COVID-19 Crisis in North Africa:

The Impact and Mitigation Responses

United Nations
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Acknowledgment

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Executive summary

North African economies are hardly hit by COVID-19, through the lockdown measures which had negative impact on the supply and demand sides, and through the drastic reduction of world demand, fueling a drop in North Africa exports. As a consequence of the 50% drop in oil prices and the lockdown, Algeria's GDP could fall between -4.5% to -5.8% in 2020. Morocco and Tunisia, whose economies have been severely hit by the drop-in tourism and demand from the EU, may experience a GDP growth respectively of -3.7% and -5%. Overall, North Africa will see its growth decline to -1.8% for 2020 and full-time equivalent employment loss may reach 5 million in 2020.

Economic recovery of the sub region is expected to start in 2021, with the hypothesis of absence of a relapse of the pandemic. The recovery in 2021 is conditioned on the success of the currently implemented governmental mitigation measures. Some countries of the sub region, depending consistently on tourism related activities (transports, catering, hotels etc.), will see their recovery path delayed as the containment measures will last for longer period.

With strong and probably long-lasting impact on employment and health, the pandemic could jeopardize the results achieved by the sub region in the recent years in terms of the Sustainable Development Goals (SDGs), with higher levels of poverty and inequality.

Fighting the health pandemic while reducing the impact on the economy requires a set of strong and coherent policies to: (i) support firms (tax measures, financing partial unemployed workers, guaranteed loans and special lines of credit etc.) to stay in operation and avoid closures, (ii) support workers and vulnerable populations through targeted policies and wide social protection measures (cash transfers, food aid, unemployment benefits and paid sick leave protection, food access etc.).

Section 1: Introduction

The crisis caused by the COVID-19 pandemic is plunging the world economy to low level unknown since the Second World War, adding to the woes of an economy that was already struggling to recover from the pre- 2008 crisis. Indeed, UNDESA latest forecasts expect the world economy to shrink by -3.2% in 2020 and only a timid recovery is expected for the upcoming year. Beyond its impact on human health (materialized by morbidity and mortality), COVID-19 is severely hitting the global economy through a direct reduction of economic activity due to lockdowns and restriction of movements, and indirectly through disruption of global value chains (which account for nearly half of global trade) in a highly interconnected world economy. This led to abrupt falls in commodity prices, impacting severely commodity exporting countries, a drop in fiscal revenues, foreign exchange receipts, and foreign financial flows. Travel restrictions have highly impacted industries such as air line, tourism and hotels. The consequence will be significant increase in underemployment and unemployment. According to ILO (2020), as of April 2020, partial lockdown measures have affected almost 2.7 billion workers, representing around 81 per cent of the world's workforce. ILO's April 1st global estimates indicate that working hours will decline by 6.7 per cent in the second quarter of 2020, which is equivalent to 195 million full-time workers. Full-time equivalent employment loss in North Africa could reach 5 million in 2020.

The purpose of this report is to lay out the potential socio-economic impacts of COVID-19 in North Africa region. It includes a set of policy options to reduce the negative effects of the crisis and ensure that the needs of vulnerable populations are taken into account.

This report is structured as follows. Section 2 outlines the socio- economic impacts and critical sectors of the economies that could be impacted by COVID-19. Section 3 focuses on mitigation responses taken by North African countries. Section 4, concludes with policy options to help in boosting economic recovery and reducing vulnerability.

Section 2: Socio- economic impacts

Negative macroeconomic impacts

Key message: COVID-19 will produce an economic recession in North Africa mainly through the impact of the lockdown measures taken by members States, the fall in external demand, and the drop-in commodities international price (oil and gas). The sub region's growth rate is expected to decline to -1.8% in 2020.

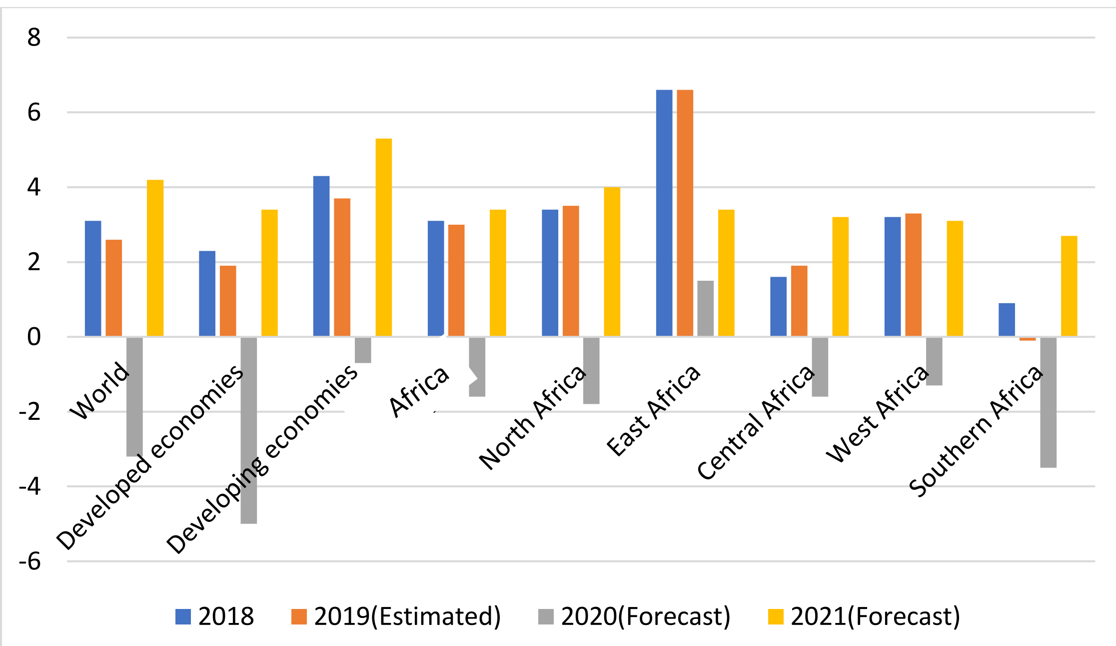
The UN forecasts that North Africa sub region's growth will drop to -1.8% in 2020 (Figure 1), a loss of more than 5.4 percentage points from the earlier forecasts published in January this year. This is a baseline scenario which is based on two assumptions:

First: the ongoing lockdown measures will significantly slow the spread of the virus before the end of the second quarter.

