

**EXECUTIVE  
BOARD  
MEETING**

SM/21/14  
Supplement 1

February 4, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **Tunisia—Staff Report for the 2021 Article IV Consultation—Informational Annex**

Board Action:	Executive Directors' <b>consideration</b> (Formal)
Tentative Board Date:	<b>Wednesday, February 17, 2021</b>
Publication:	Not yet decided*
Questions:	Mr. Geiregat, MCD (ext. 37887) Mr. Kireyev, MCD (ext. 38499) Ms. Radzewicz-Bak, MCD (ext. 34018)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—Arab Monetary Fund, African Development Bank, European Investment Bank, Food and Agriculture Organization, Islamic Development Bank, United Nations Development Programme, World Trade Organization

**\* At the time of circulation of this paper to the Board, the authorities have indicated that they need more time to consider whether they will consent to the Fund's publication of this paper. Publication will only proceed upon the receipt by the Fund of the member's explicit consent.**





# TUNISIA

## STAFF REPORT FOR THE 2021 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

February 2, 2021

Prepared By

The Middle East and Central Department  
(In Consultation with Other Departments)

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## RELATIONS WITH THE FUND

(As of December 2020)

### Membership Status:

Date of membership: April 14, 1958

Article VIII

### Membership Status

Date of membership: April 14, 1958

Status: Article VIII

### General Resources Account

	SDR Million	Percent Quota
Quota	545.20	100.00
Fund holdings of currency	2,111.87	387.36
Reserve position in the Fund	121.78	22.34

### SDR Department

	SDR Million	Percent Allocation
Net cumulative allocation	272.78	100.00
Holdings	11.16	4.09

### Outstanding Purchases and Loans

	SDR Million	Percent Quota
Emergency Assistance 1/	545.20	100.00
Extended Arrangements	1,142.77	209.61

1/ Emergency Assistance may include ENDA, EPCA, and RFI.

### Latest Financial Commitments

(SRD million)

Type	Date of Arrangement	Expiration Date	Amount Approved	Amount Drawn
<u>Arrangements</u>				
EFF	May 20, 2016	Mar 18, 2020	1,952.25	1,161.71
Stand-By	Jun 07, 2013	Dec 31, 2015	1,146.00	1,002.75
EFF	Jul 25, 1988	Jul 24, 1992	207.30	207.30
Type	Date of Commitment	Date Drawn	Amount Approved	Amount Drawn
<u>Outright Loans</u>				
RFI	Apr 10, 2020	Apr 15, 2020	545.20	545.20

### Projected Payments to Fund 1/

(SRD million; based on existing use of resources and present holdings of SDRs)

	Forthcoming				
	2021	2022	2023	2024	2025
Principal	56.82	90.50	315.19	466.22	329.92
Charges/Interest	38.97	36.40	30.22	14.59	6.85
<b>Total</b>	<b>95.79</b>	<b>126.90</b>	<b>345.41</b>	<b>480.81</b>	<b>336.77</b>

1/ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

## Safeguards Assessment

The 2020 safeguards assessment found that the CBT has made progress to address safeguards concerns. A plan has been approved to transition to International Financial Reporting Standards (IFRS), and steps are being taken to address emerging risks in cybersecurity. However, further work is needed to increase capacity of the internal audit function and establish a risk management function. The institutional and personal autonomy provisions have scope for strengthening at the time of the next revision of the central bank law.

## Exchange Rate Arrangement

Tunisia accepted the obligations of Article VIII Sections 2(a), 3, and 4 effective January 6, 1993. It maintains an exchange system free of multiple currency practices and restrictions on payments and transfer for current international transactions.<sup>1</sup>

The de jure exchange rate arrangement is floating, and the de facto exchange rate arrangement is classified as crawl-like.

In April 2012, the CBT replaced its currency composite by a fixing (i.e. the average of market participants' quotes) as the reference exchange rate. Since then, the CBT has been intervening in the foreign exchange (FX) market through bilateral transactions when market quotes deviated substantially from the fixing rate of the day. The rates quoted by the CBT had been based on the currency composite and updated continuously to reflect the exchange rates prevailing in the international FX market.

## Article IV Consultation

The last Article IV consultation was concluded by the Executive Board on March 23, 2018.

## FSAP Participation and ROSCS

The last Financial Sector Assessment Program (FSAP) was conducted in 2002, and subsequently updated in 2006 and 2012.

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<sup>1</sup> Tunisia previously maintained a multiple currency practice which resulted from honoring exchange rate guarantees extended prior to August 1988 to cover external loans contracted by development banks (total loans covered by these guarantees amount to about US\$20 million). The authorities recently confirmed that all of these loans have been fully repaid, and therefore Tunisia is no longer found to maintain this multiple currency practice.

