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UNIVERSALIZING SOCIAL PROTECTION UNDER CONSTRAINTS: A CRITICAL LITERATURE REVIEW AND STYLIZED FACTS ON STRUCTURAL BOTTLENECKS IN MOROCCO

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Abstract:

This study analyzes the structural and behavioral mechanisms that may constrain the transition from legal universalization to effective and continuous social protection coverage in Morocco. It adopts a critical, institutional, and documentary approach, combining international research with Moroccan legislation, institutional arrangements, official statistics, and policy assessments. International evidence is used as an analytical lens to examine how identified incentive mechanisms may operate within the Moroccan context. The analysis identifies four interrelated stylized facts. Youth inactivity and employment informality weaken the perceived value of deferred social protection benefits; interactions between contributory and non-contributory schemes generate uneven formalization disincentives; derived coverage through a spouse can reduce the marginal value of women's individual social protection declaration; and benefit adequacy and accessibility can weaken the perceived contribution–benefit link. These findings highlight a gap between legal coverage, effective participation, and the perceived value of contributory protection. Effective universalization therefore requires more than extending statutory coverage. It also requires institutional arrangements that preserve incentives for continuous contributory participation while ensuring adequate, accessible, and individually valued social protection. The study proposes targeted interventions aimed at facilitating transitions between protection schemes, strengthening individual rights, and reinforcing the contribution–benefit relationship.

Keywords: Social protection; social security contributions; formalization; informal employment; Morocco.

Introduction

Social protection plays a central role in reducing vulnerability, protecting household income, improving access to healthcare, and mitigating the economic consequences of social risks. Its expansion has therefore become a major policy objective in many developing and emerging economies. Yet social protection also affects the incentives surrounding formal employment. When protection is financed through mandatory contributions linked to declared employment, its design can increase the cost of formal labor, influence labor-market behavior, and alter the relative attractiveness of formal and informal employment. International evidence shows that the labor-market effects of social protection depend partly on the incentives generated by contribution structures and the interaction between contributory and non-contributory programs (Levy & Schady, 2013; OECD, 2024).

This tension is particularly relevant in Morocco, where the Framework Law No. 09-21 on social protection established an ambitious process of universalization covering compulsory health insurance, family allowances, pensions, and compensation for employment loss (Dahir, 2021). The reform represents a major extension of the social protection architecture, but it is being implemented in a labor market characterized by widespread informality and low labor-force participation among women and young people (OECD, 2024). Under these conditions, extending statutory coverage does not necessarily guarantee continuous contributory participation or effective access to social rights.

This article examines the structural and behavioral mechanisms that may constrain the transition from legal universalization to effective and sustainable social protection coverage in Morocco. It adopts a critical literature review and documentary approach combining international research with Moroccan legislation, institutional arrangements, official statistics, and policy assessments. Rather than estimating causal effects, the analysis uses mechanisms identified in the international literature as analytical lenses through which to examine Morocco's institutional and labor-market context.

The article identifies four interrelated stylized facts: youth inactivity and employment informality weaken the perceived value of deferred benefits; interactions between contributory and non-contributory schemes generate uneven formalization incentives; derived coverage reduces the marginal value of women's individual social protection declaration; and benefit adequacy and accessibility can weaken the perceived contribution–benefit link. By connecting these mechanisms within a common analytical

framework, the article argues that successful universalization requires attention not only to the extension of legal coverage, but also to the incentives, accessibility, and perceived value associated with contributory participation. On this basis, it proposes targeted policy recommendations aimed at strengthening continuous and valued participation in Morocco's social protection system.

I. Literature review

1. Disincentive Effects on Formal Employment, Labor Supply, and Wage Underreporting

Research on contributory social protection shows that payroll-financed benefits can alter the choices of workers and firms when the cost of formal employment is immediate and visible. Bergolo and Cruces (2014) find that extending health insurance to dependents increased payroll liabilities and was associated with wage underreporting rather than complete exit from formality; they also stress that workers with discontinuous careers may attach little value to pension contributions when minimum vesting requirements appear difficult to meet. Castel and To (2012) similarly show that contribution evasion can give smaller firms a labor-cost advantage and expose vulnerable workers, including women in short-term or informal jobs, to weaker statutory protection.

The interaction between contributory and subsidized protection is equally important. In Colombia, Camacho et al. (2014) estimate that eligibility for subsidized health insurance increased informality by about 4 percentage points, including movements to informal arrangements within the same firm. Their results illustrate that workers may respond to a narrow benefit differential between formal and informal status by changing registration or reporting behavior.

2. The Unintended Effects of Formalization Costs and Labor-Market Regulations

Beyond social security contributions themselves, the broader regulatory environment surrounding formal employment may influence firms' incentives to comply with labor legislation. The costs associated with employment protection, severance payments, maternity leave, administrative procedures, and social contributions may collectively increase the cost differential between formal and informal employment.

Bosch et al. (2012) associate tighter regulation with greater flows into informality and fewer transitions to formal employment. Almeida et al. (2022) add that regulatory rigidity limits firms' adjustment to shocks and can encourage bogus self-employment as a means of avoiding employee-related obligations.

Institutional changes can also affect labor-market dynamics unevenly. Kugler (2004) finds that the reduction in dismissal costs introduced by Colombia's 1990 labor-market reform increased both separations and accessions among formal workers relative to informal workers, with stronger effects among younger and more educated workers and those employed in larger firms.

