Contents

Annex 1. Results Matrix Intervention Logic and Short-term Business Planning

BUILDING FOUNDATIONS FOR MORE AND BETTER JOBS FOR ALL

Cross cutting outcome: More and better Jobs

- ✓ # of new and better jobs (women and youth)**

Job strategy pillar	Regulatory environment	Private capital mobilization	Foundational infrastructure

CPF Outcomes

1. Improved productivity and competitiveness of firms	2. Inclusive, Connected and Resilient Territories	3. Strengthened Human Capital
✓ Total private capital mobilized* ✓ Firms introducing new product / service (% of firms)	✓ People that benefit from improved access to sustainable transport infrastructure and services** ✓ Share of population in multidimensional poverty (%) ✓ People with enhanced resilience to climate risks*	✓ People receiving quality health, nutrition, and population services** ✓ Students supported with better education**

WBG Intervention logic

1. Improved productivity and competitiveness of firms	2. Inclusive, Connected and Resilient Territories	3. Strengthened Human Capital
Strengthen competition and improve the regulatory environment for firm growth	Strengthen connectivity and mobility to reduce spatial barriers	Improve foundational learning and skills relevance
Crowd in private investment at scale (Role of SOEs)	Improve the efficiency and resilience of infrastructure investments	Increase labor force participation, particularly for women and youth
Strengthen SMEs capacity and access to finance	Enhance coordination and planning of territorial investments	Strengthen health coverage and human capital outcomes

Coordinated and effective institutions and data driven policies for results

Coordinated, multisectoral approach to lift constraints and create more enabling conditions for women's economic inclusion

Key Constraints considered

- Weak firm productivity, competition, and regulatory barriers to private sector–led job creation.
- Spatial and infrastructure barriers to markets, jobs, and services.
- Skills mismatches and low labor market participation, particularly among women and youth.
- Gaps in social protection and human capital outcomes, weakening resilience and inclusion.
- Institutional, data, and coordination constraints limiting implementation and scale.

* Scorecard indicators, * Indicators disaggregated by gender

■ Significant joint WBG interventions

CPF Cross-cutting Outcome: Building foundations for more and better jobs in Morocco
Rationale for outcome: The CPF's overarching objective is to support the creation of more and better jobs for all Moroccans through a productivity-driven, private sector-led growth model. Anchored in Jobs: The Path to Prosperity, the CPF focuses on strengthening the foundations for job creation by improving human capital, expanding productive and resilient infrastructure, strengthening firm competitiveness through better governance and pro-competition regulations, and mobilizing private capital to scale investment and job creation. These priorities are operationalized through three mutually reinforcing CPF outcomes: improving firm productivity and competitiveness; strengthening connectivity and resilience in lagging regions and secondary cities; and enhancing skills, health, and labor market participation; particularly for women and youth. These are supported by cross-cutting efforts to strengthen institutional coordination, digital service delivery, and data systems.
Indicators: • # of new and better jobs (women and youth)[1] *Attribution* **Baseline** (2026)**:** TBD **Target** (2035)**:** TBD

Outcome 1: Improved Productivity and Competitiveness of Firms				
Rationale for outcome: Morocco's main constraint to creating more and better jobs is weak labor demand, driven by limited firm dynamism, slow productivity growth, and insufficient private investment rather than labor supply alone. Despite sustained public investment and improvements in human capital, firms continue to face regulatory, competitive, access to finance, technology adoption, and infrastructure-related constraints that limit their ability to invest, expand, and generate productive employment. Addressing these constraints requires improving the business environment, strengthening competition, and mobilizing private investment, including through reforms to state-owned enterprises and market regulations that enable private sector participation. Strengthening institutional coordination, regulatory effectiveness, and data-driven policy making will also be critical to support firm growth and productivity. Improving firm productivity and competitiveness is therefore essential to unlock job creation, support economic diversification, and sustain inclusive growth over the CPF period.				
	Intervention logic	**Business Planning**		**Baseline/Target**[2]
Indicator	**Reflects on lessons learned, as relevant** *Anchored around the indicators.*	**Ongoing portfolio -lending, knowledge, and advisory**	**Pipeline: lending, knowledge, and advisory (18-24 months)**	
Indicator 1.1: Total private capital mobilized *Attribution*	Mobilizing private capital is critical to scaling investment, improving productivity, and supporting job creation in Morocco, particularly in infrastructure and productive sectors where public resources alone are insufficient. WBG support under this indicator focuses on crowding in private investment through	**IBRD - Lending**: Greater Casablanca Mobility and Logistics Hub; MA North-East Economic Development Project (Nador IPF); Transforming Agri-food Systems in Morocco (P181587); Green Generation Program (P170419); Morocco Blue Economy Program (P172926); Third Strengthening Human Capital for a Resilient Morocco	**IBRD - Lending**: Morocco Jobs and Green Growth Development Policy Operation; Support to the Jobs Roadmap PforR; AgriConnect Initiative; Blue Economy Program Phase II (aquaculture and fisheries -	**Baseline** (2026)**:** 0 **Target** (2035)**:** $8.0 billion

[1] More and Better Jobs is treated as a CPF-level cross-cutting objective, with progress tracked through outcome-level indicators across the results framework. Detailed results narratives and definitions for the corresponding WBG Scorecard indicators are still being finalized. Baseline and target values are pending finalization of the Scorecard methodology for this indicator. Close coordination with the Outcome Department is ongoing to ensure these are confirmed once the methodology is established.

[2] In coordination with OPCS and the Outcome Department, baseline values for all attribution indicators are set at zero to ensure that results fully capture the incremental contributions of CPF-supported interventions over the program period.

	policy reforms, improved regulatory frameworks, blended finance, and a One WBG approach, combining IBRD, IFC, and MIGA instruments to de-risk private investment. These interventions are expected to increase the volume of private capital mobilized in support of CPF priorities.	DPF; Financing Innovative Startups and SMEs Project; JCAP SFF (capital markets development) **IFC - Investments and Advisory**: Investments - Firm productivity, competitiveness, and innovation; OCP Solar & Green Water; BLS Equity; RH Africa; Kazyon; Yakeey; Emtech (VC); Investments - Financial inclusion and access to finance; Crédit du Maroc; Holmarcom; SG/Saham; Cash Plus *Advisory:* Ongoing TA with Bank Al-Maghrib (joint IFC-IBRD) on financial inclusion in the agricultural sector **MIGA - Guarantees**: Tanger Med Port Authority; Soroa Pépinières (SARL) **Advisory Services and Analytics (ASA)**: Investment climate, firm competitiveness, private sector development, and productivity analytics; CPSD 2.0; Bank Al-Maghrib - National Supply Chain Finance Strategy; CRI Tanger-Tetouan - Green Competitiveness; Maghreb Blue Economy ASA (P180756) - aquaculture sector review and roadmap; ASA Support to Digital Inclusion and Transformation in the Maghreb (P512893); Maghreb Facility for Women	additional financing, expected FY26); SME Program; Morocco Integrated Territorial Development Program; Nador Economic Corridor 2.0 PforR; National Logistics Program; Climate and Risk Finance PforR (P511813); Climate Finance PforR; Digital Acceleration PforR (P513936) **IFC - Investments and Advisory**: Investments - Financial inclusion and access to finance; Loan to MFIs; Real estate; Green bond issuance; Agri RSF; Investments - Firm growth and competitiveness; Green textile, manufacturing, and industrial zones **Advisory Services and Analytics** : CPSD; Growth and Jobs ASA; Public Finance Review; Support to digital inclusion and transformation in the Maghreb	
Indicator 1.2: Firms introducing new product / service (% of firms) *Contribution*	Firms introducing product or process innovation are used as a proxy for productivity and growth, as innovation reflects firms' ability to upgrade processes, improve quality, and enhance efficiency. Evidence from World Bank Enterprise Surveys shows that innovative firms tend to be more productive and competitive, yet such activity remains limited in Morocco. WBG support will therefore focus on strengthening firm capabilities, fostering innovation and technology diffusion, and improving the enabling environment to boost productivity, competitiveness, and job creation.			**Baseline** (2023): 10.6% **Target** (2035)**:** 15%
Outcome 2: Inclusive, Connected and Resilient Territories				
Rationale for outcome: Persistent territorial disparities and climate risks constrain Morocco's productivity and inclusive growth. While large metropolitan areas continue to grow, they still face capacity and financing challenges that limit their potential as key growth drivers. Gaps in transport connectivity, infrastructure, basic services, and local economic opportunities constrain firm growth and access to jobs. Strengthening connectivity, improving access to quality services, and enhancing resilience are therefore essential to support place-based development, expand access to markets, and promote more balanced territorial growth. CPF interventions will focus on improving sustainable transport connectivity, expanding access to quality local services, strengthening climate resilience, and connectivity to economic opportunities in underserved regions, while enhancing territorial coordination, planning, and data-driven decision-making to improve the effectiveness of public investments.				
	Intervention logic	**Business Planning**		**Baseline/Target**
Indicator	**Reflects on lessons learned, as relevant** *Anchored around the indicators.*	**Ongoing portfolio -lending, knowledge, and advisory**	**Pipeline: lending, knowledge, and advisory (18-24 months)**	
Indicator 2.1: People that benefit from improved access to sustainable	Limited access to reliable transport connectivity in secondary cities and regions with lower economic opportunities constrains productivity, market access, and job creation. Lack of affordable, safe transport is a key barrier for women to access labor markets. WBG	**IBRD - Lending**: Municipal Performance PforR;Greater Casablanca Mobility and Logistics Hub; Morocco Blue Economy Program (P172926); Urban M obility Program - Phase I (PforR); Water security and governance support operations; Urban development and territorial service	**IBRD - Lending**: Blue Economy Program Phase II (development of coastal clusters; additional financing expected FY26); Morocco DRM/DRF Cat DDO; Urban Mobility Program -	**Baseline** (2026): 0 **Target** (2035): 3.5 million (50% female)

<table>
<tr>
<td>transport infrastructure and services
(% female)
Attribution</td>
<td>support focuses on improving the coverage, quality, and resilience of transport infrastructure, including through stronger investment planning and private sector participation. Through a One WBG approach combining public investment, policy reforms, and private sector solutions, these interventions aim to strengthen territorial integration and expand access to markets, services, and economic opportunities.</td>
<td rowspan="3">delivery operations; Green Generation Program (P170419)

IFC - Investments and Advisory: Investments - Transport, logistics, and infrastructure; BLS Equity; Tanger Med Port Authority; Region Casablanca-Settat (Tramway extension); OCP Water

Advisory - Climate and infrastructure; JCAP (climate finance strategy and green taxonomy); Climate-related advisory engagements;

