

**Crisis management in the time of COVID-19:
Zoom on its impact on the Moroccan economy and the general
government budget
(What happened, what was done and what's to be done)**

**Le mangement de crise au temps du COVID-19:
Zoom sur l'impact sur l'économie marocaine et sur budget
général de l'Etat
(Ce qui s'est passé, ce qui a été fait et ce qui doit être fait)**

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Date submitted: : 04/08/2022

Date of acceptance : 20/09/2022

To cite this article:

EL MOUISSIA I. & BENABDELHADI A. (2022) «Crisis management in the time of COVID-19: Zoom on its impact on the Moroccan economy and the general government budget (What happened, what was done and what's to be done)», Revue Internationale du chercheur «Volume 3: Numéro 3» pp : 940 - 964

Abstract

In 2020, Covid-19 started as a small outbreak in rural Wuhan China, grew to take a pandemic size and proportions. Due to the highly contagious nature of the disease, many governments issued draconian stay at home mandates and travel bans, as a way to stop the rapid spread of the virus. Which dealt a powerful blow to the economy, from severe disruptions of the international supply chains, to the crash of the financial markets. Morocco, like every other nation, suffered great loss, because of the interconnectivity of the world's economy, this crisis had severe repercussions on the imports and exports between the kingdom and the rest of the world. On a domestic level, covid-19 put a damper on demand, caused the bankruptcy of many businesses and contributed to the collapse of the entire tourism sector. This paper will endeavor to present how the government used crisis management to save to take charge of the situation. As well as the effects of this crisis on the Moroccan economy, highlighting the toll it took on its public.

Key word: Covid-19; Public revenue; Public expenditures; Public budget deficit; crisis management.

Resumé

En 2020, la covid-19 a commencé dans la zone rurale de Wuhan en Chine, évoluant rapidement jusqu'à atteindre les proportions d'une pandémie mondiale. En raison de la facilité avec laquelle le virus se propage, plusieurs gouvernements ont mis en place des mesures draconiennes de confinement limitant les déplacements. Ce qui a fortement dérangé le bon fonctionnement de l'économie mondiale, en créant, entre autres, des perturbations dans la chaîne d'approvisionnement mondiale, ainsi que le crash des marchés financiers mondiaux. Le Maroc, comme plusieurs autres pays, a été fortement touché par cette crise, l'interconnectivité de l'économie mondiale a affaibli les flux d'import et d'export entre le Maroc et ses partenaires commerciaux. Au niveau interne, la pandémie a fortement touché la demande, a causé la faillite de plusieurs entreprises de toutes tailles et elle a aussi contribué à l'effondrement du secteur du tourisme. Cet article va œuvrer à démontrer comment le gouvernement a fait usage de plusieurs outils de management de crise pour prendre contrôle de la situation. Ainsi que les conséquences sur l'économie du pays en soulignant, leur impact sur les finances publiques du pays.

Mots clés : Covid-19 ; Ressources publique ; Dépenses publiques ; Déficit budgétaire ; management de crise.

Introduction

In 2020 the world as we know it was forever changed. Covid-19, caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), first erupted in Wuhan, China in the last quarter of 2019, exploding to take a pandemic size by March 2020. It devastated, in different degrees, virtually all the countries on the planet, infecting more than 200 million people worldwide and stealing the lives of more than 4 million people. (“Coronavirus Worldwide Graphs”, <https://www.worldometers.info/coronavirus/worldwide-graphs/>, 05/09/2021).

Due to the highly infectious nature of this virus, every kind of public gathering became prohibited, resulting in different “stay at home” mandates, travel bans, non-essential businesses closures. Even though these measures were necessary steps to contain the spread of the virus, they had serious repercussions on the economies of every infected country, causing among other things the decrease in production and tax revenues. Also the increase of expenditures associated with, first testing and providing medical care to the sick, as well as the stimulus packages provided to the many households that lost their incomes, and the companies that declared bankruptcy. (Kibala Kuma, Jonas 2020). As shown in the 2020 rapport of the International Monetary fund, the economic impact of this commitment to save lives, increased fiscal deficits and public debt ratios across countries given higher spending and plunging revenues. The contributions to the global government debt change went from around 2% of GDP in 2019 to around 13% of GDP.

As the factors of uncertainty and risks are of the highest importance in the financial sector, any news of a risk in investment operations or anything that could hinder the capital accumulation process, could disrupt the workings of the financial market. An expected deterioration of companies cashflow makes their risk premium soar, so investors are less willing to invest in risky stocks, leading to an overall reduction of the value and number of transactions in the stock market and stock returns. (Jumah Ahmad Alzyadat, Evan Asfoura, 2020). The onset of the covid-19 pandemic, has caused great tightening of the global financial conditions. As shown in the global financial stability report, published by the International Monetary Fund in April 2020, the market suffered a significant drop in prices of risk assets since investors were rushing to sell their stocks to ensure safety and liquidity. Also, there was a downward shift in the entire oil futures curve, due the lack of agreement between OPEC+ countries, on output cuts to maintain stable oil prices in order to adapt to the weakening global demand. As well as, the incredible fall of the Government bond yields in Germany and the United States on net,

reflecting both declines in term premiums and a lower expected path of monetary policy. (IMF Rapport 2020c, 2020).