In a similar vein, Tran and La (2018) apply the concept of a rational "exit" decision to informal firms in Vietnam. Their findings indicate that stronger tax inspections and greater awareness of legal obligations do not necessarily lead to formalization. For firms located in the top 10% of the informal sector in terms of revenue, increased enforcement may paradoxically strengthen incentives to remain informal when the expected costs of formalization exceed its perceived benefits. This finding is particularly relevant for developing economies, where enforcement policies may be ineffective if they are not accompanied by improvements in the economic and institutional benefits associated with formalization.

3. Benefit Design, Employment Protection, and the Incidence of Social Protection Costs

Another strand of the literature examines how the extension or generosity of social benefits may generate unintended effects on the employment prospects of specific groups. These effects are particularly visible when benefits increase the expected cost of hiring workers belonging to groups considered more likely to claim them.

Uribe et al. (2019) examine a two-week extension of paid maternity leave in Colombia and find increases in inactivity, informal employment, and unemployment, together with lower wages among women of childbearing age relative to men. The underlying mechanism operates through employer's expected total cost of employment: when hiring workers who are more likely to claim a statutory benefit entails higher expected costs, employers may adjust their hiring decisions even before the benefit is actually used, potentially generating statistical discrimination against the protected group.

The study therefore suggests that the relevant policy issue is not necessarily the generosity of social protection itself, but how the associated costs are financed and distributed across workers and employers.

4. Interactions Between Contributory and Non-Contributory Schemes and Labor-Market Distortions

The coexistence of contributory and non-contributory social protection schemes can expand coverage while also altering the relative attractiveness of formal and informal employment. Banerjee et al. (2024) emphasize that financing social insurance through taxes on formal-sector wages creates a tax wedge between formal and informal employment. By increasing the difference between the cost of formal employment and workers' net remuneration, payroll taxes and social security contributions can make formal employment relatively more costly to employers and less attractive to workers, particularly when comparable publicly subsidized benefits are accessible outside contributory schemes.

Levy and Schady (2013) identify several distortions that may arise when contributory and non-contributory programs coexist. First, movements between formal and informal employment can interrupt contribution histories and limit the accumulation of long-term pension entitlements. Second, access to social protection benefits without equivalent payroll contributions may weaken incentives to enter or remain in contributory employment. Third, when non-contributory arrangements effectively reduce the relative cost of informal employment, they may contribute to the persistence of small, low-productivity firms and labor-market segmentation. The issue is therefore not the existence of non-contributory protection itself, but the incentive structure created by the interaction between the two systems.

The financing and coverage consequences are also important. Lagomarsino et al. (2012), comparing health-insurance reforms across nine developing countries, show that large informal populations complicate premium collection and the extension of effective coverage, often requiring greater reliance on public subsidies.

5. Financial Sustainability, Participation Incentives, Moral Hazard, and the Risk of "Premature Formalization"

The sustainability of social protection systems depends not only on the design of contribution requirements but also on firms' and workers' capacity and incentives to comply with them. Long et al. (2020) show that social security contribution arrears in Vietnam are associated with credit constraints, low profitability, and indebtedness. Their findings suggest that non-compliance should not always be interpreted as deliberate

evasion, as financially vulnerable firms may face binding liquidity constraints that limit their capacity to comply with contribution requirements.

Information and perceived value can also affect social insurance participation. Giles et al. (2021) find that providing information on social insurance costs, benefits, and enrolment increased health-insurance participation among Chinese migrant workers without contracts and pension participation among younger migrants.

Gerard and Gonzaga (2021) identify moral-hazard effects in Brazil's unemployment insurance system, showing that benefit receipt reduces incentives to return to formal employment, with behavioral responses also involving informal work opportunities.

Finally, Roy and Khan (2021) warn against “premature formalization”, showing that rapid enforcement of formal requirements can disproportionately burden low-capability informal firms through higher compliance costs and risks of exclusion or exit.

Overall Implications from the Literature

Taken together, the literature shows that the relationship between social protection and labor-market formalization depends on the balance between the costs and perceived benefits of formal participation. Contribution requirements, regulatory costs, benefit design, firms' capacity to comply, and interactions between contributory and non-contributory schemes can generate heterogeneous behavioral responses. These mechanisms highlight a central policy challenge for developing economies: extending social protection while preserving the incentives and economic capacity required for continuous formal contributory participation. They provide the analytical basis for examining the structural and behavioral barriers to social protection universalization in Morocco.

II. Methodology

This study adopts a critical, institutional, and documentary approach to examine structural and behavioral mechanisms that may affect the transition from legal universalization to effective and continuous social protection coverage in Morocco. Rather than estimating new econometric relationships, the analysis connects mechanisms identified in the international literature with Morocco's legal and institutional architecture, social protection arrangements, and labor-market conditions.

The analysis relies on conceptual and documentary triangulation across three bodies of evidence: peer-reviewed international research; Moroccan legislation and institutional arrangements, including the CNSS, AMO, the Registre Social Unifié (RSU), and contributory and non-contributory schemes; and official descriptive statistics and policy assessments produced by the HCP, CESE, OECD, World Bank, ILO, and relevant public authorities. International findings are used as analytical lenses rather than directly transposed to Morocco. The purpose is to assess whether comparable incentive mechanisms may arise under Moroccan institutional arrangements, while taking into account the specific characteristics of the national social protection system and labor market.

