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Public Spending Efficiency in the Health and Education Sectors in Morocco

Asel Isakova

SIP/2026/027

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SELECTED ISSUES PAPER

IMF Selected Issues Paper

Middle East and Central Asia Department

Public Spending Efficiency in the Health and Education Sectors in Morocco**Prepared by Asel Isakova***

Authorized for distribution by Laura Jaramillo Mayor

April 2026

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ABSTRACT: Health and education outcomes in Morocco have improved and access has expanded significantly in recent years. Nonetheless, long-standing challenges persist—including shortages of medical personnel, weak learning outcomes, regional disparities, and outdated infrastructure. Public spending levels in these sectors are relatively high compared to peers yet efficiency gaps remain and budget under-execution is common, suggesting scope to achieve better results with existing resources. Ambitious reforms to improve capacity and quality of services in these sectors are currently underway, and need to be accelerated and underpinned by stronger governance, accountability, and execution capacity to ensure durable gains in quality, equity, and sustainability. This will require fully operationalizing key governance institutions, strengthening data and financial management systems, streamlining decentralization arrangements, improving human-resource and infrastructure management, and linking greater autonomy to clearer accountability to ensure that rising spending translates into better service delivery and outcomes.

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Public Spending Efficiency in the Health and Education Sectors in Morocco

Morocco

Prepared by Asel Isakova¹

¹ The author would like to thank Hannah Brown (AFR) and Nihal Haider (MCD) for the research assistance. The author would also like to thank the World Bank experts for their helpful comments and suggestions.



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SELECTED ISSUES

March 5, 2026

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Department

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CONTENTS

PUBLIC SPENDING EFFICIENCY IN THE HEALTH AND EDUCATION SECTORS__ 2

A. Health	2
B. Education	7

FIGURES

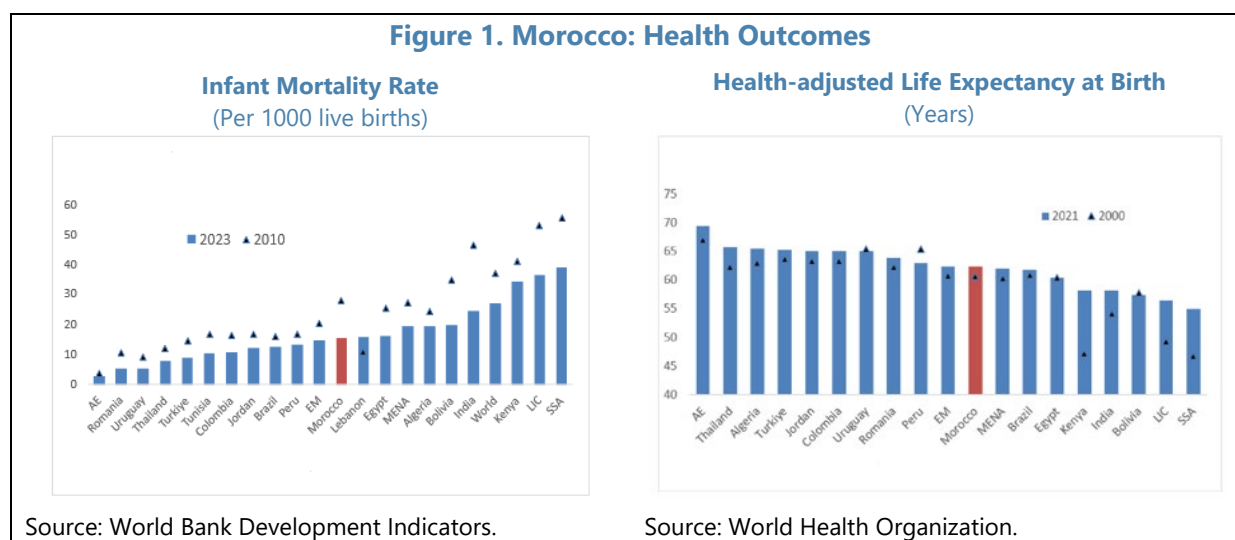
1. Health Outcomes	2
2. Health Sector Capacity Indicators	3
3. Health Expenditures and Public Spending Efficiency	5
4. Access to Education	8
5. Education Outcomes	9
6. Education Spending	11
References	14

PUBLIC SPENDING EFFICIENCY IN THE HEALTH AND EDUCATION SECTORS¹

Health and education outcomes in Morocco have improved and access has expanded significantly in recent years. Nonetheless, long-standing challenges persist—including shortages of medical personnel, weak learning outcomes, regional disparities, and outdated infrastructure. Public spending levels in these sectors are relatively high compared to peers yet efficiency gaps remain and budget under-execution is common, suggesting scope to achieve better results with existing resources. Ambitious reforms to improve capacity and quality of services in these sectors are currently underway, and need to be accelerated and underpinned by stronger governance, accountability, and execution capacity to ensure durable gains in quality, equity, and sustainability. This will require fully operationalizing key governance institutions, strengthening data and financial management systems, streamlining decentralization arrangements, improving human-resource and infrastructure management, and linking greater autonomy to clearer accountability to ensure that rising spending translates into better service delivery and outcomes.