## **AML/CFT Assessment**

Tunisia continues improving the effectiveness of its AML/CFT regime. The 2016 Mutual Evaluation Report by the Middle East and North Africa Financial Action Task Force (MENAFATF), the FATF-style regional body, rated Tunisia's AML/CFT regime low or moderate in all eleven criteria for effectiveness (immediate outcomes). Owing to the lack of sufficient progress in improving its AML/CFT regime, Tunisia was included in the FATF's list of jurisdictions with serious AML/CFT deficiencies in November 2017. The authorities worked to implement its action plan and successfully exited the FATF list in October 2019. LEG is supporting the Tunisian authorities in strengthening their CFT regime, as part of a regional capacity development project.

## **Capacity Development**

IMF capacity development activities have continued to grow since 2011, both from the IMF and the Middle East Regional Technical Assistance Center (METAC).<sup>2</sup> Tunisia has been receiving IMF technical assistance (TA, see list below) and sent officials to participate in courses (at the IMF Headquarters in Washington, D.C., USA, and METAC in Beirut, Lebanon) in several areas of macroeconomic analysis and management.

## **Resident Representative**

The representative office was opened in Tunis in January 2014. Mr. Jérôme Vacher was appointed the IMF Resident Representative in Tunisia in January 2019.

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<sup>2</sup> Tunisia joined METAC in May 2016.

## Tunisia: Technical Assistance, January 1996–December 2020

Purpose	Date
<b>Fiscal Affairs Department (FAD)</b>	
• Assessment of the revenue impact of the Association Agreement with the European Union	Jan. 1996
• Reform of the tax system	Jan. 2005
• Modernization of the tax administration	Sep. 2005
• Tax policy diagnosis, including of the oil regime	Dec. 2012
• Modernization of the tax administration and reform of the customs administration	Jan. 2013
• Modernization of public finance management (PFM)	Aug. 2013
• Fuel price mechanism	Aug. 2013
• Follow-up on tax administration reform	Mar. 2014
• Budget execution and control	Jun. 2014
• Development of a reform plan for the tax administration	Jun. 2014
• Refinement of the tax reform strategy, especially indirect taxation	Jun. 2014
• Accounting and fiscal reporting	Jul. 2014
• Engagement with new authorities and support for the tax administration reform agenda	Mar. 2015
• Personal income taxation, esp. proposals for the 2016 budget	May 2015
• Recent trends in the civil service wage bill and the factors contributing to the trend	Jan. 2016
• Cash management, SOE oversight, and fiscal risks management (jointly with METAC)	Oct. 2016
• Review of proposed revenues measures for the 2018 budget and tax reform	Mar. 2017
• Support for the Tunisian authorities' tax administration reform program	Mar. 2017
• Treasury Single Account (TSA) and cash management (jointly with METAC)	Sep. 2017
• Treasury Single Account (TSA) and cash management (jointly with METAC)	Jan. 2019
• Review of the medium-term tax policy reform	Dec. 2017
• Public Investment Management Assessment (PIMA)	Jan. 2018
• TSA and cash management (METAC)	FY2020
<b>Institute for Capacity Development (ICD)</b>	
• Identification of training needs of the the Central Bank of Tunisia (CBT)	Nov. 2011
• Institutional capacity assessment of the CBT (jointly with MCM)	Sep. 2014
<b>Legal Department (LEG)</b>	
• Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)	Dec. 2003
• AML/CFT supervisory training of the financial market supervision authority and the stock exchange	Feb. 2008
• Banking law and banking resolution framework	Mar. 2014
• Central banking law and banking law	May 2014
• Strengthening the framework for combating the financing of terrorism (CFT)	Jan. 2018
<b>Middle East Regional Technical Assistance Center (METAC)</b>	
• Cash management, SOE oversight, and fiscal risks management (jointly with FAD)	Oct. 2016
• Review of the banking regulatory and supervisory framework (jointly with MCM)	Jan. 2017
• National accounts statistics	Jan. 2017
• Establishing an internal rating tool for the assessment of bank loans (jointly with MCM)	Mar. 2017
• Treasury Single Account (TSA) and cash management (jointly with FAD)	Sep. 2017
• Treasury Single Account (TSA) and cash management (jointly with FAD)	Jan. 2019
• Managing the fiscal risk from state-owned enterprises	Sep. 2017
• Consolidated banking supervision (jointly with MCM)	Nov. 2017
• Strengthening of the Large Taxpayers Office (LTO)	Nov. 2017
• Review of the banking regulatory and supervisory framework (jointly with MCM)	Jan. 2018
• TSA and cash management	FY 2020
• Consolidated supervision	FY 2020
• ICAAP	FY 2020
• Implementation of Basel III	FY 2020
• National accounts statistics	FY 2020
• Implementation of Basel II and III standards	FY 2021
• Developing/strengthening banking regulations and prudential norms	FY 2021
• Sectoral financial account	FY 2021

