

Responding to the Coronavirus Crisis

Update on Morocco (12/11/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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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.
- The authorities plans to sustain recovery and employment by mobilizing MAD 120 billion in credit guarantees to firms and creating "Fund for Strategic Investment"

Selected crisis impact indicators

EBRD GDP growth outlook 2020: -5.0%
(Sep 2020) 2021: 3.5%

Survey of household economic confidence (Q3 2020) 60.6
(down 5.0 points q/q)

Casablanca stock market (MASI) 10,574
(11 Nov 2020) (down 13% YTD)

Crisis response measures to date

A special fund, interest rate cuts, and payment delays

- BAM called on credit institutions to suspend all distribution of dividends or shareholder profits for the 2019 financial year
- A \$1bn special fund (financed by the government and by tax deductible voluntary contributions from public and private entities) to cover the costs of upgrading medical facilities and support businesses and households.
- Reduce the maximum variation thresholds applicable to financial instruments listed in Casablanca Stock Exchange to reduce volatility.

Selected crisis response indicators

Payment holidays for loans (months) 4 months

WB: \$323mn emergency grants and loan restructuring.
IMF: \$3bn under PLL to limit social and economic impact, support reserves, and mitigate BOP pressures
AMF: \$328mn to support Morocco's public finances, external financial position and meet emergency needs.
AfDB: €382mn for effective health response improved social protection
EU: €450mn to support funding for the health sector

Committed external assistance

Key short-term priorities

Implement reforms to advance digital transformation; improve banks' lending portfolio; and promote trade integration and global value chains