COVID-19 Crisis in North Africa:

The Impact and Mitigation Responses

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Acknowledgment

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Executive summary

North African economies are hardly hit by COVID-19, induced by the lockdown measures which had negative impact on the supply and demand sides, and the drastic reduction of world demand, fueling a drop in North Africa exports. Spurred by 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, while its full-time equivalent employment loss may reach 5 million in 2020.

Economic recovery of the sub region is expected to start in 2021, assuming there is no relapse of the pandemic. The recovery, expected for 2021, is conditioned on the success mitigation measures currently being implemented by governments. Some countries of the sub region, with marked dependency on tourism-related activities (transports, catering, hotels, etc.), will see their recovery path delayed as the containment measures will last for longer periods.

With strong and probably long-lasting impact on employment and health, the pandemic could compromise the results achieved by the sub-region in the recent years in the area of Sustainable Development Goals (SDGs), leading to 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 unemployed part-time employees, guaranteed loans and special lines of credit etc.) to remain in operation and avoid closures, (ii) support workers and vulnerable populations through targeted policies and wide social protection measures (cash transfers programs, food aid, unemployment benefits and paid sick leave plans, food access, etc.).

Section 1: Introduction

The crisis caused by the COVID-19 pandemic is plunging the world economy to its lowest level ever since the Second World War, adding to the woes of an economy already grappling with the pre- 2008 crisis. Indeed, UNDESA's latest forecasts expect the world economy to shrink by -3.2% in 2020 followed only by 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 owing to lockdowns and movement restrictions, and indirectly through disruption of global value chains (accounting for nearly half of global trade) in a global highly interconnected economy. This led to abrupt falls in commodity prices, adversely impacting 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 the 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 circa 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 Q2 2020, which is equivalent to 195 million full-time workers. The loss of full-time equivalent employments in North Africa could reach 5 million in 2020.

The purpose of this report is to outline the potential socio-economic impacts of COVID-19 in the 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 being accounted for.

This report is structured as follows. Section 2 outlines the socio-economic impacts and critical sectors of the economies likely to 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 induce an economic recession in North Africa mainly through the impact of the lockdown measures taken by members States, falling external demand, and the drop in world commodity prices (oil and gas). The sub region's growth rate is expected to decline to -1.8% in 2020.

According to UN projections, North Africa sub region's growth will drop to -1.8% in 2020 (Figure 1), posting a loss of more than 5.4 percentage points from the earlier forecasts published in January this year. This baseline scenario 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 a worst-case scenario, North African economies will shrink by 5.4% in 2020, while in the best-case scenario, 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 North African economies, the impact of COVID-19 can be understood through two main channels. The first channel is the reduction of economic activity as; (i) a direct consequence of country lockdowns, (ii) and indirect consequence through global lockdown effect on trade and movement of people. Indeed, the lockdown periods imposed by governments have forced the majority of firms either to cease or to significantly curtail their activities. In Morocco, for example, High Commission for Planning (HCP) reported that, in the beginning of April 2020, 57% of all businesses have either permanently or temporarily ceased their activities. In the area 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 hardest-hit, and will most probably be the last to recover.

Given the nature of the crisis, some specific tertiary sectors - such as tourism, trade and the hotel and catering industry - are expected to be most affected, particularly in Egypt, Morocco and Tunisia (table 1), it being well known that for these countries these sectors are an important source of revenue. 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, and this in turn will affect manufacturing production, especially textile, electronics and mechanics.

