

Research Article

COVID-19 PANDEMIC IN THE ARAB COUNTRIES: CASE OF MOROCCO

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ABSTRACT

Background: *The research aims to highlight the effectiveness of public financial policy in Morocco, an Arab country, during the COVID-19 pandemic, focusing on the extent of its contribution to reducing the repercussions, including financial, economic and social aspects. Additionally, it seeks to determine the extent to which this policy will contribute to coping with the effects of the post-epidemic.*

Methods: *This article was based on the analytical descriptive approach to study the budgetary policy adopted by the government during this crisis, analysing national and international references, studies and reports to develop results and recommendations related to the extent of the success of this policy in limiting the effects of the health crisis.*

Results and Conclusions: *The study came to conclusions and recommendations which are manifested in the fact that while the State's financial policy has contributed to limiting the repercussions of the COVID-19 pandemic by mitigating its impact on the finances of large balances and businesses and the vast majority of citizens, it has not completely limited its negative effects on all economic sectors, low-income citizens and private sector workers. This underscores the State's need to take other more effective measures to emerge from the crisis with minimal damage and effectively face post-pandemic challenges at all levels.*

1 INTRODUCTION

Since the beginning of 2020, the world has been facing the most severe crisis that humanity has known since the 1940s, linked to the COVID-19 pandemic, also known as Coronavirus. The rapid spread of this virus and the unwillingness of countries, including developed countries, to confront it have led to significant repercussions and raised multiple problems of a financial, economic, and social nature.

While these problems are not new, especially in most Arab countries, they are quite different in exceptional circumstances. The virus's rapid spread has led these countries to take exceptional decisions and measures to deal with the crisis.¹ The Kingdom of Morocco, like other Arab countries, faced COVID-19 with its capacities, taking a set of measures to mitigate the repercussions of the epidemic at all levels, including financial, economic and social.² These measures had a dual focus: firstly, to mitigate the impact of the pandemic on public finances, the major balances and companies; and secondly, to reduce its repercussions on broad categories of citizens, especially those in a situation of vulnerability, such as the unemployed, families working in the informal sector and the elderly, among others.

Thus, it can be said that the government focused its efforts on achieving social justice for the benefit of fragile groups exposed to risks, not only to health but also to livelihood, which immediately suffered from the negative repercussions of the epidemic.

In this context, our objective is to find the main effects of the pandemic on the Kingdom of Morocco while trying to answer the following questions:

- What is the impact of COVID-19 on state finances? And what are the most important measures that have been taken, particularly financial ones?
- To what extent can we say that the financial measures have contributed to limiting the effects of the pandemic on the economic and social levels?
- Is it possible to speak of a fundamental change in the state's financial policy after the end of the Coronavirus pandemic?

To address these and other questions, we will address three main axes: the first one concerns the manifestations of financial policy in the face of the health crisis, the second axis concerns its economic and social repercussions, and the last axis deals with its challenges for the post-pandemic period of the Coronavirus.

2 MANIFESTATIONS OF THE STATE'S FINANCIAL POLICY IN LIGHT OF THE HEALTH CRISIS: IN ORDER TO AVOID A "FINANCIAL PANDEMIC!"

To confront the exceptional situation facing the public finances, the government took several measures to control state expenditures and search for the necessary resources. These measures included establishing a fund for managing and confronting the Coronavirus epidemic, rationalising public expenditures, resorting to external financing as a proactive measure, and taking measures by the banking system.

1 Mehdi Abid and others, 'Covid-19 Pandemic and Economic Impacts in Arab Countries: Challenges and Policies, Research in Globalization' (2022) 5(3) Research in Globalization 1, doi:10.1016/j.resglo.2022.100103.

2 'COVID-19: Mesures prises par le Comité de Veille Economique et par le Ministère' (*Ministre de l'Economie et des Finances*, 2020–2022) <<https://www.finances.gov.ma/fr/Nos-metiers/Pages/news-dispositions-cve.aspx>> consulté le 10 Octobre 2023.

