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The financial developments of the Maghreb countries during Covid-19: present challenges and future horizons

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Abstract:

This study aims at showing the financial developments of the Maghreb countries during Covid-19 and the main challenges faced by these countries in their endeavor to improve their general financial circumstances. To answer the problematic of the study that revolves around knowing the financial developments of the Maghreb countries during Covid-19, we used the analytical descriptive method because it is the most suitable. We analyzed the statistics about the study topic in the light of the report on the horizons of the Arab economy published by the Arab Monetary Fund in 2021. Findings show that the general finance in these countries faces difficult challenges which affect the levels of deficiency and the general indebtedness. Moreover, despite the recovery from the effects of the pandemic, these countries face a geopolitical crisis caused by the Russian invasion of Ukraine which had negative effects on the international economy. This makes it hard for these countries to handle the inflation that led to the rise of the food prices worldwide and the decrease of the purchasing power in a period that witnesses limited revenues and an increase in the public expenditure.

Keywords: Financial Developments; General Revenues; Public Expenditure; Maghreb Countries; Covid-19.

JEL Classification: H11; H5; H6; E6

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Introduction

The year 2020 was a turning point in the general financial courses of the Maghreb countries and has a negative effect on the deficits and the levels of the general indebtedness. This had repercussions on the state of the general finance in these countries. Despite the continuous need to adopt expansionist financial policies to support the economic recovery, these countries will have to rationalize the public expenditures quickly and focus on selective interventions for expenditure to support the economic growth and the infrastructure, and encourage the private sector. The work to rationalize the expenditures will go on for the current and next years mainly concerning the governmental wages. Moreover, the work to reform the subvention programs will continue through the exact targeting of those who deserve it.

Furthermore, digitalization of the general finance will play an important role in increasing the levels of the fiscal base, the fiscal levying, and the rationalization of the public expenditures, in addition to the levels of the public service competency. Based on what had been said, we expect a decrease in the levels of the deficiency in the budgets of the Maghreb countries with the expectations of an improvement in the levels of the total revenues either the oil or fiscal revenues in the light of the expected increase in the oil international prices, the recovery of the economic activities in these countries, and the continuity of the reforms that aim at increasing and diversifying the public revenues, rationalizing the public expenditures, and orient them towards supporting the economic recovery and the health expenditures. In the light of what has been said, this study aims at answering the following main question:

What are the financial developments of the Maghreb countries during Covid-19?

Importance of the study:

The importance of the study lies within the fact that it deals with the financial developments of the Maghreb countries during Covid-19 which is one of the most important topics for the economic experts and decision makers mainly that these countries face difficulties in achieving acceptable growth rates in the light of the international changing nature that is marked with uncertainty due to the Russian Ukrainian crisis.

Aims of the study:

This study aims at:

- Shedding light on the main financial developments in the Maghreb countries during Covid-19.

- Knowing the general financial reforms.

- Showing the main challenges faced by these countries in their sake to improve the general financial situation.

The study tool:

According to the nature of the study, we used the analytical descriptive method to describe the financial developments of the countries under study and to analyze the statistics from the report of the horizons of the Arab economy that was published by the Arab Monetary Fund in 2021.

1- The financial developments in the Maghreb countries during Covid-19:

1.1- The oil exporting countries:

1.1.1- Algeria:

Covid-19 had a big effect on the international economy including the Algerian because it relies heavily on fuels. The decrease of oil prices led to a severe recession which impacted the various economic sectors (Bouchikhi & Salmi, 2022, p. 707). The general budget in Algeria faces many challenges and the expectations of the decrease of the international prices of oil and natural gas which are the two main resources of the public budget with 43% of the total revenues. Moreover, the public expenditures pyramid is characterized with recession due the wages and aids which get half of the budget.

The general finance law included a 10% increase in the public expenditures and registered around 8113 billion dinar. On the other hand, the revenues were estimated at about 5413 billion dinar, of which 43% comes from the fuels. Therefore, the budget deficit is estimated at 2700 billion dinar (around 13.5% of the gross domestic product) in 2021 compared to 2380 billion dinar (around 13% of the gross domestic product) in 2020 (The Arab Monetary fund, 2021, p. 58).

