Responding to the Coronavirus Crisis
Update on Tunisia (18/05/20)

**EBRD Policy Comparator**

<table>
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<th>Economic channels of disruption</th>
<th>Crisis response measures to date</th>
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<td><strong>Tourism, transport, global value chains, FDI</strong></td>
<td><strong>Fiscal emergency plan, social transfers and interest cuts</strong></td>
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<td>• 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.</td>
<td>• 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</td>
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<td>• 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).</td>
<td>• From the social side, cash transfers for low income households, disabled and homeless people (TD150mn) and support for those on temporary unemployment (TD300mn).</td>
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<td>• 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.</td>
<td>• BCT asked banks to suspend fees for electronic payments and withdrawals.</td>
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<td>• The government created investment funds (TD600mn), a state guarantee for new credits (TD500mn), a mechanism to cover the difference between the policy rate and the effective interest rate on investment loans within a 3% cap.</td>
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**Selected crisis impact indicators**

- **EBRD GDP growth outlook (May 2020)**
  - 2020: -2.5%
  - 2021: 2.5%
- **Tunisia stock market (TUNINDEX)**
  - 6,508
  - (May 18 2020) (down 8% YTD)

**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.
- **WB**: $20mn to support the healthcare sector

**Committed external assistance**

- **EBRD**
- **WB**

**Key short-term priorities**

- Reinforce structural reforms; accelerate fiscal consolidation and maintain monetary tightening; remove obstacles to private-sector participation

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