

## AFRICA RISK CONSULTING

### Morocco Monthly Briefing April 2020

---

#### Morocco Summary 20 April 2020

*As the Covid-19 pandemic continues to spread, Morocco extends its national state of emergency, which was expected to be lifted on 20 April, by an additional 30 days. The government assures its citizens that it will continue to mobilise strategic resources needed during the holy month of Ramadan, which begins on 25 April this year. Increasing demand from international markets sees Morocco's fisheries and agricultural exports trend upward despite stringent Covid-19 measures. Moroccan scientists, engineers and students collaborate to invent a series of medical tools aimed at assisting the country in its fight against the Covid-19 pandemic.*

---

#### Morocco extends state of emergency

The **Moroccan** government has extended its initial one-month-long state of emergency by an additional 30 days.<sup>1</sup> The state of emergency was declared on 19 March and was expected to end on 20 April but is now set to be relaxed on 20 May.<sup>2</sup> As the number of **COVID-19** cases continues to rise across Morocco, the government convened a virtual council meeting on 18 April to deliberate a draft decree about the potential extension of the state of emergency.<sup>3</sup> The council decided that it was necessary to extend the state of emergency until the government can effectively contain the spread of the pandemic.<sup>4</sup> As of 19 April, Morocco had 2,820 confirmed cases, including 322 recovered cases and 138 deaths.<sup>5</sup>

As the effects of the COVID-19 pandemic are increasingly felt around the world, governments have had to act quickly to contain its spread.<sup>6</sup> Many governments, including that of Morocco, are constrained by poor public health systems, including overcrowded facilities and insufficient health workers. The Moroccan government's declaration of a state of emergency reflected a string of decisive measures it took in an effort to limit the spread of the COVID-19 pandemic within its borders.<sup>7</sup> Prior to implementing the nationwide state of emergency, the Moroccan government had begun to gradually shut down public facilities and sectors of the economy, most notably schools, mosques, *hammams* (public baths) and restaurants while suspending international flights and maritime travel.<sup>8</sup> A joint statement released by the interior and health ministries on 18 April declared that all regulations, restrictions, and preventive measures instituted in accordance to the state of emergency will remain in full effect during the extended period.<sup>9</sup>

The extension of the state of emergency means that Moroccans will be under lockdown during the Islamic holy month of Ramadan, expected to commence on 25 April. Although the restriction of mass movement will result in a unique Ramadan, the Moroccan government has reassured its citizens that it will continue to mobilise strategic resources needed during the holy month:<sup>10</sup>

---

<sup>1</sup> Morocco World News, 18 Apr 2020

<sup>2</sup> Morocco World News, 18 Apr 2020

<sup>3</sup> Yabiladi, 18 Apr 2020

<sup>4</sup> Yabiladi, 18 Apr 2020

<sup>5</sup> Morocco World News, 19 Apr 2020

<sup>6</sup> Source, analyst, Pretoria

<sup>7</sup> Source, analyst, Pretoria

<sup>8</sup> Africa News, 14 Apr 2020

<sup>9</sup> Al-hurra, 19 Apr 2020

<sup>10</sup> Source, analyst, Pretoria

*"The competent authorities will continue their work to ensure an adequate supply that meets the needs of families' consumption of foodstuffs, medicines and all vital materials, including the needs of the month of Ramadan."*<sup>11</sup>

Morocco's state police, **La Direction Générale de la Sûreté Nationale (DGSN)**, has intensified its operations in cities across Morocco to enforce the lockdown measures.<sup>12</sup> Since the declaration of the state of emergency in Morocco, the DGSN has made close to 40,000 arrests in the cities of **Casablanca, Rabat, Kenitra, Oujda and Marrakech**, amongst other cities.<sup>13</sup>

The extension of the national state of emergency will have significant medium- and long-term effects on Morocco's already fragile economy.<sup>14</sup> The agricultural and tourism sectors – two of the country's primary economic sectors – are forecasted to be hit the hardest. Morocco's agricultural sector accounts for 13% of its gross domestic product (GDP) and makes up 33% of its national labour force (see below).<sup>15</sup> The tourism industry employs 7% of Morocco's national labour force, but it too has seen a dramatic decline as international travel restrictions result in closure of entertainment and leisure areas.<sup>16</sup>

### Agriculture and fisheries production holds steady

Despite the contraction of economies across the globe as a result of national lockdowns to curb the spread of the coronavirus, Morocco's exports of agricultural and fisheries products have seen a 3% increase from the start of January to mid-April in comparison to the same time period in 2019.<sup>17</sup> Agricultural and fisheries products continue to be supplied to the national market as well, amid strict health and hygiene regulations, particularly in relation to processing, packaging and delivery of products.<sup>18</sup> The balancing of the value chain in Morocco remains critical, as the agricultural sector is a key sector contributing to 13% of Morocco's GDP in 2019.