As for the Kingdom of Morocco, like the rest of the world, didn't escape covid-19. The first case of infection was recorded on march 2nd 2020, the epidemic spread to reach on august 20th 2021, a total of 799 775 of recorded cases. In an effort the minimize the spread of the diseases, the government launched sever measures to protect its population. But it didn't shield the country from the serious hit to its economy. With status of "emerging economy", Morocco suffered from disruption that occurred in the international markets, virtually all the sectors were impacted by the containment measures against the diseases. which begs the question: **How did crisis management of the covid-19 health crises help limit impact the Moroccan economy, especially its budgeting process?**

This question could also be declined in the following three:

- What's a crisis and what does crisis management entails?
- How the health crisis impacted the Moroccan economy in general and the Government budget in particular?
- What could be done to further cushion the blow to the Moroccan economy?

When a crisis breaks up to a national level, the infected governments retaliate with adopting crisis management tools to render the effects of the crisis limited. The kingdom of Morocco has, since the starts of the Covid 19 crisis, taken drastic measures to weaken its hold on the country's economy. Which leads to set the general hypothesis as follow, "Crisis management has helped limit the impact of the Covid 19 crisis on the Moroccan economy".

This paper will be a literary review, that will endeavor to answer these questions in three sections. The first one will be dedicated to defining the meaning of the term crisis, its characteristics and types, as well as crisis management and its process. The second section, will give a brief presentation of the crisis, meaning a presentation of what happened and when it happened. Also It will also focus on the effects Moroccan economy, meaning the effect on, the macroeconomic indicators, the different sectors of the country's economy and the government budget. The last section, will present propositions on how could the kingdom overcome the challenges that this crisis.

1. The meaning of a crisis, crisis management and everything they both entail:

1.1 Crisis:

1.1.1 Definition:

According to the Webster dictionary, crisis comes from the Greek *krisis*, which means “judgement” or “decision”, which is at its core the biggest challenge with managing a crisis, set around making the right decision in the right time, when the usual course of a process is disrupted by unexpected factors. As for the Chinese language, the word judgement, or *gei-zi*, presents connotations of both “danger” and “opportunity”.

In the general sense, a crisis is a set of circumstances in which individuals, institutions or societies face threats beyond the norms of routine day-to-day functioning, but the significance and impact of these circumstances will vary according to individual perceptions. (LT.DRENNAN; A.MACCONNELL; A. STARK, 2015). In the eyes of any type of organizations, a crisis could be defined as a situation, that had a low-probability of happening, escalating to a perilous peak, that needs immediate intervention, due to its major implications to the organization’s viability. In order to protect the said organization from harm or potential harm, and to usher a prompt return to the normal course of action.

Due to the continuous use the term “crisis” by many media outlets to describe a number of events and circumstances, it’s could be quite easy to get lost in it all. Therefore, there is a dichotomy of school of thoughts on the meaning of the word crisis.

The first is the **objective school**, that sees a crisis as a fact. It’s characterized by positivism, an approach to producing knowledge that assumes that everything, even social phenomena can be defined, quantified, and measured. The positivist approach views the concept of crisis as a real event that could be defined by key characteristics. The general consensus in this school of thought, deem the following criteria as necessary for a crisis to exist:

- **Severe threat:** meaning threats at the operational level such as, event that presents a danger to life, property, policy delivery ... Also, the political symbolic level, for example, threats to confidence in governments, threats to societal feelings of safety and security...
- **High levels of uncertainty:** Severe threats usually come unexpectedly, disturbing the functioning of organizations, or social and political life. The uncertainty could be about the factors that triggered the crisis, the absence of sufficient information about its nature,

the full scope of its impact or severity of the situation. The disregard for respect of managerial tools and processes, could create for the public manager challenges both physical and psychological.

- **Urgent need of action:** The combination of the two forementioned factors creates a ticking bomb effect for those in charge of limiting the effects of a crisis. It's the government that's used to the most sensitive forms of crisis responses, since the citizens, media, actors in the stock market, ... all look up to the government for reassurance in time of a crisis.

Therefor according to the objective school, the term "crisis" shouldn't be overly used to avoid devaluating its meaning. But should be reserved to events when the threat is high, the certainty is low and when the decision makers must act on quickly.

The second one is, **the subjective school**, that defines a crisis as a perception. Here, the focus is set on the perception of things and constructs of the world around us, rather than see it as a fact that could be quantified. In this context, if one believes that a phenomenon, event or episode is a crisis, it is then a real crisis. Meaning that a crisis, is quite self-explanatory, and doesn't need a criteria, check lists,... to prove its existence. A crisis just 'is' and we feel in our hearts that this is the case. This is used implicitly in scholarly works (in particular those focusing on corporate crisis), and used commonly in media coverage of a disaster. The different experiences that everyone's goes through conditions their perception of things. For instance, among the factors that would make a person feel more or less threatened there is, people's geographical location and level of involvement, the potential impact on their lives, as well as the clash against their core beliefs system.

An example of this phenomenon, is the so-called Arab Spring in 2010–11 that saw thousands of citizens all throughout the Arab world, protested, or even overthrow in some cases, what they perceived as anti-democratic regimes. For the powerful, it constituted a crisis posing immediate threats to their very existence. For the protesters however, it was an opportunity to create real change. Finally, for those of viewing events from afar, there was a palpable sense of crisis without any immediate threat. Therefore, different perceptions do not converge into one absolute definition of what is occurring. Which means that a single event can be seen as a crisis by some, an opportunity by others and even viewed with indifference by those far removed from the events.

