

Coronavirus response in 2021: building back better

Update on Tunisia (06 December 2021)



Covid-19 policy response

- **In 2021, Covid-19 response measures were prolonged** and included additional financial support for affected businesses, tax exemptions and unemployment benefits. This was in tandem with a vaccination campaign initiated in March 2021 (44 per cent of population was fully vaccinated as of early December 2021).
- **Mounting fiscal pressure in the wake of the pandemic and persistent political deadlock are amplifying Tunisia's need for external support.** Negotiations for an International Monetary Fund (IMF)-supported reform programme have been delayed, with no agreement in sight. Bilateral external support remains limited and the country's ability to borrow on the international market is increasingly undermined.

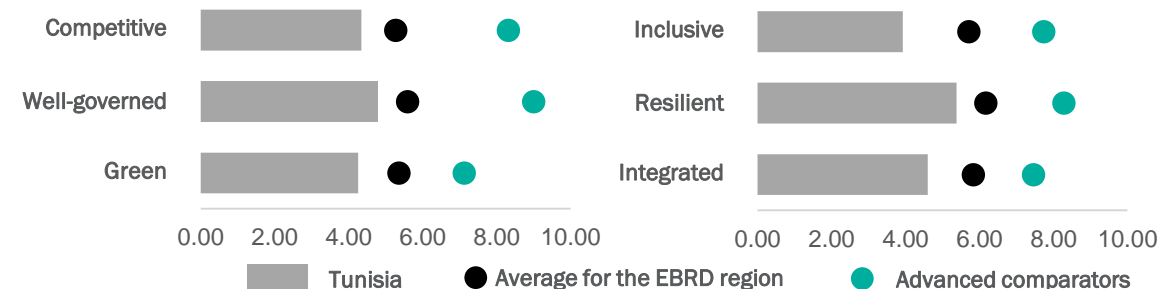
Macroeconomic indicators (per cent)

	2018	2019	2020	Short-term indicators
GDP growth	2.7	1.0	-8.6	EBRD GDP growth forecast (Nov 2021) 2021: 2.5%; 2022: 3.3%
Annual inflation (year end)	7.5	6.1	4.9	GDP quarterly growth: 0.3% (Q3 2021)
Government balance/GDP	-4.5	-3.9	-3.9	Industrial production: 4.6% y/y (Sep 2021)
Current-account balance/GDP	-11.1	-8.4	-6.8	Annual inflation: 6.4% (Nov 2021)
Net FDI/GDP	2.5	2.1	1.5	
Public debt/GDP (year end)	80.1	74.2	89.7	
Unemployment rate (year end)	15.5	14.9	17.4	

Key short-term priorities

- An agreed economic reform programme and recovery plan is necessary to help the economy rebound more quickly from the impact of the Covid-19 crisis.
- Fiscal consolidation, including wage, subsidy and state-owned enterprise reform, should be prioritised.
- A deal with the IMF would help to stabilise the economy and unlock other sources of external financing.

EBRD assessment of transition qualities (ATQs), 2021¹



Building back better: key ongoing initiatives

Competitive

- New reforms with regard to agricultural land ownership aim to increase the sector's competitiveness, attract investment and encourage agricultural exports.

Well-governed

- Reforms are under way to upgrade the country's customs infrastructure, organisational structure and governance as part of the 2020-24 Customs Modernisation Strategy.

Green

- The government launched a 70 MW photovoltaic tender and plans to build six 10 MW solar plants. It is investing in a 30 MW wind farm as part of its long-term renewable energy plan.

Inclusive

- Reforms of technical and vocational education and training to promote youth inclusion are ongoing, led by the Ministry of Vocational Training and Employment.

Resilient

- Reforms have been introduced to modernise the state-owned electricity and gas company and ensure energy sustainability.

Integrated

- The Ministry of Trade and Export has an initiative under way to help small and medium-sized companies penetrate new export markets in sub-Saharan Africa.

Digital

- The 2021-25 National Strategy for Digital Transformation includes plans to accelerate the digitalisation of services, upgrade infrastructure, improve internet access, upgrade digital skills and promote e-commerce and e-payment solutions.