2.1. Establishing a Special Fund to Manage and Overcome the Effects of the Coronavirus Epidemic

A dedicated account called 'Special Fund for Management and Fight against the Corona Virus Epidemic' was established³ to set up the conditions for financing preventive measures to confront the virus and limit its effects. A total of 10 billion dirhams was allocated from the general state budget.⁴ In addition to this contribution, the authorities contributed 1.5 billion dirhams, and various organisations and institutions, such as the Hassan II Fund, contributed a further one billion dirhams.

Furthermore, various forms of solidarity from several individuals⁵ led to the mobilisation of significant additional financial resources through donations. The total resources of this fund stand at approximately 33 billion dirhams.

This fund was established to:

- bear the costs of rehabilitating health mechanisms and means, both in terms of adequate infrastructure, equipment and additional means that urgently need to be acquired to treat people infected with the virus in good conditions;
- support the national economy to deal with the repercussions of the epidemic through the measures proposed by the Economic Vigilance Committee (created for monitoring the Coronavirus outbreak and new developments and identifying accompanying measures) to mitigate the social repercussions in particular.

2.2. Rationalisation of Public Expenditure

In the context of rationalising public spending and directing available resources towards the priorities imposed by managing the effects and repercussions of the spread of the Coronavirus epidemic in Morocco, a decision was made during the exceptional period extending from March 2020 until the end of June 2020.⁶ This decision involved reducing or cancelling unnecessary expenses such as transportation expenses and dependent vehicle

3 Decree No 2-20-269 of 16 March 2020 'Establishing a Special Account Bearing the Name "Special Fund for Managing the Coronavirus Pandemic Covid 19"' [2020] Official Gazette 6866, art 1.

4 Hicham Ait Mansour, *Morocco's Social Policy Response to Covid-19: A Special Fund and a Structural Reform Proposal* (CRC 1342 Covid-19, Social Policy Response Series 33, University of Bremen 2021).

5 In this regard, it should be noted the government's decision requiring State employees and agents, local authorities and employees of public establishments to contribute to the special fund for managing the coronavirus pandemic, with a salary for three days of work over a period of three months (April, May and June, 2020).

6 Prime Minister's Circular No 5-20-cab of 14 April 2020 'Relating to the Optimal Management of Expenditure Commitments of the State and Public Establishments During the Health Emergency Period' <<http://bdj.mmsp.gov.ma/Fr/Document/10428-Circulaire-n-5-20-cab-du-20-cha%C3%A2bane-1441-14-avr.aspx?KeyPath=594/710/711/10428>> accessed 10 October 2023.

expenses for government interests, as well as expenses for national and international parties and meetings, etc. While necessary expenses, such as employee wages, investment expenses, expenses allocated to managing the Coronavirus pandemic, expenses designated to reduce the effects of drought, as well as expenses that were committed before the Government and related to the settlement of some social files, were retained during this period.⁷

It was also decided to postpone other expenses, such as paying dues resulting from employee promotions,⁸ with the exception of the categories of employees and agents of the departments in charge of internal security and health sector employees, given their presence on the front line to confront the epidemic. It should be noted here that the Moroccan Government chose at this stage to adopt a voluntary and comprehensive rationalisation process, not an austerity process.⁹

Given the exceptional circumstances imposed by COVID-19, the possibility of resorting to an amended finance law was also necessary. The assumptions upon which the annual financial law was built became outdated in light of the new economic and social conditions imposed by the pandemic.

2.3. Recourse to External Financing

In the context of a proactive policy, the government issued Decree-Law No. 2.20.320 related to exceeding the ceiling of foreign funding.¹⁰ This decree authorises the Government to exceed the ceiling of foreign funding, specified under Article 43 of Finance Law No. 70.19 for the fiscal year 2020,¹¹ allowing the government to resort to international financial institutions and markets to obtain external finances crucial for the acquisition of goods and services such as basic materials, medical equipment and supplies, medicines, food, energy and others.

