Impact macroéconomique du Covid-19 sur les entreprises au Maroc : Évaluation et recommandations

Macroeconomic impact of Covid-19 on business in Morocco : Assessment and recommendations

BACHISSE Mohamed
Enseignant-chercheur
Faculté des Sciences Juridiques, Economiques et Sociales Souissi-Rabat
Université Mohammed V de Rabat
Centre Interdisciplinaire de Recherche en Performance et Compétitivité (CIRPEC)
Maroc
Mohamed.bachisse@um5.ac.ma

MOULINE Boubker
Doctorant
Faculté des Sciences Juridiques, Economiques et Sociales Souissi-Rabat
Université Mohammed V de Rabat
Laboratoire de Recherche en Compétitivité Economique et Performance Managériale (LARCEPEM)
Maroc
Boubker.mouline@um5.ac.ma

Date de soumission : 08/12/2020

Date d'acceptation : 17/04/2021

Pour citer cet article :

BACHISSE M. & MOULINE B. (2021) «Impact macroéconomique du Covid-19 sur les entreprises au Maroc : Évaluation et recommandations», Revue Internationale du Chercheur «Volume 2 : Numéro 2» pp : 643 - 663

Résumé

La crise liée à la propagation du Covid-19 a eu un impact considérable sur l'économie mondiale. En effet, cette crise sanitaire s'est rapidement transformée en une véritable crise économique, appelant ainsi les gouvernements à la vigilance mais aussi à la flexibilité afin de s'adapter à ce contexte instable.

Au Maroc, l'Etat s'est mobilisé en proposant diverses mesures dès le début de la crise sanitaire afin de minimiser l'impact de cette pandémie et préserver la stabilité sociale d'un côté et le maintien d'une activité économique stable de l'autre. Bien que ces mesures puissent être efficaces pour atténuer les effets de la pandémie à court terme, il semble que le bilan économique pourrait être plus élevé que prévu à moyen et long terme. Plus encore, la réponse du gouvernement à la reprise économique a été caractérisée par une attitude attentiste.

Il est encore trop tôt pour mesurer clairement l'impact de cette pandémie sur l'économie marocaine. Néanmoins, cet article présentera les conséquences immédiates de cette crise sur le plan macroéconomique et la croissance économique. Il propose également des axes stratégiques où le gouvernement peut intervenir pour contenir l'impact économique de la pandémie à moyen et long terme.

Mots clés : Impact macroéconomique ; Covid19 ; croissance économique ; pandémie ; crise sanitaire ; récession économique ; nouveau modèle de développement.

Abstract

The crisis linked to the spread of Covid-19 has had a considerable impact on the global economy. Indeed, this health crisis quickly turned into a real economic crisis, thus calling on governments to be vigilant but also to flexibility in order to adapt to this unstable context.

In Morocco, the state mobilized by proposing various measures from the start of the crisis health in order to minimize the impact of this pandemic and preserve the social stability of a side and the maintenance of stable economic activity on the other.

While, these measures might be effective in mitigating the effects of the pandemic on the short term; it seems that the economic toll might be higher than expected in the medium and long term. Even more, the government response regarding economic recovery has been characterized by a wait and see attitude.

It is still too early to clearly measure the impact of this pandemic on the moroccan economy. Nevertheless, this paper will present the immediate consequences of this crisis on the macroeconomic side and economic growth. It also proposes some strategic areas where the government can intervene in order to contain the economic impact of the pandemic on the medium to long term.

Keywords : Macroeconomic impact, Covid19, economic growth, pandemic, health crisis, economic recession, new model of development.

Introduction

Within a few months, countries around the world rushed to contain the spread of the Covid-19 pandemic, a virus whose damage and speed of spread is challenging health systems, political strategies, work and consumption patterns, and the resilience of communities everywhere so ill-prepared to see their daily lives disrupted so rapidly.

Morocco recorded its first case of Covid19 on March 2, 2020. Moroccan authorities declared a state of health emergency on March 20, even though the country had only a dozen cases. Since then, the pandemic has followed a controlled trend, with an average daily growth rate of around 5.5 percent, a low prevalence of less than 1 percent, and an average case-fatality rate of 4 percent during the containment period. After three months of strict confinement, epidemiological indicators have favored a gradual deconfinement by zone starting on June 10, 2020.

Since the outbreak of the novel coronavirus, Morocco has taken quick and effective measures to contain the Covid-19 pandemic. These measures included the declaration of the state of health emergency in March 20, increasing the test for the population, and tracking contaminated persons. Moreover, the Business Intelligence Committee that is chaired by Morocco's finance minister and top bureaucrats in finance and health ministry was created with the aim "to anticipate the direct and indirect economic repercussions of the Covid-19 health crisis on the national economy". As such authorities took economic measures such as the cash transfer for households operating in the informal sector, the postponement of certain tax deadlines, guaranteeing for certain loans to support company cash flow, and suspension of social security payments.

