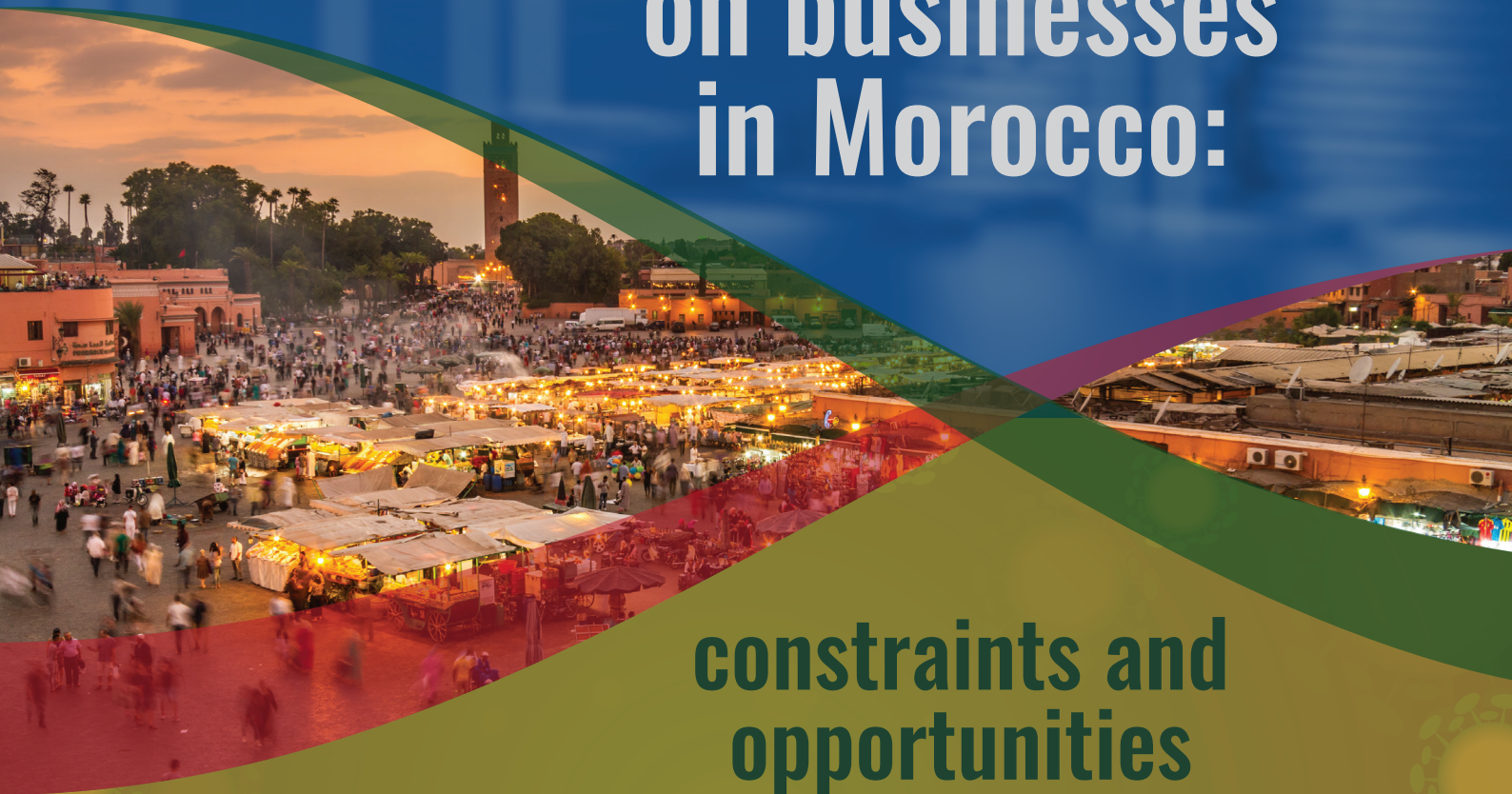




United Nations
Economic Commission for Africa

Impact of the coronavirus disease crisis on businesses in Morocco:



**constraints and
opportunities**



United Nations
Economic Commission for Africa
Subregional Office for North Africa

Impact of the coronavirus disease crisis on businesses in Morocco:

constraints and opportunities

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Foreword

The present report contains the main findings of a survey conducted among 1,000 Moroccan businesses from 1 January to 16 June 2021. The analysis of the results highlights some of the main effects of the coronavirus disease (COVID-19) pandemic in Morocco, such as financial constraints and shock asymmetry. Some of the survey results are particularly useful for better preparing the Moroccan economy for similar shocks in the future, which are made more likely by climate change. In total, 48 per cent of companies surveyed were affected by temporary business interruptions, lasting on average 7.3 weeks. The interruptions had a direct impact on turnover. The services sector was hardest hit, with turnover down 38.9 per cent, compared with 33.3 per cent in industry. Given the nature of the pandemic and the response of Governments around the world, the accommodation and catering, and tourism sectors saw the biggest drop in business in Morocco, at 67.9 per cent and 61.8 per cent, respectively. Employment fell by 7.7 per cent in industry and services, and by 6.9 per cent in agriculture. In the services sector, the decline was greatest in the accommodation and catering sector (25.2 per cent). In industry, the construction sector recorded the sharpest drop (11.9 per cent). Small enterprises were the worst affected, suffering a drop of 50 per cent in their turnover.

The survey has highlighted the scale of certain constraints faced by companies, which were especially acute during the pandemic, such as access to finance. Although only 12.3 per cent of businesses identified access to finance as a constraint in 2019, 22.2 per cent did so in 2020. Among the businesses reporting financial constraints in 2020, 53.3 per cent experienced a decline in both turnover and employment, compared with 42.6 per cent on average in the sample. Businesses that were temporarily shut down were twice as likely to cite access to finance as a constraint in 2020. In addition, businesses seem to have been increasingly affected by unfair competition from the informal sector and macroeconomic instability.

The report helps to highlight the role of public policy in mitigating the effects of the crisis and supporting the recovery from the COVID-19 pandemic, as in many other countries. The survey has shown that 47.5 per cent of businesses surveyed received at least one form of assistance, of which 93.2 per cent received a salary subsidy and 4.8 per cent a salary subsidy and another form of support. The results reveal that the salary subsidy had no effect on protecting jobs, but that it did reduce the decline in turnover of supported businesses by around 4 per cent. Finally, the businesses surveyed indicated that education and health were the priority areas in which public authorities should invest in the future.

Zuzana Schwidrowski

Summary

The coronavirus disease (COVID-19) pandemic led to an unprecedented global recession with a resultant drop in gross domestic product (GDP) of 3.3 per cent in 2020 and 7.2 per cent in 2021 in the case of Morocco. It occasioned, on the one hand, an asymmetrical effect on virtually all sectors, in particular the services sector, with an upheaval in supply chains and long-term impacts not only on health, education and capital, but also on global trade, the world of work, and accelerated digitalization. Thus, the onset of COVID-19 was by no means an isolated event, given the loss of biodiversity on a global scale, and also climate change, both of which accentuated the proliferation potential of the pandemic. The world was beset by a scenario of overwhelming uncertainty and multiple crises, as is starkly exemplified by the concurrence of the COVID-19 crisis, the conflict in Ukraine and extreme weather events in 2022, such as drought, forest fires and floods, which have continued into 2023.

In the face of such upheavals, Morocco, in tandem with other developing countries, had to more keenly take into account future risks in its development model and build up a more resilient economy, in particular in response to the multiplicity of crises. The experience of the COVID-19 pandemic thus provides an opportunity to those affected by it to draw lessons for the future. The present report sets out key lessons drawn from a survey conducted by the Economic Commission for Africa (ECA) on a broad sample of businesses. The survey was designed to analyse the effect of the pandemic on businesses. It also makes it possible to assess the impact of public subsidies in the form of wage subsidies received by businesses. One of the key findings consists in the positive impact of this assistance on turnover and the lack of any effect on employment. Where turnover was concerned, the subsidy made it possible to reduce losses by 4 per cent (the average difference in turnover between assisted businesses and non-assisted businesses was around 4 per cent). As for other findings from the survey, the following features stand out: first, small businesses were those worst affected in terms of turnover, while large firms lost proportionately more jobs; second, export-oriented firms were less affected in terms of losses of jobs and turnover; third, more firms faced financial constraints in 2020, and also what was deemed to be unfair competition from the informal sector; fourth, the firms that reported having faced the worst financial constraints in 2020 also experienced the largest drop regard to turnover and employment; and fifth, businesses in the tourism sector and catering, and also those in construction and public works, reported the highest degree of uncertainty as to whether their activities would return to normal (pre-COVID) levels.

