

REPORT



SOCIAL & ECONOMIC IMPACT OF THE COVID-19 CRISIS ON MOROCCO

A preliminary analysis report

Drafted by
United Nations Country Team
Social and Economic Impact Task Force

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Countries all over the world are rushing to slow the spread of the COVID-19 pandemic by testing cases and caring for patients, tracing potential contacts, implementing travel restriction and border closures, encouraging or demanding from citizens to enter confinement, while closing schools and cancelling large gatherings in sports and arts. The COVID-19 pandemic requires a major healthcare strategy and logistics component to be deployed in the response each country is formulating. In Morocco, the total number of healthcare workers is 25,574 according to the sanitary map of the Ministry of Health, including both private and public sectors. Moreover, Morocco has taken action to increase the number of intensive care beds from 1,640 to 3,000 beds.

Strict national measures and overwhelming community and individual display of solidarities have allowed the country to respond quickly and anticipate the evolution of the pandemic since the first case registered on March 2nd, 2020. From border closure to confinement, social distancing and mandatory masks, Morocco has taken early measures to anticipate the different stages of the virus spread in order to avoid an extra weight on the health care system, while making sure that other health services can also continue to be provided in parallel with the response to COVID-19. Countries have not been affected at the same time or with the same amplitude and even inside a given country people are not experiencing the pandemic with the same magnitude depending on the nature of their preexisting health conditions, their income sources or their social settings. Therefore, the COVID-19 crisis seems to be more than a health or sanitary one, for it has the potential to generate a long lasting and damaging social and economic impact.

The overall uncertainty on the employment market leads to people losing jobs and income, without knowing when they might be restored. In Morocco, some sectors showed early signs of vulnerability such as tourism, transportation and logistics in supply chains but also - and more difficult to measure - the crosscutting informal sector. In this context, the World Health Organization is leading the international response globally as the international community of donors and development actors in each country organize their effort to go beyond the sanitary and health crisis, to analyze and support the economic and social recovery needs locally.

In Morocco, a task force has been put in place by international organizations (United Nations System and World Bank in Morocco) to coordinate a strategic support to the country's response as follows: **(i) strategic impact assessment to inform decision making and prioritization; (ii) coordinated effort to maximize efficient support to the national response; and (iii) ongoing impact analysis to identify gaps for international integrated action to support.** The present, confidential and temporary, document is therefore the first reference for this task force to prepare its response support plan. It gives the premises of (i) strategic impact assessment to inform decision-making and prioritization and will lead to a deeper reflection and coordination of the overarching budgeted support plan. This synergy is at the same time, an example of the UN "Delivering as One" on the topics of development assistance and humanitarian aid, to develop approaches that would enhance the coherence, efficiency and effectiveness of the UN System in Morocco. Building on Morocco's decentralization effort to implement its advanced regionalization strategy a particular attention will be given to regional levers of action, and community resilience actors.

AN UNPRECEDENTED MULTI-FACETED GLOBAL CRISIS WITH SOCIAL AND ECONOMIC IMPACT IN MOROCCO

HCP's estimates and forecasts for the first half of the year

The High Commission for Planning (HCP) has recently published its updates of growth estimates for the first quarter of the year bringing its previous one from +1.1% to +0.7%. The most recent data collected until April 20 highlights a more noticeable slowdown in activity during the first quarter of 2020, with economic growth which would have declined to + 0.7%. This downward revision would be attributable to the

accentuation of the decline in agricultural value added to -4.4%, following the poor performance of cereals production (its lowest since 2007), and the slowdown of the manufacturing and electricity industries.

For the second quarter of the year, HCP forecasts a decline of 6.1% of Moroccan exports and a drop of 8.4% of its imports. With the fall in external demand, that of domestic demand would be combined with the extension of the confinement period to more than half of the second quarter, with a significant decline in investments of around 27% (comparatively to Quarter 2 2019). The overall GDP is expected to decline 8.9% in the second quarter of 2020. This would represent a potential overall loss of around 29.7 billion dirhams for the first half of 2020, according to HCP's forecasts.

Negative macroeconomic and fiscal impact (year forecasts)

Morocco's economy is being hit hard by the impact of Covid-19 related economic recession, both globally and in Europe, its main trading partner. It is also facing the effects of the spread of the pandemic domestically. The health effect of the infection compounds with its socioeconomic ones. These translate into unprecedented and daunting challenges for the country trying to mitigate both health and economic impact of the pandemic. In particular, the country should strike the right balance between staving off the pandemic's social and economic effects while ensuring the readiness of the economy to recover quickly after the peak of the pandemic is managed.

With the pandemic spreading in Europe and domestically, along with an acute drought, Morocco's economy is expected to suffer greatly this year from the negative impact of the infection. A baseline scenario shows that real GDP growth would recede by 1.5 percent in 2020, the first recession hitting Morocco since more than two decades ago.

On the fiscal side, the pandemic will have an adverse impact on the pace of fiscal consolidation and in turn on gross financing needs and debt. The overall fiscal deficit is projected to deteriorate to more than 6 percent of GDP in 2020. The worsening of the deficit is primarily explained by Covid19-related higher social and economic spending and lower tax revenues, particularly from corporate taxes. Consequently, the central government debt could peak at 73 percent of GDP in 2020.

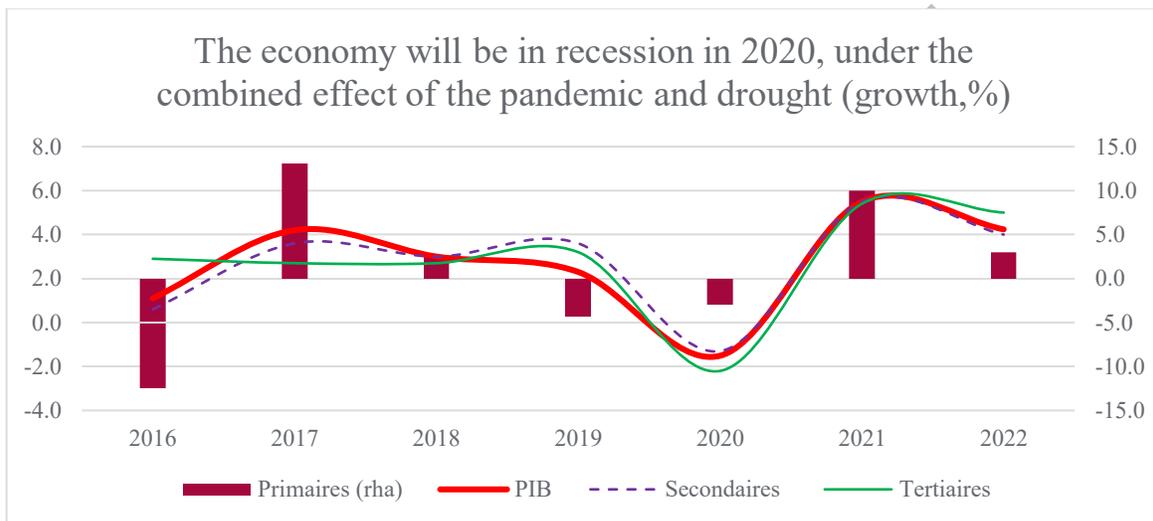
The current account balance is expected to widen to around 7 percent of GDP this year. A sharp slowdown in exports, tourism revenues and remittances is anticipated as the pandemic disrupts trade and global value chains. Although low oil prices in 2020 will reduce energy import outlays, it will not fully offset the negative impacts of the pandemic on exports of goods and services. Financing the balance of payment deficit would prove difficult, as FDIs are expected to slow down and risk premium in the international financial markets are increasing as a result of a global quest for liquid assets.

This outlook remains tightly linked to the fast-changing nature of the pandemic, the responses of policymakers and the global economy. On the demand side, Morocco's economy depends heavily on Europe's imports, tourism, and FDI. Morocco will suffer greatly if the expected recession deepens further globally and in Europe. It will also suffer if domestic demand drops further due to prolonged closure of activities to contain the spread of the pandemic with its impact on the revenues of employees and businesses. On the supply side, Morocco is hit by the disruption in the value chains it is part of, especially in the automotive sectors.