Furthermore, the collective global experience of the crisis now shows that the Covid19 pandemic requires a long-term strategy to strengthen the resilience of the human, logistical, socio-economic and environmental components of our systems to overcome pre-existing vulnerabilities, income losses and unequal social conditions. In Morocco, strict measures, extensive financial compensation efforts, and a continued demonstration of solidarity and hope by communities and individuals have helped mitigate the effects of the crisis to some extent. However, some sectors have been strongly impacted, such as tourism, transportation, cultural activities and events, but also, in a cross-cutting manner, the informal sector (much more difficult to measure), whose workers are among those most affected by the negative consequences of the crisis.

The key economic questions addressed in this article are: What are the immediate consequences of the spread of the crises for macroeconomics and economic growth? And, what can governments do about it? To answer our questions, we will present an analysis of the economic impact of Covid-19 in Morocco as well as to propose tracks of recommendations to take up the major challenge for Morocco which is not only to restart the economic machine, but also to inscribe the economic prospects of the country in a more global and long-term vision which must enable it to better absorb the future crises.

1. Measures taken by Morocco at all level

Morocco has been able to deploy a large number of measures quickly, effectively, and above all strictly, to ensure that stability is maintained. The government has taken the lead in preparing the necessary hospital units, also involving military medicine, to provide the necessary care and sufficient resuscitation facilities. In addition, test kits were ordered by the government to launch a testing campaign to contain the spread.

1.1. A tough intervention

Elements of the security forces, including those of the Royal Armed Forces and the Royal Gendarmerie, were quickly deployed to cities and douars throughout the Kingdom to ensure compliance with containment instructions and to limit the movement of the population to the strict minimum only in emergencies. The containment of 37 million people required the mobilization of law enforcement agencies and the Ministry of the Interior, which demonstrated an efficiency that earned them international recognition. Indeed, the Ministry of the Interior set up an arsenal to closely supervise health crisis management operations and ensure compliance with general confinement. The state of emergency was really there!

1.2. Economic Intelligence Committee

The Economic Intelligence Committee was created by the Ministry of Economy and Finance as soon as the health crisis was announced. It is chaired by the Minister of Economy, Finance and Administrative Reform and includes representatives of the public and private sectors. This Committee was designed to identify the measures needed to maintain economic stability and, above all, to enable companies to get through the crisis by avoiding bankruptcy. The Committee is also responsible for implementing and monitoring reforms. Therefore, the Committee has proposed to suspend and defer the payment of social charges and loan repayments by companies.

1.3. Economic Intelligence Committee

A Special Fund has been structured to manage the crisis and has been able to raise \$3.2 billion, of which \$10 billion came from the State budget and \$1.5 billion from the regions, through the contributions and involvement of all public and private institutions, companies and individuals who have committed to support this measure financially. The Fund's main objective is to modernize health infrastructure and to acquire the medical equipment needed for people infected with the virus, as well as to deploy financial measures to manage the sanitary repercussions of the epidemic and mitigate its economic and social impact on vulnerable populations. In addition to this Special Fund, resulting from a national effort, the regions have also mobilized dedicated funds. The Council of the Souss Massa Region and the Regional Council of Marrakech-Safi, for example, have respectively allocated special funds of about 20 million dirhams and 23 million DH to cope with the repercussions of Covid-19, particularly by supporting the populations that have suffered the direct consequences of the epidemic and also to help the hospital structures of the region. These special funds play a central role in maintaining the economic and social stability of the country.

1.4. Monetary policy Responses

The Central Bank lowered its key rate to 2% and implemented several monetary and prudential measures to facilitate access to credit for both businesses and households. Indeed, measures have been taken to strengthen the specific refinancing program for very small businesses and SMEs by integrating, in addition to investment loans, operating loans and increasing the frequency of their refinancing. On April 15, 2020 and for a period of two years, the Central Bank established a credit line to refinance new loans disbursed to Small and Medium-Sized Enterprises (MSMEs), as part of the integrated program to support and finance businesses. These measures will allow the banks' financing capacity to be tripled, the refinancing offer to be strengthened, the refinancing terms to be extended, and new offers to finance small and medium-size enterprises to be proposed. Bank Al-Maghrib has also taken more appropriate prudential measures to support credit institutions in covering liquidity and provisions, in order to strengthen their capacity to support households during the crisis period. In addition, legislative decree n° 2.20.320 relating to the exceeding of the ceiling for external loans set in article 43 of the finance law 70-19 for the fiscal year 2020, was published in the Official Bulletin, which will enable the country to meet its foreign exchange needs, particularly through recourse to borrowing on the international market, given that a number of sectors including tourism, foreign direct investment, export sectors and transfers from Moroccans living abroad have been impacted.

