

## **Social Protection in Morocco in Comparative Perspective: Insights from Southern Mediterranean Experiences**

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**Abstract.** This paper examines Morocco's social protection architecture within a comparative South Mediterranean framework. It seeks to understand the distinct features of the Moroccan approach and assess its capacity to address structural challenges, pervasive informality, and limited public resources. The study applies a dual methodology combining qualitative analysis of institutional frameworks with a quantitative comparison of coverage levels and financial sustainability, drawing on official data and scholarly sources. The analysis highlights Morocco's reliance on a hybrid model that merges contributory and non-contributory elements. While this configuration aims to expand coverage and maintain fiscal balance, it is hindered by fragmented schemes and heavy state dependence. Cross-national comparisons with Algeria, Tunisia, and Egypt reveal shared limitations but also offer practical lessons from alternative policy paths. The contribution of this research lies in its regional lens and its focus on hybrid institutional design as an adaptive response to informality. It provides added value by outlining strategic directions for reform, including scheme integration, financing innovation, and improved targeting systems, which are pivotal for enhancing inclusion and system viability.

**Keywords:** *Social protection, Hybrid system, Institutional reform, Informal sector, Morocco, Policy comparison.*

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### **1. Introduction**

The Moroccan social protection system, like those of other southern Mediterranean countries, is now at a decisive crossroads in its development. In a context marked by the persistence of a large informal economy (representing around 30% of GDP according to recent estimates), growing demographic pressures and heightened social expectations, the reforms undertaken since the early 2000s aim to reconcile the extension of social cover with financial viability. However, this ambition comes up against a central problem: how can Morocco effectively extend its social protection while guaranteeing the financial sustainability of the system, in an environment characterized by a high level of economic informality and limited public resources? This question is particularly acute given the country's specific historical and institutional features.

Our study is part of recent research into the comparative trajectories of social protection systems in developing countries. More specifically, it aims to shed light on the choices made by Morocco in terms of social protection in the light of experiences in other countries in the southern Mediterranean region (notably Algeria, Tunisia and Egypt). This comparative approach seems more relevant given that these countries, while sharing common socio-economic characteristics (high rate of informal employment, young population, dependence on

social transfers), have adopted social protection models with significant differences in their architecture and mode of governance.

The Moroccan case is of theoretical interest because of its hybrid model, combining elements borrowed from the Bismarckian (with Compulsory Health Insurance) and Beveridgian (with the Medical Assistance Scheme for the Economically Deprived) systems. This hybridity, which is undoubtedly one of the most distinctive features of the Moroccan system, raises crucial questions about its ability to provide effective social cover while preserving financial equilibrium. Recent initiatives, in particular framework law 09-21 on the generalization of social protection, testify to the Moroccan authorities' determination to meet these challenges, but their practical implementation still faces major obstacles, in particular the fragmentation of schemes, difficulties in targeting vulnerable populations and excessive dependence on public funding.

The aim of this article is twofold. On the one hand, it involves a systematic analysis of the characteristics of the Moroccan social protection model by situating it in relation to the experiences of other countries in the region. Secondly, we seek to identify the lessons that Morocco could draw from these comparative experiences to overcome the main stumbling blocks it faces, particularly in terms of harmonizing schemes, diversifying funding sources and improving targeting mechanisms. This analysis is based on a theoretical framework combining the economics of social policies and comparative institutional analysis, thus shedding light on both the technical and political dimensions of the reforms underway.

Our demonstration will focus on three main areas. We will begin by situating the Moroccan model within the regional landscape of social protection systems, highlighting both its common features and its specific institutional characteristics. We will then analyze the main challenges facing this model, particularly in terms of funding, effective coverage and governance. Finally, we will draw lessons from regional experiences to shed light on the strategic choices facing Morocco today in its quest for more inclusive and financially sustainable social protection, by proposing concrete avenues inspired by the successes and failures observed among its southern Mediterranean neighbors.

This research enriches our understanding by contrasting the social protection system of Morocco with those of other South Mediterranean countries, including Algeria, Tunisia, and Egypt. It uses a blended Bismarckian-Beveridgean institutional framework, which is seldom utilized in regional policy analysis. The study supports Morocco's hybrid model and mosaic adaptation as it navigates structural constraints, including governance fragmentation and economic informality.