Against the backdrop of the current global economic crisis and lessons learned for future crises, together with those drawn from the ECA survey, the present report proposes four sets of policy recommendations aimed at equipping the Moroccan economy to weather future risks:

- a) Efforts should be made to facilitate structural transformation, including through better governance approaches designed to minimize distortions affecting the efficient allocation of factors of production;
- b) Financing mechanisms should be boosted in the economic sphere, including access to financing for small and medium-sized enterprises. Several recommendations have been made to such enterprises. These pertain to boosting credit guarantee programmes and broadening access to crowdfunding, creating financing instruments

for small businesses and stepping up financial education. These measures are designed to streamline access to financing for small and medium-sized enterprises, which were adversely affected by financing constraints during the COVID-19 pandemic;

- c) An education system should be put in place that is responsive to the challenges confronting the economy. This will involve boosting vocational training programmes with a view to creating new workforce capabilities that are adapted to the needs of businesses, with a focus on enhancing digital and technological skills; promoting collaboration between businesses and educational establishments in order to develop appropriate training programmes; and boosting in-service training, vocational retraining and social inclusion;

Resilience should be at the centre of public policy formulation, with a system-wide approach to risks. Public policy formulation should be guided by an awareness of all the vulnerabilities and areas of resilience, following a system-wide approach; and a mechanism should be set in place for identifying, characterizing and quantifying risks (climate-related, technological, economic and others) and assessing the vulnerabilities on the basis of the risk factors identified. At the same time, recovery that is anchored on public-sector investment must take into account the aspect of resilience, for example, by maintaining and upgrading infrastructure to maximize its resilience to climate change. Housing, and social housing in particular, could also be swiftly oriented towards more energy-efficient housing, and so on.

1. Introduction

The COVID-19 pandemic profoundly affected the global economy, occasioning a 3.3 per cent drop in GDP (in contrast to a 2.6 per cent uptick in 2019) (World Bank, 2023). Subsequently, owing to enhanced control of the pandemic in the public-health sphere and the ability of economies to adapt to it, global GDP rebounded by 6.3 per cent in 2021 (International Monetary Fund, 2023). In 2022, owing to the combination of a multi-pronged crisis, the growth trajectory slowed to 3.4 per cent and is projected by the International Monetary Fund (IMF) to drop to 2.8 per cent in 2023.

In Morocco, the COVID-19 crisis, compounded by a failed agricultural season, induced recession on an unprecedented scale. GDP contracted by 7.2 per cent, according to the country's High Commission for Planning. In tandem with global trends, GDP growth rallied to 7.9 per cent in 2021, but slackened again in 2022 to 1.3 per cent, owing, among other factors, to the drought that beset the country and imported inflation. Growth rallied again in 2023, with GDP rising by around 3 per cent in the first quarter of 2023. Despite a spate of crises since 2020, the Moroccan economy showed greater resilience, thanks to more robust diversification which, among other benefits, led to a reduction in GDP volatility. The tertiary sector contributed by up to 2.2 percentage points to the GDP growth trajectory registered over the period 1999–2019, and makes up 51 per cent of GDP. At the same time, however, the public-health measures set in motion by the authorities, as in most other countries around the world, had further dampened the services sector, whose value added contracted by 7.9 per cent (as compared with contractions of 7.4 per cent for the manufacturing sector and 7.1 per cent for agriculture and fisheries). Accommodation and catering, textiles and clothing, metallurgy and mechanical engineering, and also electrical engineering and installations, were all hard hit by the slump in external demand and the disruption in global value chains. According to the High Commission for Planning, external demand shrank by 14 per cent, while the corresponding figure for domestic demand was in the range of 6 per cent.

The impact on businesses varies according to the sector in which they operate, but also by reference to other factors such as their size and self-financing capabilities. It is against that background that ECA conducted a survey in Morocco (in the first half of 2021) and in Tunisia (in November and December 2020), focusing on 1,000 businesses in each country, with the objective of highlighting the impact of the pandemic on business operations. In the case of Morocco, several surveys have been conducted since 2020. For instance, in 2021, the German Agency for International Cooperation (GIZ) analysed the risk factors affecting micro, small and medium-sized business entities and the strategies to which they had recourse in dealing with them, and highlighted potential opportunities for boosting their resilience. In 2022, Caroline Kraft and others assessed the ways in which Moroccan households and businesses were affected by the COVID pandemic over the period up to June 2021. The High Commission for Planning conducted a survey in four phases over the period 2020–2022, which primarily consisted in the

gathering of qualitative data from businesses. The World Bank, in the context of its COVID-19 business pulse survey, also conducted a survey in three phases, in 2020.¹

The ECA survey differs from those conducted by the High Commission for Planning and the World Bank primarily in regard to the type of information gathered. Apart from information pertaining to business operations, employment and production, the survey includes questions on the outlook for businesses in terms of their activities, production, employment and use of information and communications technologies, their perception of the bottlenecks that they encountered before and during the pandemic, and their opinions on desirable public policy directions and priority areas for public investment. The ECA survey also enabled an assessment of the public assistance received by businesses, including wage subsidies. In this context, a key finding of the ECA survey is the positive impact of this assistance on turnover, with zero impact on employment. Thanks to the subsidy, the downturn in turnover was reduced by 4 per cent (in other words, the average difference in turnover loss between businesses that received assistance and those that received none was in the range of 4 per cent).

Other noteworthy points that emerge from the survey are, first, that small businesses were the worst affected in terms of turnover, while large firms lost proportionately more jobs; second, that export-oriented firms sustained fewer losses in terms of employment and turnover; third, that more firms encountered financial constraints in 2020, but they also ran up against what was considered to be unfair competition from the informal sector and heightened macroeconomic instability; fourth, that the businesses that regarded themselves as being the most financially constrained in 2020 are also those in which turnover and employment were worst affected; fifth, that businesses in the tourism, hotel and catering sectors and those in construction and public works reported the highest level of uncertainty regarding the prospect of a return to normal (pre-COVID-19) levels. Some of the findings for Morocco are similar to those obtained in an identical survey in Tunisia.² Conversely, in the case of Tunisia, the businesses appear to have faced more severe financial constraints.

Many surveys have been conducted worldwide to assess and quantify the impact of COVID-19 on businesses. Apedo-Amah and others (2020) have come up with survey results emanating from some 51 countries, encompassing over 100,000 businesses. They highlight some of the typical effects of the pandemic. COVID-19, for example, had an impact on all sectors of the economy: turnover was more acutely affected than employment, and businesses faced great uncertainty about the future. The study by Aga and Maemir (2021) covers 38 countries worldwide, including 8 in sub-Saharan Africa. The authors point out that the pandemic had a much greater impact on African economies outside North Africa: this is primarily attributable to their different levels of development, rather than differences in sector structure or business characteristics.

In the remaining part of the present paper, the findings of the ECA survey are presented in more detail. The findings are based on the use of data analysis methodology to study the dependence relations between variables, and econometric regressions of the ordinary least square (OLC) and logistic types. Multivariate data analysis methods offer a number of tools for examining expenditure relationships between variables, ranging from tests of the independence of

1 For more information, see the website of the World Bank survey: www.worldbank.org/en/data/interactive/2021/01/19/covid-19-business-pulse-survey-dashboard.

2 For further information, see ECA, "Impact of the COVID-19 crisis on Tunisian firms: constraints and opportunities", 2022.

two variables, such as the chi square test, to linear relationships between several variables, such as the OLS method, which can be used to plot a straight line through a scatter diagram. Logistic regression, on the other hand, uses what is known as a logistic function to calculate the probability of occurrence of an event as a function of the observation of certain values for variables that are intended to “predict” the event. The methodology has featured the following elements:

- a) Computer-assisted telephone interviews using a structured questionnaire;
- b) Target of all businesses operating in Morocco of all sizes and across all sectors of activity;
- c) Interviews conducted with business managers (for example, directors general, chief executives, managers, directors of finance, communications and human resources);
- d) Sample size of 1,000 businesses;
- e) Questionnaire lasting approximately 15 minutes;
- f) Sample selection using representative quotas of business size, region and sector of activity, on the basis of the statistical data provided by the High Commission for Planning.

In the first section, the survey is presented and, in the second, a description provided of the effects of the pandemic on the operations of businesses. The third section looks at the viewpoints of the business entities surveyed regarding their post-crisis prospects. In the conclusion, a number of policy recommendations are put forward, placing the COVID-19 crisis in a broader context, such as that of climate change. The data contained in the tables and figures are derived from the data collected in the survey process.

2. Survey

The survey was undertaken by a polling agency covering 1,000 business entities, by telephone, between 1 January and 16 June 2021. The sample comprises representative quotas determined by the size of the business, the region and the activity sector, on the basis of data provided by the High Commission for Planning.

Table 1 in the annex shows the distribution of businesses across 14 sectors. Table 1 below shows the sampling by business size (measured by the number of employees), age of the business entity, and the level of education and gender of the business leader. It is noteworthy that, in the sample, only 7.9 per cent of the businesses surveyed were headed by a woman, to some extent reflecting the situation in the country as a whole, which was 16.1 per cent in 2019. Where the level of education is concerned, 77.8 per cent of the business leaders interviewed had a university degree and 8.4 per cent had a vocational diploma.

