

**EXECUTIVE  
BOARD  
MEETING**

EBS/20/34  
Correction 1

April 9, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Tunisia—Request for Purchase Under the Rapid Financing Instrument**

Board Action: The attached corrections to EBS/20/34 (4/6/20) have been provided by the staff:

**Evident Ambiguity**

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**Factual Errors Not  
Affecting the  
Presentation of Staff's  
Analysis or Views**

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Questions:

Mr. Rother, MCD (ext. 34256)  
Mr. Kireyev, MCD (ext. 38499)  
Ms. Gerling, MCD (ext. 39733)  
Mr. End, MCD (ext. 35864)



Text Table 2. Fiscal Program Versus Budget Law, 2020

	Millions of Tunisian Dinar			Percent of proj. GDP	
	Projection	Budget law	Difference		Difference
<b>Total revenue and grants</b>	<b>30,197</b>	<b>35,650</b>	<b>-5,453</b>		<b>-4.8</b>
Tax revenue	26,565	31,759	-5,194		-4.5
Direct taxes	12,063	13,662	-1,599		-1.4
PIT	8,762	9,651	-890		-0.8
CIT	3,302	4,011	-709		-0.6
Indirect taxes	14,502	18,097	-3,595		-3.1
o/w trade-related	6,026	8,328	-2,302		-2.0
Nontax revenue	2,488	3,591	-1,103		-1.0
o/w energy-related	776	1,772	-996		-0.9
Grants	1,144	300	844		0.7
<b>Total expenditure and net lending</b>	<b>35,117</b>	<b>39,132</b>	<b>-4,015</b>		<b>-3.5</b>
Current expenditure	31,438	32,025	-587		-0.5
Wage bill	18,880	19,030	-150		-0.1
Goods and services	1,454	1,672	-218		-0.2
Interest	3,585	3,762	-177		-0.2
Transfers and subsidies	6,908	7,050	-142		-0.1
Food	1,800	1,800	0		0.0
Energy	788	1,880	-1,092		-1.0
Fuel	482	1,128	-646		-0.6
Electricity and gas	307	752	-445		-0.4
Transport	500	500	0		0.0
Transfers (incl. social programs)	3,820	2,870	950		0.8
Non-allocated	611	511	100		0.1
o/w: Covid-19 response	500		500		0.0
Capital expenditure	3,738	7,166	-3,428		-3.0
Net lending	-59	-59	0		0.0
<b>Overall balance</b>	<b>-4,920</b>	<b>-3,482</b>	<b>-1,438</b>		<b>-1.3</b>
<b>Financing (net)</b>	<b>4,920</b>	<b>3,482</b>	<b>1,438</b>		<b>1.3</b>
Foreign financing	4,961	4,089	872		0.8
Domestic financing	-41	-607	566		0.5
<b>Memo item:</b>					
Overall balance (pct. of GDP)	-4.3	-2.8			
Nominal GDP (Mio TD)	114,419	126,028			

Sources: Tunisian authorities; and IMF staff projections.

**6. Combined with other factors, the fiscal gap will create an even larger BoP need of US\$1.7 billion (or 4.7 percent of GDP).<sup>3</sup>** The current account deficit will likely shrink to 7.5 percent of GDP in 2020 from 8.8 percent of GDP in 2019 as import contraction (collapse of capital goods imports and consumer durables, lower energy import bill due to lower international oil prices) ~~overcompensates and~~ substantially reduced remittances from Europe and the Gulf countries, ~~overcompensate and~~ a dramatic loss of revenue from exports and tourism. At the same time, however, a sharp decline in foreign direct investment (FDI) and trade credit as well as lower-than-expected sovereign issuances will

<sup>3</sup> Reflecting the overall BoP need plus the unidentified budget loan (Table 3).