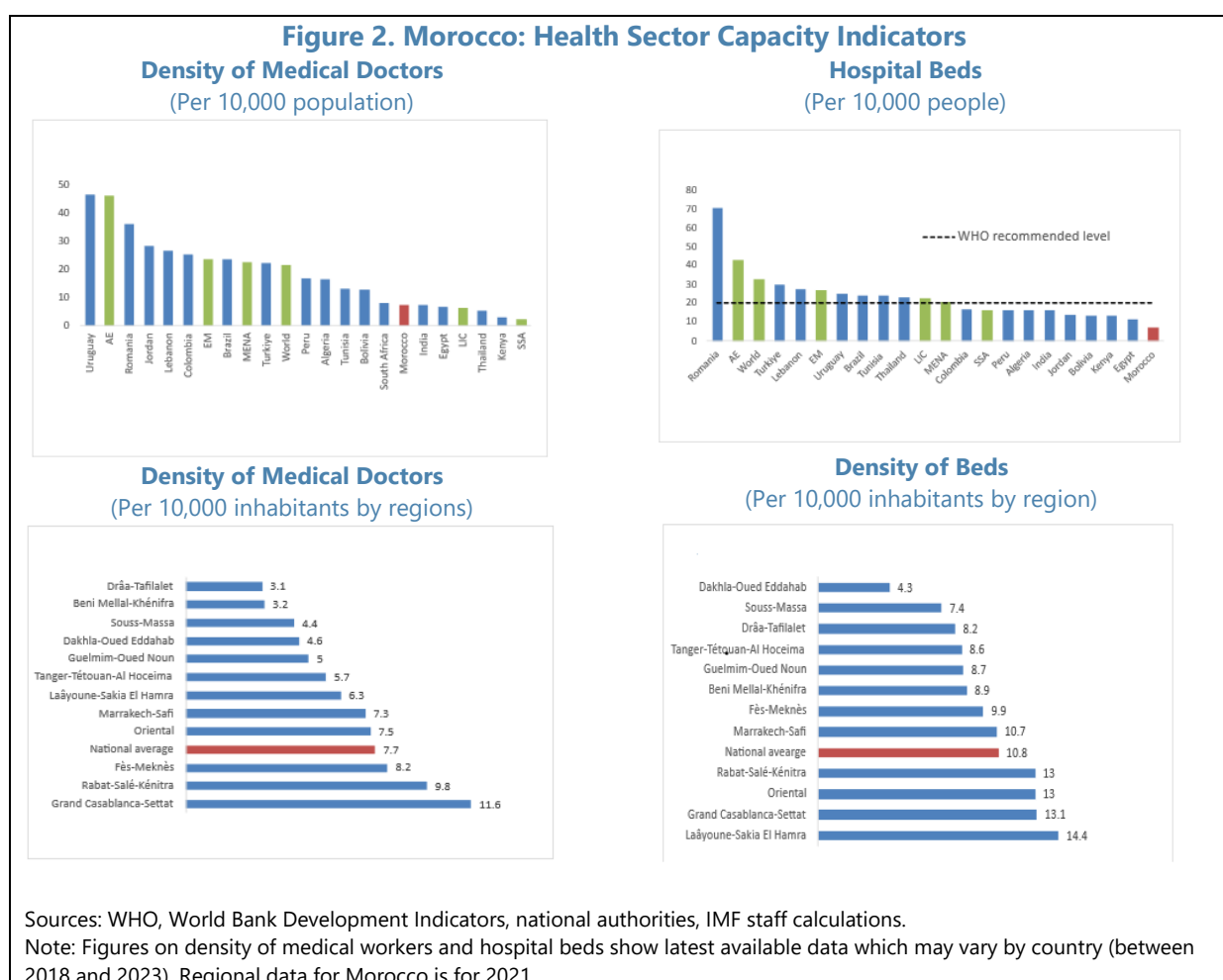
A. Health

1. The health outcomes of the Moroccan population have improved over time and compare well to emerging markets (EM) and regional peers (Figure 1). The health-adjusted life expectancy (HALE) at birth is around 62.34 years, having increased from 60.69 years in 2000, and comparable to peers among emerging markets and MENA countries. Infant mortality rates have continued to decline, falling from over 28 deaths per 1000 live births in 2010 to below 16 in 2023. This is lower than in countries across the MENA region, though it remains slightly above the average observed in emerging market peers.



¹ This note was prepared by Asel Isakova (FAD). The author thanks Hannah Brown (AFR) and Nihal Haider (MCD) for the research assistance. The author would also like to thank the World Bank experts for their helpful comments and suggestions.

2. However, the health system in Morocco has been facing significant capacity constraints (Figure 2). According to the World Health Organization, challenges include insufficient human and logistical resources with inadequate regional distribution, as well as weaknesses in public healthcare provision and public-sector hospital infrastructure, noting that available statistics for the sector may not reflect more recent improvements.² In 2021 Morocco recorded a national average density of 16.09 health workers per 10,000 inhabitants, compared to the minimum critical density recommended by the World Health Organization (WHO) of 23 medical professionals per 10,000 inhabitants and 45 to achieve Sustainable Development Goals (SDGs). In addition, Morocco had a capacity of 7.3 beds per 10,000 inhabitants in 2020, below the desirable level of 20 beds per 10,000 inhabitants. Furthermore, there is geographical disparity in the access to medical services and medical and paramedical staff, with some regions only having three medical doctors per 10,000 inhabitants (Figure 2). There are also challenges in redistribution to high-need areas and performance management for staff at health facilities which pose further constraints to effective human resource management in health sector. Other constraints include irregular assessment of health facilities, limited availability and use of data for effective decision-making, low levels of patient satisfaction and disconnect between health financing arrangements and service delivery.