Table 1: Sample details

Number of employees	Distribution (percentage)
Less than 10	11.8
10–50	23.9
50–250	43.6
250–500	10.2
Over 500	10.5
Age of business in years	
Less than 10	7.5
10–25	42.3
25–50	37.7
Over 50	12.5
Export status	
Exporting	22.6
Not exporting	77.4
Business leader's highest level of education	
Primary	3.5
Secondary	10.3
University	77.8
Vocational training	8.4
Business leader's sex	
Female	7.9
Male	92.1

In sum, 23 per cent of the businesses were export-oriented, of which 41 per cent were in the industrial sector and 53 per cent in services.

3. Key findings from the survey on the impact of the crisis on businesses

The main results of the survey on the impact of COVID-19 on employment and activity are presented below. The main descriptive statistics relating to the impact of the crisis on turnover and employment by sector, age, size and export status are examined first, followed by a quantitative assessment of the effects of the crisis, including business closures or reduced activity, access to finance, constraints faced by businesses and assistance from public authorities, taking into account business characteristics.

The tourism, accommodation and catering, and real estate sectors recorded the sharpest falls in turnover and employment.

Given the nature of the crisis, the decline in turnover was the biggest in the service sector in 2020. Turnover fell by as much as 38.9 per cent in services, compared with 33.3 per cent in industry. Table 2 shows that the accommodation and catering sector, followed by the tourism sector, was the hardest hit (with reductions of 67.9 and 61.8 per cent, respectively), followed by real estate (47.9 per cent). The accommodation and catering sector was the hardest hit because of its dependence on external demand, which contracted considerably as a result of health

Table 2: Change in employment and turnover between 2019 and 2020, by sector (Percentage)

	Change	
	Turnover	Employment
Agriculture, forestry and fishing	-19.2	-6.9
Industry	-33.3	-7.7
Extractive industries	-35.7	-5.1
Manufacturing	-31.7	-9.3
Construction and public works	-36.2	-11.9
Production and distribution of electricity, gas, steam and air conditioning	-31.4	-3.5
Water supply and distribution, sanitation, waste management and decontamination	-19.5	-9.1
Services	-38.9	-7.7
Tourism and related services	-61.8	-13.9
Sale and repair of cars and motorcycles	-31.6	-3.6
Transport and warehousing	-30.6	33.3
Accommodation and catering	-67.9	-25.2
Information and communication	-44.1	-7.2
Finance and insurance	-29.3	-10.0
Real estate	-47.9	-9.5
Specialized, scientific and technical activities	-57.5	-19.2
Other services	-32.9	-7.5
Teaching and education	-25.0	-6.9

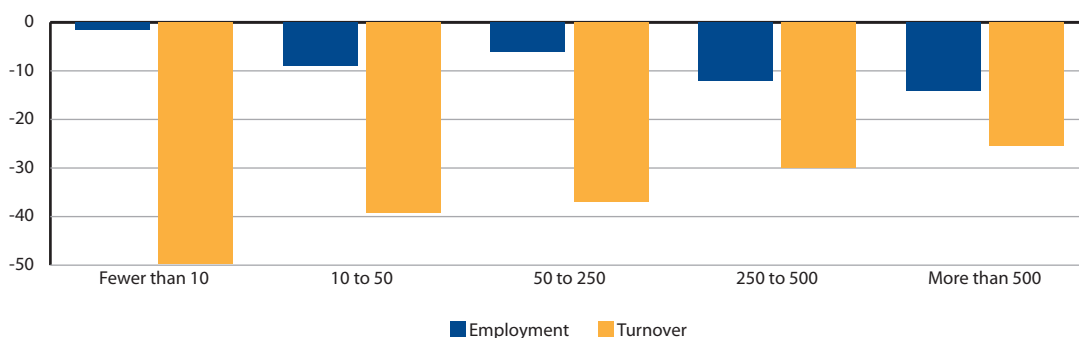
restrictions. According to the World Tourism Organization (2021), international arrivals fell by 74 per cent in 2020.

As in other countries, the construction sector in Morocco is highly sensitive to changes in economic activity and it recorded a 36.2 per cent drop in activity. Employment fell by 7.7 per cent in industry and services, and by 6.9 per cent in agriculture. In the services sector, the decline was greatest in the accommodation and catering sector (25.2 per cent). In industry, the construction sector recorded the sharpest drop (11.9 per cent).

Table 3 shows the distribution of businesses within each sector by change in activity and employment.

Table 3: Distribution of businesses by evolution of employment and activity (Percentage)

	Turnover up, employment stable	Turnover down, employment stable	Turnover up, employment up	Turnover up, employment down	Turnover down, employment up	Turnover down, employment down
Agriculture, forestry and fishing	16.7	46.7	6.7	–	6.7	23.3
Extractive industries	1.4	38.4	2.7	1.4	8.2	48.0
Manufacturing	3.7	35.2	2.8	3.7	8.3	46.3
Tourism and related services	1.1	39.6	–	–	5.5	53.9
Production and distribution of electricity, gas, steam and air conditioning	11.1	40.7	11.1	3.7	3.7	29.6
Water supply, wastewater treatment, waste management and decontamination	13.3	26.7	–	13.3	20.0	26.7
Construction and public works	6.7	31.9	0.7	3.7	6.7	50.4
Sale and repair of cars and motorcycles	3.5	48.3	3.5	2.3	11.5	31.0
Transportation and warehousing	7.1	32.1	7.1	3.6	14.3	35.7
Accommodation and catering	–	25.0	–	–	4.2	70.8
Information and communication	–	35.7	7.1	–	7.1	50.0
Finance and insurance	25.0	25.0	–	–	8.3	41.7
Real estate	–	56.3	–	–	6.3	37.5
Specialized, scientific and technical activities	–	36.4	–	9.1	–	54.6
Other services	10.4	34.1	3.9	3.9	12.6	35.2
Teaching and education	9.5	42.9	4.8	–	–	42.9
Total	6.2	37.0	2.9	2.8	8.7	42.6

Figure I: Reduction in turnover and employment by business size (Percentage)

Both turnover and staffing numbers fell in 70 per cent of businesses in the accommodation and catering sector, 53.9 per cent in tourism and 50 per cent in construction.

Small businesses were the hardest hit by lower turnover.

Figure I shows the variation in turnover and employment by business size. The decline in turnover was the biggest among small businesses, while the drop in employment was the biggest among large businesses. Those discrepancies can be explained by the fact that smaller firms have a lower volume of activity and less resilience.³ In addition, given the decreasing rigidity of the labour market (as a result of the cost of dismissal and recruitment), large firms have been better able to adjust their workforce.

Industrial exporters experienced a smaller drop in their turnover, as shown in figure II.

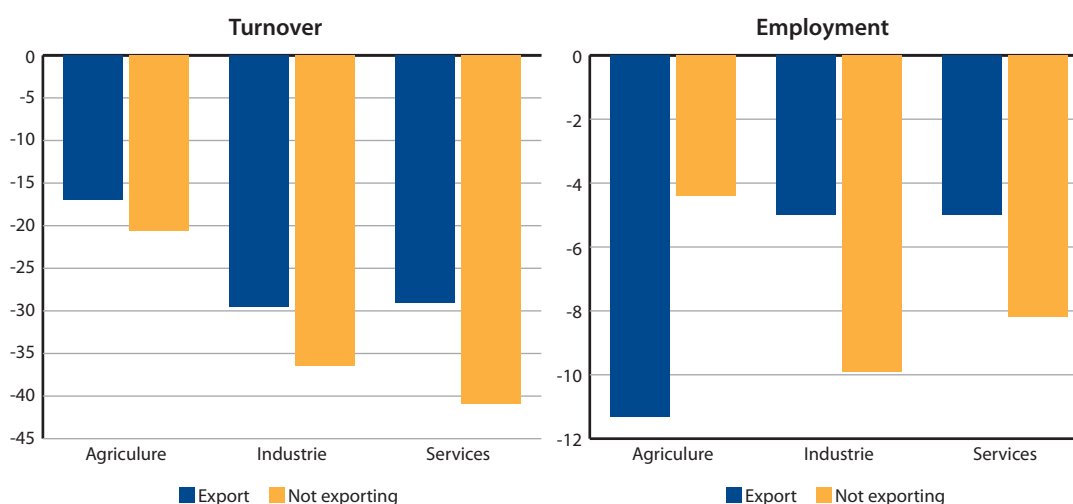
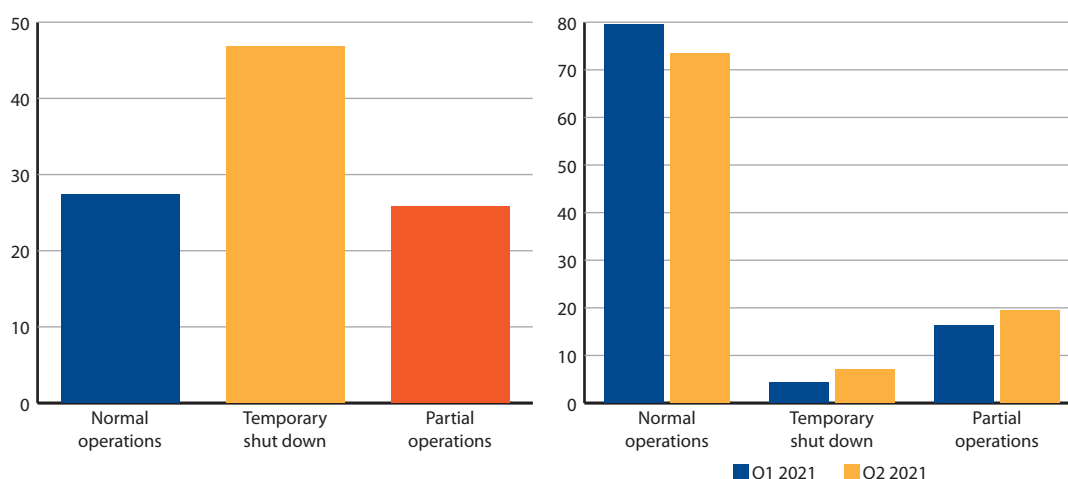
The drop in turnover was 28.5 per cent for exporting businesses and 39.7 per cent for non-exporting businesses. In the sample, 82.5 per cent of non-exporting businesses were in the service sector. Exporting businesses were divided mainly between industry (54 per cent) and services (40 per cent). Some outsourcing service activities were among the sectors that were the most resilient to the crisis and have had a significant increase in activity since the third quarter of 2020 (the sector created jobs in 2020). The decline in employment, therefore, was 5.3 per cent for exporting businesses and 8.3 per cent for non-exporting businesses.

