



Education: Investing in Morocco's Future

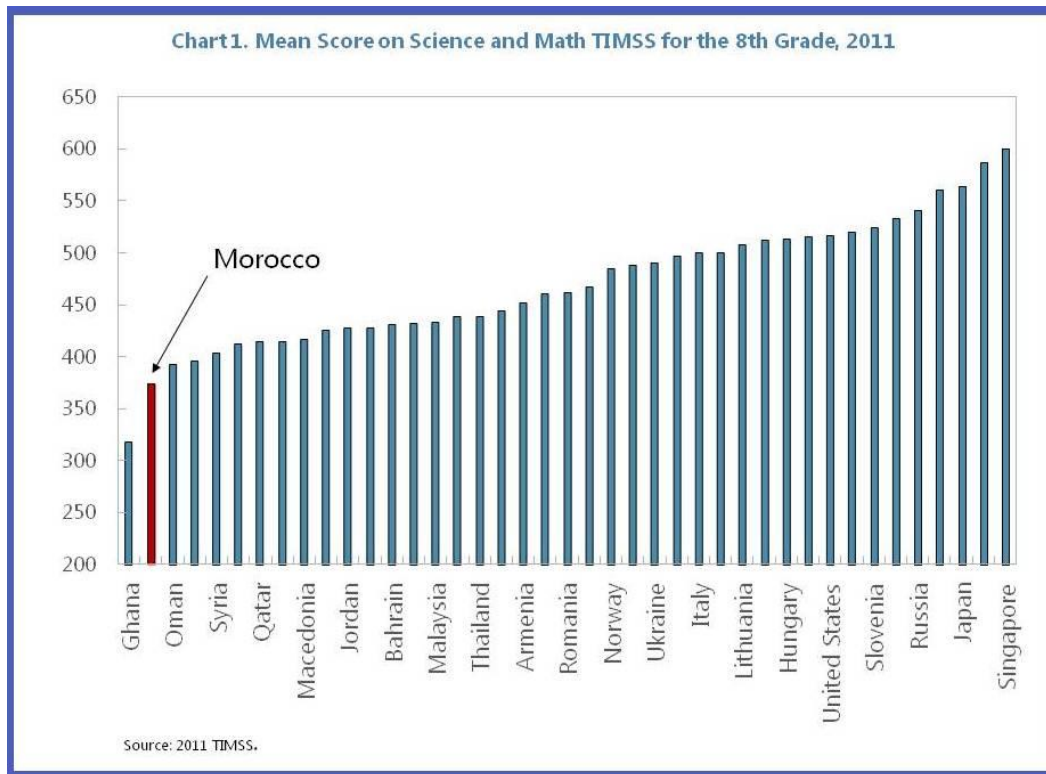
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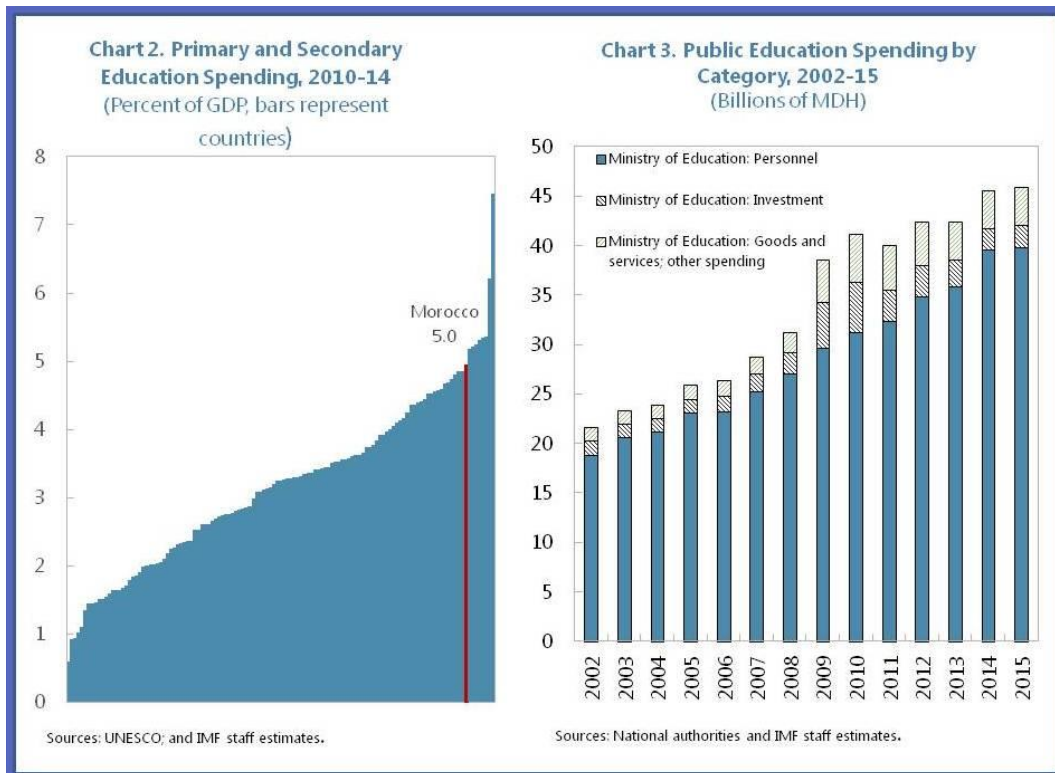
Morocco's economy is increasingly diversifying and relying on new sectors and trading partners. These trends are promising sources of growth and job creation. For example, cars, electronics and aeronautics industries are growing rapidly. Morocco also aims to become a leader in the development of agriculture, alternative energies and banking services in sub-Saharan Africa. Delivering on these promises will require an increasingly educated workforce that meets changing labor market demand. IMF [research](#) shows that Morocco could reap great benefits from reforms to enhance the efficiency of its public spending on education.