Second: Most countries will start reopening their economies gradually after an initial period of four to eight weeks, with some form of social distancing.

In worst case scenario, North African economies will contract by 5.4% in 2020, while the best-case scenario indicates that North Africa will barely grow by 0.3% (UNDESA, 2020).

Figure 1: Growth of world output, 2018–2021



Source: World Economic Situation and Prospects 2020, released in January 2020.

Given the structure of the economies of North Africa, the impact of the COVID-19 can be understood through two main channels. The first one is the reduction of economic activity as; (i) a direct consequence of the countries lockdown, (ii) and indirect through global lockdown effect on trade and movement of people. Indeed, the lockdown periods decided by governments have forced majority of firms either to stop or to significantly reduce their activity. In Morocco, for example, High Commission of Planning (HCP) reported that, in the beginning of April 2020, 57% of all businesses have either permanently or temporarily stopped their activities. In terms of employment, HCP has estimated a loss of 726,000 jobs, nearly 20% of overall jobs (excluding the finance and agriculture sectors).

Key message: Tourism and transportation- strategic sectors for a number of North Africa economies- are the most affected activities and will most probably be the last to recover.

Given the nature of the crisis, some specific services sectors- such as tourism, trade and the hotel and catering industry- are expected to be the most affected ones, particularly in Egypt, Morocco and Tunisia (table 1), while these sectors represent an important source of revenue for these countries. In 2018, tourism and travel revenues accounted for 11.8% of GDP in Egypt, 19% in Morocco, and 15.9% in Tunisia. North African economies will most likely be affected as well through disruption on the supply chains that will affect manufacturing production, especially textile, electronics and mechanics.

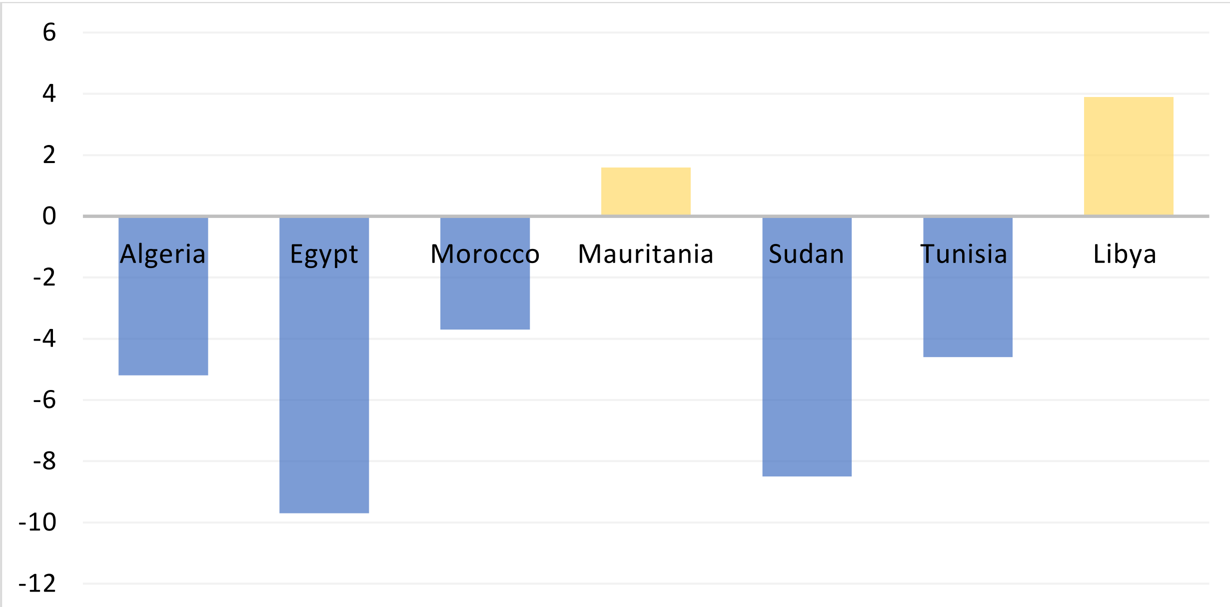
Table 1: Year-to-date arrivals results by region (March 2020)

Region	Latest available data	Change, relative (%)	Change, absolute (thousands)
Europe	March	-19	-22948
Asia and the Pacific	March	-35	-31939
Americas	March	-15	-8072
North Africa	March	-18	-866
Middle East	March	-11	-1811
World	March	-22	-66705

Source: World Tourism Organization (UNWTO), last update 06/05/2020

The second channel goes though the drop of commodities international prices, mainly oil and gas, which have a huge impact on oil dependent countries, with severe consequences on their fiscal and external positions (Figure 2). In March 2020, fuels prices drop by almost 50%, resulting in a huge shock to both exports and government revenues in Algeria, Libya and Sudan. In Algeria, hydrocarbons represent 96% of total exports, and 37% of government revenue in recent years.

Figure 2: Budget deficit (% of the GDP, 2018)



Source: Central Banks of Egypt, Morocco, Algeria, Mauritania, Sudan, Tunisia and Libya, 2018 (Tradingeconomics.com).

Oil prices are likely to remain low for a long period of time, due to the global economic recession. In the short-run, thanks to the OPEC decision to reduce production, the Brent will probably reach a 35 USD level in 2020. This low level poses a threat to fiscal revenues and to the ability of governments to support a recovery plan. The fall in government revenue will be a challenge in the whole sub region, fueling a deterioration of the fiscal deficit and an increase in public debt. Total Government debt reached 77% of GDP in the sub region in 2018. While Government debt represents 33,4% of GDP in Algeria, in 2018, in Sudan it reached 176% and 91.2% in Egypt. In Tunisia, it increased significantly from 54.8% of GDP in 2015 to 73% in 2018. Government debt has decreased in Mauritania, from 98.5% in 2015 to 72.4% in 2018. The increase in debt has generated an increase of debt service (ECA, 2019).