One of the main effects of the pandemic on business activity was the disruption of commercial operations, owing to lockdown measures, restrictions on the movement of people and goods, and social distancing.

In all, 48 per cent of businesses were affected by temporary business interruptions, lasting on average for 7.3 weeks.

One of the major characteristics of the economic crisis triggered by COVID-19 was the cessation or reduction of activity caused by social distancing, whether voluntary or enforced by public authorities, such as in the form of lockdowns and restrictions on movement. Those measures have not affected businesses in the same way. The ways in which businesses have been affected reflect their field of activity, including their need for face-to-face interaction with customers, for example, their market (local or international) and the degree to which they are digitalized.

³ Smaller firms have less resilient cash flows, for example, to respond to periods of reduced activity.

Figure II: Change in turnover and employment by export status and sector (Percentage)**Figure III: Impact on business operations since March 2020 and at the time of the survey (Number of weeks)**

Businesses were asked about the nature of the business interruptions that they experienced in 2020 and at the time of the survey, and the duration of those interruptions. Across all sectors, businesses experienced an average of 7.3 weeks of interruption and 4.8 weeks of partial operation. Figure III shows that only 27.4 per cent of businesses experienced normal activity between March 2020 and the first half of 2021, 46.8 per cent experienced temporary shutdowns and 25.8 per cent experienced periods of partial operation. There was an improvement between the first and second quarters of 2021, when the percentage of businesses operating normally rose from 73.4 to 79.5 per cent.

Temporary shutdowns were longest in the service sector, at 7.9 weeks, and industry, at 6.1 weeks, compared with 2.3 weeks in agriculture. In agriculture, 61.8 per cent of businesses had normal activity between March 2020 and the first half of 2021, compared with 22.3 per cent in industry and 27.3 per cent in services.

Table 4 shows the number of weeks of business interruption for each sector. The sectors with the shortest periods of interruption were finance and insurance (1.4 weeks), agriculture, forestry and fishing (2.3 weeks) and transport and warehousing (2.4 weeks). At 17.1 weeks and 18.4

Table 4: Number of weeks of shutdown and partial operation between March 2020 and the first half of 2021, by sector

	Shutdown	Partial operation
Agriculture, forestry and fishing	2.3	4.4
Industry	6.1	5.9
Extractive industries	6.8	5.1
Manufacturing	5.7	6.5
Construction and public works	7.8	5.1
Production and distribution of electricity, gas, steam and air conditioning	3.9	3.1
Water supply, wastewater treatment, waste management and decontamination	4.5	3.5
Services	7.9	4.6
Tourism and related services	17.1	3.1
Sale and repair of cars and motorcycles	5.2	6.5
Transport and warehousing	2.4	7.4
Accommodation and catering	18.4	2.1
Information and communication	10.3	14.2
Finance and insurance	1.4	7.4
Real estate	8.4	–
Specialized, scientific and technical activities	6.6	5.9
Other services	5.3	3.3
Teaching and education	6.7	6.3

weeks, respectively, tourism and accommodation and catering recorded the longest periods of business interruption.

Young businesses experienced the longest periods of shutdown, as shown in figure IV.

In the first half of 2021, 75.5 per cent of businesses surveyed were operating normally, with variation among sectors. With the health consequences of the pandemic increasingly under control, both nationally and internationally, the Moroccan economy gradually regained momentum in the first half of 2021.

Table 5 shows the working arrangements for sectors in which the number of businesses surveyed exceeds 30. Only tourism was still severely affected by a partial operating regime.

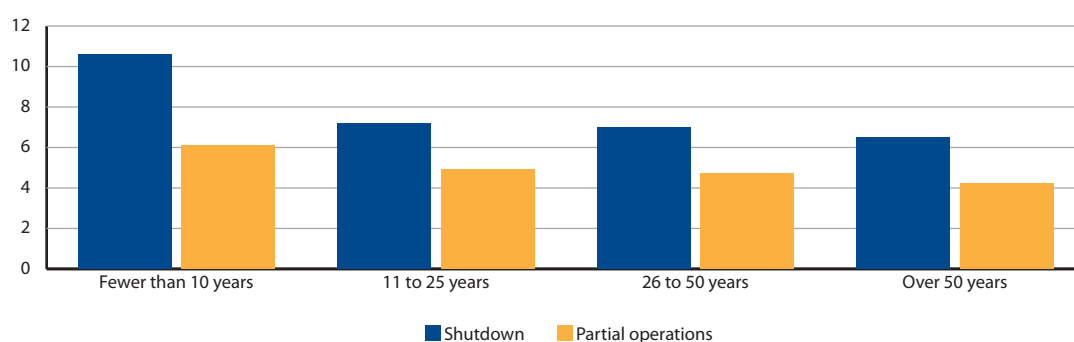
Figure IV: Number of weeks of shutdown and partial operation, by business age

Table 5: Working arrangements in the first half of 2021 (Percentage of businesses)

	Operating normally	Temporarily shut down	Operating only partially
Agriculture, forestry and fishing	85.3	–	14.7
Extractive industries	69.2	9.0	21.8
Manufacturing	75.0	4.0	21.0
Tourism and related services	59.2	15.5	25.2
Production and distribution of electricity, gas, steam and air conditioning	80.6	2.8	16.7
Construction and public works	81.7	6.3	12.0
Sale and repair of cars and motorcycles	78.8	2.0	19.2
Transportation and warehousing	71.9	–	28.1
Other services	80.8	5.9	13.4

Table 6: Operating regime by exporting status (Percentage of businesses)

	Since March 2020		First half of 2021	
	Not exporting	Exporting	Not exporting	Exporting
Operating normally	27.9	25.7	75.2	76.6
Temporarily shut down	48.3	41.7	6.6	4.6
Operating only partially	23.8	32.6	18.3	18.8

Table 6 shows that the proportion of businesses experiencing shutdowns was higher among non-exporting businesses. That trend was reversed, however, for the proportion of businesses operating only partially. Exporting businesses were divided evenly among industry and services. Many offshore service providers have been able to adapt to the health conditions. It is likely that exporting businesses were better able to maintain a minimum level of activity, given that they have a more diversified market. Exporting businesses are more commonly foreign-owned and they have certainly benefited from greater support from their parent companies. As a result, exporting businesses had fewer temporary shutdowns (4.1 weeks, compared with 8.2 weeks for non-exporting businesses), but spent more time operating only partially (6.1 weeks, compared with 4.5 weeks for non-exporting businesses). It was easier for exporting businesses to cushion the demand shock of the pandemic by adopting a partial operating regime (using less capacity), rather than temporarily ceasing operations.

Investment fell more sharply in the information and communication, real estate, finance and insurance, and other services sectors.