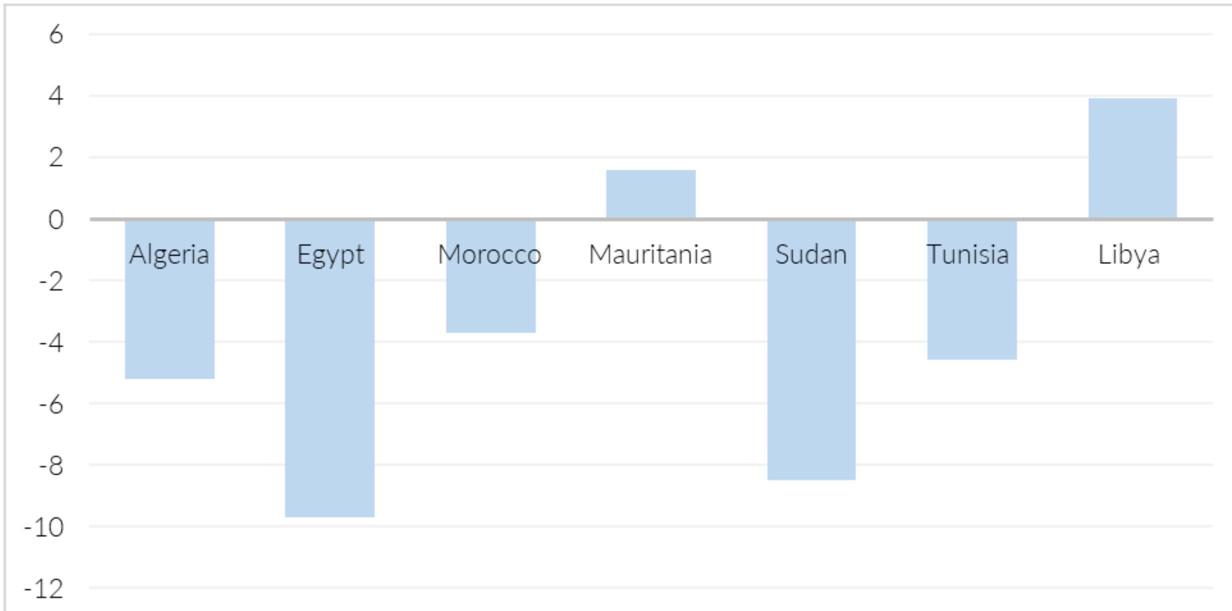
Table 1: Year-to-date arrivals results by region (March 2020)

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

The second channel looks at the drop of world commodity 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 decision of OPEC to reduce production, the Brent will probably reach a 35 USD level in 2020. This low level threatens the stability of fiscal revenues and the ability of governments to support a recovery plan. Falling government revenues will be a challenge in the whole sub region, further fueling the 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 in the debt service (ECA, 2019).

Another consequence of the COVID-19 crisis is the availability of food in the sub-region. North Africa may face 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 owing to their dependence on food imports, although there is heterogeneity between countries (table 2).

Table 2: Food Security

	Total reserves in number of months of merchandize 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)