### Tunisia: Technical Assistance, January 1996–December 2020 (concluded)

Purpose	Date
<b>Monetary and Capital Markets Department (MCM)</b>	
• Accounting and auditing	Oct. 2003
• Monetary operations (non-resident acquisitions of treasury bills)	Oct. 2003
• TA needs assessment	May 2004
• Financial supervision	Sep. 2004
• TA needs assessment	Feb. 2006
• Monetary operations	Feb. 2007
• Foreign exchange (FX) market operations	Nov. 2011
• Monetary policy	Apr. 2012
• Arab Debt Market Development initiative (ADMDI)	Jul. 2012
• Bank Supervision	Feb. 2013
• Institutional capacity assessment of the CBT	Apr. 2013
• Collateral framework	Apr. 2013
• Bank Supervision	Apr. 2013
• Bank Supervision	Mar. 2014
• Establishing an emergency liquidity framework	Mar. 2014
• Bank Supervision (long-term expert)	Sep. 2014
• Institutional capacity assessment of the CBT (jointly with ICD)	Sep. 2014
• Introducing a FX auction	Nov. 2014
• Risk-based supervisory framework	Apr. 2015
• Emergency liquidity assistance	Nov. 2015
• Bank restructuring	Dec. 2015
• Bank restructuring	Feb. 2016
• Emergency liquidity assistance (ELA) agreement and monetary policy operational manual	Apr. 2016
• Supervision of money laundering risks	May 2016
• Project assessment and management	Oct. 2016
• Bank supervision and regulations (long-term expert)	Nov. 2016
• Review of the banking regulatory and supervisory framework (jointly with METAC)	Jan. 2018
• Central bank internal controls	FY 2021
• Monetary policy framework and operations	FY 2021
<b>Statistics Department (STA)</b>	
• Balance of Payments methodological guidelines according to <i>BMP5</i>	Mar. 1997
• Quarterly National Accounts Statistics	May 1999
• Special Data Dissemination Standard (SDDS) assessment	May 1999
• SDDS assessment	Jul. 2000
• Quarterly national Accounts Statistics	Oct. 2000
• Government Finance Statistics	Jul. 2004
• Report on Observance of Standards and Codes (ROSC)	Apr. 2005
• Standardized Report Forms (SRFs) data development	Feb. 2013
• Monetary data reported in SRFs and Financial Soundness Indicators (FSI)	Feb. 2014
• Balance of Payments Statistics	Dec. 2014
• National Accounts Statistics	Jun. 2015
• Government Finance Statistics (jointly with FAD)	Nov. 2015
• Prices and index numbers	Oct. 2016
• National Accounts Statistics	Jan. 2017
• Residential property price index	May 2017
• Monetary data reported in Standardized Report Forms (SRFs)	Jan. 2018
• National accounts statistics	Jan. 2018
• Balance of payments statistics	FY 2020
• Data dissemination management	FY 2020
• Financial soundness indicators	FY 2020
• Data dissemination management	FY 2021



## RELATIONS WITH THE WORLD BANK GROUP

(As of January 2021)

### Country Strategy

**The current World Bank Group's (WBG) Country Partnership Framework (CPF) for Tunisia is coming to an end and a new CPF will be adopted in FY22.** Jointly prepared by the International Bank for Reconstruction and Development (IBRD), International Finance Cooperation (IFC), and Multilateral Investment Guarantee Agency (MIGA), the current CPF covers FY16 through FY20. It anchors on the Tunisian government's *"Note d'Orientation Stratégique"* from September 2015 and the WBG's Strategy for the Middle East and North Africa Region from October 2015. WBG analytics underpin the CPF, including the Systematic Country Diagnostic (SCD) from June 2015. It outlines Tunisia's post-revolution development challenges and identifies the deep-rooted causes of social unrest that are threatening stability and cohesion. The CPF focuses on three areas: (i) jobs, to restore a business environment conducive to sustainable economic growth and private-sector-led job creation; (ii) lagging regions, to reduce regional disparities; and (iii) vulnerability, to increase social inclusion. In addition, governance and gender equity issues will be integral parts of all WBG initiatives under the CPF.

The mid-term review of the CPF, completed in June 2018, led to an extension of the CPF for an additional year. A Risk and Resilience Assessment (RRA) conducted in parallel with the mid-term review identified the following constraints: (i) a fundamental lack of trust in public institutions and toward the state because of the delay of the renewal of the social contract; (ii) a weak performance of the state and overall weak reform implementation; (iii) a serious level of political exclusion with difficult access to politicians/political activity and the administration, which contrasts with easy access to social and religious activity; (iv) serious problems related to the access to economic activity/employment, constraints of the private sector, limited development of the value chain and connectivity, difficult access to financing and administrative process; (v) continuous significant regional disparities, with issues of social exclusion and stigmatization; and (vi) the persistence of regional security threats.