Each mechanism is examined through a common analytical sequence: international evidence and theoretical mechanism; Moroccan institutional configuration; relevant national socioeconomic evidence; plausible behavioral response; and implications for social protection universalization. Triangulation is used to identify areas of convergence across legal, statistical, institutional, and evaluative sources, while preserving the distinction between formal entitlement, effective access, and the perceived economic value of social protection.

On this basis, the study develops a set of context-specific stylized facts. These do not represent econometrically estimated causal relationships, but rather analytical generalizations derived from the convergence of institutional rules, official statistics, existing research, and documented policy assessments. Accordingly, the analysis does not seek to establish that any single institutional arrangement necessarily causes informality, non-compliance, or underreporting in Morocco. Instead, it identifies structural configurations that may create or reinforce such incentives and assesses their implications for the universalization, sustainability, and effectiveness of social protection.

III. Stylized Facts on the Structural Paradoxes and Behavioral Barriers to Social Protection Universalization in Morocco

The international literature reviewed above shows that the effectiveness of social protection universalization depends not only on the extension of legal coverage, but also on the incentives generated by the design, financing, and organization of social protection. In the Moroccan context, this distinction is particularly important because legal entitlement or formal coverage does not necessarily imply continuous contributory participation or a sufficiently high perceived value of social protection to support formal

employment, accurate declaration, and sustained compliance. Building on the analytical mechanisms identified in the literature and the methodological approach outlined above, four interrelated challenges deserve particular attention.

The first challenge concerns the temporal asymmetry between immediate contributions and deferred social protection benefits, particularly for young workers. Social security contributions represent an immediate and visible reduction in disposable income, whereas several benefits associated with contributory social protection are realized only in the future or upon the occurrence of specific social risks. Old-age pensions are inherently deferred, unemployment protection is conditional on the occurrence of unemployment and applicable eligibility requirements, while the immediate relevance of family- or health-related benefits may vary according to workers' age, family situation, and perceived exposure to risk.

The second challenge arises from the interaction between contributory social insurance and non-contributory support. Formalization generally entails declaration and contribution obligations in exchange for contributory protection and the accumulation of social rights. At the same time, individuals outside contributory employment may remain eligible for certain publicly financed or subsidized forms of protection. The relevant issue is therefore not whether non-contributory programs should exist—they perform an essential protective function for vulnerable populations—but whether their interaction with contributory schemes affects the marginal economic and social value of formalization. When moving into formal contributory employment entails an immediate contribution cost and may simultaneously alter access to subsidized support, workers can face a trade-off between current disposable income, existing assistance, and the additional rights obtained through formal participation.

The third challenge concerns the distinction between household-level derived coverage and individually acquired social protection rights, particularly for women covered as dependents through their spouses. Derived coverage can substantially improve household protection and should not be interpreted as intrinsically problematic. However, where an individual already benefits from certain forms of protection through a spouse, the additional value of individual employment declaration may appear less visible in the short term.

The fourth challenge concerns the perceived value of social protection benefits relative to contributions. Unlike the first challenge, which primarily concerns the timing and

uncertainty of benefits, this mechanism arises when workers recognize the relevance of social protection but perceive the protection obtained as insufficient or difficult to access relative to the contributions associated with formal employment. Such perceptions can emerge from several dimensions of the system, including the adequacy of monetary benefits, healthcare coverage and reimbursement conditions, pension parameters, and the accessibility of unemployment protection.

These mechanisms are examined as context-specific stylized facts rather than causal relationships. They provide an analytical framework for identifying potential gaps between legal coverage, effective participation, and the perceived value of contributory social protection in Morocco.

Fact 1: Youth Inactivity and Employment Informality Weaken the Perceived Value of Deferred Social Protection Benefits

The implementation of Framework Law No. 09-21 (Dahir, 2021) takes place in a labor market characterized by youth inactivity, unstable employment trajectories, and widespread informality. These structural conditions are particularly important for contributory social protection because they can disrupt the accumulation of contribution periods and increase uncertainty surrounding access to long-term social rights.

According to the Haut-Commissariat au Plan (HCP, 2025), 1.51 million young people aged 15-24 were neither in employment, education, nor training (NEET) in 2023, corresponding to 25.6% of this age group. The proportion was substantially higher among young women, at 37.0% compared with 14.7% among young men. When the age range is extended to 15-29, approximately 2.94 million young people were NEET, representing 33.6% of this population group (HCP & OIT, 2025). These figures illustrate the difficulty faced by a substantial share of Moroccan youth in establishing stable and continuous links with the labor market.

Informal employment further reinforces this challenge. A World Bank report estimates that informal employment accounted for 77.3% of total employment in Morocco in 2018 (Lopez-Acevedo et al., 2023). The report also highlights how transitions between formal and informal employment can interrupt participation in contributory social insurance and create uncertainty about access to future benefits, including old-age pensions. These patterns help explain why unstable employment trajectories may weaken the perceived value of long-term contributory protection.