1.5. Support for companies

Beyond the suspension of the payment of social security charges until the end of June 2020, the implementation of a moratorium on the repayment of bank loans and leasing installments for the same date without payment of fees or late payment penalties, as well as the suspension of all tax audits, other measures have been put in place. Lines of credit have been introduced with the involvement of the Central Guarantee Fund to support small and medium-size companies in their financing needs and to mitigate the effects of the crisis induced by Covid-19 and its impacts on firms. The first mechanism to be deployed is the launching of the product “Damane Oxygene” in March 2020, a guarantee product set up by the Ministry of Economy and Finance with the Central Guarantee Fund, aims at covering an exceptional overdraft up to 95% for SMEs and SMIs whose turnover does not exceed 500 million DH, and whose activity has been impacted by the crisis. This new line of credit is intended to finance current expenses that cannot be postponed or suspended by companies. It is followed by two new guarantee mechanisms: "Relance TPE" and "Damane Relance", launched in June 2020. The aim of these mechanisms is to boost business activity by guaranteeing loans to finance working capital requirements, repayable over a period of 7 years, with a 2-year grace period. Accordingly, the "Relance TPE" product is designed to help very small businesses (VSEs), including shopkeepers, craftsmen, cooperatives and the liberal professions. It is intended to guarantee, up to 95%, the loans of companies with a turnover not exceeding 10 million DH. Without required securities, this financing line is capped at 10% of turnover with a minimum of 10,000 DH. For its part, the product "Damane Relance" will be deployed in favor of small, medium and large companies with a turnover exceeding 10 million DH. The amount of the guaranteed credit is set at 1.5 months of turnover for companies in the industrial sector, and 1 month of turnover for companies in other sectors. With respect to tax declarations and audits and inspections, the latter have been postponed until the end of June 2020, thereby easing professional constraints.

Regarding the auto-entrepreneurs, the Central Guarantee Fund launches a guarantee mechanism for bank credits in favor of auto-entrepreneurs called " Garantie Auto-Entrepreneurs Covid-19 ". It concerns the implementation of a zero rate credit has been decided, up to 15,000 DH. This credit, which will be available from April 27, 2020, will be repaid over a period of 3 years with a grace period of one year. The interests will be fully covered by the insurance sector which will contribute up to 100 million DH to the guarantee mechanism set up by the State, through the Central Guarantee Fund.

1.6. Support for employees

Measure benefiting employees who have lost their jobs. All employees who are registered with the National Social Security Fund and who have lost their jobs due to the crisis can benefit from a monthly allowance of $200 and a deferral of payment of their bank loans until the end of June 2020. This measure is supported by the Covid-19 Special Fund. Other measures to assist employees include the postponement of personal income tax declaration deadlines and the exemption from income tax of additional allowances paid to employees affiliated to the social security by their employer (up to 50% of the average net monthly salary of the beneficiary), as well as the relaxation of the procedures for declaring employees affiliated to the social security who are on temporary work stoppage. Declarations can be made on a weekly basis as of April 2020.

1.7. Support to the informal sector

With a high level of informality, the Business Intelligence Committee decided to provide financial relief to informal workers suffering from the economic impact of COVID-19. In fact, the informal sector was directly impacted, given the abrupt cessation of its activities, which led to a disruption in the financial inputs of the families that depended on it. Therefore, the fund provided financial assistance starting with the households benefiting from the "RAMED" medical assistance plan and who no longer have any income due to the compulsory confinement. This assistance was granted according to the number of persons per household: $80 per family of two persons, $100 per family of three persons, and $120 per family of more than four persons. Households without "RAMED" operating in the informal sector and who have lost their income due to compulsory confinement will also benefit from this provision by filling out their applications in an electronic platform dedicated for this purpose.

2. Analysis of the Macroeconomic Impact of the Health Crisis in Morocco

The agency Fitch Rating believes that Morocco has a financial mattress allowing it to manage the pressures due to Coronavirus. Also, Fitch Rating maintains Morocco at the BBB rating, with a stable outlook. Knowing that the year 2020 has arrived while the decision to adjust the flexibility of the exchange rate regime was already taken. However, it is a year of drought that is already impacting agricultural production.

Since the outbreak of the virus, the economy has been undergoing a full-blown recession, with a contagion effect coming from Europe. It has been estimated, by a first analysis of the World Bank and the United Nations, that the recession in Morocco is likely to impact the GDP by a decline of 1.5% this year. Knowing that the International Monetary Fund published forecasts on April 14, 2020, showing a recession for Morocco of -3.7% and worldwide an average of -3%, due to the spread of Covid-19; confirming an impact much greater than that of the financial crisis of 2008.