The crisis had not only a short-term impact on business activity, but also a longer-term impact, especially in the decline in investment. Analysing the impact of the crisis on investment is useful in many ways. It leads to a better understanding of corporate expectations and assessment of the medium-term and long-term impacts on capital accumulation, and, therefore, on economic growth. The responses from businesses concerning the variation in their investment between 2019 and 2020, however, potentially suffer from biases that make it impossible to answer the question accurately at an aggregate level. The bias may result from an insufficient response rate: only 59.6 per cent of businesses answered the question.⁴ For example, the longer the shutdown, the higher the probability of answering the question. Examining the variation in

⁴ There is a statistically significant relationship between a business's sector, the answer to the question, its export status and whether a financial constraint was perceived.

Table 7: Change in investment and response rate (Percentage)

	Change in investment	Response rate
Agriculture, forestry and fishing	-21.8	50.0
Extractive industries	-42.3	70.5
Manufacturing	-40.7	41.9
Tourism and related services	-64.8	57.3
Production and distribution of electricity, gas, steam and air conditioning	-29.8	61.1
Water supply, wastewater treatment, waste management and decontamination	-19.8	66.7
Construction and public works	-50.0	54.9
Sale and repair of cars and motorcycles	-52.2	48.5
Transportation and warehousing	-11.4	50.0
Accommodation and catering	-54.0	44.4
Information and communication	-56.0	92.9
Finance and insurance	-61.1	68.8
Real estate	-53.2	68.8
Specialized, scientific and technical activities	-17.5	28.6
Other services	-50.3	80.8
Teaching and education	-17.7	47.8
Total	-46.5	59.4

investment across the 572 businesses that responded to the question is subject to biases that prevent us from drawing conclusions at an aggregate level.

As may be seen in table 7, some figures may be presented, however, for the sectors in which the response rate was sufficiently high: the information and communication sector (92.9 per cent response rate), other services (80.8 per cent), and, to a lesser extent, the extractive industries (70.5 per cent), real estate (68.8 per cent) and the finance and insurance sector (68.8 per cent).

Businesses that experienced longer periods of interruption saw a greater drop in their investment. A longer period of interruption means a greater drop in turnover, and, therefore, fewer profits to be distributed to finance investment. The longer the expected period for a return to normality, the lower the investment compared with 2019.

More businesses faced greater financial constraints in 2020, unfair competition from the informal sector and increased macroeconomic instability.

Self-finance was the main form of finance in all sectors in 2020. Its share of finance among businesses was 59 per cent in industry and 57 per cent in services. Almost 25 per cent of businesses surveyed used bank loans (26 per cent in industry and 24 per cent in services).

Table 8 shows the shares of financing methods in 2020 for each sector.

Access to finance was the third largest constraint for businesses and was experienced more strongly in 2020 than in 2019. Although, in 2019, only 12.3 per cent of businesses cited access to finance as a constraint, 22 per cent did so in 2020.

Figure V shows the evolution of turnover and employment according to whether the business did not perceive any financial constraint, perceived a constraint in 2019 and 2020, or perceived

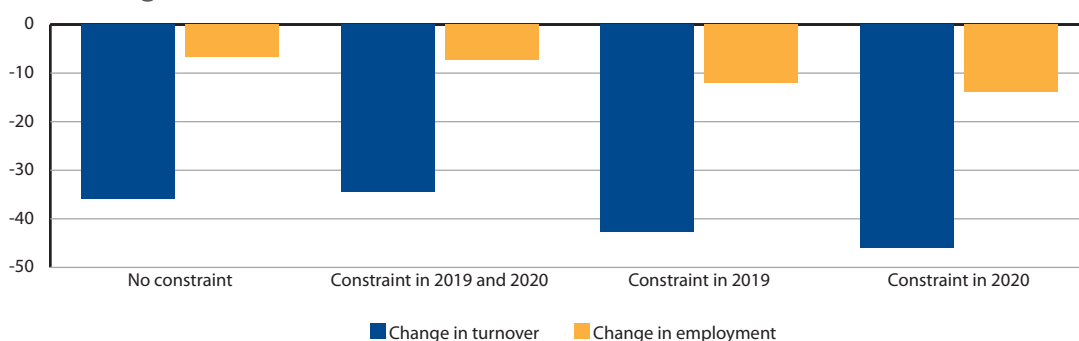
Table 8: Financing methods used by businesses during the pandemic in 2020, by sector (Percentage of businesses)

	Self-financing/ business funds	Bank loan	Borrowing from friends and family
Agriculture, forestry and fishing	40.0	33.3	–
Extractive industries	61.7	24.7	0.3
Manufacturing	54.1	19.1	4.2
Tourism and related services	63.0	22.2	0.2
Production and distribution of electricity, gas, steam and air conditioning	69.4	22.8	0.6
Water supply, wastewater treatment, waste management and decontamination	49.8	33.4	1.1
Construction and public works	54.2	25.0	2.9
Sale and repair of cars and motorcycles	53.5	23.7	1.9
Transportation and warehousing	46.5	23.2	0.9
Accommodation and catering	42.0	31.3	4.1
Information and communication	63.6	22.1	–
Finance and insurance	82.5	12.5	–
Real estate	64.7	13.1	–
Specialized, scientific and technical activities	38.2	26.8	–
Other services	70.1	12.3	1.6
Teaching and education	45.0	13.5	6.5
Total	58.5	21.1	1.9

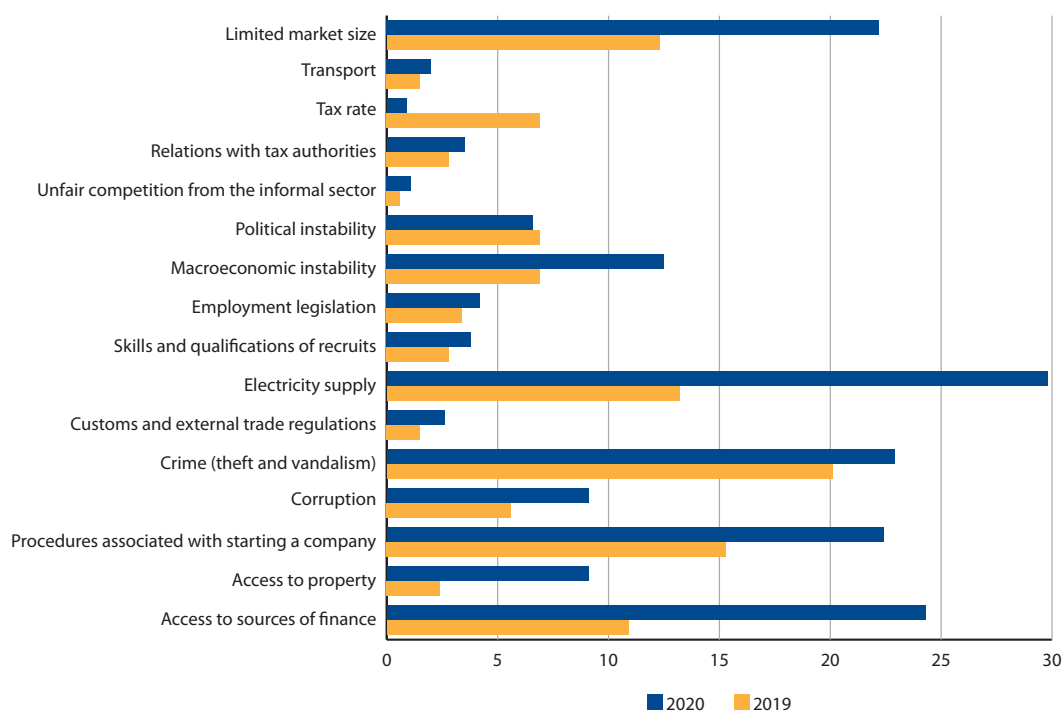
a constraint in 2020 only.⁵ The businesses that reported a constraint in 2020 were those that recorded the biggest drop in turnover and staff numbers, reflecting the fact that a number of businesses felt a greater financial constraint in 2020, which affected their resilience during the pandemic. As a result, businesses that experienced shutdowns were twice as likely to cite access to finance as a constraint in 2020.

Businesses were faced with other constraints. Figure VI presents the change in the constraints perceived by businesses between 2019 and 2020.

The main constraints cited were not the same for 2019 as for 2020. In 2019, the four main constraints were competition from the informal sector (20.1 per cent), the tax rate (15.3 per

Figure V: Change in turnover and employment by financial constraint (Percentage of businesses)

⁵ Businesses that did not perceive the constraint until 2019 are not included, because their workforce is too small. Unfair

Figure VI: Constraints perceived by businesses in 2019 and 2020 (Percentage of businesses)

cent), macroeconomic instability (13.2 per cent) and access to finance (12.3 per cent). In 2020, the four most cited constraints were macroeconomic instability (29.8 per cent), market size (24.3 per cent), tax rate (22.4 per cent) and access to finance (22.2 per cent). The macroeconomic instability triggered by the pandemic weighed, of course, on business activity in 2020. Falling internal and external demand are reasons why market size was considered a constraint in 2020.