This issue becomes particularly important when considered against the contribution requirements and benefit structure of the CNSS old-age pension scheme. For insured persons with at least 3,240 contribution days who meet the other eligibility conditions, the pension is calculated at 50% of average monthly covered earnings over the relevant 96 declared months, with increases linked to additional contribution days up to a maximum rate of 70% (Dahir, 1972). However, 3,240 days should no longer be presented as the minimum contribution requirement for any old-age pension. The 2025 reform nevertheless extended pension access to eligible insured persons with between 1,320 and 3,239 insurance days under separate benefit provisions (Maghreb Arab Press [MAP], 2025). Although this extension improves access for shorter contribution histories, the duration and continuity of declared employment remain important determinants of future pension protection.

For young workers whose trajectories alternate between inactivity, informal employment, and short periods of declared employment, accumulating a sufficiently long contribution history may consequently appear distant or uncertain. In such circumstances, immediate disposable income can become more salient than benefits whose realization depends on future social risks or sustained contribution histories. The interaction between labor-market instability and the intertemporal structure of contributory protection can therefore be summarized as follows:

Youth inactivity, informality and unstable employment trajectories

- ➔ Discontinuous accumulation of contribution periods
- ➔ Greater uncertainty about the accumulation of long-term contributory entitlements
- ➔ Lower perceived present value of deferred benefits
- ➔ Greater salience of current disposable income
- ➔ Stronger discounting of contributory social protection.

This mechanism does not imply that young workers objectively derive little value from social protection. Rather, unstable employment trajectories may reduce the perceived short-term value of benefits whose realization depends on sustained contribution histories. For Morocco's universalization strategy, the challenge is therefore not only to extend statutory coverage but also to strengthen continuity in contributory participation and make the accumulation and long-term value of individual social-protection rights more visible to young workers.

Fact 2: The Interaction Between the Registre Social Unifié (RSU) and Contributory Schemes Generates Uneven Formalization Disincentives

The expansion of social protection in Morocco has created a more integrated architecture combining contributory social insurance with non-contributory and publicly subsidized protection. A central component of this architecture is the Registre Social Unifié (RSU), established by Law No. 72-18, promulgated by Dahir No. 1-20-77 of 8 August 2020. The RSU provides a unified mechanism for identifying households and determining eligibility for social assistance programs on the basis of a socio-economic score derived from observable household characteristics. Its introduction was intended to improve the targeting, coordination, and effectiveness of public social assistance (World Bank, 2024b).

The extension of compulsory health insurance has strengthened the interaction between this targeting system and contributory social protection. The transition from the former Régime d'Assistance Médicale (RAMED) to AMO-Tadamon was established through Law No. 27-22 (2022), amending and supplementing Law No. 65-00 on compulsory health insurance. Under this framework, eligible households unable to bear the cost of contributions are identified through the RSU, while the State assumes the corresponding contributions and applicable co-payment. Beneficiaries are entitled to the same basic healthcare package provided under other AMO schemes (Ministry of Economy and Finance, 2024).

At the same time, the health-insurance architecture differentiates between categories according to employment status and contributory capacity. Individuals engaged in non-salaried activities are covered through AMO-TNS, which operates on a contributory basis, whereas individuals outside paid or unpaid activity who do not satisfy the eligibility conditions for AMO-Tadamon may fall under AMO-Achamil, subject to the applicable rules. The financial consequences of entering contributory employment must therefore be assessed not against a situation of complete absence of social protection, but against the forms of subsidized protection that may already be available outside contributory employment.

This distinction is particularly relevant for low-income workers. Entering or remaining in formal contributory employment entails mandatory social security contributions and may affect eligibility for publicly subsidized support. The economic value of formalization consequently depends not only on the income generated by formal employment, but also on the additional contributory rights acquired relative to the benefits or subsidies that may

be reduced or lost. Where the immediate cost of contribution is visible while part of the basic protection is already accessible through a subsidized scheme, the marginal gain associated with formalization may become less pronounced.

Recent assessments of Morocco's social protection reform explicitly identify this tension. The World Bank (2025) notes that linking social benefits such as health insurance to formal employment can generate labor-market distortions when mandatory contributions increase the cost of formalization. For low-income workers in particular, access to comparable health coverage through AMO-Tadamon without an equivalent individual contribution may reduce the relative financial attractiveness of contributory participation. The World Bank also identifies the possibility of misreporting employment status to preserve access to non-contributory benefits, illustrating how the interaction between employment status and social-protection eligibility can generate unintended behavioral responses.

The OECD (2024) identifies a related mechanism in the design of social-assistance eligibility. While acknowledging that Morocco's reforms can strengthen formalization incentives, it notes that the scoring mechanism used to determine eligibility for cash benefits can create a marginal loss associated with moving from informal to formal employment when social-security coverage negatively affects a household's eligibility score. The OECD consequently recommends removing this feature from the scoring formula as part of a broader strategy to improve incentives for formalization.

The interaction can therefore be summarized as follows:

Entry into contributory formal employment

- ➔ Mandatory contributions and formalization costs
- ➔ Accumulation of contributory and individual social rights
- ➔ Possible change in eligibility for subsidized support
- ➔ Net gain from formalization depends on additional rights relative to contributions and benefits withdrawn

Remaining outside contributory employment

- ➔ Lower or no individual contributory burden
- ➔ Potential access to subsidized health coverage and social assistance, subject to eligibility
- ➔ Higher short-term disposable income in some circumstances
- ➔ Weaker accumulation of individual contributory rights

These mechanisms do not establish that the RSU, AMO-Tadamon, or non-contributory programs cause informality, nor that Moroccan workers systematically choose informal employment to preserve social assistance. Rather, they indicate that interactions between contributory obligations and subsidized protection can generate different marginal incentives according to employment status, income, and eligibility conditions.

