



KLF Newsletter Series

Measures adopted following the Covid-19 pandemic outbreak in Morocco

Third Edition — May 11, 2020

The American rating agency “**Fitch Ratings**” has published a new report in which it analyzes the risks of the pandemic on the Moroccan economy, in particular on its external finances. According to the report, disruptions to the global economy due to Covid-19 will put pressure on Morocco’s current account deficit. Such pressures would be linked to the deterioration of certain key sectors of the Moroccan economy such as **tourism and the automobile industry** which, between 2017 and 2019, represented respectively 6.7% and 6% of the country’s GDP.

Based on Fitch’s analysis, the drop in oil prices and the decline in domestic demand for fuel (due to the state of health emergency), will reduce the pressure on the energy bill of the Kingdom.

«The Negative Outlook reflects the severe hit to the Moroccan economy from the coronavirus pandemic shock, which will cause the sharpest GDP contraction in 25 years, and prompt a marked increase in Morocco's external and fiscal deficits and debt ratios »

Fitch Ratings — Rating Action Commentary

The Economic Watch Committee (EWC)

◆ *The EWC’s sixth meeting*

As mentioned in our previous newsletter, the EWC held its sixth meeting on **April 29, 2020** by video-conference during which the overall economic and financial situation of Morocco has been presented based on the most recent economic indicators. The examination of such indicators made it possible to identify the evolution of the macroeconomic situation of the country and the economic trends observed in the main sectors of activity.

The members of the EWC also reviewed the state of progress of the main measures decided during the last meeting.

Furthermore and following the adoption of the decree on the new conditions of access to exceptional measures in favor of employers affiliated to the CNSS and their declared employees, it has been confirmed that the committee responsible for deciding on the files of companies having declared more than 500 employees on temporary work stoppage or recording a drop in their turnover between 25% and 50% **has been set up** and will meet every day at 2 p.m. to decide on the files submitted on the CNSS portal.

The EWC gave a green light to develop an integrated and coherent **re-start plan** for the national economy. Such plan will be specific to each sector and will take into account its specificities.

◆ *The EWC’s seventh meeting*

For individuals whose income has decreased due the sanitary emergency state, it has been decided, during the seventh meeting of the EWC held on **May 8, 2020**, that the government and the banking sector will be in charge of all the interim interest generated by the postponement of the maturities relating to the housing and consumption loans for the period starting from March to June 2020. Such measure applies to the persons with monthly loan maturities of up to 3,000 MAD for housing loans and 1,500 MAD for consumption loans, including those contracted with finance companies. It should also be noted that around 400,000 people should benefit from the postponement of their loan maturities.

The EWC has decided to review and adjust the *Damane Oxygène* (please see the first edition of our newsletter for more details) to improve the conditions of access to financing in order to boost the restart of Very Small Enterprises (TPEs), Small and Medium-Sized Enterprises (PMEs) and Intermediate-Size Companies (ETI). *Damane Oxygène* will be extended until **December 31, 2020** and **no security package shall be required from now on**.

Thus, companies with a turnover of more than 500 million dirhams (MDH) will be integrated into an appropriate mean of financing to restart their activity, which shall be finalized shortly by a committee composed of the Ministry of the Economy, Finance and Administration Reform, Bank Al-Maghreb, the General Confederation of Moroccan Enterprises (CGEM) and the Professional Association of Banks in Morocco (GPBM).

The EWC also discussed during its meeting the situation of public establishments and enterprises (EEP). In this regard, it was agreed to create a specific guarantee fund allowing EEPs impacted by the pandemic to raise new financial resources necessary to reinforce their permanent funding and, therefore, to ensure a sustainable development of their activities.



The General Confederation of Moroccan Companies (CGEM)

Aware that the re-start of economic activity is linked to a strict compliance with health measures against the Covid-19, the CGEM has created three practical guides and a training kit for companies encouraging resuming their activities.

The guides may be listed as follows :

- ◆ Practical guide to COVID-19 preventive and health measures for small and medium-sized enterprises (SMEs);
- ◆ Practical guide to COVID-19 preventive and health measures intended for large companies;
- ◆ COVID-19 practical internal health audit guide; and
- ◆ COVID-19 health measures training kit for all employees.

The aforementioned guides aim at supporting companies in terms of preventive health measures to ensure maximum safety for their employees and their customers. The guides were presented on the April 29 EWC meeting.



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 Confédération Générale des Entreprises du Maroc

The National House of Representatives

The House of Representatives' bureau held its weekly meeting on **May 6, 2020**, under the chairmanship of Mr. Habib El Malki, President of the House of Representatives.

During the aforementioned meeting, the Bureau established the agenda for the plenary session of oral questions of **May 11, 2020** by including the sectors of commerce, industry, the green and digital economy, in the context of questions followed by debate. The Bureau also established the agenda for the monthly plenary session devoted to general policy questions addressed to the Head of Government under the theme "**Government plan seeking to lift the sanitary containment 'de-containment'**".

The government's plan for de-containment will be on the agenda for the monthly session devoted to general policy questions addressed to the Head of Government, which will be held on **May 18, 2020** in the House of Representatives.

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The National Social Security Fund (CNSS)

The National Social Security Fund announced to all companies affiliated to the CNSS that the new version of the covid19.cnss.ma portal, which takes into account the provisions of Decree No. 2-20-331, was open starting from **April 28, 2020**, in order to declare their employees on total or partial suspension of work due to the Covid-19 pandemic.

The CNSS also reminded the aforementioned companies that the flat-rate allowance, awarded to employees declared in February 2020 and on partial or total work suspension may vary as follows:

- ◆ If the work suspension concerns the entire month: the employee shall be granted 100% of the monthly allowance *i.e* 2,000 MAD;
- ◆ If the work suspension is:
 - ◇ Three-quarters (3/4) of the month: the employee shall be granted 75% of the monthly allowance *i.e* 1,500 MAD;
 - ◇ Half (1/2) of the month: the employee shall be granted 50% of the monthly allowance *i.e* 1000 MAD;
 - ◇ Quarter (1/4) of the month: the employee shall be granted 25% of the monthly allowance *i.e* 500 MAD.

The CNSS has made available to the users a manual as well as a video tutorial describing the new procedure to follow in order to declare the concerned employees.

For more information, please visit covid19.cnss.ma.

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