The third and final school of thought is the **realist school**, that see a crisis as both a crisis and a fact. Which combines between the two aforementioned schools of thoughts, since for example leaning only on the objective school would mean ignoring the value of the different perceptions, that lead to a better understanding of a phenomenon. Or following only the subjective school's "it's all a matter of perception" approach, would mean ignoring a quantifiable fact or tangible threats, because it's perceived as normal by people. This school therefor, uses a Critical realism, a methodology that reconciles between facts and perceptions. Which is based on the existence of real and unquestionable phenomena, that could be viewed differently by different actors. They define a crisis, as a set of circumstances in which individuals, institutions or societies face threats beyond the norms of routine, day-to-day functioning, but the significance and impact of these circumstances will vary according to individual perceptions. Also, there are extraordinary threatening situations that exist in themselves, regardless of whether we need to deal with them, how significant we think they are how or how we choose to label them. Like threats to life, (flood, rail crash, pandemic virus...), critical infrastructure, (power blackouts, collapse of communication networks...), policy functioning, (accidentally revealing intelligence information), economic viability, (massive organizational budget cuts), political reputation, (high levels of citizen dissatisfaction in opinion polls.)

1.1.2 Typology of crisis:

Crisis is quite an umbrella term, including different and numerous events under it. To present you a modest list of types crises, we're going to classify them according to the following indicators:

- **The epicenter of the crisis:** meaning the focus of the crisis is where its ramifications are most severe (individuals, institutional/governmental, cross-societal epicenters, industrial/technological, geophysical ...).
- **The speed of arrival:** meaning the pace that crisis escalates to its furthest reach, taking in some cases years to do so.
- **Degree of predictability:** meaning the level of vision that would help predict the potential ramification of the crisis.
- **Extent of preparedness:** meaning all the contingencies in case of a crisis, as well their perception of the importance of preparation and how it's incorporated in their assumptions of what's a crisis and its impact.

- **Degree of intentionality to cause a crisis:** meaning if the crisis was triggered intentionally or not.
- **Degree of complexity**
- **Degree of politicization:** meaning the extent to which it ignites political interest or outrage.
- **Degree of persistence after the acute stage**

The following table will differentiate between some types of crises, according to the forementioned indicators:

Table n ° 01 : Typologie of crises

Crisis Epicentre(s)	Speed of Arrival			Degree of Predictability			Extent of Preparedness			Degree of Intentionality to Cause a Crisis			Degree of Complexity			Degree of Politicization			Degree of Persistence After Acute Stage		
	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Individual/Personal																					
Policy																					
Institutional																					
Society																					
Industry/Technology																					
Cross-Societal																					
Geophysical																					

Source : LT.DRENNAN; A.MACCONNELL; A. STARK, 2015

1.2 Crisis management:

The use of this term was initially reserved to the political sphere, most notably it's U.S. President J.F. Kennedy, that first used this expression to describe his handling of the Cuban crisis in 1962. Crisis management is also associated with risk management, since both of them with threats. the difference between the two is that, the latter covers also risks that do not present sever and everlasting harm to an organization.

Therefore, crisis management could be defined as, the evaluation and anticipation of the risks that an entity (business, organization, government,...) may face, aiming to lessen the factor of

uncertainty and take all necessary measures. Or as, as the strategies, processes and measures which are planned and put into force to prevent and cope with crisis.

We also must differentiate between seeing crisis management as a function or as an institution. As an institution, it refers to a group in charge of crisis management activities. They are the dominant bearer of the functional crisis management. Among the actors of this function, we can find Middle/lower-level employees or external forces as well as members of upper management levels. Crisis management as a function refers to the changes that befalls tasks and processes when a crisis occurs. The process of adopting crisis management measures could be summed in the following table.

Table n°2: process of crisis management

Crisis prevention						Crisis coping	
Risk management						Limitation of consequences	Recovery
Crisis precautions				Crisis avoidance			
Risk management						Employment of instruments	
Analysis	Evaluation/ Planning	Protection/ Implementation	Training	Early warning	Adjustment		

Source: D.Glaesser, 2003.

Crisis prevention is a form of proactive preparation to face a potential negative event, characterized by its ever-active processes. It is composed of crisis precautions and crisis avoidance; both can be used either one after the other or simultaneously. The former gathers all preventive measures needed for an effective crisis coping, in order to minimize the potential damages of said crisis (analysis, evaluation and planning, protection and implementation, training). The latter, includes a risk managing policy as well as effective crisis plans, meaning a warning system able to identify the outline of a crisis in time and to properly evaluate its level of seriousness in order to effectively hinder its growth. Since, there is an ideal point of crisis identification, after which the destructive effects of a crisis would increase, and the effectiveness of the countermeasures decreases. A part from that, crisis avoidance uses adjustment measures to adapt an entity to the situation increasing the reactive speed., veering in the blurred lines between crisis prevention and crisis coping. Crisis coping main goal is the defeat a crisis. It starts with the identification of the situation. Then it leads to deployment of active and intended actions and employ of tools, by an organization undergoing a crisis, in order to stop its causes, to limit its consequences and to bring it to an end. Which is followed by a recovery phase, the focus is on overcoming the ramification of the crisis. Including, a “lesson

learned” or reorganization phase, through which the organization makes sure that the events leading to the crisis will never happen again, by learning from the current situation. In the following section, we will, among other things, present the covid-19 pandemic, using the characteristics aforementioned presented.