The challenge for Morocco's universalization strategy is therefore to reconcile two objectives that are both essential: protecting vulnerable households regardless of their capacity to contribute, while preserving a sufficiently clear and valued advantage to formal contributory participation.

Fact 3: Derived Coverage Reduces the Marginal Value of Women's Individual Social Protection Declaration

The universalization of social protection in Morocco takes place in a labor market characterized by substantial gender inequalities in economic participation. According to the Haut-Commissariat au Plan (HCP, 2024), the female labor force participation rate stood at 19.0% in 2023, compared with 69.0% for men. This large gender gap indicates that a substantial proportion of Moroccan women remain outside employment and therefore outside the principal channel through which individual contributory social-protection rights are accumulated.

Women's limited labor-market participation is also associated with the unequal distribution of unpaid domestic and care responsibilities. The HCP National Time Use Survey, conducted in 2012, found that 95% of women participated in domestic activities and devoted approximately five hours per day to them, compared with only 27 minutes for men (HCP, 2014). These differences illustrate the broader structural context within which women make labor-market and social-protection decisions and help explain why individual contributory participation cannot be considered independently from household responsibilities.

Within the Moroccan health-insurance system, however, access to social protection is not exclusively determined by an individual's own contributory status. Law No. 65-00 on compulsory basic health insurance, promulgated by Dahir No. 1-02-296 of 3 October 2002, extends AMO coverage to dependent members of the insured person's family when they do not personally benefit from equivalent health-insurance coverage. Article 5

specifically includes the insured person's spouse and dependent children among eligible family members (Dahir, 2002).

A married woman without individual contributory coverage may therefore receive health-insurance protection through her insured spouse as an "ayant droit". This arrangement provides valuable household protection and constitutes an important dimension of social solidarity. However, derived health coverage is not equivalent to an autonomous set of contributory social-protection rights. Individual declaration through formal employment establishes a woman's own contribution history and can generate employment-related entitlements linked to her individual status, including pension and other contributory benefits subject to the applicable eligibility conditions.

This distinction affects the marginal value associated with individual declaration. For a married woman who already has access to AMO through her spouse, entering declared employment entails an immediate employee-side contribution, while the additional health-insurance benefit associated with her own declaration may appear relatively limited in the short term. The value of individual declaration therefore depends increasingly on the importance attached to autonomous rights that are accumulated through her own employment and contribution history, some of which are deferred or conditional. In this sense, family-based coverage can simultaneously expand household protection while reducing the immediate visibility of the additional protection generated by individual contributory participation.

The distinction between derived and autonomous protection becomes particularly visible when marital or insurance status changes. The CESE (2024) identifies vulnerabilities affecting women whose health coverage depends on a spouse. It notes, for example, difficulties affecting divorced women who continue to bear their children's medical expenses while the children remain registered as dependents of their father and reimbursements are paid to him. The CESE also reports that divorced women may experience closure of their health-insurance rights after one year, while widows without a survivor's pension may lose coverage after two years and, when inactive, must undertake the necessary administrative procedures to obtain coverage under the regime corresponding to their socio-professional status. These situations illustrate the limits of relying on household-derived coverage as a substitute for autonomous and portable social-protection rights.

This institutional mechanism should not be interpreted as the principal explanation for women's low labor-force participation in Morocco. The World Bank (2024a) identifies multiple and interacting barriers to women's formal employment, including social norms, unpaid care responsibilities, mobility constraints, limited sectoral opportunities, and the availability and quality of jobs. Derived coverage should therefore be understood as an additional institutional mechanism operating within a much broader set of structural constraints: for some married women already protected through their spouses, it may reduce the immediate marginal value attached to individual social-protection declaration without determining the broader decision to participate in the labor market.

The mechanism can therefore be summarized as follows:

Marriage and derived household coverage

- ➔ Access to AMO as an *ayant droit* through the insured spouse
- ➔ Health protection without an individual contributory declaration
- ➔ Lower immediate additional value of individual formal declaration
- ➔ Greater relative importance of the immediate contribution cost
- ➔ Potentially weaker perceived incentive for individual social-protection declaration.

The policy challenge is therefore to preserve family-based coverage while ensuring that women's individual contributory participation generates sufficiently clear, autonomous, and portable social-protection rights.

Fact 4: Benefit Adequacy and Accessibility Weaken the Perceived Contribution-Benefit Link

The perceived value of contributory social protection depends not only on the existence of statutory entitlements, but also on the adequacy, accessibility, and effective value of the benefits obtained in return for contributions. In the Moroccan CNSS system, this relationship can be examined across several branches of social protection. Health insurance, family allowances, unemployment protection, and old-age pensions provide different forms of protection, but each can generate a gap between the existence of a formal entitlement and the value effectively perceived or received by contributors.

Health insurance provides a particularly important illustration. According to ACAPS, under the AMO scheme managed by the CNSS, healthcare expenditures are generally reimbursed at 70% of the National Reference Tariff (Tarification Nationale de Référence,

TNR), with higher reimbursement rates applying to certain serious or long-term illnesses under specified conditions. The effective financial protection received by insured persons, however, depends not only on the statutory reimbursement rate but also on the difference between the TNR and the prices actually charged by healthcare providers.