² WHO, 2023

3. Health expenditures in Morocco are generally lower than in peer countries with room to raise spending efficiency (Figure 3) and reduce budget under-execution. Current health spending stands at around 5.7 percent of GDP, of which 2.3 percent of GDP is government spending. Government health spending generally remains lower than an average observed in the emerging market peers but slightly higher than in the MENA region. Though it has been increasing, the share of out-of-pocket spending remains high at around 43 percent of total current health spending, compared to 25 percent recommended by the WHO. Estimates in the 2025 [IMF Fiscal Monitor](#) suggest that spending efficiency in the health sector is better in Morocco than in comparator countries in the MENA region and EMs (Figure 3).³ While such results are encouraging, there is room for further improvement, which would help strengthen outcomes within the allocated budget. Morocco's efficiency gap is estimated at around 0.27, that is outcomes in health could be higher by about 27 percent with better efficiency given the same amount of public spending.⁴ Moreover, about a fifth of total public health spending is on investment, with an execution rate of only around 70 percent in recent years.

4. Morocco's authorities have engaged in ambitious reforms in the health sector. A comprehensive social protection reform process was launched in 2018, and the COVID-19 pandemic led to an increased focus on the health sector. The reform was integrated in the New Development Model (NDM)⁵ and guides the current government program aimed at improving quality, equity and resilience of the national health system. Its implementation is supported by various multilateral partners, including the World Bank.⁶ They key areas are:

- **Universal health care coverage.** Unification of health insurance schemes under the Compulsory Health Insurance (Assurance Maladie Obligatoire, AMO) framework has increased general health care insurance coverage from 42 percent of the population in 2021 to 88 percent in 2025.⁷ Continued efforts are needed to reach full coverage—including for informal and non-salaried workers and vulnerable groups—reduce out-of-pocket expenses, and reduce regional disparities.

³ The efficiency of public spending is defined as how effectively governments maximize outputs (or outcomes) using a fixed level of inputs (public expenditure). It measures the gap between observed outcomes and those that could be achieved under the best management practices, technology, and institutions. This "production possibility frontier" illustrates the highest level of output attainable from given public spending inputs, thereby reflecting the performance of the most efficient countries within the sample. Done using Stochastic Frontier Analysis (SFA), and separates inefficiency (factors the government can control, such as waste or poor management) from random factors outside government control. The resulting efficiency gap shows how much more output a country could achieve with its current spending if it operated as efficiently as the best performers.

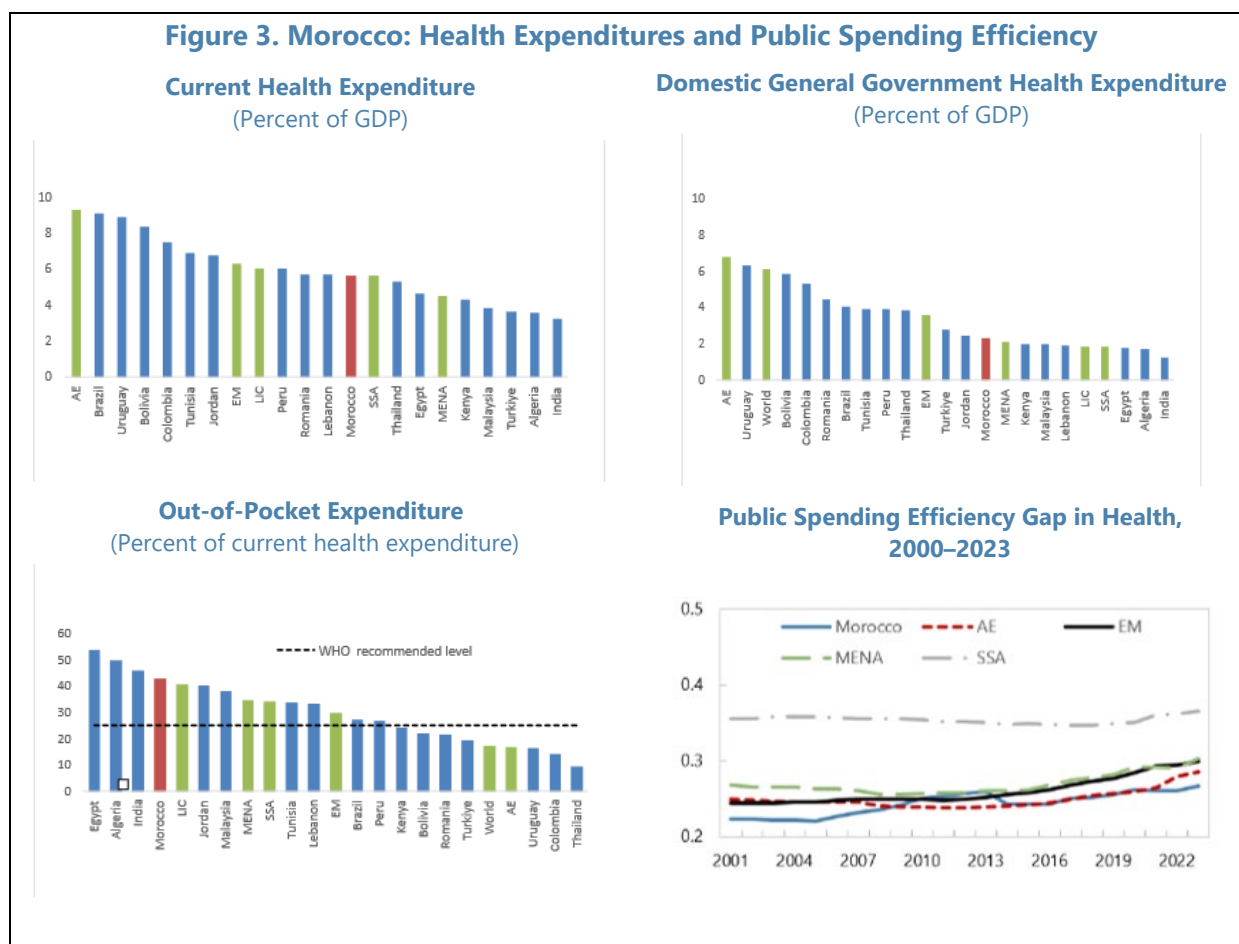
⁴ Among included output variables are number of hospital beds, number of physicians, healthy life expectancy at birth, child immunization, infant mortality rate. As an input variable, the model uses health spending per capita in PPP terms. The empirical analysis is run across many different combinations of output variables and averaging the results. For additional details on the empirical methodology see [Fiscal Monitor Online Annex 1.2](#).