Morocco has not experienced a similar situation for more than 20 years, even 25 years, during the great drought in 1995. At that time, emergence strategies and a great stimulus, supported by the government's facilities to launch major construction sites, not only increased Morocco's attractiveness to foreign investors, but also created jobs through various promising sectors of the economy. Indeed, the company has grown, Morocco has become a very attractive place for large investors. But, in the meantime, the fundamentals have been neglected and the crisis has caught up with the country.

Today, we are facing an inevitable recession that will certainly have an impact on the increase in unemployment, the decrease in the level of consumption, activity and financial flows. The same study by the World Bank and the United Nations Economic Commission for Africa has estimated that the impact on fiscal consolidation will be equally important, and also on the budget deficit. Indeed, with the cessation of business activities, fewer taxes will be paid and a large deficit will be recorded in terms of financial needs and debt. Analysis shows that the fiscal deficit will be over 6% of GDP in 2020. This deterioration will be generated mainly by social and economic spending, which will affect the central government's debt, which will increase to more than 70% of GDP.

With regard to the balance of payments, its deficit is likely to reach 7% of GDP this year, due to the decline in exports, tourism revenues and the deficit in the balance of trade, given the impact of the pandemic on all production chains and international trade. Admittedly, the collapse of oil prices shows a relief compared to imports. But this is not enough in the face of the considerable decline in exports of products and services. Thus, financing the balance of payments will become a real challenge, given the decline in Foreign Direct Investment and the expected increase in the risk premium on international financial markets.

Finally, macroeconomic analysis shows that, on the demand side, the moroccan economy, which is heavily dependent on tourism, imports from Europe and FDI, will be weakened. The situation is exasperated by the recession that persists in Europe and throughout the world, coupled with reduced, if not halted, local demand due to the containment and decline in business and household incomes. On the other hand, on the supply side, industrial production is closely linked to several upstream production chains coming from abroad, notably from China and Europe for the automotive and aeronautics industries. It is therefore threatened by industrial closures due to containment in exporting countries.

It is expected that the measures that have been launched since the beginning of the crisis would prevent the bankruptcy of several companies, through the reduction of social charges and the postponement of bank maturities. In any case, these measures are essential to preserve macroeconomic stability. To this end, Morocco has drawn \$3 billion from the precautionary and liquidity line of the International Monetary Fund (IMF), as well as \$275 million from the World Bank's pre-disaster loan. A special permission will be needed to exceed the ceiling for external borrowing, set in the 2020 budget law at \$3 billion. These borrowings will help to anticipate the expected shocks to the balance of payments and foreign exchange reserves following the Coronavirus crisis. Macroeconomic stability and continued investment are essential to enable Morocco to raise funds in international capital markets, as it has done in the past, to continue financing the economy and structural reforms.

3. Economic sectors' shutdown will postpone economic growth

The whole economy has taken a break, not only in Morocco, but all over the world. Restaurants and all non-essential shops have also been closed, and all sports, cultural and arts events have been cancelled. Mosques and other religious buildings are closed until further notice. People have been ordered to stay at home, and restrictions on public and private transport and travel between cities are also in place, with security forces and the army deployed on the streets. No sector will be spared, including food processing. Exports had an immediate impact, especially with the cessation of exports to Europe of the textile and automotive sectors, or agricultural products such as tomatoes and fish, which seriously affected the cash flow of producers, even if a large part was redirected to the local market. Some thought that the crisis could have been the time to play on prices, but dedicated commissions put an immediate end to this speculation.

-Tourism: Tourism, which generates around 500,000 direct jobs (or 2.5 million including indirect jobs) was among the first sectors to be affected. With the closure of borders, restaurants and hotels tourism was hit the hardest, the number of arriving visitors dropped by 100.000 in March alone. This generated a lot of job losses. Tourism has brought with it handicraft products that have seen small traders and workers directly impacted. In addition, part of the informal sector that depends on tourism has been left without income.

- Transport: Covid-19 has drastically reduced public transport and all international passenger connections. However, product and freight logistics have never been more essential to ensure the continuous supply of basic food distribution areas for confined households.

- Logistics: the logistics sector is affected by the decrease in the flow of internal trade of goods and the decline in exports and imports. It has been estimated that the lost volume of trade will generate a loss of 2.6 million tons per month.

- Industry: the automotive, aeronautics and textile sectors have also been affected by the crisis, due to their needs for raw materials from China and other countries. In addition, with international demand at its lowest, the food industry is reviewing its distribution routes and outlets.

- Agriculture: The agriculture sector started the year 2020 under the threat of drought and the loss of 85,000 jobs compared to 2019. Agriculture represents 33% of the labor force at the national level and contributes to 13% of GDP. The impact of the drought directly affects the production of cereals and other agricultural products, threatening employment in rural areas, the vast majority of which is informal. The crisis will mainly affect exporters who will see their products faded - images of destroyed fishing products illustrate this situation.