The Algerian bank reduced the main interest rate from 3.25% to 3% and the minimum bank reserves from 8% to 6%, in addition to solvency and liquidity. The bank was given the possibility of delaying the debts payment, rescheduling the debts, and granting additional loans to the customers even if the current debts have been delayed or rescheduled. The final deadlines of paying the taxes have been extended (save for the big companies) and the newly issued tax on the retained earnings has been abolished. (Boulares, 2020, p. 173). The economic relief plan published in August includes 20 billion dollar for the Algerians who lost their jobs due to the crisis, total aids of 11.5 billion dollar for the needy families, and 16.5 billion dollar as rewards for the health sector employees (OECD, 2020, p. 38).

1.1.2- Libya:

The financial situation witnessed harsh pressures in 2020 due to the internal developments that affected the production of the crude oil. This had an effect on the levels of the oil revenues that represent around 98% of the total revenues. The other revenues, i.e. out of the fuels, witnessed a severe recession due to a decrease in the gross production with 55% compared to the previous year.

The government works to implement a set of reforms to increase the public revenues through gradually restoring the levels of oil production, working to support the national oil company to reach a production of about 1.2 million barrels in 2021 and 1.4 million barrels in 2022, and restarting the projects that stopped in 2011 (The Arab Monetary fund, 2021, p. 58). Furthermore, the government will work to increase the expenditure on the public services to reach social justice and increase the economic power of the citizens, in addition to the aims of reforming the subvention mainly on the energy and orient the subvention for those who deserve it (The Arab Monetary fund, 2021, p. 59).

1.2- The oil importing countries:

1.2.1- Morocco:

In the light of the expected effects of Covid-19, the budget expectations in the light of the finance law of 2021 show a deficit of 6.5% of the gross domestic product without calculating the privatization revenues, compared to 7.7% in 2020, i.e., 4.1% of the gross domestic product in 2019. This development in 2021 explains the expected improvement in the tax and non-tax revenues. The public expenditure will continue increasing mainly in goods, services, and aids.

Due to the governmental focus on boosting the economic recovery, it will commit to the chart of the economic relief and employment through using financial resources of about 120 billion Dirham for the national economy to cope with the economic recovery. 45 billion Dirham (of the 120) will be used for Mohamed the 6th investment fund while 75 billion Dirham will be loans for the companies. Moreover, there will be an activation of the frame of the developed regionalism through transfers from the public budget to the regional groups to achieve 10 billion Dirham as provided for in the organizational law, in addition to accelerating the implementation of the law of turning the central insurance fund into a joint-stock company known as the National Company for Insurance and Funding the Entrepreneurship in order to consolidate the sustainability of the fund system and extend its roles (The Arab Monetary fund, 2021, p. 60)

Besides, the reforms include giving new dynamics for the program "Intilaqa" to enable the youth to access the suitable funding sources to satisfy their needs in the field of creating and developing enterprises. A social contribution of the insurance will enable getting around 5 billion Dirham that will be allocated for the fund of supporting the social protection and cohesion and for the execution of the program of reducing the social differences in the rural context according to the recommendations of the King (The Arab Monetary fund, 2021, p. 60)

Morocco Bank reduced the main interest rate to 1.5% and stopped debts payment of the private small and middle sized companies. Moreover, it called the banking institutions not to pay the actions profits of 2019 in order to keep enough money to face the financial repercussions of the crisis. In addition, free businessmen got free-interest loans. In order to support the companies and families that were affected by the crisis, the government established a fund whose value is estimated at 3% of the gross domestic product with a funding from the government and charitable contributions from the public sector, companies, and individuals. The measures include delaying the payments of the social contribution and the tax on revenues. Moreover, they include monthly payment for the employees affiliated to the national social insurance system who became unemployed temporarily due to the crisis and the financial aids for the needy families. The central banks expect a rise in the gross domestic product with 3.6% in 2020.

Morocco was the first country to rely on all the available resources to organize the current line of reserves and liquidity from the World Monetary Fund with 3 billion dollar, or around 3% of the gross domestic product. In the end of August, the European investment bank issued 100 million euro as urgent funding to support the reactivity plan of the Moroccan government.

This was the 1st premium of the funding estimated at 200 million euro (OECD, 2020, p. 38).