2. The impact of the health crisis on the Moroccan economy in general and the Government budget in particular:

2.1 The covid-19 health crisis: (What happened, when did it happen and what was done):

2.1.1 Presentation and characterization of the covid-19 crisis:

By definition Covid-19, acronym for the Coronavirus Dices 19, is an infection of the pulmonary organs, caused by a new strain of Coronavirus, called SARS-CoV-2. Belonging to the family of Coronaviruses, it presents itself in the human body, in various degrees, through some these symptoms, fever, coughing, muscle aches, shortness of breath...

In the last quarter of 2019, cases of an unusual pneumonia were on the rise, in the town of Wuhan located in southern China. Early January 2020, after an interhuman transmission of the virus was proven possible by dr. Zhong Nanshan, the Chinese government issued a lockdown of the town banning any form of transport from or into the city. Nevertheless, that was not enough to stop the spread of the dices. In the weeks that followed, cases are recorded in different many countries around the world (France, Italy, South Korea, United States of America,...). On January 30th 2020, the World Health Organization, declared the growing covid-19 cases, a “public health emergency of international concern”. The numbers kept advancing at a great speed, reaching more than 140 000 cases of covid-19 by march 11th 2020 (“Coronavirus Worldwide Graphs”, <https://www.worldometers.info/coronavirus/worldwide-graphs/>, 05/09/2021), when the World Health Organization declared that the crisis has reached a pandemic size and proportions. (Archived: WHO Timeline - COVID-19, <https://www.who.int/news/item/27-04-2020-who-timeline---covid-19>, 10/09/2021) As for the kingdom of Morocco, on March 2nd 2020 the country recorded its first case of Covid-19, in a male citizen coming from Italy. Using the plethora of information mentioned in this paragraph, we will attempt to guess what type of crisis, the Covid-19 pandemic belongs to, through the following table:

Table n°3: Characterizing the covid-19 pandemic:

Epicenter	Speed of arrival			Degree of predictability.			Extent of preparedness			Degree of intentionality to cause a crisis			Degree of complexity			Degree of persistence after the acute stage		
	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Individual/Personal	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Policy	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Institutional	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Society	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Industrie /technology	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Cross-societal	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Geophysical	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High	Low	Med	High
Mega crisis																		

Source: Made by the author

We characterized the covid-19 as a “mega-crisis”, since this type could have any type of epicenter. In this case its cross-societal, since covid-19 read almost every country on earth. The quick way things escalated, qualifies for a high speed of arrival. The low degree of predictability, is for the unlikeness of these events, make it hard to produce viable prediction on the matter. As for, the extent of preparation set on medium, because, though many of the affected countries dispose of state-of-the-art medical center, they were quickly overwhelmed by the severity of the situation. which leads to the high levels of complexity and persistence after the acute state, since scientific researchers, medical sector, and government struggled to understand this phenomenon and hinder its effect. to the point that pandemic still rages on, taking lives and weakening entire economies.

2.1.2 Covid-19 crisis management in Morocco:

Before even the first case was even recorded, the kingdom a hotline for information called “YAKADA”, as a tool of crisis avoidance process, to serve as an early warning system. After the first case was recorded, the Moroccan government, ordered and accompanied by His Majesty King Mohammed VI, may God assist him, launched a plethora of crisis coping measures, in order to curb the curve of contamination, the most notable are gathered in the following table:

Table 4: Measures launched by the government to fight Covid-19 contamination in Morocco:

Date	Measure
Mid-February	Creation of a hotline “YAKADA”
March 9th	Suspension of flights or boats from many destinations.
March 13th	Schools and universities are shut down.
March 14th	Prohibition of social or public gatherings of more than 50 people.
March 15th	Instauration of an international travel ban.
March 16 th	Public spaces and mosques were closed.
March 20 th	Institution of a state of emergency and introduction of restriction of movement.
March 21 st	Prohibition of intercity travels (trains, plains,...)
April 7 th	Introduction of a mandatory use of protective masks.
April 18 th	Prolongation of the state of health emergency till May 20 th
April 24 th	Banning any kind of nocturnal movement during the month of Ramadan.

Source: HCP, « Pandémie covid-19 dans le contexte national », April 2020.

After 3 months of strict lockdown, a control rate of increase of new cases verging around 5.5% and an average mortality rate of 4%, the Moroccan authorities decided June to put forth deconfinement measures starting June 10th 2020, by zones. Meaning the cities or regions that has the greatest number of cases still had to respect more severe constraints and restrictions, than the ones where the case number was under control. Which qualifies as adjusting measures, adjusting things to take into account the lessons learned from the whole lockdown experience.

