.

The following table sets forth information on employment in the public sector for the years indicated.

Employment in the Public Sector[(1)]

	2015	2016	2017	2018	2019
Number of public sector employees	908,441	911,463	904,034	907,979	914,359
Public sector wage bill (*Dh millions*)	102,959	104,859	104,901	105,990	111,519

Note:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

Source: Ministry of Economy, Finance and Administration Reform.

Morocco has two indicative minimum wages, an agricultural minimum wage ("**SMAG**"), and a non-agricultural minimum wage ("**SMIG**"), which are set by the Government. Although subject to periodic review, the statutory minimum is not automatically indexed to inflation. The SMAG is Dh 73.2 per day, and the SMIG is Dh 14.13 per hour. The SMAG and the SMIG were most recently adjusted in July 2019.

In April 2019, the Government announced the signing of a new social deal with CGEM and three out of four of Morocco's main trade unions, the *Union Générale des Travailleurs du Maroc* ("**UGTM**"), the *Union Marocaine du Travail* ("**UMT**") and the *Union Nationale du Travail au Maroc* ("**UNTM**"). Morocco's other main trade union, the *Confédération Démocratique du Travail* (the "**CDT**") did not sign the agreement. Pursuant to the new deal, the SMIG will increase from Dh 2,570 per month (approximately U.S.$266) by 10% over a two year period from July 2019. Public sector workers will also be given a Dh 400 monthly pay increase implemented over three years.

The rights to join a trade union and to strike are guaranteed by the 2011 Constitution.

Education

Education has long been considered an important factor in Morocco's development and continues to feature significantly in the Government's policies. The Government is committed to reducing illiteracy, which, nationally, is estimated at 32.2%, although the rates are higher amongst females and rural populations. Under the 2020 Finance Act, Dh 76.9 billion has been allocated to the Ministry of National Education, Vocational Training, Higher Education and Scientific Research.

The following table sets forth the credit available to the different educational departments.

Budget of the Ministry of National Education, Vocational Training, Higher Education and Scientific Research

	Staff Credit	MDD Credit	Investment Credit CP	Investment Credit CE	Total
			(Dh millions)		
Department of National Education	41,698.4	12,189.4	5,563.0	3,550.0	63,000.8
Department of Higher Education	7,568.4	3,645.5	1,360.8	875.0	13,449.8
Department of Professional Training	83.2	122.7	193.5	42.0	441.4
Total	**49,350.0**	**15,957.6**	**7,117.3**	**4,467.0**	**76,891.9**

Basic education is compulsory for boys and girls. Pupils who have successfully passed through the first cycle (primary school) can proceed to a second cycle in the basic education system for a further three-year period. Following this, a system of secondary schools exists for boys and girls. In the 2018/2019 school year, the primary school enrolment rate was 99.8%, as compared to 99.5% in 2017/2018.

In the 2018/2019 school year, there were 12 universities and 134 higher education institutions. The enrolment rate in higher education increased to 37.7% in 2018/2019 from 35.0% in 2017/2018.

There are a number of government strategies in place that focus on education, training and overall human capital development. These include the Education Vision for 2030 and the Vocational Education and Training Strategy for 2021. The Education Vision has three pillars: (i) creating fairness and equality of opportunity in schools; (ii) reforming business education and training; and (iii) securing employment for youth. The Vocational Education and Training Strategy is focused on the entry of graduates into the employment market and the required skills of such graduates. According to statistics published by the Office of Vocational Training and Labour Promotion (the "**OFPPT**"), initial training places were expected to be increased to 592,000 for the 2018/2019 academic year, with a network of 370 training centres, including 24 new centres (12 sectoral centres and 12 multiservice centres).

A number of new laws on education and vocational education are currently being drafted by the Government.

Social Policy

There are several health and social welfare agencies operating contributory schemes, which are compulsory for all employed persons. Workers are entitled to social welfare in the event of illness, occupational accidents and old age. As at 31 October 2019, Morocco had 149 public hospitals, 2,112 public health clinics, of which approximately 1,274 are in rural areas, over 9,671 private medical practices and 359 private clinics.

The pension system in Morocco is operated primarily by three public organisations and one private organisation: the *Caisse Marocaine de Retraite*, a mandatory fund into which civil servants are required to pay a set percentage of their net income and the Government is obliged to make a matching contribution; the *Caisse Nationale de Sécurité Sociale* ("**CNSS**"), a mandatory fund covering private sector employees and providing family allowances, medical disability and death benefits and pensions; the *Caisse Interprofessionnelle Marocaine des Retraites*, a mutual retirement society which, following a change to its constitutional documents in 2017, individuals (whether self-employed, private or public sector employees or professionals) may join to provide a retirement pension in addition to the pension from CNSS; and the *Caisse Nationale de Retraite et d'Assurance*, which provides pensions to contractual workers in Government service and is managed by CDG. Certain state-owned enterprises also operate their own pension systems, and insurance companies run some private pension schemes. Law № 64-12 establishing the Supervisory Authority of Insurance and Social Welfare ("**ACAPS**"), promulgated by Decree 1-14-10 dated 6 March 2014, introduced an obligation for pension companies to be formed as mutual benefit societies.

Certain pension funds in the Kingdom are currently in a flow deficit (*i.e.,* contributions are outpaced by expenditures) and, according to IMF projections, due to demographic changes and relatively high benefits, pension expenditures would rise from approximately 3% of GDP in 2011 to almost 7.7% of GDP in 2050, while pension contributions would remain flat. Accordingly, since 2004, a comprehensive reform of the national pension system for both private and public sector employees has been under consideration by a national committee, chaired by the Head of Government, and a technical committee, composed of representatives the Ministry of Finance, other Government ministries, trade unions, employers and the pension funds. Following consultations with the World Bank, the International Labour Organisation and others, the national committee agreed to a reform framework in January 2013, and gradual implementation of the pension reform began in September 2016, which includes a shift towards a 'bipolar system' (private sector/public sector). In 2017, Parliament adopted a law that creates a pension scheme for self-employed workers and non-salaried workers exercising a free professional activity. Further pension reform efforts announced to be completed in 2019, include:

- the transition to the statutory retirement age of 61.5 (as part of a wider reform initiative to increase the retirement age from 60 to 63 (by six months per year) from 2017) and to the wage contribution rate and employer contributions of 14%;

- the extension of the pension payment base to the average salary for the last 96 months of actual service (introduced from 1 January 2020); and

- bringing into effect in March 2020 the new pension scheme for self-employed workers and non-salaried workers exercising a free professional activity.

In 2002, a law was enacted to expand access to healthcare. The law has two components. A mandatory health insurance scheme (*l'assurance maladie obligatoire* or the "**AMO**") came into force in August 2005. The AMO covers employed people, professionals, self-employed persons and non-salaried persons exercising certain activities, pension holders, students, army veterans, widowers, certain insured persons who have lost the right to basic medical coverage following the death of a principal insured person and others. Participants pay into a common pool, and risk is shared among all of the participants. A programme to provide access to healthcare for people who do not otherwise have such access (*le régime d'assistance médicale aux économiquement démunis,* or "**RAMED**") was launched in November 2008 and is now in its third and final phase of implementation throughout the Kingdom. The 2019 Budget provided for further allocations of Dh 1.6 billion to the RAMED programme. As at 31 December 2019, more than 5.7 million households have registered under, and over 15.0 million people have benefitted from, the RAMED programme.

Health 2025

More than 64% of the Moroccan population had basic medical coverage. The Government developed a new "Health 2025" plan, launched in May 2018, which focuses on: (i) development of the healthcare offering to improve access to health services; (ii) strengthening national health and disease programmes; and (iii) improving governance and optimisation of resource allocation. In furtherance of this plan a number of measures have been announced or implemented since May 2018, including, *inter alia:*

- increasing the overall national hospital capacity by building 13 new hospitals of approximately 10,327 beds, of which 1,085 new beds were commissioned, in addition to 5,807 further beds under construction;
- strengthening health care in rural areas through the continuation of the programmes for the acquisition of mobile health units and the organisation of specialised medical caravans;
- improving hospital attendance and management of medical emergencies;
- the signing of a national charter for the prevention and fight against diseases;
- the continued implementation of the national plan for the prevention and fighting of noncommunicable diseases, such as cancer, diabetes, high blood pressure and cardiovascular disease;
- improving access to medicines by reducing prices of over 3600 medications and providing tax exemptions under the 2019 Finance Law for 815 medicines, including 318 "expensive medicines;
- increasing the number of budget posts created and allocated to the Ministry of Health to 4,000 posts annually, as compared to 5,000 in 2017; and
- providing new funding for healthcare positions across the sector.

In response to the main directive given by the King during a speech delivered on 30 July 2020, the 21st Throne Day, the Government has instituted a project to extend various social security programs to cover all Moroccan citizens within five years, beginning in January 2021.

Other Social Programmes

In May 2005, the King launched the INDH. The principal aims of the INDH are to: (i) support income-generating activities; (ii) build economic capacity; (iii) improve access to basic infrastructure and services; and (iv) alleviate extreme vulnerability.

Between 2005 and 2017, more than 44,000 projects were completed under the INDH, with a total investment of Dh 37.9 billion. The third phase of the INDH was launched in 2019, which covers 2019-2023, with a total allocated cost of Dh 18.0 billion. Programmes targeted by the third phase of the INDH include: (i) a deficit reduction programme for infrastructure and basic social benefits; (ii) a support programme for people in precarious situations; (iii) a programme aimed at improvement of the income and economic integration of the youth population; and (iv) a support programme for the human development of future generations.

The Government plans to launch a social identity verification register to identify, score and authenticate priority households to receive financial support from the state.

In addition to the INDH and as part of its efforts to enhance social support for the poor, the Government will continue to implement the programmes funded under the Support Fund for Social Cohesion, which as at 31 December 2019 had contributed over Dh 17.0 billion to finance various schemes such as the RAMED programme, assistance for people with special needs, and other educational expenses.

In 2017, the Government also launched the 2017-2023 Royal Programme for the Reduction of Social and Territorial Disparities in Rural Areas. The overall cost of the programme is expected to be Dh 50 billion, which is expected to be financed by regional councils, the Rural and Mountain Areas Development Fund, ONEE and INDH.

See "*Public Finance—Subsidies*".

EXTERNAL SECTOR

Foreign Trade

Foreign trade is an important factor in the Moroccan economy. Morocco's merchandise trade balance has a structural deficit. During the period 2015-2019, the trade deficit (FOB-CIF) has fluctuated but has increased by Dh 55.0 billion over the period. Morocco's external trade balance in services is generally positive. The trade deficit contributed to a negative current account balance in 2019, which represented 4.1% of GDP in 2019, as compared to 5.3% in 2018. See "—*Balance of Payments*" and "—*Current Account*".

Morocco's main merchandise exports are manufactured goods (consisting of finished products and semi-finished products), agricultural products and phosphates. Finished products (comprising capital goods and consumer goods) accounted for 51.0% of total exports in 2019 and are mainly comprised of consumer goods (*e.g.*, textiles, ready-to-wear clothing, shoes, automobiles and other products). Semi-finished products, mainly fertilisers and phosphoric acid, accounted for 20.6% of total exports in 2019. Foodstuffs, beverages and tobacco and raw animal and vegetable product exports represented approximately 21.9% of Morocco's exports by value in 2019. Most export crops are grown on irrigated land and, therefore, are not influenced by drought. Total export earnings from raw mineral products, comprising mainly phosphate rock and other minerals, were approximately Dh 13.3 billion in 2019, of which Dh 7.3 billion was phosphate rock. In 2019, raw mineral products accounted for 4.7% of total exports. Energy and lubricant exports accounted for 1.5% of total exports during the same period.

Energy and lubricants accounted for 15.6% of imports in 2019 and food, beverages and tobacco accounted for 9.7% of total imports. Semi-finished products (including chemical products, iron and steel, plastics and paper and cardboard) accounted for approximately 21.3% of total imports and finished products for approximately 48.9% of total imports in 2019. In 2019, approximately 59.1% of finished goods were industrial capital goods, 40.9% were consumer goods and the balance consisted of agricultural capital goods. Consumer goods are sensitive to the level of domestic consumption and capital goods are sensitive to the level of domestic investment.

The EU (principally, France and Spain) and the United States are Morocco's largest trading partners.

The tables below set forth the exports of Morocco by main area of destination for the years indicated.

Exports (FOB)(1)(2)

	2015	2016	2017	2018	2019(3)	2020(4)
			(Dh millions)			
Europe, of which	**149,873**	**158,395**	**176,823**	**193,224**	**200,386**	**82,716**
Spain	49,086	52,925	58,881	65,069	67,956	27,317
France	44,690	48,152	56,886	59,824	60,855	27,043
Germany	5,572	6,177	7,015	8,732	9,053	3,424
Italy	9,524	10,372	11,451	11,780	13,135	4,373
Turkey	6,659	7,431	6,889	5,549	6,142	2,123
Netherlands	6,679	4,939	5,400	6,236	7,529	4,586
United Kingdom	6,015	6,573	5,958	7,801	6,998	2,638
Other European countries	21,648	21,826	24,343	28,233	28,718	11,212
Asian countries, of which	**25,011**	**23,246**	**24,277**	**28,252**	**27,732**	**11,731**
China	2,375	2,239	2,973	2,540	2,724	990
India	8,558	7,433	6,426	10,341	8,226	4,718
Japan	1,605	1,851	1,931	1,987	2,471	754
Other	12,473	11,723	12,947	13,384	14,311	5,269
American countries, of which	**18,240**	**18,016**	**22,264**	**27,487**	**26,367**	**13,944**
United States	7,691	7,794	9,775	12,941	11,154	5,726
Brazil	6,491	5,784	7,339	7,204	8,232	4,895
Canada	2,011	1,623	1,639	2,941	2,811	785
Other	2,047	2,815	3,511	4,401	4,17	2,538
African countries, of which	**21,391**	**22,484**	**22,111**	**21,594**	**21,649**	**10,895**
Algeria	1,922	2,317	1,946	1,630	1,529	577
Tunisia	1,070	964	901	1,093	819	393
Libya	667	879	726	805	848	263
Mauritania	1,585	1,704	1,784	1,775	1,873	791
Other	16,147	16,620	16,754	16,291	16,580	8,871
Oceania and other countries	**3,521**	**3,510**	**3,372**	**4,890**	**5,923**	**2,198**
Total	**218,040**	**225,651**	**248,841**	**275,441**	**282,057**	**121,484**

Notes:

(1) On a free-on-board shipment basis.
(2) Certain line items and figures differ from previously published data due to ongoing revisions.
(3) Preliminary data.
(4) Preliminary data as at 30 June 2020.

Source: Foreign Exchange Control Office.

Exports (FOB)(1)(2)

	2015	2016	2017	2018	2019(3)	2020(4)
			(% of total)			
Europe, of which	**68.7**	**70.2**	**71.1**	**70.1**	**71.0**	**68.1**
Spain	22.5	23.5	23.7	23.6	24.1	22.5
France	20.5	21.3	22.9	21.7	21.6	22.3
Germany	2.6	2.7	2.8	3.2	3.2	2.8
Italy	4.4	4.6	4.6	4.3	4.7	3.6
Turkey	3.1	3.3	2.8	2.0	2.2	1.7
Netherlands	3.1	2.2	2.2	2.3	2.7	3.8
United Kingdom	2.8	2.9	2.4	2.8	2.5	2.2
Other European countries	9.9	9.7	9.8	10.3	10.2	9.2
Asian countries, of which	**11.5**	**10.3**	**9.8**	**10.2**	**9.8**	**9.7**
China	1.1	1.0	1.2	0.9	1.0	0.8
India	3.9	3.3	2.6	3.8	2.9	3.9
Japan	0.7	0.8	0.8	0.7	0.9	0.6
Other	5.7	5.2	5.2	4.9	5.1	4.3
American countries, of which	**8.4**	**8.0**	**8.9**	**10.0**	**9.3**	**11.5**
United States	3.5	3.5	3.9	4.7	4.0	4.7
Brazil	3.0	2.6	2.9	2.6	2.9	4.0
Canada	0.9	0.7	0.7	1.1	1.0	0.6
Other	0.9	1.2	1.4	1.6	1.5	2.1
African countries, of which	**9.8**	**10.0**	**8.9**	**7.8**	**7.7**	**9.0**
Algeria	0.9	1.0	0.8	0.6	0.5	0.5
Tunisia	0.5	0.4	0.4	0.4	0.3	0.3
Libya	0.3	0.4	0.3	0.3	0.3	0.2
Mauritania	0.7	0.8	0.7	0.6	0.7	0.7
Other	7.4	7.4	6.7	5.9	5.9	7.3
Oceania and other countries	**1.6**	**1.6**	**1.4**	**1.8**	**2.1**	**1.8**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Notes:

(1) On a free-on-board shipment basis.

(2) Certain line items and figures differ from previously published data due to ongoing revisions.

(3) Preliminary data.

(4) Preliminary data as at 30 June 2020.

Source: Foreign Exchange Control Office.

The following table sets forth the composition of Moroccan exports for the years indicated.

Composition of Exports[(1)]

	2015	2016	2017	2018	2019[(2)]	2020[(3)]
			(Dh millions)			
Foodstuffs, beverages and tobacco, of which	**41,389**	**45,591**	**49,382**	**53,146**	**55,794**	**29,995**
Citrus fruits	3,813	3,559	3,777	4,292	4,773	2,661
Crustaceans molluscs and shellfish	7,548	8,890	9,209	8,691	7,938	3,965
Fresh fish	2,744	3,037	3,489	4,061	3,714	1,205
Prepared and preserved fish and shellfish	6,349	6,430	6,769	7,451	7,861	3,492
Preserved vegetables	1,375	1,566	1,652	1,833	1,848	813
Other products	19,560	22,109	24,486	26,818	29,660	17,859
Energy and lubricants	**3,078**	**1,878**	**2,279**	**3,209**	**4,292**	**908**
Raw animal and vegetable products	**4,777**	**4,724**	**5,271**	**5,475**	**5,927**	**3,076**
Raw mineral products, of which	**15,935**	**12,503**	**15,220**	**14,687**	**13,295**	**5,842**
Phosphates	9,979	7,412	8,370	8,298	7,311	3,714
Semi-finished products, of which	**49,664**	**46,678**	**52,346**	**60,629**	**58,156**	**28,369**
Natural and chemical fertilisers	18,338	21,025	25,203	29,828	28,050	16,156
Phosphoric acid	16,083	11,162	10,637	13,863	13,584	5,211
Electronic components (transistors)	3,895	4,047	4,272	4,411	4,270	1,457
Agricultural capital goods	**63**	**112**	**135**	**151**	**136**	**52**
Industrial capital goods, of which	**37,278**	**39,496**	**45,140**	**53,876**	**58,697**	**23,256**
Wires and cables for electricity	22,229	23,538	26,323	30,204	33,357	11,634
Consumer goods, of which	**64,926**	**73,523**	**78,473**	**83,891**	**85,145**	**29,856**
Clothing	20,200	21,953	23,317	23,774	23,307	7,179
Knitted articles	7,018	7,462	7,553	7,800	7,499	2,223
Shoes	2,228	2,299	2,255	2,373	2,194	888
Other products	35,480	41,809	45,348	49,944	52,145	19,566
Industrial gold	**929**	**1,147**	**595**	**377**	**615**	**130**
Total	**218,040**	**225,651**	**248,841**	**275,441**	**282,057**	**121,484**

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.
(3) Preliminary data as at 30 June 2020.

Source: Foreign Exchange Control Office.

The tables below set forth the imports of Morocco by main area of origin for the years indicated.

Imports (CIF)(1)(2)

	2015	2016	2017	2018	2019(3)	2020(4)
			(Dh millions)			
Europe, of which	**238,946**	**264,665**	**286,156**	**309,240**	**308,171**	**126,966**
Spain	53,652	64,246	73,787	76,111	76,412	30,356
France	46,137	54,463	52,473	57,266	60,029	25,346
Germany	21,584	25,005	26,440	23,465	24,284	10,645
Italy	20,120	22,289	25,397	26,888	26,347	9,720
Turkey	15,814	18,143	19,26	21,536	25,629	10,778
Netherlands	6,768	7,905	7,227	8,745	7,729	2,764
United Kingdom	7,964	7,823	9,910	10,615	8,308	2,913
Other European countries	66,907	64,791	71,662	84,614	79,433	34,444
Asian countries, of which	**71,192**	**82,834**	**81,309**	**94,229**	**103,978**	**46,551**
China	30,682	37,324	39,561	47,285	49,857	25,777
India	3,892	6,216	5,988	6,598	11,143	3,464
Japan	2,780	5,017	4,435	3,591	3,402	1,543
Other	33,838	34,277	31,325	36,755	39,576	15,767
American countries, of which	**41,490**	**45,012**	**52,680**	**56,316**	**58,718**	**26,670**
United States	23,725	26,012	30,108	38,221	36,323	15,100
Brazil	6,089	6,410	6,951	5,808	5,547	3,386
Canada	3,875	4,009	4,116	4,581	3,873	2,641
Other	7,801	8,581	11,505	7,706	12,975	5,543
African countries, of which	**18,488**	**15,817**	**15,185**	**18,919**	**17,928**	**7,344**
Algeria	7,655	6,156	5,353	6,960	4,955	2,099
Tunisia	1,846	1,881	2,083	2,434	2,368	1,163
Libya	35	108	197	0,521	0,194	42
Mauritania	6	2	3	22	24	10
Other	8,946	7,670	7,549	8,982	10,387	4,030
Oceania and other countries	**2,109**	**2,256**	**2,750**	**2,738**	**2,435**	**752**
Total	**372,225**	**410,584**	**438,080**	**481,442**	**491,230**	**208,283**

Notes:
(1) On a cost, insurance, freight basis.
(2) Certain line items and figures differ from previously published data due to ongoing revisions.
(3) Preliminary data.
(4) Preliminary data as at 30 June 2020.

Source: Foreign Exchange Control Office.

Imports (CIF)[1][2]

	2015	2016	2017	2018	2019[3]	2020[4]
			(% of total)			
Europe, of which	**64.2**	**64.5**	**65.3**	**64.2**	**62.7**	**61.0**
Spain	14.4	15.6	16.8	15.8	15.6	14.6
France	12.4	13.3	12.0	11.9	12.2	12.2
Germany	5.8	6.1	6.0	4.9	4.9	5.1
Italy	5.4	5.4	5.8	5.6	5.4	4.7
Turkey	4.2	4.4	4.4	4.5	5.2	5.2
Netherlands	1.8	1.9	1.6	1.8	1.6	1.3
United Kingdom	2.1	1.9	2.3	2.2	1.7	1.4
Other European countries	18.0	15.8	16.4	17.6	16.2	16.5
Asian countries, of which	**19.1**	**20.2**	**18.6**	**19.6**	**21.2**	**22.3**
China	8.2	9.1	9.0	9.8	10.1	12.4
India	1.0	1.5	1.4	1.4	2.3	1.7
Japan	0.7	1.2	1.0	0.7	0.7	0.7
Other	9.1	8.3	7.2	7.6	8.1	7.6
American countries, of which	**11.1**	**11.0**	**12.0**	**11.7**	**12.0**	**12.8**
United States	6.4	6.3	6.9	7.9	7.4	7.2
Brazil	1.6	1.6	1.6	1.2	1.1	1.6
Canada	1.0	1.0	0.9	1.0	0.8	1.3
Other	2.1	2.1	2.6	1.6	2.6	2.7
African countries, of which	**5.0**	**3.9**	**3.5**	**3.9**	**3.6**	**3.5**
Algeria	2.1	1.5	1.2	1.4	1.0	1.0
Tunisia	0.5	0.5	0.5	0.5	0.5	0.6
Libya	0.0	0.0	0.0	0.1	0.0	0.0
Mauritania	0.0	0.0	0.0	0.0	0.0	0.0
Other	2.4	1.9	1.7	1.9	2.1	1.9
Oceania and other countries	**0.6**	**0.5**	**0.6**	**0.6**	**0.5**	**0.4**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Notes:
(1) On a cost, insurance, freight basis.
(2) Certain line items and figures differ from previously published data due to ongoing revisions.
(3) Preliminary data.
(4) Preliminary data as at 30 June 2020.

Source: Foreign Exchange Control Office.

The following table sets forth composition of Moroccan imports for the years indicated.