MIGA - Guarantees: Tanger Med Port Authority

Advisory Services and Analytics : Territorial development and urbanization analytics; Disaster risk management (infrastructure resilience, risk data, flood risk management); Connectivity and infrastructure analytics; Water security and climate resilience analytics; Infrastructure governance; ASA Support to Digital Inclusion and Transformation in the Maghreb (P512893) - Morocco Digital and Jobs; Maghreb Facility for Women; Climate PforR (analytical and advisory support); Transforming Agri-food Systems (P181587) - analytical support; Green Generation Program (analytical support)</td>
<td rowspan="3">Phase II (PforR); Nador Economic Corridor 2.0 PforR; National Logistics Program; Morocco Integrated Territorial Development Program; Support to the Jobs Roadmap PforR; Climate and Risk Finance PforR (P511813); Digital Acceleration PforR (P513936)

IFC - Investments and Advisory: Investments - Infrastructure and connectivity; Ddata centers; LNG PPP Project

Advisory Services and Analytics : Urban resilience, early warning systems, and post-flood recovery support; Climate PforR (analytical and advisory support); AgriConnect - analysis of agri-food supply chains for inclusiveness, resilience, and efficiency; ASA Support to Digital Inclusion and Transformation in the Maghreb</td>
<td></td>
</tr>
<tr>
<td>Indicator 2.2:
Share of population in multidimensional poverty (%)
Contribution</td>
<td>Multidimensional poverty is used as a proxy for the inclusive dimension of territorial development, capturing whether improved connectivity, access to quality services, and stronger resilience translate into better living conditions in underserved regions. World Bank analysis highlights that territorial disparities in infrastructure, services, and economic opportunities constrain productivity and inclusive growth in Morocco. CPF interventions under this outcome aim to address these gaps through improved connectivity, expanded access to services, enhanced climate resilience, and support to local economic opportunities. These interventions are expected to contribute to a reduction in the share of the population in multidimensional poverty and, where applicable, to narrower territorial disparities.</td>
<td>Baseline (2024): 9.0%
Target (2035): 6.8%</td>
</tr>
<tr>
<td>Indicator 2.3:
People with enhanced resilience to climate risks
Attribution</td>
<td>Climate change is increasing Morocco’s exposure to droughts, floods, and water stress, threatening livelihoods, infrastructure, and economic opportunities across territories. Strengthening resilience to climate risks is therefore critical to protect development gains and support sustainable territorial development. WBG support will strengthen climate-resilient infrastructure and water management, enhance risk-informed territorial planning and risk reduction, and increase the number of people, assets, and territories better protected from climate-related shocks.</td>
<td>Baseline (2026): 0
Target (2035): 1.5 million</td>
</tr>
</table>

<table>
<tr><th colspan="5">Outcome 3: Strengthened Human Capital</th></tr>
<tr><td colspan="5">Rationale for outcome: Constraints in skills development, health outcomes, and labor market participation—particularly for women and youth—continue to limit Morocco's productivity, inclusion, and long-term growth. While access to education and social programs has improved, gaps in learning outcomes, employability, and health systems persist. Strengthening human capital outcomes and expanding effective health systems are therefore essential to support productivity, resilience, and inclusive growth. CPF interventions will support better education outcomes, improved access to quality health and nutrition services, and stronger social protection systems to enhance opportunities and protect vulnerable populations over the CPF period, while strengthening institutional capacity, digital service delivery, and data systems to improve targeting, service quality, and accountability.</td></tr>
<tr><th></th><th>Intervention logic</th><th colspan="2">Business Planning</th><th>Baseline/Target</th></tr>
<tr><th>Indicator</th><th>Reflects on lessons learned, as relevant
Anchored around the indicators.</th><th>Ongoing portfolio -lending, knowledge, and advisory</th><th>Pipeline: lending, knowledge, and advisory (18-24 months)</th><th></th></tr>
<tr><td>Indicator 3.1: People receiving quality health, nutrition, and population services (% female)
Attribution</td><td>Improving access to quality health, nutrition, and population services is essential to strengthen human capital, enhance productivity, and support inclusive growth. WBG support under this indicator focuses on strengthening health system performance, expanding access to essential services, and improving the quality and coverage of health and nutrition programs. These interventions aim to increase the number of people receiving such services, contributing to better health outcomes and stronger economic participation.</td><td rowspan="2">IBRD - Lending: Support to the Strengthening of Social Safety Nets for Human Development in Morocco Project; Third Strengthening Human Capital for a Resilient Morocco DPF; Education Support Program (PforR); Higher Education PforR; Health PforR; Transforming Agri-food Systems in Morocco (P181587)

IFC - Investments and Advisory: Investments - Human capital sectors; Ongoing investments and financial products supporting private providers in health (e.g., Humania), education, and human capital-related sectors

MIGA - Guarantees: UM6P Campus and Expansion

Advisory Services and Analytics : Human capital, health systems, and social protection analytics; Maghreb Social Protection and Labor Policy Dialogue; Labor market, skills, and employability diagnostics and policy advice; ASA Support to Digital Inclusion and Transformation in the Maghreb (P512893) - upskilling programs for digital talents; G2P - Improving financial inclusion of cash transfer beneficiaries; Maghreb Facility for Women</td><td rowspan="2">IBRD - Lending: Health Support Additional Financing (AF); ECD II; Education Support Program PforR 2.0; Digital Acceleration PforR (P513936); Morocco Integrated Territorial Development Program; Jobs Roadmap PforR

Advisory Services and Analytics : Childcare study; AI chatbot pilot on career orientation; University employability benchmarking (with IFC); Skills positioning review; Non-workers health insurance analytical work; ASA Support to Digital Inclusion and Transformation in the Maghreb; Maghreb Facility for Women; AIM2030</td><td>Baseline (2026): 0
Target (2035): 5.0 million (50% female)</td></tr>
<tr><td>Indicator 3.2: Students supported with better education (% female)
Attribution</td><td>Weak learning outcomes in foundational skills constrain human capital formation and limit future productivity and employability. WBG support focuses on decreasing learning poverty and strengthening the quality, relevance and equity of education. In addition to scaling activities that build strong foundations, it focuses on building job relevant skills, aligned with labor market needs and supporting institution-based training, lifelong skilling, and industry specific solutions with the private sector. It supports students from preschool through higher education with better education outcomes and strengthens the pipeline of skills needed for productive labor market participation.</td><td>Baseline (2026): 0
Target (2035): 4.0 million (50% female)</td></tr>
</table>

Annex 2. Financing and Implementation Arrangements

1. This annex describes the financing modalities, implementation arrangements, and management principles through which the CPF will be delivered. It does not constitute a commitment to specific lending volumes or instruments, which will be determined through the Annual Business Planning Exercises (ABPE) and based on government demand during implementation. The annex emphasizes flexibility, selectivity, and adaptive implementation in line with Morocco's reform priorities and implementation capacity.

A. Financial Envelope and Knowledge Program

2. **The CPF outcomes will be delivered jointly by IBRD, IFC, and MIGA under the One WBG approach.** This will leverage key WBG flagship initiatives—such as the Jobs Compact, expanded health access, Water Forward and agribusiness support through AgriConnect. Delivery will be supported by IBRD financing, trust-funded activities, and a robust program of advisory services and analytics (ASA), complemented by targeted policy dialogue and WBG Academy support to enable scaled-up IFC and MIGA engagement. WBG instruments will be complemented by support from other international financial institutions, non-governmental organizations, and private sector partners to maximize collective impact. The program aims to accelerate Morocco's transition to more productive, inclusive, and sustainable growth while strengthening institutions, delivery systems, interinstitutional coordination, and data-driven policymaking.

3. **Based on recent engagement patterns, Morocco's IBRD program is expected to remain high and stable, with annual lending of about US$1.5[3] billion, subject to demand, macroeconomic conditions, and performance.** Financing will be delivered through a mix of Investment Project Financing, Program-for-Results (PforR), and Development Policy Financing, sequenced to support policy reforms, institutional strengthening, and measurable results. Given Morocco's shift to performance-based budgeting; supported by IBRD; PforR operations are expected to continue comprising a significant share of the portfolio. Lending volumes and instruments will be reviewed periodically through the ABPE to ensure alignment with government priorities, reform readiness, and implementation capacity.

4. **During the CPF period, the IBRD program will maintain a rolling three-year pipeline to enhance predictability and strengthen the link between knowledge and financing.** Short-term programming will be guided by the New Development Model's priorities: (i) promoting private investment and jobs, including support to SMEs; (ii) advancing territorial inclusion through improved basic services, connectivity and inclusion; (iii) consolidating the social state via reforms in health, education, and social protection; and (iv) advancing performance- and evidence-based budgeting, investment planning, transparency, and proactive management of assets, liabilities, and fiscal risks. Trust funds are expected to complement IBRD resources in alignment with the CPF outcomes. These resources will be used selectively to support analytical work, pilot innovations, strengthen intersectoral coordination, and enhance the impact of IBRD-financed operations.

5. **Under the One WBG approach, IFC and MIGA will complement IBRD engagements by supporting private sector development and mobilizing private capital.** IFC is expected to maintain a substantial investment and advisory presence, building on recent years in which commitments and mobilization have increased significantly with a focus on competitiveness, financial markets, infrastructure and PPPs, agribusiness, and the green transition. MIGA will explore opportunities to provide guarantees to de-risk private investments in priority sectors, supporting the mobilization of long-term private capital where appropriate. Coordination among IBRD, IFC, and MIGA will be pursued systematically at both strategic and operational levels to maximize development impact. IFC and MIGA engagements during the CPF period will be pursued selectively and will be contingent on progress in policy reforms, regulatory frameworks, and market conditions supported by IBRD operations. IBRD-led policy dialogue, analytical work, and lending operations will play a critical upstream role in helping create conditions for private investment, while IFC and MIGA will focus on transactions and risk mitigation where such conditions are in place. Coordination across the WBG will aim to ensure complementarity of instruments, alignment of incentives, and avoidance of overlap, with joint upstream engagement informing investment and guarantee decisions.

B. Alignment with Corporate Priorities and Results Architecture

[3] Actual IBRD lending will depend on factors including country and program performance, global economic developments that affect IBRD's financial capacity, and demand by other Bank borrowers

6. **The CPF's financing and implementation arrangements are aligned with the World Bank Group's corporate priorities, including job creation and economic transformation, private capital mobilization, climate transition and environmental sustainability, human capital development, and institutional** strengthening**.** These priorities are reflected in the CPF's long-term horizon and its emphasis on system-level reforms and investments with economy-wide impact. The CPF Results Framework (Annex 1) provides the primary tool for translating these corporate priorities into measurable outcomes and for linking financing, policy dialogue, and implementation to results. CPF outcomes and indicators are designed to capture progress in areas central to Morocco's development agenda, including productivity and employment, resilience to climate and water-related risks, quality and equity of service delivery, and institutional performance.

7. **During CPF implementation, the Results Framework will serve not only as a monitoring tool but also as a management instrument guiding business planning, portfolio reviews, and policy dialogue with the government.** Lending instruments, advisory services and analytics (ASA), and One WBG engagements will be periodically reviewed against CPF outcomes to support selectivity, sequencing, and adaptive implementation, and to ensure continued alignment between financing, reform priorities, and results.