7 *ibid.*

8 Prime Minister's Circular No 3-20-cab of 25 March 2020 'Relating to the Postponement of Promotions and the Cancellation of Recruitment Competitions Until Further Notice' <<http://bdj.mmsp.gov.ma/Fr/Document/10409-Circlaire-n-3-20-CAB-du-30-rejeb-1441-25-mars-20.aspx?KeyPath=594/710/711/10409>> accessed 10 October 2023. This decision to postpone promotions is only considered a temporary measure, due to its financial impact, and in no way affects the acquired rights of the groups targeted by this measure.

9 Speech by the Moroccan Prime Minister during the monthly public policy session of the House of Councillors on the theme: "The reality and prospects of dealing with the repercussions of the Corona crisis" on April 21, 2020. *Kingdom of Morocco Head of Government* <<https://cg.gov.ma/en>> accessed 10 October 2023.

10 Decree-law No 2-20-320 of 7 April 2020 'Relating to Exceeding the External Financing Ceiling' [2020] Official Gazette 7184.

11 Royal Decree No 1-19-125 of 13 December 2019 'Implementing Finance Law No 70-19 for the Fiscal Year 2020' [2019] Official Gazette 6838.

Under this license, on April 7 2020, the government resorted to using the Prevention and Liquidity Line (LPL)¹² to withdraw an amount equivalent to approximately \$3 billion, repayable over five years, with a grace period of three years. These proactive measures anticipated potential financial market pressures as the health crisis deepened and the increasing demand for external financing by many countries affected by the Coronavirus pandemic. This heightened demand was expected to harm the supply available in the international financial market, as well as liquidity and the financial conditions for borrowing.¹³

2.4. Measures Taken by the Banking System

In this context, the central bank (Bank Al-Maghrib) adopted a set of measures, both in the field of monetary policy and at the prudential level, to facilitate the access of families and businesses to bank credit, in particular:

- Reducing the key rate from 2.25% to 2%;
- Giving banks the possibility to use all available means of refinancing in dirhams and foreign currencies;
- Extending the range of bonds and securities accepted by the Central Bank in exchange for refinancing operations granted to banks to a very wide range;
- Extending deadlines for refinancing operations;
- Integrating operating and investment credits within the framework of business refinancing.

3 THE IMPACTS OF THE FINANCIAL POLICY OF THE STATE: MEASURES TAKEN BETWEEN EFFICIENCY AND THE REQUIREMENT OF JUSTICE

The health crisis resulting from the outbreak of the new Coronavirus had major repercussions of economic and social dimensions,¹⁴ which necessitated a financial policy approach to confront these repercussions and mitigate their effects.

12 As part of the proactive policy in the face of the Covid19 pandemic crisis, Morocco resorted, on April 7, 2020, to the Liquidity and Prevention Line (LPL) by withdrawing an amount equivalent to approximately \$3 billion, reimbursable over 5 years, with a grace period. 3 years old. This withdrawal is part of the agreement relating to the prevention and liquidity line concluded with the International Monetary Fund in 2012, which was renewed for the third time in December 2018, for a period of two years, with intending to use it as insurance against serious shocks, such as those we are currently witnessing.

13 As a reminder, this amount was not intended to finance the public treasury but was made available to the Central Bank of Morocco and will mainly be used to finance the current account deficit of the balance of payments. *Bank Al-Maghrib* <<https://www.bkam.ma/en>> accessed 10 October 2023.

14 Michel Bouvier, 'Vers un ordre politique des autonomies relatives: une question de méthode' (2021) 154 *Revue française de finances publiques* 163.

3.1. At the Economic Level and Supporting Companies

Naturally, the government's precautionary measures significantly affected economic movement, production and services. In particular, due to the drop in external demand directed towards Morocco, the drop in tourist receipts and foreign direct investment, along with the drop in domestic demand¹⁵ and consumption, negatively affected macroeconomic balances, as well as the balance of trade and balance of payments.

In response to these challenges, the government endeavoured to support companies facing difficulties due to the repercussions of the pandemic. This support aimed to ensure the continuation of their productive activities, preserve jobs, and enable them to perform their duties while giving priority to vital sectors to ensure the continuity of their operational and production capacity.