As the initial focus was on staff security, the consequences of the containment situation, which may last several weeks or even months, will have an impact on incomes and overall liquidity. This is likely to pose a serious threat to the fundamental equilibrium of companies. Recession is inevitable and the most important thing is to ensure that the maximum number of jobs is maintained through the financial and social measures that have been taken. It is also essential to prevent the bankruptcy of small and medium-sized enterprises and job losses, otherwise recovery would be much slower and more complicated.

4. Economic sectors' shutdown will postpone economic growth

Governments are spending trillions of dollars to support workers and businesses. Economists believe that government support must be provided on terms and conditions. In fact, companies that used to denigrate the involvement of the state are now turning to the state for help. Of course, the State must intervene and help companies of different sizes. However, the challenge is to set conditions not as sanctions, but rather with a view to transforming the economy over the next ten years, both to ensure recovery after Covid-19, but also to have an inclusive and sustainable economy.

There are several lessons we have learned around the world from the 2008 crisis where state involvement simply served to enrich companies with higher profits for the benefit of shareholders, instead of laying the foundations for a more inclusive economy. For example, Denmark requires companies that benefit from state support to keep employment contracts and guarantee to take them back after the crisis. For developing countries, the international financial institutions have an important role to play in the recovery of the economy after the crisis, in restoring financial and macroeconomic balances. The injection of liquidity should make it possible to put in place reforms and sectoral recovery strategies to ensure inclusive and sustainable economies. Three-level approaches are to be recommended:

- A human-centered approach aimed at job creation, health and education, as well as strengthening the role of women,
- A sectoral approach to stimulate recovery;
- A macroeconomic approach to ensure overall stability and restore investor confidence

5. Recommendations and prospects for exiting the crisis

No one can deny that the consequences of the Covid-19 crisis will be all-out. They already are. They spared neither region of the globe nor sector. The reason is the virulence and the high mobility of the virus, combined with the high contagiousness of the pathology. But the reason is also that the world economy has become strongly globalized, under the effect of the relocation of production and the globalization of trade.

5.1. Perspectives for exiting the crisis

The Covid-19 pandemic was an opportunity for Morocco to divorce some complexes that inhibited it in the past. In fact, in this period and in a short period of time, he succeeded in taking up grandiose challenges which one would not suspect him capable of in normal times. Moreover, it is possible to hope that the Covid-19 would be the opportunity to reconnect with a matrix of eight paradigms, which are in fact only old postulates, fallen into oblivion of the annals, namely:

- Consider building the new development model on a more social vision of the economy, giving new impetus to the health sector, to employment and income-generating activities (SMEs, SMIs, VSEs and start-ups and auto -entrepreneurship) and national education, poor relatives of public policies.
- Become aware of the need to rethink the policy of systematic disengagement of the State, particularly in sectors with a social vocation. Current management methods, giving more power to the markets than to the State, have resulted in obvious dysfunctions and slippages. It

is time to opt for a new form of state interventionism, smarter, for a better dynamic through budgetary and fiscal instruments in particular. It is also time for a more appropriate state regulation of markets, dominated by cartels, de facto monopolies and anti-competitive practices.

- For foreign trade, advocate a certain protectionism to revive local industry. Give priority as much as possible to national production and economic sovereignty. Given the limits of national exports, massive import flows, in addition to reducing our foreign exchange reserves, worsen the deficits in the trade and balance of payments, as well as the debt ratio. Excess imports also inhibit our entrepreneurial capacity and accentuate our dependence on foreigners.
- The state budget (finance law), like those of PECs and local authorities, should no longer be considered as simple acts of forecasting and authorizing credits. They should reflect the technical variation of public and sectoral policies and constitute a decisive means for developing more judicious economic choices, on the basis of multi-year inclusive, coherent and integrated development programs.
- The tax tool is not the rest. It must modulate its function as a simple provider of funds to the State and return to the fullness of its traditional functions. Taxation is supposed to be a privileged instrument at the service of the State, with a view to encouraging certain branches of activity that create wealth and added value. However, the observation is that the economic function of the tax tool, as a vector of incentive and absorption of the informal sector, through the broadening of the base and the fight against tax fraud and evasion, has been sacrificed at the altar of a balanced budget. It is just as well with its social function of redistribution of income and social justice. It is quite possible to reconcile between an acceptable level of fiscal pressure, optimum financing of public expenditure, and a sustainable budget deficit. The latest Tax Assises are full of ideas and innovative proposals in this area.
- With respect to the governance of public bodies, it would be up to the State, shareholder and strategist, to redefine the role of Public Establishments and Enterprises, as a lever for economic growth. The new role to be assigned to the state portfolio should align with new national priorities, systematically integrating social concerns, in addition to the conventional requirements of economic and financial profitability.