1.2.2- Tunisia:

The tax and non-tax revenues witnessed a decrease of 10.5% and 7.5% in 2020 compared to 2019 due to Covid-19 (Ministry of Economy and Finance and Investment Support, 2020, p13). In return, the public expenditures increased with 22.3% because of the governmental commitment to support the levels of the public expenditure to help the recovery and support the expenditure on health sector. Thus, the budget deficit increased to 13.4% of the gross domestic product which represents an increase with 10.4 percentage point compared to the deficit estimated in the original finance law. (The Ministry of Economy and Finance and Investment, 2020, p. 20)

The frame of the average term budget for the period (2020-2022) is based (The Arab Monetary fund, 2021, p. 61):

- Achieving an increase in the level of the local revenues with 8.9% through the growth of the tax revenues with 9.8%

- Increasing the contribution of the self resources in financing the budget to 79% in 2022 compared to 76.5% in 2019.

- Reducing the budget deficit to 2% in 2022 compared to 3.5% in 2019.

- Achieving a positive primary deficit in 2020.

1.2.3- Mauritania:

Due to the rise in the levels of reliance on the revenues of the extraction sector mainly from exporting iron which contributes 33% of the general revenues, the expectations of the stability of its prices at low levels in 2021, and the expectations of the rise in the demand on iron mainly by China, it is expected that the general revenues will increase. However, the government will need to increase the levels of the public expenditures to overcome the social and economic repercussions of Covid-19 and to make investments to reduce unemployment (The Arab Monetary fund, 2021, p. 63).

2- The general financial reforms of the Maghreb countries in the horizon of expectation:

2.1- Oil exporting countries:

2.1.1- Algeria:

The general financial reforms in Algeria were based on a set of the necessary measures to boost the economy and alleviate the repercussions of the pandemic. The measures include:

Table 01: the general financial reforms during the horizon of expectation: Algeria

Domain of the reforms	The measures
Reforms in the general revenues	- Motivating local and foreign investments to increase the tax revenues.
Reforms in the public expenditures	- Governance on the budget (rationalization of the expenditures) - Supervising the process of the import with a set of regulations - Moving from the subvention on the prices and services to the oriented subvention for the vulnerable categories. - Reducing the expenditures on importing the secondary goods. - Setting customs measures to put an end to the currency smuggling so as to preserve the exchange reserves. - Accelerating the process of digitalizing the customs and the trade sector to supervise the process of import in a transparent atmosphere
Reforms in administration of the public debts	- Finding alternative resources of funding the economy such as issuing checks and developing the stocks and bonds market through refreshing the Algerian stock market according to new laws.

Source: (The Bank of Algeria, 2021, p. 58)

The general finance law of 2021 included many reforms that encourage the private sector and ensure the financial sustainment and building a strong economy based on many sectors. These reforms include tax exemptions to encourage the local and foreign investments (through exempting the foreign investors from the necessity of making collaboration with a local investor except the sectors of importing the raw materials and the goods meant to be resold as they are), encouraging the companies that export goods and services, providing the foreign currency (through a permanent exemption from the taxes on the revenues), granting tax privileges to boost the incubators (through exemption from the fees on the activity, the tax on profits or the total revenues for two years, and exemption from the tax on the added value), encouraging the companies to include their names in the stock market (through exemption of the tax on companies for 5 years), other measures to encourage the capital formation and limit the imports, and policies of shifting from the subvention on prices and services towards the subvention for the vulnerable categories (The Bank of Algeria, 2021, p. 57)

2.1.2 Libya:

The financial reforms in Libya during horizon of expectation are based on such measures:

Table 02: the financial reforms during horizon of expectation: Libya

Domain of the reforms	The measures
Reforms in the general revenues	- Increasing the contribution of the governmental revenues to fund the public budget. - Working to increase the productivity of the oil sector
Reforms in the public expenditures	- Committing to the minimal limits of the public expenditures, increasing the efficiency, and reconsidering the subvention policy. - Expectedly, the government will make reforms on the subvention mainly in supporting the energy because this has negative effects on the general budget in particular and the Libyan economy in general.
Reforms in administration of the public debts	- The government will work to limit the use of the public debt to fund the general budget. - Reliance on the self revenues during 2021 and 2022. - Working to pay a part of the general debt.