Hence the critical importance of specific programs coordinated by UN and multilateral financial institutions to help developing countries, including Morocco, to fund their financing gaps in order to tackle Covid-19.

The newly created national Covid-19 Fund (reaching nearly \$3.3 Billion USD as of April 3rd) to mitigate the economic and social impact of the pandemic while allowing higher healthcare resource allocations and

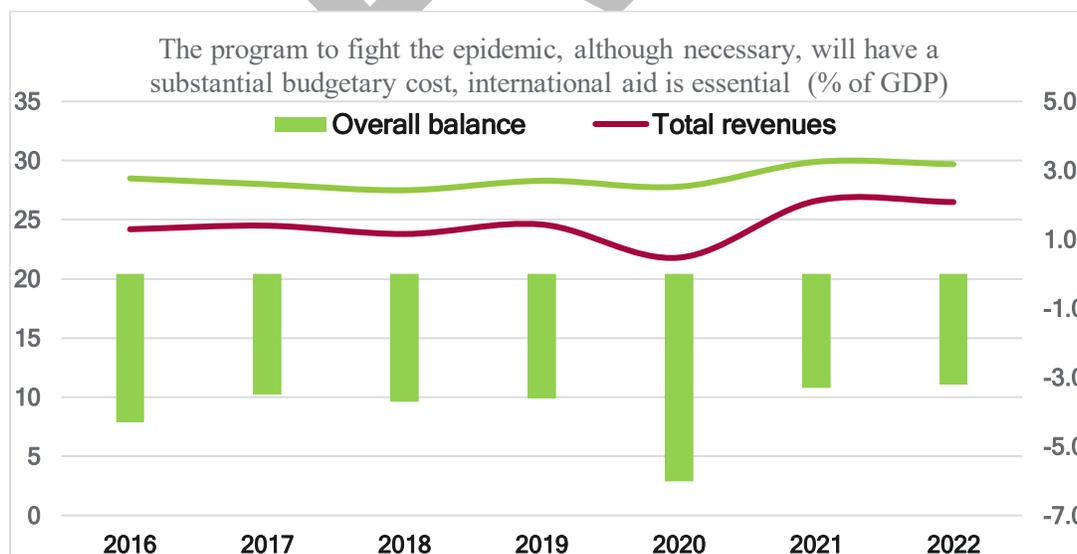
measures targeting households and businesses, in addition to the monetary measures, could help avoid the bankruptcy of a good number of companies, specially the small and medium enterprises, and save jobs. Risks stemming from delays in implementing structural and financial sector reforms which could be postponed, could adversely affect recovery potential and endanger macroeconomic stability. Proposed UN, World Bank and partners analysis and impact assessments should focus around the extent possible for Morocco to pursue realistic but ambitious structural and financial sector reforms that take into account the current context and the medium-term challenges that this poses.



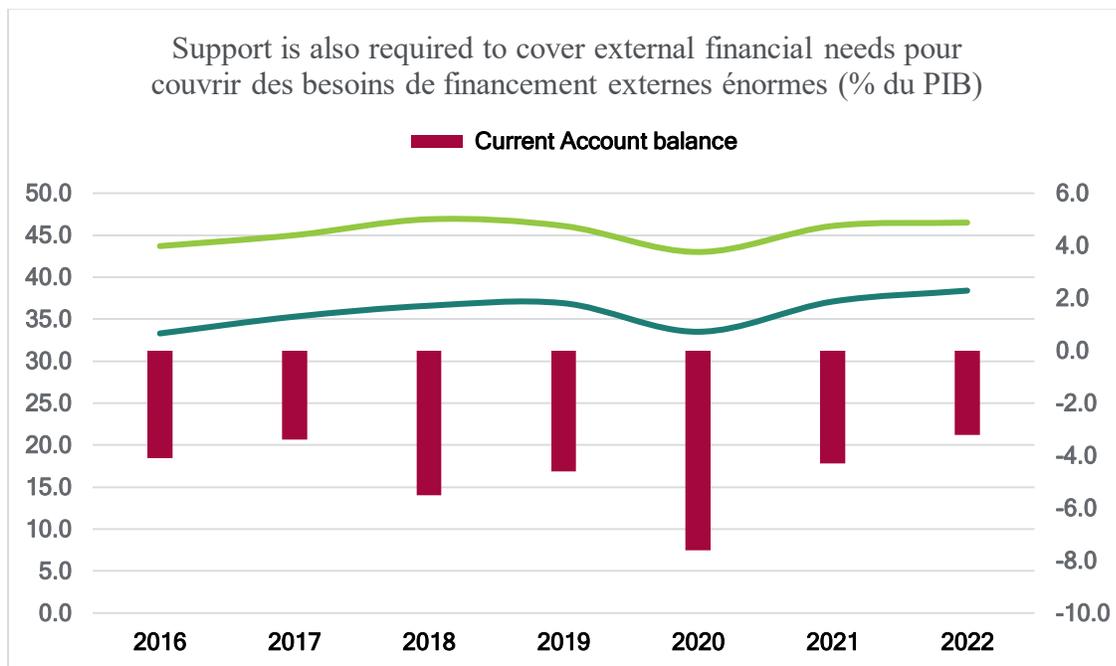
Source: World Bank early and temporary estimates (2020)

From 2015 to 2022 :

Central Government debt stock (% GDP)	64.9	65.1	65.3	65.7	73.2	71.6	70.6
External (net)	14.1	14.4	13.4	14.4
Domestic (net)	50.8	50.7	51.9	51.3



Source: World Bank early and temporary estimates (2020)



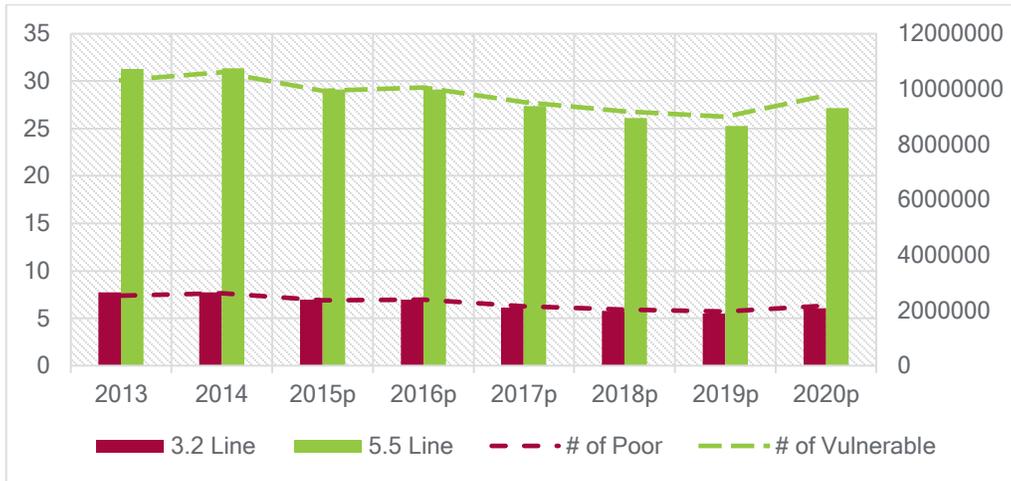
Source: World Bank early and temporary estimates (2020)

Heavy social impact difficult to measure

In the first part of 2010s Morocco experienced significant poverty reduction. Predictions based on GDP per capita indicate, however, that the poverty rate will increase (using a Poverty line of 3.2 USD PPP). In other words, about 300.000 Moroccans are expected to fall into poverty (Figure 1). The economic volatility can also affect the wellbeing of those whose consumption expenditure is just above the poverty line - a small negative shock can push this group back into poverty. Attention should be given to highlight the impact of the crisis on multidimensional poverty.

The percentage of the population 'vulnerable' to falling into poverty varies depending on the household expenditure adopted as a threshold. Using an expenditure threshold of US\$ 5.5 PPP, the number of poor and those non-poor but vulnerable to falling into poverty is strikingly high: around 25 percent of the population in 2019 and bound to increase to 27 percent in 2020. Therefore, due to the economic crisis triggered by the coronavirus, almost 10 million Moroccans can be at risk of falling into poverty. This initial estimate is made at the macro-level, therefore it is worth underlying the need for more granular micro and meso level socioeconomic assessments, which could also shed further light on the impacts of Covid19 dual health and socioeconomic crisis on multidimensional poverty and on the most vulnerable to the crisis (including informal workers, but also migrants, refugees, asylum seekers, the elderly, the disabled etc...) with a strong focus on inclusive social protection and no one left behind.