C. Relevant Implementation Issues

8. Implementation of the CPF will take place in a context characterized by relatively strong institutions and macroeconomic stability, alongside complex reform agendas, cross-sectoral coordination challenges, and political economy constraints. Achieving CPF outcomes will depend not only on the availability of financing, but also on the effectiveness of reform sequencing, institutional coordination, and delivery systems, including the use of data and digital tools to support policy implementation and monitoring.

9. Key implementation issues include:

- **Institutional coordination, reform sequencing, and delivery capacity.** Key CPF-supported reforms cut across sectors and involve multiple ministries, agencies, and levels of government. Effective center and local government coordination, including coordination across national and regional institutions, clear sequencing of reforms, and adequate delivery capacity will therefore be critical to sustaining momentum, managing trade-offs, and avoiding reform implementation gaps. The CPF will emphasize selectivity and prioritization, supported by strong analytics and policy dialogue. While Morocco benefits from relatively well-established delivery systems, challenges persist in areas such as fiduciary readiness, monitoring and evaluation and implementation speed for investment projects.

- **Effective implementation will also depend on strong environmental and social risk management, particularly given Morocco's exposure to climate change and water-related risks**. CPF-supported operations will apply the World Bank's Environmental and Social Framework and continue to strengthen national systems and institutional capacity to manage environmental and social risks, with particular attention to sustainability, inclusion, and resilience.

- **Political economy of reforms**. Several CPF priority areas - including competition policy, state-owned enterprise reform, subsidy reform, labor markets, and water allocation - entail distributional impacts and vested interests. CPF implementation will therefore place strong emphasis on gradual and well-communicated reform pathways, informed by analytical work, stakeholder engagement, and, where appropriate, accompanying measures to mitigate adverse impacts on vulnerable groups.

10. These implementation challenges will be addressed through selective engagement, careful project design calibrated to implementation capacity, enhanced supervision, and adaptive implementation. Business planning, portfolio reviews, and continuous policy dialogue with government counterparts will be used to adjust the pace, sequencing, and composition of the CPF program as needed throughout the CPF period.

D. Business Planning and Adaptive Implementation

11. **This CPF introduces the ABPE, which commenced on March 13, 2026. The next ABPE will take place in February 2027 and will provide an opportunity to take stock of progress and risks, respond to emerging opportunities, facilitate course corrections, and make timely decisions on program evolution.** The exercise will draw on Government views; One WBG joint engagement plans informed by WBG knowledge; and feedback from private sector clients, development partners, civil society, and beneficiaries, as relevant, to distill implementation lessons (Figure 1). Business planning will serve as the primary mechanism for translating CPF objectives into a sequenced

program of lending, advisory services and analytics (ASA), and One WBG engagements, supported by data-driven monitoring of CPF results.

12. **In practice, business planning will function as a management and decision-making tool for selectivity, sequencing, and adaptive implementation**. It will guide choices on pace, composition, and financing instruments; adjust the lending pipeline and ASA program based on implementation performance; and strengthen coordination across IBRD, IFC, and MIGA under the One WBG approach. It will also incorporate lessons from supervision, evaluations, and analytical work, including the use of improved data systems and monitoring tools, to support course correction and maintain alignment with CPF objectives and results.

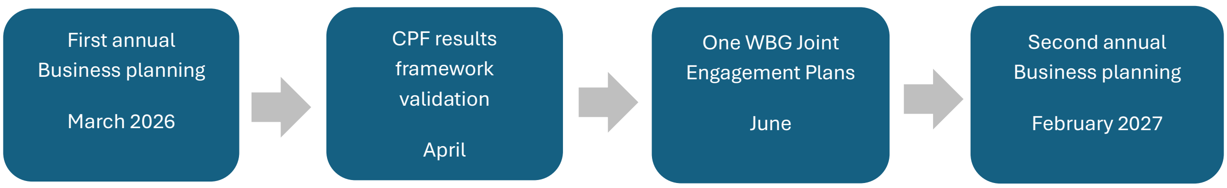
13. Periodic business planning will review progress toward CPF outcomes, assess portfolio performance, and adjust the lending pipeline and ASA program in response to implementation experience, evolving government priorities, and changes in the macroeconomic or policy environment. Results indicator targets detailed in Annex 1 are indicative and anchored in the current program; they are therefore expected to be adjusted over time as the pipeline materializes and investments progress through the ABPE process.

14. The business planning process will:

- Link CPF outcomes and indicators to annual or multi-year lending and ASA programs;
- Enhance coordination across IBRD, IFC, and MIGA under the One WBG approach;
- Integrate lessons from implementation, evaluations, and analytical work; and
- Enable course correction to maintain alignment with CPF objectives and results through continuous monitoring of outcome indicators and portfolio performance.

15. Modalities and frequency will be finalized during CPF implementation and may be adjusted over time to support effective delivery and results.

Figure 1: Annual Business Planning Schedule



E. Partnerships and Coordination

16. **The CPF will be implemented in close coordination with development partners active in Morocco, including bilateral partners, multilateral development banks, and international financial institutions.** Partnerships will be guided by selectivity, complementarity, and comparative advantage to maximize development impact and minimize fragmentation. The WBG will prioritize coordination in areas with strong partner engagement where joint efforts can advance system-level reforms, scale impact, and reduce transaction costs for the government. In these areas, opportunities for co-financing, parallel financing, coordinated policy dialogue, and joint analytics will be pursued where appropriate and aligned with national strategies and programs. The ABPE will provide a structured platform to review progress, strengthen coordination, and identify opportunities for collaboration across CPF outcome areas.

17. **Coordination will build on government-led platforms, sector working groups, and established dialogue mechanisms.** An indicative summary of partner contributions to CPF outcomes and indicators is presented in table 1. This will be updated during the CPF implementation period.

Table 1. Partner Contributions to CPF Outcomes and Indicators

CPF outcomes	CPF indicators	WBG	AFD	AfDB	JICA	EU	KfW	EIB	AIIB	IsDB	Others
More and better jobs (cross-cutting)	Number of new and better jobs (women and youth)	✓	✓	✓	✓	✓	✓	✓	✓	✓	SECO, other bilaterals
Outcome 1: Improved productivity and competitiveness of firms	1.1 Total private capital mobilized	✓	✓	✓	✓	✓	✓	✓			EBRD, OPEC Fund, other bilaterals
	1.2 Firms introducing new product / service (% of firms)	✓	✓		✓	✓		✓			GIZ, SECO, Enabel
Outcome 2: Inclusive, connected and resilient territories	2.1 People benefiting from improved access to sustainable transport infrastructure	✓	✓	✓	✓		✓	✓	✓	✓	EBRD, IsDB, other bilaterals
	2.2 Share of population in multidimensional poverty (%)	✓	✓	✓		✓					UN, SECO, other bilaterals
	2.3 People with enhanced resilience to climate risks	✓	✓	✓	✓	✓	✓	✓	✓	✓	UN, SECO, other bilaterals
Outcome 3: Strengthened human capital	3.1 People receiving quality health, nutrition, and population services	✓	✓		✓	✓		✓		✓	WHO, UNICEF, other bilaterals
	3.2 Students supported with better education	✓	✓	✓	✓	✓	✓	✓		✓	UNICEF, other bilaterals

F. Risks to CPF Implementation and Mitigation Measures

18. The overall risk to CPF implementation is assessed as moderate. While political and governance, sector policies, fiduciary and environmental and social risks are rated Moderate, risks related to macroeconomic, institutional capacity and stakeholders are rated Substantial. CPF outcomes could be affected by heightened macroeconomic uncertainty, fiscal pressures linked to reforms, the scale of planned investments, and

implementation capacity constraints. These risks will be monitored closely throughout the CPF period and mitigated through calibrated program design, sequencing, and implementation arrangements.

Macroeconomic risks (Substantial).

19. Macroeconomic risks are assessed as substantial. In the immediate future, risks are tilted to the downside given the current conflict in the Middle East and its fallout on economic activity and inflation. Looking ahead, while risks are manageable in the medium term, pressures on public finances could intensify over a longer horizon. Public spending needs are likely to remain elevated as Morocco prepares for major international events and continues to implement priority reforms. While the country has so far managed to accommodate these pressures while keeping the debt ratio on a slowly downward trend, the materialization of adverse international shocks (tighter financial conditions, volatile commodity prices) or domestic shocks (climate) could trigger a sharp growth slowdown, erode fiscal space, and necessitate procyclical fiscal consolidation. The CPF will mitigate these risks through close macro monitoring, flexible and well-sequenced reform and financing, and sustained policy dialogue to strengthen domestic revenue mobilization and reinforce fiscal sustainability.

Institutional capacity for implementation and sustainability (Substantial).

20. Institutional capacity risks are assessed as substantial. While Morocco has relatively strong implementation capacity, the scale, complexity, and simultaneity of reforms and investments—particularly in infrastructure and service delivery—pose coordination and implementation challenges across institutions and levels of government. The CPF will mitigate these risks through strengthened coordination mechanisms, capacity-building measures embedded in operations, simplified project design where appropriate, and enhanced results monitoring.

Stakeholder risks (Substantial)

21. Stakeholder capacity risks are assessed as substantial. Several reforms supported under the CPF may involve differing interests across public institutions, private sector actors, and affected communities, requiring sustained engagement to maintain reform momentum and broad-based support. The CPF will mitigate these risks through sustained stakeholder dialogue, inclusive consultation processes, and support for transparent reform implementation that strengthens ownership across key stakeholders.

