Responding to the Coronavirus Crisis
Update on Tunisia (04/05/20)

Key short-term priorities
Reinforce structural reforms; accelerate fiscal consolidation and maintain monetary tightening; remove obstacles to private-sector participation.

EBRD Policy Comparator

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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 (the recent big drop in oil prices had helped Tunisia save $270mn).

**Selected crisis impact indicators**

EBRD GDP growth outlook (April 2020)

Tunisia stock market (TUNINDEX)
6,214 (May 04 2020) (down 11% 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
- From the social side, cash transfers for low income households, disabled and homeless people (TD 150 million) and support for those on temporary unemployment (TD 300 million).
- BCT asked banks to suspend fees for electronic payments and withdrawals.
- The government created investment funds (TD 600 million), a state guarantee for new credits (TD 500 million), a mechanism to cover the difference between the policy rate and the effective interest rate on investment loans within a 3% cap.

**Selected crisis response indicators**

IMF: $745mn (Rapid Financing Instrument (RFI))
Italy: €50mn to counter the outbreak of the virus within the framework of mutual cooperation
IsDB: $280mn to the central pharmacy to purchase medicines and support the health ministry
EC: €600mn under the €3bn MFA package.

**Committed external assistance**

To learn more about EBRD’s support to Tunisia visit: [https://www.ebrd.com/tunisia.html](https://www.ebrd.com/tunisia.html)

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