In addition to the support directed to the employees of certain companies to maintain the jobs they provide, the government took other measures for the benefit of companies,¹⁶ divided into three components related to:

- reducing the weight of trade receivables;
- providing financial support for companies;
- supporting investment and facilitating access to public procurement.

a. Reducing the Debt Burden

The reduction in the expense of receivables resulted in:

- suspension of the execution of social security contributions during the first stages of the health crisis, in particular, the period from March 1 2020 to June 30 2020 for companies in difficult circumstances;
- postponing, until June 30 2020, the repayment of fees or fines, bank loans and those related to leasing credits in terms of contracting, at their request and after study of the requests;
- allowing companies whose transaction number for the 2019 financial year is less than 20 million dirhams to postpone the filing of tax declarations until June 30 2020, if they so wish;
- suspending tax audits and notifications of non-holders until June 2020.

b. Financial Support for Companies

This procedure aimed to:

- ensure the acceleration of the payment of project management contributions to relieve the pressure on its cash flow so that it could meet its financial obligations and preserve jobs;

15 Tarek Alsamara and Farid Khalidi, 'Review Of Covid-19 And E-Commerce In The Moroccan Legal System: Challenges And Opportunities' (2020) 23(6) *Journal of Legal, Ethical and Regulatory Issues* 6.

16 Éric Heyer et Xavier Timbeau, 'Évaluation de la pandémie de Covid-19 sur l'économie mondiale' (2020) 166(2) *Revue de l'OFCE* 94, doi:10.3917/reof.166.0059.

- create a new guarantee mechanism at the level of the Central Guarantee Fund, under the name 'Oxygen Guarantee' to facilitate access for companies whose cash flow deteriorated due to the decline in their activity and whose number of annual transactions did not exceed 200 million dirhams or fluctuates between 200 and 500 million, with additional bank financing, while extending this mechanism to the real estate sector;
- provide auto-entrepreneurs affected by the COVID-19 crisis with an interest-free loan of up to 15,000 dirhams. This loan, whose effective date was set for April 27 2020, as repayable over three years with a grace period of one year. The related services were entirely the responsibility of the insurance sector. This sector also contributed 100 million dirhams to the guarantee mechanism set up by the State through the Central Guarantee Fund.

c. Supporting Investment and Facilitating Access to Public Procurement

Achieving this objective consisted of the implementation of several measures, including:

- launching the 'Technological Excellence' program, dedicated to supporting the investments of very small, small and medium-sized companies that invest in the manufacture of products and equipment used in the face of the epidemic. These companies could benefit from financing of 30% of the total investment amount, capped at 10 million dirhams for small and medium-sized companies and 1.5 million dirhams for very small companies;
- introducing supportive measures for public establishments and contracting authorities to ensure management flexibility, particularly concerning budgets, the commitment of investment and management expenditure, and the conclusion and execution of contracts, to preserve the contribution of these establishments and companies to the revitalisation of economic life;
- simplifying procedures for companies to access public transactions and orders via the electronic portal intended for this purpose and dematerialise these procedures.

d. Facilitating Digital Services For Companies

This procedure aimed to provide many services remotely to meet the needs of the private sector, including:

- streamlining the filing of business lists and remote access to commercial and legal files on the 'mahakim.ma' portal, as well as remote access to legal files to limit the movement of litigants to courts or accomplices to the central administration;
- activating the Electronic National Register of Movable Collateral System to simplify administrative procedures, achieve speed, efficiency, and transparency and facilitate the procedures for registering movable collateral regarding loans benefiting businesses, especially small, medium and very large ones;

- implementing intangible management procedures related to the filing and study of applications for licenses, housing permits and certificates of conformity and their issuance through an interactive and unified digital platform at the level of the entire national territory;¹⁷
- simplifying the reporting procedures for employees affiliated with the National Social Security Fund and temporarily suspended from work.