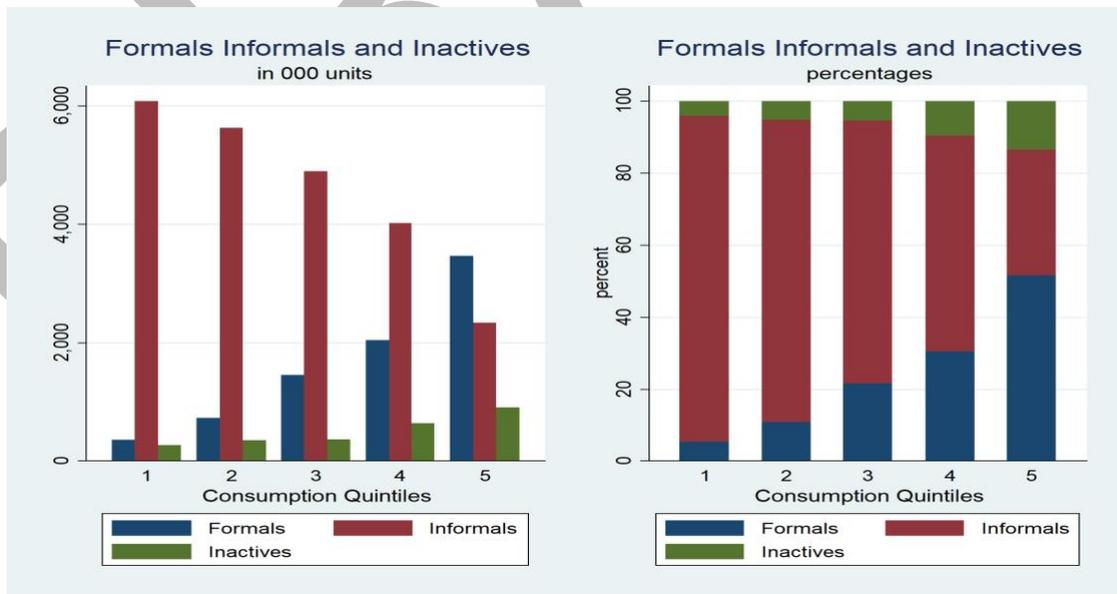
Figure 1: Poverty and vulnerability projections: rates and number of individuals



Source: World Bank estimates based on ENCVM 2013-2014

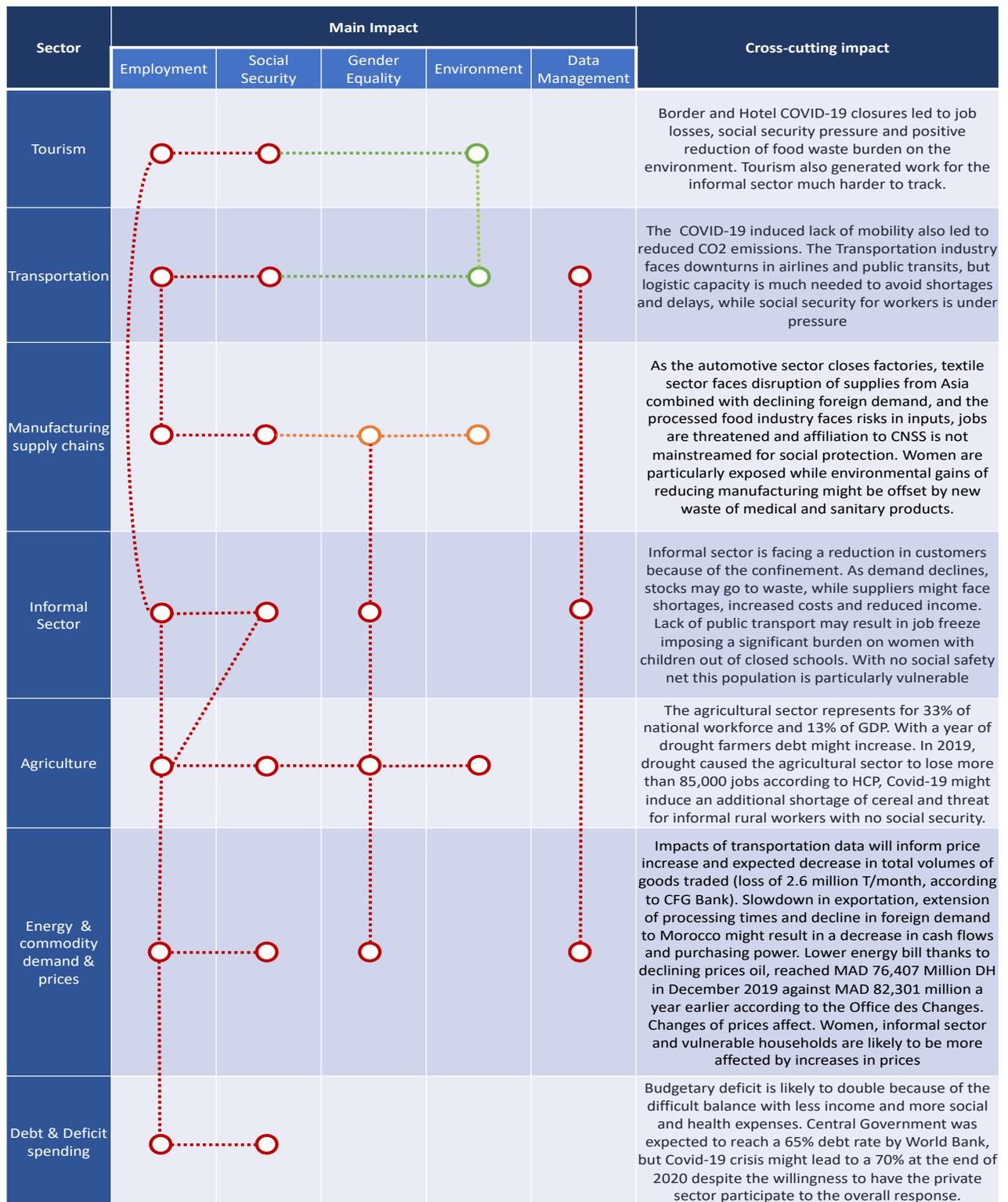
The impact of the crisis will likely be felt first and foremost by those with an informal employment. This is the vast majority of Moroccan workers (Figure 2) typically employed in vulnerable sectors, such as tourism, services (e.g. transportation and retail sales) and tradeable, as well as by those in the gig economy and those unable to work remotely but will eventually spread to other parts of the economy and across the formal and informal sectors. Lost earnings could also result from the direct health impact of the outbreak on breadwinners.

Figure 2: Population living in households with at least one person with formal or informal employment or inactive/unemployed by quintiles



Source: World Bank estimates based on ENCVM 2013-2014

Figure 3: A multifaceted crisis impacting multiple sector with interconnectivity:



Legend
○ Forecasted negative impact ○ Forecasted mitigated impact ○ Forecasted positive impact
 Impactful connections between sectors and categories

Source: UNDP Morocco Accelerator Lab (2020)

The tourism sector is directly affected by the current crisis with a net cessation of activity since mid-March 2020. According to the OECD, the impact could result in a decline of 45% in international tourism in 2020 and could go up to 70% if the outage was extended until September. The recovery of tourist activity will be gradual and slow and probably the last to resume taking into account measures to limit movement and social distancing which will remain in place after the containment. The National Confederation for Tourism is forecasting difficult time for the actors until the end of the year and a timid and gradual recovery from April 2021, with a loss in foreign currency estimated at MAD 138 billion over three years. Tourism is not the only sector affected by the lack of mobility between countries, funding mobility is also impacted. Indeed, remittance flows are expected to fall “most notably in Europe and Central Asia (27.5 percent), followed by Sub-Saharan Africa (23.1 percent), South Asia (22.1 percent), the Middle East and North Africa (19.6 percent), Latin America and the Caribbean (19.3 percent), and East Asia and the Pacific (13 percent).”¹

According to UNIDO, observing growth rates and growth estimates of **world manufacturing production** for the first quarter of 2020, combined with collecting index numbers of industrial production (IIP) of economic activities to measure the growth of the volume of industrial production in real terms, free from price fluctuations, show the importance of also collecting statistical data from national sources to country groups, in terms of economic territories rather than political boundaries, which are classified according to their stage of industrialization, to present aggregated growth. A first exercise with this approach shows that global manufacturing output growth has registered a sharp decline of 6.0 per cent in the first quarter of 2020 due to economic lockdown measures motivated by COVID-19 pandemic all the more so as world manufacturing production had already experienced a gradual decay indicating an overall economic slowdown throughout 2019. The global outbreak of COVID-19 has further reinforced the downward trend in the first quarter of 2020 and consequently, a massive decline of manufacturing output is expected. Manufacturing output of developing and emerging industrial economies such as Morocco (excluding China) already decreased by 1.8 per cent in the same quarter.