This work is relevant because it analyzes Moroccan social protection policies using an institutional approach and a comparative regional perspective. It also deepens understanding regarding how Morocco's hybrid model seeks to respond to key structural challenges, including high levels of informality and fragmented governance, which provide limited funds for services or programs, thereby offering actionable insights for policymakers. Including Algeria, Tunisia, and Egypt in the scope of the study offers a comparison that is instrumental in crafting contextually relevant recommendations. In addition, this research contributes to the Romanian debate on emerging economies by demonstrating their efforts to build socially responsible protection systems that provide universal coverage while remaining fiscally prudent.

## **2. The Moroccan Model in the Southern Mediterranean Context**

In Morocco, the social protection system can be best analyzed regionally, as it reveals both distinctive and shared attributes. In this preliminary section, we attempt to situate the Moroccan model within South Mediterranean frameworks, demonstrating the convergence of historical intertwining alongside analogous socio-economic difficulties that have given rise to diverse

institutional trajectories.

Catusse (2008) has noted that the social protection systems for the Maghreb region have a deep-seated colonial history and are currently grappling with the problem of attaining universal coverage in largely informal economies. In this regard, Morocco stands out as an illustrative case study on the interplay between historical inertia and transformation, emphasized in the World Bank Report (2021) regarding Moroccan social reforms.

This method will help us to determine how certain local factors in the system may have influenced the evolution of social protection systems in the region. Secondly, we will focus on Moroccan specificities, in particular those of the hybrid model that combines Bismarckian (AMO) and Beveridgian (RAMED) approaches, an original configuration that Bono (2014) analyzed in his study on RAMED.

This contextualisation is important in order to appreciate the complexity of the reforms that have been attempted in Morocco since 2005. As Destremau (2010) shows in his study of the comparison of Maghreb models, the Moroccan model, as a fusion of the Algerian, Tunisian and Egyptian models, is very important for understanding the ambiguity and possibilities of reform in the southern Mediterranean economies.

#### **a. Common points with neighbors**

Like its southern Mediterranean neighbors, Morocco shares social protection characteristics with Algeria, Tunisia and Egypt which are historical and structural in nature and have profound consequences even today for their reform trajectories.

- **Enduring colonial legacy:** Like Algeria and Tunisia, Morocco inherited a social protection system designed for colonizers and formal sector workers. There is a division that post-independence reforms have failed to bridge, that of urban/formal and rural/informal differentiation, as Catusse put it in 2008. Post-independence reforms have failed to narrow this gap and have allowed inequality of coverage to persist, and this complexity makes the unification of schemes problematic even today.
- **Marked formal/informal dualism:** With informal employment exceeding 30% (HCP, 2022), Morocco, like Egypt (ILO, 2019), has social security challenges to ponder. This dualism represents the banal but fatal exclusion of self-employed workers, farmers and home helps from contributory systems. As analyzed by the World Bank (2021), this system of low coverage renders contribution-based systems impotent and forces governments to create non-contributory systems such as Morocco's RAMED or Egypt's Takafol wa Karama programme.

Structure of dependence on public funding: The funding of social protection shows a worrying similarity between the countries in the region. In the case of Morocco's RAMED, 75% of its budget is funded by the State (Ministry of Health, 2021). This illustrates the dependence shared by Algeria (where hydrocarbons dominate funding, according to Destremau, 2010) and Egypt (World Bank, 2021). This configuration is critical in terms of sustainability, particularly for Morocco, which is facing increasing budgetary constraints. The CNSS report (2022) warns of the dangers of such dependence under demographic pressure.

Together, these shared characteristics form a region where social protection systems seem unable to adjust to the new economic environment. However, as will be demonstrated in the next section, Morocco has devised distinctive institutional responses to these common challenges, notably through its hybrid model, which attempts to reconcile historical legacies with pragmatic policy innovations.