Corporate Social Responsibility is another area of action, which comes at the right time with the resurgence of moral values in economics, in this time of pandemic and beyond. It is of undeniable economic interest, because it remains an asset for the sustainability of the company and its profitability. CSR is also important in that it is a vector of attraction for foreign investors and a key factor for moroccan companies wishing to operate abroad. Another important point is the massive cut in policy rates to counter the economic crisis. In this respect, it was recalled that the Covid-19 crisis has the particularity, contrary to the subprime crisis in 2008, to have directly and significantly impacted the real sector.

Consequently, the period that will follow will be one in which the african (and world) market will be in a situation of supply shock; if credit is easily accessible, the continent would not be safe from a severe episode of inflation and scarcity. In other words, the current situation calls for a reconciliation between the Keynesian approach (money as one of the key instruments for returning an economy to macroeconomic equilibrium) and a more conventional approach oriented towards supporting supply. Already in great demand, there is no doubt that budgetary policy will be under severe pressure from african states as long as the period of the fight against the pandemic lasts but also, and above all, during the period that follows. In addition to the measures of direct assistance to households, support to enterprises in the management of salaries, ensuring the maintenance of social sectors at the same level, in addition to the drastic drop in tax revenues, the states will have to face the post-Covid-19 fiscal and expenditure policy equation.

When the question arises as to the possible choices to be made in terms of public expenditure in the medium term (post Covid-19), it seems essential for the continent to maintain or even strengthen the important investment efforts undertaken in recent years. For the continent as a whole, the share of investment in wealth creation is increasing. Therefore, a trade-off in fiscal policy against investment could lead to a more severe and lasting slowdown in african economic growth, or even to a "lost decade".

5.2. Development of a new business model

Undeniably, the current model has enabled Morocco to double its GDP in less than two decades, but it has fallen short of its ambitions with regard to the fight against poverty, youth employment, and capacity building for the middle class. and reducing the gaps between rich and poor and between regions. Moreover, Morocco is still far from fully integrating the knowledge economy, which creates added value and wealth. For two decades, the big challenge has been the inability of the moroccan economy to achieve more than an average annual growth of less than 4% despite the considerable effort in terms of public and private investment, in addition to FDI.

The return on investment in wealth creation and employment also remains low compared to other countries that are implementing a similar investment effort. The sovereign doctrine of "trickle-down economics" has not produced the fruits expected by the neoliberals. The incentives granted in favor of capital have not filtered into jobs and wealth to the middle and vulnerable classes! Furthermore, the strategic choices to link the economy to Europe were not out of concern for building an equal and fair partnership! In fact, these choices have created a structural dependence since the moroccan economy has served on the one hand as a supplier of raw materials, agricultural products and spare parts, and on the other hand as a backyard for relocation policies, and executing orders from clients of textiles and leather goods.

The performance of the partnership with Europe in strengthening the national industrial fabric and the emergence of a strong national economy that meets society's needs for wealth and employment has been poor. The timid growth of the Moroccan economy (barely exceeding the environmental bill which is estimated at 3.7% of GDP annually) is due according to the World Bank report (Morocco by 2040 - Investing in intangible capital to accelerate economic emergence) to an almost total dependence on fixed capital for its growth! Fixed capital is located at 5% of GDP, but to achieve sustained growth of 6 to 7% of the economy, this capital must reach 50% of GDP, which is unsustainable given that savings do not exceed 30 % of GDP; seeking the remaining 20% in debt cannot be done without jeopardizing the fragile (notwithstanding deficit) balance of the balance of payments. The possible additional growth drivers are found in the labor market and intangible capital. Only 46% of Moroccans work (23% for women) according to the same report! Open the job market through new, innovative and flexible forms of contractualization, the promotion of self-employment, social and collective entrepreneurship, the social economy, career management, the promotion of new professions, employability during training, promotion of technological innovation - would allow Morocco to reach 56% employment rate and gain at least one additional point of growth. One or two points are to be sought in the strengthening of the governance system, transparency in the allocation of land and capital, in strong and accountable institutions, a strong associative fabric, more sustained participation of women, innovation, research and knowledge. This is intangible capital.

The perspective of a post-Covid-19 Morocco will not be without adaptation, innovation, agility, creativity and efficiency. This is the postulate put forward by the Amadeus Institute, a Moroccan think tank, in a 150-page report published on Monday, August 18, on the five pillars of the revival and construction of the post-Covid-19 national development model.

First pillar therefore: adaptation. The think tank advocates the establishment of a strong economy by encouraging consumption and investment. In the framework of economic recovery through consumption, the report proposes to inject liquidity into the economy through reasonable and limited debt in order to avoid a situation of non-solvency. An approach that, according to the think tank, should help "revive consumption and therefore increase demand that will push Moroccan operators to produce more".