A new SCD is currently being prepared and will be completed in FY21, prior to the preparation of the new CPF for FY22–FY26.

### Recent Lending Activity

**Following a rapid increase in lending support in FY18, when the WBG committed US\$930 million in lending in 12 months, volumes slowed in subsequent years to US\$325 million in FY19 and US\$195 million in FY20.** The change in trajectory had two main reasons. First, the large budget support program commitments in FY16–18 brought Tunisia closer to its borrowing limits with the World Bank, hence lending volumes had to be reduced in the years after. Second, concerns over the impact of budget support programs, highlighted in a review of budget support programs between 2012 and 2017, generated a dialogue around more effective ways of managing budget support

programs, culminating in the creation of a multi-partner platform, which took two years to put in place.

**Current portfolio commitments stand at US\$1,609 million for 15 active IBRD projects, of which US\$649 million remains undisbursed.** There are 13 IPFs (US\$1.03b), 1 PforR (US\$430m), 1 DPF (US\$175m) and 3 Grants (US\$15.6m).

**Pipeline:** The lending volume for FY21 will potentially cover 4 investment lending projects with commitments of up to US\$400 million, including financing for the COVID-19 vaccine purchase and roll out. No budget support operation is programmed for the WBG FY 21. Programming for FY22 and beyond will be defined by the new CPF that is expected to be finalized in early FY22.

### Tunisia: WBG—Active Portfolio (In US dollars)

Len. Inst.	Project ID	Project Name	Board App.	Rev. Closing	Net Comm. amt	Tot. Disb.	Undisb. Bal.	Total Undisb. (Begin. FY)
	P117082	Tunisia Northern Tunis Wastewater Project	17-Jun-2010	30-Jun-2021	57.40	50.94	6.92	10.44
	P146502	TN-Road Transport Corridors	14-Jul-2015	30-Jun-2022	194.40	184.76	13.34	26.35
	P151030	Integrated Landscapes Management in Lagging Regions Project	15-Mar-2017	29-Mar-2024	52.00	10.45	42.40	42.74
	P151059	Tunisia Tertiary Education for Employability Project	25-Feb-2016	31-Dec-2022	70.00	33.22	37.85	44.60
	P158138	Youth Economic Inclusion Project	11-Sep-2017	31-Jan-2024	60.00	17.49	42.37	42.37
IPF	P160245	Tunisia Irrigated Agriculture Intensification Project	29-May-2018	31-Dec-2024	140.00	22.66	114.77	114.77
	P162297	Strengthening Foundations for Learning Project	18-May-2018	31-Dec-2023	68.96	16.01	51.57	52.62
	P167380	Tunisia Innovative Startups and SMEs Project	14-Jun-2019	31-Dec-2026	75.00	23.15	53.80	75.00
	P168273	Tunisia Energy Sector Improvement Project	24-Jun-2019	30-Jun-2024	151.00	25.38	125.62	125.62
	P168425	Digital Transformation for User-Centric Public Services	14-Jun-2019	31-Jan-2025	100.00	29.80	71.90	91.90
	P173945	Tunisia COVID-19 Response project	30-Apr-2020	30-Jun-2021	20.00	20.52	0.00	-0.52
	<b>11</b>				<b>988.77</b>	<b>434.39</b>	<b>560.54</b>	<b>625.88</b>
PforR	P130637	TN-Urban Dev. and Local Governance	24-Jul-2014	30-Jun-2023	430.00	297.95	74.86	107.15
	<b>1</b>				<b>430.00</b>	<b>297.95</b>	<b>74.86</b>	<b>107.15</b>
DPF	P173324	TUNISIA FIRST RESILIENCE AND RECOVERY EMERGENCY DEVELOPMENT POLICY FINANCII	12-Jun-2020	31-Dec-2021	175.00	192.71	0.00	0.00
	<b>1</b>				<b>175.00</b>	<b>192.71</b>	<b>0.00</b>	<b>0.00</b>
GRANTS	P163624	Tunisia Governance, Financial Sector and Local Governments Trust Fund	28-May-2019	30-Jun-2021	2.13	0.50	1.63	1.63
	P164625	Tunisia-Italy Power Interconnector - Project Preparation T A	31-Jul-2018	31-Dec-2021	12.50	0.00	12.50	12.50
	P174017	Support to Economic Recovery and Job Creation in the Agri-Food Sector and Rural Space	24-Oct-2020		1.00	0.00	0.00	0.00
	<b>3</b>				<b>15.63</b>	<b>0.50</b>	<b>14.13</b>	<b>14.13</b>
<b>TOTAL</b>	<b>16</b>	<b>IBRD and Trust Funds</b>			<b>1609.40</b>	<b>925.56</b>	<b>649.52</b>	<b>1480.20</b>