While the national market has been prioritised over exports, there has been an upward trend in fruit and vegetable exports. There is high demand and favourable prices in international markets, particularly **European** countries that are currently seeing shortages within their labour force due to the COVID-19 pandemic. Morocco's vegetable exports from 1 January to 14 April grew to 876,000 tonnes, compared with 850,000 tonnes during the same period in 2019. Red fruit exports, notably strawberries, cranberries, and raspberries, also increased by 27%, jumping to 68,400 tonnes from 1 January to 14 April in comparison to 49,700 tonnes in the same time period in 2019.<sup>19</sup> Fisheries exports enjoyed a similar upward trend from January 2020 to mid-April, increasing by 3% compared to the same period in 2019.<sup>20</sup> These trends will have a significant impact in boosting Morocco's struggling economy in the wake of the Covid-19 pandemic.<sup>21</sup>

France's public financial institution, **l'Agence Française de Développement (AFD)** (French development agency), has provided Rabat-headquartered Moroccan bank **Credit Agricole du Maroc (CAM)** with MAD 560m (\$54m) credit to assist other pockets of the agricultural industry that have been hard hit by the emergency measures to fight against the spread of COVID-19.<sup>22</sup> The AFD and CAM also signed an agreement on 16 April totaling MAD 16.8m (\$1.6m) aimed at supporting

<sup>11</sup> Al-hurra, 19 Apr 2020

<sup>12</sup> Africa News, 14 Apr 2020

<sup>13</sup> Morocco World News, 17 Apr 2020

<sup>14</sup> Source, analyst, Pretoria

<sup>15</sup> Nordea Trade, Mar 2020

<sup>16</sup> Royal Air Maroc, 18 Mar 2020

<sup>17</sup> Morocco World News, 16 Apr 2020

<sup>18</sup> Morocco World News, 16 Apr 2020

<sup>19</sup> Morocco World News, 17 Apr 2020

<sup>20</sup> Source, analyst, Pretoria

<sup>21</sup> The North Africa Post, 18 Apr 2020

<sup>22</sup> Morocco World News, 16 Apr 2020

Moroccan farms and agro-industrial facilities.<sup>23</sup> CAM chairman **Tariq Sijilmassi** highlighted that the objective of these agreements is to facilitate and encourage micro, small and medium-sized enterprises to finance sustainable development projects, particularly those that are likely to endure the brunt of the exceptional economic effects of the ongoing COVID-19 pandemic.<sup>24</sup>

*“It will allow us in particular to support and strengthen our actions of support to the sectors of agriculture and agro-industry and to continue to effectively declare our mission of public service and support to populations disadvantaged.”<sup>25</sup>*

### Artificial intelligence boosts Morocco’s efforts in fight against Covid-19

The rapid spread of the COVID-19 pandemic and the absence of a vaccine have forced governments, health care practitioners, researchers and experts to find measures and alternative approaches to mitigating and preventing the spread of the disease.<sup>26</sup> A group of Moroccan inventors, including scientists and engineers, has dedicated time and energy to researching, designing, and constructing a series of tools intended to assist the country in its battle against the COVID-19 pandemic.<sup>27</sup>

Moroccan startup company **STM Loop** and a group of researchers from the **School of Science and Technology (FST)** in **Tangier** have designed and created a novel automated ventilator aimed at assisting medical health workers and doctors to handle and treat COVID-19 cases.<sup>28</sup> FST Tangier computer science professor **Mustapha Ziyani** said the ventilator includes an intelligent programme that controls the optimal level of air pressure and a system that allows doctors to control the variables according to the situation.<sup>29</sup> STM Loop founder **Alaa El Moudni** said at a press briefing on 15 April that the unit cost of the ventilators would not exceed MAD 2,000 (\$200), given the affordable cost of invention and easy access to its certified components which are available on the Moroccan market:<sup>30</sup>

*“The relatively low cost of the invention and availability of its components will allow for the production of 20 to 50 units per day.”<sup>31</sup>*

A group of Moroccan engineers and doctors has also invented an intelligent mask (**MIDAD**) that permits users to identify cases of COVID-19.<sup>32</sup> The mask also serves as protective gear for frontline health workers. The mask can be connected to a tracking application called **Trackorona**, also developed by the group, which has sensors that allow users to screen temperature as well as predict and diagnose COVID-19.<sup>33</sup> In a statement on 16 April, one of the coordinators and inventors of MIDAD, **Dr Mouhsine Lakhdissi**, reported that, like the new ventilator, the intelligent mask is an innovative and low-cost product that will be easily accessible to Moroccans.<sup>34</sup>