A FOCUS ON THE MOST VULNERABLE IS NEEDED

Why is it important to target the most vulnerable?

Multiple attempts are made to identify and quantify the most vulnerable to COVID-19 across the world. In the Moroccan context, the database of “Ramedists” (people with a RAMED card, valid or not) can be a first quantifiable data source as it represents 15.1 million people at risk of increased vulnerability. Measures are already in place - as further described in the National response section of this report - by the Moroccan Government to target this population, throughout two phases, notably through cash transfers, started on April 6th, to be spread over the next 3 months, providing that the heads of households are workers in the informal sector who lost their jobs due to the COVID-19 crisis. While recognizing the very concerning potential macroeconomic imbalances, the nature and the amount of vulnerable groups around the world, seems to be a reminder that countries in the same position as Morocco can draw lessons learned from the establishment of the Structural Adjustment Programmes (SAP) in 1983-84, which negatively impacted social sectors and led to a 30-year effort to solve the resulting social inequalities and disparities. Therefore, Social protection seems to be an appropriate and viable response to the negative impacts of COVID-19 on both the formal and informal systems of the Moroccan economy. Cash transfer programs proved effective across the world for many affected households to meet their basic needs, while also

¹ World Bank Predicts Sharpest Decline of Remittances in Recent History, article webpage: <https://www.worldbank.org/en/news/press-release/2020/04/22/world-bank-predicts-sharpest-decline-of-remittances-in-recent-history>

contributing to the political and social stability of countries affected by the crisis. Taking care of the most vulnerable also implies addressing the issue of the financial sustainability of the measures and responses provided beyond the next three months. There is a need to diversify potential funding options.

Vulnerability derives indirectly and can be assessed also as opportunity cost. Indeed, there is also a need to analyze the current social impacts of the crisis on health and education sectors while efforts are concentrated to response to the pandemic. Priority given to the treatment of COVID-19 cases can negatively impact access to regular and primary health care such as vaccination, monitoring of pregnancy, antenatal and postnatal consultations, etc. With the same logic in the education sector, efforts to contain the pandemic place in the second level of priority the continuity of education, largely unequal between students in the private and public sector and between rural and urban areas. Specified communication methodologies should continue to be applied to reach the most vulnerable through the channels that have the highest potential to convey updates on the situation and on the measures taken by the government for sanitary and public safety. Going deeper in the analysis beyond the database of Ramedists affiliates, UNICEF highlights that another example of vulnerable category might be the populations living in Social Protection Establishments (EPS) (children, young women, people with disabilities and the elderly). It is worth noting that EPS are generally managed by NGOs, which are themselves in a very delicate situation due to confinement necessary measures. As a consequence, both the vulnerable group and the NGO workers run a risk of contamination in these establishments. In the next paragraphs of this analysis we give a slight focus on the threats for employees, migrants, refugees and gender equality in multiple aspects.

Employees and labor codes will be under the microscope

The COVID-19 has evolved from a health shock to a labor market shock. Indeed, informal workers are the most vulnerable to impoverishment, hunger and disease, as they lack the necessary social safety nets and support systems if they lose their livelihood. However, the implication of COVID-19 on loss of jobs, working hours and income should be addressed from a global perspective, looking at the various impact on unemployment, under-employment, working poverty and the differentiated impact for vulnerable groups such as self-employed, unprotected workers and those in non-standard forms of employment. The pandemic can also have a disproportionate impact on other segments of the population (rural vs urban; gender; youth) which can trigger worsening inequality. For example, while older people are more affected by the health impacts of the pandemic, youth are potentially more vulnerable to economic downturns as young people are disproportionately represented amongst new labor market entrants as well as those in precarious employment, temporary employment, informal work, other (non-qualitative) forms of work, etc. In addition, youth are highly represented in hard-hit sectors (e.g. tourism, retail, etc.). Therefore, all over the world and in Morocco as well, the International Labor Organization highlights that a particular attention should be given to employment code and protections with multiple layers of interventions, sectoral, cross-sectoral and generational in order to protect employees and reform the way people work to reduce inequalities, increase safety nets and foster long term resilience.

The inclusion of migrants and refugees is a key indicator of comprehensive public policies and responses

Globally, the International Organization for Migration (IOM) and the United Nations High Commissioner for Refugees (UNHCR) efforts to tackle the social and economic impact of the pandemic stress the need to include migrants and refugees in national responses with a priority given to coordination and launch of direct assistance interventions supporting national and local authorities. This pandemic brings to Morocco and the World's attention the need to address the human mobility dimensions of public health security and public health strategies with a systemic approach to minimize the impact of the pandemic and reinforce future preparedness plans.

Asylum-seekers, refugees and migrants rely heavily on the informal sector as a source of daily income, which increases their vulnerability to host countries' confinement measures and the risk of being left behind. Among the migrant and refugee population in Morocco, domestic workers, may be the more vulnerable to the impact of social distancing measures and confinement, they might also be subject of discrimination. Specific attention is needed for domestic workers in general, many of whom are migrants and refugees, who continue ensuring services during the pandemic, by participating to the care economy, the service industry and the gig economy. Policies should try include targeted measure and ensure safeguards of their entitlements and fundamental rights at work². In Morocco, the refugees population registered in the United Nations High Commissioner for Refugees (UNHCR) database is, as of March 31, 2020, of 10.810 people, including 6.990 refugees and 3.820 asylum seekers, who need protection, targeted communication but also specific inclusion measure to guarantee their resilience to the crisis. A migrant-inclusive approach to the various measures and an inclusive social protection approach, are therefore needed to answer the needs of the most vulnerable groups, including unaccompanied and separated children, refugees/asylum seekers, victims of human trafficking, women alone with children/pregnant, migrants living with disabilities and the ones living with or at risk of HIV/AIDS.

Similar to the question of employees and labor code, future analysis can put an emphasis on the effects that this pandemic will have on Moroccan youth as they are joining the global response. Indeed, according to the new Secretary General report³ on Shared Responsibility and Global Solidarity (further presented below) all over the world, millions of young people work in the global health workforce with a higher percentage in the global south, in line with the overall demographics. They will be among the most vulnerable to the socio-economic impacts of the COVID-19. It is worth noting that young people make up more than 30 per cent of the world's migrants and refugees who also stand to suffer disproportionately both from the pandemic and its aftermath – whether due to limited movement, fewer employment opportunities or increased xenophobia. Partnerships to address these vulnerabilities should then include civil society, academia and diaspora, while ensuring the inclusion of regional and local authorities in the design of inclusive policies.

COVID-19 can quickly change people's living environment, therefore an increased solidarity of the local populations and host communities towards migrants, refugees, asylum seekers, stateless persons and internally displaced persons can help alleviate the weight of the crisis on the most vulnerable. In this regard, host countries are encouraged to consider measures to protect these vulnerable populations, by meeting their humanitarian needs, and encouraging their inclusion in the mechanisms put in place at the national level to leave no one behind. These continuous efforts are in line with legal instruments, international human rights obligations, refugee law, international and regional standards and instruments, as well as the Global Compact for Migration (GCM) and the Global Compact on Refugees (GCR).