Source: World Bank

### Tunisia: WBG—Project Pipeline for FY2018-19 (In US dollars)

Len. Inst.	Project ID	Project Name	Commitments	Decision Meeting	Negotiations	Bank Approval
<b>FY 21 Q3</b>						
IPF	P175785	Additional Financing for Tunisia COVID-19 Response Project	100.00	27-Jan-2021	10-Feb-2021	23-Mar-2021
IPF	P167900	Tunisia Economic Development Corridor Project	200.00	4-Feb-2021	18-Feb-2021	26-Feb-2021
PforR	P173568	Tunisia Integrated Disaster Resilience Program	50.00	5-Nov-2020	18-Jan-2021	25-Feb-2021
<b>FY 21 Q4</b>						
IPF	P162957	Tunisia Sanitation PPP Support Project	131.63	25-Jan-2021	24-Mar-2021	13-May-2021
<b>FY 22 Q1</b>						
IPF	P169955	TN-Sustainable Oasis Landscape Management Project	50.00	20-Nov-2019	31-Mar-2021	31-Aug-2021
DPF	P174382	TUNISIA SECOND RESILIENCE AND RECOVERY EMERGENCY DPF	200.00	15-Mar-2021	15-Mar-2021	30-Jul-2021
IPF	P174588	Additional Financing to GovTech project focus on Social Protection	75.00	14-May-2021	1-Jul-2021	14-Sep-2021

Source: World Bank

## RELATIONS WITH THE AFRICAN DEVELOPMENT BANK

(As of January 2021)

### Country Strategy

**The African Development Bank (AfDB) approved a new Country Strategy Paper (CSP) in June 2017.** Covering 2017–21, it builds on lessons learned from interim CSPs since 2011 and aligns with the Tunisian government’s Five-Year Development Plan 2016–20. In view of the strategic directions of the AfDB’s 2013–22 long-term strategy and its High Five priorities (High 5s), the goal of the CSP is to support Tunisia in implementing its Sustainability Development Plan 2016–20 through two pillars: (i) industrialization and value chains development; and (ii) improvement of the quality of life for people in lagging regions. A CSP mid-term review was conducted in 2020 confirming the maintaining of the two pillars. Pending the sustainability of the macroeconomic environment, the AfDB plans to invest between US\$700 million and US\$1.5 billion in support of this strategy.

### Recent Lending Activity

Net loan commitments currently reach UAC 1,702 million.<sup>3</sup> Since 2017, the AfDB approved new 16 operations worth UAC 909 million. All these operations are merely loans with a maturity period of five years.

### Current Portfolio

**The performance of the Tunisia’s global portfolio is overall satisfactory.** It totals UAC 1.71 billion, mainly in loans (99.5 percent) and an average age of 4.5 years. Operations mainly focus on the public sector (97 percent) and the areas of transport (44.2 percent), water and sanitation (13.7 percent), energy (11 percent), finance (9.9 percent), multisectoral operations (7.1 percent), agriculture (6.3 percent), industrial and digital (4.3 percent) and social issues (3.5 percent). The global disbursement rate of 58.4 percent. Besides, technical assistance grants represent 0.5 percent of grants and 99.5 percent of loans in the global portfolio. Mainly financed out of the Trust Fund for Countries in Transition (TFCT) and Trust Fund for Countries in Transition (TFT), and middle-income countries fund, their disbursement rate stands at 34.4 percent.

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<sup>3</sup> The AfDB’s Unit of Account (UAC) is equivalent to one IMF Special Drawing Right (SDR).