⁵ The Special Commission on the New Development Model, April 2021.

⁶ World Bank, 2023.

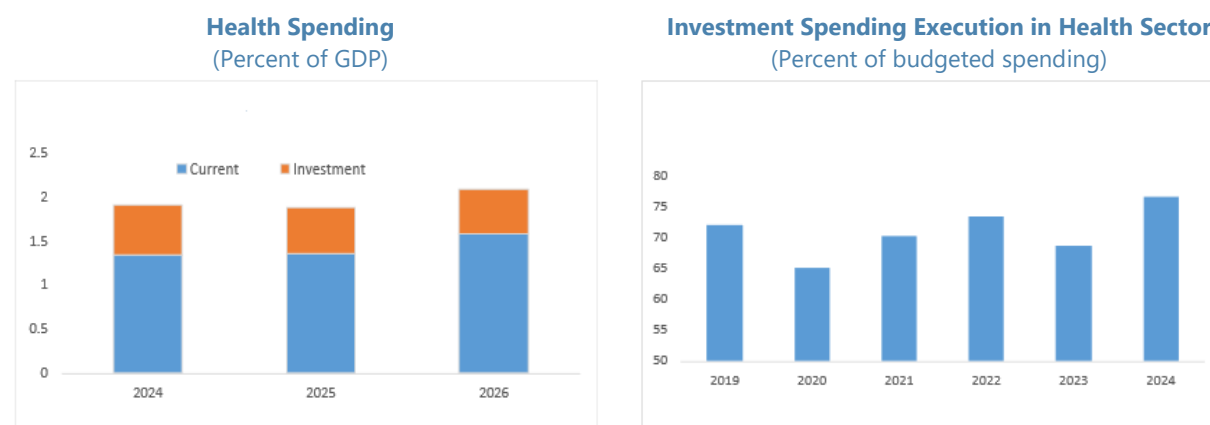
⁷ Economic, Social and Environmental Council (CESE), 2024.

- Strengthening human resources.** The New Development Model's targets reaching 45 health workers per 10,000 inhabitants by 2035, consistent with WHO recommended level to achieve SDG. To achieve this goal and alleviate regional disparities, the 2022 Framework Law on the National Health System (Law No. 06-22)⁸ aims to upgrade and incentivize careers in public healthcare by allowing health workers to be paid based on their performance and ensuring better complementarity with the private sector. They have also enacted Law No. 33-21 on the practice of medicine, introducing incentives to attract foreign doctors as well as Moroccan physicians residing abroad.⁹ In parallel, training capacity has been expanded through increased enrollment in medical, pharmacy, and dental faculties, alongside a larger output from nursing and technical health institutes.



⁸ Framework Law No. 06-22 relating to the National Health System.

⁹ Law No. 33-21 amending and supplementing the law on the practice of medicine.

Figure 3. Morocco: Health Expenditures and Public Spending Efficiency (concluded)

Sources: World Bank development Indicators, IMF Fiscal Monitor (October 2025), national authorities, IMF staff calculations.

- More efficient infrastructure.** The government has pursued investments to modernize hospital infrastructure, expand university hospital centers, and rehabilitate primary care facilities, while launching workforce reforms to increase recruitment, improve training, and address regional imbalances in medical staff availability. Digital health initiatives including the launch of an integrated health information system (across public and private sectors, as well as across service delivery and billing for insurance purposes), and patient-level electronic medical records will further strengthen health sector infrastructure and governance by improving data integration, accountability, coordination and quality of care.
- Strengthening governance.** The 2022 Framework Law introduced reforms at all levels, including the establishment of a fully independent High Authority for Health (Haute Autorité de la Santé, HAS), responsible for supervising health insurance, defining quality standards, and implementing accreditation. The government is also pursuing decentralization in health sector management by creating territorial health networks (Groupements Sanitaires Territoriaux, GSTs)—autonomous regional entities that will integrate primary health care centers and hospitals, plan services through regional medical programs, manage resources using regional health maps, and take on governance, financing, and purchasing functions.