Source: (The Central Bank of Libya, 2020, p. 59)

In facing the new status-quo and the long embargo on the oil companies which led to the decrease of the revenues in Libya, the National Coalition government resorted to setting new security measures that aim at controlling the expenditures and reducing the deficit. Thus, the government made a decision that allows cutting off 20% of the wages of the public sector starting from April 2020. This allows an annual amount of 4.2 billion

Libyan dinar, or 12.9% of the gross product. The stance of the temporary government was not clear about its will to apply this decision. Moreover, it decided to reform the system of subvention on fuel which had been adopted by a Decree in 2015; however, it was not published. The comprehensive monetary transfer will replace the fuel subvention system which may have good economic results and correct the mistakes of the system which allowed in the past over consumption of fuels and its smuggling. However, the application of this new system seems difficult due to the current situation of the country (The International Bank Group, 2020, p. 18)

2.2- Oil importing countries:

2.2.1- Morocco:

The general financial reforms in Morocco during the horizon of expectation were based on a set of measures aiming at boosting the economy and alleviating the repercussion of the pandemic such as:

Table 03: the financial reforms during the horizon of expectation: Morocco

Domain of the reforms	The measures
Reforms in the general revenues	- Reorganizing the financial center of the stock market of Dar al Baida in September 2020. - Making a unified professional contribution for the individuals who are subject to the tax on income according to the system of arbitrary gain. - Suggesting changes in the custom tariffs, the internal consumption tax, and the tax on the added value in order to improve the revenues gradually. - In order to strengthen the resources of the social protection fund and boost the social cohesion, they suggested renewing the contribution of the social insurance on the gains and incomes through reintegrating the self individuals in this tax and reducing the tax on companies. - Encouraging the employment through exempting the novice employees’ wages until the age of 30, for the two first years, as long as they have a permanent contract

Reforms in the public expenditures	- Consolidating the public investment to reach 230 billion Dirham in 2021. 45 Billion Dirham of this amount will be mobilized for Mohamed 6th fund of investment. - Gradual reactivation of the process of the social coverage for all the Moroccans in the horizon of 2025.

Source: (The Bank of Morroco, 2021, p. 60)

In the light of the governmental orientation towards the economic recovery, finance law of 2021 gives the priority to creating new jobs, boosting the national companies, generalizing the social coverage, and reforming the public companies and institutions. This reflects the strong commitment for the recovery in the post Covid-19 era. These orientations are based on these 3 axes: (The Arab Monetary fund, the measures taken by the gneral finance and the Ministry of Economy, Finance, and Administration Reform)

Axe one: Accelerating the execution of the plan of the national economy recovery. The government committed to mobilize financial resources of 120 billion Dirham in response to the chart of the National Employment and Economic Relief. This amount will be added to the national economy to cope with the economic relief. 15 billion of it will be contributed by the state budget, 30 billion will be by the collaboration with national and foreign investors in the light of Mohamed 6th fund of investment, while 75 billion will be as guaranteed loans by the state for the entrepreneurs. Moreover, the contracts of the programs that have been signed will be activated in order to refresh the sector of tourism and organize parties and events, in addition to the entrepreneurs working in the spaces of leisure and entertainment.

Axe two: Starting generalizing the compulsory health coverage during 2021 and 2022 as a primary step in the light of activating the deep social reform related to the social coverage which will be through consolidating and strengthening the national health sector by widening, consolidating, and facilitating access to the medical care in an adequate manner, and mobilizing additional human and financial resources through resorting to the mechanisms of the invented funding, diversifying its sources, improving the efficiency of the expenditures on the health and the governance of the health sector, reforming the social systems and programs, and improving the governance to increase their direct effect on the benefiters mainly through activating the unified social register.

Axe three: reinforcing the idealism of the state and rationalizing its performance through initiating the reforms in the public institutions and companies in order to create harmony in its functions and increase its economic and social efficiency.

2.2.2. Tunisia:

Tunisia knew in the beginning of 2020 a health crisis like the other countries due to the spread of Covid-19 that revealed many deficits and challenges in many sectors. This made the national economy face a severe crisis mainly due to the lockdown. Moreover, the international demand on some of the Tunisian products and tourism services decreased. This led to a big decrease in the expected growth of 2020. This situation affected the size of the state resources and obliged it to mobilize additional external funding. In the sake to face the repercussions of the pandemic, a set of financial and economic exceptional measures has been taken to protect the economic fabric so that it can maintain the jobs and guarantee the minimum income.