Composition of Imports(1)

	2015	2016	2017	2018	2019(2)	2020(3)
			(Dh millions)			
Foodstuffs, beverages and tobacco, of which	**35,615**	**44,600**	**42,526**	**45,777**	**47,825**	**31,583**
Wheat	*8,555*	*12,783*	*8,341*	*9,124*	*9,233*	*8,561*
Maize	*4,174*	*3,908*	*4,414*	*4,647*	*5,235*	*2,879*
Oilcake and other food industry residue	*3,622*	*4,519*	*4,274*	*4,911*	*5,241*	*3,053*
Raw or refined sugar	*3,362*	*4,628*	*4,951*	*3,505*	*3,957*	*2,433*
Energy and lubricants, of which	**66,252**	**54,507**	**69,542**	**82,302**	**76,344**	**26,455**
Gas-oil and fuel oil	*25,919*	*26,145*	*34,291*	*41,537*	*38,776*	*12,030*
Petroleum gas and other hydrocarbons	*13,169*	*11,102*	*13,789*	*15,601*	*14,055*	*6,335*
Petroleum oil and lubricants	*3,996*	*5,360*	*6,781*	*8,315*	*8,428*	*2,102*
Coal. coke and similar solid fuels	*6,017*	*5,207*	*6,024*	*8,655*	*9,088*	*0*
Raw animal and vegetable products, of which	**11,405**	**11,655**	**12,992**	**13,276**	**12,497**	**6,518**
Raw or refined soybean oil	*3,260*	*3,472*	*3,928*	*3,777*	*3,678*	*2,344*
Raw, sawn or hewn wood	*2,766*	*2,674*	*2,591*	*2,926*	*2,752*	*990*
Raw mineral products, of which	**9,331**	**6,183**	**7,724**	**11,327**	**9,651**	**3,251**
Crude and unrefined sulphur	*6,671*	*4,393*	*5,002*	*7,967*	*6,961*	*2,236*
Semi-finished products, of which	**85,988**	**91,565**	**95,571**	**99,859**	**104,528**	**44,878**
Plastic materials	*12,153*	*11,517*	*13,050*	*13,763*	*14,385*	*6,240*
Chemical products	*9,010*	*9,232*	*10,507*	*10,216*	*10,340*	*4,725*
Agricultural capital goods	**2,163**	**1,750**	**2,100**	**2,372**	**1,789**	**649**
Industrial capital goods, of which	**79,484**	**101,921**	**107,252**	**117,861**	**125,219**	**52,229**
Parts of aircraft and other air or space vehicles	*3,181*	*3,316*	*5,438*	*7,728*	*8,183*	*3,645*
Wires, cables and insulated conductors for electricity	*8,064*	*8,728*	*9,356*	*9,070*	*9,052*	*2,999*
Machinery and miscellaneous equipment	*6,031*	*7,019*	*8,958*	*10,233*	*12,231*	*5,486*
Apparatus for cutting or connecting electrical circuits and resistances	*7,113*	*8,492*	*8,634*	*9,275*	*9,921*	*3,904*
Piston engines, other engines and parts thereof (industrial equipment)	*6,246*	*8,100*	*8,295*	*9,060*	*8,925*	*0*
Consumer goods, of which	**81,898**	**98,321**	**100,259**	**108,491**	**113,059**	**42711**
Tourist vehicles	*15,441*	*21,030*	*21,140*	*21,957*	*20,319*	*6005*
Parts and spare parts for cars and tourist vehicles	*11,739*	*16,307*	*14,544*	*17,593*	*18,768*	*6069*
Fabrics and yarn of man-made filaments	*5,823*	*6,589*	*7,113*	*7,551*	*8,170*	*3248*
Drugs and other pharmaceuticals	*5,471*	*5,873*	*6,141*	*6,370*	*6,926*	*3911*
Industrial gold	**89**	**82**	**114**	**177**	**318**	**8**
Total	**372,225**	**410,584**	**438,080**	**481,442**	**491,230**	**208,283**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data.

(3) Preliminary data as at 30 June 2020.

Source: Foreign Exchange Control Office.

2020

Due to the impact of the COVID-19 crisis, foreign trade slowed during the first seven months of 2020. Imports decreased from Dh 291 billion in the first seven months of 2019 to Dh 240.1 billion during the corresponding period of 2020, representing a decrease of 17.5%. This decrease was primarily due to a 31.6% decrease in energy products imports (which was, in turn, primarily due to lower global oil prices) and an 18.5% decrease in manufactured goods, which was partially offset by a 23.2% increase in food imports. Exports decreased by 17.0% over the same period, due primarily to a 28.7% decrease in automobile exports. As a result of the above, the trade deficit decreased by 18.2% from Dh 122.4 billion in the first seven months of 2019 to Dh 100.1 billion in the same period in 2020.

Trade Policy

Import controls have been progressively eased under the programme of economic reform and trade liberalisation. Morocco replaced quota restrictions with tariff barriers to conform to the rules of the World Trade Organisation ("**WTO**"). Since May 1996, it has been possible to import virtually all products without restriction. In May 1992, Parliament passed a foreign trade law limiting the scope for Government intervention and simplifying customs regulations. Morocco has significantly reduced tariff barriers, from a previous high of a 400% maximum to a current maximum of 25%. The effective rate of customs duty was estimated at 2.0% in 2019.

The Kingdom has entered into free trade agreements with the United States and Turkey, as well as an association agreement with the EU and the European Free Trade Association. Further tariff reductions have resulted and will continue to result from the implementation of WTO rules, the EU Association Agreement and the Free Trade Agreements with the United States and Turkey. These tariff reductions fall within Morocco's overall policy of economic liberalisation and closer economic relations with Europe and the United States. In March 2012, the EU-Morocco free trade area for industrial products came into effect, which marked the completion of tariff dismantling for such products.

In December 2011, the EU adopted negotiating directives in respect of further free trade agreements with Morocco. In February 2012, the European Parliament consented to an agreement with Morocco setting out the general principles for participation in EU programmes, including in the fields of competitiveness and innovation, freight transport, customs and air traffic control. In February 2012, the Kingdom also entered into a free trade agreement to increase certain quotas for zero or low duty agricultural and fish imports. This free trade agreement entered into effect in October 2012. In March 2013, negotiations for a deep and comprehensive free trade area were launched between Morocco and the EU, which would extend beyond the scope of the EU Association Agreement. In August 2002, the Government eliminated the use of reference prices. Four rounds of negotiation have taken place so far, the most recent in April 2014.

The Kingdom is a member of GAFTA and has entered into bilateral free trade agreements with several Arab countries, including Tunisia, Jordan, Egypt and the United Arab Emirates, as well as with the United States. Negotiations regarding a free trade agreement with Canada are currently on hold pending the completion of an impact study. Morocco has also supported the establishment of the African Continental Free Trade Area, which came into force in May 2019.

In May 2001, the Ministers of Foreign Affairs of Morocco, Tunisia, Egypt and Jordan held a meeting in Agadir, Morocco and signed a joint declaration known as the "Agadir Declaration" in which they stated their objective of creating a common free trade zone amongst South-Mediterranean countries, which have entered into association agreements with the EU. In February 2004, the "Agadir Agreement" established a free trade zone amongst Morocco, Tunisia, Egypt and Jordan. The "Agadir Agreement" entered into force in July 2006, following ratification by the four countries party to the agreement. Implementation of the "Agadir Agreement" began in March 2007.

See "*Description of the Kingdom of Morocco—International Relations*".

Balance of Payments

The following table sets forth Morocco's balance of payments for the years and period indicated.

Balance of Payments[(1)]

	2015	2016	2017	2018	2019[(2)]	As at 31 March 2020[(2)]
			(Dh millions)			
Trade balance						
Exports (fob)	181,783.3	186,933.0	208,371.7	230,978.7	237,136.3	57,699.5
Imports (fob)	325,247.7	359,770.5	383,259.3	421,148.7	429,550.5	103,939.8
Trade balance	**(143,464.4)**	**(172,837.5)**	**(174,887.6)**	**(190,170.0)**	**(192,414.2)**	**(46, 240.3)**
Services balance	66,028.2	67,504.4	72,389.3	76,222.5	88,344.7	21,733.9
Primary income balance	(18,427.4)	(16,145.9)	(18,106.4)	(19,550.5)	(18,423.7)	(1,955.2)
Secondary Income balance	74,719.4	80,439.4	84,955.1	75,130.3	75,176.7	16,623.6
Current Account Balance	**(21,144.2)**	**(41,039.6)**	**(36,341.6)**	**(58,367.7)**	**(47,316.5)**	**(9,838.0)**
Capital Account	0	0	0	0	0	0
Financial Transactions Account						
Direct Investment (net)	(25,402.0)	(15,471.0)	(16,138.0)	(26,063.0)	(5,446.0)	(3,397.0)
Portfolio Investment (net)	(12,898.0)	3,250.2	1,216.7	7,363.5	11,430.0	2,115.2
Financial Derivatives (net)	(539.3)	(74.5)	(7.9)	(289.6)	183.3	307.2
Other Investments (net)	(17,944.1)	(50,255.4)	(4,255.0)	(17,742.5)	35,388.0	(2,037.7)
Reserve Assets (net)	42,378.7	27,106.6	(8,299.0)	(9,504.2)	18,707.7	(4,171.4)
Financial Transactions Account	**(14,404.7)**	**(35,444.1)**	**(28,190.8)**	**(46,235.8)**	**(33,373.0)**	**(3,108.3)**
Net Errors and Omissions	6,733	5,596	8,151	12,131.9	13,943.5	6,729.7
Change in net international reserves	**42,485**	**27,183**	**(8,299)**	**(9,504.2)**	**(18,707.7)**	**(4, 171.4)**
			(%)			
Trade balance/GDP	(14.5)	(17.1)	(16.4)	(17.2)	(16.8)	(16,1)
Current Account/GDP	(2.1)	(4.1)	(3.4)	(5.3)	(4.1)	(3.4)

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Preliminary data.

Source: Ministry of Economy, Finance and Administration Reform.

Current Account

The trade deficit (FOB-CIF) increased by Dh 55.0 billion, or 35.7%, over the period 2015-2019. In 2019, the trade deficit (FOB-CIF) was Dh 209.2 billion, as compared to Dh 206.0 billion in 2018, an increase of Dh 3.2 billion, or 1.5%. This increase was primarily due to an increase in global oil prices, which had a corresponding impact on the price of energy imports, as well as an increase in the import of capital goods. Exports increased by Dh 6.6 billion, or 2.4%, in 2019, as compared to 2018, while imports increased by Dh 9.9 billion, or 2.4%, in 2019, as compared to 2018. The import (CIF) coverage ratio in 2019 was 57.4%, as compared to 57.2% in 2018. See "*—Foreign Trade*".

The services account recognised a net surplus of Dh 88.3 billion in 2019, as compared to a net surplus of Dh 76.2 billion in 2018, an increase of Dh 12.1 billion, or 15.9%. The services surplus in 2019 was primarily due to receipts from travel, transport, public administration and other services. Net travel receipts were Dh 57.8 billion in 2019, as compared to Dh 54.5 billion in 2018, representing an increase of Dh 3.4 billion, or 6.4%, primarily due to revenue increasing by 7.8%.

The primary income deficit widened to Dh 18.4 billion in 2019 from Dh 19.6 billion in 2018, a decrease of Dh 1.1 billion, or 5.8%. The decreased deficit was primarily due to an increase in the private sector income deficit of Dh 1.7 billion, or 12.5%, between 2018 and 2019.

The secondary income account registered a surplus of Dh 75.2 billion in 2019, as compared to Dh 75.1 billion in 2018.

As a result of the foregoing, the current account deficit widened in 2019 to Dh 47.3 billion, as compared to Dh 58.4 billion in 2018, representing a decrease in the deficit of Dh 11.1 billion, or 18.9%.

Capital Account and Financial Transactions Account

The Kingdom's financial transactions account has fluctuated between 2015-2019, mainly due to levels of direct investment, portfolio investment and other investments over the period.

In 2019, net financial liabilities increased by Dh 18.0 billion, as compared to 2018, while net financial assets increased by Dh 30.9 billion. The increase in financial liabilities in 2019 was primarily due to an increase in net other investment liabilities of Dh 20.4 billion and in net portfolio investment of Dh 16.5 billion, which was partially offset by an increase in reserve assets of Dh 28.2 billion.

In 2019, the financial transactions account registered net outflows of Dh 33.4 billion, as compared to Dh 46.2 billion in 2018, reflecting a decrease in outflows of Dh 12.8 billion, or 27.8%. In 2019, net direct investment outflows were Dh 5.4 billion, as compared to Dh 26.1 billion in 2018, reflecting a decrease of Dh 20.7 billion, or 79.2%. In 2019, net inflows from portfolio investment increased to Dh 11.4 billion, as compared to net outflows of Dh (7.4) billion in 2018, reflecting an increase of 18.8 billion, or (254.1)%. In 2019, net other investment outflows increased to Dh 35.4 billion, as compared to Dh 17.7 billion in 2018, reflecting an increase of Dh 17.6 billion, or 99.5%.

Foreign Direct Investment

Since 1990, foreign direct investment has been permitted in virtually all sectors of the economy. In 1995, a charter on foreign investment was adopted by Parliament. The charter's principal objective is to promote and encourage investment by, *inter alia*, granting tax exemptions to investors, reducing the corporate tax rate to 35%, developing tax free zones for exports and promoting free competition. The Government considers the promotion of foreign direct investment in Morocco essential to stimulate further economic growth and economic development.

In 2019, foreign direct investment receipts were Dh 33.9 billion (or 2.9% of GDP), as compared to Dh 46.1 billion in 2018, a decrease of 12.2 billion, or 26.4%. This decrease in foreign direct investment was mainly due to decreased investment flows received from Ireland, Denmark, the United Arab Emirates and the United States in 2019.

The Government has enacted a number of measures to protect foreign investment in Morocco; the Kingdom has entered into 75 agreements for the promotion and protection of foreign investment and 78 agreements for the avoidance of double taxation.

The Government has introduced a number of measures to attract FDI and to promote Morocco as a financial hub and preferred destination for FDI in the MENA region.

In order to boost FDI in the industrial sector, the Government has adopted the Industrial Acceleration Plan for 2014-2020, which aims to create 500,000 jobs (50% of which are expected to come from FDI) and increase the share of manufacturing to 23% of GDP by the end of 2020. See "*The Moroccan Economy—Industry*".

The Government is currently preparing a second Industrial Acceleration Plan for the period 2021-2025. The aim of the current draft plan is to consolidate the achievements of the first Industrial Action Plan, expand its reach across the entire Kingdom, further integrate SMEs, and prepare Moroccan industry for future technological advances. However, the Government is evaluating changes that will be required in light of the global COVID-19 crisis.

The plan is based on five key principles: (i) sustainable competitiveness on a global level; (ii) decarbonising Moroccan industry; (iii) promoting innovation and engineering; (iv) regionalisation; and (v) stimulating the industrialisation and development of SMEs.

Other measures taken to attract FDI include the establishment of the Industrial Development and Investment Fund (the "**FDII**") as part of the 2015 Finance Law and the signing of programme level contracts in the automotive, free zones, agri-food, textiles, aeronautic, fishing and pharmaceutical industries. The FDII is a fund to provide direct support to industrial ecosystems as part of the implementation of the Industrial Acceleration Plan, has been attributed a budget of Dh 20 billion until 2020 and is available for both strategic and structuring projects.

Since July 2016, the Government has been discussing the introduction of a new investment charter, which envisages restructuring investment promotion activities under a centralised agency and supporting the development of free zones in each of Morocco's 12 administrative regions. Pursuant to the draft investment charter, incentives would also be extended to qualifying companies not located inside free zones, including benefits for export-oriented industries and a five-year corporate tax exemption for new industrial companies. The draft investment charter also recognises indirect exporter status.

In 2017, Morocco joined the Compact with Africa initiative, launched under the German G20 presidency with the objective of promoting private investment in Africa.

The 2018 Africa Investment Index, published by Quantum Global Research Lab Ltd., names Morocco as the most attractive investment destination in Africa, followed by Egypt and Algeria, citing Morocco's "*receptive business environment, along with its low risk profile, the size of the economy…and its strong social capital factors*".

Parliament adopted new competition laws in June 2014 under Law № 104-12, which entered into force on 3 December 2015. A principal element of the new competition regime is the strengthening of the powers of the Competition Council. The president of the Competition Council, Mr. Driss Guerraoui, was appointed in November 2018, with the remaining members appointed on 17 December 2018.

Other laws in the areas of industrial property, arbitration and mediation, regional investment centres and intellectual property have also been adopted, with the aim of strengthening investor confidence.

The following table sets forth the countries of origin of foreign direct investment in Morocco for the years and period indicated.

Foreign Investment by Country(1)

	2015	2016	2017	2018	2019(2)	Q1 2020(3)
			(Dh millions)			
France	9,032.2	11,052.6	7,739.7	7,699.7	11,788.6	1,400
United Arab Emirates	6,666.5	3,603.8	3,578.5	3,943.2	2,441.6	519
Spain	1,945.2	1,174.0	2,031.8	2,176.8	2,374.4	362
Luxembourg	1,037.3	834.4	1,715.6	2,245.1	2,324.3	205
Denmark	13.9	6.7	121.1	3,206.7	920.0	(9)
Great Britain	1,557.6	2,596.0	2,084.0	2,534.5	1,170.1	214
Germany	2,032.1	1,114.0	449.1	742.0	982.1	157
Belgium	541.8	649.4	787.7	814.6	982.9	40
Saudi Arabia	2,354.0	2,331.1	1,605.6	512.2	1,000.8	88
Netherlands	1,238.7	2,081.0	1,685.5	1,057.4	1,096.5	49
United States	4,249.3	2,339.0	2,696.1	2,422.0	844.4	163
Italy	555.6	532.6	188.1	334.1	743.0	47
Switzerland	1,806.3	1,240.9	822.0	978.1	789.5	88
Qatar	1,278.4	1,398.5	746.5	1,250.6	690.9	372
Mauritius	134.5	1,068.6	489.4	409.2	619.3	522
Cyprus	68.6	31.1	58.6	807.7	566.8	12
Ireland	12.3	106.4	3,473.4	9,657.7	564.4	97
Japan	81.5	118.7	—	1,580.6	239.6	1
India	183.8	162.0	192.7	597.9	180.4	84
Singapore	236.6	130.6	294.5	252.5	160.9	14
Turkey	696.2	603.0	139.0	267.2	63.7	(10)
China	406.3	362.5	860.4	222.6	425.9	125
Republic of Korea	34.9	74.8	363.5	285.0	5.9	—
Malta	1.3	187.2	42.8	683.4	20.1	337
Greece	—	—	—	214.6	—	—
Other countries	3,755.1	1,552.3	2,188.4	1,203.7	2,919.9	20
Total	**39,920.0**	**35,351.2**	**34,354.0**	**46,099.0**	**33,916.0**	**4,816**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data.

(3) Net flow.

Source: Office des Changes.

In 2019, the principal sectors that benefited from foreign investment were industry (32.8%), real estate (21.2%) and commercial trade (8.8%).

The following table sets forth foreign investment by sector in Morocco for the years indicated.

Foreign Investment by Sector[(1)]

	2015	2016	2017	2018	2019[(2)]
			(Dh millions)		
Industry	8,714.2	9,676.0	6,816.8	8,743.4	11,123.8
Real estate	11,231.1	11,210.9	9,866.7	7,148.9	7,185.7
Commercial trade	2,565.8	4,654.1	3,119.5	4,047.3	2,985.1
Tourism	2,349.8	1,080.7	736.6	2,338.6	2,331.6
Transport	394.1	548.7	1,803.5	3,937.1	1,699.8
Banking	840.2	637.4	1,266.1	864.3	1,656.8
Energy and mining	2,081.3	499.3	2,118.5	3,886.3	1,000.0
Public works	2,998.4	2,059.4	926.3	1,488.4	837.1
Holding	2,635.6	1,585.5	591.3	962.7	965.6
Education	134.7	78.5	42.5	1,034.0	357.7
Insurance	170.6	310.3	4,115.6	9,637.3	448.4
Agriculture	337.8	374.0	265.9	254.1	437.6
Telecommunications	2,575.1	192.3	238.0	91.5	296.4
Fishing	9.1	51.2	3.9	12.3	4.5
Other services	2,476.4	1,972.1	1,970.1	1,532.8	2,367.4
Other	405.8	420.8	472.7	120.0	218.5
Total	**39,920.0**	**35,351.2**	**34,354.0**	**46,099.0**	**33,916.0**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data. Figures for 2019 are stated as at 30 September 2019.

Source: Office des Changes.

Moroccan Investment Abroad

In the year ended 31 December 2019, Moroccans invested Dh 9.9 billion abroad, an increase of Dh 2.6 billion as compared to 2018. The largest recipient country was Luxembourg (Dh 2.4 billion), followed by the United Arab Emirates (Dh 0.76 billion), the Netherlands (Dh 0.75 billion) and Côte d'Ivoire (Dh 0.4 billion).

Remittances

The principal factors affecting remittances levels are: (i) the economic and other conditions, including unemployment, in the host country; (ii) macroeconomic stability in Morocco; (iii) the infrastructure in Morocco; and (iv) charges and commissions. Remittances from MREs have increased from Dh 60.2 billion in 2015 to Dh 64.8 billion in 2019. However, remittances from MREs are expected to decrease for 2020; in the first seven months of 2020, remittances from MREs were Dh 36.1 billion, as compared to Dh 37.3 billion in the corresponding period in 2019, a decrease of 3.2%.

In past years, the Government has taken a number of measures to encourage the flow of remittances from MREs into the Kingdom, including reducing certain charges and commissions.

The following table sets forth information about remittances by country for the years indicated.

Remittances by Country[(1)]

	2015	2016	2017	2018	2019[(2)]
			(Dh millions)		
France	21,498.2	22,252.8	23,419.6	23,016.3	22,873
Italy	5,810.3	5,997.8	6,240.6	6,102.6	5,816
Spain	5,275.6	5,436.0	5,767.0	5,611.9	5,646
Saudi Arabia	3,921.2	4,299.2	4,696.1	4,549.2	4,720
United Arab Emirates	3,521.5	3,903.4	4,344.6	4,206.9	4,176
United States	3,402.4	3,515.0	3,600.9	3,576.1	3,632
Belgium	3,136.6	3,224.1	3,346.9	3,358.1	3,377
Germany	2,219.1	2,326.3	2,463.5	2,471.7	2,495
Netherlands	1,962.9	2,020.0	2,148.7	2,098.6	2,021
Great Britain	1,559.2	1,629.2	1,716.1	1,670.1	1,710
Qatar	1,070.3	1,148.6	1,231.4	1,261.0	1,286
Kuwait	961.9	1,030.2	1,088.5	1,046.2	1,101
Switzerland	1,044.5	1,028.6	1,087.8	1,041.5	1,040
Canada	805.5	825.9	852.0	849.6	853
Oman	310.8	344.4	360.2	310.4	308
Norway	279.4	290.0	298.5	296.7	287
Bahrain	248.7	268.2	283.6	270.3	281
Ireland	241.4	266.2	270.7	262.3	249
Sweden	209.5	230.9	243.8	235.8	238
Denmark	201.7	216.4	222.4	227.9	213
Other countries	2,475.8	2,307.9	2,215.4	2,462.2	2,459
Total	**60,156.5**	**62,561.1**	**65,898.3**	**64,925.4**	**64,779**

Notes:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

(2) Preliminary data.

Moroccan Investment Development Agency

The Moroccan Investment Development Agency ("**MIDA**") was established in 2009 as a financially autonomous public institution under the Ministry of Industry, Trade and New Technologies charged with the investment, development and promotion of Morocco. In December 2017, MIDA was merged with the Maroc Export and Casablanca Fairs and Exhibitions Office, becoming the Investment and Trade Agency ("**AMDIE**") and expanding its remit to include export promotion. AMDIE aims to promote investment and provide guidance to investors through, *inter alia*: (i) informing investors of investment opportunities and the regulatory framework for investment in Morocco; (ii) assisting investors pursuing investment; (iii) facilitating contacts between investors and local and administrative partners; and (iv) helping investors benefit from the optimal environment for the development of their business.

Free Zones

Pursuant to Law № 19-94, adopted in 1995, the Kingdom has established a number of industrial acceleration zones. These zones are authorised and exempted from customs regulations, foreign trade and exchange control, all industrial and commercial export activities, as well as linked service activities. The zones also benefit from a five-year exemption from corporation tax and a low rate of 15% thereafter. Each zone is established by decree, which sets out the nature and range of permitted activities of companies that may operate in the zone. Morocco has established industrial acceleration zones in Tangier and Kenitra and free zones in Tanger-Med, Casablanca, Ksar el Majaz, Mellousa (1 and 2), Dakhla and Laayoune, as well as a free storage zone for hydrocarbons in Kebdana and Nador.

Casablanca Finance City

In 2010, Parliament passed Law № 44-10 to establish the Casablanca Finance City (the "**CFC**"). This law was subsequently amended in 2014. The CFC is a regional financial centre and hub for financial institutions, multinational companies, holding companies and professional services providers. The Casablanca Finance City Authority, a public-private initiative, is responsible for overseeing the development, promotion and management of the CFC. To date, 209 companies have been granted CFC status and 48 African countries are covered by CFC companies. The CFC has also entered into partnerships with international financial centres, including, *inter alia*, in London, Singapore, Shanghai, Beijing, Kazakhstan, Abu Dhabi in the UAE, Toronto, Frankfurt and Paris. The CFC has also established partnerships with institutions, companies and investment promotion agencies in Africa.

Financial institutions, multinational companies, holding companies and professional services companies operating in the CFC benefit from a package of incentives. These benefits include 'Doing Business' facilitations, access to a community of active members and the opportunity to benefit from relevant information about Africa.

In order to fulfil its commitments, the Kingdom aims to align its tax system with international rules and standards. The 2020 Finance Law has introduced a new CFC fiscal scheme concerning corporate income taxation. The new tax regime is applicable from 1 January 2020 to the taxable income of service companies with CFC status, namely: (i) total exemption from corporate income tax during the first five consecutive fiscal years starting from the first fiscal year of granting of the above-mentioned status; and (ii) taxation at the specific rate of 15% beyond this period. The five-year exemption and 15% rate apply to the tax resulting from all domestic and foreign income streams.

Africa50

In 2015, the African Development Bank, launched and established a U.S.$1 billion infrastructure fund in the CFC known as Africa50. This fund aims to raise money from regional and non-African pension funds, insurance groups, sovereign wealth funds and institutional investors to develop infrastructure projects. The initial U.S.$1 billion raised is expected to be scaled up over the life of the fund.