Annex 3: Morocco – WBG Portfolio Snapshot (As of March 2026)

Operations Portfolio (IBRD)

National Projects							
Project ID	**Project Name**	**Lead GP**	**Approval Date**	**Closing Date**	**Total Commitment**	**Undisbursed Balance**	**Cofinancing**
P149653	Morocco Urban Transport Project (P4R)	TR	09-Dec-2015	30-Jun-2026	$350,000,000.00	$14,210,000.00	$0.00
P149995	Casablanca Municipal Support Program	URL	13-Dec-2017	30-Jun-2026	$300,000,000.00	$26,842,385.60	$0.00
P165411	Morocco - Community-Based Rural Roads Maintenance	TR	08-May-2019	31-Mar-2026	$2,850,000.00	$1,282,564.96	$0.00
P167619	Education Support Program	EDU	20-Jun-2019	31-Jul-2026	$750,000,000.00	$197,606,393.72	$0.00
P167894	MA North-East Economic Development Project	TR	23-Jun-2022	31-Dec-2029	$250,000,000.00	$229,427,687.10	$0.00
P168147	Municipal Performance Program	URL	07-Nov-2019	31-Dec-2026	$300,000,000.00	$87,201,540.84	$114,000,000.00
P169330	Morocco Public Sector Performance (ENNAJAA) Program	GOV	15-Dec-2021	31-Dec-2028	$700,000,000.00	$364,254,207.66	$0.00
P170419	Morocco Green Generation Program-for-Results	AGR	15-Dec-2020	29-Oct-2027	$250,000,000.00	$60,444,840.87	$115,000,000.00
P172809	Morocco COVID-19 Social Protection Emergency Response Project	SPJ	03-Dec-2020	30-Jun-2026	$750,000,000.00	$141,826,690.16	$0.00
P172926	Blue Economy Program for Results	ENB	23-May-2022	31-Jul-2027	$350,000,000.00	$204,276,015.59	$0.00
P174586	Morocco Energy Storage Testbed Project	EEX	13-Jun-2024	30-Apr-2027	$3,950,000.00	$3,675,747.89	$0.00
P175523	Strengthening Morocco's Financial Resilience to Climate Physical Risks	FCI	28-Jun-2023	30-Jun-2026	$5,000,000.00	$4,350,801.18	$0.00

P175747	Resilient and Sustainable Water in Agriculture	WAT	25-Mar-2022	30-Jun-2028	$180,000,000.00	$141,786,419.70	$0.00
P178763	Morocco Climate Operation / Support to the Nationally-Determined Contribution (NDC)	ENB	09-Jun-2023	30-Jun-2028	$350,000,000.00	$223,550,820.75	$200,000,000.00
P178768	Morocco Municipal Solid Waste Management Support Program	URL	26-Nov-2024	31-Dec-2030	$250,000,000.00	$188,375,000.00	$0.00
P178910	Morocco Accelerating the Transformation of Higher Education and Scientific Research Operation	EDU	14-Dec-2023	30-Apr-2029	$300,000,000.00	$206,563,113.01	$0.00
P179014	Morocco Health Reform Program	HNP	15-Jun-2023	30-Sep-2028	$450,000,000.00	$309,060,827.96	$0.00
P179192	Morocco Water Security and Resilience Program	WAT	18-Jul-2023	31-Dec-2028	$350,000,000.00	$239,002,908.51	$0.00
P179612	Accelerating Blue Economy Development in the Kingdom of Morocco	ENB	27-Jan-2023	31-Jul-2027	$5,000,000.00	$4,008,480.68	$0.00
P181522	Supporting the implementation of SOE Reform in Morocco	FCI	21-Jun-2024	29-Jun-2029	$350,000,000.00	$254,116,564.66	$0.00
P181587	Transforming Agri-food Systems in Morocco	AGR	19-Dec-2024	31-Dec-2029	$250,000,000.00	$126,990,714.91	$0.00
P500402	Morocco Sustainable Oasis Ecosystems Management Project	ENB	20-May-2024	30-Jun-2026	$12,000,000.00	$7,419,509.88	$0.00
P500964	Greater Casablanca Mobility and Logistics Hub	TR	06-Jun-2025	30-Jun-2031	$350,000,000.00	$279,122,728.01	$237,160,000.00
P504398	Morocco Second Identity and Targeting for Social Protection Project	SPJ	04-Dec-2024	31-Dec-2028	$70,000,000.00	$69,825,000.00	$0.00
P507248	Third Strengthening Human Capital for a resilient Morocco DPF	HNP	19-Mar-2025	30-Sep-2026	$600,000,000.00	$0.00	$0.00
P507373	Support to the Strengthening of Social Safety Nets for Human Development in Morocco Project	SPJ	18-Jun-2025	30-Jun-2030	$250,000,000.00	$249,375,000.00	$0.00
TOTAL	**26 projects**				**$7,778,800,000.00**	**$3,634,595,963.64**	**$666,160,000.00**

Active ASAs (IBRD)

Project ID	Project Name	Lead GP	AIN Sign Off Date	Closing Date	Total Commitment	Total Expenditure to Date
P508330	Morocco - Leading & Lagging Cities	URL	05-Dec-2024	30-Jun-2026	$150,000.00	$196,366.89
P178690	JCAP Morocco Sustainable Finance Facility	FCI	14-Jul-2022	30-Jun-2026	$2,500,000.00	$2,469,113.09
P180729	Private Sector Productivity, Growth And Decarbonization In Morocco	FCI	07-Feb-2023	31-Mar-2026	$1,065,000.00	$1,073,563.00
P501282	Morocco Country Economic Memorandum	MTI	11-Oct-2023	31-Mar-2026	$150,000.00	$654,743.00
P514104	Morocco Governance ASA for strategic engagement	GOV	18-Dec-2025	31-Dec-2027	$775,000.00	$24,778.77
P177342	Support to Human Capital Development in Morocco (RAS)	HNP	13-Jul-2021	31-Mar-2026	$7,832,954.00	$7,203,322.45
TOTAL	**6 projects**				**$12,472,954.00**	**$11,621,887.20**

Statement of IFC's Committed and Disbursed Portfolio

Morocco Investment Portfolio by Industry Group (as of Mar 31, 2026)

Industry Group	CDF	FIG	INR	MAS	Total
Committed Exposure	**23.0**	**452.5**	**256.2**	**345.8**	**1,077.4**
Portfolio Outstanding	19.1	424.0	106.7	319.6	**869.5**
of which Loan Outstanding	-	288.9	69.4	259.3	**617.7**
of which Equity Outstanding	19.1	135.1	37.3	60.3	**251.8**
Undisbursed	3.8	28.4	149.5	26.2	**208.0**
Non-Performing Loans (NPLs)	-	-	-	-	**-**
NPL Ratio (%)	0.0%	0.0%	0.0%	0.0%	**0.0%**

Morocco Investment Pipeline by Project based on primary country or country of proceeds (JV country) (as of Mar 31, 2026)

Probability	Primary Country	Country of Proceeds (JV Country)	Project Short Name	Industry Sector 2	Industry Sector 3	LTF IFC Own Account	LTF Core Mobilization	Total LTF
FY 2026 pipeline								
FIG pipeline								
HP	Morocco	Morocco	MFP-BOP Arrawaj	Microfinance	NBFI – Microfinance	15.0	0.0	15.0
LP	Morocco	Morocco	CdM Agri RSF	Commercial Banking	Commercial Banking	5.5	0.0	5.5
Total FIG Pipeline						**20.5**	**0.0**	**20.5**
MAS pipeline								
HP	Morocco	Morocco	Aradei GB	Commercial Property	Commercial Property (Non-Funds)	76.0	0.0	76.0
HP	Morocco	Morocco	Pickalbatros MAR	TRP	Tourism	160.0	80.0	240.0
Total MAS Pipeline						**236.0**	**80.0**	**316.0**
INR pipeline								
LP	Morocco	Morocco	NPONE Facility	Technology	Datacenters	30.0	40.0	70.0
Total INR Pipeline						**30.0**	**40.0**	**70.0**
CDF pipeline								

HP	Morocco	Morocco	DARP NPL EOS	Financial Markets		35.0	0.0	35.0
HP	Morocco	Morocco	IMG Fund I	Collective Investment Vehicles	Fund	15.0	0.0	15.0
Total CDF Pipeline						**50.0**	**0.0**	**50.0**
TOTAL FY2026 PIPELINE						**336.5**	**120.0**	**456.5**

Top 5 Portfolio Clients by Committed Exposure in Morocco (as of Mar 31, 2026)

Client	Industry	Industry Group Sector	Committed Exposure	Portfolio Outstanding
URP Saham Bank	FIG	Financial Markets	245.9	245.9
OCP group	MAS	Manufacturing	236.0	236.0
TMPA	INR	Infrastructure	177.0	28.5
Holmarcom Finance Company	FIG	Financial Markets	135.1	135.1
Credit du Maroc	FIG	Financial Markets	42.9	42.9

MIGA Portfolio (end Feb 2026)

Project name	Effective date	Expiry date	Sector	Gross exposure
UM6P Campus	05/09/2022	04/19/2032	Construction	$640M
Tanger Med Port Authority	10/21/2024	09/15/2039	Infrastructure	$278M
UM6P Campus Expansion	09/02/2024	08/14/2034	Construction	$262M

Annex 4: Morocco Selected Economic Indicators[4]

	2018	2019	2020	2021	2022	2023	2024	2025E	2026P
Real GDP growth	3.1	2.9	-7.2	8.2	1.8	3.7	3.8	4.7	4.5
GDP at market prices growth	3.1	3.0	-7.0	7.9	1.9	3.4	3.4	4.7	4.5
Agriculture	4.5	-3.9	-7.1	19.0	-11.8	1.8	-4.5	3.7	9.9
Industry	3.1	4.1	-5.2	7.8	-1.6	0.8	4.2	4.8	3.8
Services	2.9	3.9	-7.9	5.7	6.8	5.0	4.6	4.5	4.2
Population growth	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.9	0.9
Real per capita GDP growth	1.9	1.8	-8.1	7.1	0.8	2.6	2.8	3.7	3.6
Annual average inflation	1.6	0.2	0.7	1.4	6.6	6.1	0.9	0.8	2.3
(in percent of GDP, unless indicated otherwise)									
Current account balance	-4.9	-3.4	-1.2	-2.3	-3.5	-1.0	-1.2	-2.1	-3.1
Balance in trade and services	-9.5	-7.8	-7.3	-9.2	-11.5	-8.3	-8.3	-10.6	-11.2
Primary income (net)	-1.6	-1.6	-1.0	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5
Secondary income (net)	6.3	6.0	7.1	8.3	9.4	8.8	8.6	10.1	9.6
Net foreign direct investment		1.3	1.2	1.6	1.7	0.7	1.0	1.3	1.4
Gross Official Reserves (in months of imports)	5.3	6.9	7.1	5.3	5.4	5.4	5.3	5.6	5.3
Central Government Debt	60.5	60.3	72.2	69.4	71.4	68.7	67.7	67.2	67.6
External	12.4	13.0	17.3	16.0	17.2	17.1	16.8	16.8	16.6
Domestic	48.1	47.2	54.9	53.4	54.2	51.6	50.9	50.4	51.0
Revenues and grants	24.2	23.8	27.0	25.1	28.4	27.6	29.1	30.0	30.6
Current expenditures	22.9	23.4	28.5	26.2	28.4	26.5	27.2	28.4	29.3
o/w wages and salaries	10.4	10.6	11.6	11.0	11.1	10.3	10.3	11.0	11.1
Capital expenditure	4.8	4.2	5.6	4.8	5.3	5.5	5.9	5.1	4.9
Overall fiscal balance including grants	-3.5	-3.8	-7.1	-5.9	-5.4	-4.4	-3.9	-3.6	-3.8
Overall fiscal balance excluding grants	-3.8	-4.0	-7.6	-6.0	-5.5	-4.6	-4.1	-3.7	-3.9

[4] Data for 2025 and 2026 are projections, consistent with standard World Bank practices.

Annex 5: Streamlined 2025 Systematic Country Diagnostic for Morocco

The 2018 Systemic Country Diagnostic (SCD) identified key priority areas aimed at overcoming structural constraints to spur economic growth and promote access to opportunities. These included: (i) better market allocation of resources across private firms/sectors, while ensuring growth dividends are globally shared, (ii) pushing the efficiency frontier to achieve convergence and cross the barrier to become an emerging market economy, and (iii) taking into account climate change and its potential effects to ensure environmental and natural resources' sustainability. This 2025 streamlined SCD takes stock of these priorities, and, as needed, proposes adjustments so as to reflect changes to Morocco's development environment.