**Table 8. Tunisia: External Financing Needs, 2017–21**  
(In millions of U.S. dollars, unless otherwise indicated)

	2017	2018	2019	2020				2021	
	Annual	Annual	Annual Prel.	Q1 Proj.	Q2 Proj.	Q3 Proj.	Q4 Proj.	Annual Proj.	Annual Proj.
<b>Total gross financing requirements</b>	<b>6,385</b>	<b>6,453</b>	<b>5,941</b>	<b>989</b>	<b>2,891</b>	<b>1,121</b>	<b>110</b>	<b>5,111</b>	<b>5,794</b>
<b>Current account deficit</b>	<b>4,080</b>	<b>4,443</b>	<b>3,413</b>	<b>598</b>	<b>1,793</b>	<b>754</b>	<b>-393</b>	<b>2,751</b>	<b>2,910</b>
<b>Amortizations</b>	<b>2,305</b>	<b>2,010</b>	<b>2,528</b>	<b>391</b>	<b>1,099</b>	<b>367</b>	<b>503</b>	<b>2,360</b>	<b>2,884</b>
Central government 1/	1,245	747	1,404	156	841	143	239	1,379	2,145
Central Bank 2/	358	539	385	37	37	37	63	175	79
Corporate 3/	702	724	740	198	221	187	201	806	660
<b>Total gross financing sources</b>	<b>6,385</b>	<b>6,453</b>	<b>5,941</b>	<b>989</b>	<b>2,891</b>	<b>1,121</b>	<b>110</b>	<b>5,111</b>	<b>5,794</b>
<b>Foreign direct investment and portfolio (net)</b>	747	948	811	35	-55	90	102	172	692
<i>of which: FDI (net)</i>	811	989	798	30	-63	75	98	141	661
<b>Disbursements</b>	<b>4,426</b>	<b>2,652</b>	<b>3,478</b>	<b>298</b>	<b>547</b>	<b>1,502</b>	<b>839</b>	<b>3,185</b>	<b>3,472</b>
Central government 1/	3,433	1,920	2,487	167	423	1,385	729	2,704	2,717
Multi- and bilateral budget support	2,034	977	1,298	87	336	562	658	1,642	1,684
<i>of which: IMF budget support loans</i>	0	0	0	0	0	0	0	0	0
<i>of which: grants</i>	89	81	66	0	156	0	157	313	100
<i>of which: unidentified loans</i>	0	0	0	0	0	59	139	198	437
Financial market access	905	571	773	0	0	750	0	750	750
Other (incl. project loans)	494	373	417	80	88	73	71	312	283
<i>of which: grants</i>	0	0	0	0	0	0	0	0	0
Central Bank 2/	314 0	749 0	245 0	0	753 0	0	0	753 0	0
<i>of which: IMF BOP support loans 4/</i>	314	749	245	0	753	0	0	753	0
Corporate 3/	993	732	990	131	124	117	110	481	754
<b>Short-term debt and other capital flows (net)</b>	<b>868</b>	<b>2,848</b>	<b>3,005</b>	<b>274</b>	<b>-264</b>	<b>0</b>	<b>54</b>	<b>64</b>	<b>1,710</b>
<b>Other flows (net) 5/</b>	<b>319 -4</b>	<b>-1146 -397</b>	<b>634 -879</b>	<b>-4</b>	<b>5 -795</b>	<b>65</b>	<b>-73</b>	<b>-7 -747</b>	<b>-12</b>
<b>Drawdown of gross reserves ("-" : buildup)</b>	<b>348</b>	<b>402</b>	<b>-2,231</b>	<b>386</b>	<b>1,905</b>	<b>-536</b>	<b>-812</b>	<b>943</b>	<b>-67</b>
<b>Financing gap</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Memorandum items:</b>									
Gross international reserves (eop)	5,594	5,192	7,424	7,038	5,133	5,669	6,480	6,480	6,548
Central government rollover rates (pct.)			173	107	32	968	239	173	122
Corporate rollover rates (pct.)	142	101	134	66	56	63	55	60	114

Sources: Tunisian authorities; and IMF staff projections.

1/ Central government includes IMF purchases made available for budget support.

2/ Central Bank includes IMF purchases made available for BOP support.

3/ Includes public and private enterprises.

4/ IMF purchases available under the 2013 SBA, proposed schedule of purchases during the 2016 EFF, and 2020 RFI.

5/ Includes changes in banks', corporates', and households' net foreign assets; errors and omissions; and other liabilities.