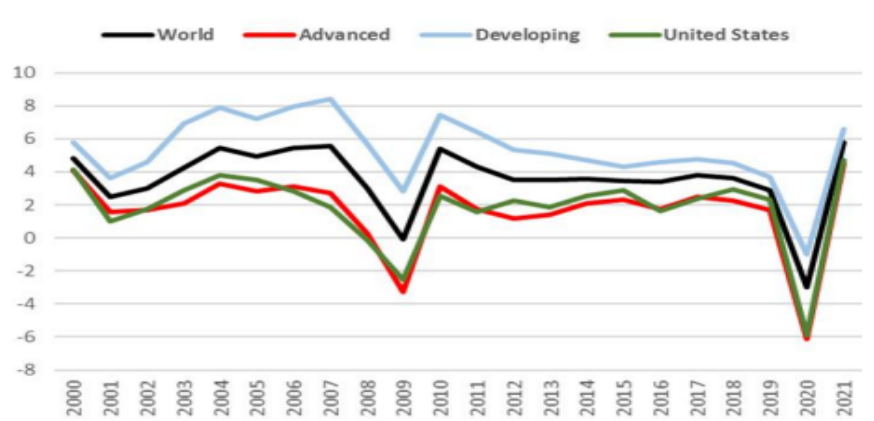
2.2 Impact of the covid-19 health crisis on the Moroccan economy:

2.2.1 Global economy outlook:

In the first quarter of 2020, the Covid-19 health crisis hit the world's economy with the same strength of a devastating force of a tsunami. It was predicted to cause more damages than the 2008-2009 recession, comparable only to the great depression of 1929, that followed a violent outbreak of the Spanish flu that cost the lives of 2.9% of the world population.

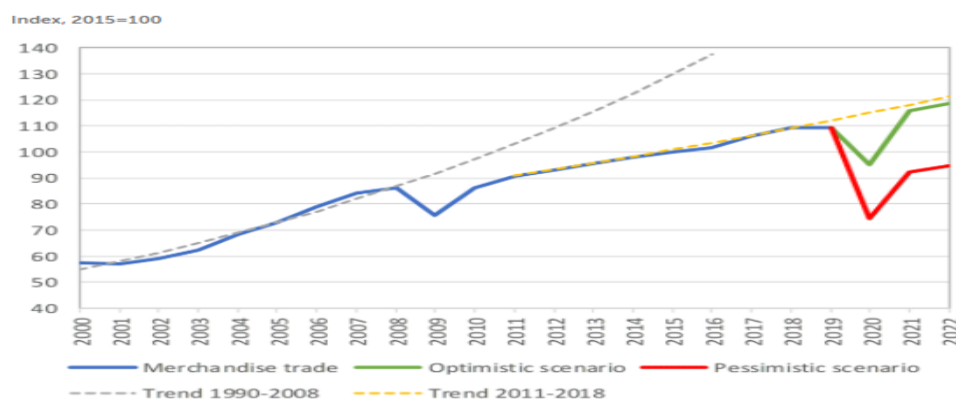
The International Monetary Funds predicted for 2020, a contraction of global growth by 7.8% of the GDP. With the US's growth going down by 5.9%, which it's twice what they experience during 2008-2009. As for the Euro zone, it's set to have a decline of 7.5% of growth. China and India are projected to experience a small economic growth but the emerging economies are set to suffer a loss of around 2% of GDP in the economic growth rate. As presented in the following graph.

Graph 1: Gross Domestic Product, Percentage Change



Source: World Economic Outlook, International Monetary Fund, April 14, 2020. Note: Data for 2020 and 2021 are estimates.

This unrepresented worldwide hit to economy can be attributed to, the weakening demand, as a consequence of the great confinement and the prohibition of social gatherings. The decline of the offer, due to disruptions that occurred in the global production chain, most notably the shutdown of the supply chains from China had great effect to the interconnected economies of the world. Creating a snowball effect, where the slowing of the global production generates less profits for the companies, who proceed to drastically reduce their payroll, impacting the purchasing power of many households, which in return would decrease the global demand. These elements create an instable environment full of incertitude, which could cause great turmoil in the financial markets, that started to be felt since February 20th, 2020, in the stock market, such as the drop of the Dow , the American stock index, by 3000 points on March 16th (The Coronavirus Crash Of 2020, And The Investing Lesson It Taught Us, <https://www.forbes.com/>, 20/09/2021). Furthermore, global trade was seriously impacted by the covid-19 health crisis. The World Trade Organization predicted in early 2020 (April 2020) that global trade would drop between 13% and 30% in 2020. As shown in the following Chart.

Graph 2: World merchandise trade volume, 2000-2022

Source : WTO Secretariat.

During the second quarter of the year, the International Monetary Fund updated its forecast to show to the effects of the loosening of some the great lockdown measures with the economies slowly opening, and normalization of the overall activity, the recovery of the Chinese exports from the deep declines it suffered in April 2020. The global growth is projected to be around 5.2% in 2021, with a GDP 0.6% above the one of 2019. (Trade set to plunge as COVID-19 pandemic upends global economy, https://www.wto.org/english/news_e/pres20_e/pr855_e.htm, 20/09/2021)

2.2.2 Impact on Moroccan economy:

The crash of the global economy triggered by the covid crisis didn't miss Morocco, the country's economy was hit just hard as other countries around the world. To quickly counter some of the effects, the kingdom set a riposte strategy to save the economy. Among its most notable measures could be gathered in the following board:

Table 5: Riposte strategy launched by the Moroccan government:

Date	Name		Details
March 19th 2020	The special fund for the management of covid-19 pandemic		<p>I. Is a Special account created at the instruction of his majesty king Mohamed VI, set to gather the contributions of public and private institutions, as well as the private donations of citizens.</p> <p>II. Started with 10 billion Dirhams aiming to cover the medical related expenditures (infrastructures, medical devises, emergency necessities,). Also, to help the country's economy by financing some of the measures for relief to the sectors and people most hit by this health crisis. it grew to reach 33 billion Dirhams by June 2020</p>
March 16th 2020	The economic monitoring committee		<p>III. Composed by some the highest economics actors of the land.</p> <p>IV. Its main purpose is to manage the special fund for the management of covid-19 pandemic. By monitoring the direct and indirect impacts of the crisis on the economy's situation. Also launch measures to relive the sector that needs it the most. Finally to provide reports on the results provided by these measures.</p>
April 6th 2020	Aid and support to households and businesses	Households	<p>30% of the population able to work asked for some sort of aid during that time. The most notable aids provided by the government are the following:</p> <p>V. 2000 MDH monthly to all workers registered with CNSS, that are temporarily not</p>