I. Recent Developments. A Tale of Two Tempos: Commendable Progress on Macro and Mixed Picture on Job Creation and Inclusive Growth

Morocco's strong economic performance between 2000 and 2019 delivered substantial improvements in living standards. Economic growth was higher and less volatile than in previous decades, with no recession occurring during this period, which resulted in a pronounced improvement in living standards (Figures 1-3). Poverty incidence fell from over 15 percent in the early 2000s to 1.7 percent in 2019, life expectancy at birth grew from 67 years in 2001 to 74 in 2019, and inequality decreased: the consumption Gini index dropped from 40.6 in 2001 to 38.5 in 2019. These achievements reflect a sound macroeconomic management, a public sector-led investment effort (capital accumulation explains more than 70 percent of real GDP growth), and market-oriented reforms—mostly during the early 2000s—that included liberalization of international trade, which allowed Morocco's integration in global value chains.

Despite progress, a loss of momentum in market reforms in the 2010s slowed down economic growth. While the economy experienced average annual GDP growth of 4.9 percent between 2000 and 2009, growth declined to 3.5 percent during the subsequent decade of 2010-2019. This slowing down was due in part to external shocks emanating from the global and Eurozone financial crises but also by the weakening contribution of productivity to Morocco's growth trajectory, despite the massive accumulation of capital that has taken place. In part, this is the result of a loss of momentum of growth-enhancing reforms during this period, specifically policies to stimulate business dynamism and efficient markets. Recent firm-level evidence reveals that weak productivity growth is primarily due to allocative inefficiencies rooted in market distortions, and the weak emergence of innovative high-growth firms.[5]

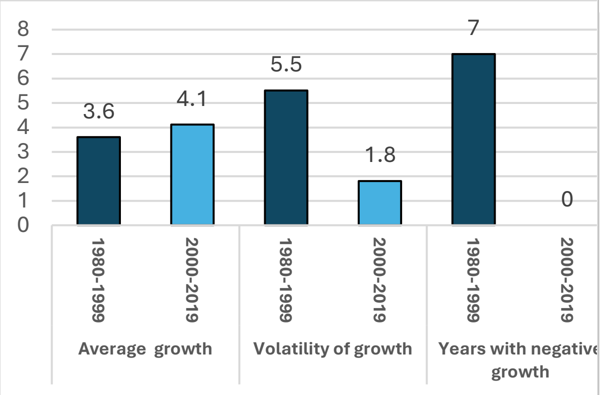
Large shocks since 2020 have tested Morocco's development model and its inclusiveness. Since 2020, the economy has faced both external shocks (COVID-19, global commodity price fluctuations, supply chain disruptions) and domestic challenges (five consecutive drought years, Haouz earthquake[6]). Although these shocks have been absorbed comparatively well thanks to strong fundamentals, including sufficient gross official reserves, they resulted in more tepid annual growth (averaging only about 1.7 percent between 2020-2024). Moreover, social progress has stalled since the C OVID-19 shock, with poverty incidence increasing by 2.5 percentage points to about 4 percent in 2022, inequality worsening (Gini index of 40.5 percent), regional disparities persist, and current growth rates remain inadequate to

[5] Jobs and Growth Report (WB, Forthcoming).

[6] The September 2023 Al Haouz earthquake itself caused an estimated damage of US$3 billion, equivalent to 2.6% of Morocco's GDP in 2022.

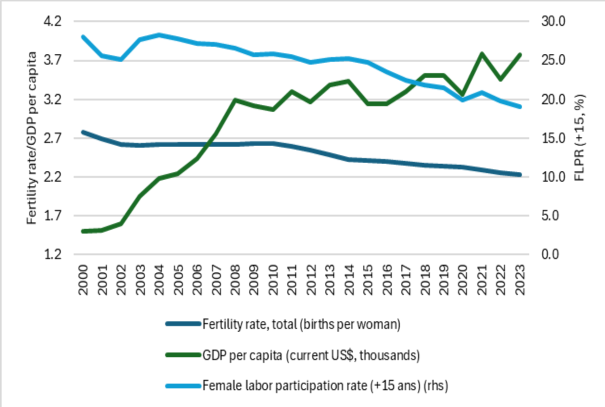
generate sufficient employment, achieve upper-middle-income status by 2030, or meaningfully narrow the gap with peer countries.

Figure 1 *Economic growth*



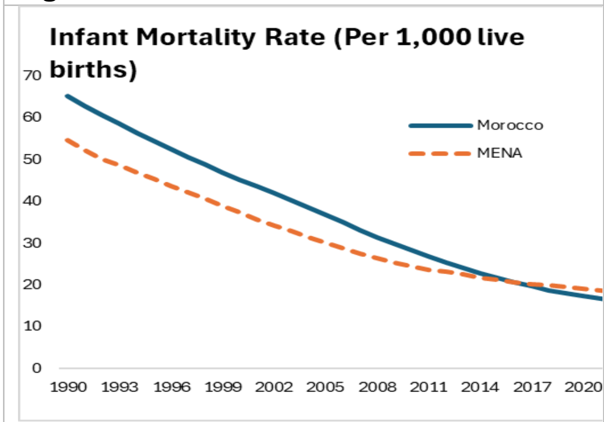
Source: World Bank staff calculations

Figure 2 *Social Outcomes*



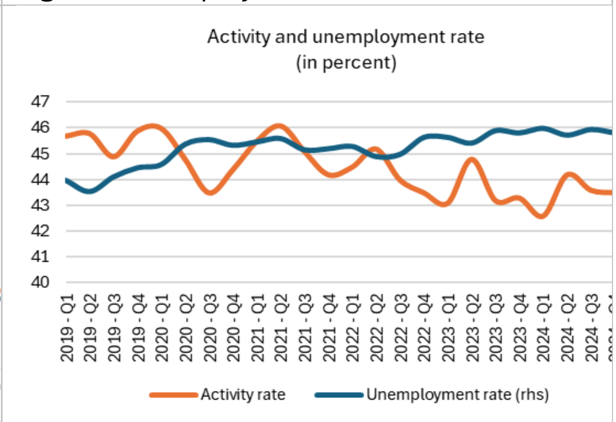
Source: WDI, World Bank staff calculations

Figure 3 *Health outcomes*



Source: WDI

Figure 4 *Unemployment*



Source: HCP

Within this context, the authorities adopted a New Development Model (NDM) in 2021 to accelerate economic growth and job creation through building and protecting human capital. The NDM advocates for the adoption of structural reforms to diversify Morocco's sources of growth beyond public capital accumulation and transitioning to a private-sector-driven economy The main objective of the NDM was a rebalancing of an initial focus on infrastructure towards a commensurate focus on building and protecting human capital. This initiative aims at doubling the share of private investment in total investments from 1/3 to 2/3, while reducing social and territorial disparities via ensuring equitable access to resources and opportunities across all regions, improving education and health services, and resolving barriers preventing women and youth from actively participating in the labor force. The NDM sets ambitious goals, including doubling per capita GDP by 2035, increasing employment formalization to 80 percent, improving women's employment rate to 45 percent, and mobilizing around US$ 54 billion in investments.

In the spirit of the NDM, the authorities have made progress with reforms in social sectors, the governance of SOEs, tax policy, and climate. The social reform agenda has advanced considerably through comprehensive health system reforms and expanded targeted cash transfers that strengthen social safety nets. Efforts to improve education have been undertaken to enhance labor force readiness.

The SOE reform, initiated during 2024, has the potential to increase the effectiveness and efficiency of these firms, while levelling the playing field with private operators. The tax reform launched in 2021 is well advanced, and tackles some of the key constraints that in the past limited domestic revenue mobilization and created economic distortions. Significant progress has been achieved in climate policies owing to the adoption of a holistic Government approach.

Less progress has been achieved on market reforms to stimulate private investment and business dynamism. While a new Investment Charter has been adopted, it functions primarily as a subsidy mechanism, not sufficiently targeted, for private investment projects rather than addressing fundamental market functioning issues. Morocco has initiated some reforms to improve its business environment, as highlighted in the B-Ready results (WB, 2024), notably in areas related to business entry and location, utility services access, and international trade efficiency, widespread utility infrastructure, and digitized import/export processes. However, the private sector still faces significant challenges, related to the labor market, digital public services, dispute resolution, and businesses' insolvency as highlighted by the B-Ready.

Perhaps the most persistent challenge remains the labor market. Unemployment remains stubbornly high, particularly among youth and women. The overall unemployment rate stood at 13.3 percent in 2024 (Figure 4), with youth unemployment (15-24 years) at a concerning 36.7 percent and female unemployment at 19.4 percent.[7] Labor force participation continues to be low, especially for women (19.1 percent in 2024) with particularly concerning downward trend. In addition, Morocco's export success, with strategic geographic location and exports growing to 43 percent of GDP by 2023, has failed to generate a sufficiently strong jobs dividend. The informal sector still accounts for more than 30 percent of non-agricultural GDP and employs about 70 percent of the workforce, highlighting persistent labor market dualism.[8] These reflect continued structural challenges, including demand and supply as well as underperforming matching mechanisms. On the demand side, the sluggish economic growth and limited private sector dynamism in creating jobs are key constraints. On the supply side, structural barriers continue to impede women's participation in the workforce. Rigid labor market regulations and ineffective labor intermediation policies further exacerbate employment challenges, preventing the efficient matching of skills to opportunities. Further, Morocco's weak statistical system and data quality issues undermine the development of evidence-based interventions, leaving policymakers without robust data to design effective labor market policies.

Morocco confronts an acute water security crisis exacerbated by climate variability, with increased risk of floods recurring droughts over the past eight years severely undermining economic stability and social outcomes (WB 2022 CCDR). Approaching the critical water scarcity threshold of 500 cubic meters per capita, the economy faces projected GDP contractions of up to 6.5 percent due to diminished water availability and declining agricultural yields, with potentially significant demographic implications as climate-induced disruptions could trigger rural-to-urban migration affecting approximately 1.9 million citizens by 2050. The decarbonization agenda presents substantial potential economic opportunities, whereby implementation of a comprehensive low-carbon development pathway—requiring investments of approximately US$78 billion through the 2050s—could yield enhanced GDP growth trajectories, improved fiscal positions, strengthened energy security, and employment generation of approximately 28,000 positions annually, contingent upon structural reforms

[7] Unemployment is mostly urban with urban employment around 17 percent vs. 7 percent in rural areas.
[8] Jobs Undone (WB, 2022).

facilitating private capital mobilization, environmental fiscal policy innovations, and resource pricing mechanisms that accurately reflect scarcity while ensuring equitable transition outcomes.