Another consequence of the COVID-19 crisis is the availability of food in the sub-region. North Africa may witness food shortages if COVID-19 pandemic continues for several months. A protracted worldwide pandemic would negatively impact global supply chains, production, transportation and distribution of food products, resulting in lower food exports by food-producing countries such as Morocco. This would impact food security in many North African countries such as Algeria and Egypt because of their dependence on food imports, although there is heterogeneity between countries (table 2).

Table 2: Food Security

	Total reserves in number of months of merchandized imports	Wheat import dependency ratio
Algeria	19	72.2
Egypt	6	42.1
Libya	70	
Mauritania	3.3	87.1
Morocco	5	42.1
Sudan	0,2	18.3
Tunisia	3	59.7

Source: WEP (2020)

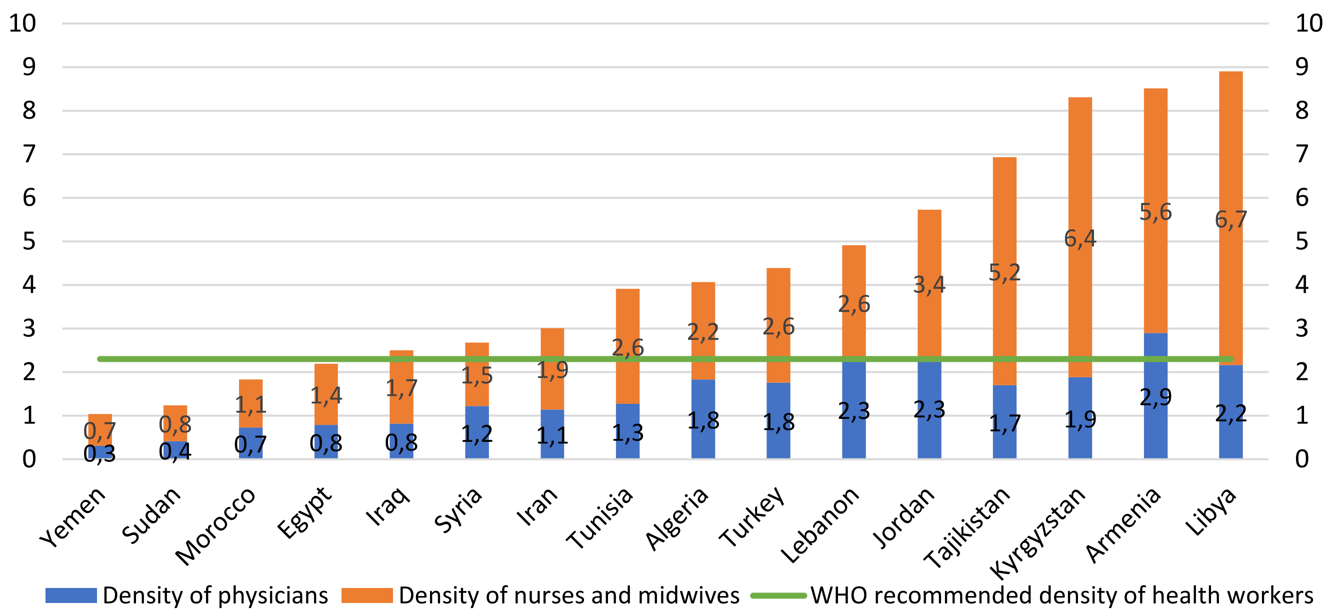
Table 2 shows total reserves in months of merchandize imports (all data are for 2018, except for Algeria 2017). This measures the number of months for which a country's reserves can sustain its imports. Sudan has the lowest level of food reserves in North Africa. It has reserves that can cover less than a month of imports. It is then highly vulnerable to any external shock that would (like an oil price drop) reduce its reserves. Algeria and Libya have the highest figures, with 19 and 70 months, respectively. On the other hand, the wheat import dependency ratio, which measures the percentage of wheats that are imported, shows that Algeria has a high wheat import dependency ratio. Mauritania and Tunisia seem to be the most at risk, with both low reserves in months of imports (Mauritania 3.3 and Tunisia 3) and a high wheat import dependency ratio (Mauritania 87.1 and Tunisia 59.7).

Key message: The health pandemic has revealed weak social protection and health systems.

Heavy social impacts difficult to measure

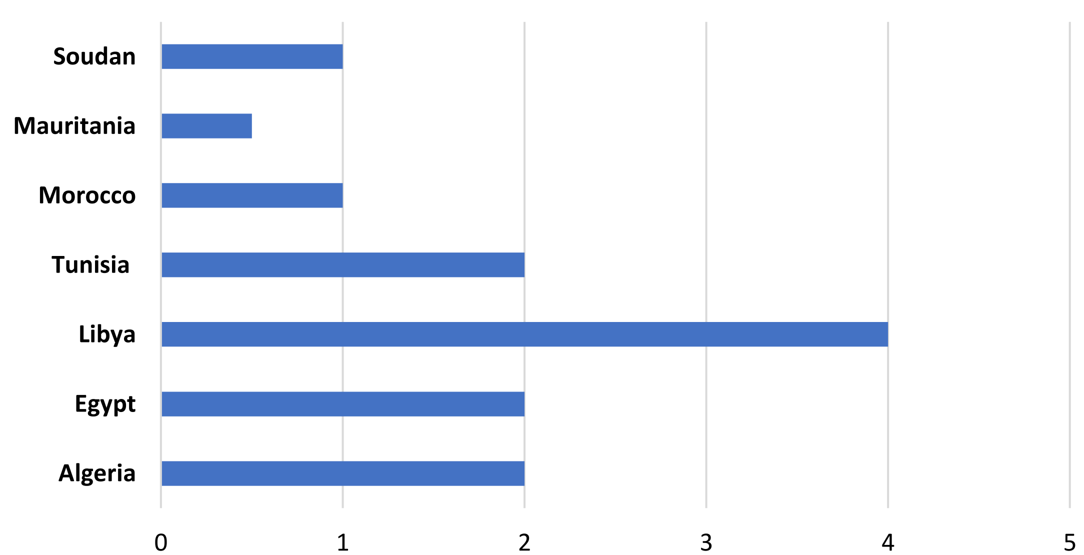
In terms of health capacity, the sub region would not be able to face a rapid spread of the virus, although with some heterogeneity between countries (Figure 3 and 4). The density of health workers in Egypt, Morocco, and Sudan are below the WHO recommended level.