MONETARY AND FINANCIAL SYSTEM

Overview

Until 2015, banking activities in Morocco were regulated under the former banking law, Law № 34-03 (*Loi relative aux établissements de crédit et organismes assimilés* of 14 February 2006), which strengthened the supervisory powers of Bank Al-Maghrib, extended the application of the banking law to all institutions engaged in banking and financial activities, increased depositors' and borrowers' protections and redefined the roles of a number of consultative bodies, including the National Money and Savings Council.

In December 2014, a new banking law, Law № 103-12 (*Loi relative aux établissements de crédit et organismes assimilés* dated 24 December 2014) (the "**Banking Law**") abrogated the previous banking law.

The Banking Law introduced the following principal amendments:

- broadening of the scope of payment services;
- creating a new category of organisations of "*payment institutions*";
- introducing a legislative framework for participatory banking based on principles of sharing gains and losses; and
- establishing a framework for macro-prudential supervision and systemic crisis management, which include a Coordinating Committee that is chaired by the Governor of Bank Al-Maghrib.

The Banking Law also widens the scope of participatory banking activities and includes provisions that encourage savings and increase the population's access to bank accounts. The Banking Law was published in the *Official Bulletin* in January 2015.

The Moroccan banking system has historically been open to foreign investment, and seven of the 24 Moroccan conventional and participatory banks have significant foreign shareholdings. Moreover, applicable banking legislation makes no distinction between the operations and access to the market in Morocco of domestic and foreign banks, provided that the relevant approvals are in place. As a result, as at 31 December 2019, 16.9% of deposits and 16.4% of assets in the Moroccan banking system were controlled by banks with majority foreign ownership, according to statistics published by Bank Al-Maghrib.

Bank Al-Maghrib and the Moroccan Banking System

Bank Al-Maghrib was established in 1959. Its responsibilities and powers include: (i) the exclusive power to issue banknotes in Morocco; (ii) the control and management of the foreign currency reserves of Morocco; (iii) the power to formulate and implement monetary policy; (iv) the authority to supervise the operations and financial condition of Moroccan banks and financing companies, including through the establishment of capital adequacy, credit ratios and liquidity coefficients; and (v) the authority to oversee payment systems in Morocco. The Governor of the Bank Al-Maghrib, who is appointed for a six-year period (renewable once), is the head of the Bank Al-Maghrib.

In March 2006, Law № 76-03 established a new charter for Bank Al-Maghrib and granted it a large degree of autonomy by, among other measures, making the maintenance of price stability its primary objective and creating an independent board of directors. Law № 76-03 introduced the following principal amendments:

- It increased Bank Al-Maghrib's autonomy by, among other measures, making the maintenance of price stability its primary objective and creating an independent board of directors, whose members must include professionals known for their competence in financial or economic matters and who may not be removed prior to the expiration of their respective terms except for cause. The Director of the Treasury is a member of the board of directors but has no vote on monetary policy decisions.
- It restricted the Treasury from borrowing from Bank Al-Maghrib, except in exceptional circumstances and within statutorily prescribed limits.
- It mandated the withdrawal of Bank Al-Maghrib from the capital and representation on the boards of directors of various financial institutions in order to eliminate potential conflicts with Bank Al- Maghrib's supervisory authority over such institutions.

In July 2019, Law № 40-17 was published, which repealed Law № 76-03 and amends Bank Al-Maghrib's charter with aims to: (i) strengthen Bank Al-Maghrib's independence by giving it the power to set price stability objectives and conduct transparent monetary policy; (ii) expand Bank Al-Maghrib's objectives to include the prevention of systemic risk and the strengthening of financial stability; (iii) clarify Bank Al-Maghrib's exchange rate responsibilities and implementation of a relaxation of foreign exchange reserve management; (iv) strengthen good governance practices; and (v) improve transparency of Bank Al-Maghrib's relations with the Government in respect of control and profit distribution. Key reforms introduced by Law № 40-17 include, *inter alia*:

- granting greater independence to Bank Al-Maghrib, which now has exclusive and full competence in the definition and conduct of monetary policy, and prohibiting interference with the Bank Al-Maghrib in such role;
- reducing the role of the Commissioner of the Government, whose role is now limited to monitoring the control of the regulatory compliance of financial transactions;
- strengthening Bank Al-Maghrib's conflicts of interest policies;
- broadening Bank Al-Maghrib's missions to achieve national objectives, particularly in the areas of financial stability and financial inclusion;
- strengthening Bank Al-Maghrib's intervention powers and granting a right of collection of relevant statistical data and a general privilege for the recovery of its debts;
- increasing financial transparency through the introduction of better standards for external auditing, providing for the statutory establishment of an audit committee and requiring the mandatory publication of Bank Al-Maghrib's annual report; and
- providing a framework for the supervision of financial institutions.

With effect from January 2015 (and in line with the provisions of the new Banking Law), Bank Al-Maghrib began to approve, on an *ad hoc* basis, requests from conventional banks to conduct participatory banking operations (also known as Islamic banking). In July 2017, legislation was introduced to formally enable participatory banking. The legislation also provided for the establishment of a Sharia board to oversee compliance of participatory banking operations with Sharia. The first banks to launch participatory banking operations were Attijariwafa Bank, BMCE of Africa, *Banque Centrale Populaire*, *Société Générale Marocaine de Banques*, *Crédit du Maroc*, *Banque Marocaine pour le Commerce et l'Industrie*, *Crédit Agricole du Maroc* and CIH Bank. The first Islamic bank in Morocco, Umnia Bank, opened in May 2017. Other participatory banks since opened in Morocco include Bank Assafa, which is a subsidiary of Attijariwafa Bank, and Bank Al Akhdar, which is jointly-owned by *Crédit Agricole du Maroc* and *la Société Islamique pour le Développement du Secteur Privé*.

Bank Al-Maghrib has a variety of monetary policy instruments available to it, including the imposition on commercial banks of interest-bearing reserve requirements, auction and repurchase agreements, open market operations and foreign exchange swaps.

Foreign Exchange Reserves

One of the functions of the central bank is to monitor foreign exchange reserves. In order to comply with international best practices in this regard Bank Al-Maghrib, in consultation with the Ministry of Economy, Finance and Administration Reform, adopted as of 22 May 2020 a new indicator of foreign exchange reserves made up of official reserves assets as opposed to net international reserves.

The following table sets forth the balance sheet for Bank Al-Maghrib as at the dates indicated.

Bank Al-Maghrib Balance Sheet

	31 December					31 July
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
	(Dh thousands)					
ASSETS						
Gold	7,473,485	8,314,084	8,596,562	8,731,475	10,386,758	13,016,866
Foreign currency and investments in foreign currencies	210,208,009	238,033,323	226,510,350	216,223,579	233,532,384	268,366,346
Assets with international financial organisations	9,168,578	10,104,122	9,846,591	9,863,989	9,785,191	9,759,061
Claims on Moroccan credit institutions	23,261,213	19,158,436	42,209,670	69,367,897	67,383,292	116,054,789
Other assets	6,453,419	5,470,646	5,114,561	5,452,636	6,976,082	4,383,237
Fixed assets	3,136,081	3,265,796	3,096,800	3,085,457	3,123,873	4,822,095
Total Assets	**259,700,786**	**284,346,407**	**295,374,535**	**312,725,033**	**331,187,580**	**416,402,395**
LIABILITIES AND CAPITAL						
Banknotes and coins in circulation	205,884,204	215,746,812	231,783,652	248,477,842	266,771,075	332,644,554
Liabilities in gold and foreign currencies	6,767,584	10,049,885	8,476,715	8,492,088	9,340,911	8,696,323
Liabilities in convertible Dirhams	217,586	213,277	230,932	223,686	210,500	28,980,011
Deposits and liabilities in Dirhams	23,165,311	33,779,848	30,619,347	31,659,471	29,789,757	18,894,028
Other liabilities	9,876,385	10,348,126	10,232,029	9,889,337	10,430,843	14,233,201
SDR allocations	7,706,430	7,619,820	7,459,290	7,468,935	7,447,693	7,425,477
Capital, reserves, retained earnings, equity capital	5,532,805	5,531,046	5,529,664	5,528,387	5,528,673	5,528,801
Net income for the year	550,481	1,057,593	1,042,906	985,287	1,668,127	-
Total Liabilities	**259,700,786**	**284,346,407**	**295,374,535**	**312,725,033**	**331,187,580**	**416,402,395**

Source: Bank Al-Maghrib.

In addition to Bank Al-Maghrib and the CDG, Morocco's financial system principally comprises 19 commercial banks, five participatory banks, six commercial banks in the offshore banking centre of Tangier, 24 insurance and reinsurance companies, 12 microcredit associations, 19 payment companies, 294 mutual funds, 27 financing companies, including seven leasing companies and 12 consumer credit companies and 17 brokerage houses authorised to operate on the CSE.

In August 2019, a new legal framework governing Sharia-compliant insurance, *Takaful*, was adopted.

The following table sets forth the aggregate financial position of commercial banks operating in Morocco as at the dates indicated.

Aggregate Financial Position of Commercial Banks in Morocco[(1)(2)]

	31 December					31 July
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
			(Dh thousands)			
ASSETS						
Cash values (central bank, public treasury and postal checks service)	26,975,357	38,732,560	38,067,956	41,880,882	39,168,367	31,263,965
Claims on credit institutions	152,094,704	145,824,047	157,504,338	157,306,876	163,249,885	170,474,245
Loans	692,108,931	712,632,562	740,407,872	766,508,422	808,568,276	827,907,533
Factoring claims	3,236,474	3,811,370	4,170,298	31,533,295	32,113,500	31,258,507
Securities	152,628,689	180,874,442	200,792,905	199,287,620	220,604,067	260,642,660
Other assets	19,120,554	20,231,443	20,730,642	23,251,267	21,793,955	27,117,981
Investment securities	36,291,718	27,326,364	28,334,108	32,200,771	34,480,423	39,882,922
Shareholdings and similar assets	34,812,043	37,321,050	45,059,665	49,574,290	53,140,237	55,012,729
Subordinated claims	963,075	799,812	648,591	1,161,128	908,345	905,204
Leases and lettings	1,568,028	833,305	1,452,498	2,078,587	2,687,942	2,791,396
Intangible assets	5,324,804	5,393,924	5,366,412	5,072,236	6,245,714	6,722,005
Tangible assets	20,349,223	24,978,150	28,558,035	31,260,431	31,673,645	31,586,086
Total Assets	**1,145,473,600**	**1,198,759,029**	**1,271,093,320**	**1,341,115,805**	**1,414,634,356**	**1,485,565,233**
LIABILITIES AND CAPITAL						
Central banks, public treasury and postal checks service	13	17	8,442	88	16	15
Obligations to credit institutions and similar	102,842,769	93,687,199	100,190,294	130,242,855	138,016,243	191,961,786
Customer deposits	819,212,088	854,080,506	901,412,153	927,807,733	954,540,797	961,763,825
Debt securities	49,721,312	52,645,615	57,874,794	61,737,706	74,857,366	71,159,997
Other liabilities	19,922,486	31,595,321	31,149,308	30,176,880	37,188,585	44,247,831
Provisions for losses and expenses	9,882,740	11,311,640	12,721,355	15,025,681	16,295,351	17,363,508
Legal Provisions	—	—	—	1	—	—
Subsidies, assigned public funds and special guarantee funds	2,648,498	3,213,980	3,650,801	3,227,708	3,380,329	4,376,751
Subordinated debts	30,249,780	34,388,647	41,478,790	43,674,743	47,612,387	48,523,158
Revaluation differential	420	421	420	420	420	420
Reserves and share premiums	70,045,939	73,715,910	80,493,778	89,846,820	98,870,303	99,629,037
Capital	25,739,312	25,956,933	25,864,789	25,537,592	27,199,629	27,467,821
Non-paid up capital	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)	(48,000)
Retained Earnings	5,850,967	5,907,963	5,746,793	3,031,720	5,063,226	7,218,950
Before allocation of net profit	42,996	45,265	(280,434)	(293,156)	(383,377)	6,323,172
Net profit	9,362,280	12,257,612	10,830,037	11,147,015	12,041,082	5,576,962
Total Liabilities	**1,145,473,600**	**1,198,759,029**	**1,271,093,320**	**1,341,115,805**	**1,414,634,356**	**1,485,565,233**

Notes:

(1) Certain line items and figures differ from those previously published as a result of ongoing revisions.

(2) Figures include Al-Barid Bank (the post bank).

Source: Bank Al-Maghrib.

The following table sets forth details of the distribution of loans, by sector, as a percentage of total bank loans as at the dates indicated.

Loan Distribution by Sector

	31 December				30 June
	2016	2017	2018	2019	2020
			(%)		
Industry	17.8	17.1	16.5	15.9	16.3
Commerce	6.4	6.7	6.4	6.4	6.6
Construction	11.2	11.3	10.5	10.2	9.6
Finance	13.1	12.7	12.6	12.7	13.0
Household	32.4	32.6	31.9	31.6	30.5
Others	19.1	19.6	22.1	23.2	24.0

In 2015, the IMF conducted a financial system stability assessment ("**FSAP**") of the Moroccan banking system. Key recommendations from the assessment included: (i) improving banking regulation and oversight; (ii) enhancing macro-prudential oversight, such as including the objective of financial stability for the Moroccan Capital Markets Authority (known as the "**AMMC**" and, formerly as the CDMV) and *Autorité de Contrôle des Assurances et de la Prévoyance Sociale*; (iii) separating Bank Al-Maghrib's emergency liquidity assistance function from government solvency support and strengthening its recapitalisation process; (iv) establishing governance and a framework for financial inclusion; (v) applying consistent regulations and supervisions to all participants in securities markets, while also strengthening the enforcement of sanctions on individuals and valuation of government securities; (vi) defining the objectives of banking resolution; and (vii) clarifying the powers and instruments of the Committee for Coordination and Surveillance of Systemic Risks. Following completion of the IMF's 2019 Article IV consultation in May 2019, the IMF commended the Government for the progress made in implementing the 2015 FSAP recommendations.

In April 2019, a new financial inclusion strategy was approved by the Ministry of Finance and Bank Al-Maghrib, which aims to define a common vision and national guidelines for financial inclusion with the purpose of reducing disparities in terms of access and penetration of financial services. A particular focus of the strategy is on increasing financial education in order to enable more equitable access to financial products and services to all categories of individuals and enterprises (including women, youth, rural populations and SMEs), to support greater economic and social inclusion. The new financial inclusion strategy is based on the following pillars: (i) accelerating the development of alternative models adapted to underserved population groups; (ii) strengthening the role of classical financial inclusion promotion models; (iii) strengthening tools to better understand the risks of underserved population groups; and (iv) creating conditions for greater use of financial products. In November 2019, a national roadmap for the implementation of the strategy was adopted through the setting up of seven dedicated working groups, including: (i) mobile payment; (ii) microfinance; (iii) inclusive insurance; (iv) banking offers; (v) SMEs and start-up funding; (vi) cashless payments; and (vii) data and measure.

Government Stakes in Banks

The Government owns stakes in two commercial banks: (i) it indirectly controls 65.9% of the share capital of *Crédit Immobilier et Hôtelier* ("**CIH**") (which primarily provides credit in the real estate and tourism sectors, as well as the retail banking sector); and (ii) it directly and indirectly controls 75% of the share capital of *Crédit Agricole du Maroc* ("**CAM**") (which primarily provides credit to the agricultural sector). Three other financial institutions are 100% owned by the Government: CDG (which administers regulated savings), Al-Barid Bank (the Post Bank) (which is a national savings institution) and *Fonds d'Equipement Communal* (which specialises in financing local authority projects).

In order to increase access to banking services and leverage the Post Office's nationwide network, the Government opened Al-Barid Bank on 8 June 2010 (which was granted a banking license by Bank Al-Maghrib in 2009). Al-Barid Bank aims to facilitate access to banking for all Moroccans, particularly those in lower income categories. Al-Barid Bank achieved its objective of six million customers by 2013 and it is expanding at a rate of between 400,000 and 500,000 new accounts per year. In 2018, Al-Barid Bank launched a scheme to improve access to financial services for the low-income population in coordination with the World Savings and Retail Banking Institute, as part of a MasterCard Foundation initiative.

Prudential Requirements

There has been a continuing reform and modernisation programme of prudential requirements, which has accelerated in recent years in order to meet the capital adequacy ratio requirements set forth in Basel II and Basel III. According to Bank Al-Maghrib, Moroccan banks comply with Basel II capital adequacy ratio requirements, which became mandatory since June 2007. The capital adequacy ratio, which was 8% until 2007, was increased to 10% in 2008 and 12% in 2012, with effect from June 2013, of which 9% must consist of Tier 1 capital. Since 2013, Bank Al-Maghrib has been gradually bringing banks into compliance with the Basel III capital requirements and liquidity coverage ratio in accordance with the timetable as set by the Basel committee (and with transitional periods applying for a period of five years ending in June 2019). Banks are required to observe the following minimum ratios: (i) a minimum core capital tier one ratio of 9%; and (ii) a minimum solvency ratio of 12%. As at 31 December 2019, the solvency ratio and tier one capital ratio of the banking sector were 15.6% and 11.5%, respectively.

As set out in Bank Al-Maghrib Circular № 31/G/2006, banks are required to comply with a minimum liquidity ratio requiring the maintenance of sufficient available assets and short-term investments to cover 100% of their liabilities and short-term obligations. In August 2013, Bank Al-Maghrib issued Circular № 15/G/2013 establishing the provisions of a Liquidity Coverage Ratio ("**LCR**") in line with the recommendations of the Basel III committee.

To mitigate the impact of the COVID-19 pandemic and support economic recovery, Bank Al-Maghrib agreed to temporarily relax prudential rules, in particular: (i) authorising banks to use during the second quarter of 2020, if necessary and on a temporary basis, liquidity buffers in the form of high quality liquid assets below the minimum ratio of the LCR; and (ii) the relaxation of the 50-bps conservation capital buffer over a 12-month period, reducing the regulatory minimum ratios to 8.5% for Tier 1 capital ratio and to 11.5% for solvency ratio.

The risk ratio for lending to any one borrower or group of borrowers, which was set at 7% of shareholders equity in 1992, was increased to 10% in 1996 and to 20% in 2000. Banks are also required to ensure that their total risk exposure to any one borrower or group of borrowers does not exceed 20%; this limit is based at both entity and group level. Consumer credit companies must also maintain a minimum capitalisation of Dh 50 million (increased from Dh 20 million in 2011).

Bank Al-Maghrib's credit institutions committee has recently proposed certain modifications to three circulars dealing with solvency and liquidity requirements, as part of the Integrated Entrepreneurship Support and Financing Programme, which is aimed at revising the prudential capital requirement of credit institutions to support the access of small businesses to bank credit.

A support factor applicable to the capital requirements of credit institutions for claims held on this category of companies has been transposed to the regulatory level in order to free up equity by nearly 28%. It will be applied by conventional banks, participating banks, as well as by finance companies, to their exposures on very small businesses in Morocco.

Banking System Deregulation

Since the 1990s, Bank Al-Maghrib has implemented reforms aimed at improving the effectiveness of the banking sector in promoting savings and allocating financial resources. These reforms include the phasing out of banks' mandatory holdings and the full liberalisation of interest rates, which resulted in increased competition between banks. As a result, lending rates have generally decreased in recent years and were on average 4.91% during the fourth quarter of 2019 and 4.58% in the second quarter of 2020. Financial intermediation has been strengthened as the credit and monetary aggregate (M3) to GDP ratios reached 80% and 120% in 2019, respectively. In relation to M3, the rate of increase in the money supply decreased from 5.7% in 2015 to 4.7% in 2016, increased to 5.5% in 2017, decreased to 4.1% in 2018 and decreased to 3.8% in 2019. In the first seven months of 2020, M3 increased by 7.6%, as compared to the corresponding period in 2019. See "—Monetary Policy and Money Supply". Customers may access non-bank financial instruments through the CSE and money-market instruments, such as treasury bonds and commercial paper.

Reserve Requirements

A reserve requirement for banks was set at 10% from 1992 until the end of 2002 when it was increased to 14% and then to 16.5% in September 2003 in order to absorb excess liquidity in the banking system, before being lowered five times, as a result of the global financial crisis, between January 2008 and 1 April 2010, when it was set at 6%. In March 2011, the reserve requirement was abolished for certain savings accounts. In June 2016, the reserve requirement ratio was increased from 2% to 4% and in September 2019, the ratio was reduced to 2%, before being brought down to 0% on 16 June 2020. Since February 1996, interest rates on loans have been freely negotiable. Banks are now simply required to publish a prime lending rate. In addition, a foreign exchange market was established in June 1996. Under this regime, banks have been authorised to conduct foreign currency transactions among themselves and with their clients in Dirhams or any other convertible currency.

Non-performing Loans

As at 31 July 2020, non-performing loans amounted to Dh 77 billion, as compared to Dh 69.2 billion at the end of 2019. Non-performing loans represented 8.1% of total outstanding credit granted by all banks as at 31 July 2020, as compared to 7.5% of total outstanding credit granted by all banks in 2019 and 7.3% in 2018. Non-performing loans coverage was 68% in July 2020, as compared to 68.6% in 2019 and 69.3% in 2018.

IFRS 9 was introduced in Morocco in January 2018 and its impact will be phased in over five years, requiring banks to upgrade their loan classification and provisioning practices and to increase capital accordingly.

In April 2018, new laws regarding insolvency and bankruptcy were promulgated, which, together with a new law on secured transactions adopted in April 2019, are expected to help reduce non-performing loan levels.

The reform of the secured transaction system, through the introduction of a judicial process (*l'attribution judiciaire*) and two extra-judicial processes (*pacte commissoire* and *voie parée*), is expected to expedite the realisation of collateral and thereby reduce non-performing loans. In March 2020, a new national register for secured transactions was launched.

Treatment of Financial Institutions in Difficulty

The Kingdom's banking laws provide a procedure for the treatment of financial institutions in difficulty, which departs from gradual procedures of early intervention requiring a recovery plan by the institution. The Governor of Bank Al-Maghrib may limit a financial institution's activity and remove the management. He may nominate an interim administrator to prepare a report outlining the nature, origin and seriousness of the institution's difficulties, as well as the measures likely to ensure its rehabilitation, its partial or total disposal, or its liquidation. In the event of a court-ordered winding-up of the financial institution, the Governor of Bank Al-Maghrib will nominate liquidators. During the liquidation period, the institution in question will remain under the control of Bank Al-Maghrib. The new Banking Law, which was published on 22 January 2015, strengthens the banking crisis resolution system by enlarging the legal instruments for dealing with problems of credit institutions and introducing an emergency resolution procedure, if required.

The Government does not have a specific policy for intervening in financial institutions in difficulty. Any such intervention would be considered a last resort according to an agreement in respect of the management of financial crises signed by the Government, Bank Al-Maghrib and the AMMC (then, the CDVM) in June 2012. In May 2015, the Moroccan Deposit Insurance Cooperation was established to manage the deposit insurance funds of conventional banks and of participatory banks. The Banking Law established such funds to protect the rights of depositors, natural or legal persons, in the event of the bank's inability to repay depositors.

Anti-Money Laundering

In 2003, Law № 03-03 relating to the fight against terrorism was enacted, which established a framework for the criminalisation of terrorist financing and methods for the seizure of goods used in terrorist activities. This was supplemented by Law № 43-05 relating to anti-money laundering, which criminalised money-laundering activities, established sanctions for such activities and introduced measures for the prevention of anti-money laundering in Morocco. In addition, in 2008, the Financial Intelligence Processing Unit (*l'Unité de Traitement du Renseignement Financier*) (the "**FIPU**") was established as a monitoring body by Decree № 2-08-572.

In June 2012, the Financial Action Task Force ("**FATF**") noted the improvement in anti-money laundering ("**AML**") legislation in Morocco. It noted, however, a deficiency in a single area, namely a weakness in the penal code with respect to funding terrorist organisations and persons connected to terrorism. In April 2013, in response to the FATF comments in 2012, Parliament adopted Law № 145-12 (promulgated on 2 May 2013), which was intended to bring Moroccan law in line with international standards with respect to money laundering and terrorist financing. In a press release dated 18 October 2013 FATF stated that Morocco is "no longer subject to FATF's monitoring process" under its ongoing global AML compliance process.

Bank Al-Maghrib actively participates in the Kingdom's efforts to fight money laundering and the financing of terrorism. To such end, Bank Al-Maghrib has upgraded its relevant internal regulations in order to comply with legal, regulatory and technical requirements, including United Nations Security Council financial penalties and relevant sanctions lists.

The National Anti-Corruption Commission ("**CNAC**") was established in 2017 and is responsible for monitoring the implementation of the National Anti-Corruption Strategy ("**NAC Strategy**"). The NAC Strategy is a 10 year strategy (2015-2025), which aims to halve the levels of corruption, through the implementation of 239 projects at an estimated cost of Dh 1.8 billion. The CNAC includes representatives from both the private and public sectors and civil society. The CNAC previously conducted a survey on the fight against corruption in the public sector, and, in 2019, has announced its intention to launch the second phase of the survey focused on the private sector.

In March 2018, a law introducing compulsory exchange of information with foreign partners, in line with international best practice, was introduced.

In May 2018, the Access to Information Act, Law № 31.13, was published in the *Official Bulletin*. The law entered into force in March 2019. The law guarantees the right to obtain information, as well as the right of citizens to access information to encourage good governance and participation in the democratic processes in Morocco, to counter corruption and to boost the administration's openness.