5. While the reforms are moving in the right direction, they can be accelerated to enhance governance and institutional capacity, as well as implementation capacity to ensure durable efficiency improvements and long-term sustainability as social protection expands. This will require continued improvement in spending efficiency, and strengthening governance institutions, including at regional levels. Although the core governance body—the HAS—has been legally established, it must be fully operationalized to effectively carry out its mandate on cost-effectiveness, quality assurance, and systemwide coordination. At the regional level, operationalization has started, with one GST currently in place. Strengthening data systems is also

critical, including the development of a unified and interoperable health information system with mandatory data-sharing protocols to address persistent fragmentation and improve fiscal risk management. Safeguarding the financial sustainability of mandatory health insurance will require tighter expenditure control, more diversified and robust revenue sources, and better anticipation of fiscal risks. Timely implementation should be supported by a clear communication strategy to manage expectations and rebuild trust—particularly by clarifying the AMO model, its financing, co-payment structure, and reimbursement rules—while faster execution of investment budgets and accelerated deployment of health workers, especially in underserved areas, remain essential to ensure that reforms translate into tangible and equitable improvements in service delivery.

B. Education

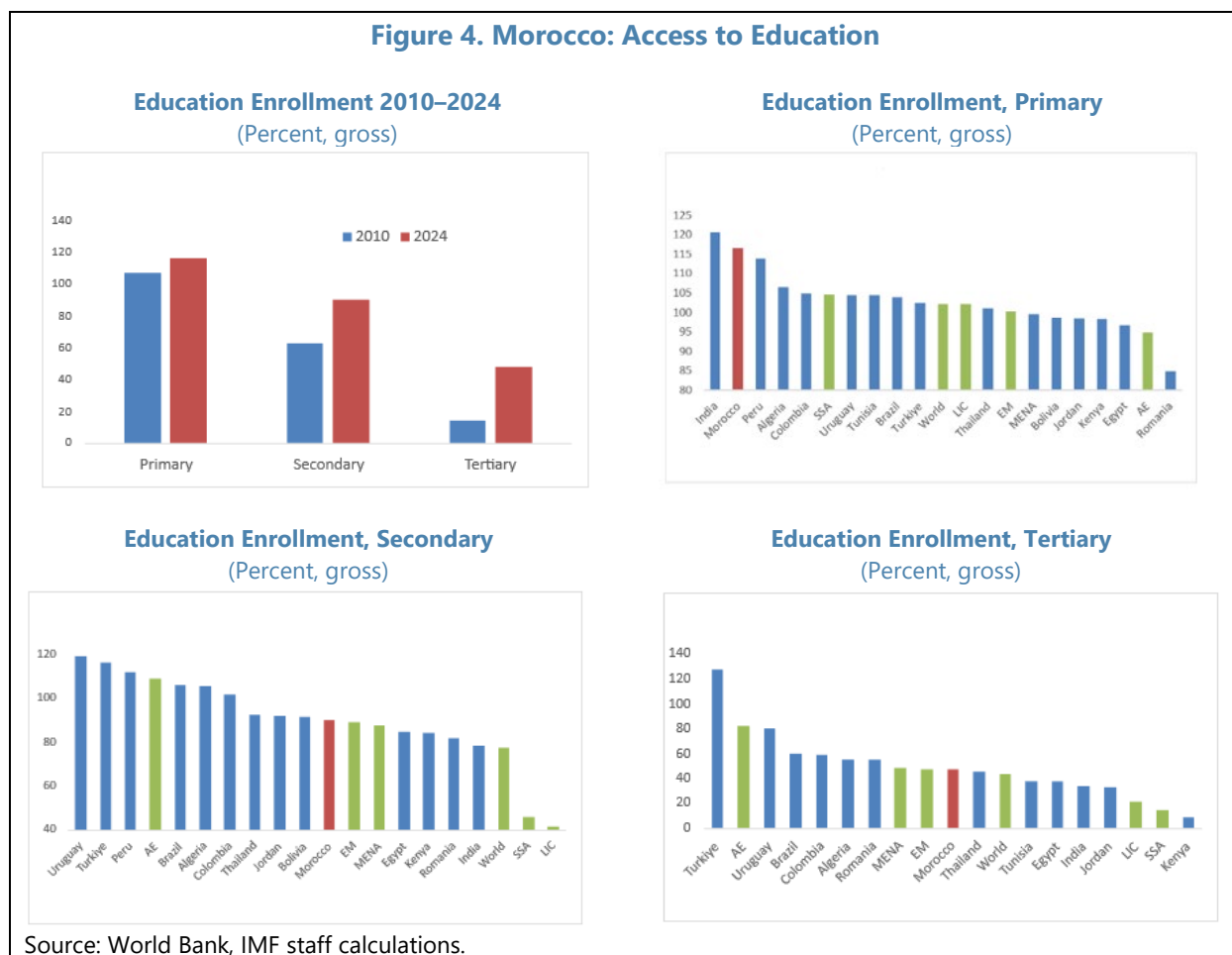
6. Morocco has achieved major gains in access to education, though education outcomes remain low compared to the MENA and EM peers. Education enrollment has increased across all levels (Figure 4). Gross primary enrollment remains exceptionally high at around 115–117 percent—well above MENA and EM averages—reflecting broad access but also repetition and late entry. Secondary and tertiary gross education enrollment increased by 27 and 34 percentage points of population from 2010 to 2024, respectively.¹⁰ It should also be noted that preschool enrollment rate of children aged 4 to 5 has also increased, including in rural areas, which is likely to improve educational attainment and quality in the years to come.¹¹ However, currently education attainment in Morocco—as reflected in both mean years of schooling and the share of adults who have completed upper secondary or some post-secondary education—remains low compared to MENA peers and EMs.¹² Moreover, Morocco consistently scores at the bottom of international PISA assessments in science, mathematics, and reading, albeit there have been improvements in other international assessments, such as PIRLS and TIMSS. Taken together, the weak attainment and learning outcomes likely point to systemic challenges in Morocco’s education system that may constrain human capital accumulation, reduce social mobility, and limit the country’s ability to fully benefit from demographic and economic opportunities.