			<p>working and or are a part of company in distress.</p> <p>VI. 800 MDH /1200 MDH provided to the people working in the informal sector.</p> <p>VII. Banks offered the possibility to report Mortgage pavement during that period.</p>
		Businesses	<p>VIII. The suspension the contribution to the national social security fund.</p> <p>IX. “Guarantee business owners 2020” which are lines of credits provided by the central guaranty fund to business owners to cover for the most pressing expenditures that cannot be reported. The amount is equivalent to 3 months of revenue up to 15 000 MDH.</p> <p>X. “DAMANE oxygen” which is a mechanism of guaranty, that cover up to 95% of mortgage payments for companies that suffered serious activity freeze.</p>

Source: Made by the author

2.2.3 Covid-19 health crisis vs the Moroccan economy:

The first 14 weeks following the start of the health crisis emergency state (the great lockdown), were characterized by severe measures, that ushered the country to its first economic recession since the mid-nineties, with an estimate loss of -107 billion dirhams in GDP, in that period. In the first trimester of 2020, the external demand for Moroccan goods dropped by -3.5%, making our exports go down by -22.8%. Before the government launched the mitigation measures, the evolution of internal demand showed slowing reaching +1.2%. The world bank predicted a decline of the country's GDP of -1.5%, while the international monetary fund projected a decrease of -3.7% of the GDP for 2020 and an evolution of +4.8% in 2021. The High Commission for Planning, the national office for Moroccan statistics, estimated the regression of the country's economy to -6.7% of GDP. These performances resulted to the loss of 581 000 jobs by the third quarter of 2020., making the unemployment rate go from 9.4% to 12.7% during the same period.

The halt and disruption that Moroccan economy experienced during the great lockdown, had devastating effects across most of its sectors. As a result, according to study by the high committee for planning, 57% of firms in the study sample suspended its production lines temporarily or definitely. The poor rainfall, the country experience during 2019-2020 made for weakening crop yields, add to that the effects the shutdown, made for a drop in the agricultural value of -6.2% in the third quarter of 2020. As for tourism, the closing of the borders and travel bans had a devastating impact. The national tourism confederation predicted a loss of 34.1 billion dirhams in revenue and 6 million tourists, which makes for a decline - 98% from the 2019 numbers. In the first quarter of 2020, the high planning committee estimated a drop of the added value of accommodations and catering by - 2.8% compared to the evolution of 3.7% observed the previous quarter. In the first quarter of 2020, the drop in demand, the disruption in the world's supply chain, had serious effects on the manufacturing sector in Morocco. During that period the industrial added value evolution went from + 2.7% (in the first quarter of 2019) to only + 0.5% in 2020. The many industries that constitute the sector were hit in different degrees. For instance, the metal, mechanical, electrical and electronic industries' s performance evolution went from +6% to +1.2% during the first trimester of 2020. As for the industry of cars and aeronautics experienced a growth of only +1.1%. However, the food industry's growth evolved by +1.6%. As well as the chemical industry that produced in that period an evolution of +3% of added value.

2.3 Zoom on the public finances:

The national and worldwide shutdown of activity that had a plummeting on the profits of companies and therefor impacted their gross amount of public revenues. In addition to the staggering amount of expenses, generated by the many measures launched by the government to cushion the social-economical blow that covid-19 health crisis had on the country to, as well as the cost of the infrastructures and necessities to tend to the sick.

2.3.1 Budget deficit:

In late December 2020, the Moroccan budget deficit was estimated to have reached a staggering 82.4 billion dirham, or 7.7% of GDP, contrary to the 3.5% deficit that was predicted by the early finance law of 2020. This number could be explained by the rising public expenditures and decease of public revenue.

▪ **Public revenue:**

The general public revenue that was predicted by the rectified finance law of 2020 dropped by - 17.38 % compared to original prediction of the early finance law of 2020. The following table presents the difference between what the was predicted in the early finance law and the predictions of the rectified finance law of the different categories of ordinary revenue.

Table 6: The difference in prediction of the ordinary revenue categories:

	The rectified finance law of 2020	The early finance law of 2020	Evolution	Evolution in %
Direct taxes	85.957.933.000	103.947.734.000	-17.989.801.000	-17,31%
Indirect taxes	83.424.648.000	102.241.665.000	-18.817.017.000	-18,40%
Customs duty	7.840.607.000	10.347.949.000	-2.507.342.000	-24,23%
registration and stamp duty	12.771.415.000	16.835.942.000	-4.064.527.000	-24,14%
Proceeds from the disposal of stat's holdings	-	3.000.000.000	- 3.000.000.000	-100,00%
Proceeds of monopolies, exploitations and state contributions	14.697.000.000	12.209.000.000	2.488.000.000	20,38%
Revenue on public domains	199.500.000	354.500.000	- 155.000.000	-43,72%
Diverse revenue	6.072.631.000	6.636.211.000	-563.580.000	-8,49%
Donations	1.400.000.000	1.470.000.000	-70.000.000	-4,76%
Total	212.363.734.000	257.043.001.000	-44.679.267.000	-17,38%

Source: Presentation notice of the rectified finance law 2020

In general, the public revenue was seriously impacted with the ramification of the covid health crisis. The projections for the direct taxes dropped by -17.31%, which could be explained by a regression of -14.21% of the revenue generated by the business tax, that was influenced by the life line measures of the government that exempted certain business that were hit hard by the

shutdown, from paying the tax. The direct taxes projections were also influenced by a decrease in income taxes of - 6.77%, which in return was affected most by a decline in income tax on sale of land (-30.9%).