Fiscal consolidation masks a rapidly expanding public sector footprint that could erode sustainability, unless concrete actions are taken to create fiscal space. The central government deficit narrowed from 7.1 percent of GDP in 2020 to approximately 4.1 percent in 2024, as revenue collection improved—reaching about 30.1 percent of GDP—and current spending was kept under control. Public debt, which peaked during the pandemic response, has since stabilized around 70 percent of GDP, aided by favorable market financing conditions and a benign global interest-rate environment. However, given the ambitious investment programs and extensive reforms currently being deployed, Morocco's fiscal situation may become increasingly challenging unless significant fiscal space can be created to accommodate these initiatives without compromising macroeconomic stability. This underscores the importance of leveraging private sector financing as well as identifying sustainable revenue sources and efficiency gains that extend beyond temporary or "innovative" financing mechanisms.[9]

Morocco has made substantial strides in expanding infrastructure capacity across multiple sectors, achieving significant improvements in rural and underserved regions. Electricity access has approached universal coverage, while centralized renewable energy generation capacity has expanded considerably, positioning the country to exceed its 2030 renewable energy targets. Connectivity infrastructure has undergone transformative development,[10] evidenced by comprehensive transportation networks including high-speed rail corridors and expanded port facilities that strengthen Morocco's strategic position as a regional trade gateway. Digital infrastructure has similarly progressed, narrowing—though not eliminating—the rural-urban digital divide, with ongoing policy interventions aimed at enhancing service quality and market competitiveness. These infrastructure developments collectively represent critical enablers for Morocco's broader economic transformation agenda.

II. Progress on Priorities since the 2018 SCD

Since the 2018 SCD, substantial advances have been made in certain priority areas, while others have seen more limited progress. The 2018 SCD identified four key pathways with 14 binding constraints to sustained inclusive development: (1) getting closer to the efficiency frontier, (2) leveraging the efficiency frontier for all Moroccans, (3) pushing the efficiency frontier, and (4) greening the efficiency frontier, all underpinned by governance as a cross-cutting element. Progress has been uneven across these priorities, with notable successes in infrastructure development, renewable energy, and social protection, alongside slower progress in areas such as competition policy, labor market inclusion, and public sector reforms.

Improving competition and innovation has progressed moderately. The Competition Council was reactivated in 2018, with reforms to strengthen and promote compliance including simplified merger review procedures and changes in merger notification thresholds, which reduced compliance costs for businesses. However, its effectiveness has been limited by resource constraints and political-economy

[9] (WB PFR, forthcoming).

[10] The enhanced role of regions and municipalities, including the mandated allocation of 40 percent of regional budgets to infrastructure, is shaping inclusive service delivery and local development.

factors. Several sectors have seen increased competition, particularly telecommunications[11] and financial services, while others remain dominated by large incumbents. In addition, informal competition and large public investment dominance create an uneven playing field for Small and Medium Enterprises (SMEs), which results in limited growth for these firms. The digital economy has grown substantially; the tech startup ecosystem expanded significantly, both in terms of the number of startups and the volume of investments, supported by new venture capital funds and regulatory improvements.

Progress in business environment reforms has been uneven, with improved administrative procedures but modest progress on access to finance. The creation of a unified business identification number, digitalization of business registration, and streamlining of construction permits have reduced administrative barriers as highlighted in the B-Ready results (WB, 2024). While more firms use banks to finance investments (an increase from 34.8 percent in 2013 to 46.5 percent in 2023), there has been a significant decline in firms with bank loans or lines of credit (from 52 percent in 2013 to just 22 percent in 2023), with large firms experiencing the most severe reduction. This potentially indicates stricter lending criteria, changing business financing preferences, or structural shifts in the financial sector.

Public policy formulation and coordination have improved, though implementation challenges remain. Several mechanisms have been established to improve coordination, including sectoral platforms and regional development agencies. However, implementation capacity remains constrained, particularly at the local government level. The advanced regionalization process has progressed, with increased fiscal transfers to regional governments, though local governance capacity and fiscal autonomy remain limited.

Access to quality public services has advanced unevenly, with a strong commitment to improve health and education outcomes. Significant improvements have been made in administrative services through digitalization, e.g., creation of ministerial e-services portals; the national interoperability platform has simplified citizen-government interactions. However, the legal framework for electronic administration and the e-services unique portal are not yet in place, cybersecurity of government data is affecting digital trust and e-services usage and satisfaction by citizens remain low. In addition, persistent disparities exist in service quality between regions and between urban and rural areas. Education and health sectors have witnessed impressive strides in access and coverage, but services continue to face quality challenges with private alternatives increasingly filling gaps for those who can afford them.

Labor market reforms have seen limited progress, with some isolated improvements. The labor code reform, initiated in 2019, remains incomplete, with limited progress on key issues such as hiring flexibility and contractual arrangements. Active labor market programs have been expanded and better targeted, particularly those focused on youth, though their overall impact remains modest. Female's labor force participation has deteriorated.

Social protection has undergone significant reform, representing one of the most successful priority areas. The comprehensive social protection reform launched in 2020 has expanded health insurance and social transfers coverage, and strengthened social assistance programs. The unified social registry has improved targeting and reduced leakage. The COVID-19 pandemic accelerated the

[11] Resulting mostly from government financial sanctions on the incumbent, new infrastructure sharing regulation, governance changes within the incumbent and the ongoing creation of new wholesale operators.

development of cash transfer mechanisms, which have been institutionalized for emergency response and regular social assistance.

Gender equality has seen mixed progress, with stronger legal frameworks but persistent gaps in economic participation. Legal reforms, such as the new family code, the National Plan for Gender Equality III (2022–2026), the new roadmap for women's economic empowerment (2023–2026), have strengthened women's rights, particularly regarding inheritance, property ownership, and protection against violence. However, economic indicators show more limited progress, especially on the labor market front despite the flagship program "Initiative Nationale pour le Developpement Humain (INDH)" aimed at addressing gender barriers in rural areas.

Human capital development has benefited from increased policy attention and resource allocation, which resulted in tangible gains in some areas. Morocco has made notable progress in education during 2018-2023, expanding pre-primary enrollment and implementing Framework Law 51.17 reforms, though learning outcomes show only incremental improvement. Vocational education has strategically aligned with growth sectors (automotive manufacturing, digital technologies, renewable energy), with the higher education sector increasing digital curricula offerings alongside large-scale IT industry upskilling programs ("Job in Tech"). Health sector reforms have progressed significantly, as did health budget allocations increasing from 1.4 to 2.2 percent of GDP (2019-2024) and health insurance (AMO) coverage reaching approximately 75 percent of the population. Implementation challenges persist, particularly regarding informal sector coverage and healthcare workforce distribution.

Water availability and sustainability, including in decarbonizing the economy, remains a critical challenge in Morocco. Despite these significant reforms and policy advances[12] in the water sector, structural implementation challenges persist. These include governance fragmentation, institutional coordination deficiencies, and investment gaps in resource management infrastructure. Enhanced public-private collaboration and improved data systems are needed to effectively address persistent biodiversity degradation and water security risks that threaten long-term economic resilience.

Governance improvements have progressed unevenly across different dimensions. Access to information has improved with the implementation of the 2018 Access to Information Law and the launch of open data initiatives. E-government services are expanding with the upcoming launching of the new national unique e-government portal (IDARATI) and e-government citizens kiosks. However, accountability mechanisms remain relatively weak, with limited effectiveness of oversight institutions. Voice and participation channels have expanded at the local level, but their influence on decision-making varies considerably. Rule of law and justice sector reforms have advanced slowly, with modernization of court procedures and digitalization, though perception indicators suggest limited improvement in judicial independence and efficiency.

Table 1: Progress on priority areas and objectives since SCD 2018.

Focus Area	Objectives	Changes since SCD 2018
Improving market allocation of resources	Competition and innovation	- (+8 pp) **Informal competition,** 47 percent of firms in 2019 vs 55 percent in 2023. - **Market concentration by SOE's:** Public investment still dominates, creating an uneven playing field for SMEs.

[12] These are anchored by the National Water Plan 2020-2050 which targets a demand reduction of 2.2 billion m^3 annually while concurrently expanding water mobilization by 4.6 billion m^3 through diversified infrastructure investments in dam construction, desalination facilities, and wastewater reclamation systems. This water-focused strategy is complemented by sectoral policies (e.g., agriculture, renewable energy, forestry, marine ecosystem).

across firms and sectors		- **Limited growth for SMEs:** ○ High share of high-growth (5%) and medium-high growth (15.4%) firms, but low density. ○ The de facto exit rate, which captures firms that do not officially close but remain inactive for at least two years, is unusually high, at 7.3 percent.
	Business environment and access to finance	**Access to finance:** - **(-1 pp) Credit to the private sector (% of GDP),** 56 percent in 2018 vs 55 percent in 2024. - **WB enterprise survey (2013-2023):** ***1. Perceived constraints in access to finance:*** (+ 3 pp): ● The share of firms identifying access to finance as a major constraint remained stable between 2013 and 2019 at 28%. In 2023, this share slightly increased to 31.1 %. ***2. Firms with bank loans or lines of credit:*** (-30 pp) 52% in 2013 to 21% in 2019 and remaining at only to 22% in 2023. ***3. By Firm size – Access to credit:*** ● (-43 pp) Large firms saw the steepest decline, from 76% in 2013 to 39% in 2019 and 33% in 2023. ● (-27 pp) Medium firms dropped from 57% (2013) to 22.5% (2019), but rebounded to 30% in 2024. ● (-25 pp) Small firms decreased from 42% in 2023 to 17% in 2023. ***4. Use of banks to finance investments:*** (+12 pp) ● This indicator improved markedly, rising from 34.8% in 2013 to 43.9% in 2019 to 46.5% in 2023. **Business environment:** - **B-ready 2024:** Morocco has outperformed peers in regulatory frameworks, business entry, and utility services but lags in operational efficiency, labor market flexibility, and dispute resolution, with gaps in procedural certainty, court structures, and process transparency.
	Main actions and reforms taken to improve this area since 2018: **Tax Reform and SOE Reform**: The 2021 tax reform and SOE's reforms aim to reduce the competitive advantages of state-owned firms. **Competition Regulation:** The Competition Council has strengthened its role in reducing anticompetitive practices, issuing sanctions and conducting sectoral studies (e.g., electricity, food distribution). **Investment Reforms**: The National Development Model (NDM) aims to reverse the share of private investment, targeting private investment to constitute two-thirds of total investment. This will be achieved through the legislation on regional Investment Centers (CRIs), the continued deployment of the new investment charter including new support to MSMEs, the strategic roadmap for improving the business environment 2023-26, and the operationalization of the Mohamed VI Fund.	
Improving the efficiency of public policies, including in crowding in the private sector	Access to quality public services	**Worldwide governance indicators (WGI)[13]:** - (+ 11 pp) Government effectiveness, percentile rank from 39 in 2018 to 50 in 2024.
	Public policy formulation	Lack of indicators to measure the progress.
	Main actions and reforms taken to improve this area since 2018: **Key policies**: New Development Model (2021), Green Generation Strategy (2020–2030), new job roadmap, PPP regulatory framework, advanced regionalization, and state shareholding policy.	
Enabling all citizens to benefit directly and/or indirectly from growth	Labor market regulation	- (+7.7 pp) share of firms identifying **labor regulations as a major constraint:** 12.3 percent in 2013 to 22.7 percent in 2019 and 22 percent in 2023. (compared to an average of 12.1% in the MENA region and 10% in all surveyed countries), **WB enterprise survey (2013,2023).** - +27 percent increase of **the minimum wage**: (2571 MAD in 2018, 3111 MAD in 2023, 3266 MAD in 2025). The SMIG is scheduled to be raised by 5% in January 2026. Internationally high. **Shift towards formal contracts**: - (+4.9 pp) increase of the share of employees using fixed-term contracts (from 10 percent in 2018 to 14.9 in 2023). - (-7.7 pp) decline of the share of employees without contracts (from 59.1 in 2018 to 55 percent in 2019 to 51.9 percent in 2023).
	Main actions and reforms taken to improve this objective since 2018: **New employment roadmap**: The government introduced a new strategy to promote job creation, which includes the consolidation and improved targeting of Active Labor Market Programs (ALMPs).	