This gap remains substantial. According to the CESE (2024), based on ANAM data for 2021, the out-of-pocket share after reimbursement reached 37.8% for CNSS-insured persons, compared with 31.5% for CNOPS beneficiaries calculated relative to the TNR. The CESE associates this burden partly with the gap between actual healthcare prices and the TNR used as the reimbursement basis, which had not undergone a major general revision since 2006. Consequently, being formally insured does not necessarily eliminate a substantial direct financial burden at the point of healthcare consumption. This can weaken the perceived return on regular health-insurance contributions when reimbursement is substantially below the expenditure actually incurred.

A second-dimension concerns family allowance. Under the CNSS scheme, family allowances are provided as flat-rate benefits, amounting to MAD 300 per month for each of the first three eligible children and MAD 36 for each of the following three children, up to a maximum of six children. These amounts do not vary according to the worker's income (ISSA, 2024). As a visible and immediate monetary component of contributory protection, the perceived value of these flat-rate benefits depends on their significance relative to household needs. This is particularly relevant because benefit adjustments are not subject to a legally mandated indexation mechanism (ISSA, 2024). The relevant concern is therefore not that family allowances are objectively inadequate, but that their fixed monetary value may affect the extent to which contributors perceive them as a significant return from participation in the social protection system.

Accessibility also matters, as illustrated by the Indemnité pour perte d'emploi (IPE). A statutory benefit can have limited effective value when administrative or evidentiary requirements make access difficult. In its assessment of the IPE, the Conseil Économique, Social et Environnemental (CESE, 2021) identifies significant barriers to effective access. Based on CNSS data for 2015–2019, the CESE reports that approximately 27% of rejected applications were associated with missing supporting documents and/or requests for additional information, while a further 8% were rejected because they were submitted after the applicable deadline. The CESE also highlights the difficulties workers may encounter in obtaining the required authentication of involuntary job loss from their

employer. To address this constraint, it recommends simplifying the procedure by allowing the worker to provide a declaration on honor regarding the involuntary nature of the job loss, validated by the labor inspector. These administrative requirements illustrate how the existence of a statutory entitlement does not necessarily guarantee effective access to the corresponding benefit.

This requirement illustrates a particularly important gap between formal entitlement and effective accessibility. Following an involuntary termination, the former employment relationship may be strained or may have effectively ended, while the worker nevertheless depends on documentation involving the former employer to establish eligibility. Where cooperation is difficult to obtain, the administrative process itself can reduce the practical accessibility of a benefit precisely when the worker is in a vulnerable employment situation. The CESE (2021) consequently recommends broader simplification of IPE administrative procedures and a critical review of the supporting documents required from applicants.

The IPE also raises a question of benefit adequacy relative to contribution history. The CESE (2021) notes that eligibility requires 780 days of declaration during the three years preceding job loss, including 260 days during the previous twelve months, while the benefit period does not exceed six months. It considers this contribution requirement relatively long compared with the duration of protection and recommends linking benefit duration more closely to contribution duration. Thus, even where unemployment protection formally exists, stringent eligibility conditions, limited duration, and administrative requirements can affect its perceived and effective value.

A fourth dimension concerns the old-age pension and the marginal relationship between declared earnings and future benefits. For insured persons with at least 3,240 contribution days who meet the other eligibility conditions, the CNSS old-age pension begins at 50% of average monthly covered earnings over the relevant 96 declared months and increases with additional contribution days, up to a maximum of 70% (Dahir, 1972). The monthly earnings subject to contributions for this branch are capped at MAD 6,000 (Décret n° 2-01-2723, 2002), implying a maximum basic pension of MAD 4,200 at the maximum 70% replacement rate.

This ceiling weakens the marginal relationship between actual earnings and future basic pension benefits above the statutory base. For a worker earning MAD 4,000 per month,

the maximum replacement rate would correspond to a pension of up to MAD 2,800. By contrast, a worker earning MAD 15,000 cannot obtain a basic CNSS pension exceeding MAD 4,200 under the same parameters. The latter amount corresponds to approximately 28% of actual monthly earnings, compared with 70% in the first example. Once earnings exceed the pensionable ceiling, additional earnings therefore generate no corresponding increase in the basic pension entitlement.

This configuration can weaken the perceived marginal value of accurately declaring earnings above the pensionable base. However, the documentary evidence examined here does not establish that the ceiling itself causes wage underreporting or that employers and workers systematically collude to declare wages only up to MAD 6,000. The more defensible conclusion is that a rigid ceiling weakens the link between higher earnings and additional pension rights and may therefore reduce one of the incentives associated with full wage declaration.

Taken together, these different branches reveal a broader contribution–benefit tension:

Regular contributory participation

- ➔ Immediate and recurrent contribution obligations
- ➔ Formal entitlement to health, family, unemployment, and pension protection
- ➔ Effective value depends on benefit adequacy, reimbursement levels, eligibility conditions, administrative accessibility, and benefit parameters
- ➔ Possible gap between statutory entitlement and effectively accessible or perceived protection
- ➔ Weaker perceived contribution–benefit link

The resulting stylized fact is therefore broader than the existence of a pension ceiling. The value of contributory social protection depends on whether formal rights translate into benefits that are adequate, accessible, and visibly connected to contributions. Morocco's universalization strategy consequently requires attention not only to expanding coverage but also to the quality and effective accessibility of the protection obtained through contributory participation. Strengthening this relationship is important for sustaining confidence in the system and reinforcing the perceived value of continuous declaration and contribution.