As for the projections for indirect taxes, were influenced by -18.4% between the early law of finance and the rectified one. Which is due to deterioration of the revue generated by the internal value added tax estimated to - 18.32%, that was caused mainly by the recession that the sectors of commerce, transport, construction and accommodations experienced, especially in April 2020. The projections were also influenced by the waning value added tax on exports (- 25.91%), which could be explained by the disruption of the world's demand.

Furthermore, the projections for the customs duties went from 10.347.949.000 MDH to 7.840.607.000 MDH (-24.14%). This decline could be explained by the exemption of the imports of soft wheat that went from 524.300.000 MDH to 20.000.000 MDH. As well as registration and stamp duty that declined respectively by - 28.93% and - 18.01% compared to the projections of early 2020, based on the events of mars and April 2020.

The public revenue unrelated to taxes, such as the projections of the proceeds from the disposal of state's holdings that were canceled in the rectified financial law of 2020. The revenue on public domains experienced a decline of its estimate by - 43.72%, which is mainly due to the degradation of investments in a context impacted by the pandemic and the drought.

▪ **Public expenditures:**

The projections for the public expenditures, in the rectified law of finance went up by 0.52% compared to the original 2020 finance. This number could be explained by the increase and decrease of the many categories of public expenditures.

Personal expenses have experienced a decline of - 1.56% due to the postponing of almost all recruiting in the public sphere, with exception of the administration tasked with public health sector and those with defense and security. As for the credits attributed to the functioning chapter of common expenses, there was a reduction of contributions to the support of prices by -18.99% because of the drop of the international prices in butane gaze, compared to prices used in the prediction the early law of finance of 2020. Other than that, the other common expenses went up by +27.77% due to the allocation of 2.700.000.000 MDH to the special fund for the management of covid-19 pandemic from the general budget.

As for the projections for investment expenditures, they've grown by 9.62% in the rectified 2020 law of finance compared to the original one. Even though the credits attributes to public

procurement went down by +27.61%. However, there was a rise of common investment expenses by +70.70% because of the many measures launched by the government, to cushion the effects of the covid health crisis on the Moroccan economy.

2.3.2 Public debt:

To face the consequences of the covid-19 pandemic, the kingdom had to resort to rise its debts to finance the many measures launched by the government to save the country's economy. The treasure debt reached in 2020, 832.4 billion rising by +11.1% from 2019. After it has stabilized around 65% of the GDP for the last four years, in 2020 it became 77.6% of the GDP. The domestic debt is the most predominant since it constitutes 76% of the country's debt. In 2020 it reached 632.90 billion dirhams, meaning an increase of +8.1% compared to 2019, contrary to the usual growth by +2%. As for external debt, it amounted to 199.5 billion dirhams, an increase of +22.1% from 2019, due among other things to the rise of the debt threshold from the initial 31 billion dirhams to 60 Billion dirhams, by an decree passed on the April 7th 2020.

3. Recommendations:

In its annual report of 2020, the international monetary fund proposed some guiding points, to help Morocco get out the recession it has fallen into this year. On the matter of public finances, the IMF advices among other things to:

- Prioritize in the short term, providing support for the lacking social security system, that greatly suffered. In the medium term, to replenish the budget reserves and work the viability of the state's debts. Considering the low interest rate, the long due date of the domestic debts, as well as the heavy amount of the debts and the general funding needs of the country, the viability of the public debts is at jeopardy. Nonetheless, a high public debt makes the country's economy susceptible to new chocs and global crisis. That's why, the IMF recommends to start the fiscal consolidation in 2022, when the economic recovery will be in full swing, in order to bring the global public debt to 70% of the GDP around the year 2025. On the long term, Morocco must thrive to bring the public debt ratio to 60% of the GDP.
- Establish a clear framework for the management of the kingdom's budget in the medium term. Which could be presented as a document that shows with great transparency, the trajectory the ratio of public debt/GDP is taking, as well as the main measures concerning public revenues and expenditures, with an emphasis on how to expand the former and

reduce the latter. Such report would reassure the markets about the ability and will of the government to take care of its public finances and ending the risks of loss for the markets.

- Launch reforms aiming for a better fiscal system and the rationalization of the public expenditures, in order to regain some margin in the budget, that could be used to provide a generalization of social security. Meaning that the fiscal system needs to be more efficient and inclusive. The IMF speculates that a reform of the Moroccan fiscal system, aiming to enlarge the global tax base, would help increase its fiscal revenue from 1.5% to 2% of the GDP, in the medium term. Also introducing a carbon tax and taxes on inheritances over certain amounts, would help grow the public income. Furthermore, introducing a reform of the public system that would introduce the digital era to the way public services are provided. Also implement a unified social registry system would contribute to cutting unnecessary public costs.