3.2. Measures Taken to Mitigate Social Impacts

To take care of vulnerable groups strongly affected by the Coronavirus pandemic, the government took a number of measures for the benefit of employees and families working in the informal sector, as well as vulnerable groups who needed special care under these exceptional circumstances.

a. Measures in Favour of Employees and Families Working in the Informal Sector

For the employees and families working in the informal sector¹⁸ affected by the slowdown or suspension of some economic activities due to the Coronavirus pandemic, the government introduced a series of decisions and measures.

b. The Employees

Two measures were taken for the employees:

- Granting a lump sum monthly compensation of 2000 dirhams for the benefit of wage earners and employees under the merger contracts, seafarers and fishermen temporarily suspended from work, belonging to the companies involved in the National Social Security Fund facing difficulties, and who declared to the said fund by drawing for February 2020 and this compensation concerns the period extending from March 15 to June 30 2020;
- Benefiting from compulsory health coverage (AMO) services and family allowances for the same period of time.

To implement these two important measures, the government approved draft law n°25.20 (approved by Parliament on April 21 2020)¹⁹ enacting exceptional measures for the benefit of employers affiliated with the National Social Security Fund and their authorised employees affected by the repercussions of the Coronavirus epidemic.

17 Decree No 2-18-577 of 12 June 2019 'Approving the General Construction Regulations which Specifies the Form and Conditions of Submission of Authorizations and Documents Prescribed by the Legislative Texts Relating to Construction, Subdivisions, Housing Groups, as Well as the Texts Taken for their Application' [2019] Official Gazette 6874.

18 Based on the proposals of the Economic Vigilance Committee created on March 11, 2020 at the level of the Ministry of Economy and Finance, in order to monitor the repercussions of the Coronavirus epidemic and determine the support measures to deal with it, whether at the economic or social level. See: 'Covid-19' (n 2).

19 Law No 25-20 of 21 April 2020 'Enacting Exceptional Measures in Favor of Operators Involved in the National Social Security Fund and their Approved Employees, who are Affected by the Repercussions of the Appearance of the Corona Virus Pandemic Covid-19' [2020] Official Gazette 6877.

It should be noted in this respect that these measures supported suspended companies, preserved the jobs available to them, and prevented employees from losing their jobs for economic reasons.²⁰

d. Direct Support to Families Working in the Informal Sector

In this regard, the government decided to disburse support to this category in two phases:

- The first phase concerned families benefiting from the 'Ramid' service, a card that allows its bearer access to various public state services free of charge, such as health services, and families working in the informal sector, deprived of income due to quarantine.²¹ However, some shortcomings of this process should be noted here, including the delay in the care of some families, and the number of families affected by this delay increases each time they were in rural and mountainous areas due to a lack of agencies to disburse aid. To address this, the government adopted mobile agencies. In addition, it should be noted that some families, due to having a 'Ramid' card, benefited from support and did not experience pandemic-related hardships.
- The second phase concerned families who do not benefit from the 'Ramid' service, who work in the informal sector and were forced to stop working due to the health quarantine.

Financial aid for the two categories combined, which was granted from the resources of the 'Corona Virus Pandemic Fund', was set at 800 dirhams for a family of two people or less, 1,000 dirhams for a family of three or four people and 1,200 dirhams for a family of more than four people.²²

In this respect, Law No. 72.18, relating to the system for targeting beneficiaries of social support programs and creating the unified social register and the National Archives Agency, is highly important. These measures enable the government to have a database of groups eligible for aid in the future.²³

20 For reference, and in order to facilitate the convening of the deliberative bodies of joint-stock companies in order to tally the accounts related to the fiscal year 2019 in accordance with the requirements of Law No 95-17, the government has prepared draft law No 27-20 to enact special provisions related to the conduct of the work of the management bodies of joint-stock companies and the procedures for holding their general assemblies during the period of validity of the state. Health emergencies, with the aim of adopting flexible management procedures for the benefit of public and private institutions and companies to maintain the continuity of vital sectors (this is the project presented to Parliament for approval).