The Kingdom was assessed by Middle East and North Africa Financial Action Task Force ("**MENAFATF**") in 2018. MENAFATF published its mutual evaluation report regarding AML and counter-terrorist financing ("**CFT**") measures in April 2019. The report noted that Morocco has implemented an AML/CFT system that is effective in several aspects but that major improvements are needed to understand money laundering risks and to strengthen supervision and implementation of preventive measures and confiscation, and to ensure that financial intelligence is fully used by implementing targeted financial sanctions relating to terrorism, protecting the non-profit organisation sector from terrorist abuse and co-operating domestically and internationally. The report also noted that fundamental improvements are needed to strengthen the investigation and prosecution of money laundering, to implement targeted financial sanctions related to proliferation and to prevent the misuse of legal persons and arrangements. As a result of the report, Morocco is currently subject to enhanced monitoring by *Le Groupe d'Action Financière du Moyen-Orient et de l'Afrique du nord* ("**GAFIMOAN**") and is under observation by the International Co-operation Review Group. The Mutual Evaluation Report on Morocco is expected to be discussed at the next plenary meeting of GAFIMOAN, which had been scheduled for February 2021.

In 2020, Morocco has adopted an action plan with seven specific objectives, to be achieved through institutional, legal and organisational reforms, which are designed to improve technical compliance, as well as sectoral strategies and action plans to develop the performance of the national system in the fight against financial crime. The objectives are:

- understanding the risks and updating the national risk assessment;
- upgrading the legislative and regulatory framework;
- developing the control and inspection procedures within the supervisory and control authorities;
- building the capacity of national authorities responsible for AML/LT;
- strengthening national coordination and international cooperation in the matter;
- establishing a platform dedicated to statistics related to money laundering; and
- strengthening the fight against alternative financial systems and reducing the risks of the informal economy.

A national commission chaired by the Head of Government has been set up in order to coordinate actions at the national level and to ensure the implementation of the action plan taking into account all the gaps and recommendations identified in the report of mutual evaluation of MENAFATF adopted in April 2019, both in terms of technical compliance and efficiency, as well as the results of the national risk assessment. This commission includes the Ministers of Economy and Finance, Justice, Interior, the Wali of BAM, the President of the UTRF and the Presidents of AMMC and ACAPS.

In order to comply with FATF standards, the following measures have been taken:

- the acceleration of the adoption of Law № 12-18, which will modify and supplement Law № 43-05 on money laundering, as well as its implementing regulations;
- the preparation of a decree implementing UN Resolution 1373 on targeted financial sanctions, which is expected to create a national commission;
- the establishment of a register of beneficial owners of legal entities in accordance with Law № 12-18; and
- support for non-financial professions (lawyers, notaries, adouls, etc.) in applying Law № 12-18. Guidance must be published by the departments that supervise and control these non-financial professions.

The Supervisory Authority of Insurance and Social Welfare published a circular in the Official Bulletin on 12 December 2019, establishing rules to be followed by insurance companies and intermediaries to combat money laundering and the financing of terrorism. This circular focuses on reinforcing existing vigilance systems by using a risk-based approach and transposing the recommendations of the Financial Action Task Force issued for the insurance sector, including *inter alia*, increased vigilance of non-residents, non-profit organisations and politically exposed persons.

In October 2019, Bank Al-Maghrib amended its "duty of vigilance" circular to introduce requirements specifying the obligation to identify ultimate beneficiaries, additional vigilance measures relating to banking correspondence and the consideration, as part of the risk-based approach, of the results of the National Risk Assessment. In addition, Bank Al-Maghrib has issued two directives to clarify certain provisions of the circular and their application. It has also developed a guide to the anti-money laundering and terrorist financing requirements for Micro-Credit Associations to strengthen their understanding of their duty-of-care obligations and to help them implement AML/CFT national measures. As a result, AML/CFT banking regulations are now in line with international standards.

In respect of foreign exchange, the Circular of the *Office des Changes* № 2-2019 is in effect. This circular relates to the vigilance and internal monitoring obligations incumbent on foreign exchange bureaux in the application of the anti-money laundering law.

Monetary Policy and Money Supply

According to Law № 40-17, Bank Al-Maghrib defines and conducts monetary policy in a transparent manner as part of the Government's economic and financial policy. The main objective of Bank Al-Maghrib is to maintain price stability, with the objective of preserving the purchasing power of citizens and promoting conditions for investment and growth. In furtherance of these objectives, Bank Al-Maghrib has established a system of analysis and forecasts based on an integrated approach around a monetary policy model and several complementary satellite models. This system is used to forecast the future evolution of macro-economic aggregates, in particular, inflation and monetary conditions and to assess the effects of related risks.

In the context of moderate inflation and relatively difficult external economic conditions, Bank Al-Maghrib currently conducts an accommodative monetary policy aimed at supporting economic recovery and growth. In line with such policy, Bank Al-Maghrib lowered its principal rate several times in recent years to 2.25% in March 2016, to 2.0% in March 2020 and to 1.5% in June 2020.

The reserve requirement rate, which was 16.5% in 2003, has been lowered several times since January 2008 and is currently 0% (having been reduced from 2% on 16 June 2020).

In light of the deceleration of credit and difficulties experienced by SMEs, Bank Al-Maghrib has launched a number of measures in favour of SMES, including a guaranteed loan scheme, which have led to a relaxation of monetary conditions and, in particular, a downward trend in lending rates.

The following table sets forth information regarding percentage increases in the monetary base and money supply as at the dates indicated.

Counterparts and Money Supply[(1)]

	31 December					30 July
	2015	2016	2017	2018	2019	2020
			(Dh millions)			
Money aggregates						
M1	707,058	751,883	811,024	858,697	911,825	988,795
Currency outside banks	*192,634*	*203,243*	*218,838*	*233,602*	*250,277*	*312,159*
Demand deposit	*514,423*	*548,640*	*592,186*	*625,094*	*661,598*	*676,636*
M1 (*% change*)	7	6.3	7.9	5.9	6.2	13.9
M2	845,457	898,088	964,904	1,017,888	1,078,347	1,155,666
Sight investment	*138,399*	*146,204*	*153,879*	*159,191*	*166,522*	*166,870*
M2 (*% change*)	6.9	6.2	7.4	5.5	5.9	12.1
M3	1,148,039	1,202,414	1,269,097	1,320,624	1,370,518	1,441,366
Time investment	*171,039*	*163,266*	*155,758*	*161,106*	*149,876*	*139,159*
M3 (*% change*)	5.7	4.7	5.5	4.1	3.8	7.6
Official reserves assets	225,366	253,467	244,336	233,744	253,381	292,542
Net claims on central government	147,974	142,379	167,783	202,999	212,432	247,104
Claims on other sectors	904,174	957,647	989,542	1,022,892	1,079,859	1,123,146
Counterpart of deposits with the Treasury	52,267	57,528	64,594	72,189	80,387	70,181
Resources of a non-monetary nature	169,200	185,775	201,608	218,804	242,157	250,064
Other items (net)	(10,954)	(10,751)	(13,513)	(8,856)	(23,854)	(28,346)

Note:

(1) Certain line items and figures differ from those previously published, as a result of the implementation of the *IMF 2000 Monetary and Financial Statistics Manual*, as well as ongoing revisions.

Sources: Bank Al-Maghrib and Ministry of Economy, Finance and Administration Reform.

The money supply grew in 2019, with M1 increasing by 6.2% (as compared to the M1 figure for 31 December 2018) to Dh 911.8 billion as at 31 December 2019, M2 by 5.9% to Dh 1,078.3 billion and M3 by 3.8% to Dh 1,370.5 billion. M3 increased by 7.6% in the first seven months of 2020, as compared to the corresponding period in 2019.

The following table sets forth key money market rates as at the dates indicated.

Money Market Rates[(1)]

	31 December					31 July
	2015	2016	2017	2018	2019	2020
			(% per annum)			
Time accounts and fixed-term bills						
6-month deposits	3.57	3.08	2.82	2.77	2.72	2.59
12-month deposits	3.80	3.46	3.12	3.09	3.01	2.77
Saving book accounts	2.28	1.89	1.84	1.86	1.89	1.74
Lending rate[(2)]	5.73	5.26	5.53	5.15	5.00	4.58[(3)]
Interbank Rate	2.51	2.27	2.28	2.28	2.28	1.50
Bank Al-Maghrib						
7-day advances	2.50	2.25	2.25	2.25	2.25	1.50
24-hour advances	3.50	3.25	3.25	3.25	3.25	2.50
Liquidity withdrawals	2.00	1.75	1.75	1.75	1.75	1.00
24 hour deposit facility	1.50	1.25	1.25	1.25	1.25	0.50

Notes:

(1) Excluding treasury bonds issued by auction.

(2) Weighted averages of effective lending rates at year end.

(3) Q2-2020 / S2-2020.

Sources: Bank Al-Maghrib.

Inflation

Although the Kingdom experienced significant periods of high inflation in the 1970s, inflation rates generally declined throughout the 1980s and 1990s. The Kingdom's monetary policy over recent years, among other factors, has had the effect of limiting inflation to under 2.0%. The annual inflation rate decreased from an average of 3.4% for the period 1993-1999 to an average of 1.8% for the period 2000-2006, 1.2% for the period 2009-2013 and an average of 1.2% for the period 2014-2018. In 2019, the average rate of inflation was 0.2%, as compared to 1.6% in 2018. The decrease in inflation in 2019 was primarily due to decline of 1.5% in volatile food prices. Bank Al-Maghrib forecasts inflation to slow down to 1.0% in 2020.

During the first 7 months of 2020, CPI increased by an average of 0.5% as compared to the corresponding period in 2019, as a result of an 0.8% increase in the food price index, and a 0.4% increase in the non-food products index.

The Government is working towards the eventual adoption of a fully-fledged inflation-targeting regime.

The following table sets forth trends in prices for the years and period indicated.

Prices(1)

	2015	2016	2017	2018	2019	Jan-July 2020
			(% rate of increase)			
CPI	1.6	1.6	0.7	1.6	0.2	0.5
Core inflation	1.3	0.8	1.3	1.3	0.5	0.7
Production Price Index(2)						
Extractive industries	(0.2)	(0.3)	0.0	0.0	0.1	(0.4)
Manufacturing industries	(0.2)	(0.4)	0.7	2.6	0.5	(2.2)
Electricity, gas and water	5.2	3.9	3.9	0.0	0.0	0.0

Notes:

(1) Certain line items and figures differ from those previously published as a result of ongoing revisions

(2) Period average to period average. Index based upon prices of 478 items in 17 urban areas.

Source: Bank Al-Maghrib and the Government Statistics Directorate.

Price Controls

Despite liberalisation in 2000, a number of products remained subject to price controls in the Kingdom. Law № 06-99 created two categories of products subject to price controls: (i) essential items, such as flour, medical products and services, mass transit and certain educational products; and (ii) items produced by monopolies, such as electricity and energy, water, sugar and tobacco. Prices for these items are fixed by the Head of Government. Products subject to price controls also benefit from Government compensation (*i.e.,* subsidies). Law № 104-12, which was published in August 2014, abrogated Law № 06-99, strengthening the principle of free pricing and removing many products from the categories of products subject to price controls. See "*Public Finance*".

Exchange Rate Regime

Until 1973, the Dirham was pegged to the French Franc. In 1973, the exchange rate became based on a basket of foreign currencies of Morocco's principal trading partners. In 1990, the basket was further modified to give greater weight to European currencies, which in 1999 were replaced by the Euro. On 25 April 2001, a decision was adopted by the Government and Bank Al-Maghrib to increase the Euro weighting in the currency basket against which Bank Al-Maghrib sets daily rates for the Dirham, with a view to securing a better correlation between the Dirham and the Euro. This readjustment led to a depreciation of 5% of the Dirham. The adjustment was aimed at ensuring that the Dirham became less sensitive to the fluctuations of the Euro relative to the U.S. Dollar. In April 2015, the authorities revised the weights for the currencies in the basket against which the Dirham is pegged, from 80% to 60% percent for the Euro and from 20% to 40% for the U.S. Dollar, to better align the weights with the structure of Morocco's external flows. See "*Risk Factors—Risks Relating to the Kingdom—Economic Risk*".

The Government has commenced efforts to transition the Kingdom to a more flexible exchange rate regime. The intention behind the change is to improve the economy's ability to absorb shocks, to preserve competiveness and to encourage export diversification and business development. In January 2018, the Government widened the band within which the Dirham is able to fluctuate from 0.3% to 2.5% on either side of the reference rate; it continues to be based on a combined

Euro (60%) and U.S. Dollar (40%) basket. A further widening of the band was adopted on 9 March 2020, to plus or minus 5% on either side of the reference rate.

These measures reflected the first stage in the planned transition from a fixed exchange rate regime to a more flexible exchange rate regime, which is expected to be spread over several stages, in order to allow market participants and economic operators to participate and adapt to the reforms. The implementation of this first stage of reform has been accompanied by a number of measures aimed at improving price discovery by the market, as well as boosting activity in the interbank foreign exchange market. For example, Bank Al-Maghrib has introduced a new market pricing mechanism within the band of fluctuation putting in place the status of market maker and giving banks exclusive access to foreign exchange auctions in return for their listing commitments on the interbank foreign exchange market. These quotations are also used by Bank Al-Maghrib in determining the reference exchange rates of currencies against the Dirham in accordance with international standards. Bank Al-Maghrib has also made an electronic trading platform available to market-making banks to encourage growth and liquidity in the interbank foreign exchange market.

Bank Al-Maghrib has also revised the framework of its intervention in the foreign exchange market, with a view to gradually reducing such interventions. For example, Bank Al-Maghrib has adopted currency auctions as the main instrument of intervention, encouraging the interbank market to develop further and lead to more efficient price discovery, according to the law of supply and demand and leaving recourse to Bank Al-Maghrib as a last resort.

Liberalisation of Exchange Regulations

Prior to 1996, all foreign exchange transactions had to be centralised and settled on a daily basis with Bank Al-Maghrib. In 1996, Bank Al-Maghrib announced a new central rate set daily for the Dirham against the basket of foreign currencies. Banks were allowed to quote buy-and-sell rates for the Moroccan Dirham within the limits of a band of plus or minus 0.3% of the central rate. Moroccan banks were permitted to take forward positions for operations linked to trade finance (up to 90 days) or bona fide external finance (not exceeding one year, extended to five years in 2007). Since March 2002, banks have been authorised to extend the period during which they are authorised to provide foreign exchange cover for their trade customers from three months to one year. Since 1999, banks have been subject to global foreign exchange position limits of 20% of capital for all currency and 10% of capital in any single currency.

Since 1992, Morocco has been liberalising the transfer of capital and the transfer of income from foreign investments (direct investment, portfolios, treasury bonds), which may currently be transferred without restriction, subject to the fulfilment of certain conditions. In June 1993, in order to encourage the private sector to directly access the international money markets to finance commercial and investment transactions, Morocco liberalised foreign borrowings. In November 1993, exporters of goods and services and Moroccan residents abroad were authorised to open foreign currency accounts with Moroccan banks. Since July 1995, export accounts can be credited with up to 85% of repatriated currency. In January 1997, Morocco authorised banks to trade spot transactions with foreign banks. Since May 2002, banks have been authorised to place deposits in foreign currency with correspondent banks outside Morocco and to acquire foreign securities.

In 2007, the Government adopted a series of reforms designed to further liberalise the foreign exchange market. These measures included permitting insurance and reinsurance companies and pension institutions to make investments abroad within limits of 5% of their assets and 5% of their reserves, and mutual funds within a limit of 10% of their portfolios without prior authorisation. Since 2010, Moroccan companies that have been in existence for at least three years are allowed to invest up to Dh 100 million in Africa and up to Dh 50 million elsewhere without prior authorisation and to enter into a broadened range of hedging instruments and currency swap contracts. In addition, the maximum permitted duration of banks' investments made in foreign currencies with foreign counterparts has been increased from two to five years and, since 2010, export accounts may be credited up to 70% in repatriated currency. This rate is increased to 85% for companies in the aeronautical and aerospace sectors with foreign currencies or convertible Dirhams.

In January 2020, a new version of the General Instruction of Foreign Exchange Transactions ("**IGOC 2020**"), which covers all regulations related to exchange transactions, entered into force. The principal aim of the update was to further facilitate and ease measures applicable to both current and capital transactions between residents and non-residents. The IGOC 2020 introduces various measures that benefit resident businesses, including the ability to open currency accounts in Morocco to facilitate payments for exports abroad.

Foreign Assets

The following table sets forth Bank Al-Maghrib's net foreign assets as at 31 December for the years indicated.

Net Foreign Assets

	As at 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
			(Dh millions)		
Convertible Currencies	216,926	243,157	233,786	223,052	241,040
Gold	7,473	8,314	8,597	8,731	10,387
IMF Special Drawing Rights	967	1,995	1,953	1,960	1,955
Other	1,158	1,629	1,220	1,464	1,424
Gross Foreign Assets	226,524	255,096	245,556	235,208	254,805
Less Liabilities	11,066	11,896	10,914	10,598	11,015
Net Foreign Assets	**215,458**	**243,200**	**234,642**	**224,610**	**243,790**
Official Reserves Assets (*months of imports*)(1)(2)	6.1	6.4	5.6	5.3	5.8

Notes:

(1) Imports of goods and non-factor services.

(2) As at 19 August 2020, official reserves assets were U.S.$32.1 billion, representing 7.5 months of imports.

Source: Bank Al-Maghrib.

As at 31 December 2019, net foreign assets were Dh 243.8 billion, representing an increase of 8.5%, as compared to Dh 224.6 billion as at 31 December 2018. The increase in 2019 came as Bank Al-Maghrib decided to stop intervening in the foreign exchange market and was driven by the execution of treasury transactions, primarily servicing external public debt.

Bank Al-Maghrib's foreign reserves are not subject to any security interest or other encumbrances.

See "*Risk Factors—Risks Relating to the Kingdom—Economic Risk*".

Capital Markets

Although the CSE was established in 1929 (at that time, as the *Office de Compensation des Valeurs Mobilières*), it began operating under an organised legal and technical framework in 1967. Rapid growth in market capitalisation and trading volumes on the CSE only began in 1993 after the privatisation programme commenced and new laws were passed to restructure the regulatory framework of Morocco's capital markets.

The Stock Exchange Law of 21 September 1993 transformed the CSE from a government-run entity into a private entity, owned by its registered brokerage firms. It requires brokerage firms to be independent. It also requires brokerage firms to be certified by the Ministry of Economy, Finance and Administration Reform, after consultation with the AMMC, the regulator, and to maintain minimum capital levels. This law was amended in 1996, 2000, 2004 and 2007, extending the range of financial instruments traded on the CSE to mortgage-backed securities and venture capital securities, and facilitating cross listing of domestic companies. The AMMC was established to regulate the securities market and the disclosure of information by entities listed on the CSE. Three laws enacted in 2004, 2006 and 2007 extended the AMMC's regulatory authority to all market participants, including the CSE and the central depositary (Maroclear) and provided the AMMC with free access to any confidential information to implement its supervisory mission.

In March 1997, the CSE introduced electronic quotation. Currently, all shares are traded electronically. In 2002, the CSE also introduced a separate listing for small cap companies.

In July 1997, Law № 35-96 (as amended by Law № 43-02 of 21 April 2004) established Maroclear, the Moroccan central depository of securities, which enabled the dematerialisation of securities and introduced a book-entry transfer system.

Pursuant to Law № 43-12, adopted by the Moroccan government in April 2012 and published in April 2013, the CDVM was transformed into the AMMC (*l'Autorité Marocaine du Marché des Capitaux*) following the publication of implementing regulations. Although the primary functions of the CDVM remain with the AMMC, the law increased the accountability of the AMMC, strengthened its independence and expanded the role of the institution, which includes overall responsibility for Morocco's capital markets. The AMMC is monitored by a government auditor, and the Ministry of Economy, Finance and Administration Reform approves the AMMC's circulars. The AMMC is also subject to the

Government Accounting Authority and provides annual reporting on its activities and the capital markets to the Head of Government. In addition, the AMMC has established an independent "college of sanctions", which is chaired by a magistrate and is responsible for examining cases likely to give rise to sanctions.

The Futures Market Act, Law № 42-12 was published on 15 October 2015 and defines the framework of the Kingdom's futures market and the role of regulatory and supervisory authorities. The Stock Exchange Act (the "**SEA**"), Law № 19-14, was published in the *Official Bulletin* on 16 March 2017 and relates to the CSE, brokerage firms and financial advisers. The SEA distinguishes between companies with large and small market capitalisations, as well as the trading of equity and debt securities.

The CSE's market capitalisation as at 31 December 2019 was Dh 626.7 billion, as compared to Dh 582.2 billion as at 31 December 2018 and Dh 627.0 billion as at 31 December 2017, and it has 75 listed companies. Between 2014 and 2016, four companies conducted initial public offerings: Marsa Maroc (port operator), Groupe AFMA Assureur Conseil (insurance broker), Total Maroc (energy company) and Espaces Saada (real estate developer). In 2018, two companies launched initial public offerings on the CSE, real estate company, Immorente Invest, and industrial and commercial group, Mutandis.

The following table sets forth certain stock exchange indicators as at 31 December or the period indicated for each year.

Stock Exchange Indicators

	Market Capitalisation	**MASI Index**[1]	
	(Dh billions)	*MASI*	*(% change from previous year)*
2015	453.3	8,925.7	(7.2)
2016	583.4	11,644.2	30.5
2017	627.0	12,388.8	6.4
2018	582.2	11,364.3	(8.5)
2019	626.7	12,171.9	7.1
2020 (*as at 3 September*)	531.6	10,279.8	(15.5)

Note:

(1) The Moroccan All Shares Index (base 1,000: December 2001).

Source: Casablanca Stock Exchange.

As at 3 September 2020, the MASI was at 10,279.8, a decrease of 15.5% as compared to 31 December 2019. This decrease was due to the impact of the COVID-19 pandemic on the international financial markets. As at 31 December 2019, the MASI was at 12,171.9, representing a 7.1% increase as compared to 31 December 2018.

Mutual Funds

In 2019, total mutual funds' net assets were Dh 470 billion compared to Dh 435 billion in 2018, an increase of Dh 35 billion, or 8.0%.

The Mutual Funds Law of 21 September 1993, as amended, provides the regulatory framework and prudential rules for mutual funds, or *Organismes de Placement Collectif en Valeurs Mobilières* ("**OPCVM**"). Together, these laws seek to improve the level of transparency in the market place and foster investor confidence.

Subsequent reforms were implemented in the period 2004-2006: a law on public offerings has been enacted establishing a legal framework for takeovers; and a law on repurchase agreements regulating repo operations and a law on venture capital have been enacted.

A law on securitisation was adopted in 2008, extending the scope of securitisation to other assets and submitting the asset backed funds to the control of the AMMC. This was amended in 2010 by Decree № 2-08-530, which provides, *inter alia*, that mutual funds licenses are granted by the Minister of Economy, Finance and Administration Reform upon the recommendation of the AMMC.

The following table sets forth the change in net assets of OPCVMs by category as at the dates indicated.

Change in Net Assets of OPCVMs by Category[(1)]

	31 December										As of 4 September	
	2015		2016		2017		2018		2019		2020	
	№	Net assets	№	Net Assets	№	Net assets	№	Net Assets	№	Net assets	№	Net assets
						(Dh billions)						
Category												
OPCVM (Shares)	87	20	88	26	89	35	91	32	92	37	94	33
OPCVM (Bonds)[(2)]	241	295	253	328	253	351	264	372	278	403	290	430
OPCVM (Diversified)	68	13	74	20	76	27	86	28	98	29	102	30
OPCVM (Contractual)	10	2	10	2	10	2	9	3	6	2	6	3
Total	**406**	**330**	**425**	**376**	**428**	**415**	**450**	**435**	**474**	**471**	**492**	**496**

Notes:

(1) Certain line items and figures differ from those previously published as a result of ongoing revisions.

(2) OPCVM Bonds include money market funds.

Source: Ministry of Economy, Finance and Administration Reform.

PUBLIC FINANCE

General

The budget preparation and adoption processes are governed by relevant provisions of the 2011 Constitution, the *loi organique № 130-13 relative à la loi de finances* (the "**Organic Budget Law**"), the annual budget laws and various implementing decrees. The Organic Budget Law was adopted by Parliament in 2015 with the aim of bringing the law in line with best international practice and the reforms introduced in the 2011 Constitution. The Organic Budget Law introduces multi-year budgeting and a fiscal rule limiting net new borrowing to the financing of capital spending, programme budgeting and the strengthening of results-based management and fiscal transparency. The Organic Budget Law also includes binding ceilings on wage appropriations and reduces the carryover of investment appropriations and the possibility of creating special treasury accounts. While the majority of the provisions of the Organic Budget Law entered into force in January 2016, the remaining provisions (including provisions relating to multi-year budgeting and programming and the ceilings on expenditure appropriations) have, and will continue to, come into effect gradually by 2020.

The budget consists of the general budget, the Treasury special accounts and autonomous state services (*Services de l'Etat Gérés de Manière Autonome*). The general budget consists of revenues and expenditures of the central Government. The accounts of state-owned entities, although recounted in the budget documentation, are not included in the budget. However, the general budget reflects capital transfers to and distributions received from state-owned institutions.

Since 2001, the budget year has reflected the calendar year. There are four phases to budget preparation:

- *Planning and Preparation*: This takes place between January and 15 July of the year preceding the year for which the budget is being prepared. This phase involves triennial budget planning and a presentation by the Minister of Economy, Finance and Administration Reform to the Government Council regarding the implementation of the budget for the current year and a summary of the proposed budget for the following fiscal year. Ministers are invited to submit proposals for revenues and expenditures of their ministries for the following fiscal year to the Minister of Economy, Finance and Administration Reform, as well as proposals of provisions to be inserted in the draft budget.