### Tunisia: AfDB—Active Portfolio (In Unit of Account)

Project Name	Sector	Approval date	Cur	Net loan	Disb.	Disb ratio	Projected completion date
Projet de Développement agricole intégré (PDAI) du Nord de Gafsa	Agriculture	2/13/2013	UAC	18,576,600	11,294,572	60.8%	7/2/2022
Projet de Développement agricole intégré (PDAI) du Nord de Gabès II	Agriculture	11/26/2014	UAC	17,347,680	9,697,353	55.9%	6/30/2022
Projet de Développement et de Promotion des filières agricoles dans le Gouvernorat de Zaghouan	Agriculture	7/10/2019	UAC	19,972,746	339,535	1.7%	12/31/2025
Projet de valorisation des PI à travers le développement des chaînes de valeurs agricoles	Agriculture	10/25/2017	UAC	32,445,840	1,557,400	4.8%	6/30/2023
Enfidha Airport	Transport	1/14/2009	UAC	57,064,744	57,064,744	100%	
Projet Routier IV	Transport	9/15/2010	UAC	198,240,000	196,059,360	98.9%	3/3/2021
Construction liaison autoroutière Gabès-Ras Jedir	Transport	6/22/2011	UAC	115,365,600	101,752,459	88.2%	3/30/2022
Modernisation des infrastructures routières	Transport	10/28/2015	UAC	159,700,800	103,326,417	64.7%	10/31/2022
Projet d'Appui à la connectivité routière dans le Nord-Est	Transport	11/22/2017	UAC	102,480,000	0	0%	12/31/2023
Projet de développement du réseau de transport et distribution STEG	Energie	4/1/2015	UAC	41,487,600	13,607,932	32.8%	12/31/2021
Projet d'aménagement et d'équipement du réseau de transport d'électricité (PAERTE)	Energie	10/9/2019	UAC	138,210,084	0	0%	5/15/2024
Appui à la mise en œuvre du Plan National Stratégique (PNS)	Numérique	11/8/2017	UAC	60,110,400	1,803,312	0.3%	12/31/2022
Approvisionnement en eau potable en milieu rural	Eau et assainissement	9/6/2016	UAC	103,908,000	33,146,652	31.9%	12/31/2021
Amélioration de la qualité des eaux épurées	Eau et assainissement	1/11/2012	UAC	27,258,000	24,559,458	90.1%	12/21/2020
Programme d'assainissement des petites communes	Eau et assainissement	10/10/2018	UAC	63,025,210	1,701,680	2.7%	12/31/2023
Programme d'Appui au développement des compétences techniques	Social	12/4/2017	UAC	60,480,000	1,814,400	0.3%	12/31/2023
PARISE	Social	6/3/2020	UAC	151,200,000	151,200,000	100%	12/31/2021
PAMSEFI II	Finance	5/15/2019	UAC	98,000,000	98,000,000	100%	12/31/2019
Ligne de crédit pour le financement de la BH	Sect Privé	10/19/2016	UAC	50,400,000	50,400,000	100%	8/27/2020
LoC Amen BANK	Sect Privé	5/20/2019	UAC	46,547,995	37,657,327	80.9%	12/11/2022
South Tunisian Gaz Pipeline - Tunisia	Energie	6/26/2014	UAC	52,663,723	52,663,723	100%	8/19/2027
LoC BH Bank	Sect Privé	6/26/2019	UAC	80,944,000	40,472,000	50%	12/31/2021
Programme PMEs Africaines LOC Hannibal Lease	Sect Privé	3/1/2017	UAC	6,720,000	6,720,000	100%	4/29/2021

### Tunisia: AfDB—Total Grant Projects for Technical Assistance (In Unit of Account)

Project Name	Sector	Approval date	Curr.	Net Loan	Disb.	Disbursement rate	Project Completion date
Etude Gestion des risques et mis en place							
Assurance agricole	Agriculture	8/2/2016	UAC	325,000	193,050	59.4%	6/30/2022
Préparation du PDAI de Zaghouan	Agriculture	10/24/2014	UAC	240,000	191,040	79.6%	3/31/2022
Modernisation des infrastructures routières	Transport	10/28/2015	UAC	1,200,000	201,600	16.8%	10/31/2022
Transformation structurelle et appui aux créneaux porteurs	Economie	8/14/2015	UAC	798,310	56,680	7.1%	12/31/2022
Projet d'Appui à la mise en place d'une politique industrielle	Economie	8/14/2015	UAC	791,380	222,377	28.1%	12/31/2022
Approvisionnement en eau potable en milieu rural	Eau et assainissement	6/20/2016	UAC	840,000	131,880	15.7%	12/31/2022
PROGRAMME D'ASSAINISSEMENT DES PETITES COMMUNES DE MOINS DE 10 000 HABITANTS – PHASE I (PAPC-I)	Eau et assainissement	10/10/2018	UAC	800,000	92,800	11.6%	12/31/2022
Elaboration de la vision et de la Stratégie eu 2050	Eau et assainissement	6/20/2016	UAC	1,129,800	499,371	44.2%	6/30/2022
Appui à la Promotion des investissements dans le domaine de la santé	Social	6/3/2015	UAC	296,373	211,314	71.3%	6/30/2022
Appui à l'opérationnalisation du Plan d'Action de la réforme des marchés publics	Multisecteur	12/27/2013	UAC	530,100	311,169	58.7%	12/31/2022
Operationalizing PPPs in Tunisia (PPP advisory)	Multisecteur	6/14/2013	UAC	789,000	578,337	73.3%	12/31/2022
Delivery Unit MEFAI	Multisecteur	4/30/2019	UAC	398,700	27,909	0.7%	12/21/2022
Aide d'Urgence Nabeul	Multisecteur	11/13/2018	UAC	589,000	0	0%	6/30/2022
BFPME: Boosting private sector development	Secteur Privé	8/5/2013	UAC	674,500	520,039	77.1%	12/31/2022