Electricity supply was cited more frequently in 2020 (12.5 per cent of businesses, compared with 6.9 per cent in 2019). Transport was an issue for 9.1 per cent of businesses, compared with 2.4 per cent in 2019, which can be explained by the impact of health restrictions and the pandemic on businesses in the transport sector. Tables 3 and 4 in the annex provide sector-specific details on the constraints cited by businesses. Table 9 shows the foremost constraint identified by businesses in 2019 and 2020. In 2020, macroeconomic instability replaced the most common constraints perceived in 2019 in a majority of sectors.

Access to finance has become the number one perceived constraint in 2020 for infrastructure construction and public works and for water supply and distribution, wastewater treatment, waste management and decontamination.

Businesses that considered themselves to be facing greater financial constraints in 2020 were those in which turnover and employment fell the most.

Table 10 shows that the most financially constrained firms were more likely to have experienced a decrease in both employment and turnover. Some 53.3 per cent of businesses reporting a financial constraint in 2020 experienced a decline in both turnover and employment, compared with an average of 42.6 per cent across the sample.

Businesses that experienced financial constraints were more likely to experience a decline in their turnover and employment. Econometric estimates show that the negative effect of a

Table 9: Foremost business constraint experienced in 2019 and 2020, by sector

	2019	2020
Agriculture, forestry and fishing	Macroeconomic instability	Unfair competition from the informal sector
Extractive industries	Unfair competition from the informal sector	Limited market size
Manufacturing	Unfair competition from the informal sector	Macroeconomic instability
Tourism and related services	Macroeconomic instability and unfair competition from the informal sector	Macroeconomic instability
Production and distribution of electricity, gas, steam and air conditioning	Unfair competition from the informal sector	Macroeconomic instability
Water supply, wastewater treatment, waste management and decontamination	Macroeconomic instability, tax rates and limited market size	Access to sources of finance (bank and non-bank) and limited market size
Construction and public works	Unfair competition from the informal sector	Access to sources of finance (bank and non-bank)
Sale and repair of cars and motorcycles	Unfair competition from the informal sector	Macroeconomic instability
Transportation and warehousing	Unfair competition from the informal sector	Unfair competition from the informal sector
Accommodation and catering	Tax rates	Macroeconomic instability
Information and communication	Access to finance, macroeconomic instability and tax rates	Macroeconomic instability
Finance and insurance	Tax rates and limited market size	Macroeconomic instability
Real estate	Tax rates	Macroeconomic instability
Specialized, scientific and technical activities	Limited market size	Limited market size
Other services	Unfair competition from the informal sector	Macroeconomic instability and limited market size
Teaching and education	Macroeconomic instability and unfair competition from the informal sector	Macroeconomic instability
All sectors	Unfair competition from the informal sector	Macroeconomic instability

Table 10: Financial constraints reported by businesses and changes in their employment and turnover (Percentage of businesses)

	Turnover up, employment stable	Turnover down, employment stable	Turnover up, employment up	Turnover up, employment down	Turnover down, employment up	Turnover down, employment down
No constraints	6.5	38.2	2.7	2.9	9.1	40.6
Constraints in 2019 and 2020	5.3	33.0	5.3	2.1	11.7	42.6
Constraints in 2019	7.7	23.1	–	–	15.4	53.9
Constraints in 2020	4.8	34.3	1.9	2.9	2.9	53.3
Total	6.2	37.0	2.9	2.8	8.7	42.6

financial constraint on the additional drop in activity is, on average, 8 per cent (compared with unconstrained businesses and controlling for various variables, such as business sector, size, age, legal form and export status).

Understandably, businesses that experienced periods of shutdown recorded greater reductions in turnover, which averaged 19.5 per cent. Businesses that experienced periods of shutdown are more likely to have experienced a decrease in turnover and staff numbers. Businesses that returned to normal operations by the end of 2020 were more likely to have maintained their total turnover and employment in 2020, and have seen a smaller drop in turnover than other businesses.

Businesses that indicated that they wanted to switch to the production of different goods in a different sector experienced a greater drop in turnover.⁶ Some 83 per cent of those businesses were in the service sector. That trend can be explained by the fact that businesses in which operations had been more affected wanted to diversify in order to compensate for the drop in turnover. The desire to change sectors may reflect a perception of a lasting impact on their business.

Businesses in the agriculture, manufacturing and other services sectors are most likely to make changes to their business as a result of the COVID-19 crisis.

Table 11 shows the distribution of businesses by their envisaged change in activity for each sector. The sectors with the highest proportion of businesses indicating a prospective change were agriculture (37.5 per cent), manufacturing (40.3 per cent) and other services (28.2 per cent). In agriculture and manufacturing, the change most frequently envisaged was the production of different goods within the same sector. In other services, businesses were more likely to consider investing in other sectors.

The information and communication, transportation, electricity and gas production and distribution, and education sectors attached greater importance to digital technology in the aftermath of the COVID-19 pandemic.

Overall, 44.6 per cent of businesses believed that the COVID-19 crisis increased the importance of information and communications technology (ICT) in their business, as shown in table 12, compared to 67 per cent for the same survey in Tunisia. Among businesses in the accommodation and catering sector, the proportion was low (26.9 per cent), which shows that the pandemic has not stimulated online sales, and that tourism is a service that cannot be delivered or consumed online. The sector with the highest proportion of businesses placing a high importance on digital technology was education (73.9 per cent). That is the result of the increasingly important role played by the private sector in education in Morocco and the development of online courses, necessitated by the periods of lockdown. The two sectors that placed the most importance on digital technology, after the education sector, were production and distribution of electricity, gas, steam and air conditioning (57.1 per cent) and water supply, wastewater treatment, waste management and decontamination (58.8 per cent). In contrast to

⁶ As a reminder, the choices offered to businesses were: (a) switch to different products in the same sector; (b) produce different goods in a different sector; (c) increase automation; and (d) develop e-commerce.

Table 11: Change of activity envisaged, by sector (Percentage of businesses)

	Switch to different products in the same sector	Produce different goods in a different sector	Increase automation	Develop e-commerce	Other	None
Agriculture, forestry and fishing	28.1	3.1	–	6.3	–	62.5
Extractive industries	8.8	2.9	1.5	5.9	–	80.9
Manufacturing	16.8	6.7	5.9	9.2	1.7	59.7
Tourism and related services	8.5	6.4	2.1	10.6	1.1	71.3
Production and distribution of electricity, gas, steam and air conditioning	8.3	5.6	2.8	5.6	–	77.8
Water supply, wastewater treatment, waste management and decontamination	11.1	5.6	–	5.6	–	77.8
Construction and public works	14.7	7.4	2.9	0.7	1.5	72.8
Sale and repair of cars and motorcycles	11.8	8.6	4.3	6.5	1.1	67.7
Transportation and warehousing	16.7	–	3.3	6.7	–	73.3
Accommodation and catering	8.3	4.2	–	4.2	4.2	79.2
Information and communication	7.7	15.4	–	7.7	–	69.2
Finance and insurance	6.7	–	–	6.7	–	86.7
Real estate	–	12.5	–	12.5	6.3	68.8
Specialized, scientific and technical activities	8.3	–	–	–	–	91.7
Other services	8.8	14.7	4.1	10.6	–	61.8
Teaching and education	9.1	–	4.6	–	–	86.4
Total	11.8	7.6	3.1	6.9	0.9	69.7

Tunisia, 56.3 per cent of businesses in the transportation and warehousing sector in Morocco placed a high value on digital technology.⁷

Businesses in the tourism, hotel and catering, and construction and public works sectors expressed the greatest uncertainty about returning to pre-crisis levels of employment and turnover.

Table 13 shows the average time (in months) required for a return to normal (2019 levels) in terms of turnover and employment. Unsurprisingly, given the health impact of the pandemic and the continuing health restrictions on travellers, the recovery in the tourism and related services sector was slower, with an estimated 12.6 months for turnover and 8 months for employment. The accommodation and catering sector was next, with 11.3 months for turnover and 7.2 months for employment, and the construction sector followed, with 11.1 and 8.4 months, respectively.

⁷ In Tunisia, 81 per cent of transport and warehousing businesses surveyed gave digital technology medium importance, and 19 per cent low importance.