[13] WGIs are a research dataset summarizing the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries, that are gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms, and do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent, and are not used by the World Bank to allocate resources.

<table>
<tr>
<td rowspan="4"></td>
<td>Targeted social protection</td>
<td>- (+15 pp) Health insurance effective coverage, from 60% in 2018 to over 75% in 2024.
- (+8.3 pp) Public Transfers in Household Income, from 49% in 2019 to 57.2% in 2022.
- Social Security Coverage: AMO-TS reached 92% effective coverage, AMO-TNS remains low at 13% of the target population.
- (+3 pp) of GDP Social Safety Net (SSN) Spending, from 2% in 2016 to 5% in 2023.
- (+40 pp) NPR and SR identification, covering 40 percent of the population in 2023.</td>
</tr>
<tr>
<td colspan="2">Main actions and reforms taken to improve this objective since 2018:
Social protection reform: generalization of the social protection with the transition from RAMED in 2019 to AMO in 2021, the launch of the Direct Social Benefit Program in 2023, and the rollout of the Unified Social Registries (USR/NPR) as a single-entry system for targeted support, covering around half of the population by end-2023.</td>
</tr>
<tr>
<td>Gender equality</td>
<td>Gender Gap Index: 2018-2024
- Global rank: dropped slightly from 137th in 2018 to 137th in 2024, after hitting 144th in 2021: Morocco among the bottom ten countries globally in terms of gender parity.
- (+2.1 pp) Overall Gender Gap Score.
- (+3 pp) Economic Participation and Opportunity.
- (+3 pp) Educational Attainment.
- (stagnant) Health and Survival.
- (+2pp) Political Empowerment.

Gender Inequality Index (GDI): 2018-2022
- (+0 pp) stagnant GDI score.
- (-2.1 pp) Adolescent birth rate (births per 1,000 women ages 15–19)
- (+2.9 pp) Share of seats in Parliament (% held by women).
- (+ 2 pp) Population with at least some secondary (% ages 25 and older), vs + 1.6 pp for male.
- (-2.8 pp) Labor Force Participation Rate (Female).

HCP: 2018-2022
- (-2.6 pp) Labor force participation rate, from 22 percent in 2018 to 19 percent in 2024), the lowest in the world.
- (3.5 pp) Education level of the population reaching at least the secondary (25 years and older), vs 4.2 for male.
- (3.8 pp) Share of Seats in Parliament (% held by women), from 2016-2021.
- (5.2 pp) Female literacy, (+6.2 pp in rural areas).
- (+5 pp) Women unemployment rate: from 2018-2024.

Financial Inclusion: (WB enterprise survey)/ Global Findex
- (-0.6 pp) Share of business owners, 16.2 percent in 2022 vs percent 16.8 in 2018
- (+1.3 pp) Share of female business directors, 14.1 in 2022 vs 13.1 in 2018.
- (+16 pp) Account ownership at a financial institution (% of population ages 15+), from 17 percent in 2017 to 33 percent in 2021, (The gap in account ownership between men and women in Morocco, is larger than the gap of the Middle East & North Africa aggregate).</td>
</tr>
<tr>
<td colspan="2">Main actions and reforms taken to improve this objective since 2018:
The National Plan for Gender Equality III (2022–2026), a new roadmap for women's economic empowerment (2023–2026), and the revision of the Family Code.</td>
</tr>
<tr>
<td rowspan="2">Raising human capital</td>
<td>Early childhood development</td>
<td>Gross enrollment in pre-school:
- (+31 pp) enrollment among children ages 4 and 5, from 45% in 2017 to 80% in 2023-24.
- (+60 pp) enrollment among girls in rural areas, from 25% in 2017 to 85% in 2023.
Health:
- (+6 pp) Maternal mortality rate: 78 in 2023 vs 72 in 2018.
- (+0.9 pp) Life expectancy at birth, from +76.3 in 2018 to 77 in 2023.</td>
</tr>
<tr>
<td>Quality of primary, secondary, and tertiary school</td>
<td>Learning Poverty 2016-2021: -4.3 pp), (59.8 in 2021 vs 64.1 in 2016).
Age specific enrollment rates for:
• Primary: + 10.5 pp
• Secondary: +10.9 pp
• Tertiary: +11.1 pp
Dropout rate in primary school: +0.9 pp (2 in 2023 vs 1.1)
- +0.9 pp for boys (2 in 2023 vs 0.7 in 2018)
- +1.4 pp for girls (2 in 2023 vs 1.5 in 2018)
Dropout rate in secondary school: -1.7 pp (10.3 in 2023 vs 12 in 2018)
- -1.4 pp for boys (12.8 in 2023 vs 14.2 in 2018)
- -1.9 pp for girls for girls (7.5 in 2023 vs 9.4 in 20218)
Dropout rate in secondary school: -2.9 pp (7.2 in 2023 vs 10.1 in 2018)
- -2.5pp for boys (9.1 in 2023 vs 11.6 in 2018)
- -3.2 pp for girls for girls (5.5 in 2023 vs 8.7 in 20218)
Human Development Index (score): stagnant at 0.69 from 2018 to 2022.
• Expected years of schooling: (+1 pp)
• Mean years of schooling: (+0. 3 pp)
Learning outcomes: Performance Scores (PISA 2018 vs PISA 2022)</td>
</tr>
</table>

		• Reading: - 20 pp • Science: -12 pp • Mathematics: -3 pp
	Main actions and reforms taken to improve this area since 2018: Roadmap for the reform of education 2022-2026, Comprehensive reform of the national health system.	
Unleashing urban agglomeration potential	Urban and territorial development	- (+2.4 pp) The urbanization rate, from 60.4% in 2014 to 62.8% in 2024. - Infrastructure development: New series of infrastructure projects underway in key sectors (water, electricity, automotive, and transport infrastructure like ports, trains, and airports). - Housing program - Advanced regionalization - (+0.2 pp) VAT of local collectivities from 30 percent in 2018 to 32 percent in 2025
Minimizing the adverse impact of the scarcity of resources and climatic vulnerabilities	Integrated water management and climate change adaptation	- (+1.5 pp) **Population with access to drinking water in rural areas,** from 97 in 2018 to 98.5 in 2023. - **(+**11 pp) **The share of renewable energy in total installed capacity,** from 34 percent in 2018 to 45.3 percent in 2024. - (stagnant at rank 7) **Climate performance Index,** but among the high performers. **Water resources management: SDG 6** - (+ 6 pp) Degree of integrated water resources management implementation, from 64 in 2017 to 70 in 2023.
	Main actions and reforms taken to improve this area since 2018: **Adaptation to climate change** is gradually being considered in most new policies and investments, particularly in the water and agricultural sectors, those most vulnerable to climate change. **Key strategies:** Nationally Determined Contribution (NDC), National Sustainable Development Strategy) which is currently under review, the new National Low Carbon Strategy to 2050, the National Program for Drinking Water Supply and Irrigation 2020–2027, the Green Generation 2020-2030) program and the climate finance development strategy for 2030.	
Improving governance	Access to information and accountability	**Worldwide governance indicators:** - (5.2 pp) Voice accountability, from 2018-2023 **Transparency International Perception of Corruption Index:** - (- 5 pp) Corruption rate (score), from 2018-2022.
	Voice, participation and engagement	- (-0.5 pp) **Morocco's BTI score for civil society participation,** from a score 3/10 in 2018 to 2.5/10 in 2024. - (-11.4 pp**) rate of grievances processed from 2018-2024.**
	Rule of law and justice	**Worldwide governance indicators:** - (+3.8 pp) Rule of Law, percentile rank from 2018-2023. **World Project Justice: 2018-2023:** - (- 7 pp) Overall Score, from 0.52 in 2018 to 0.45 in 2024. - (- 5 pp) Global Ranking, from 67th in 2018 to 92nd in 2024. According to the **Trust survey** conducted by the World Bank in 2021, a strong majority of Moroccans are satisfied with judiciary services (74%).
	Main actions and reforms taken to improve this area since 2018: **New anti-corruption strategy** by the National Authority for Probity, Prevention, and the Fight against Corruption, the implementation of **Justice reform.**	

III. Relevance of 2018 SCD Priorities and 2025 Reprioritization

The constraints identified in the priority areas of the 2018 SCD remain largely relevant. Despite Morocco's impressive resilience in maintaining fiscal discipline, controlling inflation, and managing external balances, even in the face of multiple global and domestic shocks, challenges remain, including high unemployment, particularly among youth and women, persistent regional disparities, water scarcity, and a growth model that has struggled to create sufficient quality jobs. Table 2 summarizes progress on the indicators and priority areas identified in the 2018 SCD.

Table 2: Progress on priorities and objectives outlined in the 2018 SCD.

Priority area	Progress	Objectives	Progress
Improving market allocation of resources across firms and sectors	Weak	Competition and innovation	Weak
		Business environment and access to finance	Moderate
Improving the efficiency of public policies, including in crowding in the private sector	Moderate	Access to quality public services	Moderate
		Public policy formulation	Moderate
	Weak	Labor market regulation	Weak

Enabling all citizens to benefit directly and/or indirectly from growth		Targeted social protection	Moderate
		Gender equality	Weak
Raising human capital	Moderate	Early childhood development.	Moderate
		Quality of primary, secondary, and tertiary school	Moderate
Unleashing urban agglomeration potential	Moderate	Urban and territorial development	Moderate
Minimizing the adverse impact of the scarcity of resources and climatic vulnerabilities	Strong	Integrated water management and climate change adaptation	Strong
Improving governance	Moderate	Access to information and accountability	Moderate
		Voice, participation and engagement	Weak
		Rule of law and justice	Moderate

Market reforms agenda is a priority and requires urgent acceleration to unleash private sector potential and address fundamental growth and jobs constraints. Despite improvements in the business environment, key market distortions persist through ineffective competition policies, uneven playing fields between public and private actors, and deteriorating access to finance. Most of these failures are due to political economy challenges, including vested interests and political will. While a few reforms have been put in place, such as the Investment charter or the Competition Council, their implementation fails to deliver tangible outcomes. Revitalizing market reforms must prioritize reducing allocative inefficiencies, eliminating barriers to business dynamism, and creating conditions for innovative, high-growth firms to emerge and thrive.