Quality of Education and Public Spending

Overall, quality of education in Morocco, measured through scores of Moroccan students at international tests referred to as "Trends in International Mathematics and Science Study" (TIMSS) are among the lowest in the MENA region. Dropout rates are still high, and 72 percent of all students leave the education system without any qualification (see chart 1).



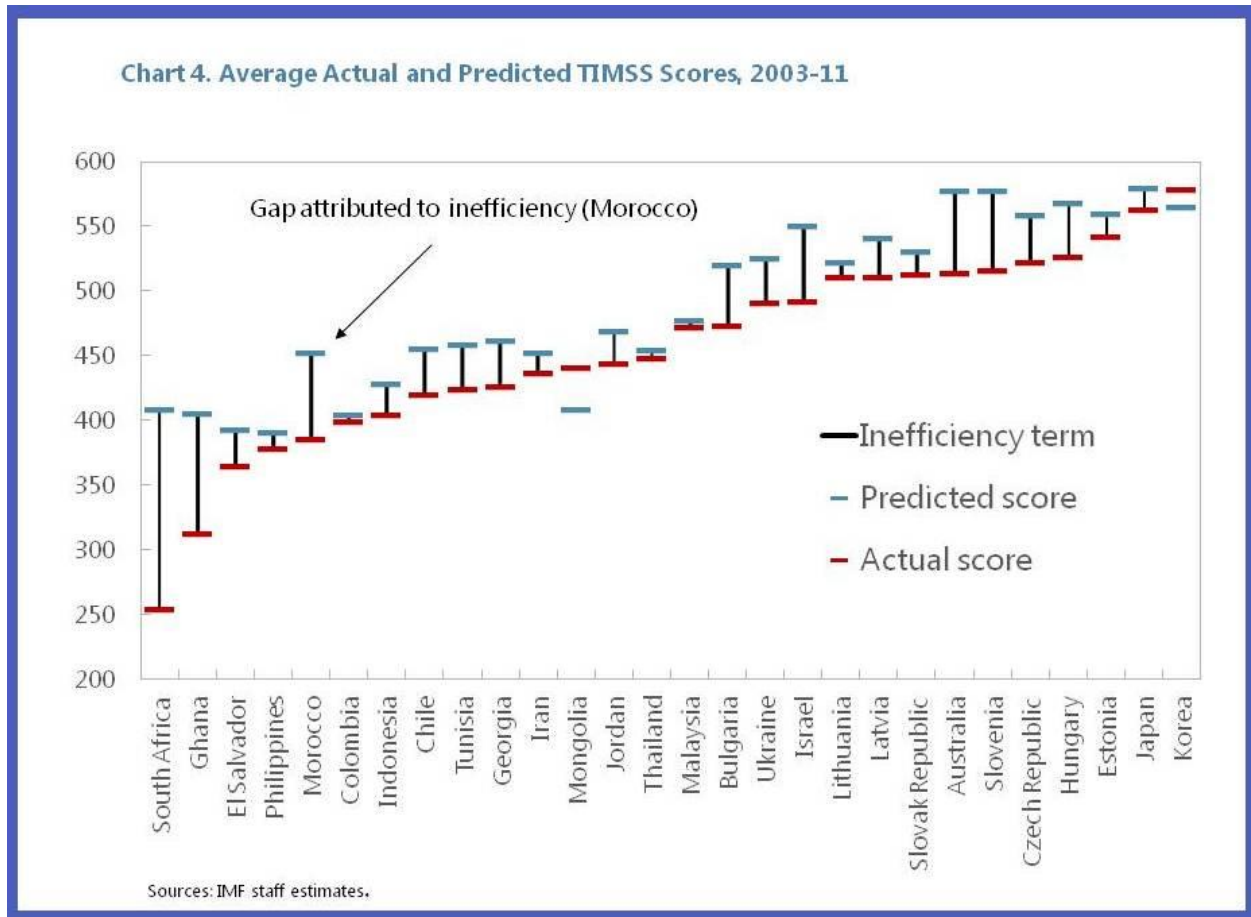
- **Skills mismatches** are widely recognized as impediments to youth employment, competitiveness, to higher value added activities, and potential growth. A majority of Moroccan students choose to follow studies in social sciences at the expense of technical sciences, engineering, and business.
- **Public spending on education** has been relatively high in Morocco, and rising. Government spending in education in 2014 was about 5.9 percent of GDP and 21.3 percent of total government spending. It has been increasing by more than 5 percent per year, almost every year from 2002 (see charts 2 and 3).