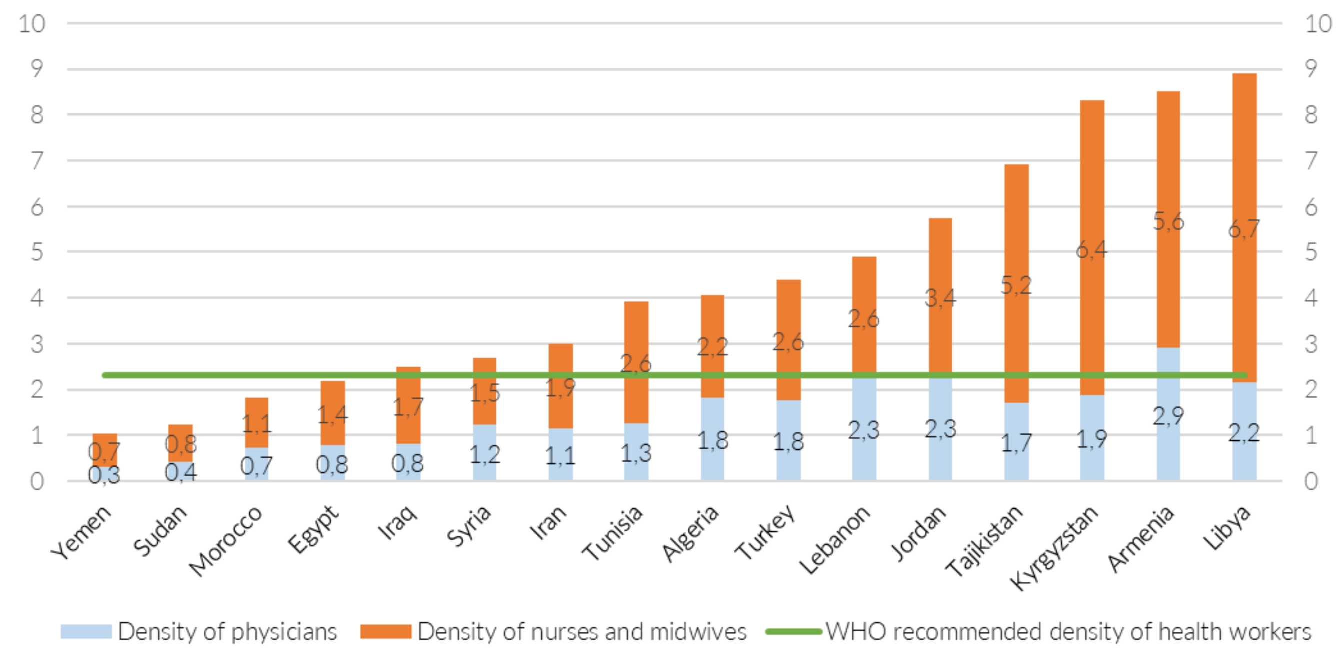
Table 2 shows total reserves in months of merchandize imports (all data are for 2018, except for Algeria 2017). This measures the number of months for which a country's reserves can sustain its imports. Sudan has the lowest level of food reserves in North Africa. Its reserves can cover less than one month's worth of imports. It is then highly vulnerable to any external shock (like an oil price drop) likely to reduce its reserves. With 19 and 70 months respectively, Algeria and Libya have the highest figures. On the other hand, the wheat import dependency ratio, which measures the percentage of wheat imports, shows that Algeria has a high wheat import dependency ratio. Mauritania and Tunisia seem to present the highest level of 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 uncovered the weak social protection and health systems.

Heavy social impacts that are hard to assess

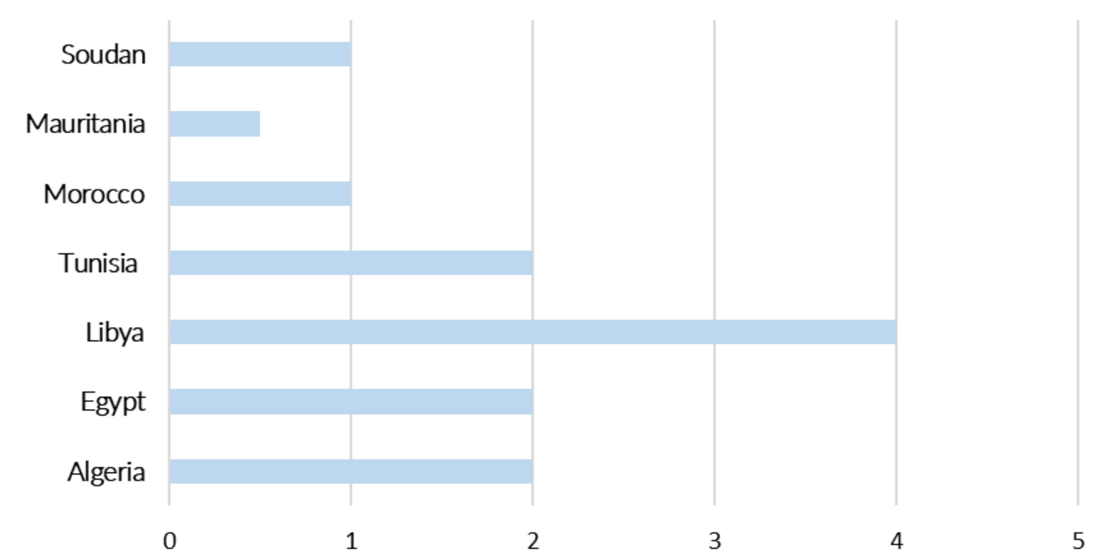
In the area of health capacity, the sub region does not seem able to face a rapid spread of the virus, despite heterogeneity across countries (Figure 3 and 4). The density of health workers in Egypt, Morocco, and Sudan are below the WHO recommended level.