Gender equality threatened with women in the frontline

The response to the coronavirus (COVID-19) is an opportunity to recall the essential contribution of women at all levels of the economic and social life of Morocco, not only as front-line workers but also health professionals, community volunteers, scientists and doctors. All over the world, women play a disproportionate role in the response to the disease, especially as health workers and caregivers at home and in communities. In Morocco, women represent 57% of medical staff, 66% of paramedical staff and 64% of civil servants in the social sector. It has been proven that when health systems are overstrained, the burden of home care falls largely on women, who spend on average seven times more time on domestic work than men according to Morocco office of High Commissioner of Plan (HCP), 2014. Their role in

² UN Migration Network, March 2020: <https://migrationnetwork.un.org/statements/covid-19-does-not-discriminate-nor-should-our-response>

³ Secretary General report on Shared Responsibility and Global Solidarity, March 2020: <https://unsdg.un.org/resources/shared-responsibility-global-solidarity-responding-socio-economic-impacts-covid-19>

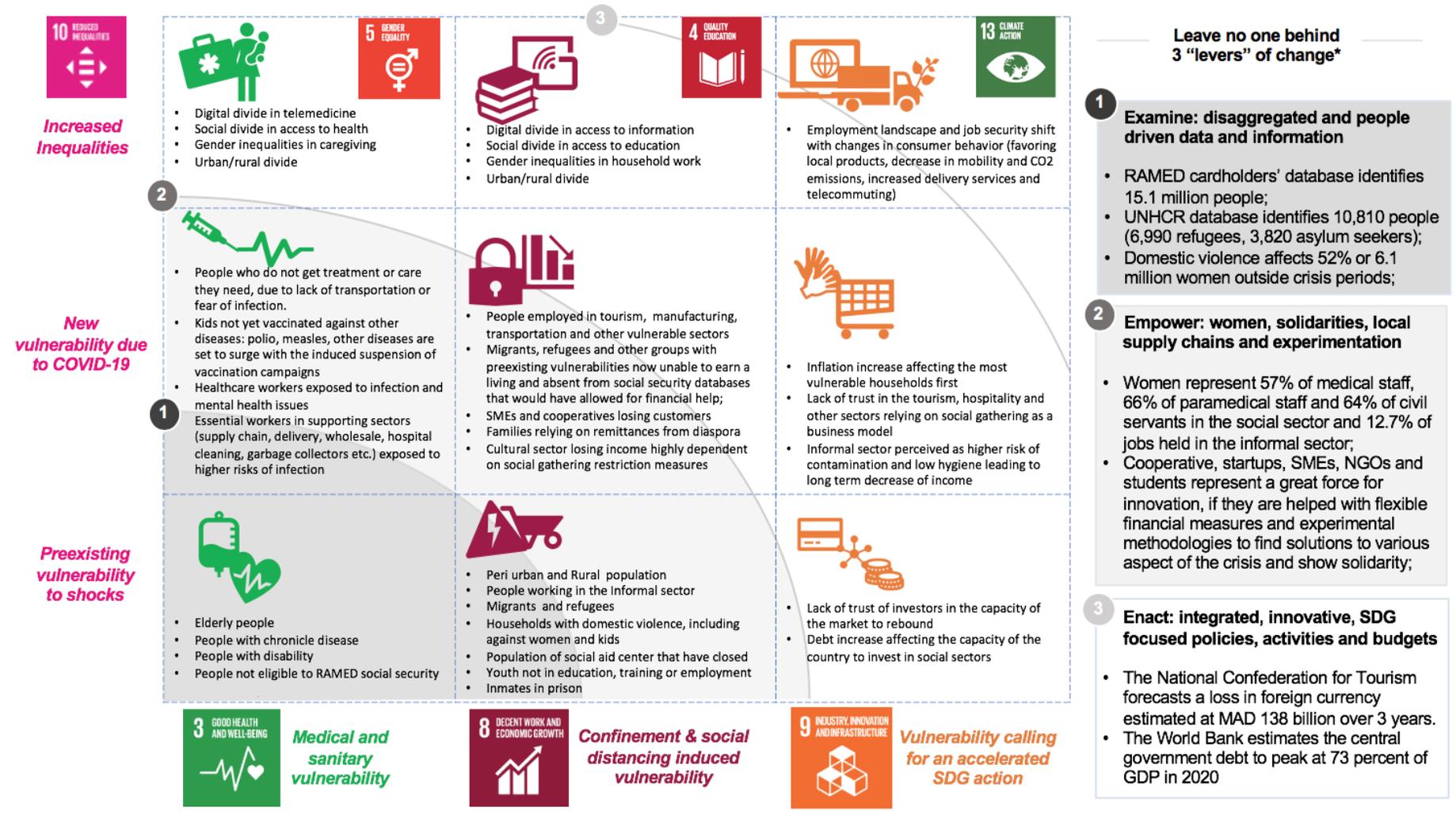
keeping social bonds within communities expose them even more to psychological pressure and economic risks. The participation of women in economic life in Morocco is among the lowest in the world (22% in 2018 vs 48% of the world average) and has been declining for 20 years (29% in 2000). The economic vulnerability of women is also aggravated by their over-representation among the unemployed population, in particular for the most educated (33% unemployment among women vs. 18% among men). UN Women notes that about 50% of female employment is unpaid (2/3 of which are rural women) and 70% are in low or unskilled employment, compared to 50% of men.

At the same time, the gender pay gap for equal positions is at least 20% in favor of men. Another social aspect of inequality is the vulnerability of women which is likely to be exacerbated by the Covid-19 crisis is domestic violence given that the rate of domestic violence in Morocco affects 52% or 6.1 million women outside crisis periods, a value that is expected to further increase in times of economic crisis.

To go deeper in the analysis, one of the most vulnerable groups in Morocco is forecasted by UN Women to be women in rural areas. Indeed, 60% of rural girls and women aged 10 and over are illiterate in Morocco (compared to 35% of men) (HCP RGPH 2014). While only 1% of rural women own their land (HCP, 2014), in terms of activity rates in Morocco, 8 out of 10 women have no access to any source of income, formal or informal, where only 3 out of 10 men are in the same situation (HCP - RGPH 2014). This rate is all the more alarming in rural areas as nearly 9 out of 10 women have no source of income, formal or informal (HCP - RGPH 2014), while only 2 out of 10 men are in the same case. In the conversation around local innovation and solutions, there is an opportunity cost in Morocco of not having women join the collective intelligence effort in the country to come up with a response to the crisis, as women only represent between 10 and 12% of entrepreneurs nationwide. 50% of businesses run by women have a bank account according to HCP.

According to HCP, women represent 12.7% of jobs held in the informal sector and they are the majority of crafts worker (textiles, embroidery, clothing, carpet weaving at home). A special attention should be given to cooperatives and their specific vulnerability to confinement measures, drop in demand and lack of internet connectivity as 10.2% of women are heads of a service microenterprise. Moreover, women are also strongly represented in domestic service activities and in micro-businesses where they operate as the most vulnerable link in the commercial chain of illegally obtained products (fabrics, food products). In this sense, it will be essential to take into account an implement gender-responsive measures and social protection initiatives in response to COVID-19. **It is also important to not only view women as a vulnerable group but specially as part of the solution, social solidarity actor and innovation force for the country to optimize its response.**

Figure 4: Understanding vulnerability to accelerate “Leave no one behind” actions



Source: UNDP Morocco Accelerator Lab (2020)

* The three Levers of change are inspired by UNDP’s discussion paper and framework: What does it mean to leave no one behind? (2018)

CURRENT GLOBAL RESPONSES

“We must work together now to set the stage for a recovery that builds a more sustainable, inclusive and equitable economy, guided by our shared promise — the 2030 Agenda for Sustainable Development” - UN Secretary-General António Guterres addressing G-20 leaders on the COVID-19 pandemic.