IV. Policy Recommendations

Moving from legal universalization to effective, continuous, and valued social protection requires targeted interventions addressing the four mechanisms identified in the stylized facts. Table 1 summarizes the proposed policy interventions and links each recommendation to its corresponding structural or institutional challenge.

Table 1: Strategic Policy Intervention Matrix

Challenge addressed	Policy pillar	Target mechanism	Recommended policy action
Young workers and weak valuation of deferred benefits	Targeted Contribution Support for Young and Low-Income Entrants	Immediate contribution burden versus deferred social protection benefits	Introduce temporary and targeted contribution support for young and low-income new entrants, combined with information on the long-term value of continuous contribution histories
Formalization versus non-contributory support	Integrated Thresholds and Gradual Benefit Withdrawal	Eligibility cliffs and marginal losses associated with formalization	Introduce smoother benefit phase-outs and assess the impact of RSU eligibility rules on the net financial return to formal employment
Women covered as dependents through their spouses	Individualization of Social Protection Rights	Derived coverage and low marginal value of individual declaration	Strengthen women's independent and portable contributory rights and make the additional value of individual declaration more visible
Low perceived value of social protection benefits relative to contributions	Recalibration of the Contribution-Benefit Link	Weak perceived return on contributions due to benefit inadequacy, limited accessibility, and structural benefit parameters	Review the adequacy, accessibility, and design of social protection benefits—including pension parameters, health-insurance reimbursements, family allowances, and employment-loss benefits—to strengthen the perceived link between social contributions and effective social protection.

Source : Author's elaboration.

1. Introduce Targeted Contribution Support for Young and Low-Income Entrants

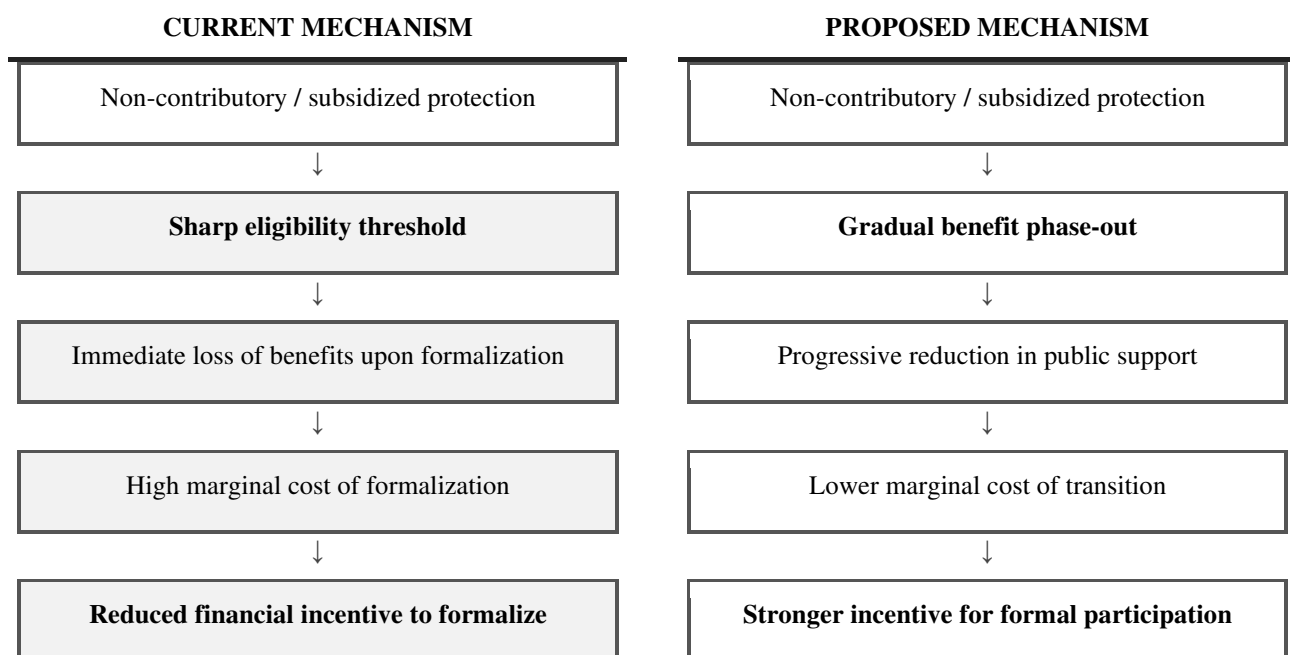
Temporary and gradually declining contribution subsidies or state co-financing could reduce the initial cost of formal employment for young and low-income entrants while preserving the accumulation of individual contributory rights. This approach is consistent with the OECD (2024) recommendation to reduce contribution burdens for low-paid formal workers as part of a broader formalization strategy.

Such support should remain targeted and temporary and be accompanied by clear information on the long-term value of continuous contribution histories, particularly pension and other individual social-protection rights. The objective is to improve both the affordability and perceived long-term value of formal contributory participation.