#### **b. Institutional characteristics of the Moroccan social protection model**

The Moroccan social protection system has an original institutional configuration that is quite different from that of its other southern Mediterranean neighbors. In the case of Morocco, for

example, the World Bank analyses that Morocco has developed a pragmatic hybrid model in which elements of the Bismarckian and Beveridgian systems are mixed. On the one hand, Ordinance-Law No. 03-02, which came into force in 2005 and made compulsory health cover (AMO) mandatory, is based on a Bismarckian logic. On the other hand, the Régime d'Assistance Médicale aux Economiquement Démunis (RAMED), which began to be applied in 2011, aims to assist economically needy non-contributors, making it a non-Bismarckian, Beveridgian system (Bono, 2014). This institutional duality is in stark contrast to the Tunisian system, which is characterized by strong centralization around the Caisse Nationale de Sécurité Sociale (CNSS), or the Algerian model, which has adopted a logic of a strong, oil-dependent state (Destremau, 2010). For Catusse (2008), this hybridization is the result of a desire to make the social protection system adaptable to the Moroccan economy, which is known to have a high informal sector (over 30% according to the HCP, 2022) and very heterogeneous socio-economic conditions.

Unique in its kind, the Moroccan system has its own domestic innovations that set it apart, for example, the creation of a Unified Social Register (RSU). This type of social assistance monitoring system, as the Ministry of Social Solidarity insists, 2021, while based on the Tunisian experience, has been modified for the Moroccan context by adding multidimensional vulnerability assessment criteria. Nevertheless, its implementation faces challenges similar to those observed in Egypt, particularly in terms of effective coverage of rural populations and informal workers (ILO, 2019). As noted in the World Bank report (2021), this system faces operational issues, including stagnation in updating information systems, as well as risks of exclusion for certain marginalized groups. These concerns highlight the paradoxical challenges that all countries with informal sectors and limited administrative capabilities face in developing social protection systems.

What sets the Moroccan model apart is its attempt, for the last time, to integrate several seemingly opposing goals: expanding social coverage, preserving financial balance, and addressing the dualistic features of the economy. As noted by CNSS (2022), this configuration poses both risks, the fragmentation of the system and heightened administrative complexity, and offers some advantages in flexibility and adaptability to local realities. Recent reforms, such as Law 09-21 on Universal Social Protection (Bulletin Officiel, 2020), aim to maintain these hybrid accomplishments while addressing emerging gaps. Because of such shifts, Morocco finds itself between more centralized models adopted by its North African neighbors and fragmented systems observed in other developing countries.

### **3. Shared difficulties alongside varying approaches**

Social protection systems in the southern Mediterranean countries, despite having different institutional histories, face similar underlying chronic issues that question their effectiveness and adequacy. As highlighted by the World Bank (2021), these challenges, including a lack of funding, exclusion of informal workers, and governance issues, are tantamount to informal workers' productivity, requiring a more tailored national approach in these states, whereby resulting policies differ from one state to another.

This section attempts to provide a comprehensive analysis of these critical issues through the prism of the Moroccan, Algerian, Tunisian and Egyptian experiences, in order to identify both the pitfalls to be avoided and the best practices to be strengthened.

Our analyses will show that these structural tensions call for innovative solutions that seek to learn from regional and international experiences while being adapted to the institutional and socio-cultural realities of each country. For Morocco, with its attempts at institutional blending and its recent reforms, there is a greater capacity after observing how effective different approaches can be when designing and implementing policies.

**a. Challenges facing the social protection system in southern Mediterranean countries: problems of financial assistance and sustainability**

Social protection systems in North Africa share a common structural funding problem, but each country has its own approach. As the CNSS Report (2022) illustrates, Morocco has a hybrid model that relies on both social contributions via AMO (Assurance Maladie Obligatoire) and state budget resources, including RAMED which is 75% publicly funded (Ministry of Health, 2021). This dualism creates significant pressure, especially in the context of a large informal economy estimated to affect 30% of the working population (HCP, 2022) and considerably constrains the tax base.

Morocco seems to be in a different situation to Tunisia, where, according to Destremau (2010), the centralized CNSS system based almost exclusively on social contributions is showing its weaknesses in the face of structural unemployment. As for Algeria, according to the same research, it presents the dangers of a predominantly hydrocarbon-based model in which a substantial proportion of social expenditure is borne by oil revenues, making it vulnerable to fluctuations in oil prices following the war in Ukraine. These experiences are pilot cases for Morocco. The known aim of framework law 09-21 (2020) is to diversify sources by allocating taxes and gradually formalizing them, while taking account of local institutional specificities and administrative reforms, as the OECD analysis (2019) reminds us.