- *Guidance and Consultation*: Prior to 31 July, the Minister of Economy, Finance and Administration Reform informs parliamentary finance committees of the general framework used for the general framework of the budget.

- *Arbitration and Development*: The Budgetary Commission of Parliament and other commissions involved are scheduled and preliminary discussions of the provisions of the draft budget take place.

- *Decision and Adoption*: In October of the preceding year, the Council of Ministers adopts the general guidelines of the budget. On or before 20 October of that year, the Council of Government submits the draft budget law to Parliament. Parliamentary committees discuss the budget, and Parliament may amend the Budget. On or before 31 December, Parliament generally adopts the new budget.

In the event that Parliament does not adopt the new budget by 31 December, authorising decrees are issued by the Head of Government to ensure that public services are provided, and Government expenditures and Government receipts are made, in accordance with constitutional provisions.

The requirement for triennial budget programming under the Organic Budget Law came into effect on 1 January 2019. Accordingly, all ministerial departments were invited to present 2019-2021 triennial programming plans as part of the preparation of the 2019 Budget.

In 2007, the Ministry of Economy, Finance and Administration Reform began publishing its website in English, in addition to French and Arabic, in order to allow a broader base of international investors to access data and policy information online.

Public Accounts

The following table sets forth the consolidated revenues and expenditures of the Government for the years 2015-2019 and the revised budget for 2020, which was amended by the Revised Finance Law № 35-20 promulgated on 25 July 2020 (the "**2020 Revised Budget**").

Public Accounts[1]

	2015[2]	2016[2]	2017[2]	2018[2]	2019[3]	2020[4]	July 2020
	(Dh millions, except as indicated)						
I CURRENT REVENUES	**229,124**	**238,608**	**254,444**	**259,116**	**270,942**	**243,993**	**140,673**
Tax Revenues[5]	**204,645**	**211,607**	**225,522**	**235,145**	**238,245**	**207,320**	**127,630**
Direct Taxes	80,835	85,075	93,262	95,523	95,763	87,515	54,907
Indirect Taxes	100,003	101,631	108,699	114,890	117,599	99,213	59,633
Custom Duties	7,715	9,074	8,610	9,693	9,768	7,930	5,056
Registration Fees and Stamp Duties	16,092	15,827	14,951	15,039	15,115	12,661	8,034
Non-Tax Revenues	**21,107**	**23,432**	**25,266**	**20,194**	**28,888**	**33,674**	**11,357**
State Monopolies	8,956	7,984	7,958	9,294	10,494	14,686	3,341
Miscellaneous	12,151	15,448	17,308	10,900	18,394	18,988	8,016
Of which, grants from the GCC	*3,716*	*7,233*	*9,548*	*2,793*	*1,637*	*1,800*	*0,121*
Receipts from Special Treasury Account	**3,372**	**3,568**	**3,656**	**3,777**	**3,809**	**3,000**	**1,686**
II TOTAL EXPENDITURES	**277,516**	**287,374**	**297,002**	**304,339**	**320,212**	**329,785**	**189,618**
Current Expenditures	**218,825**	**223,723**	**229,993**	**238,738**	**249,800**	**258,972**	**153,569**
Administrative Expenditures[6]	***159,552***	***161,773***	***163,881***	***168,726***	***181,109***	***197,295***	***113,411***
Personnel expenses	102,959	104,859	104,901	106,232	111,526	135,933	78,073
Other Goods and Services	56,593	56,914	58,980	62,494	69,583	61,362	35,338
Interest on Public Debt	***22,905***	***25,204***	***26,387***	***26,322***	***26,310***	***28,339***	***18,487***
Domestic	18,919	21,422	22,614	22,589	22,577	23,421	16,321
External	3,986	3,782	3,773	3,733	3,733	4,918	2,166
Subsidies	***13,977***	***14,097***	***15,330***	***17,718***	**16,072**	**11,860**	**8,332**
Transfers to Local Communities	***22,391***	***22,649***	***24,395***	***25,972***	***26,310***	***21,478***	***13,338***
CURRENT BALANCE	**10,299**	**14,884**	**24,451**	**20,378**	**21,141**	**(14,979)**	**(12,896)**
Capital Expenditures	**58,691**	**63,651**	**67,009**	**65,601**	**70,412**	**70,813**	**36,050**
Special Treasury Accounts Balance	7,181	3,335	5,415	3,565	2,255	3,000	7,029
BUDGET BALANCE	**(41,211)**	**(45,431)**	**(37,143)**	**(41,658)**	**(47,016)**	**(82,792)**	**(41,916)**
III CHANGE IN RECEIVABLES / ACCOUNTS PAYABLE	**(5,073)**	**5,151**	**(0,831)**	**358**	**(4,498)**	**0.0**	**(6,000)**
FINANCING REQUIREMENT (I, II + III)	**(46,284)**	**(40,280)**	**(37,974)**	**(41,301)**	**(51,514)**	**(82,792)**	**(47,916)**
Domestic Financing	**45,966**	**35,937**	**34,418**	**43,138**	**29,171**	**39,163**	**37,226**
Foreign Financing	**319**	**2,809**	**3,556**	**(1,838)**	**16,999**	**43,629**	**10,690**
Foreign borrowing	8,687	10,388	16,799	6,247	25,084	60,000	14,988
Amortisation	(8,369)	(7,579)	(13,243)	(8,085)	(8,085)	(16,371)	(4,298)
Privatisation[7]	**0,043**	**1,535**	**0.0**	**0.0**	**5,344**	**0,0**	**0**
GDP[8]	**987,950**	**1,013,229**	**1,063,045**	**1,108,463**	**1,151,170**	**1,099,406**	**-**
Budget Balance, including privatisation proceeds (*as a % of GDP*)	(4.2)	(4.3)	(3.5)	(3.8)	(3.6)	(7.5)	-
Budget Balance, excluding privatisation proceeds (*as a % of GDP*)	(4.2)	(4.5)	(3.5)	(3.8)	(4.1)	(7.5)	-

Notes:

(1) Certain line items and figures differ from those previously published as a result of ongoing revisions.
(2) Data for 2015, 2016, 2017 and 2018 have been revised to reflect reclassification of revenues, offsetting debt expenditures from non-tax revenues to interest on domestic debt.
(3) Preliminary data.
(4) Revised budget.
(5) Including transfers to local communities.
(6) Including pension contributions.
(7) Portion of privatisation receipts allocated to the State.
(8) The GDP figure for 2019 is the assumption included in the 2019 Budget Law.

Source: Ministry of Economy, Finance and Administration Reform.

Results for the first seven months of 2020

The budget deficit increased by 73.4% to Dh 41.9 million in the first seven months of 2020, as compared to the corresponding period in 2019. Total revenues were Dh 140.7 billion in the first seven months of 2020, as compared to Dh 155.8 billion in the corresponding period of 2019, a decrease of 9.7%. This decrease was primarily due to a 9.6% decrease in direct tax revenues and 10.7% decrease in indirect tax revenues and 21.7% decrease in non-tax revenues. Total expenditures increased by 2.5% from Dh 185.0 billion in the first seven months of 2019 to Dh 189.6 billion in the first seven months of 2020. This increase was primarily due to a 7.1% increase in personnel costs and a 8.7% increase in the costs of goods and services while capital expenditures and transfers to local communities decreased by 3.3% and 10.2% respectively.

Results for 2019

The budget deficit was Dh 47.0 billion, or 4.1% of GDP, in 2019, as compared to Dh 41.7 billion, or 3.8% of GDP, in 2018. The increase in the budget deficit was primarily due to a corresponding increase in current and capital expenditures that exceeded the growth in revenues. See "*Risk Factors—Risks Relating to the Kingdom—Budget Deficit, Trade Deficit and Remittances*".

Revenues

Total revenues were Dh 270.9 billion in 2019, as compared to Dh 259.1 billion in 2018, an increase of Dh 11.8 billion or 4.6%. This increase was primarily due to an increase of Dh 3.1 billion, or 1.3%, in tax revenues, and an increase of Dh 8.7 billion, or 43.1%, in non-tax revenues.

Tax revenues were Dh 238.2 billion in 2019, as compared to Dh 235.1 billion in 2018, an increase of Dh 3.1 billion, or 1.3%. Tax revenues are composed of direct tax revenues, indirect tax revenues custom duties and registration fees and stamp duties. Direct tax revenues were Dh 95.8 billion in 2019, as compared to Dh 95.5 billion in 2018, an increase of Dh 0.3 billion, or 0.3%. The slight increase in direct tax revenues in 2019 reflects a Dh 2.1 billion solidarity contribution on profits and a Dh 0.8 billion, or 1.6%, decrease in corporate tax receipts, a Dh 0.2 billion, or 0.5%, decrease in income tax receipts, and a Dh 0.8 billion or 25.9% decrease in fines.

Indirect tax revenues were Dh 117.6 billion in 2019, as compared to Dh 114.9 billion in 2018, an increase of Dh 2.7 billion, or 2.4%. The increase in indirect tax revenues in 2019 was primarily due to a Dh 1.6 billion, or 5.6%, increase in excise receipts.

Non-tax revenues were Dh 28.9 billion in 2019, as compared to Dh 20.2 billion in 2018, an increase of Dh 8.7 billion, or 43.1%. The increase in non-tax revenues in 2019 was primarily due to Dh 9.4 billion in receipts from innovative finance and a Dh 1.2 billion increase in receipts from state enterprises, which was partially offset by a 41.4% decrease in grants from GCC countries, from Dh 2.8 billion in 2018 to Dh 1.6 billion in 2019. The decrease in GCC grants in 2018 was primarily due to a number of planned projects that were not implemented in 2019. Such projects are expected to be carried over and conducted in 2020. See "*Description of the Kingdom of Morocco—International Relations—Gulf Co-operation Council*".

Expenditures

Current expenditures were Dh 249.8 billion in 2019, as compared to Dh 238.7 billion in 2018, an increase of Dh 11.1 billion, or 4.6%. The increase was primarily due to a Dh 12.4 billion, or 7.3%, increase in administrative expenses, which was, in turn, mainly a result of a Dh 5.3 billion, or 5.0%, increase in expenditure on personnel and a Dh 7.1 billion, or 11.3%, increase in expenditure on other goods and services. This increase was primarily due to increased transfers to the *Caisse Marocaine des Retraites* and to public establishments and to the Treasury special accounts. Capital expenditures were Dh 70.4 billion in 2019, as compared to Dh 65.6 billion in 2018, an increase of Dh 4.8 billion, or 7.3%.

Subsidies

The Government provides subsidies for butane gas, sugar and soft wheat flour. In past years, the Government's expenses with regard to such subsidies have been significant. See "*Risk Factors—Risks Relating to the Kingdom—Subsidies*".

The following table sets forth information on subsidies for the years indicated.

Subsidies(1)

	2015	2016	2017	2018	2019(2)
			(Dh millions)		
Energy Subsidies	**8,682**	**7,138**	**10,315**	**12,090**	**10,390**
Butane gas	8,682	7,138	10,315	12,090	10,390
Diesel fuel	—	—	—	—	—
Premium fuel	—	—	—	—	—
Industrial fuel (№ 2)	—	—	—	—	—
Electricity fuel (№ 2)	—	—	—	—	—
Special electricity fuel	—	—	—	—	—
Food Subsidies	**4,860**	**4,848**	**5,249**	**5,042**	**4,868**
Sugar	3,240	3,665	3,684	3,437	3,407
Soft wheat flour	1,520	1,083	1,465	1,501	1,365
Others	100	100	100	98	96
Total	**13,542**	**11,986**	**15,564**	**17,126**	**15,258**

Notes:

(1) Certain line items and figures differ from those previously published as a result of ongoing revisions.

(2) Preliminary data.

Source: Ministry of Economy, Finance and Administration Reform.

In 2018, food subsidies were Dh 5.0 billion and energy subsidies were Dh 12.1 billion (as compared to Dh 5.2 billion and Dh 10.3 billion, respectively, in 2017). The increase in energy subsidies in 2018 was primarily due to the increase in butane gas prices. In 2019, total subsidies were Dh 15.3 billion, as compared to Dh 17.1 billion in 2018, a decrease of Dh 1.8 billion, or 10.5%. This decrease was primarily due to a decrease in prices of butane gas.

In July and August 2019, the Ministry of Economy, Finance and Administration Reform launched a butane hedging programme pursuant to which the Government carried out hedging transactions involving more than 70% of expected butane gas consumption for the second half of 2019 to protect against swings in international prices. The subsidy for hedging transactions in 2019 was Dh 558 million. There was further subsidy of Dh 1.1 billion spent supporting ONEE and the transport sector.

The Government anticipates that its subsidy expenditures in 2020 will be reduced to Dh 11.9 billion. See "*—The 2020 Budget and the 2020 Revised Budget*".

The Government has taken a number of steps to reform the subsidy system in Morocco. Recent and ongoing subsidy reform initiatives include:

- With effect from February 2014, subsidies on premium gasoline and industrial fuel not used for electricity generation were eliminated and, with effect from December 2015, the prices of such fuels have been fully indexed to international market prices.
- In December 2015, generalised energy subsidies were eliminated, except for butane.
- Imports of butane gas have been liberalised since June 2016.
- The Government is in the process of establishing a unified social registry. This registry is expected to help identify consumption-poor households based on a new scoring formula and the most recent household survey, as well as to improve the targeting of social programmes more generally. The establishment of the social registry is being co-ordinated with a new national population registry that will issue a unique ID to residents linked to biometrics, which is also expected to improve the targeting of social programmes by reducing duplicate or false beneficiaries.
- Further subsidy reform measures currently in progress include the gradual elimination of flour subsidies.

The Government's subsidy reform programme aims to replace traditional subsidies with better targeted social programmes. The Government's key social programmes include education support programmes (including a conditional cash transfer system (*Tayssir*) and in-kind social programmes, a health waiver programme (RAMED), social programmes targeted to vulnerable groups (including widows (DAMM)), social services for vulnerable groups and a social fund to encourage local infrastructure development and the creation of revenue-generating activities in poor areas (the INDH). See "*The Moroccan Economy – Social Policy*".

Between 2005 and 2017, more than 44,000 projects were completed under the INDH, with a total investment of Dh 37.9 billion. The third phase of the INDH was launched in 2019, which covers 2019-2023, with a total allocated cost of Dh 18.0 billion. Programmes targeted by the third phase of the INDH include: (i) a deficit reduction programme for infrastructure and basic social benefits; (ii) a support programme for people in precarious situations; (iii) a programme aimed at improvement of the income and economic integration of the youth population; and (iv) a support programme for the human development of future generations.

In 2014, the Support Fund for Social Cohesion began operations. Since its founding and through 2019, the Support Fund for Social Cohesion has contributed more than Dh 17 billion to the following programmes:

- RAMED programme – Dh 8 billion has been allocated to RAMED, including Dh 1.7 billion in 2019, of which Dh 5.0 billion has been spent supporting national health initiatives and Dh 3.0 billion has been used to purchase medicines and medical devices. As at 31 December 2019, more than 5.7 million households have registered under, and over 15.0 million people have benefitted from, the RAMED programme;

- *Tayssir* programme – Dh 4.8 billion has been allocated, including Dh 1.7 billion for the 2018-2019 school year, supporting over 1.8 million students, strengthening the educational system in disadvantaged areas and fighting against dropping out;

- the royal initiative "One Million Schoolbags" – Dh 1.7 billion has been allocated, including Dh 250 million for the 2018/19 school year, assisting 4.2 million students in the 2017/2018 school year and 4.3 million students in the 2018/2019 school year;

- the Assistance Programme for People with Special Needs – Dh 617 million has been allocated, *inter alia*, to purchase specialised equipment and improve school conditions for pupils with special needs; and

- the Direct Aid Programme to Widows in Precarious Situations (DAMM) – More than Dh 2.4 billion allocated, including Dh 625 million in 2019,2 to more than 100,000 widows and more than 173,000 orphans.

See "*Risk Factors—Risks Relating to the Kingdom—Subsidies*".

The 2020 Budget and the 2020 Revised Budget

In October 2019, the Government published the draft 2020 Budget, which projects a fiscal deficit of 3.5% of GDP based on privatisation receipts of Dh 3 billion and accounting for an increase in public sector wages of Dh 7.9 billion and the allocation of Dh 26 billion aimed at boosting the purchasing power of the poor. Costs of subsidies of sugar, semolina and cooking gas are budgeted to be reduced to Dh 13.6 billion, including Dh 1.0 billion for hedging transactions. Education and health have each been identified as priority spending areas in the 2020 Budget. The 2020 Budget was approved by Parliament and was published in the *Official Bulletin* on 14 December 2019.

The 2020 Budget assumes an average cereals harvest of 70 million tonnes, an oil price of U.S.$67 per barrel and GDP growth of 3.7% in 2020.

The 2020 Budget has the following key aims: (i) to continue to support social policies; (ii) to reduce social and regional inequalities and establish social protection mechanisms; (iii) to encourage investment and support corporate growth and job creation; and (iv) to pursue reform programmes, including in the areas of the judiciary, tax, pensions, regionalisation and administrative decentralisation.

The Government revised the 2020 Budget and the amended Finance Act was adopted in July 2020. It includes further measures aimed at providing economic support and reprioritising public expenditure as a response to the COVID-19 pandemic. Given the changes in the macroeconomic context, the 2020 Revised Budget assumes an average cereals harvest of 30 million quintals, a butane gas price of U.S.$290 per ton, and a decrease in GDP of 5%. The 2020 Revised Budget projects a higher fiscal deficit of 7.5% of GDP as a result of a decrease in revenues of Dh 40.7 billion, and a refocusing of public expenditure towards investment (an expected increase of Dh 7.5 billion) and expenses related to the management of the pandemic, of which Dh 15 billion is expected to go towards financing the economic recovery plan. The 2020

Revised Budget assumes a 5% decline in GDP in 2020 and targets a budget deficit of 7.5% of GDP. The 2020 Revised Budget also abolishes the external debt ceiling in order to fund part of the portion of the budget deficit related to the Government's response to the COVID-19 pandemic.

Taxation

The major sources of revenue are direct and indirect taxes and custom duties. The most significant direct taxes are corporate income tax and income tax. The corporate income tax rate is assessed on a progressive scale of 10% for companies with annual income between Dh 0 and Dh 300,000, 20.0% for companies with annual income between Dh 300,001 and Dh 1.0 million (this new rate was introduced in the 2020 Budget, compared with 17.5% in the 2019 Budget), 31.0% for companies with annual income in excess of Dh 1.0 million and 28.0% for industrial companies (this new rate was introduced in the 2020 Budget, as compared with the 31.0% rate provided in the 2019 Budget). Credit institutions and insurance companies pay corporate income tax at a flat rate of 37%. Personal income tax is payable by individuals on their income and capital gains. The income tax has six brackets with a minimum rate of 0% for Moroccans earning less than Dh 30,000 per year and a maximum rate of 38% for those earning more than Dh 180,000.

Indirect taxes include VAT and domestic taxes on consumption. VAT is applicable to all industrial, commercial and trade activities, services and imports subject to certain exemption. There are four VAT rates with a standard rate of 20% and reduced rates of 7%, 10% and 14% applicable to certain professional activities, electricity and water consumption, pharmaceutical products, banking and currency transactions, brokerage services and dealings with shares in mutual funds. Consumption taxes are collected on petroleum and tobacco products. Other sources of tax revenues include registration fees, stamp duties and vehicle licence tax. The Government remains committed to reforming VAT rates, including, *inter alia*, reducing the number of VAT rates to one or two.

Custom duties include import duties. The Government has simplified customs procedures in recent years to reduce costs, including the cost of compliance, remove out-dated tariffs, combat false declarations and improve efficiency and transparency.

The Kingdom has entered into 78 double taxation agreements.

Following the 2013 National Conference on Taxation, a consensus emerged to broaden the tax base and make the tax system more equitable and better able to support competitiveness. In line with this consensus and the aims of the Government programme, the Government has implemented a number of taxation reforms in recent years. Key recent tax reforms include:

- changing property taxes through the imposition of withholding tax at a rate of 10% on annual gross rent lower than Dh 120,000 and 15% on annual gross rent equal to or higher than Dh 120,000 (replacing the previous scheme which applied a tax scale after deductions) (introduced in the 2019 Budget);

- changing the corporate tax rate to adapt it to the specificities of SMEs through: (i) reduction of the corporate tax rate from 20% to 17.5% for companies subject to the current normal rate and with annual income between Dh 300,001 and Dh 1.0 million (introduced in the 2019 Budget);

- establishing a social solidarity contribution on earnings which will be applied, according to a proportional rate of 2.5%, to the earnings of companies subject to corporation tax and with earnings greater than or equal to Dh 40 million for two consecutive years (introduced in the 2019 Budget);

- exempting profit on large investment projects from VAT on imports for a period of 36 months from the date of the first import related to the project (introduced in the 2018 Budget);

- increasing the attractiveness of the *Tahfiz* programme by loosening conditions for exemption from income tax for those earning up to Dh 10,000 per month, including by permitting recently-launched companies from benefitting from these exemptions, permitting companies to apply the benefits to up to ten employees (rather than five), and extending the time period of these benefits for certain companies to 31 December 2022 (rather than 31 December 2019) (introduced by the 2018 Budget); and

- establishing a progressive corporate tax scale taking into account the specificities of the sectors currently benefitting from specific rates (introduced by the 2018 Budget).

In addition, the Government has taken a number of steps to simplify and clarify the tax system, increase transparency and digitalisation, improve the ease of doing business and encourage investment and entrepreneurship in the Kingdom. The

Government has also targeted progressive tax reforms certain key sectors, including, *inter alia*, construction, housing and social housing, agriculture and training, in order to promote increased activity in such sectors.

In May 2019, the 2019 National Conference on Taxation was held, during which the Minister of Economy, Finance and Administration Reform announced that the Government is considering the introduction of further measures to increase the tax base with the aim of alleviating fiscal pressure on the middle class and increasing funding for social services. Recommendations agreed during the conference, which shall form guiding principles for future budget laws, included (i) establishing value added tax neutrality, tax progressivity and grouping local and para-fiscal taxes in a single code, (ii) affirming the principles of fairness, transparency, efficiency, and the importance of balance between taxpayers and the administration, and (iii) strengthening penalties for serious offences such as tax evasion. Such guiding principles are set out in a framework law which is expected to be adopted by Parliament during its current session.

Fiscal Decentralisation

In recent years, the Government has adopted a number of fiscal decentralisation efforts, including the adoption of an organic budget law for the regions in 2015, which aims to modernise the regional institutional framework and reinforce governance at the local level. In January 2019, Parliament adopted a new law to strengthen the role of regional investment centres and to better reflect local needs. The majority of the Kingdom's regions have established regional development plans, which are in the process of being implemented. A "deconcentration" charter, which clarifies local competencies and introduces transparent criteria for intergovernmental transfers and mechanisms to mitigate contingent liability risks, has been implemented by the Government. On 27 December 2018, Decree № 2-17-618 on the National Charter for Administrative Deconcentration was published, followed by Decree № 2-19-40 on 25 January 2019, which together established a framework for monitoring and evaluating the process of administrative devolution. The process is to be led by the Interministerial Commission, which will approve deconcentration and assist with the establishment of Regional Coordination Committees and General Secretariats of Regional Affairs which will be responsible for decentralising services. This framework will be implemented gradually over a three-year period from 2020 to 2022. At the end of September 2019, the Interministerial Commission had approved the deconcentration of 11 ministerial departments.

PUBLIC DEBT

General

Morocco's central Government debt is comprised of the domestic and external debt of the central Government (excluding deposits), consolidated central Government debt is comprised of central Government debt plus the debt of certain administrative public establishments (extra-budgetary central Government) minus public debt held by social security funds and consolidated general Government debt is comprised of total consolidated central Government debt plus the debt of local authorities. Public external debt is comprised of the external debt of the treasury and the external debt of public enterprises and local authorities (guaranteed and non-guaranteed).

As at 30 June 2020, Morocco's total central Government debt was Dh 794.4 billion (consisting of domestic debt amounting to Dh 627.4 billion (or 79.0% of the total) and external debt amounting to Dh 167.0 billion (or 21.0% of the total). The average life of central Government debt was approximately 7 years as at the end of June 2020, as compared to 6.9 years in 2019, 6.4 years in 2018 and 6.9 years in 2017.

In its 2019 analysis of Morocco's debt sustainability, the IMF noted that Morocco's public debt remained at a sustainable level and resilient to various shocks.

The following table shows Morocco's public sector debt as at the dates indicated.

Public Debt[1]

	As at 31 December				
	2015	**2016**	**2017**	**2018**	**2019**
			(Dh billions)		
Central Government domestic debt	488.4	514.7	539.1	574.6	585.7
Central Government external debt	140.8	142.8	153.2	148.0	161.5
Central Government Debt[2]	**629.2**	**657.5**	**692.3**	**722.6**	**747.2**
Debt of public establishments	16.8	17.4	17.8	18.6	21.3
Public debt held by social security funds	(163.8)	(180.1)	(185.1)	(189.1)	(191.7)
Total Consolidated Central Government Debt	**482.2**	**494.8**	**525.1**	**552.1**	**576.8**
Debt of local authorities	13.9	14.6	17.6	20.1	23.4
Total Consolidated General Government Debt	**496.1**	**509.4**	**542.6**	**572.2**	**600.2**
Central Government external debt	140.8	142.8	153.2	148.0	161.5
State owned enterprises and local authorities external debt	160.2	169.7	179.4	178.6	178.4
Public External Debt	**301.0**	**312.6**	**332.6**	**326.6**	**339.9**
Central Government Debt/GDP	63.7	64.9	65.1	65.2	64.9
Consolidated Central Government Debt/GDP	48.8	48.8	49.4	49.8	50.1
Consolidated General Government Debt/GDP	50.2	50.3	51.0	51.6	52.1
Public External Debt/GDP	30.5	30.8	31.3	29.5	29.5
Average Cost					
Central Government domestic debt	4.8	4.5	4.5	4.3	4.2
Central Government external debt	2.8	2.7	2.6	2.4	2.6
Average Life					
Average life of Central Government debt (*years*)	6.8	7.0	6.9	6.4	6.9
Average life of Central Government domestic debt (*years*)	6.3	6.6	6.4	6.0	6.6
Average life of public external debt (*years*)	8.7	8.7	8.4	7.8	8.1

Notes:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.
(2) Excludes deposits with the Treasury.