On 25 March 2020, United Nations Secretary-General launched a \$2 billion coordinated global humanitarian response plan to fight COVID-19 in some of the world’s most vulnerable countries in a bid to protect millions of people and stop the virus from circling back around the globe. The response plan will be implemented by UN agencies, with international NGOs and NGO consortia playing a direct role in the response. It will:

- Deliver essential laboratory equipment to test for the virus, and medical supplies to treat people;
- Install handwashing stations in camps and settlements;
- Launch public information campaigns on how to protect yourself and others from the virus; and
- Establish airbridges and hubs across Africa, Asia and Latin America to move humanitarian workers and supplies to where they are needed most.

WHO Director-General Dr. Tedros Adhanom Ghebreyesus added that *“The virus is now spreading in countries with weak health systems, including some which are already facing humanitarian crises. These countries need our support – out of solidarity but also to protect us all and help suppress this pandemic. At the same time, we must not fight the pandemic at the expense of the other humanitarian health emergencies.”*

Drawing from its vast experience in the field, the UN coordinated blueprint to mitigate the humanitarian impact: COVID-19 Global Humanitarian Response Plan (HRP) prioritizes: containing the spread of the pandemic; addressing the deterioration of human rights, social cohesion, and livelihoods; and protecting the most vulnerable.

On 31 March 2020, Secretary-General António Guterres, held a virtual press encounter to launch a **report on the Socio-Economic Impacts of COVID-19** and pointed out that the potential longer-term effects on the global economy and individual countries are “dire”. The new report, **"Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19"**, describes the speed and scale of the outbreak, the severity of cases, and the societal and economic disruption of the coronavirus: *“This human crisis demands coordinated, decisive, inclusive and innovative policy action from the world’s leading economies – and maximum financial and technical support for the poorest and most vulnerable people and countries.”* he underscored.

An African Ministers of Finance initiative

1. Africa needs huge and immediate additional resources of \$US100 billion for the immediate response; the Ministers suggested the US\$100 billion could be disbursed in the following manner:
 - a. For the public sector, the Ministers recommend the immediate waiver of all interest payments on all debt estimated at US\$44 billion for 2020 with possible extension to the medium term. This would provide countries with immediate fiscal space and liquidity. This should include interest payments on public debt and sovereign bonds;
 - b. For the private sector, the Ministers identified the immediate waiver of all interest payments on trade credits, corporate bonds, lease payments and activation of liquidity lines for central banks to ensure countries and businesses can continue the purchase of essential commodities without weakening the banking sector. This should be coupled with policies to keep businesses open in order to maintain jobs.
2. The need for an immediate health response. The Ministers recognized the vulnerability of people, especially those living in informal settlements in urban areas of Africa.
3. The need to waive remittances fees. Given the expected slowdown in the major economies that act as the source of remittances to Africa, a waiver on the remittance’s fees will help mitigate against the expected decline in amounts sent.

MOROCCO'S NATIONAL RESPONSE

Setting up of an Economic Watch Committee (CVE)

An Economic Watch Committee (CVE) has been set up at the level of the Ministry of the Economy, Finance and Administration Reform. This committee is responsible on the one hand, for monitoring the development of the economic situation through rigorous monitoring and evaluation mechanisms and on the other hand, for identifying appropriate measures in terms of support for the sectors impacted. The EWC has decided on an action plan to run until the end of June with a first series of measures as follow: (i) Suspension of payment of social charges (CNSS contribution); and (ii) Establishment of a moratorium on the repayment of bank loans to companies;

Measures for employees

All employees declared to the CNSS in February 2020, out of business, of a company in difficulty, will benefit from a monthly flat-rate allowance of 2000 dirhams net, family allowances, and AMO benefits. This support will be provided by the Special Fund for the Management of the Coronavirus Pandemic. These employees will also be able to benefit from the postponement of the repayment of the maturities of bank credits (consumer credit and buyer credit) until June 30, 2020 to come.

As of Friday 8th June, nearly 134,000 companies corresponding to 950,000 employees were declared for the month of April 2020.

In addition, it has been decided to postpone the deadlines for tax returns for natural persons who wish, from the end of April to June 30, 2020. **Measures for businesses, MSMEs and liberal professions in difficulty**

- Suspension of the payment of social charges until June 30, 2020;
- Establishment of a moratorium for the reimbursement of bank loan maturities and for the reimbursement of leasing maturities until June 30 without payment of fees or penalties;
- Activation of an additional operating credit line granted by the banks and guaranteed by the CCG and its extension to end of 2020 (Damane Oxygène);
- Acceleration of payments for the benefit of businesses, in particular MSMEs, in order to reduce the pressure on their cash flow and allow them to fulfill their financial obligations;
- Avoid companies holding public contracts from incurring penalties for delays in performance which are not attributable to them.
- Finally, for individuals whose income has decreased due to the declared state of health emergency, it has been decided that the State and the banking sector will take care of all of the interim interest, generated by the postponement of credit maturities regarding housing and consumption for the period from March to June 2020.

Tax and governance related measures

- Companies whose turnover for the 2019 financial year is less than 20 MAD may, if they wish, benefit from a postponement of the filing of tax declarations until June 30, 2020
- Suspension of tax audits and ATD until June 30, 2020;
- Introduction of the necessary flexibility allowing, in particular, the holding at a distance of meetings of legislative bodies, particularly with regard to the closing of account

Support measures for the informal sector

In the **first phase**: Ramedist households operating in the informal sector which no longer have income due to compulsory confinement, can benefit from subsistence aid which will be served by the Coronavirus fund, determined as follows: 800 dirhams for households of two people or less; 1000 dirhams for households of three to four people; and 1200 dirhams for households of more than four people. In the **second phase**: For non-

Ramedists, operating in the informal sector, who have lost their income due to confinement, the same amounts of aid will be granted to them. The launch of an electronic platform dedicated to the filing of declarations was announced on the 10th of April.

As of Friday 8th May, 85% of the total eligible population, i.e. 3.7 million households, received support.

CVE launched work to draft the amending finance bill, the preparation of which depends on the macroeconomic scenario to be adopted. The final option is dependent, on the one hand, on the development of the international economic and health conditions, and on the progressive deconfinement plan which will be rolled out nationwide on the other.

CVE started to develop an integrated and coherent recovery plan for the national economy. This plan will be based on sectoral recovery plans, taking into account the restart phase specific to each of these sectors according to its specificities.

Measures taken by Bank Al Maghrib

Bank Al-Maghrib, after dropping its policy rate by 25 points to 2%, has adopted a set of new monetary and prudential policies to support access to bank credit for the benefit of both households and businesses. This system will triple the refinancing capacity of banks with Bank Al-Maghrib thanks to: (i) possibility of recourse by banks to all of the refinancing instruments available (dirham or currency); (ii) extension to a very wide range of securities and effects accepted by Bank Al-Maghrib in return for refinancing granted to banks; (iii) extension of the duration of these refinancing; and (iv) strengthening of its specific refinancing program for the benefit of the TPME, by integrating, in addition to investment credits, operating credits and increasing the frequency of their refinancing.

Bank Al-Maghrib is also taking prudential measures to support credit institutions covering liquidity, equity and provisioning of claims in order to strengthen the capacity of these institutions to support households and undertaken in these exceptional circumstances.