Table 12: Extent to which the COVID-19 pandemic could increase the importance of digital technology, by sector (Percentage of businesses)

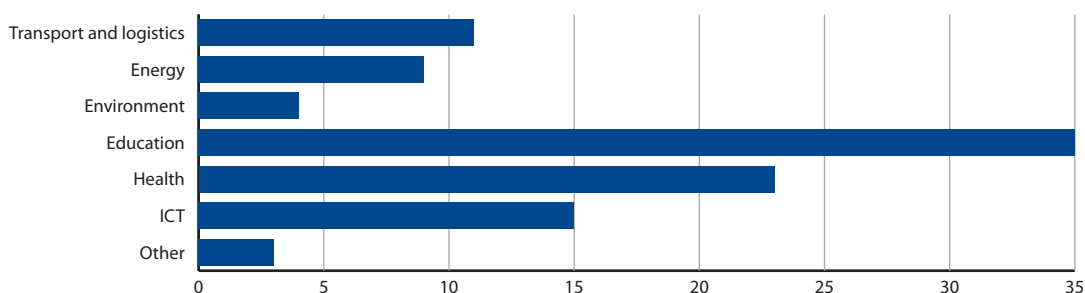
	Low	Medium	Relatively high	High
Agriculture, forestry and fishing	20.6	20.6	38.2	20.6
Extractive industries	25.0	11.8	22.4	40.8
Manufacturing	23.1	19.8	27.3	29.8
Tourism and related services	23.5	5.9	22.6	48.1
Production and distribution of electricity, gas, steam and air conditioning	22.9	5.7	14.3	57.1
Water supply, wastewater treatment, waste management and decontamination	17.7	5.9	17.7	58.8
Construction and public works	12.4	8.0	31.4	48.2
Sale and repair of cars and motorcycles	17.4	16.3	21.4	44.9
Transportation and warehousing	12.5	9.4	21.9	56.3
Accommodation and catering	34.6	11.5	26.9	26.9
Information and communication	7.1	7.1	28.6	57.1
Finance and insurance	13.3	6.7	33.3	46.6
Real estate	12.5	25.0	12.5	50.1
Specialized, scientific and technical activities	7.1	7.1	35.7	50.0
Other services	13.7	9.8	29.5	47.0
Teaching and education	8.7	–	17.4	73.9
Total	17.9	11.4	26.1	44.6

Table 13: Expected number of months to return to pre-pandemic levels, by sector

	Turnover	Employment
Agriculture, forestry and fishing	7.1	2.5
Extractive industries	8.4	4.6
Manufacturing	9.7	4.4
Tourism and related services	12.6	8.0
Production and distribution of electricity, gas, steam and air conditioning	9.2	8.2
Water supply, wastewater treatment, waste management and decontamination	7.8	2.8
Construction and public works	11.1	8.4
Sale and repair of cars and motorcycles	8.3	3.5
Transportation and warehousing	7.0	4.9
Accommodation and catering	11.3	7.2
Information and communication	7.8	3.4
Finance and insurance	5.1	2.0
Real estate	8.2	3.8
Specialized, scientific and technical activities	7.5	7.0
Other services	9.2	4.5
Teaching and education	10.4	5.5
Total	9.6	5.4

Businesses that experienced shutdowns reported an additional period of 2.4 months for their return to normal.

Businesses' top priorities for public investment were education and health.

Figure VII: Priority areas for public spending (Percentage of businesses)**Table 14: Education and health**

	Education	Health
Agriculture, forestry and fishing	20.6	26.5
Extractive industries	30.8	20.5
Manufacturing	29.0	18.6
Tourism and related services	41.8	15.5
Production and distribution of electricity, gas, steam and air conditioning	47.2	22.2
Water supply, wastewater treatment, waste management and decontamination	22.2	16.7
Construction and public works	39.4	26.8
Sale and repair of cars and motorcycles	35.4	28.3
Transportation and warehousing	43.8	21.9
Accommodation and catering	33.3	25.9
Information and communication	28.6	–
Finance and insurance	37.5	43.8
Real estate	31.3	37.5
Specialized, scientific and technical activities	21.4	42.9
Other services	33.7	25.1
Teaching and education	73.9	4.4
Total	35.6	23.1

As shown in figure VII, 35.6 per cent of businesses indicated that education was the priority area in which the Government should invest in the coming years, followed by health (23.1 per cent). Investment in ICT was the third most popular priority, cited by 15 per cent of businesses. The environment was the lowest ranked priority, cited by only 4 per cent of businesses.

4. Impact of the assistance granted to businesses: causes of the slump in turnover of assisted businesses

A number of measures have been put in place by public authorities to assist businesses in 2020. In this section, the effect of assistance for beneficiary businesses, in terms of turnover and employment, is assessed. The results for turnover are presented below. No effect on employment was identified. The difficulty in assessing the effect of assistance is that the counterfactual scenario does not exist: it is impossible to know what would have happened to businesses if they had not received assistance. In compensation, therefore, a method has been used in which a counterfactual scenario is created by comparing businesses that received assistance with those that did not and that resemble the assisted businesses in accordance with a certain number of criteria. The matching criteria are the information collected from the businesses during the survey: sector of activity, age and size, function or position of the interviewee, level of education of the manager, capital structure, exporting status, working hours of the business, number of weeks of temporary shutdown and constraints perceived in 2019 and 2020.

In the sample, 47.5 per cent received at least one instance of assistance, 93.2 per cent of which were salary subsidies and 4.8 per cent were a salary subsidy and another form of assistance. For that reason, a focus has been placed on the impact of salary subsidies on the activity of the assisted businesses.

Table 15 shows the average variation in turnover for businesses by the type of assistance received, compared with businesses that did not receive assistance.

The businesses that received at least one salary subsidy recorded a 45.7 per cent drop in turnover, compared with a drop of 29 per cent for businesses that received no assistance at all. That average difference is unconditional: it is not a comparison of businesses receiving assistance with businesses with the same profile. Accordingly, the average treatment effect on the treated has been calculated using the propensity score matching method. That approach is used to match businesses statistically according to the criteria given above, in order to determine the effect on turnover of the assistance received.

Table 15: Variation in turnover by assistance received (Percentage)

	Variation
At least one salary subsidy	-45.7
One salary subsidy only	-45.3
No assistance received	-29.4

Table 16: Average effect of assistance on the turnover of assisted businesses (average treatment effect on the treated) (Percentage)

	Change in turnover
At least one salary subsidy	-9.6 *
One salary subsidy only	-12.0 **

Note: * $p < 0.05$, ** $p < 0.01$.

Table 16 shows the results of the average treatment effect on the treated estimates for the various types of assistance received. Turnover among beneficiary businesses fell by less than it would have done had they not received any assistance. Receiving at least one salary subsidy resulted in a reduction in turnover of 9.6 per cent, instead of 16.3 per cent, if all businesses are taken into consideration, regardless of their characteristics. One salary subsidy to a business helped it to avoid a 6.7 per cent drop in turnover. Similarly, receiving only one salary subsidy resulted in a 12 per cent drop in turnover. Thus, the salary subsidy alone led to a lower average drop in turnover of 4 per cent. Those results, however, are dependent on the matching, the quality of which is contingent on all the information gathered for the matching criteria and on the number of non-assisted businesses used for matching.

5. Conclusion

Several qualitative and quantitative lessons may be drawn from the impact of the COVID-19 pandemic on businesses in Morocco in 2020. The main findings of the survey are the following: small businesses were the hardest hit by the pandemic; exports, particularly of services, are a source of risk diversification; more businesses faced financial constraints in 2020, with an impact on their turnover; the pandemic has had an asymmetrical sectoral effect; and businesses expect more public investment in education and health.

Those latter points are very important because, not only are there many factors driving a greater frequency of pandemics in the future,⁸ but ongoing technological upheaval, in particular in relation to digital technology, and adaptation to climate change are giving a greater role to human capital, underlining the importance of health, in addition to a fairer, more efficient social system. The changes under way, whether as a result of COVID-19, new digital technology or the upheaval already caused by climate change, call into question the fitness of training systems to enable employees with out-dated skills to acquire new skills to find employment in other sectors. The education system must always be able to provide society with the skills that it needs in order to keep pace with such changes.

With regard to economics, the COVID-19 pandemic has had a profound impact on businesses and sectors, in particular tourism, which plays a significant role in the economy of Morocco. The economy will also have to adapt to the challenges of climate change, and, in particular, the increasing scarcity of water resources. In addition, the acceleration of digitalization, the reorganization of global value chains (including the development of local subcontracting and friendshoring), the transformation of the labour market⁹ and corporate organization, and new technologies, developed to combat and adapt to climate change, will present a new paradigm for the technological and investment choices of businesses, the international division of labour and geographical location, representing a new challenge for developing countries.

The pandemic has highlighted the vulnerability of North African economies and the need to build more resilient societies in the face of future shocks of various kinds, such as pandemics, conflict, extreme weather events and major global economic and financial crises (ECA, 2021). The current global recession, the result of a combination of multiple crises,¹⁰ bears witness to the scale and nature of future economic shocks. Morocco has undertaken a series of reforms that have improved the resilience of the economy, including by improving the business environment, modernizing the financial sector and promoting job creation and social inclusion.

Considering the results of the ECA survey and the current global upheaval, the following four main categories of public policy recommendations can be identified.

First, structural transformation must be facilitated. The global economy has entered a turbulent period, with multiple crises and major technological changes, in particular in view of the environmental transition. As a result, an economy must be capable of rapidly redeploying

8 For example, biodiversity loss, urbanization and climate change.

9 In developed countries, the pandemic has led to labour shortages in certain sectors, including hotels and catering, and health care, which appear to be lasting.