The consumption of local products also has an important role to play in the recovery of national production: targeted state subsidies, direct or indirect, as well as tax incentives related to these products (both production and purchase), can be introduced to make these products more accessible to moroccan consumers. The institute also suggests increasing the number of media campaigns, also subsidized by public institutions, to promote local products and national production.

In addition, adaptation will necessarily involve identifying and structuring the informal sector, which employs more than 5 million people in Morocco. In this sense, the report recommends integrating the Unified Social Registry into the tools for registering informal sector operators. The USR aims to ensure the efficiency and traceability of generalized financial assistance and the universalization of social benefits. In view of the difficult conditions of informal operators, this tool seems favorable for their classification with a view to their integration into the formal economy", the document states.

Second pillar: innovation, and the need to foster the emergence of a new form of industrial sovereignty. How? By progressively freeing itself from imports and by targeting sectors with high development potential, among others. The progressive emancipation of imports can be envisaged by substituting products from abroad by local production, when it is possible to do so at the same quality and at the same price, in order to support the development of national products.

The institute also proposes to classify imported products through the implementation of three common criteria: the necessity of the imported product, the degree of need of consumers and the presence of a similar local product. It would therefore be possible to substitute some foreign products with local products while prioritizing the most essential imports. In parallel with the reduction of imports, the targeting of sectors with high development potential is also recommended, in view of the evolution of consumption patterns driven by the pandemic. To this end, the think tank suggests the creation of an Industrial Development Agency. Its role? To mobilize all public and private players, as well as social partners, professional groups and consumer associations, to carry out this targeting, by recommending measures to encourage investment in these new sectors.

Agility is the third pillar of development in post-Covid-19. Demonstrating agility means investing in african integration and diversifying partnerships. In the context of redefining new value and supply chains and diversifying partnerships, it would be relevant to develop new supply channels between southern and african countries. It would be in Morocco's interest to strongly engage in this dynamic, to reduce its dependence on Europe and to promote, within the framework of the (African Continental Free Trade Area, Editor's note), a better economic integration with its continent, while accelerating the development of its national productive fabric, says the Amadeus Institute. Agility is also to build and shape the label Morocco, particularly through the creation of the Agency of the "Morocco Brand" which would be responsible for carrying and coordinating all strategies and initiatives related to the "Morocco Label". Objective: to highlight the competitive and comparative advantages of Morocco, while exploiting the assets of the intangible capital of the kingdom and the prospects for deployment of its "soft-power".

Foster creativity and stem the brain drain; it will still be necessary to "liberate human capital", as the report suggests through its fourth pillar, creativity. For this, the positioning of the labor market at the heart of education is absolutely necessary, believes the Amadeus Institute. The labor market must infact be directly inserted in education in order to limit the brain drain, talent, under other skies. The report proposes to develop an institutional mechanism to encourage young talent to stay in Morocco. To do this, "cross-cutting strategies encouraging them to stay in the country to share their talents and expertise with the Kingdom" can be put in place.

A mechanism that could be organized in the form of institutional tools to help young people with orientation, job search and representation, in order to promote their needs and foster their professional development. This mechanism should also enable the enhancement of these profiles, including through financial incentives, within companies during the first years of their professional life", the think tank also suggests.

Fifth and final pillar: the effectiveness of a public service that is fully accessible to citizens. The institute claims the need to create a "social state": "The pandemic accentuates the need to generalize and strengthen the social safety nets which are, in short, the main "security" tools indispensable to face a crisis of the magnitude of the one we are currently experiencing".

The emergence of a "social state" means coordinating more effectively the action of associations. The report recalls that Morocco has more than 300,000 associations that operate in sectors very similar. In this context, the State could identify associations of high public utility in a logic of partnership with civil society, in order to integrate them into the social action of the State and thus maximize its efforts for human development. It is also a question of simplifying access to the "Ramed" card by allowing, within the framework of the generalization of social coverage, access to this card to individuals and not only to heads of families. This process could thus facilitate the obtaining of this card by divorced and widowed women who generally live in very precarious conditions.

Conclusion

The Covid-19 came at a time when the Moroccan economy is in dire straits after a past decade that has seen low growth rates not exceeding an average of 3.5%. The social sector has not been spared in recent years either, with a delay penalizing many structural reforms including, in particular, universal medical coverage and pension reforms. On another note, and although absolute poverty has fallen sharply to around 4%, multidimensional poverty has affected millions of people, judging by the number of families who have requested support from the Covid fund and which is around 6 million households, ie ¾ of Moroccan households. It is clear that Morocco no longer has a middle class capable of meeting the challenge of reviving the economy by increasing domestic demand.

The flow of people, goods and capital knows no borders. In fact, the incidence of this pandemic goes well beyond the great recession of 2009 and the great depression of the 1930s. All economists, specialists and analysts agree that the effects of Covid-19 will be particularly deep, painful, lasting and in cascades. They agree that these repercussions will ultimately result in a great economic recession. The first premises of this are already appearing in the secondary and tertiary sectors, including the liberal professions. They are having an impact on both the formal and the informal sectors, and the loss of confidence has seriously affected the capital and securities markets.