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 of other continents, with lower ratios of hospital beds to its population. The sub region has on average 1.78 hospital beds per 1,000 person, compared to 5.98 in France for example. The COVID-19 health pandemic has revealed the sub-region's weak social protection and health systems (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 address a likely second wave of the pandemic following the gradual lifting of the containment measures.

Key message: Vulnerable people, mostly depending on a widespread informal sector, will be most affected by the lockdown measures. Special attention should be given to vulnerability so as to safeguard the sub region's attainment of SDGs by 2030.

On the social side, it is expected that the loss of jobs and revenues will more adversely affect: the most vulnerable people, informal workers and low skilled workers and low wage-earners, the youth and women, thus widening the inequality gap within the country. Informal sector workers have seen their source of income curtailed by the lockdown measures, leaving millions of families without resources and dependent on public financial support. A case in point are the 4.3 million Moroccan households eligible to financial support of the recently created national COVID-19 fund.

The size and anticipated duration of the COVID-19 shock on health and the economy could undermine North African countries' efforts at achieving the SDGs and at harnessing the demographic dividend of the young population. The region has made substantive progress towards reducing poverty and inequality; albeit these results, along those made in the areas of health, education and employment are now at risk. The shocks suffered by employment and health have occurred against a backdrop of declining productivity.

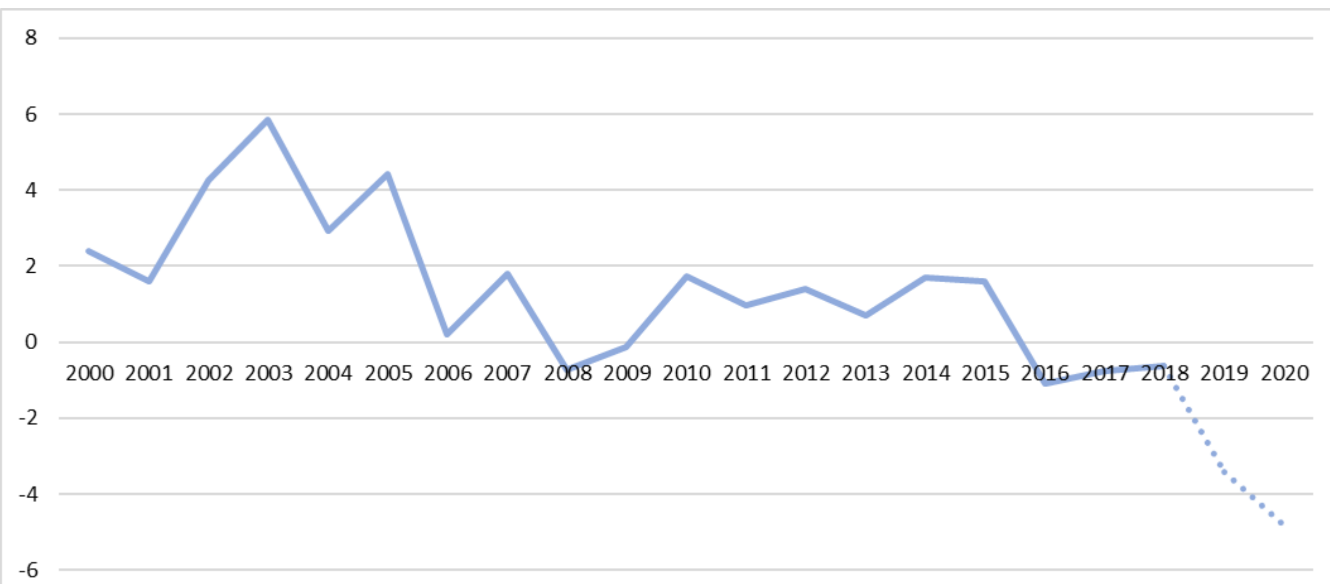
The demographic dividend, largely driven by the working-age population productivity, could be negatively affected if large numbers of younger people become unable to work because of illness, self-isolation or government lockdowns of certain areas or towns to halt the spread of the disease. The fear and aversion of individuals to workplaces and public gatherings could contribute to declining productivity. Loss of productivity may also result from the deaths of medical and healthcare workers, as was the case in several countries in the sub region during the COVID-19 outbreak. Thus, the cost of disease can be dire with the potential to heighten poverty among the affected, as a result of wage loss and health spending

