

# Coronavirus response in 2021: building back better

## Update on Morocco (16 June 2021)



### Covid-19 policy response

- **A strong policy response during 2020** amounted to around 8.8 per cent of GDP, the majority of which was in the form of loan guarantees, along with increased health spending, expanded social safety nets, tax deferrals and loan moratoria for individuals and businesses.
- **Some Covid-19-related fiscal measures were extended into 2021** and the government is planning to increase capital expenditure and health spending as it moves towards universal healthcare.
- **Limited external financing risk allows Morocco to tap into the financing necessary for recovery.** Its stable external position, comfortable reserves and acceptable risk profile give it easier access to international financing. Morocco is also set to benefit from a US\$ 400 million World Bank loan to aid reforms and strengthen safety nets.

### Macroeconomic indicators (%)

	2018	2019	2020	Short-term indicators
GDP growth	3.1	2.6	-6.3	<b>EBRD GDP growth forecast (June 2021)</b> <b>2021: 4.5%; 2022: 3.5%</b> Consumer sentiment: 68.3 (Q1 2021) Industrial production: -1.2% y/y (Q4 2020) Annual inflation: 1.4% (April 2021)
Annual inflation (end-year)	1.9	1.2	-0.3	
Government balance/GDP	-3.7	-4.1	-7.6	
Current-account balance/GDP	-5.3	-4.1	-2.2	
Net FDI/GDP	2.4	0.7	1.1	
Public debt/GDP (end-year)	65.2	65.2	76.1	
Unemployment rate (end-year)	9.5	9.2	11.9	

### EBRD assessment of transition qualities (ATQs), 2020<sup>1</sup>



### Building back better: key ongoing initiatives

- Competitive**
  - The country's New Development Model envisions comprehensive reforms to the energy and logistics sectors to cut costs, increase efficiency and boost export competitiveness.
- Well-governed**
  - Reforms are under way to improve efficiency in public administration, upgrade budgeting and planning capabilities and systemise governance in remote regions.
- Green**
  - Morocco is developing Africa's first green hydrogen unit: a hybrid photovoltaic/wind power plant to supply a green hydrogen plant with electrolysis capacity of around 100 MW.
- Inclusive**
  - The New Development Model envisions the upscaling of women's digital skills and better access to digital financial services for marginalised groups.
- Resilient**
  - The authorities are targeting greater competition in the banking sector and easier market entry, encouraging financial innovation to increase resilience and diversification.
- Integrated**
  - Expansion in sub-Saharan Africa is being steadily realised. Several major investments in logistics and transport infrastructure are aiding domestic and regional integration.
- Digital**
  - Measures are in place to support the digitalisation of the tourism sector and upgrade skills in digital marketing to increase Morocco's visibility as a tourist destination.

### Key short-term priorities

- Reforms to achieve digital transformation are urgent in light of the Covid-19 crisis.
- Measures to improve the banks' lending portfolios must be prioritised.
- The country needs to promote trade integration and global value chains.

To learn more about EBRD's support to Morocco visit: <https://www.ebrd.com/morocco.html>.

<sup>1</sup> For more details on ATQs, see EBRD (2020), [Transition Report 2020/21: The State Strikes Back](#), London.