Source: Ministry of Economy, Finance and Administration Reform.

Domestic Debt

The principal placement of domestic debt is through the auction market of Government debt instruments, which represents the main source of financing for the Government. As at 30 June 2020, treasury bonds issued at auctions accounted for 95% of Central Government domestic debt and 75% of total central Government debt.

The following table sets forth the composition of Morocco's domestic public debt as at the dates indicated.

Outstanding Domestic Debt[(1)]

	31 December					30 June
	2015	2016	2017	2018	2019	2020
			(Dh billions)			
Auctioned treasury bonds	470.1	490.0	516.7	546.2	557.2	597.2
Other	18.2	24.6	22.4	28.4	28.5	30.2
Total	**488.4**	**514.7**	**539.1**	**574.6**	**585.7**	**627.4**

Note:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.

Source: Ministry of Economy, Finance and Administration Reform.

Auctioned treasury bonds may be issued in nine different maturities (as set forth in the table below). In accordance with the issuance timetable adopted in May 2014: (i) treasury bonds with maturities of 13 weeks, 52 weeks and two years are auctioned on the first and third Tuesday of each month; (ii) treasury bonds with maturities of 26 weeks, 52 weeks, five years and 15 years are auctioned on the second Tuesday of each month; (iii) treasury bonds with maturities of 26 weeks, two years, ten years and 20 years are auctioned on the last Tuesday of each month; and (iv) treasury bonds with maturities of 30 years are auctioned on the last Tuesday of each quarter. Treasury bonds are issued with coupons attached.

The following table summarises the outstanding amount of Moroccan treasury bonds issued as at the dates indicated.

Outstanding Amount of Treasury Bonds by Auction[(1)]

	31 December					30 June
Maturity	2015	2016	2017	2018	2019	2020
			(Dh millions)			
30 years	13,312	18,945	19,958	19,958	22,577	29,800
20 years	48,966	56,238	56,977	57,082	66,223	72,248
15 years	110,092	117,381	123,665	125,087	135,322	136,990
10 years	87,533	90,549	98,240	116,125	129,368	121,813
5 years	123,679	130,581	140,581	145,466	145,432	157,408
2 years	59,040	57,284	51,012	62,391	47,669	62,102
52 weeks	25,449	11,982	24,693	20,097	9,939	14,158
26 weeks	984	6,662	1,165	—	132	911
13 weeks	1,050	408	418	—	500	1,731
Total	**470,105**	**490,028**	**516,706**	**546,205**	**557,161**	**597,159**

Note:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.

Source: Ministry of Economy, Finance and Administration Reform.

In 2008, the Budget Act authorised the Government to undertake active domestic debt management activities through the repurchase or exchange of government securities. The aim of such activities is to reduce the Government's future refinancing risk and to enhance liquidity in the secondary market.

The following table sets forth information regarding exchange and buyback operations conducted by the Government in the periods indicated.

Exchange and Buyback Operations

	Year ended 31 December					Six months ended 30 June
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
Number of Operations						
Exchange	16	7	8	10	10	6
Buyback	—	—	—	—	1	1
Total	**16**	**7**	**8**	**10**	**11**	**7**
Volume Purchased *(Dh millions)*						
Exchange	22,671	25,110	23,479	19,794	37,728	15,555
Buyback	—	—	—	—	6,340	1,000
Total	**22,671**	**25,110**	**23,479**	**19,794**	**44,068**	**16,555**

Source: Ministry of Economy, Finance and Administration Reform.

The average life of central Government domestic debt as at 30 June 2020 was 6.8 years. The average cost of central Government domestic debt decreased from 4.8% in 2015 to 4.2% in 2019. The portion of the Kingdom's central Government domestic debt that is domestic medium- and long-term debt was 86.3% as at 31 December 2019 and increased to 86.8% as at 30 June 2020.

The following table shows the monthly weighted average interest rate, at issue, of Moroccan treasury bonds sold by auction as at the dates indicated.

Weighted Average Rate of Moroccan Treasury Bonds[1]

	31 December					30 June
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
			(%)			
30 years	4.99	4.61	4.43	—	4.20	3.82
20 years	4.34	4.05	4.02	3.98	3.63	3.21
15 years	4.00	3.64	3.80	3.70	3.45	2.94
10 years	3.54	3.22	3.27	3.32	3.03	2.65
5 years	3.14	2.68	2.83	2.81	2.65	2.38
2 years	2.77	2.45	2.48	2.56	2.42	2.28
52 weeks	2.62	2.26	2.36	2.41	2.31	2.24
26 weeks	2.53	2.21	2.22	2.19	2.23	2.10
13 weeks	2.52	2.09	2.15	2.17	2.18	1.97

Note:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

Source: Ministry of Economy, Finance and Administration Reform.

The investor base for domestic securities is diversified. As at 31 December 2019, pension funds and insurance companies held approximately 22% of domestic Government securities, banks approximately 28% and OPCVMs approximately 33%.

Debut Sukuk Issuance

In October 2018, the Kingdom issued Dh 1.0 billion trust certificates due 2023, the Kingdom's debut sukuk issuance, using an Ijara structure. The certificates have an annual periodic distribution amount of 2.66%. The sukuk issuance formed part of the Ministry of Economy, Finance and Administration Reform's efforts to support the development of participatory finance in the Kingdom. The certificates were oversubscribed by almost 3.6 times.

Public External Debt

As at 31 December 2019, Morocco's public external debt was approximately U.S.$35.4 billion, equivalent to 29.5% of GDP, the average life was 8.1 years and the average cost was 2.6%, as compared to public external debt of approximately U.S.$30.4 billion as at 31 December 2015, equivalent to 30.5% of GDP, with an average life of 8.7 years and an average cost of 3.1%. The decrease in the ratio of public external debt to GDP in 2018 was the first time this ratio has decreased since 2006.

The following table sets forth information relating to Morocco's public external debt as at the dates indicated.

Public External Debt[(1)]

	31 December					30 June
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
Public External Debt						
in Dh billions	301.0	312.5	332.6	326.6	339.9	346.9
in U.S.$ billions	30.4	31.0	35.6	34.1	35.4	35.7
Total Public External Debt						
as a % of GDP	30.5	30.8	31.3	29.5	29.5	-
as a % of Current Receipts of Balance of Payments	73.6	72.7	70.1	66.4	63.2	-
as a % of official reserves	133.6	123.3	136.1	139.7	134.1	-
short term principal reimbursements as a % of official reserves s	9.0	9.2	8.2	8.9	13.0	-
Public External Debt Service						
in Dh billions	24.7	29.1	32.1	28.6	29.2	9.5
in U.S.$ billions	2.5	3.0	3.3	3.0	3.0	1.0
as a % of Current Receipts of Balance of Payments	6.0	6.8	6.8	5.8	5.4	-

Note:

(1) Certain line items and figures differ from previously published data due to ongoing revisions.

Source: Ministry of Economy, Finance and Administration Reform.

A majority of Morocco's external debt is on concessional terms. As at 30 June 2020, 51.4% of Morocco's public external debt was owed to multilateral creditors (as compared to 49.4% as at 31 December 2019) and 24.8% was owed to bilateral creditors (as compared to 25.6% as at 31 December 2019).

The following table sets forth Morocco's total public external debt by type of creditor as at the dates indicated.

Public External Debt by Creditors[(1)(2)]

	31 December					30 June
	2015	2016	2017	2018	2019	2020
	(U.S.$ millions)[(3)]					
Bilateral creditors						
EU countries	6,053	6,119	7,063	6,389	5,994	5,872
France	*3,689*	*3,542*	*4,005*	*3,623*	*3,450*	3,397
Arab countries	820	857	1,386	1,353	1,271	1,229
Other countries	1,764	1,975	2,022	1,949	1,809	1,754
United States of America	*121*	*102*	*85*	*70*	*56*	53
Total Bilateral creditors	**8,637**	**8,951**	**10,471**	**9,691**	**9,074**	**8,855**
Multilateral creditors						
World Bank	*4,336*	*4,756*	*5,760*	*5,751*	*6,638*	*7,046*
Total Multilateral creditors	**13,742**	**14,207**	**16,852**	**16,673**	**17,509**	**18,343**
Private creditors						
Private commercial banks	*8,006*	*7,792*	*8,323*	*7,781*	*8,848*	*8,497*
Total	**30,385**	**30,950**	**35,646**	**34,145**	**35,431**	**35,695**

Notes:
(1) Including external debt guaranteed by the Kingdom.
(2) Certain line items and figures differ from previously published data due to ongoing revisions.
(3) Calculated on the basis of the exchange rate published by the *Bank Al-Maghrib* at the end of the relevant period.

Source: Ministry of Economy, Finance and Administration Reform.

The following table sets forth the currency breakdown of Morocco's public external debt as at the dates indicated.

Public External Debt by Currency[(1)]

	31 December					30 June
	2015	2016	2017	2018	2019	2020
	(% of total)					
U.S. Dollars	23.6	26.7	27.8	28.4	27.1	27.3
Euros	63.1	61.4	61.1	59.6	61.8	61.3
Japanese Yen	3.6	3.8	3.6	3.8	3.5	3.5
Others	9.7	8.1	7.5	8.2	7.6	7.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.

Source: Ministry of Economy, Finance and Administration Reform.

The following table sets forth the currency breakdown of Morocco's Central Government external debt as at the dates indicated.

Central Government External Debt by Currency[(1)]

	31 December					30 June
	2015	2016	2017	2018	2019	2020
	(% of total)					
U.S. Dollars	16.7	22.0	27.8	28.5	26.4	26.2
Euros	75.9	71.0	65.6	63.2	66.7	65.8
Japanese Yen	2.3	2.8	2.8	2.9	2.5	2.4
Others	5.1	4.2	3.8	5.4	4.4	5.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note:
(1) Certain line items and figures differ from previously published data due to ongoing revisions.

Source: Ministry of Economy, Finance and Administration Reform.

The structure of Morocco's Central Government external debt is generally kept in line with the basket of currencies to which the Dirham is pegged in order to reduce exchange rate risk. See "*Monetary and Financial System—Exchange Rate Regime*" and "*Risk Factors—Risks Relating to the Kingdom—Economic Risk*".

The following table sets forth details of Morocco's outstanding international Government Bonds.

Outstanding International Government Bonds

Issue Date	Issue Size	Coupon	Maturity
5 October 2010	€1,000,000,000	4.50%	5 October 2020
11 December 2012	U.S.$1,000,000,000	4.25%	11 December 2022
11 December 2012	U.S.$500,000,000	5.50%	11 December 2042
29 May 2013	U.S.$500,000,000(1)	4.25%	11 December 2022
29 May 2013	U.S.$250,000,000(2)	5.50%	11 December 2042
19 June 2014	€1,000,000,000	3.50%	19 June 2024
27 November 2019	€1,000,000,000	1.50%	27 November 2031

Notes:

(1) Consolidated and forming a single series with the U.S.$1,000,000,000 4.25% Notes issued on 11 December 2012.

(2) Consolidated and forming a single series with the U.S.$500,000,000 5.50% Notes issued on 11 December 2012.

Source: Ministry of Economy, Finance and Administration Reform.

The following table provides a breakdown of projected public external debt service requirements as at 30 June 2020 for the years indicated.

Projected Public External Debt Service Based on Outstanding Amounts as at 30 June 2020

Year	Principal Repayments	Interest Payments	Total Debt Service
		(Dh millions)	
2020	33,576	8,476	42,052
2021	25,144	7,474	32,618
2022	36,376	6,864	43,240
2023	22,033	5,972	28,005
2024	44,596	5,250	49,846
2025	29,027	4,016	33,043
2026	17,527	3,183	20,710
2027	15,926	2,851	18,777
2028	14,018	2,561	16,579
2029	14,002	2,394	16,396

Source: Ministry of Economy, Finance and Administration Reform.

State-owned Enterprises

The Government guarantees certain debts of the Kingdom's state-owned enterprises. The amounts outstanding under guarantees (which are included in the public external debt) have increased from Dh 106.3 billion as at 31 December 2015 to Dh 127.3 billion as at 31 December 2019. This increase was due to an increase in investment projects undertaken by state-owned enterprises. Despite the increase in these guaranteed debts, the ratio of external indebtedness of state-owned enterprises to GDP of 16.1% as at 31 December 2015 decreased to 15.2% as at 31 December 2019.

International Institutions

Considerable financing from official bilateral and multilateral sources, as well as debt rescheduling, have supported Morocco's public finances and adjustment strategy.

IMF

Morocco has been a member of the IMF since 25 April 1957. Morocco's adjustment efforts were supported by nine IMF arrangements, with an arrangement in effect at least part of every year during 1980-1993. During this period, the IMF committed SDR 3,040 million to Morocco under stand-by and extended arrangements, and Morocco used resources amounting to a cumulative total of SDR 1,733 million by the end of March 1993, when the last stand-by arrangement expired, including SDR 351 million under a compensatory financing facility. In addition to financial support, the IMF also provided extensive technical assistance in a number of fields, notably in the areas of expenditure control and monitoring, tax system reform, exchange rate policy, the financial sector, government finance statistics, monetary frameworks and inflation targeting, and macro-prudential policy. Since February 1997, all IMF borrowings have been fully repaid.

In August 2012, the IMF approved its first Precautionary and Liquidity Line ("**PLL**") to the Kingdom, in an amount of SDR 4.1 billion (approximately U.S.$6.2 billion) with a duration of 24 months. The PLL was aimed at ensuring the Kingdom would have sufficient resources in the event of an economic shock, including fluctuations in oil prices and the potential impact of the economic downturn in Europe and the Eurozone crisis, as well as to reinforce confidence in the Moroccan economy.

In July 2014, the IMF approved a second SDR 3.2 billion (approximately U.S.$5.0 billion) PLL, aimed at providing the Kingdom with an insurance policy for meeting immediate financing needs, strengthening market confidence and facilitating better access to private capital markets.

In July 2016, the IMF approved a third SDR 2.5 billion (approximately U.S.$3.5 billion) PLL, which the IMF described as useful insurance against external shocks and aimed at further strengthening the economy's resilience and fostering higher and more inclusive economic growth.

In December 2018, the IMF approved the Fourth PLL in an amount of SDR 2.2 billion (approximately U.S.$3.0 billion). In granting the Fourth PLL, the IMF recognised the Kingdom's growth in 2018, which it noted was expected to continue to accelerate gradually over the medium-term (subject to improved external conditions and reform implementation), the decline in external imbalances, improvements in fiscal consolidation and strengthening of the Kingdom's policy and institutional frameworks, stronger financial sector oversight, a more flexible exchange rate regime and an improved business environment. In addition, the IMF noted that the decrease in principal amount of the third PLL, as compared to the previous PLLs reflected the strengthening of the Moroccan economy and a lower balance of risks relative to the preceding PLLs.

The Fourth PLL arrangement aims to support a reform programme relating to education, public sector governance and the tax system, improving the business environment to enhance competition and development for SMEs, continuing the transition to greater exchange rate flexibility, strengthening the monitoring of state-owned enterprises and strengthening the targeting and efficiency of social spending.

The Fourth PLL has a duration of 24 months. The Kingdom has historically treated this facility as precautionary, to be drawn on only in the event of severe exogenous shocks. On 7 April 2020, as part of its response to the COVID-19 pandemic, the Kingdom drew on the Fourth PLL for an amount equivalent to approximately U.S.$3.0 billion. The amount is repayable over five years, with a grace period of three years. The drawdown on the Fourth PLL is to be made available to Bank Al-Maghrib to use mainly to finance the balance of payments and to support the Moroccan economy.

The IMF published its most recent Article IV consultation report on the Kingdom in July 2019.

The World Bank

Morocco's partnership with the World Bank has focused on solar power, sanitation, roads, social inclusion and employment projects.

In March 2017, the World Bank approved a U.S.$150 million financing to promote innovative start-ups and job creation and, in December 2017, the World Bank Board approved a €172 million loan to the Municipality of Casablanca. In June 2018, the World Bank approved U.S.$90 million in additional support for Morocco's adoption of innovative solar technology, to support the development and construction of the Noor-Midelt I and II plants, which are expected to have a total capacity of 600-800 MW. As at 31 December 2018, the total principal amount owed to the World Bank group was U.S.$5.8 billion.

In February 2019, the Board of Directors of the World Bank adopted a new Country Partnership Framework with Morocco to guide the World Bank's financial and technical assistance programme for the period 2019-2024 (the "**2019-2024 CPF**"). The 2019-2024 CPF aims to support the Kingdom's objectives to increase competitiveness and boost shared prosperity. The 2019-2024 CPF has three strategic pillars: (i) promoting job creation by the private sector; (ii) strengthening human capital; and (iii) promoting inclusive and resilient territorial development. Governance and citizen engagement are foundational principles of the 2019-2024 CPF and gender and digital technology are themes that run through the framework. At a national level, the 2019-2024 CFP is supported by the Government's 2017-2021 programme for economic growth and social inclusion, which is connected to the National Financial Inclusion Strategy.

In February 2019, the World Bank Board approved a U.S.$700 million financing to promote Financial Inclusion and Digital Economy, and, in May 2019, the World Bank Board approved a U.S.$55 million loan to support economic inclusion of youth.

In June 2019, the World Bank Board approved U.S.$500 million to support education programmes and, in November 2019, the World Bank approved a U.S.$300 million financing to support the municipal performance programme. The World Bank Board approved, in December 2019, a U.S.$275 million financing to promote a disaster risk management development policy with a catastrophe deferred drawdown option, which included a trigger for pandemic risk, enabling it to be deployed as part of the Kingdom's efforts to combat the COVID-19 crisis. This loan was disbursed in full on 6 April 2020.

As at 30 June 2020, the total amount owed to the World Bank group was U.S.$7.0 billion.

In June 2020, the World Bank approved a proposed additional loan in the amount of U.S.$35 million to be used for the purpose of improving primary health services in rural areas and responding to the COVID-19 pandemic. On 22 June 2020, the World Bank approved the first Financial and Digital Inclusion Development Policy Financing in an amount of U.S.$500 million. This loan was disbursed in full on 17 August 2020.

African Development Bank

Morocco's partnership with the African Development Bank (the "**ADB**") for the current period is set out in a Country Strategy Paper for the period 2017-2021 comprising a green industrialisation pillar and a pillar aimed at improving living conditions through the creation of employment opportunities for women and the youth, as well as in rural areas.

In 2019, the ADB approved more than U.S.$1.1 billion in financing to Morocco, of which: (i) €268 million has been allocated to fund the second phase of a programme aimed at accelerating industrialisation through SMEs and the exporting sectors; (ii) U.S.$220 million has been allocated to a programme for the improvement of territorial governance in Morocco; (iii) €204 million has been allocated to the first phase of a social protection programme; (iv) €243.85 million has been allocated to a programme for the transportation of electricity and rural electrification of the ONEE; and (v) a €100 million sub-Sovereign line of credit has been provided to the *Fonds d'Equipement Communal.*

In the first half of 2020, the ADB approved €264 million in financing to support the response to COVID 19. This loan was disbursed in full on 9 July 2020.

As at 30 June 2020, the total amount owed to the ADB was U.S.$4.7 billion.

Arab Monetary Fund

Morocco's partnership with the Arab Monetary Fund has focused on financing structural reforms.

As at 30 June 2020, the total amount owed by the public sector to the Arab Monetary Fund was U.S.$754 million. In the first half of 2020, Morocco received funding of U.S.$404 million from the Arab Monetary Fund, which is expected to be used to strengthen financial reforms and introducing measures aimed at increasing trade.

European Union

The EU has provided Morocco with financial assistance through a range of programmes, notably the ENI. See "*Description of the Kingdom of Morocco—International Relations*".

EU assistance to Morocco is mainly in the form of dedicated Annual Action Plans funded by the ENI. For the period 2014 to 2020, ENI bilateral assistance was indicatively programmed between approximately €1,323 million and €1,617 million. As at the end of June 2020, assistance under the ENI amounted to approximately €1,079 million and supported reform initiatives relating to the education and training system, gender equality and women's empowerment, territorial development and youth and civil society, health and good governance as well as initiatives to boost green growth and competitiveness, the expansion and consolidation of social protection schemes and the Government's migration policies.

As at 31 August 2020, in order to support the Moroccan effort to fight against COVID-19, approximately €223 million was disbursed by the EU, to support initiatives relating in particular to health, social protection, training and education, business competitiveness and green growth. Further disbursements of approximately €238 million are expected to be made by the end of 2020, in particular through a specific European programme to support the Kingdom's response to the COVID-19 crisis.

European Investment Bank

Morocco's partnership with the EIB is focused on projects in environment, infrastructure, innovation and the SME and mid-cap sectors and stretches back to 1978. Since 2008, the EIB has provided loans up to a value of €47 billion, of which 30% was invested into the private sector. In 2019, €315 million was disbursed for these works.

As at 31 August 2020, disbursements totalled €319 million, of which €100 million comes from a €200 million finance package provided by the EIB in August 2020 to help finance Morocco's response to the COVID-19 pandemic, and €70 million relates to a credit line from Attijariwafa Bank to finance SMEs and mid-caps.

As at 30 June 2020, the total amount owed by the public sector to the EIB was €3.2 billion.

L'Agence Française de Developpement

Morocco's partnership with *L'Agence Française de Developpement* (the "**AFD**") is focused on projects in the energy, water, education, health, rural roads, ports, airports, professional training, microenterprises and SMEs sector. The AFD has financed over 50 projects in Morocco. As at 31 December 2019, the AFD had committed €5.6 billion to projects in Morocco since 1992. In 2019, €230 million was disbursed for these works.

In 2020, in response to the COVID-19 pandemic, the AFD accelerated its disbursements which amounted, at the end of July 2020, to €270 million, of which €90 million is in relation to credit lines concluded in 2019 with local banks to support SME credit and refinancing activities.

Kreditanstalt für Wiederaufbau

Morocco's partnership with the German government is focused on projects that support environmental conservation, the energy and water sectors, and sustainable economic development. This partnership is mainly implemented by the *Kreditanstalt für Wiederaufbau* ("**KfW**"), a state-owned development bank based in Frankfurt, acting on behalf of the German government.

As at September 2020, the overall commitment of KfW in Morocco since 1965 exceeds €4.4 billion. The energy sector is the main beneficiary of the amounts allocated to Morocco. As at 30 June 2020, €85 million had been disbursed.

As part of the implementation of commitments under the G20 Compact with Africa initiative, a partnership for reforms is being initiated with the German government. Under this partnership, KfW is providing Morocco with a loan of €450 million to support financial inclusion, capital markets and financial stability. The loan agreement, with a first tranche of €250 million, is under negotiation, and is planned to be disbursed in 2020.

European Bank for Reconstruction and Development

The EBRD designated Morocco a potential beneficiary country of the bank in 2012, pursuant to which EBRD was able to increase its funding activities in Morocco. On 4 November 2013, the EBRD designated Morocco a beneficiary country of the bank.

As at the date of this Prospectus, EBRD financing in Morocco amounted to €2.5 billion, of which €1.2 billion has been disbursed, across 66 projects, and 70% has been invested into the private sector. As at the end of March 2020, the total amount owed by the public sector to the EBRD was €158.7 million.

In order to support Morocco's response to the impact of the COVID-19 pandemic on the national economy, the EBRD is providing liquidity financing of €300 million to: (i) the *Office National de l'Électricité et de l'Eau Potable*; (ii) the national authority for the management of motorways, *Société Nationale des Autoroutes du Maroc*; and (iii) the *Office National des Aéroports*. In the same context, the EBRD has provided a line of credit of up to €100 million loan to BMCE of Africa, to provide loans to eligible borrowers experiencing a decrease in their activity, turnover and profitability, as a result of the COVID-19 pandemic.

GCC

In December 2011, certain members of the GCC pledged U.S.$5 billion to fund economic and social development projects in Morocco. See "*Description of the Kingdom of Morocco—International Relations—Gulf Co-operation Council*".

Islamic Development Bank

Morocco and the Islamic Development Bank have co-operated on projects since the 1970s. Total funding from the Islamic Development Bank to Morocco is U.S.$6.8 billion and relates to projects in a number of strategic sectors, including energy, highways, rail transport, rural roads, drinking water and agriculture, as well as a number of trade and technical assistance projects.

In April 2019, Morocco and the Islamic Development Bank signed a new framework agreement regarding a partnership strategy for 2019-2022. This strategy aims to develop value chains in transport mobility, focusing on locomotive manufacturing, agribusiness and textiles.

In April 2019, Morocco and the Islamic Development Bank also signed a memorandum of understanding in respect of U.S.$206 million to fund development projects in 2019. In the context of this memorandum of understanding, three financing agreements were signed in April 2019 for total funding of U.S.$95.6 million relating to the Inclusive Agricultural Development Project in the Tangier-Tetouan-Al Hoceima Region (funding of U.S.$93.8 million), support to the INDH (grant of U.S.$1.5 million) and support for the development of basic education (grant of U.S.$280,000).