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

Algeria

The main impact of COVID-19 on the Algerian economy was the adverse shock on oil prices. The Algerian economy has been hardly hit by the drop-in oil prices, which plunged from 64.4 USD in 2019 to 19.19 USD as at end of March 2020. The Algerian economy depends to a great extent on oil, from multiple sides. First, the contribution of hydrocarbons to GDP peaked at 44.4% in 2012, but with the drop of the oil price starting 2014, it fell to 20% in recent years. Second, hydrocarbon taxes accounted on average for 36% of government revenue in the past 5 years, down from 60% in the beginning of the 2000s. Third, the service sector accounts 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 adversely impact the main drivers of growth, public investment and imports. The government has recently decided to cut imports by almost 10%, and public expenditures by 30%, thereby increasing 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 in the range of -4.5% to -5.8% in 2020. Unemployment rate could increase up to 15.6%. Trade balance could be in the range of -13% to -20% of GDP. Finally depending on government spending cuts, 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 world's fifth-largest recipient of remittances with USD 26.8 billion in 2019 amounting to 10% of GDP. Travel restrictions will have severe impacts on worker remittances translating immediately into a a loss of purchasing power of millions of households relying on remittances. While the value of remittances of January-March is around the usual average of USD 6 billion, a USD 2.3 billion drop is expected for April- June 2020.

The ongoing crisis is hitting the global trade hard, with a noticeable decrease in revenues of all international trade corridors including the Suez Canal. The Egyptian Government estimates the contraction of tourism receipts at around USD 1 billion each month, for a USD 12.5 billion/year industry, contributing 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 tourism sector crisis 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 second to 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 provide 46.6% of total employment in Egypt. Operations of these sectors might be impacted, leading to harmful consequences on employees, their families and dependents, especially those in 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 employees 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 possible extension), the temporary closure of mosques, schools and universities for two weeks, along with the restriction of public gatherings. Curfew hours were extended from 2 pm to 7 am. The main impact of the crisis on the Libyan economy will be felt through the drop-in oil prices and oil blockage.

Mauritania

Continuous lockdown is underway since 20 March 2020, with the closure of borders, ban on public gatherings, and the closure of schools, restaurants and markets. Travel between different regions of the country is also prohibited.

The economic slowdown in Europe and China (the country's main trading partners) is expected to 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 enough 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 forecasts, the economy is set to contract by 2% this year and the overall budget deficit could reach -3.4% of GDP. However, there are different scenarios for the magnitude of the macroeconomic impact of the COVID-19 crisis, depending on the resilience of global economy, the evolution of 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 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.