Figure 3: Density of health workers (total number per 1,000 population)



Source: WEP (2020)

Figure 4: Hospital bed density (beds/1,000 population)



Source : Index Mundi, 2020. (www.indexmundi.com)

The health systems of North Africa region are weaker than those elsewhere in other continents, with lower ratios of hospital beds to its population. The sub region has on average 1.78 hospital beds per 1,000 people, compared to 5.98 in France for example. The COVID-19 health pandemic has revealed weak social protection and health systems in the sub region (ECA, 2020).

This situation shows an urgent need for enhanced multi-sectoral preparedness, operational readiness and response capacities to limit the spread of COVID-19 and to deal with any second wave of the pandemic once an ease of confinement will be operated.

Key message: Vulnerable people, mostly depending on a rather widespread informal sector, will be the most affected by the lockdown. Special attention to vulnerability is needed to safeguard the sub region's achievements to realize the SDGs by 2030.

From the social side, the loss on jobs and revenues is expected to affect more strongly the most vulnerable people, those in the informal sector, and workers with low skills and low wages, the youth and women, widening the inequality gap within the country. Informal sector dependent workers have seen their source of revenue cut because of the lockdown measures, leaving millions of families without resources and depending on public financial support. For instance, 4.3 million Moroccan households are eligible to financial support delivered by the recently created national COVID-19 fund.

Given the size and projected length of COVID-19 shock on health and the economy, it could negatively impact North African countries' efforts to achieve SDGs and harness the demographic dividend of the young population. The region has made substantive progress in reducing poverty and inequality, however these results, along those made in the health, education and employment are now at risk. The shocks to employment and health have happened while the sub region is witnessing a decline in productivity.

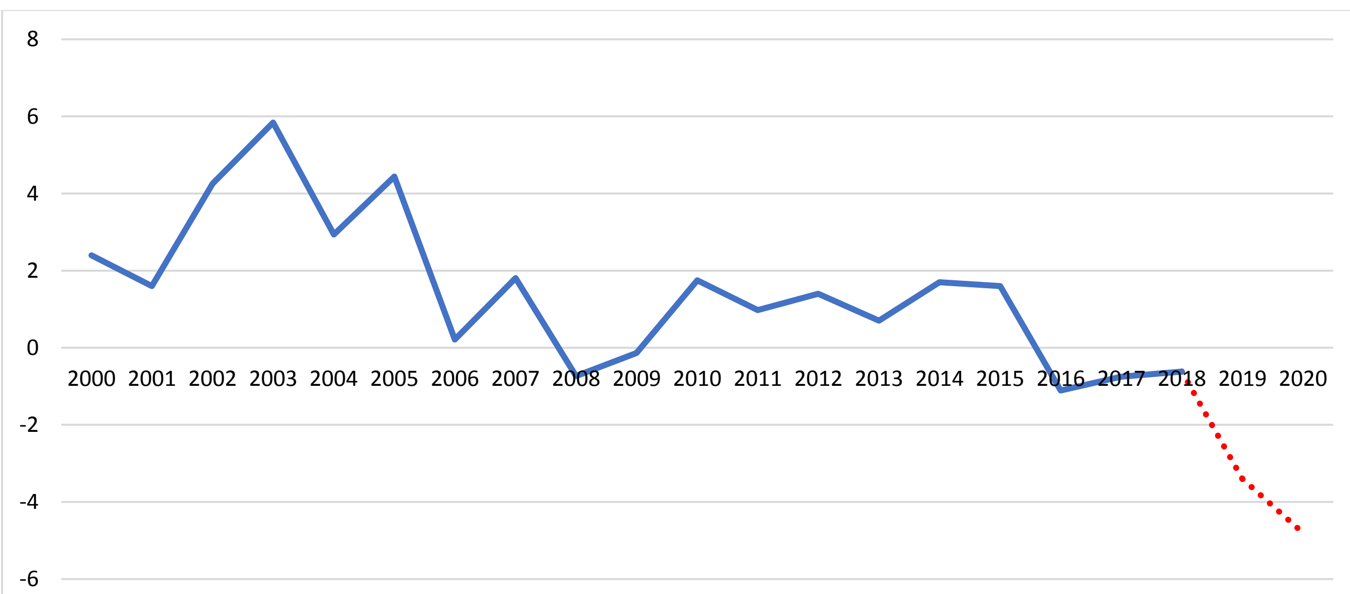
The demographic dividend, largely driven by the productivity of the working-age population, could be negatively affected if large numbers of younger people were among those unable to work because of illness, the need for self-isolation or due to government lockdowns of certain areas or towns in an effort to halt the spread of the disease. Individuals' fear and aversion to workplaces and other public gatherings could contribute to declining productivity. There could also be a loss of productivity through the deaths of medical and care workers, as has been reported for instance in many countries in the sub region during the COVID-19 outbreak. Thus, the cost of disease can be dire and with the potential to worsen poverty among the affected, as a result of wage loss and health costs.

Key message: COVID-19 is producing huge employment and revenue losses and worsening poverty and inequality.