2. Establish Smooth Benefit Phase-Outs to Reduce Formalization Cliffs

RSU-based assistance should avoid sharp eligibility thresholds that can generate substantial marginal losses when households move into formal employment. Consistent with the OECD (2024) recommendation, social-security coverage should not mechanically penalize households in the scoring formula. Figure 1 illustrates how replacing abrupt benefit withdrawal with a gradual phase-out could reduce this formalization penalty.

Figure 1: From Sharp Eligibility Thresholds to Gradual Benefit Phase-Outs: Reducing Formalization Disincentives



Source: Author's elaboration.

A defined transition period could allow the level of assistance to decline progressively as household resources improve rather than disappear abruptly. The objective is not to preserve non-contributory benefits indefinitely, but to ensure that additional earnings and contributory rights progressively compensate for their withdrawal.

3. Strengthen Individual Social Protection Rights for Women Covered as Dependents

Family-based health coverage should be preserved while ensuring that women's own employment declaration generates clearly identifiable, autonomous, and portable rights. Individual declaration should establish a traceable contribution record and access to pension and employment-related benefits that remain attached to the woman across changes in employment or marital status. Clearer communication of these additional rights is particularly important given the vulnerabilities associated with dependence on a spouse's coverage after divorce or widowhood (CESE, 2024).

This measure should complement, rather than substitute for, broader policies addressing the structural barriers to women's labor-market participation, including childcare, mobility, access to finance, and employment opportunities (OECD, 2024).

4. Enhance the Adequacy and Accessibility of Social Protection Benefits to Strengthen the Contribution–Benefit Link

Contributory participation is more valuable when benefits provide meaningful financial protection and are effectively accessible when social risks occur. Periodic review should therefore address AMO reimbursement and remaining out-of-pocket costs, the adequacy of family allowances, and pension parameters, including the ceiling that weakens the marginal relationship between higher declared earnings and basic pension entitlements. For AMO specifically, improvements in effective coverage and reimbursement should be balanced with the financial sustainability of the scheme, as emphasized by the CESE (2024). More broadly, benefit adequacy should remain consistent with the long-term sustainability of the social protection system.

Administrative accessibility should also be strengthened, particularly for the Indemnité pour perte d'emploi (IPE). The CESE (2021) identifies difficulties in obtaining employer authentication of involuntary job loss and recommends simplifying the evidentiary procedure through a worker's declaration on honor validated by the labor inspector. Building on this recommendation, a report issued by the labor inspector confirming that

employment ended through involuntary dismissal rather than voluntary resignation could be accepted as an alternative proof of job loss when the former employer does not complete or authenticate the required form. This would prevent access to unemployment protection from depending excessively on the cooperation of a former employer after termination.

Together, these measures would strengthen the adequacy, accessibility, and visibility of contributory rights, thereby reinforcing the contribution–benefit link and the value of continuous formal participation.

Conclusion

Morocco’s ongoing social protection universalization represents a major step towards extending protection against social risks. However, the transition from legal universalization to effective and continuous coverage depends not only on expanding statutory entitlements, but also on the capacity of the system to sustain contributory participation in a labor market characterized by structural constraints. This article has examined this challenge by connecting mechanisms identified in the international literature with Morocco’s institutional architecture, labor-market conditions, and social protection arrangements.

The analysis highlights four interrelated mechanisms. Youth inactivity, informal employment, and unstable employment trajectories can weaken the perceived value of benefits that depend on sustained contribution histories. At the same time, interactions between contributory and non-contributory schemes can generate uneven incentives when formalization entails immediate contributions while certain forms of subsidized protection remain available outside contributory employment. Derived coverage through a spouse can similarly reduce the immediate marginal value of individual declaration for some women, despite the importance of accumulating autonomous social protection rights. Finally, the value attached to contributory participation depends on whether benefits are perceived as adequate, effectively accessible, and sufficiently connected to contributions.

These findings suggest that universalization should be assessed beyond formal coverage alone. A sustainable social protection system must reconcile solidarity with incentives for continuous contributory participation. This requires smoother transitions between non-contributory and contributory schemes, targeted support for workers facing high entry

costs, stronger individual and portable rights, and improvements in the adequacy and accessibility of contributory benefits. The objective is not to weaken social protection in order to promote formalization, but to ensure that formal participation provides a sufficiently clear, accessible, and valued social protection advantage.

As a critical and documentary analysis, this study does not establish causal effects between specific institutional arrangements and individual labor-market behavior. The stylized facts should therefore be interpreted as context-specific analytical generalizations rather than econometrically estimated relationships. Future research could test these mechanisms empirically using individual- or firm-level data. Nevertheless, their convergence points to a central policy challenge: the success of social protection universalization in Morocco will ultimately depend not only on who is legally covered, but also on whether individuals can enter, remain in, and perceive value in contributory social protection over time.

Building on these findings, the sustainability of social protection should also be supported by coherent economic policies, while the role of monetary policy remains relatively underexplored in this context. In this regard, Ait Hmadouch (2016), Ait Hmadouch and Akaaboune (2019), and Ait Hmadouch (2023) provide complementary insights into monetary policy transmission and its role in developing economies, particularly in shaping economic conditions that affect citizens. For Morocco, these contributions offer a comprehensive analysis of monetary transmission mechanisms and help identify a monetary policy framework consistent with the country's specific economic and institutional characteristics, ensuring that the benefits of economic policies can be effectively transmitted to citizens.

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