¹⁰ World Bank World Development Indicators.

¹¹ World Bank, 2025.

¹² World Bank Education Statistics. Data based on Wittgenstein projection.

Figure 4. Morocco: Access to Education



7. In addition to weak education outcomes, the education system faces other challenges.

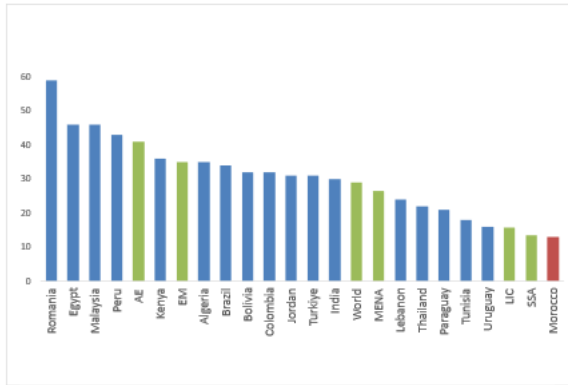
IMF (2023)¹³ identifies other challenges, including: (i) persistent regional inequities, with significant gaps between urban and rural areas in access, progression, and completion; (ii) skill mismatches, as higher education remains heavily concentrated in social sciences rather than technical and STEM fields demanded by the labor market; (iii) teacher related constraints, including the need for enhancing teacher's incentives, improving their overall level of training and tackling absenteeism; (iv) governance and efficiency weaknesses at regional, provincial and school levels; and (v) limited decentralization,¹⁴ which restricts the ability of subnational authorities to tailor resources to local needs.

¹³ IMF, 2023.

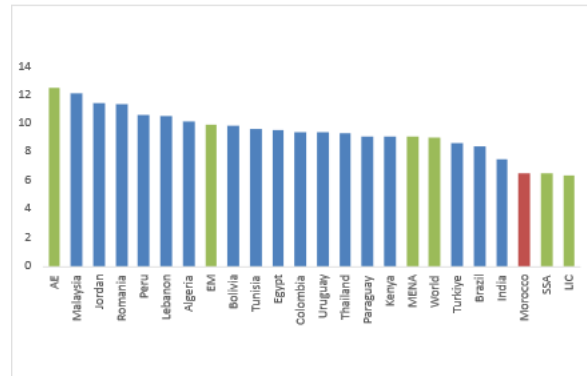
¹⁴ At a general level, the administrative *Deconcentration* charter in Morocco, implemented by Decree No. 2-17-618, aimed at transferring decision-making powers and resources from the central administration to subnational authorities. This would imply a transfer of such autonomy from the Ministry of National Education to Regional Education and Training Academies (AREFs). However, the implementation of the charter has been slower than planned (See CESE, 2023).

Figure 5. Morocco: Education Outcomes

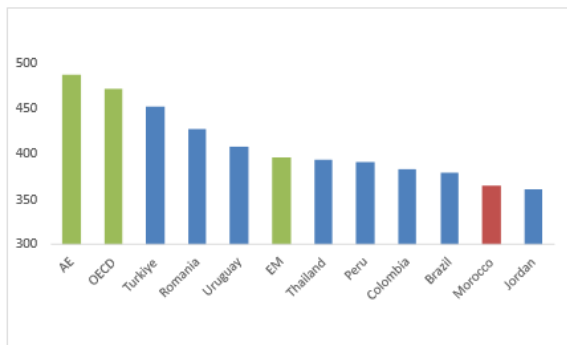
Share of the Population with Upper Secondary or Incomplete Post-Secondary Education, Age 15+ (Percent)



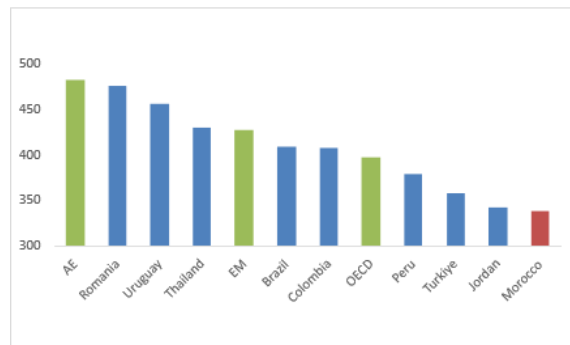
Mean Years of Schooling, Age 15+ (Years)