As for the measures with a social nature, they were meant for the social vulnerable categories and those who have specific needs (The Ministry of Economy and Finance and Investment, 2020, p. 04). In addition, the primary reports issued by specialized bodies indicate that the growth horizons of 2021 will witness a recovery if containment measures that include supporting the health sector and limiting the social and economic repercussions are applied. Based on this news, the finance law of 2021 had been made taking into consideration a new image through setting the priorities by the government during this period. This image is based on (The Ministry of Economy and Finance and Investment, 2020, p. 05):

- The gradual return to the economic system and preserving the jobs to boost the growth.

- Ensuring a new sustainable start for the national economy that overcomes the deficits of the current situations and seizing the opportunities that may arise after the pandemic.

As for the public finance, this image aims at:

- Stopping the waste in the public finance through the improvement of the self resources of the state and through measures that aim at restoring the system of a positive growth starting from 2021.

- A good management of the expenditures when rationalizing the government expenditures and establishing a comprehensive system through restructuring the public sector.

- Restoring the system of the natural production in the strategic sectors that boost the state resources.

2.2.3- Mauritania:

Covid-19 is still causing health, social, and economic sufferance in Mauritania mainly with expectations of a decrease in the production with 3.2% in 2020.

- The authorities faced quickly the crisis through setting measures to contain the pandemic and alleviate its economic repercussions and spent money on the health care and for the most vulnerable families and sectors.

- The fund support allows additional resources to alleviate the economic and social effect of the pandemic and the continuity of institutional reforms that guarantee a total recovery.

- On 04 September 2020, the executive assembly of the International Monetary Fund completed the 5th revision of the Mauritanian economy in the light of the agreement of the Extended Credit Facility which is set for 3 years. The assembly ratified the agreement on 6 December 2017. The agreement allocates a global funding of 115.92 million units of special withdrawal rights (around 164 million dollar) which is equal to 90% of the share of the Mauritania membership. By the end of the revision on the aforementioned date, the assembly agreed on the demand to increase the available resources for Mauritania with an amount of 20.24 million units of special withdrawal rights (around 28.7 million dollar or 15.7 of its membership share) to face the funding needs that exceed the expected level due to the pandemic. With this increase, the total of the available resources reaches 136.16 units of special withdrawal rights according to Extended Credit Facility (around 193 million dollar or 105.7% of its membership share). The completion of the revision allows Mauritania to withdraw 36.80 million units of special withdrawal rights (around 52.2 million dollar or 28.6% of its membership share) (The Central Bank of Mauritania, 2020)

The authorities had asked urgent aids in the beginning of 2020 in the light of the Rapid Extended Credit Facility of the aid to help meet the needs of the urgent balance of payments created by Covid-19. On 23 April 2020, the executive assembly agreed to spend 95.680 million dollar of units of special withdrawal rights (around 130 million dollar or 74.3% of its membership share) what allowed the opportunity to increase the expenditure on the health services and the social protection programs and helped motivate the donators to provide additional support. Despite the difficulty of the prevailing environment, Mauritania maintained its strong performance in the light of the economic program supported by the Extended Credit Facility. The authorities carry on executing careful economic policies and making reforms despite the delays to establish the total economic stability and achieve a full recovery that benefits everybody and limits the inequality and poverty. The rapid response to contain the effects of the pandemic and alleviate its effects is good. The government must keep priority for the health sector and aids to the vulnerable families and sectors. The temporary management of the policies stance is a justified measure. There must be an urgent reaction in executing the national plan of facing Covid-19 in the limits of the complementary budget of 2020. The central bank initiated the management of the monetary situations and must continue monitoring the safety of the banking sector. The authorities are committed to transparency and issuing reports about suing the resources meant for the rapid reaction purposes. Moreover, it is committed to publishing the purchase contracts, auditing the expenditures on the crises the soonest possible, and publishing the related results (The Central Bank of Mauritania, 2020).