**b. The inclusion of informal workers in social protection systems: regional challenges and issues**

Social security coverage for informal workers is a major issue for southern Mediterranean countries, as confirmed by ILO studies (2019). In Morocco, where the informal sector accounts for almost a third of the workforce due to informal employment according to the HCP (2022), since 2015 certain incentives have been introduced to extend coverage under the AMO scheme to self-employed workers. The Ministry of Health (2021) indicates that these measures, which include tax incentives and differential contribution obligations, have resulted in only limited take-up (less than 25% of the targeted informal workers); mainly due to the complexity of the administrative procedures.

The Egyptian case is just as worrying. The Takafol Wa Karama ('Solidarity and Dignity') programme, which the World Bank (2021) has analysed in depth, suffers from a number of targeting problems. Destremau (2010) points out that, to date, Tunisia has not developed a coherent strategy for tackling its large informal population.

Faced with these challenges, the International Labour Organisation (ILO, 2020) recommends drawing inspiration from Latin American social programmes, such as the Bolsa Família programme in Brazil, while adapting them to Morocco's administrative capacities. According to analyses by the ILO (2019), implementing these international models requires rigorous adaptation to three key dimensions of the Moroccan context: strengthening institutional capacities, developing a contributory culture, and improving digital infrastructures.

**c. The Southern Mediterranean Social Protection Systems: A Comparative Analysis**

This part aims to enrich the regional analysis by comparing the social protection systems of four countries in the Southern Mediterranean region, along with their institutional frameworks, to highlight similarities and differences. The within-country comparison is centered on informal integration vis-à-vis recent reforms, funding models and structures, coverage paradigms, and all other pertinent criteria from a construction progress perspective relative to the region. Examining these aspects, along with substantial governance gaps, highlights the intense competition among these countries in an area heavily burdened by high levels of informality, fragmented governance, a strained economy, and growing public debt.

**Table 1. Comparative Overview of Social Protection Systems in Morocco, Tunisia, Egypt, and Algeria**

Criteria	Morocco	Tunisia	Egypt	Algeria
<b>Dominant Model</b>	Hybrid (Bismarckian + Beveridgean)	Centralized Bismarckian	Targeted Beveridgean (social transfer-based)	State-led, contribution-based
<b>Health Coverage</b>	AMO (formal sector) + RAMED (vulnerable groups)	Unified scheme under CNAM	Public healthcare + Takafol wa Karama programs	CNAS (salaried) + CASNOS (self-employed)
<b>Overall Coverage Rate (%)</b>	Around 70% (but fragmented system)	Approximately 80% (formal and subsidized access)	60–65% (with strong regional disparities)	Over 80% (due to generous state subsidies)
<b>Size of Informal Sector</b>	>30% of workforce (HCP, 2022)	>40%	>60% (ILO, 2019)	>45% (World Bank, 2021)
<b>Main Source of Financing</b>	Mixed (social contributions + state budget transfers)	Mainly social contributions from formal sector	State budget + international donors	Oil revenues + social contributions
<b>Targeting Mechanism / Registry</b>	Unified Social Registry (RSU) under implementation	CNAM database, limited centralisation	Means-tested transfers with limited accuracy	Weak targeting; occupation-based eligibility
<b>Major Recent Reform</b>	Framework Law 09-21 for universal coverage (2020)	Ongoing CNSS-based coverage expansion	Expansion of cash transfer programs (World Bank, 2021)	Fiscal diversification and subsidy rationalisation
<b>Common Challenges</b>	Fragmentation, informality, limited targeting capacity	Underfunding, structural deficits	Access inequality, fiscal constraints	Long-term sustainability, oil dependency

The four countries face common structural issues, such as dealing with informality and financial constraints, but their approaches to social protection differ significantly. Tunisia, Egypt, and Algeria exemplify different pathways resulting from their institutional histories and fiscal capacities. Morocco's approach differs in that it combines both contributory and non-contributory systems into a more balanced hybrid system. These differences offer valuable lessons for developing social protection frameworks that provide broad coverage while remaining fiscally sustainable.