Creation of a special fund dedicated to the management of the Coronavirus pandemic "La Covid-19"

A Special Trust Account entitled "Special Fund for the Management of the Coronavirus Pandemic" The Covid-19 " has been created. Endowed with 10 billion dirhams, this fund will be reserved, on the one hand, to cover the costs of upgrading the medical device, in terms of adapted infrastructure and additional means to be acquired, in an emergency. In this context, a substantial effort has been made for the benefit of the health sector, with the allocation of 2 billion dirhams to strengthen the medical system. This amount was used mainly to:

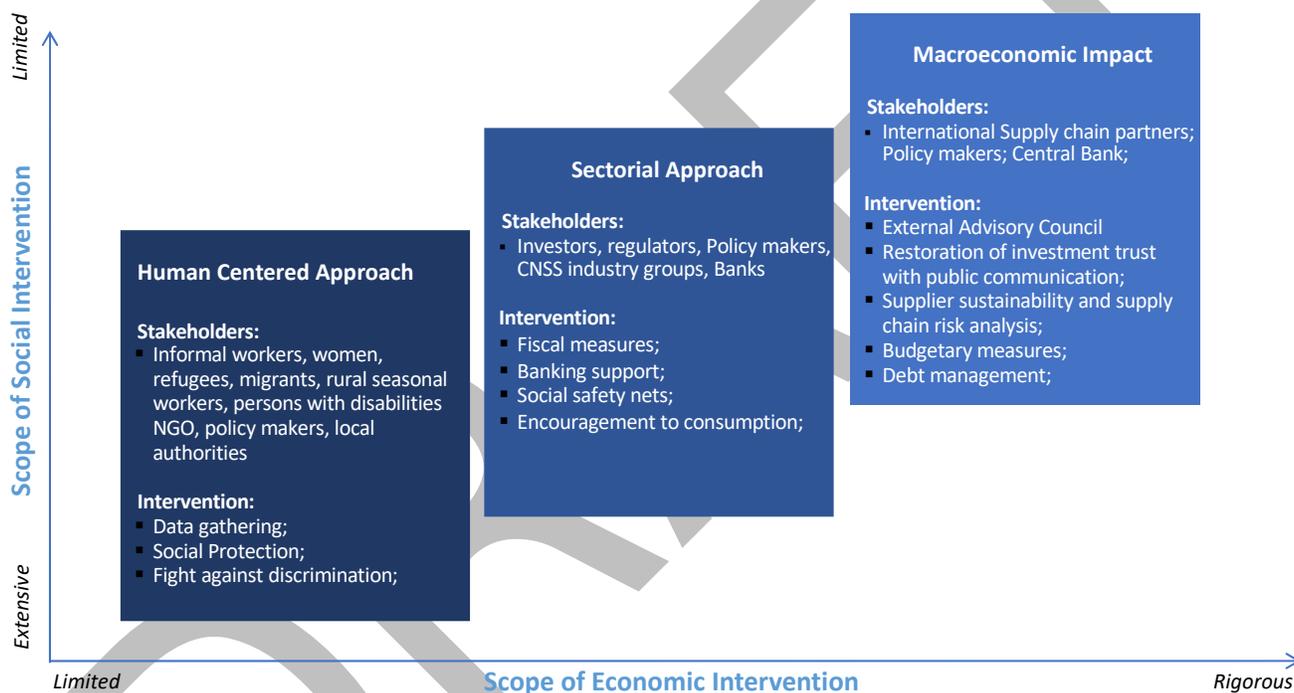
- Purchase medical and hospital equipment (1,000 resuscitation beds, 550 respirators, 100,000 sampling kits, 100,000 test kits, radiology and imaging equipment, etc.);
- Purchase drugs (pharmaceuticals and medical consumables, reagents, medical gases, etc.);
- Strengthen the operating resources of the Ministry of Health (staff allowances, disinfection, cleaning, etc.);

In addition, it has been decided to regulate the prices of hydroalcoholic gels. The Fund will also support national economy, through a collection of measures proposed by the EWC to support vulnerable sectors, as well as job protection and mitigation of the crisis social impact. On top of the money amount mobilized by the general budget of the State, this Special Fund is open to other types of contribution in kind by public and private entities.

AREAS OF FOCUS OF INTERNATIONAL ORGANISATIONS IN MOROCCO

This part is meant to be at the heart of the future discussions of the Task Force to establish the basis for a budgeted overarching plan. Three approaches are highlighted to help understand strategic areas of focus for national response and how the international community can support this effort through **analysis, monitoring, coordination and reallocation of current programmes activities and funds**, in order to serve national demand in a most relevant and timely manner in terms of expertise, know-how, reach and resources in: (i) a human centered approach; (ii) a sectorial approach; (iii) a macroeconomic approach.

Figure 4: Scope of intervention



Source: UN Agencies, sense making exercise facilitated by UNDP Accelerator Lab

A point on the importance of data management

As explained in Figure 4, data management in crisis times has a tremendous importance to inform decision making. According to WB reports, the lack of data and transparency in the MENA region could be at least partly responsible for the region's chronic low-growth syndrome as MENA is depicted as the only region of the world to experience an absolute decline in their index of data transparency (the "statistical capacity index") between 2005 and 2018. It is said that the region's declining data transparency has resulted in losses of income per person ranging between 7% and 14%.

Conscious that reliable data and transparency help both improve public policies and enhance citizens trust, Morocco is therefore adopting a transparent communication and data management approach. The availability of data given the confinement measures in Morocco and the opacity of the informal sector makes it even more difficult to assess the impact of the ever-evolving crisis in a short amount of time. To access and understand

relevant data will be critical, therefore the UN system in Morocco and partners will explore alternative methodologies to generate knowledge and inform decision making in a scientific and timely manner.

Digital technologies will likely be at the center of understanding the crisis and will also generate learning through government services' experiments of what works best to serve the Moroccan society. From online remote work to forecasting technology and early warning resources this pandemic highlights the importance of good data management tools to protect, respond and recover from a crisis thanks to evidence based policies.

A point on trust and behaviors

It is to be noted that the lack of unfailing data makes it crucial to anticipate issues of trust. Morocco's formulated a clear intent to a transparent communication to the public which shows that trust is at the center of the crisis. Trust between citizen and their representatives, trust between companies and employees, trust between neighbors and trust from investors in the Morocco's economy capacity to recover. Citizens' behaviors and habits have rapidly and extremely changed since the beginning of the pandemic and the related social distancing measures. Spending more time at home, for some in quarantine or leaving their home in deserted cities because certain jobs does not allow for telecommuting, many Moroccans are more self-conscious about how often they wash their hands and touch their faces or the amount of food they have in supply or stock. Stressful situations have been proven to cause people to revert to less rational behavior patterns. Moroccans are displaying a considerable effort of solidarity and the perception of frontline worker, healthcare workers, law enforcement and local authorities as relayed by the media and social media seems to have change positively.

Moreover, microenterprises and SMEs are stepping up in these difficult times, which suggests the importance for the international organizations to support not only local authorities, but also spontaneous local recovery and development initiatives and innovative organic responses emerging from the crisis. Therefore, to complete the analysis of economic and social impact on the population the United Nations and partners can enhance their support to national efforts by paying a particular attention to behaviors and trust indicators in order to better understand the Moroccan population.

A point on advanced regionalization and civil society

Among the twelve recommendations extracted from the work of the first National Conference on advanced regionalization (December 2019), the strengthening of territorial planning mechanisms in cohesion with general state policy, as well as the convergence and adequacy of regional development programs with sector plans was strongly emphasized. This recommendation is all the more relevant in times of crisis where national sectoral response strategies cannot be implemented without strengthened regional planning and budgeting. Local and regional authorities, despite budget difficulties, have already taken commendable actions to reduce the impact of the pandemic. UN agencies also stress the importance of civil society in the country's response and the implementation of territorial projects. During this period, many more examples of local work and solidarity have been revealed, and civil society is often on the front line, in particular to collect information on the ground from vulnerable populations, participating to a coordinated response between the Wilayas and civil society as part of the emergency response in the field to fight Covid-19. This good practice has shown the good coordination carried out as an example of strong joint work between local institutions and civil society associations in the framework of the National Policy of Advanced Regionalization, showing how this coordination could be taken as a working model to be systematize and documented , also within the framework of inclusive regional development