If the Covid-19 crisis is only just beginning, its economic impact is already being felt. No one knows when the situation will "normalize", if the qualifier "normal" still has a meaning. In any case, it will not be for tomorrow!

The impact of this pandemic on a global, regional and national scale remains very difficult to pinpoint, but will probably appear at all levels and in particular on the economic, financial and social levels. As for the economic recovery, it will take a long time everywhere and can only be gradual. It will not likely be possible without state assistance and support programs. Moreover, this recovery will also and above all require the combined efforts of all players in the system (public authorities, economic operators, banks, insurance companies and civil society). The key word being solidarity, the synergy of groups within each community and between nations. To great ills, great remedies! The war against Covid-19 will therefore require, and for a long time, a “war economy”.

The state of health emergency and in particular the confinement had the effect, of course, of reducing the spread of the virus which would have cost in life and in unprecedented pressure on the already very fragile health system, but also to stop the economic activity, drastically reduce household income and put millions of families in precarious situations.

On the economic front, macroeconomic indicators have been compromised, making an amending budget law necessary. Thus, the public debt, the balance of payments, the budget deficit and the growth rate must be reconsidered. Foreign trade, which represents 32% of GDP, will experience an annual decrease estimated at 20% due to the disruption of global supply chains. Foreign exchange reserves, and despite a marked reduction in the energy bill due to the fall in oil prices, will be under very strong pressure as five out of eight major sources of foreign exchange will be strongly impacted.

Morocco must act through a three-step response: first, the management of the economic and social crisis during the lockdown, then the preparation for the resumption of economic activities with appropriate public policies, and finally the management of economic recovery and development plans in the medium and long-term. The measures taken in the period of lockdown revolve around the launch of a special pandemic management fund, which has mobilized broad national solidarity and gathered over 32.5 billion Moroccan dirhams, through the contribution of public institutions, private companies, ministries, professional organizations, civil society, private benefactors, etc. Despite these efforts however, the measures taken are very limited in light of the current stales, as the concern is the disintegration of the economic fabric after the lockdown. Therefore, the priority of public policies must be to maintain our economic fabric and safeguard it by means of state intervention, focusing mainly on the maintenance of our productive capacity.

Beyond a simple crisis, the Covid-19 pandemic is a devastating shock on a planetary scale, a frank and watertight break with current paradigms and models. We are already talking about a new world order which would be looming on the horizon and which would be distinguished, among other things, by better intercommunity solidarity, by the protection of the ecosystem, through a better balance between Man and nature. , by appeasing regional hotbeds of tension, by repositioning the place of man in the development equation, by the annihilation of social fractures and finally, by the encouragement of research and development efforts, especially in the fields of health and education.

Bibliographic references

UNDP, UNECA, and The World Bank. The Social & Economic Impact of the COVID 19 Crisis on Morocco. March 2020.

http://pubdocs.worldbank.org/en/852971598449488981/ENG-The-Social-and-Economic-Impact-of-the-Covid-19-Crisis-in-Morocco.pdf

CGEM. Baromètre cgem impacts covid-19. Juillet 2020. https://www.cgem.ma/fr/actualite-cgem/la-cgem-presente-les-resultats-de-la-2eme-enquete-de-son-barometre-des-impacts-du-covid-19-sur-les-entreprises-2323

Haut-commissariat au plan. Rapport sur les Principaux résultats de l'enquête de conjoncture sur les effets du Covid-19 sur l'activité des entreprises. November 2020.

https://www.hcp.ma/Principaux-resultats-de-l-enquete-de-conjoncture-sur-les-effets-du-Covid-19-sur-l-activite-des-entreprises_a2499.html

Ministère de l'économie et des finances. Projet de loi de finance rectificative pour l'année budgétaire 2020. Mars 2020. https://www.finances.gov.ma/Publication/db/2020/np-plfr2020-fr.pdf.

Moroccan Institute for Policy Analysis. How Will Morocco's Economy Emerge from Lockdown. July 2020. https://mipa.institute/7924

Moroccan Center of Conjuncture. Corona Crisis- solidarity over profit. May 2020, n°324, p.17. http://cmconjoncture.ma/cmc/publications/detail/maroc-conjoncture-n-324

Bank Al-Maghrib. Revue mensuelle de la conjoncture économique, monétaire et financière. May 2020. file:///Users/mac/Downloads/DEE-RMCEMF_M5%202019.pdf

High Commission for Planning's Information Note on the Main Characteristics of the Employed Labour Force in 2019. November 2019. https://www.hcp.ma/Les-principales-caracteristiques-de-la-population-active-occupee-en-2019_a2463.html