21 The payment of financial aid to beneficiaries actually began, as of April 6, 2020. The number of beneficiaries on a daily average reached 200,000, according to the speech of the Moroccan Prime Minister during the monthly session devoted to public policies at the House of Representatives, April 21, 2020.

22 The receipt of declarations related to this category began on April 10, 2020 via an electronic portal created for this purpose, according to the speech of the Moroccan Prime Minister during the monthly session devoted to public policies at the House of Representatives, April 21, 2020.

23 Law No 72-18 of 8 August 2020 'On the System of Targeting Beneficiaries of Social Support Programs and the Creation of the National Agency for Records' [2020] Official Gazette 6908.

e. Attention to the Situation of Vulnerable Groups

Faced with the health crisis, the government took several measures in favour of vulnerable groups, in particular the elderly, women in difficult circumstances, and people in street situations:

First of all, with a focus on the elderly, 'Operation Salama' was launched to support this vulnerable social group and people with disabilities. Recognising them as the demographic most susceptible to the risks associated with the Coronavirus epidemic, the objective was to provide a 'safety bag' containing hygiene essentials for COVID-19 prevention within social institutions. This initiative aimed to promote the health of this social group and offer them essential care and support appropriate to their new needs in the context of the pandemic. The provision of Protection Kits was accompanied by the dissemination and publication of a number of advertising links for this category.

Secondly, special attention was given to women in difficult circumstances. The government took a series of urgent measures to support women in challenging circumstances, including victims of violence, women with disabilities, and the elderly, among others. A digital awareness campaign was launched, including various targeted awareness links. In addition, reported cases of abuse were tracked through various means and coordinated with perpetrators to expedite interventions and accommodate cases or return them to the marital home. Continuous monitoring of the health and social situation of workers and beneficiaries of accommodation services for women in difficult circumstances within the framework of coordination with the National Mutual Aid Institution.

Lastly, people experiencing homelessness were given assistance to mitigate the risk of spreading the new Coronavirus pandemic. This involved mobilising, preparing, and equipping spaces to accommodate and care for them,²⁴ encompassing services such as reception, accommodation and catering.

Through collective efforts involving various actors (National Mutual Aid Institution, Red Crescent, Local Authorities, Territorial Authorities, Civil Society and philanthropists), several homeless people received care until April 19 2020 (initially 230 people at the start of the operation), while 1,699 people were reunited with their families.²⁵

Despite these efforts, given the multiplicity of people concerned and the lack of resources to support and continue the operation, there was still room for improvement concerning measures.

24 According to the speech of the Moroccan Prime Minister during the monthly session devoted to public policies at the House of Representatives, April 21, 2020.

25 *ibid.*

4 POST-PANDEMIC FINANCIAL POLICY CHALLENGES: TOWARDS FINANCIAL "IMMUNITY"

Morocco, like most countries in the world, faced serious economic and financial challenges during the post-coronavirus pandemic period,²⁶ necessitating the implementation of various measures, especially those of a financial nature. Hence, the stakes of the state's financial policy are some of which we will attempt to address.

4.1. Adopt New Financial Approaches

One of the challenges of the state's financial policy in the post-coronavirus pandemic era is to register a considerable budget deficit. To address this exceptional deficit, the government could consider adopting an exceptional deficit in the budget law forecasts for the coming years to respond to the current exceptional situation and allow the financing of budgetary needs justified by public investment in priority sectors through reasonable recourse, both external and internal borrowing.

In addition, public savings must be mobilised to finance the general budget by launching tax-free 'public treasury bonds', with the need to limit transfers of hard currencies abroad, in particular by encouraging the consumption of the proceeds nationally, without neglecting to reduce allocations to non-priority private accounts.