A point on multidimensional poverty

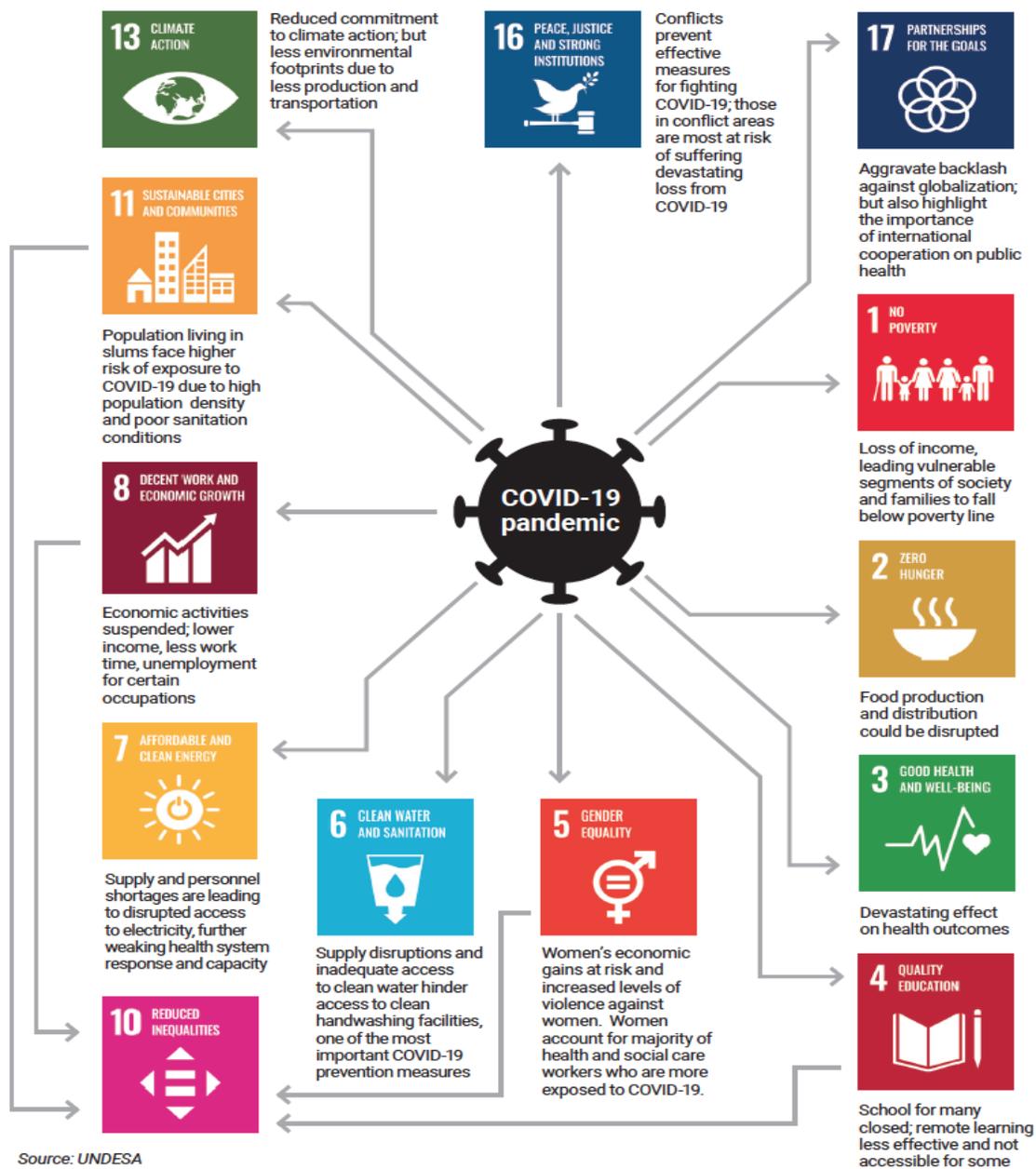
It is also recommended to pay particular attention to multidimensional poverty. Indeed, even if it will be necessary to wait for a more precise data collection in order to formulate an in-depth analysis on this subject, the World Bank estimate concerning the fall in GDP in Morocco (-4%) confirms the elasticity of poverty, which will consequently increase. Some indicators already show an impact on multidimensional poverty: (i) at the national level 30% of households eligible for prenatal and postnatal consultation services had to give up on these services (33% in rural areas); (ii) 36% of households with children to be vaccinated had to give up on immunization services (43% in rural areas versus 31% in urban areas). An inclusive response based on a deep understanding of the needs of the vulnerable population is therefore recommended to guarantee the sustainability and effectiveness of economic and social recovery policies.

A systemic risk hindering the achievement of the Sustainable Development Goal (SDGs)

This crisis has shown all over the world that not only countries but also people and economic activities are connected. Nonetheless, connected people, even if they live in hyper-concentrated cities, don't have the same access to basic services. The Covid-19 pandemic therefore reveals not only a new economic and social crisis but highlights existing gaps in the way countries prepare, respond and recover. It has been mentioned above how difficult it might be to measure the impact of the crisis on the informal sector; along the same idea Morocco will have to act fast and in an integrated manner to measure and respond to the magnitude of changes in people's lives. Based on the new report of the Secretary General mentioned above, "**Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19**" four overarching principles are mentioned to help achieve the SDGs while responding to the current crisis and reinforcing preparedness and recovery capacities:

- **Keeping all people, households and businesses afloat** is the main objective, focusing on people — families, women, children, youth, persons with disabilities and the elderly, low-wage workers, small and medium enterprises and the informal sector;
- **Extraordinary times require extraordinary measures.** Economic policy should meet people's most immediate basic needs, protect social cohesion and maintain political and economic stability with careful monitoring;
- **Specific measures are needed at different levels.** A coordinated regional approach will enable collective examination of impacts, coordination of economic and social measures and sharing lessons learned.
- **Countries do not have the same resources to respond quickly to the pandemic.** Local governments are at the frontline of the epidemic but their capacity to respond rapidly depends heavily on the governance context and the financial health of the local government and its budgetary authority.
- **A whole-of-society approach is needed.** An effective response needs to be multidimensional, coordinated, swift and decisive: result from strong political leadership and buy-in of the population to foster public trust; be focused on human values; and be supported by solid institutions, technical skills and financial resources.

In the case of Morocco, the following declaration of the UN Secretary General makes particular sense: "*The recovery from the COVID-19 crisis must lead to a different economy. Everything we do during and after this crisis must be with a strong focus on building more equal, inclusive and sustainable economies and societies that are more resilient in the face of pandemics, climate change, and the many other global challenges we face.*" As Morocco is designing its new Development Model, the UN System and partners can provide support and advise the reflection on a new economic equilibrium and sustainable development model, drawing lessons from the crisis, starting with supporting the planification and resource management of the new Moroccan Special Fund spending.



The new UN framework for the immediate socio-economic response to COVID-19, shared responsibility, global solidarity and urgent action for people in need, explained that “*the risks of leaving many behind from life-saving measures are great and grave: because time is of the essence, because resources are limited, because social protection systems are weak, because some people are too often made invisible, and also because the crisis creates opportunities to further exclude and discriminate*”. It suggested following guiding questions for the UN system to organize and coordinate a support to national response if needed:

Our purpose	The UN's guiding questions
Tackling the immediate emergency	<ul style="list-style-type: none"> ✓ Who has been left out when devising the country's socio-economic response measures? ✓ How many are there and where do they live?
Focusing on the social impact and the economic response	<ul style="list-style-type: none"> ✓ Which barriers keep people beyond the reach of infrastructure, employment, services, jobs and other socio-economic response measures?

<p>‘Recovering better’</p>	<ul style="list-style-type: none"> ✓ How can those who are excluded, marginalized and vulnerable come into the fold? How can they be made more resilient to shocks and crises? ✓ How can the responses help remove structural drivers of exclusion, inequalities and discrimination?
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Among the areas of contribution the framework lists the following as guidance to be explored by UN country teams around the world to best respond to national demand:

- 1. Health First:** Protecting Health Services and Systems during the Crisis
- 2. Protecting People:** Social Protection and Basic Services
- 3. Economic Recovery:** Protecting Jobs, Small and Medium-Sized Enterprises, and the Most Vulnerable Productive Actors
- 4. Macroeconomic Response and Multilateral Collaboration**
- 5. Social Cohesion and Community Resilience**

PRELIMINARY CONCLUSIONS

Our analysis and assessment speaking to the multifaceted nature of the COVID-19 crisis in Morocco revealed a certain time factor in the impact short, medium, and long term recovery not always synonymous of micro, meso and macro responses but rather recommending a simultaneous multi-dimensional approach including human centered, sectorial and macroeconomic measures with a focus on the most vulnerable populations and a regained interest for local innovation, national research and community solidarities, for Morocco to continue its successful effort to respond to the pandemic and share best practices with the region. Data management, administrative digitalization, panel remote interviews and alternative methodologies to gather data can inform stakeholder on the perceived gaps and key advocacy points to leverage. Moreover, all the suggested analysis entry points and actions would contribute to Morocco’s advance regionalization process to reduce inequalities and insure a sustainable social, economic, political and cultural development for all the regions.