*“It is a modest scientific contribution made available to our country by way of recognition. The Trackorona application, too, can be downloaded free of charge to smartphones independently of the mask.”<sup>35</sup>*

<sup>23</sup> Morocco World News, 16 Apr 2020

<sup>24</sup> EN24, 17 Apr 2020

<sup>25</sup> EN24, 17 Apr 2020

<sup>26</sup> Source, analyst, Pretoria

<sup>27</sup> Source, analyst, Pretoria

<sup>28</sup> Morocco World News, 15 Apr 2020

<sup>29</sup> Morocco World News, 15 Apr 2020

<sup>30</sup> Morocco World News, 15 Apr 2020

<sup>31</sup> Morocco World News, 15 Apr 2020

<sup>32</sup> The North Africa Post, 16 Apr 2020

<sup>33</sup> Morocco World News, 15 Apr 2020

<sup>34</sup> The North Africa Post, 16 Apr 2020

<sup>35</sup> The North Africa Post, 16 Apr 2020

## Planner

2021 **Marrakech (Morocco) International Monetary Fund** and **World Bank** annual meetings to take place in Morocco;

2021 **(Morocco)** Scheduled legislative, regional and local elections;

## Chronology

17 Apr 2020 **Rabat (Morocco) Morocco World News**. **France**-based automobile manufacturing company **Renault** has gradually begun opening up its operations at its plants in **Casablanca** and **Tangier** after temporary suspending industrial activity on 19 March;

15 Apr 2020 **Rabat (Morocco) Morocco World News**. **US State Department** approves **Morocco's** military request to purchase ten air-launched missiles and other military equipment for an estimated cost of \$62m;

14 Apr 2020 **Rabat (Morocco) Morocco World News**. **The Embassy of Morocco in South Africa** has criticised a recent statement by the **South African Department of International Relations and Cooperation** about Morocco's territorial integrity;

14 Apr 2020 **Rabat (Morocco) EMPEA**. **Africa-** and **Middle East**-focused private equity firm **SPE Capital Partners** acquires **Morocco**-based antibiotics manufacturer and hospital provider **Saham Pharma** through **SPE AIF I**;

8 Apr 2020 **Rabat (Morocco) IMF**. **Moroccan** authorities purchase all available resources (about \$ 3 billion) under the **International Monetary Fund's** precautionary and liquidity line arrangement to cope with the social and economic impact of the **coronavirus**;

8 Apr 2020 **Rabat (Morocco) Morocco World News**. **High Commission for Planning** says economic growth contracted 1.1% in Q1 2020 due to the **coronavirus** pandemic and that it expects a 1.8% decline in Q2 2020;

8 Apr 2020 **Rabat (Morocco) Morocco World News**. Industry minister **Moulay Hafid Elalamy** says **Morocco** produces 3 million masks each day as part of the country's **coronavirus** response measures and that **European** countries are asking Morocco to export its protective masks;

7 Apr 2020 **Rabat (Morocco) EMPEA**. **European Bank for Reconstruction and Development** provides €15m (\$6.2m) in financing to **Varroc Lighting Systems Morocco** to support automotive industry training and employment opportunities for young people across the country;

6 Apr 2020 **Rabat (Morocco) Morocco World News**. Government says it plans to suspend a 31 billion dirhams (\$3 billion) foreign debt ceiling to enable it to borrow more money for **covid-19** response efforts;

5 Apr 2020 **Rabat (Morocco) Morocco World News**. **King Mohammed VI** pardons more than 5,600 prisoners and orders their release in stages to avoid contagion in **Morocco's** overcrowded jails during the **covid-19** pandemic;

2 Apr 2020 **Rabat (Morocco) Arab News**. **Morocco's** "biggest-ever property scam" worth \$65m sparks widespread anger at the sector, which is described as a "hotbed of corruption";

30 Mar 2020 **Rabat (Morocco) Morocco World News**. Interior minister **Abdelouafi Laftit** launches a registration process to provide financial relief to informal workers who have been laid off work as a result of the developments of the **COVID-19** pandemic;

27 Mar 2020 **Rabat (Morocco) Morocco World News**. Finance ministry says **Morocco** will spend an initial \$200m to help its health system cope with **covid-19**;

26 Mar 2020 **Rabat (Morocco)** *North Africa Post*. **United States** government grants **Morocco** \$670,000 to respond to **COVID-19**;

25 Mar 2020 **Rabat (Morocco)** *Morocco World News*. Government suspends all promotions and recruitments under the state budget due to **COVID-19**.

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com) or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)