The Way Forward: Efficiency Gains

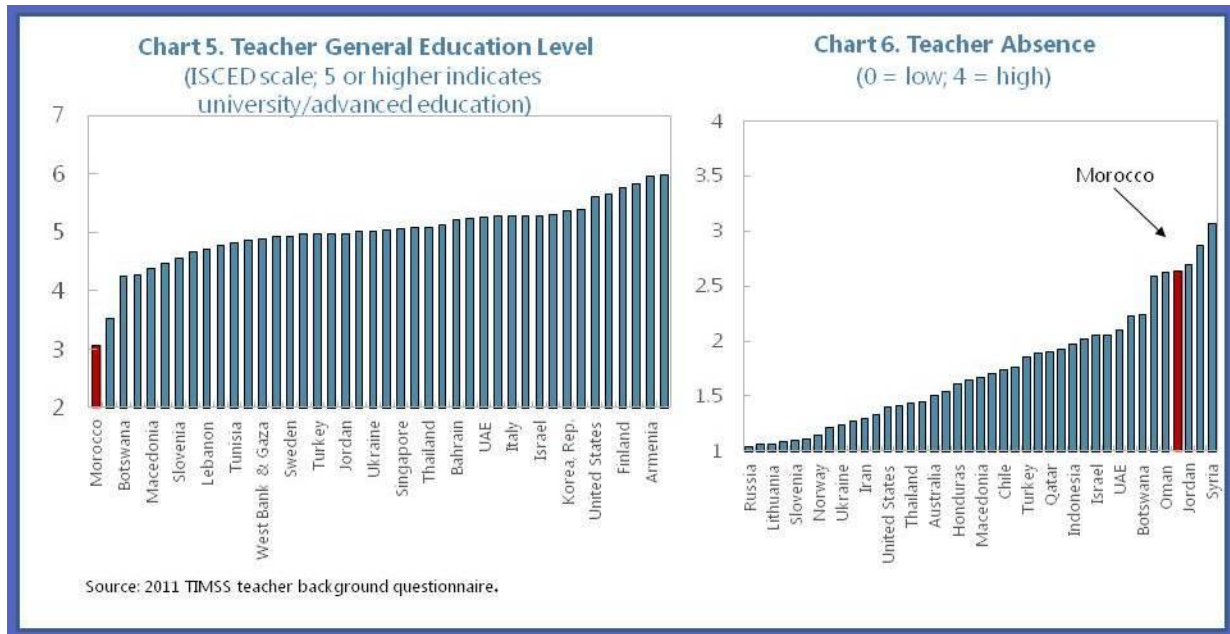
This stark contrast between education spending levels and education outcomes suggests that raising the efficiency of public spending on education is a key priority. Our analyses confirm that these potential efficiency gains are substantial in Morocco.

- Our [work](#) shows that the efficiency gap in education spending (measured as the difference between the potential and actual TIMSS score for the same amount of public spending) is the third largest in a sample of 34 countries. By closing this gap, Moroccan students' scores could increase by 53 points for the same amount of public spending per student (see chart 4).



International experience points to a number of measures that can help to secure a more efficient use of public resources in education.

- Our analyses also show that key explanations of the efficiency gap in education spending across countries have to do with public sector management and governance, and in particular low level bribery, diversion of public funds (the reallocation of public funds to companies, individuals, or groups due to corruption), and teacher training and absenteeism (see charts 5 and 6).



- Reforms that should play an important role in improving public resources allocation for better education in Morocco include better-defined responsibilities and transfers of competencies between the central government and sub-national authorities, as well as improved budget management. These would lead to greater managerial autonomy, and more incentives-based policies at the local and school level (e.g., based on performance monitoring and benchmarking).

The good news is that there is consensus among experts and policymakers in Morocco on the main priorities highlighted above. Not only are these priorities shared among international and expert institutions, such as the World Bank, but the Moroccan authorities have also fully diagnosed these challenges and identified the way forward, as demonstrated by their 2015-2030 Vision for Education in Morocco.

At a time when Morocco faces a critical need to build up its human capital in order to elevate its long-term growth prospects and employment levels, it has also reached a point where large public resources are available and key reform priorities are well identified. Implementation is urgent.



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