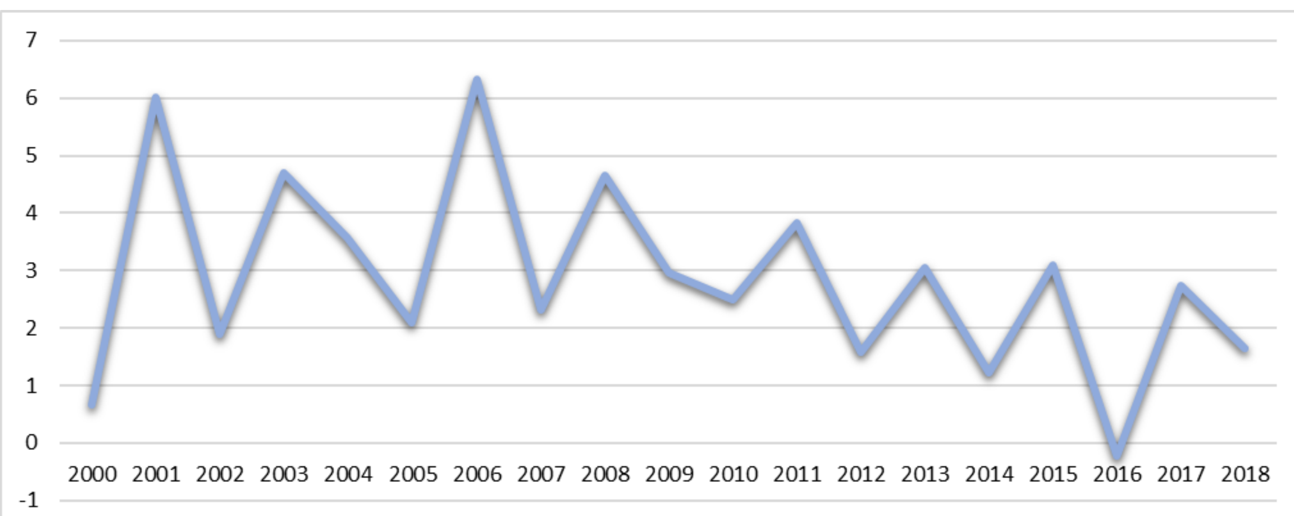
Mauritania's main exports, fishery products and iron ore, are expected to be particularly affected by the slowdown in the economies of its trading partners, and the current account deficit should therefore widen and reach respectively between -16.5% of GDP and -19.1% in 2020.

All scenarios assume that the economy will rebound in 2021, albeit at a much slower pace than the contraction of the economic activity in 2020, because business closings and job losses, slow recovery of global demand and domestic consumption will take time to regain traction.

Morocco

Morocco's economy is being affected by the global economic collapse that has hit both the world and Europe, Morocco's main trading partner. The country is also experiencing the damaging effects of the lockdown measures decided by public authorities to face the spread of the pandemic. This coincided with 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)