10 COVID-19, conflict in Ukraine and extreme weather events, in particular droughts, in 2022.

its production across sectors and activities. Structural transformation is therefore essential. A number of reforms have been proposed by ECA (2019), focusing on the quality of institutions and a reduction in the distortions faced by businesses, which are obstacles to the efficient allocation of resources within the economy: greater transparency in the operation of institutions; increased digitalization of public services, using big data, blockchain and artificial intelligence technology to deliver public services to businesses more efficiently and reduce institutional arbitrariness in the implementation of public policies; more constraints on executive power; and greater protection of property.

Second, the financing of the economy, including, in particular access to finance for small businesses,¹¹ must be improved, by:

- a) Strengthening credit guarantee schemes for small businesses to enable them to access finance from commercial banks;
- b) Widening access to participative financing, encouraging its use and the use of venture capital to enable small businesses to raise funds from a wider range of investors. Participative financing can be particularly useful for small businesses that struggle to obtain traditional finance from banks;
- c) Encouraging the creation of financing instruments for small businesses to support their transition to new sustainable business models, and implementing large-scale combined technical assistance, training and financing programmes to accelerate the digitalization of small and medium-sized businesses;
- d) Strengthening financial education for small businesses to enable them to understand better the different types of finance that are available and the ways to access them.

In the face of climatic hazards, the frequency and intensity of which will increase as a result of global warming, the resilience of the banking system must also be enhanced. At the global level, it is still a work in progress, given the difficulty in understanding climate risks, and the regulations imposed on businesses, particularly in relation to environmental reporting. The Bank of Morocco has taken the initiative of inviting credit institutions to improve their management of climate and environmental risks by 2021, but, as in most countries, the way in which climate risks are taken into account in the financial system must be accelerated and improved.¹²

The financial system must not only be able to play its role during crises, but must also support the return to activity with a commitment to a green transition to enable the transformation of businesses, innovation and the development of new activities, including to respond to the challenges of climate change. The attainment of those goals can be supported by:

- a) Introducing tax incentives for businesses that invest in greener technology and practices. Businesses that reduce their carbon footprint, use renewable energy sources or implement sustainable management practices could benefit from tax incentives;
- b) Creating a green transition fund to finance businesses that have committed themselves to the green transition. The fund could be used to provide preferential loans, grants or capital investment to help businesses to develop new, more sustainable activities;

11 As has already been shown, businesses that perceived a greater financing constraint suffered greater losses in turnover and employment.

12 For more information, see directive 5/W/2021 of Bank Al-Maghrib, the central bank of Morocco, of 4 March 2021, on the management of the financial risks associated with climate change and the environment (available at www.bkam.ma/content/download/729100/8334120/Directive%20n%C2%B0%205W21%20Risques%20financiers%20li%C3%A9s%20C3%A0%20l'environnement.pdf).

- c) Strengthening public-private partnerships for the green transition. Businesses can work closely with the Government to design and implement policies that promote sustainability and environmental protection;
- d) Investing in training and education to help businesses to acquire the skills and knowledge that they need in order to embrace the green transition. Training programmes can include awareness-raising, vocational training and advice to help businesses to adopt more sustainable practices.

Third, an education system must be built that is capable of meeting the challenges facing the economy. In addition to digitalization, the skills needs of businesses must be anticipated to support better the emergence of new professions, provide better responses to the needs of businesses and improve the ability of workers to adapt in a context of great uncertainty and economic volatility. Those goals can be achieved by:

- a) Enhancing professional training programmes to create new trades adapted to business needs;
- b) Focusing on learning digital and technological skills to meet the demands of a digital economy;
- c) Encouraging collaboration among educational establishments and businesses to develop customized training programmes that meet the specific needs of employers;
- d) Encouraging continual training and retraining to enable workers to adapt to rapid changes in the economy and new technology;
- e) Promoting social inclusion by offering educational and training opportunities to disadvantaged groups and ensuring equal access to education for all.

Fourth, resilience must be placed at the heart of public policies, in particular the new development model of Morocco. The attainment of that goal can be supported by:

- a) Piloting public policies through the prism of vulnerability and resilience, using a system-wide approach, which will require:
 - i) Implementation of a system for identifying, characterizing and quantifying risks, such as climatic, technological and economic;
 - ii) Assessment of vulnerabilities on the basis of identified risks;
 - iii) Increased innovation efforts (innovation will be key to reducing risk and building resilience, and must be both technical and organizational, in line with public policy);
- b) Channelling recovery through public investment for greater resilience, by, for example, maintaining and upgrading infrastructure to increase its resilience to climate change and promoting energy efficiency in social housing, given that, in the face of climate change, the least well-off populations are the most vulnerable.

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Annex

Table 1: Distribution of the sample, by sector

	Number
Agriculture, forestry and fishing	34
Extractive industries	78
Manufacturing	124
Tourism and related services	103
Production and distribution of electricity, gas, steam and air conditioning	36
Water supply, wastewater treatment, waste management and decontamination	18
Construction and public works	142
Sale and repair of cars and motorcycles	99
Transportation and warehousing	32
Accommodation and catering	27
Information and communication	14
Finance and insurance	16
Real estate	16
Specialized, scientific and technical services	14
Other services	187
Teaching and education	23
Total	963

Table 2: Change in employment, by sector and exporting status (Percentage)

	Agriculture, forestry and fishing	Industry	Services
Not exporting	-4.4	-9.9	-8.2
Exporting	-11.3	-5.0	-5.0

Table 3: Six most common constraints perceived by businesses in 2019
(Percentage of businesses)

	Unfair competition from the informal sector	Tax rate	Macro-economic instability	Access to sources of finance	Limited market size	Skills and qualifications of new recruits
Agriculture, forestry and fishing	23.5	17.6	29.4	5.9	11.8	8.8
Extractive industries	20.5	14.1	14.1	12.8	15.4	2.6
Manufacturing	25.0	12.1	9.7	10.5	10.5	6.5
Tourism and related services	13.6	9.7	13.6	10.7	4.9	1.9
Production and distribution of electricity, gas, steam and air conditioning	25.0	22.2	19.4	5.6	5.6	2.8
Water supply, wastewater treatment, waste management and decontamination	11.1	16.7	16.7	11.1	16.7	–
Construction and public works	23.2	17.6	15.5	18.3	14.1	2.1
Sale and repair of cars and motorcycles	14.1	14.1	12.1	11.1	8.1	4.0
Transportation and warehousing	31.3	21.9	18.8	9.4	15.6	3.1
Accommodation and catering	18.5	29.6	3.7	7.4	14.8	3.7
Information and communication	7.1	14.3	14.3	14.3	7.1	–
Finance and insurance	–	12.5	6.3	6.3	12.5	–
Real estate	–	31.3	18.8	6.3	12.5	–
Specialized, scientific and technical activities	35.7	21.4	21.4	7.1	42.9	7.1
Other services	20.3	13.4	10.2	15.5	9.6	2.1
Teaching and education	13.0	8.7	13.0	8.7	4.3	13.0
Total	19.6	15.2	13.4	12.3	11.0	3.4

Table 4: Six most common constraints perceived by businesses in 2020
(Percentage of businesses)

	Macro economic instability	Limited market size	Unfair competition from the informal sector	Tax rate	Access to sources of finance	Electricity supply
Agriculture, forestry and fishing	32.4	17.6	35.3	20.6	23.5	14.7
Extractive industries	24.4	29.5	26.9	21.8	24.4	20.5
Manufacturing	33.1	26.6	27.4	22.6	17.7	20.2
Tourism and related services	30.1	20.4	16.5	22.3	23.3	17.5
Production and distribution of electricity, gas, steam and air conditioning	36.1	16.7	30.6	30.6	11.1	5.6
Water supply, wastewater treatment, waste management and decontamination	11.1	22.2	5.6	11.1	22.2	5.6
Construction and public works	29.6	27.5	21.1	21.1	31.0	7.0
Sale and repair of cars and motorcycles	26.3	21.2	19.2	24.2	21.2	11.1
Transportation and warehousing	28.1	15.6	34.4	15.6	28.1	21.9
Accommodation and catering	44.4	29.6	18.5	33.3	22.2	22.2
Information and communication	28.6	21.4	21.4	14.3	21.4	–
Finance and insurance	37.5	25.0	12.5	18.8	12.5	6.3
Real estate	50.0	25.0	18.8	18.8	12.5	18.8
Specialized, scientific and technical activities	35.7	42.9	35.7	28.6	14.3	7.1
Other services	26.2	26.2	21.9	22.5	20.9	7.0
Teaching and education	21.7	4.3	13.0	17.4	13.0	8.7
Total	29.4	24.2	22.6	22.2	22.0	12.6