Algeria

The main impact of the COVID-19 on the Algerian economy goes through the shock on oil prices. The Algerian economy has been hardly hit by the drop-in oil prices, from 64.4 USD in 2019 to 19.19 USD end of March 2020. The economy is highly dependent on oil, from multiple sides. First, the share of hydrocarbons in GDP reached a peak of 44.4% in 2012, but with the drop of the oil price starting 2014, it fell to 20% in recent years. Second, hydrocarbon taxes account for 36% of government revenue on average in the past 5 years. It was 60% in the beginning of the 2000s. Third, the service sector account for 26% of GDP, and 60% of total employment. It is mainly composed of trade and transport and depends on imports. The fall of the oil price in 2020 will impact main drivers of growth, public investment and imports. The government has recently decided to cut imports by almost 10%, and public expenditures by 30%, which will increase the impact of the drop of oil prices on GDP. Estimates of ECA, with different scenarios of oil price for 2020 and reduction of public spending show that Algerian GDP could drop to the range of -4.5% to -5.8% in 2020. Unemployment rate could increase up to 15.6%. Trade balance could range from -13% to -20% of GDP. Finally depending on government spending cut, the fiscal deficit would range from -6 to -8.3% of GDP.

Figure 5: GDP per capita growth (annual %) - Algeria (2000-2020)



Source: ECA estimations and World Bank data (2000-

Egypt

Egypt is the fifth-largest recipient of remittances in the world, receiving USD 26.8 billion in 2019 forming 10% of GDP. Travel restrictions will have severe impacts on worker remittances which immediately translates into a weaker purchasing power by millions of households who rely on remittances. While the value of remittances during January-March is around the usual average of USD 6 billion, a decrease by USD 2.3 billion is expected during April- June 2020.

The ongoing crisis is hitting the global trade hard, resulting in a noticeable decrease in revenues of all international trade corridors including the Suez Canal. The Egyptian Government estimates at around USD 1 billion monthly loss of income from tourism, which is a USD 12.5 billion/year industry, and contributes 12% of GDP. Tourist cancellations have already reached 80% in mid-March compared to the corresponding period in 2019, with an initial 138,000 jobs estimated at risk. The negative repercussions of the crisis on the tourism sector are expected to further affect at least 1.4 million people employed by the sector. The tourism sector represents 10% of total employment and is the third largest source of foreign revenue after remittances and non-oil exports.

The short and medium-term impacts of the pandemic are expected to be particularly severe for people and enterprises in the informal sector, which represents 63% of the total employment in all sectors and between 30-40% of GDP (OECD, April 2020). Unemployment rate might be particularly affected due to negative effects of COVID-19 on major economic sectors. Manufacturing, construction, wholesale & retail and transportation sectors absorb 46.6% of total employment in Egypt. Operations of these sectors might be impacted, leading to harmful consequences on employees as well as on their families and dependents, especially those under informal employment including seasonal, temporary and uninsured workers. Informal enterprises also represent around 90% of all micro and small enterprises in Egypt. With the informal sector lacking health and social insurance, as well as paid leave, the containment measures taken across the country may cause around 1.6 million people in the informal sector to lose their jobs by the third quarter of 2020. This will lead to a rise in poverty rates, causing around 12% of the people to fall from poverty into extreme poverty and driving 44.4% (12.9 million workers) below the poverty line (OECD, April 2020).

Libya

On 14 March 2020, the Chairman of the Presidential Council of Libya and Prime Minister of the Government of National Accord (GNA) announced a state of emergency in Libya. This included the closure of all air, ground and maritime Libyan borders for three weeks (with a potential of extension), prayers in mosques are temporarily prohibited, schools and universities are closed for two weeks and public gatherings are restricted. The Curfew hours extended from 2 pm to 7 am. The main impact of the crisis on the Libyan economy will go through the drop-in oil prices and oil blockage.

Mauritania

Continuous lockdown is put in place since 20 March 2020 and the country's borders are closed, rallies prohibited, the doors of schools, restaurants and markets are closed. Travel between different regions of the country are also prohibited.

The economic slowdown in Europe and China (the country's main trading partners) should lead to a drop-in demand for Mauritanian exports. Rising gold prices and the sharp decline in oil prices will partially offset this negative effect but will not be sufficient to overcome the overall drop. The lockdown measures will cause economic activity to slow sharply in some sectors, notably in the services sector, which accounts for almost half of the GDP and jobs in the country.

According to the IMF estimation, the economy is expected to contract by 2% this year and the overall budget deficit could reach -3.4% of GDP. There are however different scenarios for the size of the macroeconomic impact of the COVID-19 crisis, depending on the global economy resilience, the evolution of the commodity prices and the importance and length of the lockdown measures. The baseline scenario shows a drop in GDP growth rate from 5.9% in 2019 to -1.6% in 2020. The most pessimist scenario indicates negative growth of 5.9% in 2020. Consequently, the budget deficit could vary respectively between -3.2% and an unprecedented level of -4.4% of GDP, the highest deficit ever recorded since 2005. Budget deficit depends on the increase in social transfers to protect vulnerable households and grant tax exemptions to businesses in difficulty, especially SMEs.

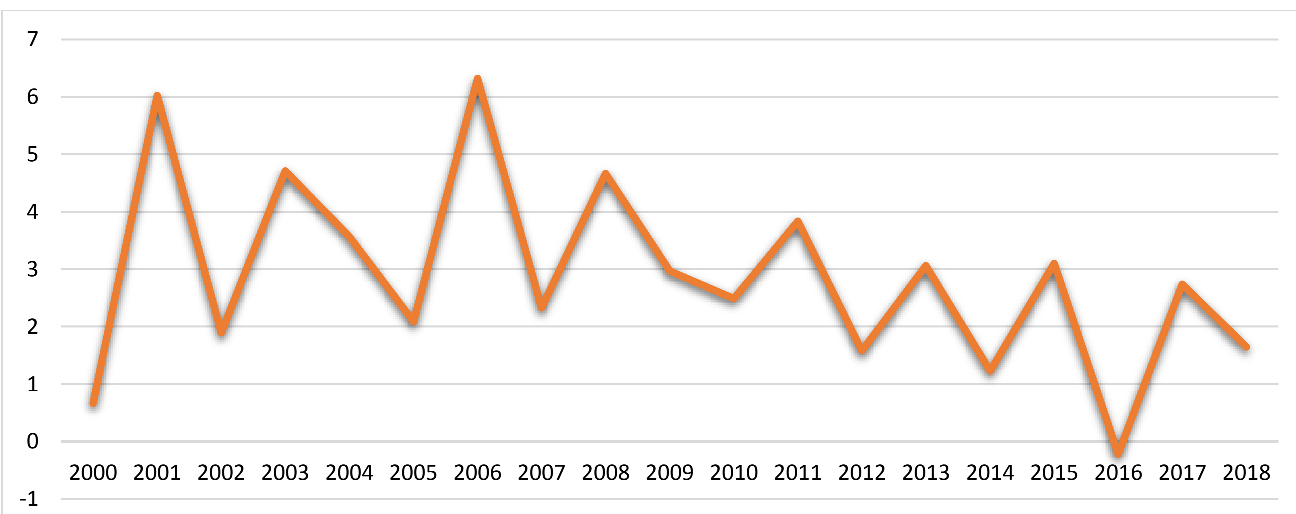
Mauritania's main exports, fishery products and iron ore, would be particularly affected by the slowdown in the economies of its trading partners, and the current account deficit should therefore widen and reach respectively between -16.5% of GDP and -19.1% in 2020.