It is also worth stressing here the need to effectively move from the approach by means to the approach by results in the management of public finances.²⁷ This shift is vital to ensure optimal management of the available financial resources, to devote the governance of expenditure with the reform of the partnership system between the public and private sectors, and to encourage the latter to contribute to the financing of major structuring projects.²⁸

Furthermore, results-based budgeting must be strengthened from a gender perspective because it is clear that the lack of mobilisation of the capacities available to women has a significant economic cost and deprives the country of creativity and added value of half of its population.²⁹

26 Considering that most forecasts issued by national and international institutions have confirmed a significant drop in the growth rate, in addition to external influences on the national economy, due to the contraction of the world economy, notably of the countries with which Morocco maintains economic and commercial relations, like the countries of the European Union.

27 Cherif Elhilali, 'Public Administration Reform and Development Stakes in Morocco' (2022) 25(S4) *Journal of Legal, Ethical and Regulatory Issues* 6.

28 Pascal Petit, 'De la crise financière globale à celle de la COVID-19 : quelques leçons pour éviter les aléas de tels enchainements' [2021] *Hors-série Transformation, Revue Interventions économiques* 52, doi:10.4000/interventionseconomiques.14805.

29 Olivier Bargain et Maria Lo Bue, *Coûts économiques des inégalités de genre dans le marché du travail au Maroc* (Directi on des Etudes et des Prévisions Financières 2021).

Given this untapped resource and the risks created by the COVID-19 crisis, It has become necessary to develop the gender approach at the heart of public policies to revive the economy and promote social inclusion.

This measure will undoubtedly have a very beneficial impact and place the country's development path on solid foundations and durability.

4.2. Provide Financial Resources to Control the Deficit and Support the National Companies

The temporary suspension of the activity of a set of vital economic sectors such as tourism, textiles and the automotive industry has resulted in a notable decline in resources, in particular, fiscal resources such as corporate tax and income tax. Additionally, the decline in external demand directed towards Morocco led to a decrease in customs revenue and value-added tax resources.

Furthermore, the decline in remittances from Moroccans residing abroad, coupled with a decrease in foreign direct investment, has contributed to a reduction in foreign exchange reserves.

In response to this crisis, the government prepared a medium-term economic take-off plan to be drawn up under the workshops of the new development model, as well as an economic recovery plan until the end of 2021.³⁰ The latter constituted a lever to support the gradual return of the various sectors of the Moroccan economy to exercise their activities and provide the appropriate conditions for a promising and integrated economic recovery, considering the specificities of each sector once the crisis phase has passed. As part of the economic recovery plan, the focus was on supporting supply and stimulating demand and setting up a financing mechanism to ensure the availability of the capital needed for the resumption of activities of large and small, medium and very small companies.³¹

In 2020, two new guarantee mechanisms were launched, namely 'Take Off Guarantee' and 'Take Off Very Small Enterprises', with the aim to relaunch project management activity by guaranteeing borrowings allocated to financing the needs of the Treasury. These loans are repayable over seven years, with a deferred recovery period set at two years.

This plan is expected to lay the foundations for a strong and integrated economy that will open up new horizons for Morocco and strengthen its position in the post-Coronavirus crisis.³²

30 Response from the Prime Minister during the monthly session linked to public policy on the central question: "Government policy for the period after the lifting of the quarantine: what plan to revive the economy and deal with the social effects of the crisis", House of Councilors on June 16, 2020.

31 Statement by the Minister of Economy, Finance and Administration Reform during his response to questions from parliamentary teams and groups of the Chamber of Councillors concerning financial and economic measures to deal with the crisis resulting from the Corona pandemic "Covid-19", May 19, 2020. See: 'Covid-19' (n 2).

32 Response from the Prime Minister (n 30).

However, economic growth, as previously mentioned, has been affected by the COVID-19 pandemic. Projections indicate a decline in the added value of the agricultural sector due to the lack of irregular precipitation and a significant decrease in the resources of the public treasury. This situation necessitates a review of assumptions based on which the Finance Law 2020 was prepared, leading to the development of an amended financial law project.