The labor market stands as the most persistent structural challenge, with chronic unemployment and historically low participation rates requiring comprehensive reform. Job creation remains disappointing, reflecting the capital-intensive nature of leading sectors and insufficient domestic value chain development. Reform efforts should address labor market rigidities, modernize the labor code, develop targeted skills programs, and remove barriers to female and youth economic participation.

Creating sustainable fiscal space is critical to finance ambitious development plans without compromising macroeconomic stability. While fiscal consolidation has narrowed deficits and stabilized public debt, the expanding public sector footprint threatens long-term sustainability. The ongoing tax reform requires completion to maximize domestic revenue mobilization, while SOE reforms must deliver greater efficiency and reduce fiscal risks. Without these measures, Morocco will struggle to maintain social protection advances, finance critical infrastructure, including through PPPs, and invest in necessary climate adaptation and mitigation initiatives.

Climate vulnerabilities necessitate accelerated policy interventions within an integrated adaptation and mitigation framework. Structural exposure to intensifying climate impacts—particularly water scarcity and recurrent drought cycles—creates significant transmission channels to macroeconomic instability despite advances made under the PMV and GGS policy frameworks, with agricultural sector vulnerability propagating through backward and forward linkages across the broader economy. The government's dual-track approach encompasses both mitigation and adaptation elements. Successful implementation hinges on four key enabling factors: (i) enhanced climate finance mobilization with emphasis on private capital catalyzation, (ii) environmental fiscal reform implementation, (iii) equitable transition mechanisms to protect vulnerable groups, and (iv) strengthened institutional coordination and data governance systems to operationalize Morocco's comprehensive climate policy architecture.

IV. Areas for Action in the 2025 Streamlined SCD

This Streamlined SCD proposes four priority areas and high-level outcomes, with job creation being a cross-cutting theme. First, improving the business environment and strengthening the private sector as an engine of growth and job creation. Second, strengthening human capital development and labor market inclusion, with a view to building a more inclusive society. Third, creating fiscal space and enhancing spending efficacy and efficiency. Finally, addressing water scarcity and climate change while transforming rural and coastal economies through sustainable management of natural resources.

Priority	High-level outcome	Key priorities	Objectives & Actions
1 Improving the business environment and strengthening the private sector as an engine of growth and job creation	Boost economic growth and job creation by increasing private sector participation, improving business contestability, and aligning workforce skills with market demands.	Improve firm dynamics, and productivity and the business environment	*I. Improve the business environment for the emergence of high-productivity firms* Streamlining business regulations, including by reinforcing the capacity of key institutions to create a more conducive (including by boosting contestability) environment for growth Improving access to finance for SMEs, unlocking their growth potential through financial sector reforms incorporating alternative financing mechanisms Access to well-located and well serviced land II. *Strengthen market regulations, standards, and policies to support private sector investment* Implementing comprehensive reforms to improve contestability, transparency, governance, and accountability in financial and business sectors Adopting and enforcing standards that align with international requirements Implement and effectively coordinate sectoral programs in priority sectors (e.g., agriculture, textile). *III. Foster formalization (including labor market reform and taxation)* Modernizing labor market regulations allowing for more inclusion and equity Nudging formalization by rebalancing the tax burden between formal and informal sector activities *IV. Invest in infrastructure that boost firms' tech adoption (focus on the digital and on green energy)* Accelerate inclusive access to high quality connectivity particularly in laggard regions Enhance digital infrastructure and public services Encourage adoption of digital and disruptive technologies Develop digital skills and employment opportunities
2 Strengthening human capital accumulation and labor market inclusion	Reduced poverty and inequality through inclusive economic growth, expanded productive employment, and strengthened human capital	Promote inclusive job creation (youth & women) Enhance education & skills development Improve health outcomes & social protection Reduce ESG risk to attract private investment	I. *Improve education & skills* *Modernize curricula (STEM & digital)* Enhance vocational training with strong private sector engagement. Expand quality higher education in market-relevant fields. Strengthen early childhood development programs to build cognitive foundations. Improve teacher training and performance evaluation systems. Improve effective financing and delivery systems for decentralized targeted delivery. II. *Overcome constraints to FLFP* Strengthen and enforce laws to address gender discrimination in hiring and wages, and improve workplace conditions Develop policies that support work-life balance, including accessible childcare services and flexible working conditions Encourage bottom-up community-driven approaches to overcome cultural barriers III. *Strengthen healthcare & social protection in an incentive-compatible way* Move toward universal health coverage Strengthen primary care & preventive services Modernize hospital management & IT systems Consolidate social programs; improve targeting
3 Creating fiscal space and enhancing	Improved fiscal management and more	Enhance and modernize	I. *Generate efficiency savings in key sectors* Address fiscal fragmentation, improve inter-institutional coordination and enhance transparency in government resource allocation

spending efficacy and efficiency	effective, transparent, and accountable public institutions	revenue mobilization Improve spending efficiency & manage fiscal risks Strengthen governance & combat corruption	Conduct strategic rationalization and consolidation of CSTs and integrate them into the General Budget. Improve the governance and performance of SOEs and enhance related fiscal transparency. Improve public investment management through establishing a centralized and standardized project selection framework and strengthening project preparation and ex-ante evaluations. Enhance procurement by continuously assessing its practices using (MAPS II) and strengthening anti-cartel enforcement Generate efficiency gains in education sectors through targeted measures to reduce grade repetition, early dropout and late graduation. Revise tariffs in relevant sectors (e.g., waste management, sanitation) II. *Enhance and modernize revenue mobilization* Explore underdeveloped sources of revenues (environmental, health, subnational) Simplify & digitize tax procedures for SMEs Strengthen compliance to reduce evasion III. *Strengthen governance* Implement performance-based budgeting Reinforce horizontal/vertical coordination to improve multi-sectoral coordination Strengthen anti-corruption frameworks & enforcement Improve judicial independence Bolster competition & regulatory authorities IV. *Modernize statistical system to support evidence-based policymaking* Standardize data processing protocols Deploy new tools to improve the efficiency and quality assurance of statistical products Strengthen data systems to inform policy, monitoring & evaluation Enhance Data Accessibility and Sharing
4 Addressing water scarcity and climate change, while transforming rural and coastal economies	Transform rural economies by tackling water scarcity and spurring climate-resilient value-chain opportunities	Close water supply/demand gap Boost rural & coastal jobs via sustainable resource management Transform agrifood systems for safe, nutritious food & quality jobs	I. *Close water gap* Enhance demand management & efficiency Mobilize unconventional sources (desalination, reuse) Improve water data systems Operationalize Societes Regionales (SRM) to improve water service delivery Mobilize Private Capital including developing PPP to fund water infrastructure and leverage climate finance. II. *Boost rural & coastal jobs through sustainable management of natural resources* Promote climate-smart agriculture & conservation Support value chains (e.g., small ruminants) & agriculture insurance Develop high-potential chains (mariculture, aromatics) Diversify rural activities (e.g., tourism) Enhance risk-informed urban planning to integrate risk-reduction and resilience measures across all sectors and municipal services, while adapting to increased flood risk and urban heat Encourage private sector investment in sustainable resource management projects III. *Transform agrifood systems* Improve youth access to finance to develop innovative agrifood production and services Scale private agribusiness investment in technologies & value addition Reduce food loss; foster circular-economy principles

Annex 6: Expanding Women's Economic Inclusion Annex

1. **CONTEXT | Female labor force participation in Morocco is low, at only 19 percent, and has declined over the past two decades despite notable progress in women's education and health outcomes** (WBG, 2024). Unemployment is high among educated women. Many women who previously worked in unpaid or informal agricultural jobs have become inactive rather than moving into new employment opportunities (CGJR, forthcoming). On the demand side, limited job creation reduces options for women, particularly in higher-productivity sectors. On the supply side, women encounter several challenges: inadequate and unsafe transportation limits women's mobility, and access to affordable childcare is restricted, and the unequal distribution of unpaid care responsibilities remains a major obstacle (WBG, 2024). Gaps persist in financial inclusion and access to productive assets (WBG, 2025c; IFC, 2023). These challenges are compounded by restrictive social norms that influence household decisions and labor market behavior (WBG, 2025d).
2. **THEORY OF CHANGE | The CPF promotes a coordinated, cross-sectoral approach through three interconnected pathways designed to simultaneously lift constraints and foster more enabling conditions for women's economic inclusion.** First, improving firm productivity and competitiveness (Outcome 1) will expand job creation, including in sectors where women participate both as workers and entrepreneurs. Second, investments in infrastructure and territorial development will reduce spatial and mobility constraints, through improved transport, access to services, and more inclusive local development (Outcome 2), enabling women to access economic opportunities. Third, strengthening skills, health, and social protection systems, including childcare (Outcome 3), will support women's ability to enter, remain in, and progress in the labor market.
3. **OUTCOME 1 |The CPF will expand women's access to economic opportunities by enhancing firm growth, productivity, and access to finance.** Reforms will improve the overall business environment, while women-led firms will be supported with financial and non-financial services (Jobs & Growth DPO, Jobs Roadmap PforR). Targeted measures for digital and financial inclusion will ensure women benefit from the digital economy (Digital Acceleration PforR). The CPF will also target women's participation in high-potential sectors, such as agri-food value chains (AgriConnect), aquaculture and coastal tourism (Blue Economy program).
4. **OUTCOME 2 | The CPF will address territorial and connectivity barriers that restrict women's access to economic activities.** Expanding connectivity and enhancing security directly address these limitations (CasaHub), and future urban transport projects will further facilitate women's access to labor markets. Moreover, territorial development investments will support the expansion of economic opportunities in regions where women currently have limited prospects (Nador Economic Corridor, Integrated Territorial Development Program).
5. **OUTCOME 3 | The CPF will support improved and more equitable human capital accumulation and use by investing in social protection, health, and skills development.** Investments in health and social protection will prioritize inclusive services for the most vulnerable (Human Capital DPF, Social Safety Nets Project). Efforts will specifically help women gain market-relevant skills and make the transition from education to employment (Education Support Program, Digital Acceleration PforR). Access to quality childcare will be expanded, including by enabling more private investments in the sector (ECD II, Jobs & Growth DPO).
6. **MULTIPRONGED OPERATIONALIZATION | The CPF will deploy a range of instruments to accelerate women's economic inclusion, with the Maghreb Facility for Women's Economic and Social Inclusion as the strategic backbone of the WBG's gender engagement.** Task teams will receive upstream support to identify and operationalize gender entry points at the project level. Gender analysis in core diagnostics will inform policy dialogue and project design across the portfolio, while the Environmental and Social Framework provides an entry point to address GBV risks. The Facility will also strengthen the evidence base and support the design and implementation of reforms and programs that tackle binding constraints to women's economic inclusion.