

COVID-19

Economic policy measures in Africa and the Middle East

March 31, 2020

Countries all over the world have implemented economic policy measures in response to the consequences of Covid-19. From recovery plans to loan freezes and temporary exemptions, find out what those policy measures include across Africa and the Middle East below.



Bahrain

- Launch of a 4 billion euros economic recovery plan to support the country's citizens and private sector
- Central bank's rate fell by 0.75%: from 2.45% to 1.7%
- Draft law establishing payment by the Unemployment Fund of all salaries for the private sector during 3 months from April to June 2020
- Exemption of 3 months for all municipal fees related to the individuals and the private sector from April to June 2020
- All rent costs related to industrial lands are free for three months starting in April 2020
- Exemption of Tourism taxes for all tourism-related entities for three months starting in April 2020
- 9.08 billion euros increase of the Central Bank of Bahrain's lending facilities in order to allow the extension of loans deadlines and the provision of additional ones
- Reorientation of all Tamkeen programs (a semi-autonomous government agency that provides loans and assistance to businesses) in order to support affected companies and restructure all loans issued by Tamkeen



Benin

- Allocation of 15.31 million euros of budget to face the impacts of Covid-19



Chad

- A 22.8 million euros contingency and coronavirus control plan has been set
- Creation of a special fund for the fight against coronavirus



Democratic Republic of the Congo

- The Central Bank of Congo (BCC) encourages the use of electronic and scriptural money by companies and public services for the payment of bills, taxes and duties in order to avoid contamination
- Liquidity provision to commercial banks to ensure an easy provision of the expected banking services
- Central Bank rate cut from 9.0% to 7.5%
- Setting up a special refinancing window with a maturity spanning from 3 to 24 months, to increase the banks' resources and enable them to enhance the economy's financing, under more flexible financial conditions
- Deferral of all provisions related to raising the minimum capital level of banks, cooperatives and MFIs to next January, in order to reduce the burden on these financial institutions
- The Central Bank of Congo freezes loan classification rules to allow financial institutions to suspend the application of penalties on overdue loans during the crisis period

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Egypt

- Central bank's rate cut by 3%
- Level of credit caps is increased to help companies finance their day-to-day business operations, particularly for the payment of salaries
- Raising daily banking transaction limits
- Exemption of fees and commissions for all ATM and sales transactions for six months
- Central Bank of Egypt is willing to support the most affected sectors such as industry and services
- Credit charges deferral to six months for individual loans, including real estate and consumer ones, without penalties for delayed reimbursements



Ethiopia

- The National Bank of Ethiopia (NBE) has allocated 408 million euros to support private banks affected by the effects of the coronavirus



Gambia

- 92.62 million euros allocated to improve the coronavirus contingency and response plan



Ghana

- Decrease Central bank's rate
- Reduction of loans interest rates
- Decrease from 10% to 8% the level of mandatory funds in order to provide liquidity support to critical sectors
- Money transfer costs reduction via mobile money



Ivory Coast

- Launch of a 145 million euros "national fighting plan" to strengthen the operational prevention programs and care system



Jordan

- Central Bank proposal to Jordanian commercial banks to delay payments of corporate loans
- Payments deferral and rescheduling personal loans
- Rents deferral
- Reduction of the mandatory reserves for the commercial banks from 7% to 5% in order to inject more than 652.95 million euros of additional cash flow



Kenya

- Increase the e-commerce allocation's limit
- Deferral of March 2020 bank loans' installments by one year. Loans contracted before March 2nd may be adjusted, with late deadlines
- Tax relief will be adapted



Kuwait

- Central bank's rate cut by 1%, from 2.5% to 1.5%



Lebanon

- The National Defense Act allowing the Government to manage the country's resources and to request whatever it deems necessary to fight the virus and the related impacts

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Mauritania

- Launch of a 54.7 million euros "national funds of social solidarity" to strengthen the operational prevention programs and care system
- 12 million euros to support low-income households
- Exemption for vulnerable families from paying water and electricity bills
- Widening the mechanisms available to banks to access central bank refinancing
- Central Banks rate cut from 6.5% to 5%
- Loan facility rate cut from 9% to 6.5%
- Reserve requirement ratio cut from 7% to 5%
- Maintaining the deposit facility rate, set at the central bank rate minus 5%, i.e. 0%
- The Ouguiyas deposit freeze on basic necessities initially required for documentary credit openings from 24/03/2020 for a renewable period of two months
- Implementation of a currency swap mechanism towards Ouguiyas at an interest rate of 0%
- Allow banks to pledge currencies towards Ouguiyas MRU for a period not exceeding one month, renewable



Morocco

For employees:

- Employee compensation of 189 euros net per month in case of freeze of labour contracts
- Family allowances and Mandatory insurance coverage will be paid by Gouvernement till end of June for all employees whose contracts are frozen
- Deferral of reimbursement of bank loans under bank assessment/agreement
- Allocation of a net financial compensation of 90 euros from 15 March to 31 March and of 181 euros monthly until June 2020. This allowance will reach the beneficiary by bank transfer (if he has a bank account) or by bank provision to the beneficiary

- Eligible :

- > Employees who are on temporary suspension of work and declared on the CNSS for the month of February 2020
- > Employees who became unemployed in April and whose employer has not declared a salary for that month

For VSEs, SMEs and professional activities:

- Possibility of postpone reimbursement of bank loans and leasing until the end of June 2020
- Companies who are facing cashflow issues can apply for additional line of credit guaranteed by the "Caisse Centrale de Garantie"
- Social security payment can be delayed till end of June without penalties
- Launch of a support program for VSEs and SMEs investing in the manufacture of products and equipment used against this pandemic (masks, medical bibs, sterile gowns). These VSEs and SMEs can now subscribe to a call for projects "Imtiaz -Technologies" aimed to contribute up to 30% of the total amount of the investment, with a ceiling of 916,242 euros for SMEs and 137,436 euros for VSEs

Tax measures :

- Allow companies with revenues less than 1.9 million euros to defer their income tax returns and tax payments from March 31st till June 30th
- Freeze of all tax audits and no Third Party notice should be launched by Public sector

Macroeconomic measures :

- Central bank's rate cut by 25 basis points to 2%
- Creation of more than 2.45 billion euros solidarity fund (funded by both public, Private entities & individuals)
- Urging ministerial departments, general managers and directors of public institutions and corporations to accelerate payment processes for companies.

Measures adopted by Bank Al Maghrib :

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- Allowing banks to use all available refinancing instruments in Moroccan dirhams and foreign currencies
- The extension to a very wide range of bonds and securities accepted by Bank Al-Maghrib as a counterpart to the refinancing offered to banks
- Extending the refinancing period
- The strengthening of this specific refinancing program for the VSEs, by including, in addition to investment credits, operating credits and increasing the frequency of their refinancing

Informal sector

First phase : Financial assistance :

- 72 euros for households of two persons or less
 - 90 euros for households with three to four members
 - 109 for households with more than four members
- Eligible : persons with a valid RAMED card as at December 31, 2019 and no longer having revenue because of the containment

Second phase : Financial assistance :

- 72 euros for households of two people or less
 - 90 euros for households with three to four members
 - 109 for households with more than four members
- Eligible : people without a RAMED card who have lost their income because of the confinement

Nigeria

- Creation of a fund to support the country's economy
- 121 million euros microfinance fund for households and micro and small enterprises particularly affected by Covid-19
- Bank assistance to the health sector in order to provide capacities to meet the potential increase of demand for health services and products

Oman

- Tourist tax exemption for restaurants until the end of August 2020
- Municipal tax exemption for all restaurants until the end of August 2020
- Municipal tax exemption for trade entities until the end of August 2020
- Exemption of rent for factories in industrial cities for a three-month period
- Commercial register renewal are free of charge for the next 3 months
- Six months deferral of payment/loan reimbursement for all "Al Raffd Fund" and "Oman Development Bank"

Qatar

- 19 billion euros allocated to the private sector
- Reallocation of government funds to increase investments in the local stock exchange by 2.5 billion euros
- Six months deferral of payment/loan reimbursement for private sector loans and commitments
- Exemption of tax on premises for the private sector during the next 6 months
- Exemption of tax on food and medical products

Republic of the Congo

- Creation of a fund (covid-19) financed by the State for an amount of 2.3 million euros

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Rwanda

- Easing of bank loan reimbursement for companies and individuals affected by the crisis
- 50 million euros release for commercial banks in need of additional liquidity
- Exemption of fees on digital transactions



Saudi Arabia

- 29.62 billion euros support plan, including 12.52 billion euros to support small and medium-sized companies
- Decrease of the annual budget by almost 5%
- Exemption from expatriation tax for those whose residency expires by June 30th 2020, by extending their residency period for three months free of charge
- Deferral of 3 months of VAT, CIT, Zakat ... declarations and payment of the resulting obligations for companies
- Postponement of 3 months for all governmental and municipal fees related to the private sector
- Deferral of 3 months for the payment of customs duties related to all import operations during 30 days
- 3 months of free extension of exit and entry visas for foreign employees



Senegal

- Creation of a reaction and solidarity fund "Force Covid-19" with over 1.53 billion euros supplied by the State and other entities. These resources are intended to support companies, households and the diaspora. An envelope of 76.52 million euros will be used to purchase goods for emergency food supplies

- Partial cancellation of the tax debt reported on the December 31, 2019, due from companies and individuals for a total amount of approximately 306 million euros
- Introduction of specific measures in favor of the most affected sectors, such as tourism, catering, transport and culture
- Increasing the awareness of banks for a greater use of the special window for refinancing credits granted to small and medium-sized enterprises (SMEs)



South Africa

- Central bank's rate cut by 1%, from 6.25% to 5.25%
- South African Reserve Bank's (SARB) Use of Open Market



Tunisia

- The Central Bank of Tunisia cut its policy rate by 100 basis points to 6.75%
- All reimbursement of loans due from March 1st to September 30th can be delayed
- Possibility to redefine the payment schedule according to the capacity of each beneficiary
- Banks can agree with new loans to deferral beneficiaries
- Possibility of giving clients ranked 2 and 3 the benefit of the deferral procedures. As the case requires and depending on the client's situation
- Flexibility in the application of standards bank prudential
- The deferral period will not be included into the ageing ratios. There will also be a more flexible treatment for the deposit loan ratio

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United Arab Emirates

- 12.62 billion euros economic support program launched by the BCEAU funds as guaranteed zero-cost loans for all banks operating in the UAE and 12.62 billion euros funds released from banks' equity capital
- 15 to 25% reduction of the capital amount that banks must hold for their loans to SMEs
- Accelerating the bank account's opening process for SMEs with a maximum two-day deadline
- 1.26 billion euros subsidies for water and electricity supply to citizens and companies
- Up to 20% discount on rental values offered to restaurant, tourism and entertainment sectors

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