Public Debt Management

The main objective of public debt management is to ensure that the Government's financing needs and payment obligations are met at the lowest possible cost over the long term consistent with a prudent level of risk, utilising domestic and external financing sources and contributing to the development of the domestic Government securities market.

Active Debt Management

Since 1996, the Kingdom has been pursuing an active debt management programme, which has resulted in the settlement of approximately U.S.$9 billion of debt, of which: (i) U.S.$1.0 billion of debt was converted into private investments; (iii) U.S.$1.0 billion of debt was converted into public investments; and (iii) debt refinancing and derivative instruments have been used to reduce the exposure of the Kingdom's debt portfolio to interest and exchange rate fluctuations in respect of approximately U.S.$7 billion of debt.

Since 2015, the Treasury has been communicating to primary dealers, at the beginning of each year, an annual forecast schedule of active domestic debt management operations to be conducted. An exchange auction is held on the last Thursday of each month. Between 2015 and 2019, the Treasury conducted, on average, 10 bond exchange operations per year for an average amount of Dh 27 billion per year. See "—*Domestic Debt*".

Cash Management

In 2009, the Budget Act authorised the Government to conduct active cash management through the placement of excess cash over a certain level and overnight borrowing in the money markets for treasury needs. The cash management instruments used by the Treasury are (i) reverse repos collateralised by government securities for up to seven business days; (ii) overnight deposits in the interbank market; and (iii) overnight borrowings in the interbank market.

Before the start of cash management operations in February 2010, the Treasury entered into an agreement with Bank Al-Maghrib to enhance coordination and avoid any interference by Treasury operations with the conduct of monetary policy. This agreement also stated, for the first time, the remuneration by Bank Al-Maghrib of the cash deposited with it up to an agreed buffer amount.

Coordination With Bank Al-Maghrib

Pursuant to the new central bank law, Law № 40-17, Bank Al-Maghrib is prohibited from seeking or taking instructions from the Government. Bank Al-Maghrib, as a fiscal agent of the Government, performs various back office functions relating to treasury bill auctions and treasury cash management. There is, however, ongoing coordination between Bank Al-Maghrib and the Treasury, with day-to-day interaction between the front and back offices of both institutions, and monthly meetings at a senior level to discuss issues of mutual interest.

Debt Record

Morocco has not, within a period of 20 years prior to the date of this Prospectus, defaulted on the principal or interest of any external security.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which will be endorsed on each Note in definitive form:

The €500,000,000 1.375% Notes due 2026 (the "**2026 Notes**") and the €500,000,000 2.000% Notes due 2030 (the "**2030 Notes**" and, together with the 2026 Notes, the "**Notes**" and each a "**Series**", which expression includes any further Notes issued pursuant to Condition 14 and forming a single series with the relevant Series of the Notes) of the Kingdom of Morocco (the "**Kingdom**") are (a) subject to, and have the benefit of, a deed of covenant dated 30 September 2020 (as amended or supplemented from time-to-time, the "**Deed of Covenant**") of the Kingdom and (b) issued pursuant to a Fiscal Agency Agreement dated 30 September 2020 (as amended or supplemented from time-to-time, the "**Fiscal Agency Agreement**") among the Kingdom, Citibank N.A., London Branch, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time-to-time in connection with the Notes), and the Registrar and Paying Agents named therein (together with the Fiscal Agent, the "**Agents**", which expression includes any successor or additional Agents appointed from time-to-time in connection with the Notes).

Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Fiscal Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Fiscal Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination, Title, Registration and Transfer

(a) *Form and denomination.* The Notes are in registered form without coupons in principal amounts of €100,000 and integral multiples of €1,000, in excess thereof (each, an "authorised denomination"). The Notes will be numbered serially.

(b) *Title:* Title to the Notes will pass by transfer and registration as described in Condition 1(c). A Noteholder will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as appropriate) or anything written on it or on the certificate in respect of it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder. For this purpose, "**Noteholder**" and "**holder**" shall mean the person in whose name a Note is registered in the Register (as defined in Condition 1(c)).

(c) *Registration:* The Kingdom will cause a register (the "**Register**") to be kept at the Specified Office of the Registrar on which will be entered the names and addresses of the Noteholders and the particulars of the Notes held by them and of all transfers and redemptions of Notes.

(d) *Transfer:* Notes may, subject to the terms of the Fiscal Agency Agreement and to Conditions 1(e) and 1(f), be transferred in whole or in part in an authorised denomination by lodging the relevant Note (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the Specified Office of the Registrar or any Paying Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven business days (as defined in Condition 6(d)), in the place of the Specified Office of the Registrar, of any duly made application for the transfer of a Note, deliver a new Note to the transferee (and, in the case of a transfer of part only of a Note, deliver a Note for the untransferred balance to the transferor) at the Specified Office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Note by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(e) *Formalities free of charge:* Any such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Kingdom may from time-to-time agree with the Registrar.

(f) *Closed Periods:* Neither the Kingdom nor the Registrar will be required to register the transfer of any Note (or part thereof) (i) during the period of 15 calendar days ending on and including the day immediately prior to the relevant Maturity Date (as defined in Condition 5(a)); or (ii) during the period of seven calendar days ending on (and including) any Record Date (as defined in Condition 6(a)) in respect of any payment of interest on the Notes.

2. Status

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Kingdom. The Notes shall at all times rank *pari passu*, without any preference among themselves and at least *pari passu* with all other unsecured External Indebtedness of the Kingdom from time-to-time outstanding. The Kingdom shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa. The full faith and credit of the Kingdom is pledged for the due and punctual payment of the principal of, and interest on, the Notes and the performance of all of the Kingdom's other obligations under the Notes.

In these Conditions:

"**External Indebtedness**" means any Indebtedness for money borrowed or raised, which is denominated or payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency from time-to-time of the Kingdom.

"**Indebtedness**" shall be construed to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent.

3. Negative Pledge

So long as any Note of a Series of Notes remains outstanding (as defined in the Fiscal Agency Agreement) the Kingdom shall not, and shall not permit (to the extent the Kingdom has the power to refuse such permission) any Agency to, create or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) upon any of the Kingdom's assets or revenues, present or future, to secure any Public External Indebtedness of the Kingdom or of any other Person or any guarantee or indemnity of the Kingdom in respect of Public External Indebtedness of any other Person unless, at the same time or prior thereto, the Kingdom's obligations under such Notes are secured equally and rateably therewith or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution or Written Resolution (each, as defined in Condition 12(a)) of Noteholders.

In these Conditions:

"**Agency**" means any political sub-division, regional government, ministry, department, authority or statutory corporation of the Kingdom or the government thereof (whether or not such statutory corporation is autonomous) and any corporation or other entity (but not any commercial corporation or other commercial entity) which is directly or indirectly controlled (whether by reason of whole or partial ownership, control over voting or other relevant decision making power to direct management, the composition of management or otherwise) by the Kingdom or the government thereof and/or one or more Agencies.

"**Permitted Security Interest**" means:

(a) any Security Interest upon property to secure Public External Indebtedness incurred for the purpose of financing the acquisition of such property (or property which forms part of a class of assets of a similar nature where the Security Interest is by reference to the constituents of such class from time-to-time); or

(b) any Security Interest existing on property at the time of its acquisition; or

(c) any Security Interest arising by operation of law which has not been foreclosed or otherwise enforced against the assets to which it applies; or

(d) any Security Interest securing or providing for the payment of Public External Indebtedness incurred in connection with any Project Financing provided that such Security Interest applies to (A) properties which are the subject of such Project Financing or (B) revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss of, or failure to complete, or damage to, such properties; or

(e) the renewal or extension of any Security Interest described in subparagraphs (a) to (d) above, provided that the principal amount of the Public External Indebtedness secured thereby is not increased.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality.

"**Project Financing**" means any arrangement for the provision of funds which are to be used solely to finance a project for the acquisition, construction, development or exploitation of any property pursuant to which the persons providing such funds agreed that the principal source of repayment of such funds will be the project and the revenues (including insurance proceeds) generated by such project.

"**Public External Indebtedness**" means any External Indebtedness, which is evidenced by any bond, debenture, note or other instrument and which is or is capable of being quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market.

"**Security Interest**" means any mortgage, charge, pledge, lien, security interest or other encumbrance securing any obligation of the Kingdom or any other type of preferential arrangement having similar effect over any assets or revenues of the Kingdom.

4. Interest

(a) The 2026 Notes bear interest on their outstanding principal amount from and including 30 September 2020 (the "**Issue Date**") at the rate of 1.375% per annum (the "**2026 Rate of Interest**"), payable annually in arrear on 30 March in each year (each, an "**Interest Payment Date**"), commencing on 30 March 2021, subject as provided in Condition 6. The 2030 Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.000% per annum (the "**2030 Rate of Interest**" and, together with the 2026 Rate of Interest, the "**Rates of Interest**" and each, a "**Rate of Interest**"), payable annually in arrear on the Interest Payment Date, commencing on 30 March 2021, subject as provided in Condition 6.

(b) Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by, or on behalf of, the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(c) If interest is required to be paid in respect of a Note for a period of less than a complete Interest Period (as defined below), it shall be calculated by applying the relevant Rate of Interest to the principal amount of such Note, multiplying the product by the relevant day count fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards), where the relevant day-count fraction will be the number of days in the relevant period, from and including the date from which interest begins to accrue to, but excluding, the date on which such interest falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

(d) In these Conditions, the period beginning on, and including, 30 September 2020 and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an "**Interest Period**".

5. Redemption, Purchase and Cancellation

(a) *Scheduled redemption:* Unless previously redeemed or purchased and cancelled, the 2026 Notes will be redeemed at their principal amount on 30 March 2026 (the "**2026 Maturity Date**") and the 2030 Notes will be redeemed at their principal amount on 30 September 2030 (the "**2030 Maturity Date**" and, together with the 2026 Maturity Date, the "**Maturity Dates**" and each, a "**Maturity Date**"), subject as provided in Condition 6.

(b) *Purchase and Cancellation:* The Kingdom and its Agencies may at any time purchase Notes in the open market or otherwise and at any price. Any Notes so purchased may be cancelled or held and resold. Any Notes so purchased, while held by or on behalf of the Kingdom or any Agency or other public sector instrumentality (as defined below) of the Kingdom, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of meetings of Noteholders or for the purposes of any Written Resolution or for the purposes of Conditions 8, 12 or 13, all as more particularly set out in Condition 12(i). Any Notes so purchased and cancelled will not be reissued.

(c) *Notification:* Following any such redemption or cancellation, the Kingdom will promptly notify the Luxembourg Stock Exchange or any other stock exchange where Notes are listed if such exchange so requires of the amount of Notes so redeemed and/or cancelled and of the amount of Notes outstanding following such redemption and/or cancellation.

6. Payments

(a) *Method of payment:* Payment of principal in respect of the Notes will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender of the Notes at the Specified Office of any Paying Agent outside the United States. Payments of interest will be made to the persons shown in the Register at close of business on the relevant Record Date. For this purpose, "**Record Date**" means the seventh business day, in the place of the Specified Office of the Registrar, before the due date for the relevant payment. Each such payment will be made by transfer to an account in Euros by transfer to an account in Euros maintained by the payee with a bank in a European city in which banks have access to the TARGET System.

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET2) system or any successor thereto.

(b) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7.

(c) *Commissions*: No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on Business Days*: If the due date for payment of any amount in respect of any Note is not a business day, the holder shall not be entitled to payment of the amount due until the next succeeding business day in the place of presentation and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place of the Specified Office of the relevant Paying Agent to whom the relevant Note is surrendered and on which the TARGET System is operating.

7. Taxation

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Kingdom or any political subdivision or any authority thereof or therein having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. In that event, the Kingdom shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:

(a) presented for payment by a holder which is liable to such Taxes in respect of such Note by reason of its having some connection with the Kingdom other than the mere holding of such Note; or

(b) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent as provided in the Fiscal Agency Agreement on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7.

8. Events of Default

In respect of a Series of Notes, if any of the following events occurs and is continuing (each, an "**Event of Default**"):

(a) *Non-Payment*: any amount of principal in respect of such Notes is not paid within seven days of the due date for payment thereof or any amount of interest in respect of such Notes is not paid within 15 days of the due date for payment thereof;

(b) *Breach of Other Obligations*: the Kingdom fails duly to perform or observe any of its other obligations under or in respect of such Notes, which failure continues unremedied for 45 days after written notice thereof has been delivered by any relevant Noteholder to the Kingdom at the Specified Office of the Fiscal Agent;

(c) *Cross-acceleration*: (i) the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any Public External Indebtedness of the Kingdom, (ii) the Kingdom defaults in the payment of any principal of or interest on any of its Public External Indebtedness when and as the same shall become due and payable, and such default continues for more than the period of grace, if any, originally applicable thereto or (iii) the Kingdom defaults in the payment when due and called upon (after the expiry of the period of grace, if any, originally applicable thereto) of any guarantee or indemnity of the Kingdom in respect of any Public External Indebtedness of any other Person; provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned in this paragraph (c) have occurred equals or exceeds U.S.$100,000,000 or its equivalent;

(d) *Moratorium*: a moratorium on the payment of principal of, or interest on the Public External Indebtedness of the Kingdom is declared by the Kingdom;

(e) *IMF*: the Kingdom ceases to be a member of the International Monetary Fund ("**IMF**") or to be eligible to use the general resources of the IMF;

(f) *Repudiation*: the validity of such Notes is contested by the Kingdom or the Kingdom shall deny any of its obligations under such Notes (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or

(g) *Performance* prevented: it shall be or become unlawful for the Kingdom to perform or comply with all or any of its obligations set out in such Notes or any such obligations shall be or become unenforceable or invalid, in each case as a result of any law or regulation in the Kingdom or any ruling of any court in the Kingdom whose decision is final and unappealable,

then (i) in the case of an event referred to in (a) or (d) above, any Noteholder of the relevant Series may, by notice in writing to the Kingdom at the Specified Office of the Fiscal Agent, declare the Notes of the relevant Series held by it to be immediately due and payable and (ii) in the case of any event referred to in (b), (c), (e), (f) or (g) above, the holders of not less than 25% in aggregate outstanding principal amount of the relevant Series of Notes may, by notice in writing to the Kingdom at the Specified Office of the Fiscal Agent, declare all the Notes of the relevant Series to be immediately due and payable, whereupon such Notes shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders of the relevant Series by the Kingdom.

Except in the case of an event referred to in (a) or (d) above, if the Kingdom receives notice in writing from holders of at least 50% in aggregate outstanding principal amount of the relevant series of Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such Noteholders wish the relevant declaration to be withdrawn, the Kingdom shall give notice thereof to the Noteholders of the relevant Series (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Kingdom gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder of the relevant Series in relation thereto.

9. Prescription

Claims in respect of principal and interest shall be prescribed and will become void unless made within a period of ten years, in the case of principal, and five years, in the case of interest, from the appropriate Relevant Date, in respect thereof.

10. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or such other Agent, as may from time-to-time be designated by the Kingdom for that purpose and notice of whose designation is given to Noteholders, in each case upon payment by the claimant of the costs, expenses, taxes and duties incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Kingdom may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

11. Agents

In acting under the Fiscal Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Kingdom and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The Kingdom reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Agent and additional or successor paying agents; provided, however, that the Kingdom shall at all times maintain a fiscal agent, registrar, paying agent (which may also be the fiscal agent) and such other agents as may be required by a stock exchange on which the Notes are listed.

12. Meetings of Noteholders; Written Resolution

(a) Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions

(i) The Kingdom may convene a meeting of the Noteholders at any time in respect of the notes of a Series of Notes in accordance with the provisions of the Fiscal Agency Agreement. The Kingdom will determine the time and place of the meeting and will notify the Noteholders of the relevant Series of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(ii) The Kingdom or the Fiscal Agent will convene a meeting of Noteholders of a Series of Notes if the holders of at least 10% in principal amount of the outstanding Notes (as defined in the Fiscal Agency Agreement and described in Condition 12(i)) of the relevant Series have delivered a written request to the Kingdom or the Fiscal Agent (with a copy to the Kingdom) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Kingdom promptly. The Kingdom or the Fiscal Agent, as the case may be, will notify the Noteholders of the relevant Series within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(iii) The Kingdom (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Fiscal Agency Agreement. If the Fiscal Agency Agreement does not include such procedures, or additional procedures are required, the Kingdom and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Kingdom proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(iv) The notice convening any meeting will specify, *inter alia*:

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution (as defined below) to be proposed for adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

(D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

(F) whether Condition 12(b), Condition 12(c), or Condition 12(d) shall apply and, if relevant, in relation to which other series of debt securities it applies;

(G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(H) such information that is required to be provided by the Kingdom in accordance with Condition 12(f);

(I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 12(g); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(v) In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to Condition 12(a)(iv) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Kingdom for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution as set out below.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities (which for these purposes shall be deemed to include any sukuk or other trust certificates representing the credit of the Kingdom) issued directly or indirectly by the Kingdom in one or more series with an original stated maturity of more than one year.

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 12 and Condition 13 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) **Modification of one Series of Notes only**

(i) Any modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of a Series of Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders of the relevant Series duly convened and held in accordance with the procedures prescribed by the Kingdom and the Fiscal Agent pursuant to Condition 12(a) by a majority of:

(A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes of the relevant Series; or

(B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes of the relevant Series.

(iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes of the relevant Series; or

(B) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes of the relevant Series.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders of the relevant Series.

(iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders of the relevant Series, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) **Multiple Series Aggregation – Single limb voting**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Kingdom and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(v) The "**Uniformly Applicable**" condition will be satisfied if:

(A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (1) the same new instrument or other consideration or (2) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

(vi) Any modification or action proposed under Condition 12(c) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) **Multiple Series Aggregation – Two limb voting**

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Kingdom and the Fiscal Agent pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of:

(A) at least 66⅔% of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(A) at least 66⅔% of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(v) Any modification or action proposed under Condition 12(d) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters**

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the date, or the method of determining the date, for payment of principal interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(vi) to change the definition of "Uniformly Applicable";

(vii) to change the definition of "outstanding" or to modify the provisions of Condition 12(i);

(viii) to change the legal ranking of the Notes;

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 8;

(x) to change the law governing the Notes, the courts to the jurisdiction of which the Kingdom has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Kingdom's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 19;

(xi) to impose any condition on or otherwise change the Kingdom's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(xii) to modify the provisions of this Condition 12(e);

(xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

(xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Kingdom or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Kingdom or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or debt securities of the Kingdom or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) **Information**

Prior to or on the date that the Kingdom proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 12(b), Condition 12(c) or Condition 12(d), the Kingdom shall publish in accordance with Condition 13, and provide the Fiscal Agent with the following information:

(i) a description of the Kingdom's economic and financial circumstances which are, in the Kingdom's opinion, relevant to the request for any potential modification or action, a description of the Kingdom's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(ii) if the Kingdom shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(iii) a description of the Kingdom's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 12(a)(iv)(G).

(g) **Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 12(c) and Condition 12(d), the Kingdom may appoint a Calculation Agent. The Kingdom shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) **Manifest error, etc.**

The Notes, these Conditions and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Kingdom shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) **Notes controlled by the Kingdom**

For the purposes of (a) determining the right to attend and vote at any meeting of Noteholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 12 and (c) Condition 8, any Notes which are for the time being held by or on behalf of the Kingdom or by or on behalf of any person which is owned or controlled directly or indirectly by the Kingdom or by any public sector instrumentality of the Kingdom shall be disregarded and be deemed not to remain outstanding; where:

(i) "**public sector instrumentality**" means Bank Al-Maghrib, the Ministry of Economy, Finance and Administration Reform of the Kingdom of Morocco, any other department, ministry or agency of the

Government of the Kingdom of Morocco or any corporation, trust, financial institution or other entity owned or controlled by the Government of the Kingdom of Morocco or any of the foregoing; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Kingdom has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Kingdom shall provide to the Fiscal Agent a copy of the certificate prepared pursuant to Condition 13(d) which includes information on the total number of Notes which are for the time being held by or on behalf of the Kingdom or by or on behalf of any person which is owned or controlled directly or indirectly by the Kingdom or by any public sector instrumentality of the Kingdom and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) **Publication**

The Kingdom shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 13(g).

(k) **Exchange and Conversion**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Kingdom's option by way of a mandatory exchange or conversion of the Notes of the relevant Series and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of such Notes is notified to Noteholders of the relevant Series at the time notification is given to such Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders of the relevant Series.

13. Aggregation Agent; Aggregation Procedures

(a) Appointment

The Kingdom will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes of the relevant Series and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Kingdom.

(b) Extraordinary Resolutions

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes of the relevant Series and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) Written Resolutions

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes of the relevant Series and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) Certificate

For the purposes of Condition 13(b) and Condition 13(c), the Kingdom will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 12(b), Condition 12(c) or Condition 12(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 12(i) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) Notification

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 13 to be notified to the Fiscal Agent and the Kingdom as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) Binding nature of determinations; no liability

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Kingdom, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) Manner of publication

The Kingdom will publish all notices and other matters required to be published pursuant to the Fiscal Agency Agreement including any matters required to be published pursuant to Condition 8, Condition 12 and this Condition 13:

(i) through Euroclear Bank SA/NV, Clearstream Banking S.A. and/or any other clearing system in which the Notes are held;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary.

14. Further Issues

The Kingdom may, from time-to-time, without the consent of the Noteholders, create and issue further 2026 Notes having the same terms and conditions as the 2026 Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the 2026 Notes, and create and issue further 2030 Notes having the same terms and conditions as the 2030 Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the 2030 Notes; provided that, either (A) such additional Notes, for purposes of U.S. federal income taxation (regardless of whether any holders of such Notes are subject to U.S. federal income tax laws), are not treated as issued with original issue discount (or are issued with less than a *de minimis* amount of original issue discount as defined in U.S. Treasury Regulation 1.1273-1(d)) or (B) such additional Notes are issued in a "qualified reopening" for U.S. federal income tax purposes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

15. Notices

All notices to Noteholders shall be mailed to them at their respective addresses appearing in the Register and shall be deemed to have been given on the fourth weekday (excluding Saturday and Sunday) after the date of mailing. Notices to Noteholders may also be made by means of electronic publication on the internet website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been given on the date of first publication.

16. Currency Indemnity

If any sum due from the Kingdom in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from Euros into another currency (the "**second currency**") for the purpose of (i) making or filing a claim or proof against the Kingdom, (ii) obtaining an order or judgment in any court or other tribunal or (iii) enforcing any order or judgment given or made in relation to the Notes, the Kingdom shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Kingdom and delivered to the Kingdom or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from Euros into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase Euros with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Kingdom and shall give rise to a separate and independent cause of action.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law

The Notes and any non-contractual obligations arising out of, or in connection with, the Notes are governed by, and shall be construed in accordance with, English law.

19. Jurisdiction

(a) *Jurisdiction*: The Kingdom agrees for the benefit of the Noteholders that the courts of England and Wales shall have jurisdiction to hear and determine any suit, action or proceedings which may arise out of or in connection with the Notes ("**Proceedings**") and to settle any dispute or difference of whatever nature howsoever arising under, out of or in connection with the Notes (including a dispute or difference as to the breach, existence or validity of the Notes) ("**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

(b) *Appropriate forum*: The Kingdom irrevocably waives any objection which it might now or hereafter have to the courts of England and Wales being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

(c) *Service of Process*: The Kingdom irrevocably appoints the Ambassador of the Kingdom to the Court of St James's as its authorised agent for the service of process in England and Wales. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

(d) *Non-exclusivity*: The submission to the jurisdiction of the courts of England and Wales shall not (and shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(e) *Consent to enforcement, etc.:* For the purposes of the State Immunity Act 1978, the Kingdom consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

(f) *Waiver of immunity:* To the extent that the Kingdom may in any jurisdiction claim for itself or its properties, assets or revenues immunity (whether sovereign, diplomatic or other) from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Kingdom or its properties, assets or revenues, the Kingdom agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction and the laws of the Kingdom of Morocco, provided however, that immunity is not waived in respect of (i) present or future "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963, and any property thereof entitled to the privileges and immunities of such treaties, including (without limitation) their property and bank accounts; (ii) military property or military assets of the Kingdom related thereto; (iii) property located in the Kingdom dedicated to a public or governmental use (as opposed to a commercial use) by the Kingdom; (iv) any assets, reserves and accounts of Bank Al-Maghrib; (v) taxes, duties, levies, assessments or royalties imposed by the Kingdom, including the Kingdom's right to collect any such amounts; (vi) property forming part of the Kingdom's cultural heritage or part of its archives and not placed or intended to be placed on sale; or (vii) property forming part of an exhibition of objects of cultural or historical interest and not placed or intended to be placed on sale.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Agents as set out at the end of this Prospectus.

PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Notes

The Notes will be evidenced on issue, in the case of Regulation S Notes, by the Regulation S Global Note and, in the case of Rule 144A Notes, by the Rule 144A Global Note (each of which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg).

Beneficial interests in the Global Notes may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*Clearing and Settlement Arrangements—Book-Entry Ownership*".

By acquisition of a beneficial interest in a Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not located in the United States. By acquisition of a beneficial interest in the Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it decides to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Fiscal Agency Agreement. See "*Transfer Restrictions*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the Fiscal Agency Agreement, and with respect to Rule 144A Notes, as set forth in Rule 144A, and the Rule 144A Global Note will bear the legend set forth thereon regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note in denominations greater than or equal to the minimum denominations applicable to interests in the Rule 144A Global Note and only upon receipt by the Registrar of a written certification (in the form provided in the Fiscal Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note and in accordance with Regulation S.