# RELATIONS WITH THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

(As of December 2020)

## Country Strategy

**The European Bank for Reconstruction and Development (EBRD) was operating in Tunisia under the country assessment operational priorities approved in August 2013 and since December 2018 under its first country strategy for the country.** These 2019–24 country strategies have four priorities:

- *Support Tunisia's Competitiveness by Opening Markets, Strengthening Governance, and Levelling the Playing Field;*
- *Promote Economic Inclusion for Women, Young People and Populations Living in Remote Areas Through Private Sector Engagement;*
- *Strengthen Resilience of the Financial Sector and Broaden Access to Finance; and*
- *Supporting Tunisia's Green Economy Transition.*

## Recent Lending Activity

**The EBRD is accelerating its engagement in Tunisia.** In 2020, it approved Euro 225 million— second highest yearly investment since the beginning of its operations—across eight projects. Those included seven projects in the private sector and one public project.

## Current Portfolio

**EBRD operations support three key areas:**

- *Restructuring and strengthening of the financial sector.* In 2020, the EBRD provided three micro, small and medium enterprise (MSME) credit lines and trade finance facilities to local microfinance and leasing institutions, for a total of Euro 15 million. It is also supporting the Central Bank of Tunisia in its role of regulator in the implementation of IFRS by banks and leasing companies, intending to align the local financial sector with international standards. In coordination with the IMF, a dialog has been recently engaged with the Central Bank of Tunisia to explore options for the modernization of its monetary policy framework and easing of foreign exchange controls. The EBRD is also working in close cooperation with the Ministry of Finance and other relevant stakeholders for a recast of the legal and regulatory framework for capital markets. The objective is to bridge gaps and bring the local market in line with international standards in terms of instruments and practices. It is also providing technical cooperation targeting the modernization of domestic capital market infrastructures through the improvement of clearing and settlement system operated by Tunisia Clearing.

- *Development of the corporate and SME sector.* The EBRD provided a Euro 11 million senior loan to an agribusiness company to finance the expansion of its operations in Tunisia and its new plant in Morocco. It is supporting the Tunisian Automotive Association (TAA) on strengthening value chain and identification of key players in the automotive sector. It is providing assistance, together with the UNWTO, to the Ministry of tourism to support the sector's recovery post Covid, including corporates and SMEs active in tourism. It also supported over 190 SMEs through business advisory, and trained 104 women entrepreneurs. As part of EBRD global response to the Covid crisis, EBRD's Advice for Small Business (ASB) has put in place a package aiming at addressing SMEs strategy issues, improving treasury management and assessing financing needs. More than 67 percent of its technical assistance projects were carried out outside the capital Tunis.
- *Infrastructure and energy.* On the renewables program, the EBRD has continued to provide advisory to the Ministry of Energy on the legal framework for its small- and large-scale renewable energy programs. In 2020, the EBRD provided a EUR 300m stabilization and restructuring facility to power utility STEG. The proceeds of the Bank's loan will be used to (i) provide liquidity support to STEG as an immediate response to the current COVID-19 crisis, and to (ii) refinance existing short-term debt to lengthen the tenors and provide terms more consistent with STEG's operations. The general objective is the reform and restructuring of STEG and the Tunisian energy sector to achieve long-term sustainability. The Project includes a comprehensive corporate reform roadmap, including measures to improve the Company's corporate and climate governance, financial management, strategy & risk, environmental and social standards, and inclusion of women and youth into the energy sector job market. EBRD has also continued the implementation of its investment projects in the water sanitation, railway and urban transport sectors.

#### Tunisia: EBRD—Active Portfolio

Indicator	Amounts
Portfolio	Eur 666 million
Number of active portfolio projects	41
Private sector (share of portfolio, 5-year rolling average)	48 percent
Debt share of portfolio	91 percent
Equity share of portfolio	9 percent
Financial institutions (share of portfolio)	Eur 193 million (29 percent)
Industry, commerce, agribusiness (share of portfolio)	Eur 120 million (18 percent)
Energy (share of portfolio)	Eur 53 million (8 percent)
Infrastructure (share of portfolio)	Eur 300 million (45 percent)

## STATISTICAL ISSUES

(As of January 2021)