Another positive point is that the authorities kept their commitment to the goals of the medium-term economic reforms program which is supported by the Extended Credit Facility. The program aims at creating a financial space for the expenditure through mobilizing the local revenues and consolidating the administration of the general finance to increase the priority expenditures on education, healthcare, social protection, and the infrastructure, and continuing the careful policies of loans. The authorities must return to making surplus in the primary budget when the situation improves to guarantee that the debts are affordable due to the risks of the level of the critical indebtedness. The financial aids of the fund and the other funding forms from the international society will be a support factor for Mauritania in achieving an effective reaction to Covid-19 through increasing the expenditure space on the health services and social protection programs. Mauritania will need more external support to satisfy the expected funding needs of the next year (The Central Bank of Mauritania, 2020).

3- The challenges that face the Maghreb countries in their sake to improve the general financial circumstances:

Covid-19 pandemic and the economic crisis that came after require urgent measures on the level of the general finance due to the lack of revenues. The general finance center became critical in many of the Middle East countries and Central Asia which had already been in a critical situation before the pandemic.

In the following lines, we show 7 things that must be known because they express the general finance challenges that menace the region according to the International Monetary Fund report on the regional economy horizons. These things are: (Minkolassi & et al, 2020)

3.1- The countries implemented a diverse set of the general finance measures to handle the pandemic: the issue required an urgent movement due to the nature of the unprecedented crisis. The oil importing countries in the Middle East (in addition to Morocco, Tunisia, and Mauritania) and Central Asia focused on increasing the expenditures on the health and provided social aids for the vulnerable categories. On the other hand, the oil exporting countries (such as Algeria and Libya) gave the priority to the temporary tax reductions, extended the payment deadlines, and increased the expenditure on other sides such as paying arbitrary wages to maintain the jobs.

3.2- The average response of the general finance in the Middle East and Central Asia under the average of the developing economies which reflects the narrow financial space: The middle size of the measures related to the revenues and expenditures in the oil importing countries equals the double in the oil exporting countries (2% of the gross domestic product against 1% of the gross domestic product). The need to increase expenditures was less than in the oil exporting countries that have a strong health and social care systems. In return, the opportunity of increasing the expenditure was low in other countries i.e., the available financial space was limited. However, in return of the increase of expenditures, there were reductions that could be equal in other statements mainly the capital expenditure.

3.3- The expectation of an increase in the general financial deficits and general debt: The countries of the region will be impacted by the cost of the urgent measures and the big expected decrease in the revenues. This manifests in the oil exporting countries mainly because they face a big decrease of the demand on oil and of its prices. Their revenues are expected to decrease with 224 billion dollar in 2020 which is more than 8% of the gross domestic product. Moreover, it is expected that the governmental debt will increase hugely. The Middle East and North African countries and Afghanistan and Pakistan (MENAP) for instance may witness an increase in the average level of the governmental debt from 64% of the gross domestic product in 2019 to more than 75% of it in 2020, and more than 80% in 1/3 of the countries.

3.4- The increase in the deficits means the increase in funding reserves: with the increase of the deficits, t is expected that the average level of the funding needs in the region will increase with 4% of the gross domestic product due to the pandemic which may make the total expected funding needs 613 billion dollar in 2020 and the increase to 571 billion dollar in 2021. The needs in MENAP will be more than in Caucasia and Central Asia. This applies to the oil importing countries compared to the exporting. It is expected that MENAP will be more dependent on the local resources while Caucasia and Central Asia will depend on the external funding.

3.5- The increase of the debt will lead to the erosion of the financial space and the increase of the general finance risks: there is a big number of the countries of the region mainly the ones that import oil in MENAP which entered this crisis with a narrow financial space or without a space for any additional expenditure. The effect of the debts increase, the funding demands, and the challenges of the execution of the processes of the financial regulation will lead to limiting their ability of supporting the recovery.

3.6- The widening of the financial space will be a decisive factor in supporting the recovery: with the continuous big menaces of Covid-19 on the public health and the return of the natural economic activity, the need for the financial support for the companies in the most affected sectors and the needy families is still there. Therefore, how can these countries provide the necessary help in the short-run and widen the financial space on the middle term? Giving priority to the expenditure on health, education, and the vulnerable layers, and collecting taxes are necessary factors in the near future. In the medium term, the measures may help widen the financial space on the sides of the expenditures and revenues that depend on equity and competency such as increasing the rise of the tax systems. The governments must also work to reduce the subvention on fuels gradually, contain the bill of the wages of the public sector, and reduce the expenditures on the complementary goods and services.

