Responding to the Coronavirus Crisis
Update on Morocco (04/05/20)

**EBRD Policy Comparator**

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<td>Policy rate reduced</td>
<td>Liquidity increased</td>
<td>Prudential req. loosened</td>
<td>Wage</td>
<td>Tax social contr.</td>
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**Economic channels of disruption**

**Tourism, private consumption, shipping**
- Recession in Europe will dampen Moroccan growth, in addition to a sharp decline in tourism and lower commodity prices.
- At the same time, the negative impact of the virus on China’s production of phosphate may benefit Morocco, the world’s second largest producer of phosphate.
- The authorities also decided to regulate prices and control the distribution channels of facemasks and hydro alcoholic gels.

**Selected crisis impact indicators**

- **EBRD GDP growth outlook (April 2020)**
  - 2020: slight drop in GDP
  - [new forecasts out on May 13]
  - 2021: robust growth
- **Survey of household economic confidence (March 2020)**
  - (down 3.4 points q/q)
- **Casablanca stock market (MASI)**
  - (May 04 2020)
  - (down 23% YTD)

**Crisis response measures to date**

**A special fund, interest rate cuts, and payment delays**
- A US$ 1 billion special fund (financed by the government and by tax deductible voluntary contributions from public and private entities) will cover the costs of upgrading medical facilities and support businesses and households.
- Create a banking credit line to finance businesses’ operational expenses, guaranteed by the Central Guarantee Fund.
- Triple the refinancing capacity of banks with BAM by providing MAD and FX liquidity, widening the scope of securities accepted for bank refinancing and extending the duration of loans.
- Reduce the maximum variation thresholds applicable to financial instruments listed in Casablanca Stock Exchange to reduce volatility.
- Broaden the dirham’s fluctuation band to +/- 5% (from +/- 2.5%).
- A support programme for MSMEs manufacturing medical products and equipment to get up to 30% back.

**Selected crisis response indicators**

- **Payment holidays for loans (months)**
  - 4 months
- **IMF: purchased $3bn under the PLL to limit the social and economic impact and allow Morocco to maintain an adequate level of official reserves to mitigate BOP pressures**

**Committed external assistance**

- **To learn more about EBRD’s support to Morocco visit:** [https://www.ebrd.com/morocco.html](https://www.ebrd.com/morocco.html)

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