

Responding to the Coronavirus Crisis

Update on Tunisia (12/11/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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Economic channels of disruption

Tourism, transport, global value chains, FDI

- The crisis has important implications from lower demand domestically and in Europe, Tunisia's main trading partner and source of supply chains for the textile and clothing and car-parts industries, the slowdown in tourism and transport, and a decline in global FDI flows.
- But, lower global oil prices will benefit the economy, as Tunisia is a net importer.
- In late April, the national security council announced several measures to ease economic restrictions by adopting a three-phase plan depending on the activity sector. In October, the government reintroduced restrictions and curfews to counter the rise in infection cases.

Selected crisis impact indicators

EBRD GDP growth outlook 2020: -8.0%
(Sep 2020) 2021: 4.0%

Tunisia stock market (TUNINDEX) 6,622
(11 Nov 2020) (down 7% YTD)

Crisis response measures to date

Fiscal emergency plan, social transfers and interest cuts

- Emergency plan of TD2.5bn (\$0.8bn) includes VAT exemptions; VAT refund procedures and reimbursement acceleration; the creation of a TD100mn fund for the acquisition of equipment for public hospitals; the purchase of emergency medical equipment and medicine; increasing strategic food reserve
- BCT asked banks to suspend fees for electronic payments and withdrawals.

Selected crisis response indicators

IMF: \$745mn (Rapid Financing Instrument (RFI))
Italy: €50mn to counter the outbreak of the virus.
AMF: \$98mn to support financial reform and \$59mn to support the external financial position and meet emergency needs.
AFD: redirect €80mn for Covid-related budget needs
IsDB: \$280mn to the central pharmacy to purchase medicines and support the health ministry
EC: €600mn under the €3bn MFA package.
EU: €325mn for health and socio-economic needs.
WB: \$210mn to support the healthcare sector and critical economic reforms.
US: \$25mn to strengthen response to the pandemic.

Committed external assistance

Key short-term priorities

Digitise government services; benefit from relocation of value chains; and commit to energy and public administration reforms