4.3. The Amending Financial Law:

A Mechanism to Overcome the Crisis or a Basis for Implementing the Economic Take-Off Plan?³³

As was pointed out before, the repercussions of the crisis resulting from the Coronavirus pandemic led to a major imbalance between resources and expenditures. This imbalance is anticipated to result in an increased deficit rate attributed to the suspension of fiscal resources, a decline in tourism revenues and remittances from Moroccans residing abroad, limited contracting contributions, reduced exports, and weak demand. As a result of the suspension of all services, the shrinking of hard currency reserves, and the state's keenness to maintain a large number of wages in the public sector in exchange for an increase in public spending due to the requirements of the pandemic.

Faced with this situation, the Finance Law 2020 underwent a comprehensive review. The primary objectives included controlling major economic balances, rearranging priorities, directing credits according to the requirements of the stage, and reviewing expectations and indicators on which this law was based. This includes considerations related to the anticipated decline in the growth rate, elevated deficit and inflation rates, and the imperative of capitalising on the positive indicator of reduced oil prices.

In addition, public expenditures related to management must be rationalised and reallocated according to the priorities imposed by the pandemic, in addition to postponing non-essential sectoral investments and transferring the allocated funds for them to priority sectors. Appropriations for non-essential private accounts can also be reduced for the time being.

With regard to the use of the liquidity and credit line referred to earlier, it must be used productively for the benefit of the national economy in profitable areas. It should also create encouraging incentives for bank savings, as well as take measures to ensure tax fairness.

33 As part of the financial and economic measures aimed at tackling the crisis resulting from the Corona pandemic, the government has prepared, on the one hand, a medium-term economic recovery plan, drawn up according to the new model of development workshops economic, and on the other hand, an economic recovery plan until the end of 2021 (see the Prime Minister's response during... the monthly public policy session on the central question: "Government policy for the period after the lifting of quarantine": what is the plan to revive the economy and deal with the social repercussions of the crisis?, Advisory Council, June 16, 2020).

4.4. Consecration of Tax Fairness

Consolidating tax fairness is urgently necessary through comprehensive and fair reform and the optimal implementation of the tax framework law.³⁴ This measure aims to fight against tax evasion and evasion, particularly the low invoicing of imported goods, and to create incentive conditions for gradually integrating informal activities into the formal economy.

On the other hand, the tax base must be broadened equitably by adopting new rates and sections for income tax, particularly for very high salaries, and by making other taxes more equitable, including value-added tax and corporation tax.

The tax exemption system should also be abolished after five years from the company's creation, except for social activities, or of a public utility nature, or for companies that do not benefit from a legal monopoly or effective and that record increases in their self-funding.

In addition, a common contribution must be imposed on insurance companies and economic and financial establishments that benefit from a *de jure* or *de facto* monopoly, such as the Office Chérifien de Phosphates or the National Railways Office, among others.

The urgent need for financial resources necessitates searching for other resources within reasonable limits by imposing new fair taxes, such as wealth and inheritance taxes.

5 CONCLUSIONS

Morocco, unlike certain Arab countries, has been able to act proactively and rationally to deal with the economic and social repercussions of COVID-19. This involved leveraging its capacities and adopting a financial policy based on the rationalisation of public expenditure and the search for the necessary financial resources.

Described as an austerity measure, this policy particularly targeted general budget expenditures, specifically those related to investment, as well as management expenses. These funds were then reallocated based on the priorities imposed by the pandemic.

Given the great impact on financial resources due to the pandemic, the country utilised the previously mentioned liquidity and credit line. However, its use had to be done productively to benefit the national economy in terms of productivity and profitability.

However, as preparations for the post-pandemic period unfolded, a more effective financial policy approach was deemed essential by amending the 2020 Finance Law to correct the assumptions on which it was based and respond to the priorities imposed by the health crisis. Additionally, a plan for economic recovery and confronting the social effects of this crisis was developed.

34 The summary of the recommendations resulting from the third national debate on taxation held in Skhirate, Morocco, on May 3-4th, 2019.

Yet the question remains: To what extent will the financial policy pursued achieve financial 'immunity' and overcome the catastrophic effects of the Coronavirus epidemic or, potentially, a new outbreak in the future?

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