#### **4. Outlook: Towards the Generalization of a Sustainable Social Protection System**

The quest for universal and sustainable social protection in the southern Mediterranean countries faces multidimensional challenges that require innovative responses. This analysis draws on recent reports by the ILO (2020) and the World Bank (2021) and discusses how three objectives can be reconciled: expansion of coverage, service provision and financial sustainability. Our thinking is based on a comparative analysis incorporating Moroccan particularities.

The reforms undertaken by Morocco since 2005 show persistent shortcomings such as governance and social protection coverage that fail to include vulnerable populations, as indicated by the World Bank (2021) and HCP (2022) studies. We recommend focusing on two strategic improvements in governance and innovative financing approaches.

### **a. Improving Governance as a tool for Effective Reform**

Governance issues for the region have been studied in detail. As Destremau (2010) shows, Tunisia has opted for "extensive" centralisation (CNSS), while Morocco maintains a hybrid model. The CNSS report (2022) talks about the headache of Moroccan fragmentation and the problems posed by AMO, RAMED and the special scheme.

Both perspectives (better targeting) and challenges (limited interoperability) are covered in the analysis of the Unified Social Register (RSU) by the Ministry of Social Solidarity. The OECD recommendations (2019) stress the importance of improving administrative capacity to achieve sustainable universality.

### **b. New approaches to mobilising financial resources**

The search for new financing mechanisms is a crucial challenge. Tunisia has created earmarked taxes representing 0.8% of GDP (Tunisian Ministry of Finance, 2020), with gaps as indicated by the World Bank (2021).

To extend the scope of social protection cover, Morocco has developed an incentive strategy based on three main measures: tax exemptions for micro-enterprises created by framework law 09-21 of 2020, social security contributions that vary according to income (CNSS 2022) and the development of one-stop shops to facilitate administrative formalities.

The International Labour Organisation (2020) is right to point out that this strategy is part of a three-part framework: the gradual integration of the differences in social protection schemes, the diversification of funding sources (taxation through specific taxes and inclusion of financial engineering), and the development of structures, which, according to the OECD (2018), would guarantee the viability of the system. This strategy innovates to achieve the objective of extending social coverage to the entire population, while maintaining financial equilibrium and without losing sight of the specific characteristics of the Moroccan economy.

As stated by the World Bank (2021) and the ILO (2020), generalised social protection over time requires fundamental changes to the current coverage model. It must be based on merging the most successful systems while correcting the most unsuccessful ones, striking a difficult balance between coverage, universalism and sustainability.

## **5. Conclusion**

The comparative study of social protection systems in south-western Europe suggests that Morocco, with its unique institutional hybrid of Bismarckian (AMO) and Beveridgian (RAMED) systems, occupies an intermediate point between Tunisian centralism and Algerian statism. As the studies by the World Bank (2021) and the ILO (2020) illustrate, this Moroccan originality has both an advantage, flexibility and local adaptation, and a weakness, particularly in terms of administrative fragmentation and the complexity of governance.

Regional contexts provide important pointers for future reforms. The Tunisian experience, published by Destremau (2010), warns against the pitfalls of over-centralisation, while Algeria illustrates the dangers of over-dependence on volatile oil resources (World Bank, 2021). Morocco could follow the path of three strategic pillars identified by international institutions:

- Gradually integrating diffuse schemes: Following the advice of the OECD (2019), this would mean tackling the current fragmentation while avoiding over-centralisation by building on the potential and limitations of the Unified Social Register documented by the Ministry of Social Solidarity (2021).
- Innovation in targeting mechanisms: The ILO reports (2020) suggest that the digital infrastructures developed should be enhanced by means of conditional programmes and embedded participatory mechanisms.

- Refining financing structures: CNSS (2022) argues that it is possible to mix new financial technology instruments with earmarked taxes and incentives for formalisation (known as Framework Law 09-21 of 2020).
- The adequacy of basic pension schemes for financing in Morocco: For the World Bank (2021), the success or failure of generalisation in Morocco will depend on its ability to continuously adjust its demographic and economic changes with the environment while maintaining a delicate balance of coverage, quality of services and financial cover.

This practical approach could strengthen Morocco's credentials with the countries that shape it. Let's be sure that Morocco adopts this approach more so that these countries are its target markets.

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