A beneficial interest in the Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note will, upon transfer, cease to be an interest in the Regulation S Global Note and become an interest in the Rule 144A Global Note, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in the Rule 144A Global Note for as long as it remains such an interest. A beneficial interest in the Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note will, upon transfer, cease to be an interest in the Rule 144A Global Note and become an interest in the Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in the Regulation S Global Note for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of the definitive registered notes ("**Definitive Notes**"). No Notes will be issued in bearer form.

Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Paying Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Definitive Note bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Rule 144A Definitive Note, the Issuer will deliver only Rule 144A Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Amendments to Terms and Conditions of the Notes

Each Global Note contains provisions that apply to the Notes that it evidences, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of those provisions.

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note will be made to the person who appears in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment as holder of the Notes against presentation for endorsement by the Fiscal Agent and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes. "**Clearing System Business Day**" for the purposes of this paragraph means Monday to Friday, inclusive, except 25 December and 1 January.

Notices

Notices to Noteholders may be given by delivery of the notice to the relevant clearing systems for communication by them to entitled account Noteholders.

Meetings

The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each integral €1,000 in principal amount of Notes.

Cancellation

Cancellation of any Note required by the Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the applicable Global Note.

Exchange for Definitive Notes

Exchange

The Global Notes will be exchangeable, free of charge to the holder, in whole but not in part, for Definitive Notes if: (i) each of Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearing system satisfactory to the Fiscal Agent is available; or (ii) if an event of default occurs as set out in Condition 8, by the Issuer giving notice to the Registrar and the Noteholders, in each case of its intention to exchange interests in the Global Note for Definitive Notes on or after the Exchange Date (as defined below) specified in the notice.

"**Exchange Date**" means a day falling not later than 60 calendar days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the relevant Paying Agent is located.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the Notes.

Delivery

If any of the events described in "—*Exchange*" above occurs, the relevant Global Note shall be exchangeable in full but not in part for Definitive Notes and the Issuer will, free of charge to the Noteholders (but against such indemnity as the Registrar or any relevant Paying Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Registrar for completion and despatch to the relevant Noteholders. A person having an interest in the relevant Global Note must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Notes and (ii) in the case of the Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Except as otherwise permitted, Definitive Notes issued in exchange for an interest in the Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

CLEARING AND SETTLEMENT ARRANGEMENTS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Kingdom has obtained the information in this section concerning Euroclear and Clearstream, Luxembourg and their book-entry systems and procedures from sources that the Kingdom believes to be reliable, including from Euroclear and Clearstream, Luxembourg, and the Kingdom takes responsibility for the accurate reproduction of this information. The Kingdom takes no responsibility, however, for the accuracy of this information. Euroclear and Clearstream, Luxembourg are under no obligation to perform or continue to perform the procedures described below, and they may modify or discontinue them at any time.*

The Clearing Systems

Custodial and depositary links are to be established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*—Book-Entry Ownership*" and "*—Settlement and Transfer of Notes*" below.

Investors may hold their interests in a Global Note directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions through electronic book-entry transfer between its accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

The Global Notes will each have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note evidenced by a Global Note must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for its share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Note held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder of such Global Note in respect of each amount so paid. None of the Issuer, the Fiscal Agent or any other Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates evidencing their ownership interests in such Notes, unless and until interests in any Global Note held within a Clearing System are exchanged for Definitive Notes.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time-to-time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited.

Trading between Euroclear and Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Settlement of Pre-issue Trades

It is expected that delivery of Notes will be made against payment therefor on the Issue Date, which could be more than two business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until two days prior to the Issue Date will be required, by virtue of the fact that the Notes initially may settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes between the date of pricing and the Issue Date should consult their own advisers.

TRANSFER RESTRICTIONS

Each purchaser of Rule 144A Notes, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acting for its own account, or for the account of a QIB, (c) not formed for the purpose of investing in the Issuer, and (d) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has the full power to make the foregoing representations, agreements and acknowledgements on behalf of each such account.

2. It understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that the Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any State or another jurisdiction of the United States.

3. The Issuer has the right to refuse to honour the transfer of an interest in the Rule 144A Notes to a U.S. person who is not a QIB.

4. It understands that the Rule 144A Notes, unless otherwise agreed between the Issuer and the Fiscal Agent in accordance with applicable law, will bear a legend to substantially the following effect:

   THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER, WITHIN THE MEANING OF RULE 144A (A "**QIB**"), THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES.

5. It acknowledges that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

6. It understands that the Rule 144A Notes will be evidenced by the Rule 144A Global Note. Before any interest in a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, it will be required to provide a Paying Agent with a written certification (in the form provided in the Fiscal Agency Agreement) as to compliance with applicable securities laws.

7. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser of Regulation S Notes, by accepting delivery of this Prospectus and the Notes, will have been deemed to have represented, agreed and acknowledged that:

1. It is, or at the time the Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and (a) that it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

2. It understands that the Regulation S Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of one or more QIBs or (b) to a non U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

3. It understands that Regulation S Notes will be evidenced by a Regulation S Global Note. Before any interest in a Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the corresponding Rule 144A Global Note, it will be required to provide a Paying Agent with a written certification (in the form provided in the Fiscal Agency Agreement) as to compliance with applicable securities laws.

4. It acknowledges that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Regulation S Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

TAXATION

The following discussion summarises certain Moroccan tax considerations that may be relevant to Noteholders. It also includes a limited discussion of certain U.S. federal income tax consequences. This overview is based on laws, regulations, rulings and decisions now available and in effect and is subject to changes in tax law, including changes that could have a retroactive effect.

This overview does not describe all of the tax considerations that may be relevant to Noteholders, particularly Noteholders subject to special tax rules. Noteholders are advised to consult their own professional advisers as to the consequences of purchasing Notes under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Kingdom of acquiring, holding and disposing of Notes and receiving payments of interest, principal or other amounts under the Notes.

Moroccan Tax

This section summarises certain Moroccan tax consequences of issue and redemption of the Notes for non-residents of Morocco pursuant to applicable Moroccan legislation and is included for general information only. Prospective investors should consult their own tax adviser as to the tax consequences under the laws of Morocco of the acquisition, ownership and disposition of the Notes. Such laws and regulations are subject to change or varying interpretations.

Principal and Interest

Principal and interest paid under the Notes to non-resident individuals and non-resident entities is currently not subject to Moroccan withholding tax.

Capital Gains Tax

In most cases, no Moroccan tax will be payable in respect of any gain made by a non-resident entity from the disposal of the Notes. No capital gains tax arises in Morocco from the disposal of Notes by a non-resident individual, provided disposals are not effected on a regular basis.

In case there is no double taxation treaty in force between Morocco and the holder’s country of residence, the capital gains will be subject to Moroccan income tax.

The double taxation treaties signed between Morocco and the following countries state that the capital gain arising from the disposal of Notes issued by a Moroccan entity shall not be taxable in Morocco:

- Arab Maghreb Union
- Austria
- Bahrain
- Belgium
- Bulgaria
- Canada
- China
- Croatia
- Czech Republic Denmark
- Finland
- France
- Gabon
- Germany
- Greece
- Hungary
- India
- Indonesia
- Ireland
- Italy
- Kuwait
- Latvia
- Lebanon

- Luxembourg (*The double taxation treaty signed with Luxembourg is not applicable to "holding companies" within the meaning of the Luxembourg law of 31 July 1929 and the order-law of 17 December 1938*.)
- Macedonia
- Malaysia
- Malta
- Netherlands (*The Morocco-Netherlands tax treaty does not cover the Netherlands Antilles*.)
- Norway
- Oman
- Pakistan
- Poland
- Portugal
- Qatar
- Romania
- Russia
- Senegal
- Singapore
- South Korea
- Spain
- Switzerland
- Syria
- Turkey
- Ukraine
- United Arab Emirates
- United Kingdom
- United States of America (*There are certain exceptions to double taxation treaty between Morocco and the United States that may be relevant for United States corporations if they realise a gain on a sale of the Notes. In any event, United States persons should consult their own tax advisers concerning the tax considerations and implications of making an investment in the Notes.)*
- Vietnam

However, a non-resident individual that has been a resident of Morocco at any point of time should consult his own tax advisers concerning the tax considerations applicable to his particular situation.

Inheritance Taxes

No Moroccan inheritance or similar tax will be payable by a Noteholder who is a non-resident of the Kingdom of Morocco.

Stamp Duties

No stamp, registration or similar duties or taxes will be payable in the Kingdom of Morocco by Noteholders on the creation, offering, issue and delivery of the Notes.

As used above a "**non-resident individual**" is a person who does not have his permanent home (or domicile) in Morocco, who does not have a place of economic interest in Morocco and who is present in Morocco for less than 183 days in any period of 365 days and a "**non-resident entity**" is a legal entity which has neither its principal administrative office nor a permanent establishment in Morocco. A Noteholder will not become resident in Morocco for Moroccan income tax purposes merely by acquiring Notes.

Certain U.S. Federal Income Tax Considerations

The following summary describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by a U.S. Holder (as defined below) that acquires the Note in this Offering from the initial purchasers at a price equal to the issue price (as defined in the "*Original Issue Discount*" section below) of such Notes and holds it as a capital asset. The following summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this Prospectus and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, potentially retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. There can be no assurances that the U.S. Internal Revenue Service (the "**IRS**") will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. tax consequences of purchasing, owning or disposing of the Notes.

This summary does not address all aspects of U.S. federal income taxation that may be applicable to particular U.S. Holders subject to special U.S. federal income tax rules, including, but not limited to, tax-exempt organisations, financial institutions, dealers and traders in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, real estate investment trusts, insurance companies, tax-deferred or other retirement accounts, U.S. Holders that will hold the Notes as part of a "straddle," hedging transaction, "conversion transaction" or other integrated transaction for U.S. federal income tax purposes, U.S. Holders that enter into "constructive sale" transactions with respect to the Notes, U.S. Holders liable for alternative minimum tax or the Medicare tax on net investment income, partnerships, other pass-through entities, or persons that hold Notes through pass-through entities, U.S. Holders whose functional currency is not the U.S. Dollar, investors holding the Notes in connection with a trade or business conducted outside of the United States, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, certain U.S. expatriates and accrual basis taxpayers subject to special rules for the taxable year of inclusion under Section 451(b) of the Code. In addition this summary does not address consequences to U.S. Holders of the acquisition, ownership and disposition of the Notes under any other U.S. federal tax laws (including, but not limited to, estate or gift tax laws) or under the tax laws of any state, locality or other political subdivision of the United States or other countries or jurisdictions.

The summary of the U.S. federal income tax consequences set out below is for general information only and is not tax advice with respect to any specific investor. Prospective investors should consult their own tax advisers as to the particular tax consequences to them of the acquisition, ownership and disposition of the Notes, including the applicability and effect of state, local, non-U.S. and other tax laws and possible changes in tax law.

As used herein, the term "**U.S. Holder**" means a beneficial owner of the Notes that is for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the United States, (b) a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust if it (x) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons or (y) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If a partnership (or any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Therefore, a beneficial owner of a Note that is a partnership, and partners in such partnership, should consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes.

Payments of Interest

Except as set forth below, payments of interest on the Notes, including the amount of any applicable withholding tax thereon and additional amounts paid with respect thereto, if any, generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. Interest income on the Notes generally will constitute income from sources outside the United States for U.S. federal income tax purposes. For purposes of calculating the U.S. Holder's foreign tax credit limitation, interest on the Notes should generally constitute "passive category income" or, in the case of certain U.S. Holders, "general category income". The U.S. federal income tax rules relating to foreign tax credits and limitations thereof are complex and may vary depending on the facts and circumstances of each U.S. Holder. Accordingly, U.S. Holders should consult their own tax advisers regarding the application of the foreign tax credit and source of income rules to income attributable to the Notes.

Foreign Currency Denominated Qualified Stated Interest

Except as set forth below, the amount of income realised by a U.S. Holder will be the U.S. Dollar value of any qualified stated interest (as defined below under "*Original Issue Discount*") paid on a Note, including the amount of any applicable withholding tax thereon and any additional amounts paid with respect thereto, regardless of whether the Euros are converted into U.S. Dollars. Generally, a U.S. Holder that uses the cash method of tax accounting and that receives a payment of qualified stated interest will determine such U.S. Dollar value using the spot rate of exchange on the date of receipt. Generally, a U.S. Holder that uses the accrual method of tax accounting may determine the U.S. Dollar value of accrued interest income using the average rate of exchange for the accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year) or, at the U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year) or on the date of receipt, if that date is within five business days of the last day of the accrual period. Any such election will apply to all debt instruments held by the U.S.

Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. A U.S. Holder that uses the accrual method of tax accounting will recognise U.S. source foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date payment is received differs from the rate applicable to an accrual of that interest, regardless of whether the payment is converted to U.S. Dollars at such time. This foreign currency gain or loss will be treated as ordinary income or loss. Rules similar to the foregoing are expected to apply in the case of Notes issued with original issue discount ("**OID**") (although all U.S. Holders generally would be treated as accrual basis taxpayers with respect to such OID).

Original Issue Discount

For U.S. federal income tax purposes, a Note will be treated as issued with OID if the excess of the Note's stated redemption price at maturity over its issue price equals or exceeds a specified *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity from the issue date). The "issue price" of each Note will be the first price at which a substantial amount of the Notes are sold (other than to an underwriter, broker, placement agent or wholesaler). The "stated redemption price at maturity" of a Note is generally the total of all payments provided by the Notes that are not payments of qualified stated interest. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate. If the Notes are issued with OID, U.S. Holders of Notes will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods. In the case of a Note whose stated redemption price at maturity exceeds its issue price by less than the specific *de minimis* amount ("***de minimis*** **OID**"), a U.S. Holder of such Note will recognise capital gain with respect to any *de minimis* OID as stated principal payments on the Note are made. The amount of such gain with respect to each principal payment will equal the product of the total amount of the Note's *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their own tax advisers about this election.

Sale, Exchange, Redemption or Other Disposition of Notes

A U.S. Holder generally will recognise gain or loss on the sale, exchange, redemption or other disposition of a Note equal to the difference between the amount realised on the sale, exchange, redemption or other disposition and the U.S. Holder's adjusted U.S. federal income tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

A U.S. Holder's adjusted U.S. federal income tax basis in a Note generally will be its U.S. Dollar cost (as defined herein) increased by any OID previously included in income with respect to the Note and reduced by the amount of any payments that are not qualified stated interest payments. The U.S. Dollar cost of a Note (including a Note purchased with a foreign currency) generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale, exchange, redemption or other disposition for an amount in foreign currency will be the U.S. Dollar value of such amount on the date of sale, exchange, redemption or other disposition or, in the case of Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such settlement date election (described in this and the preceding paragraph) by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Gain or loss recognised on the sale, exchange, redemption or other disposition of a Note generally will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year at the time of such disposition. Gain or loss realised by a U.S. Holder on the sale, exchange, redemption or other disposition of the Notes generally will be U.S. source capital gain or loss. The deductibility of capital losses is subject to limitations. Gain or loss recognised by a U.S. Holder on the sale, exchange, redemption or other disposition of a Note that is attributable to changes in the exchange rates will be treated as U.S. source ordinary income or loss; however, exchange gain or loss (including with respect to accrued interest) is taken into account only to the extent of total gain or loss realised on the transaction. If any gain from the sale, exchange or other taxable disposition of a Note is subject to non-U.S. income tax, a U.S. holder may not be able to credit such tax against its U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Code (because such gain generally would be U.S. source income). Alternatively, the U.S. holder generally may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. The rules governing the foreign tax credit are complex. U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits or deductions.

Sale, Exchange or Disposition of Foreign Currency

A U.S. Holder will have a U.S. federal income tax basis in any foreign currency received as interest on a Note or on the sale, exchange, redemption or other disposition of a Note equal to its U.S. Dollar value at the time such interest is received or at the time of such sale, exchange, redemption or other disposition. Any gain or loss realised by a U.S. Holder on a sale, exchange, redemption or other disposition of foreign currency (including its exchange for U.S. Dollars or its use to purchase Notes) generally will be U.S source ordinary income or loss.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the U.S. Treasury Regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. Under the relevant rules, a U.S. Holder may be required to treat foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations, and to disclose its investment by filing Form 8886 with the IRS. A penalty of up to U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases may be imposed in any taxable year on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their own tax advisers as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Notes.

Information Reporting and Backup Withholding

In general, payments of principal, interest on, and the proceeds of the sale, exchange or other taxable disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. related intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status, or otherwise fails to comply with the applicable backup withholding requirements. Certain U.S. Holders (including corporations) are not subject to information reporting and backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisers regarding any filing and reporting obligations they may have as a result of their acquisition, ownership or disposition of the Notes.

Specified Foreign Financial Assets

Certain United States persons that own "specified foreign financial assets," including securities issued by any foreign person, either directly or indirectly or through certain foreign financial institutions, may be subject to additional reporting obligations if the aggregate value of all of those assets exceeds U.S.$50,000 on the last day of the taxable year or U.S.$75,000 at any time during the taxable year, or certain other requirements are met. The Notes may be treated as specified foreign financial assets, and U.S. Holders may be subject to this information reporting regime. Significant penalties and an extended statute of limitations may apply to a U.S. Holder that fails to file information reports. U.S. Holders should consult their own tax advisers regarding these potential information reporting obligations.

SUBSCRIPTION AND SALE

Each of Barclays Bank PLC, BNP Paribas, J.P. Morgan Securities plc and Natixis (each, a "**Joint Lead Manager**" and, collectively, the "**Joint Lead Managers**") has, in a subscription agreement entered into by them with the Kingdom dated 28 September 2020 (the "**Subscription Agreement**"), severally (but not jointly) agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for the principal amount of 2026 Notes set out opposite its name in the table below at the issue price of 99.374% of the principal amount of the 2026 Notes and for the principal amount of 2030 Notes set out opposite its name in the table below at the issue price of 98.434% of the principal amount of the 2030 Notes, less a management and underwriting commission.

Joint Lead Manager	**Principal Amount**	
	2026 Notes	**2030 Notes**
	(Euros)	
Barclays Bank PLC	125,000,000	125,000,000
BNP Paribas	125,000,000	125,000,000
J.P Morgan Securities plc	125,000,000	125,000,000
NATIXIS	125,000,000	125,000,000

The Kingdom has agreed to indemnify the Joint Lead Managers against certain liabilities (including liabilities under the Securities Act) incurred in connection with the issue of the Notes. In addition, the Kingdom has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement may be terminated by the Joint Lead Managers in certain circumstances prior to payment of the net subscription money in respect of the Notes to the Kingdom.

To the extent that the Joint Lead Managers (who are not themselves U.S. registered broker-dealers) intend to effect any sales of the Notes in the United States, they will do so through their respective selling agents or through one or more U.S. registered broker-dealers or as otherwise permitted by applicable U.S. law.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to qualified institutional buyers (as such term is defined in Rule 144A under the Securities Act) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented that it has not offered or sold, and agreed that it will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has represented that neither it nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes.

Each Joint Lead Manager may only arrange for the offer and resale of the Notes in the United States through its U.S. broker-dealer affiliates and only to qualified institutional buyers in accordance with Rule 144A.

Each Joint Lead Manager has represented and agreed that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer and sale of Notes in the United States.

United Kingdom

Each Joint Lead Manager has represented and agreed that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Morocco

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in the Kingdom of Morocco, and that it will not distribute the Prospectus or any other offering material relating to the Notes to the public in the Kingdom of Morocco.

Prohibition of Sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

France

Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell the Notes to the public in the Republic of France (*offre publique*), and it has not made available or distributed and will not make available or distribute any offering or marketing materials relating to the Notes in any way that would constitute, directly or indirectly, an offer to the public in the Republic of France.

Each Joint Lead Manager has represented and agreed that it has only offered or sold and will only offer or sell the Notes in the Republic of France pursuant to article L. 411-2-II of the French *Code monétaire et financier* to (i) providers of third-party portfolio management investment services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, other than individuals, all as defined in and in accordance with articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*, as amended from time to time, and any other applicable French law and regulation.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

The Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time-to-time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

United Arab Emirates (excluding Dubai International Financial Centre)

Each Joint Lead Manager has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA Rulebook.

General

Each Joint Lead Manager has acknowledged that no representation is made by the Issuer or any Joint Lead Manager that any action has been or will be taken in any jurisdiction by the Issuer or any Joint Lead Manager that would permit a public offering of the Notes, or possession or distribution of the Prospectus in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed to comply, to the best of its knowledge and belief, in all material respects with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, in all cases at its own expense unless agreed otherwise.

GENERAL INFORMATION

Authorisation

The Kingdom has obtained all necessary consents, approvals and authorisations in the Kingdom in connection with the issue and performance of its obligations under the Notes. The issue of the Notes was authorised pursuant to Article 43 of the Finance Law № 70-19 published on 14 December 2019 for the Budget Year 2020, Decree № 2-19-846 dated 13 December 2019, Decree-Law № 2-20-320 dated 7 April 2020 relating to the exceeding of the external borrow limit and ratified by Law № 26-20 promulgated by the Dahir № 1-20-61 on 19 June 2020, and Decree № 2-20-684, to be dated 30 September 2020, approving the principal terms of the Notes.

Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for the listing of the Notes on the Official List and for admission to trading of the Notes on the Luxembourg Stock Exchange's regulated market with effect from the Issue Date. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments.

Following provision of the Notification, the Issuer intends to apply for the Notes to be listed and admitted to trading on the regulated market of the London Stock Exchange plc, together with the admission to trading on the Market of the Luxembourg Stock Exchange. The Issuer intends for the Notes to be listed on the London Stock Exchange with effect from on or around two business days following the Issue Date.

The total expenses related to the admission to trading of the Notes are approximately €12,000.

Documents Available for Inspection

From the date of this Prospectus and for so long as any Note remains outstanding, copies (and English translations where the documents in question are not in English) of the following documents will be available: (i) in electronic form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Fiscal Agent; and (ii) on the website of the Kingdom (at the following address: *www.finances.gov.ma*):

- the Deed of Covenant relating to the Notes to be dated 30 September 2020;
- a copy of this Prospectus, together with any supplement to this Prospectus or further Prospectus; and
- a copy of the annual budget of the Kingdom for the then current, and two previous, fiscal years.

In addition, this Prospectus will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Trading Information

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and ISIN for the Regulation S Notes and the Common Code and ISIN for the Rule 144A Notes are as follows:

<u>**2026 Notes**</u>

Regulation S Notes
Common Code: 223983022
ISIN: XS2239830222

Rule 144A Notes
Common Code: 223983057
ISIN: XS2239830578

<u>**2030 Notes**</u>

Regulation S Notes
Common Code: 223982921
ISIN: XS2239829216

Rule 144A Notes
Common Code: 223982964
ISIN: XS2239829646

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

Litigation

The Kingdom is not nor has it been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Kingdom is aware) which may have, or have had in the 12 months preceding the date of this Prospectus, significant effects on the Kingdom's financial position or economy.

Significant Change

Except as disclosed under "*The Moroccan Economy*", "*External Sector*", "*Monetary and Financial System*", "*Public Finance*" and "*Public Debt*", there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the Kingdom since 31 December 2019. There have been no recent events relevant to the evaluation of the Kingdom's solvency.

Indication of Yield

The indication of yield in relation to the 2026 Notes is 1.495% *per annum*. The indication of yield in relation to the 2030 Notes is 2.176% *per annum*.

Each yield is calculated at the Issue Date on the basis of the relevant issue price. It is not an indication of future yield.

Joint Lead Managers Transacting with the Kingdom

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Kingdom and their affiliates in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Kingdom or its affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Kingdom routinely hedge their credit exposure to the Kingdom consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Interested Persons

No person involved in the offering of the Notes has any interest in such offering which is material to such offering.

Address

The address of the Issuer is: Kingdom of Morocco, Ministry of Economy, Finance and Administration Reform, Direction du Trésor et des Finances Extérieures, Avenue Mohammed V, Quartier administratif, 10000 Rabat, Morocco.

The telephone number of the Issuer is +212 5 37 67 73 54 or +212 5 37 67 73 55, and the website of the Issuer is www.finances.gov.ma. The website and any information on it are not part of, and are not incorporated by reference into, this Prospectus.

Redemption Basis

Subject to any purchase and cancellation or early redemption, the Notes will be finally redeemed at 100% of their principal amount.

Legal Entity Identifier

The legal entity identifier (LEI) code of the Issuer is 529900F3MBW9XY5K1X07.

Websites

No websites referred to in this Prospectus and no websites of the Government, its ministries and the Bank Al-Maghrib, nor any information on such websites form part of, or are incorporated by reference into, this Prospectus. Such websites and the information on such websites have not been scrutinised or approved by the CSSF.

THE KINGDOM

Kingdom of Morocco
Ministry of Economy, Finance and Administration Reform
Direction du Trésor et des Finances Extérieures
Boulevard Mohammed V
Quartier administratif
10000 Rabat
Morocco

JOINT LEAD MANAGERS

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London E14 4BB
United Kingdom

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16 Boulevard des Italiens
75009 Paris
France

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25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Natixis
30, avenue Pierre Mendès
France
75013 Paris
France

FISCAL AGENT AND PAYING AGENT

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Citigroup Centre
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Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

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60323 Frankfurt am Main
Germany

LEGAL ADVISERS

To the Kingdom as to English and U.S. law:

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107 Cheapside
London EC2V 6DN
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To the Kingdom as to Moroccan law:

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Quartier administratif
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Morocco

To the Joint Lead Managers as to English and U.S. law:

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