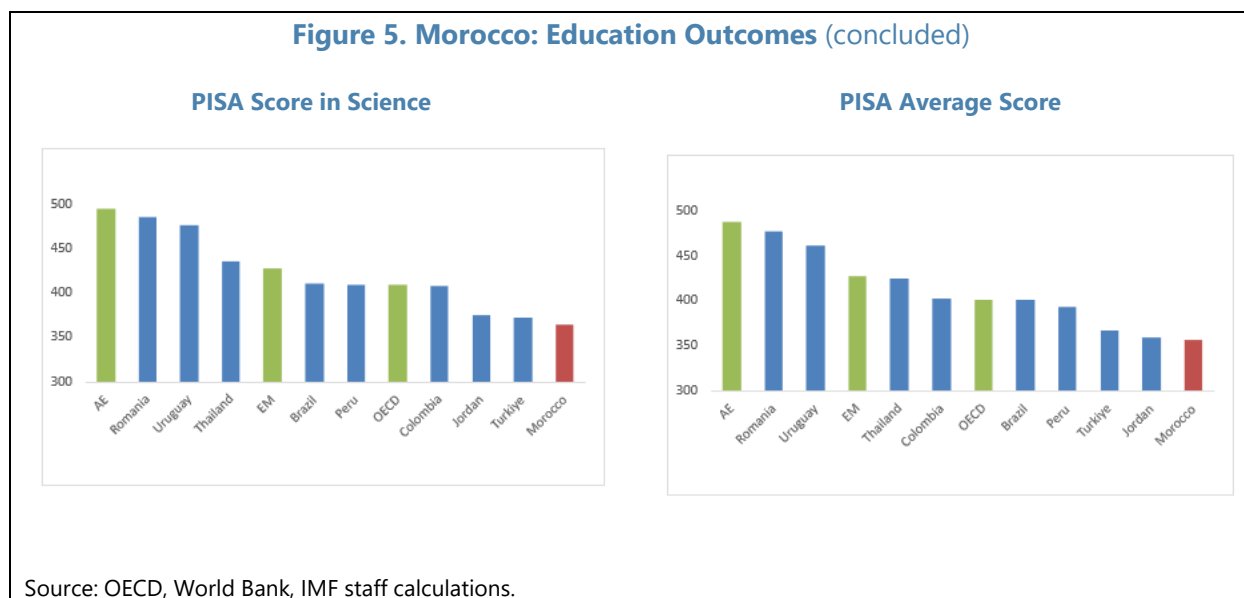
PISA Score in Mathematics



PISA Score in Reading

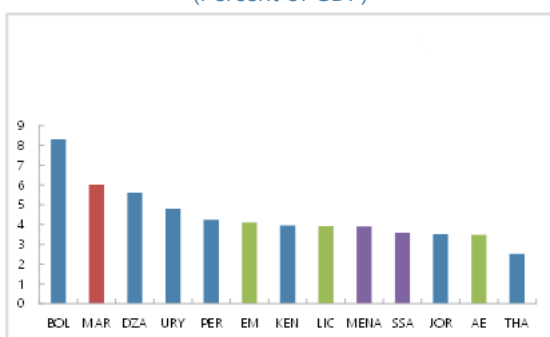
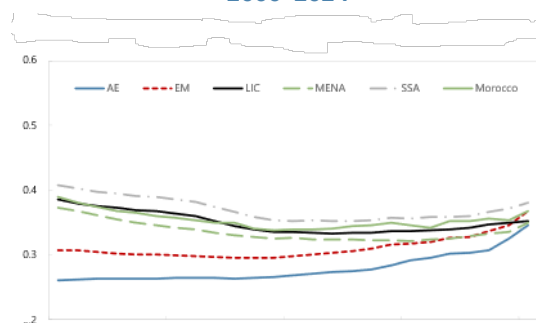
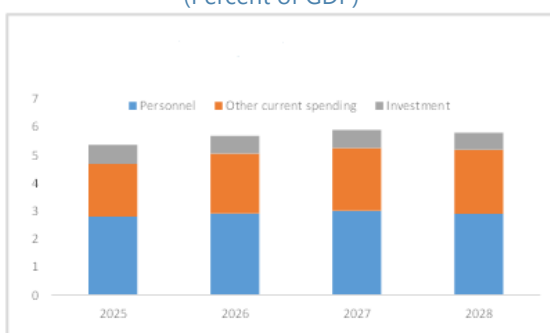
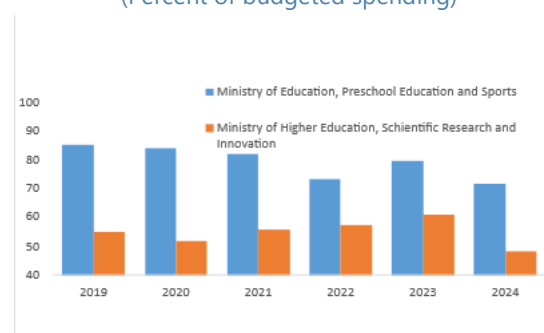


Sources: World Bank, and IMF staff calculations.