Conclusion

A crisis is considered a direct threat the wellbeing of an organization. It could be defined as a fact, quantified, measured and defined. Making an event a crisis only if it constitutes a severe threat and has a high level of uncertainty, as well as, an urgent need of action. A crisis could be also seen as a perception, defined as such by the people experiencing it. Or It could be a combination of the two. Meaning, a crisis could be defined a real and unquestionable phenomenon, that could be viewed differently by different actors. There a great number of types of crises, that could be differentiated using certain criteria, such as the epicenter of the crisis, the speed of arrival, degree of predictability, extent of preparedness, ...

Crisis management, is an essential part of public management, since the public expects the government to protect them of the effects of a crisis. It can be defined as the evaluation and anticipation of the risks that an entity (business, organization, government,...) may face, aiming to lessen the factor of uncertainty and take all necessary measures.

The Covid-19 health crisis was the most notable feature of 2020, invading every country on the planet, costing as of today a death toll worldwide of around 4.55 million human lives. It has also ruptured the interconnected nature of the world's economy in a quite unprecedented manner. To hinder the spread of the virus, many countries issued drastic measures of population confinement, and various types of economic shutdown. According to the International

Monetary Fund, regardless of the many ambitious plans set by the different governments, the worldwide recession could be estimated to 4.9% in 2020.

The 2020 pandemic, impacted every country rich or poor. The developed economies were projected to experience a decrease of 8% of their GDP In 2020. With the USA greatly suffering from the financial market crash, the decrease on domestic demand for goods and services and the business shutdown. Their loss of GDP is estimated around 8% in 2020. The Euro zone is to suffer from a decrease of 10.2% of GDP, due among other things to the toll this crisis has taken on tourism and automobile sector. Even China, who was on a constant evolution for the last five years, saw its growth slowed down by the consequences of the spread of the virus, estimated to reach only 1% in 2020, contrary to the 6% of 2019. Because of the diminution of demand in the international markets and the decrease of working population.

As for the Kingdom of Morocco, to prevent an overwhelming spread of the disease, the government took a series of quick responses that involved, a strict shutdown of activity, a ban from international travel, and the institution of a state of emergency. To cushion the blow these measures on the economy of the country, the government proposed many measures, such as the creation of the special fund for the management of covid-19 pandemic, which a special account that aims to provide economic relief. As well as providing support to households and businesses whose income suffered from the consequences of the health crisis. Nonetheless, virtually all sectors that constitute the Moroccan economy greatly deteriorated under the covid-19 era. from the agriculture sector, that suffered from the poor rain as well as the consequences of the shutdown. To the industrial sector who was impacted by the decline of international demand and exportations as well as the disruptions to the world's supply chains. As it could be easily predicted, the health crisis took a severe toll on the country's tourism, which went from a growth of the added value of the sector of 6.6% in 2019 to a -8.9% in 2020. These changes are predicted to have an impact on the domestic economic indicator, most notable is the GDP plummeting by 5.8% in 2020, contrary to a growth by 2.5% in 2020.

Furthermore, the measures launched by the government to soften the blow the pandemic took on the economy had terrible effects on the government budget. Which is mainly due to the receding public revenues. The freeze of the activities during the great lockdown impacted the companies' performances therefor their ability to pay business taxes, impacting as well the income taxes. Also, the staggering numbers of unemployment in 2020, and the general reduction of households' incomes cause a reduction of the added value taxes, paid when a citizen buys any kind of taxable items.

This year presented great liabilities, but it also shed the light on some of the vulnerable aspects of the economy. To rectify that, the Moroccan government should aim to improve its management of the public budget. By launching fiscal reforms that would work on increasing the public revenue. As well as reforms that thrive to minimize public expenditures and expenses, in order to create a budget margin that could be used to reform the social security system. Also, the kingdom is carrying an enormous amount debt, local and foreign, which puts the country at risk against other economic chocs and crisis.

The growing number of vaccinated populations around the world and in Morocco, in addition to the decreasing numbers of covid-19 cases, promise a light at the end of this long road. There was an alleviation of some of the most sever shutdown measures, which boosts the performances of the economy. Which would impact positively the country's public budget, since economic performance of companies and individuals, meaning an increase of the public revenue and minimization of the budget deficit. the high commission for planning predicts for 2021, an economic recovery, such as a budget deficit going from 7.2% in 2020 to 5% n 2021, or the global public debt going from 92% of the GDP in 2020 to 89% of the GDP in 2021.

Finally, it could be said that the scientific implication this paper has been that utilizing crisis management to weaken the hold the covid crisis has on the country's economy has been a priority for many countries all across the globe, Morocco being one of them, endeavored to launch a management crisis strategy to counteract the Covid 19 outbreak. Which leads to asserting the important implication this paper has in bringing in light the governmental efforts and their impacts on the kingdom's economy, serving on managerial level as a basis to governmental studies on said evaluation. Furthermore, as history serves, wars, crisis and the chaos such events ensue, can become a fertile land for opportunities (BENAZZOU L. & all 2021). The evolution of management practices under Covid 19 crisis, shed a light on the importance of the digitalization of public services. Digitalization can be a way to bring the citizen and public administration closer, all the while limiting direct interactions, that a time even became prohibited. In this perspective one can't help but wonder about the impact of the digitalization of public services on the way things are in the public sector?

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