All scenarios assume that the economy will rebound in 2021, but at a much slower pace than the contraction of the economic activity in 2020, because the business closings and jobs lost, the slow recovery of global demand and domestic consumption will take time to reverse back.

Morocco

Morocco's economy is being affected by the global economic collapse that has hit both the world and Europe, its main trading partner. The country is also experiencing the damage effects of the lockdown measures decided by the national authorities to face the spread of the pandemic. This happened in a situation of a downward trend of GDP per capita growth since 2006 (Figure 6). These translated into unprecedented and daunting challenges for the country. With an acute drought, Morocco's economy is expected to suffer greatly this year from the negative impact of the COVID-19.

Figure 6: GDP per capita growth (annual %) - Morocco (2000-2018)

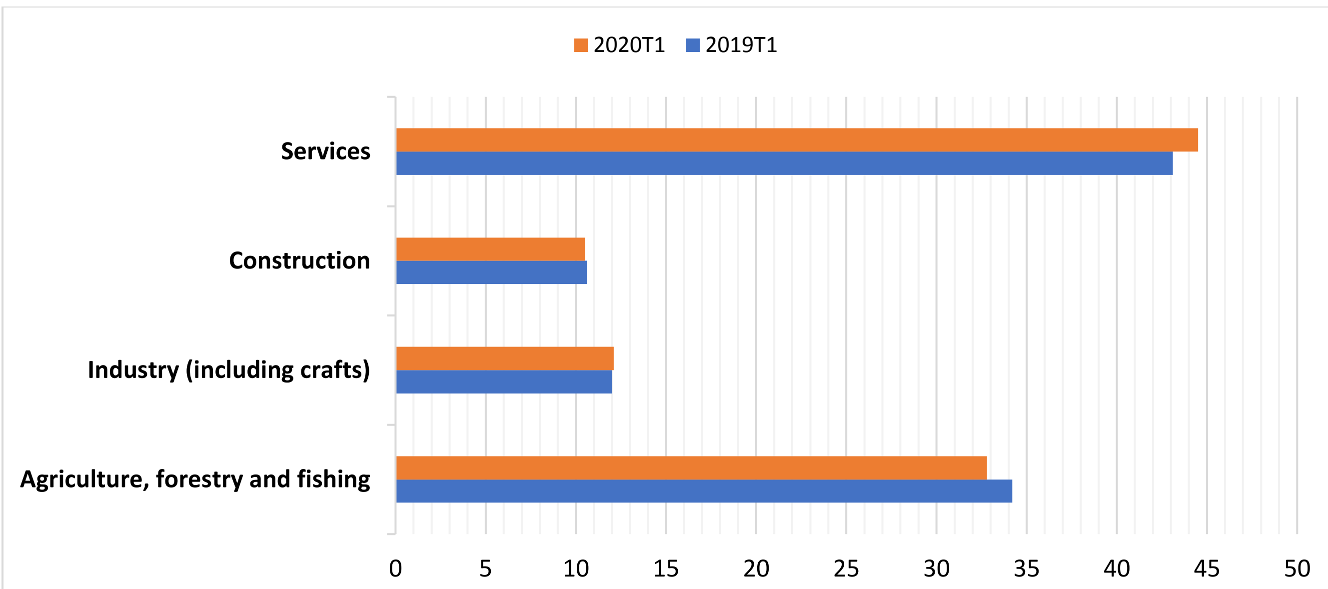


Source: World Development Indicators (2000-2018)

According to the High Commission for Planning (HCP), growth estimates for the first quarter of the year have been revised from 1.1% to 0.7%. This downward revision is attributable to the accentuation of the decline in agricultural value added to -4.4%. Between the first quarter of 2019 and the same period of 2020, the Moroccan economy created 77,000 jobs (Figure 7), resulting from the creation of 80,000 jobs in urban areas and the loss of 3,000 in rural areas. Jobs creation was insufficient, resulting in an increase in the unemployment rate from 9;5% to 10.5%.

The High Commission for Planning (HCP) has recently published its estimates for growth in Q2 2020, which is the major period affected by the lockdown. For the second quarter of the year, HCP forecasts a decline of -6.1% of Moroccan exports and a drop of -8.4% of its imports. The overall GDP is expected to decline by -8.9% in the second quarter of 2020 due to the fall in external and domestic demand and a significant decline in investments of around -27% (comparatively to Quarter 2- 2019).

Figure 7: Net job creations between the first quarters of 2019 and 2020 by sector of economic activity in Morocco



Source: National employment survey, High Commission for Planning of Morocco

The recently published forecasts may vary in their assumptions and the construction of their scenarios, however they all agree on the fact that the country will enter recession for the first time since more than two decades. The expected drop of the GDP growth could reach -1.5% for a baseline scenario and -3.7% for a downward one. On the fiscal side, the pandemic will have an adverse impact on the pace of fiscal consolidation and in turn on gross financing needs and debt. The overall fiscal deficit is projected to deteriorate to more than 6% of GDP in 2020.

The current account balance is expected to widen to around 7% of GDP this year, in a baseline scenario. A sharp slowdown in exports, tourism revenues and remittances is anticipated as the pandemic affects trade and global value chains. Although low oil prices in 2020 will reduce energy import value, it will not fully offset the negative impacts of the pandemic on exports of goods and services. FDIs are expected to slow down and put a burden in financing external deficits.