Figure 5. Morocco: Education Outcomes (concluded)

8. Morocco allocates a substantial share of public resources to education, yet spending efficiency and budget under-execution remain key concerns (Figure 6). Public expenditure on education of around 6 percent of GDP is well above the average of regional peers and emerging market comparators. Although 2025 IMF Fiscal Monitor estimates indicate that Morocco has achieved steep gains in education spending efficiency, a significant efficiency gap persists—larger than that of regional peers and the emerging market average. In 2024, this gap was estimated at roughly 37 percent, which is a similar estimate to emerging market peers and slightly higher than the average for the MENA region. This estimate suggests that education outcomes could be 37 percent higher if existing resources were used more efficiently.¹⁵ In addition, the investment execution rate has been only around 70 percent in recent years, with the execution rate particularly low in the area of higher education, scientific research and innovation (Figure 6).

¹⁵ Among included output variables are teacher per students, school enrollment, completion rate, years of schooling, and literacy rate among youth. As an input variable, the model uses education spending per capita in PPP terms. The empirical analysis is run across many different combinations of output variables and averaging the results. For additional details on the empirical methodology see Fiscal Monitor Online Annex 1.2.

Figure 6. Morocco: Education Spending**Government Expenditure on Education Total, 2023**
(Percent of GDP)**Public Spending Efficiency Gap in Education, 2000–2024****Education Spending**
(Percent of GDP)**Investment Spending Execution in Education**
(Percent of budgeted spending)

Sources: World bank Development Indicators, IMF Fiscal Monitor (October 2025), national authorities, IMF staff calculations.

9. Ambitious policy reforms are underway to address Morocco’s longstanding structural challenges in education. The reform launched in 2015 as the Education Strategic Vision 2015–2030 aimed at making education accessible, improving education quality and strengthening the link between education and development. The NDM further outlined a comprehensive agenda for education reform and the Roadmap 2022–26¹⁶ offers an implementation plan to bring Vision’s aspirations to action. The reform has focused on the following pillars:

- **Expanding access and promoting equity.** The reform agenda prioritizes equitable access to education for all learners by expanding preschool coverage, reducing territorial and socio-economic disparities, and lowering dropout rates. Preschool expansion is advancing through the creation and rehabilitation of additional classrooms and large-scale training of early childhood educators, supported by strengthened social programs that reduce financial and logistical barriers to attendance. Complementary measures—including improved boarding and catering

¹⁶ Education Roadmap 2022–26.

services, expanded school transport, and targeted financial support to families—aim to improve retention, particularly in rural and underserved areas.

- **Accelerating universal preschool education.** The authorities are accelerating the rollout of preschool education, with enrollment expected to reach 88 percent by 2026–27, ahead of full universalization by 2028. This expansion will be supported by the rehabilitation of preschool classrooms over 2026–27, further increasing the total number of preschool enrolled children and strengthening early foundations for learning outcomes.
- **Improving quality and relevance of learning outcomes.** Enhancing education quality and skills relevance is a central pillar of the reform. Efforts focus on improving teaching quality through modernized initial and continuous teacher training, upgraded assessment systems, and updated curricula and pedagogical practices. Reforms also aim to modernize vocational education and better align education pathways with labor market needs, while promoting scientific, technical, and innovation-oriented learning tracks.
- **Scaling up the “Pioneer School” model.** A core component of the quality reform is the scaling up of the “Pioneer School” model across primary and lower secondary education. The model is expected to be fully generalized in 2027–28. Such schools emphasize structured, evidence-based teaching practices, stronger school leadership, and intensive teacher support to improve foundational learning outcomes and reduce dropout rates.
- **Strengthening education infrastructure.** To accommodate rising demand and reduce overcrowding, the authorities plan to expand the education network through the construction of around 200 new educational establishments per year, alongside continued rehabilitation of existing facilities. Investments in school infrastructure, digital equipment, and learning environments—particularly in underserved areas—are intended to support the expansion of access and the improvement of education quality.
- **Reforming student financial support and school services.** Support to schooling is being strengthened through improved boarding and catering services, particularly in internats and Dar Taliba facilities, and the expansion of school transport services. In parallel, the authorities are shifting from in-kind assistance to direct financial transfers to beneficiary families, replacing the distribution of school supplies.

10. To support effective implementation of the reforms, the authorities should strengthen governance, accountability, and execution capacity across the education system. Despite high spending and an ambitious reform agenda, weak governance arrangements and limited progress on decentralization continue to undermine their effectiveness. In particular, Regional Academies (AREFs) and schools operate with constrained financial autonomy, complex approval processes, and uneven capacity—particularly for capital investment and infrastructure management. These challenges are compounded by weak integration of regional and provincial planning into the budget framework, limited alignment between territorial plans, performance contracts, and the absence of systematic feedback loops to inform budget preparation. There is also a need to improve

coordination among key stakeholders and enhance capacity of AREFs, in particular, in what concerns financial governance and internal control. There has been important progress in deploying an integrated financial management information system (GID) at AREFs level since June 2025, which represents a spending module and an integral part of the government's financial management system, and which will help strengthen budget execution, transparency, and monitoring. Going forward, strengthening governance will require clarifying roles and responsibilities across central, regional, and school levels; streamlining procurement and approval processes; enhancing technical capacity of regional education authorities (notably in financial and infrastructure management); granting greater school level autonomy linked to performance and accountability; and improving data systems to systematically link resources to learning outcomes. These governance reforms are essential to ensure that increased public spending translates into gains in quality, equity, and efficiency.

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