I. Assessment of Data Adequacy for Surveillance	
<b>General:</b> Data provision is broadly adequate for surveillance and should be further strengthened.	
<b>National Accounts:</b> The National Institute of Statistics (NSI) publishes annual and quarterly GDP by production in current and constant (2010) prices according to the System of National Accounts 1993 (SNA 1993). METAC has been providing TA to the NSI to develop a set of financial accounts and balance sheet statistics by institutional sector. Surveillance would benefit from the collection and dissemination of higher frequency data on employment, unemployment, and wages. Quarterly employment and unemployment data are disseminated with a lag of three months. Tunisia utilizes a periodicity and timeliness flexibility option for the labor market data category under the Special Data Dissemination Standard (SDDS).	
<b>Price Statistics:</b> NSI compiles and disseminates a monthly CPI (2015 = 100), based on the household budget and consumption survey for 2015/2016. The CPI covers the urban areas of 24 governorates and 22 rural areas. A monthly PPI (2010=100) is compiled for the Mining, Manufacturing, and Electricity industries.	
<b>Government finance statistics:</b> Tunisia produces annual and quarterly central government data applying the Government Finance Statistics Manual 1986 (GFSM1986). Data coverage should be improved by moving gradually to a general government concept, notably through the inclusion of social security. Timeliness of data availability and an update to the GFSM2014 statistical framework also remain priorities. Financial statements of SOEs should be consolidated to improve monitoring.	
<b>Monetary statistics:</b> The Central Bank of Tunisia (CBT) migrated to the Standardized Report Forms (SRFs) for monetary and financial statistics (MFS) in 2018. Monthly MFS covering the central bank and other depository corporations are since then been reported to the IMF's Statistics Department (STA) for publication in International Financial Statistics. Tunisia reports data on several series indicators of the Financial Access Survey (FAS) including the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).	
<b>Balance of payments:</b> The external sector statistics (ESS) in Tunisia is still compiled under the BPM5. The CBT is working on a strategic plan for the transition to the statistical framework of the BPM6. The 2020 IMF/STA ESS TA mission reviewed the strategic plan and found it adequate for this transition, except for the recording of direct investment data that require recalibration in order to bring them in line with international standards. Quarterly balance of payments statistics published by the CBT are not detailed enough with regard to the financial account. These data are not reported to the IMF for publication.	
<b>Financial indicators:</b> With technical assistance from STA, the CBT is developing a set of financial soundness indicators (FSIs) for deposit-takers. Regular reporting of FSIs to STA for publication on the IMF's website is expected to begin in 2022.	
II. Data Standards and Quality	
A subscriber to the Special Data Dissemination Standard (SDDS) since June 20, 2001.	



## Tunisia: Table of Common Indicators Required for Surveillance

(As of January 2021)

Data	Date of Latest		Frequency of 1/		
	Observation	Reception	Data	Reporting	Publication
<b>National accounts</b>					
• GDP/GNP	Sept. 2020	Dec. 2020	Q	Q	Q
• Consumer price index	Nov. 2020	Dec. 2020	M	M	M
<b>Fiscal sector</b>					
• General government /2: revenue, expenditure, balance and composition of financing /3	NA	NA	NA	NA	NA
• Central government: revenue, expenditure, balance and composition of financing/3	Oct. 2020	Dec. 2020	M	M	M
• Central government: stocks of debt and guaranteed debt 4/	Sept. 2020	Nov. 2020	Q	Q	Q
<b>External sector</b>					
• External current account balance	Sept. 2020	Dec. 2020	Q	Q	Q
• Exports and imports of goods	Nov. 2020	Dec. 2020	M	M	M
• Gross external debt	Sept. 2020	Dec. 2020	A	A	A
• International investment position /5	Dec. 2019	Jul. 2020	A	A	A
• Exchange rates	Current	Current	D	D	D
• International reserve assets and reserve liabilities of the monetary authorities /6	Dec. 2020	Jan. 2021	M	M	M
<b>Monetary sector</b>					
• Reserve/base money	Nov. 2020	Jan. 2021	M	M	M
• Broad money	Nov. 2020	Jan. 2021	M	M	M
• Central Bank balance sheet	Nov. 2020	Jan. 2021	M	M	M
• Consolidated balance sheet of the banking system	Nov. 2020	Jan. 2021	M	M	M
• Interest rates /7	Current	Current	D	D	D

1/ Daily (D), weekly (W), monthly (M), quarterly (Q), annually (A), irregular (I), and not available (NA).

2/ The general government consists of the central government (i.e. budgetary funds, extra-budgetary funds, and social security funds) and state and local governments.

3/ Includes foreign, domestic bank, and domestic nonbank financing.

4/ Includes currency and maturity composition.

5/ Includes external gross financial asset and liability positions vis-à-vis nonresidents.

6/ Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency, but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency, but settled by other means.

7/ Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.