Sudan

Sudan is facing an economic crisis, coupled with the closure of border crossings, reduced internal movements, reduced remittances (estimated at about USD3 billion per year) due to the global economic slowdown and is likely to impact people's wellbeing. A prolonged closure of the borders could limit availability of supplies and interrupt services; production might be interrupted due to disruption in transportation and supply of basic inputs for farmers, and lead to loss of income. This would further lower household purchasing power- with the lean season coming up in May and could lead to an increase in negative coping mechanisms.

Sudan has a fragile trade situation with high concentration of exports in terms of commodities and trading partners. UAE, China, Saudi Arabia, and Egypt account for 67% of exports over three quarters of which are contributed by just four commodities: gold, sesame, livestock and associated products and oil and its derivatives. Livestock exports are largely to Saudi Arabia and are likely to be negatively affected by the drop-in pilgrims due to border and travel restrictions. The loss could be as high as 50% of exports in 2019 or USD 300 million. The decline in oil prices is likely to reduce oil export earnings by 80% or USD 400 million, given the nature of production sharing agreements. Total loss in export earnings can thus be USD 700 million or 17.5 percent of the total. Remittances from the Sudanese diaspora is likely to decline by USD 500 million, worsening the foreign exchange balance and accelerating the depreciation of the Sudanese Pound and resulting inflation.

Tunisia

The country lockdown, which started in 22 March may have significant consequences and cause unprecedented economic recession. The scenarios for the fall of GDP may range from -2.9% to more than -5%. This would lead to a budget deficit around -5.3% of GDP excluding donations and confiscation. The drop in foreign demand, mostly from the EU which is the main partner of Tunisia, will severely affect external trade, with a current account deficit that reached -7.9% of GDP in 2019.

The COVID-19 crisis has tremendously affected the tourism sector, which contributed by more than to 15% of GDP in recent years, and accounts for 9.4% of total employment. Revenue from Tourism are expected to fall between -40% to -60% in 2020. Remittances, while they represent an important source of foreign reserves, could drop between -13% and -29%.

Section 3: Mitigation Responses

Key message: Economic recovery in North Africa needs a combined support to demand and supply for which the role of the State will have to be redefined.

Key mitigation measures in North Africa region

Table 3: Policy responses to COVID-19, by North African country, as of 7 April 2020

Country	Fiscal Policy		Monetary Policy					
	Fiscal stimulus	Tax exemptions or waivers	Monetary policy rate	Liquidity and macro-prudential measures	Exchange rate and trade	Social distancing	Lockdown and border closures	Other
Algeria	X	X	X		.	X		X
Egypt	X	X	X	X		X	X	
Libya	X					X	X	X
Mauritania	X		X			X	X	
Morocco	X	X	X	X	X	X	X	X
Sudan	.					X	X	
Tunisia	X		X			X	X	X

Legend: "x" indicates that a policy is being implemented; "." indicates that a policy has been announced but not yet implemented.

Source: ECA, 2020, COVID-19 in Africa: Protecting Lives and Economies p.37

Policy responses to the crisis are quite common to most of the countries. The ultimate goal is to avoid a collapse of the economies by supporting businesses and workers during the lockdown periods and after this period to keep firms alive and able to quickly restart their activity. North African countries have launched measures to sustain businesses, an in particular to address the liquidity constraints of firms and these efforts have to be maintained for the medium term. Partial unemployment compensation should also be generalized to help firms keep their workers.

From the social side, the governments have already decided a cash transfer to most vulnerable households, however given the size of the economic shock, social transfers, launched in some countries, will have to be generalized and kept regularly operational. The increase in unemployment and of vulnerable workers will have a potentially huge impact on a larger fraction of households.

Algeria

The Government has put in place number of mitigation measures, with mandatory leave for half of the civil servants and private workers with full compensation, a postponement of declaration and payments of income taxes for individuals and enterprises (except for large enterprises), a relaxation of contractual deadlines and suspension of penalties for companies that experience delays in completing public contracts.

To support businesses, the Bank of Algeria decided to reduce the rate of compulsory reserve from 10 to 8% and to lower interest rate by 25 basis points, fix the key rate of the Bank of Algeria to at 3.25% starting from March 15, 2020. Furthermore, a supplementary finance law is under preparation to set new measures to mitigate the economic impact of the virus. It will include compensation measures for losses incurred by businesses. As for public spending, authorities have announced their intention to lower spending by 30 percent, without impacting wages, health and education.

Egypt

The Egyptian government has issued a number of fiscal reforms to maintain economic stimulation, minimize tax burdens, and reduce health concerns to support the businesses and the financial market:

- Real estate tax payment settlements for industrial and tourism companies have been given a six-month tax break. In addition, companies will also be allowed to settle existing real estate tax liabilities in monthly installments until September 2020.
- Reducing the stamp tax on stock markets transactions to 0.125% (from 0.15%) for foreign investors and 0.05% (down from 0.15%) for local investors. All spot transactions on the EGX will also be exempt from the stamp tax.
- Capital gains tax on stock market transactions have been postponed until January 1, 2022, and permanently exempting foreign investors from the duty.
- Cutting tax on dividends by 50%. investors will now pay a withholding tax of 5% (down from 10%) on dividend payouts from listed companies.
- The Egyptian Ministry of Finance has issued a decree requiring VAT registrant taxpayers to issue electronic invoices.
- Extending the deadline for personal tax filings until mid-April and waiving e-payment fees for online payments. The Egyptian Tax Authority is looking into postponing the filing deadline for auditors and businesses, specifically SMEs.

Libya

The government put in place a multi-sectorial COVID-19 outbreak readiness and response strategy and allocated LYD 500 million for this strategy. Cargo shipping lines established to transport Tunisian food and goods to Libya. Working days reduced to 3-hours shifts. Libya is exploring foreign aid and potential alternatives to mitigate the expected loss of more than USD 4 billion due to oil blockade.