-3.7- The medium term plans of the budget and the optimal governance which widen the financial space and reduce the risks of the general finance. Setting a medium term plan for the budget will be a factor that helps the countries cover the total cost of their policies and consolidate the credibility of the financial regulations. These plans must be supported through the general finance rules that set digital limits for the budgets and guarantee the financial continuity in the medium term. These measures are applied only in 1/3 of the countries of the region currently. Finally, improving the governance and fighting corruption are two main factors in the work to widen the available space in the general finance and strengthen the ability of facing the shocks. The increase of transparency may alleviate the general finance risks while limiting tax evasion will increase the governmental revenues.

4- Repercussions of the Russian Ukrainian crisis on the economies of North Africa during the pandemic:

The Ukrainian crisis seems to have an effect on the North African countries. For instance, Egypt which imports wheat from Russia and Ukraine is looking for new suppliers. On the other hand, Tunisia faces difficult circumstances and was not able to pay the costs of the imports before the crisis in Ukraine. The Russian invasion against Ukraine menaces the economies of the Middle East countries which suffer the pandemic, drought, and conflicts. As usual, the most vulnerable categories will face negative repercussions of the inflation and the jobs downsize. As for Egypt which is the first importer of wheat worldwide, the government moved after the Russian invasion to find other suppliers. In morocco which witnesses a severe drought that led to an increase in the food prices, the situation may worsen due to the Ukrainian crisis and inflation may increase leading to protests throughout Morocco. Concerning Tunisia, it struggles to pay the costs of the food imports since the beginning of the crisis which may complicate the government’s efforts in paying the fees to avoid an economic collapse. From April 2020 till December 2021, the wheat prices had increased with 80% according to the date of the International Monetary Fund. The Middle East and North African countries witnessed the worst drought since 20 years according to S. Menker, the executive president of Gro Intelligence (AI platform that analyzes the weather and crops worldwide). Menker sees that this may strongly affect Morocco because, for instance, the agricultural sector employs 45% of the labor force. The country is witnessing a strong economic crisis due to the international inflation, the increase of the food and oil prices, and the worst drought in the last 3 decades.

Morocco is among the economies that may witness a severe crisis due to the Ukrainian crisis despite the efforts to face the issue through declaring a plan of 01 billion dollar to fight the effects of the drought on agriculture and through providing financial aids and support for the farmers to manage water and find the food for the living stocks (Abdelkarim Ahmed, 2022). The policies that aim at containing the inflation such as the increase of the governmental support may impose pressures on the accounts of the weak general finance. Moreover, the bad external financial situations may motivate the flow of the capitals to the outside and add to the reverse effects on the growth in the countries that have high debts levels and big funding needs.

The increasing prices may have led to the social tensions in some countries such as those that have weak social security nets, few job opportunities, limited space of expenditure from the general finance, and governments that lack popularity (Kamer & et al, 2022).

Conclusion:

This paper aimed at showing the financial developments of the Maghreb countries during Covid-19 era and the general financial reforms in the horizon of expectation. The measures adopted by the governments to face the repercussions on the economies were various. The economies recovered a bit in the end of the last year and the beginning of this year thanks to the partial abandonment of the social, the gradual return of the transportation, and the recovery of the general finance of the Maghreb countries despite not reaching the expected growth averages. However, there are other challenges that affected the economies of the world in general and of the Maghreb in particular. These challenges that include the Russian Ukrainian crisis affected and will affect their general finance negatively and caused trouble internationally because they are the main source of wheat for the Maghreb countries. In the light of this geopolitical crisis, the inflation rates increased hugely lately due to the increase of the food prices worldwide and the decrease of the purchasing power of the citizen. Moreover, the limited revenues and increase of the expenditures in the Maghreb countries made the reform and recovery plans of the governments of these countries face the risk of failure in containing the aspects of the social and economic fear. Thus, the Maghreb countries will face big difficulties in establishing the financial stability due to the increase of the general debt, decrease of the financial space, and the increase of the risks on the general finance.

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