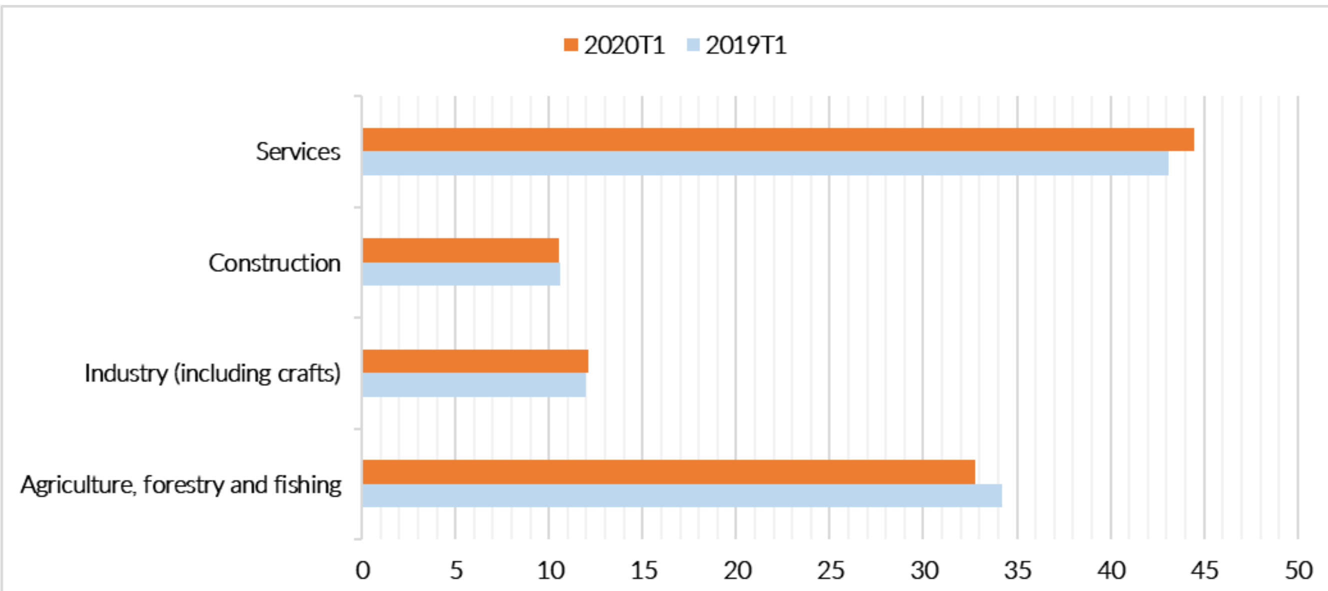


Source: World Development Indicators (2000-2018).

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 growth estimates for Q2 2020, which is the period most 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 Q2 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 adversely impact the pace of fiscal consolidation and ultimately gross financing requirements 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 are 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 heavy burden on 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, leading 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 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 are 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 leading to 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, Tunisia's main partner, will severely affect external trade, with a current account deficit of -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. Tourism receipts are expected to fall between -40% to -60% in 2020. An important source of foreign reserves, remittances 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 along with a redefinition of the role of the State.

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, and in particular to address the liquidity constraints of firms; 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, governments have already decided on granting 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 implemented. The increase in unemployment and vulnerable workers will have a potentially huge impact on a larger fraction of households.

Algeria

The Government has put in place a number of mitigation measures, with mandatory leave for half of the civil servants and private workers with full compensation, deferred tax reporting and income tax payment for natural and legal persons (except for large enterprises), a relaxation of contractual deadlines and suspension of penalties for companies which are late 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, set the key rate of the Bank of Algeria at 3.25% starting from March 15, 2020. Furthermore, a Supplementary Finance Act 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 spendings.

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 by industrial and tourism companies have been given a six-month tax moratorium. Companies will also be allowed to settle current 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 permanent exemption from payment of duties for foreign investors.
- 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.
- Extension of the deadline for personal tax filings to mid-April and waiver of 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 were created to transport Tunisian food and goods to Libya. Working days have been 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 fighting COVID-19, including prioritizing health spending and supporting the most vulnerable households and sectors of the economy.

The Government created a national solidarity fund to address the 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, 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 a good number of companies, especially SMEs avoid bankruptcy, as well as saving jobs.

An Economic Watch Committee (EWC) was created at 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 support measures to sectors. The EWC drafted and is 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 small businesses badly affected by the crisis. Mitigation measures were taken to prevent widespread defaults on loans and keep the banking sector solvent. The Government is also putting in place an emergency unemployment benefit scheme to support workers laid off due to COVID-19, with preventive measures for up to three months.

The Ministry of Industry and Trade imposed a ban on the 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 TD 100 million (USD 34 million) for social aid towards the vulnerable population. Another Emergency fund of TD 100 million was set up to support those who lost their jobs particularly in sectors as tourism, maritime and air transport, artisans and SMEs.

Additional measures to support the economy and the population include:

- A moratorium of three months, for the repayment of bank credits and loans for incomes above TD 1,000 per month;
- Deferral of the monthly repayment of micro-credits 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 and adopt 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 plans;
2. Defer individual loans and mortgages, temporarily suspending government fees, and providing tax relief to those in need;
3. Support impacted businesses in order 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 hand-washing 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 geared 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 by giving them preference 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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