Mauritania

As an emergency measure, the IMF approved the disbursement of $130 million to be levied on the Rapid Credit Facility (RCF). This amount is intended to help Mauritania in its fight against COVID-19, including prioritizing health spending and support the most vulnerable households and sectors of the economy.

The Government created a national fund of solidarity to deal with its economic and social consequences with nearly USD 60 million, mainly dedicated to strengthening the health infrastructure, to support the vulnerable populations and the working population affected by the economic slowdown and unemployment.

Morocco

Strict national measures have allowed the country to respond quickly and anticipate the evaluation of the pandemic. From border closure to confinement, social distancing and mandatory masks, Morocco has taken early measures to anticipate the different stages of the virus spread to avoid an extra weight on the health care system, while making sure that other health services can also continue to be provided in parallel with the response to COVID-19.

The country created a national COVID-19 Fund (reaching nearly USD 3.3 billion as of April 3rd) to mitigate the socio- economic impacts of the pandemic. This fund builds on the solidarity and contributions from both the public sector, companies and private individuals. It is dedicated to managing the health repercussions of the epidemic and mitigate its economic and social impact. In addition, monetary measures were taken to help avoid the bankruptcy of a good number of companies, especially the small and medium enterprises, and save jobs.

An Economic Watch Committee (EWC) has been set up at the level of the Ministry of the Economy, Finance and Administration Reform. This committee is responsible on the one hand, for monitoring the development of the economic situation through rigorous monitoring and evaluation mechanisms and on the other hand, for identifying appropriate measures in terms of support to sectors. The EWC drafted and currently implementing an action plan to the end of June with a first series of measures and is preparing a national plan for recovery. The country is currently preparing an amending finance bill.

Sudan

The Government of Sudan has proposed a fivefold average increase in salaries to public sector employees and similar substantial increase in the minimum wage subsidies provided to badly affected small businesses. Mitigation measures were taken to prevent widespread defaults on loans and keep the banking sector solvent. The Government is also putting an emergency unemployment benefit scheme in place to support workers laid off because of COVID-19 with preventive measures for up to three months.

The Ministry of Industry and Trade has banned export of sorghum starting from 15 April until further notice to increase domestic food stock in light of COVID 19's spread. The Ministry of Finance has signed an agreement with World Food Program to provide 200,000 tons of wheat to the government with payment received in local currency. This will assist the government to increase the local availability of wheat (and thus bread) at this critical juncture.

Tunisia

The country has put in place an emergency fund of DT100 million (USD 34 million) for social aid towards the vulnerable population. Another Emergency fund of DT100 million was set up to support those who lost their jobs particularly in sectors as tourism, maritime and air transport, artisans and SMEs.

The additional measures to support the economy and the population concern include:

- Postponement of three months, for the repayment of bank credits and loans for those who have incomes above DT1000 per month;
- Postponement of the monthly repayment of the microcredits from six months to one year;
- Reduction in interest rate to citizens with loans from banks, to preserve their purchasing power;
- Reduction in interest rate to businesses, especially SMEs, to preserve their sustainability and maintain jobs.

Section 4: Policy options

The countries should prepare national recovery plans along with reforms to boost both public and private sectors and put them on a new trajectory with greater economic diversification.

In view of this we highlight the following policy options:

Health measures

Health measures must ensure the following:

1. Support and strengthen capacities of the health workforces as a first line of defense against COVID-19 (training, protection, remuneration, etc.);
2. Prioritize older persons, persons with compromised immune systems and persons with disabilities in COVID-19 prevention and treatment;
3. Facilitate and enhance private sector and NGOs engagement in COVID-19 response;
4. Enhance and promote regional and cross-border collaboration focusing on sharing surveillance and epidemiological data.

Fiscal measures

Fiscal measures must aim to support people and businesses in need and sustain the economies by ensuring the following:

1. Enhance social protection by extending the coverage of existing schemes, including cash transfers, food aid, unemployment benefits, and paid sick leave protection;
2. Defer individual loans and mortgages, temporarily suspending government fees, and providing tax relief to those in need;
3. Support impacted businesses to reduce job layoffs by postponing social contribution payments for employees, extending tax exemptions, providing wage subsidies, and suspending loan repayments during the COVID-19 crisis;
4. Extend credit support and providing interest free loans to small and medium enterprises (SMEs) and the self-employed;
5. Boost demand and job creation through increased government spending on labor-intensive projects and procurement, especially expenditure on healthcare programmes and emergency response systems.

Social solidarity measures

Social solidarity measures must target the poor and vulnerable by ensuring the following:

1. Introduce uninterrupted access to affordable food staples and necessities for vulnerable consumers, and prevent hoarding and price gouging;
2. Support older persons and persons with disabilities who have limited or no social protection;

3. Provide clean water service delivery, including emergency handwashing and sanitation services, in slums, informal settlements and water scarce areas;
4. Ensure that social protection measures and mitigation strategies are equitable and specifically target the economic impact of the outbreak on women and girls to build their resilience and remove the high economic burden;
5. Support social distancing measures through temporary social assistance to ensure that workers can remain employed even if quarantined or forced to stay home to look after dependents;
6. Ensure swift financial and material support to poor families who are further impoverished due to COVD-19 mitigation measures.

Labor markets measures

Labor markets measures should protect jobs and promote decent work by ensuring the following:

1. Introduce special measures to protect employment for vulnerable groups such as youth, women, and persons with disabilities;
2. Extend support to the informal sector to enable workers in this sector to benefit from decent work conditions;
3. Promote self-employment by enabling micro-finance opportunities and making digital banking more accessible to the poor;
4. Address as a matter of urgency the health and safety of those working during this crisis, particularly health workers. No one should feel forced to work in conditions that unnecessarily endanger their health because they fear losing a job or a paycheck.

Private sector partnership and support need to strengthen solidarity by ensuring the following:

1. Encourage large corporations to limit layoffs and integrate SMEs in their value chains, including favoring them in procurement and subcontracting, and offering them rent suspensions or waivers during the crisis;
2. Encourage private banks to provide relief from interest payments during the crisis, and suspend collection of principals from SMEs and the self-employed;

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