



CENTER for MEDITERRANEAN  
INTEGRATION | CENTRE pour  
l'INTÉGRATION en MÉDITERRANÉE  
مركز التكامل المتوسطي



CMI-FEMISE MED BRIEF WEBINAR SERIES

# NAVIGATING THROUGH COVID-19 IN THE MEDITERRANEAN ACT 1: STRATEGIES FOR INTEGRATION AND RESILIENCE

## COVID-19, CHALLENGES AND OPPORTUNITIES: THE CASE OF TUNISIA

**HAJER EL OUARDANI**

HIGHER SCHOOL OF ECONOMIC AND COMMERCIAL  
SCIENCES, TUNIS-TUNISIA  
CEMAFI INTERNATIONAL (FRANCE)

- The pandemic crisis hit the country at a time it had been suffering from increasing economic difficulties: a rising public debt, the increasing of budget and current account deficits, the depreciation of the dinar, a declining rate of growth and a rising level of unemployment.
- Hence, apart from the health consequences of Covid-19, **the major economic challenge** Tunisia faces is how to address the significant additional internal and external financial problem this pandemic has imposed on an already strained governmental budget.

By the end of 2020, the budget deficit is estimated to reach about 6 % of GDP while external debt is expected to stand at more than 100% of GDP. We should note that more than two thirds of this debt is denominated in foreign currency.

# Short term measures :

1) Authorities should consider the protection of large companies operating in the industrial sector. Equally, support should be extended to SMEs, that are the real lever of the Tunisian economy.

→ Their cash flow should be maintained to ensure they continue to support their workers and avoid a further increase in unemployment.

2) Authorities should ensure that the medium-term credit and grants, intended to strengthen the capacity of the health sector and protect vulnerable businesses and households from the impacts of the COVID-19 crisis, are being used optimally.

→ This might be accomplished by placing the funds in an account audited by a specialized committee made up of donors and representative of the government .

# Longer term measures

## 1) Measures related to finance:

### Done

- Provided banks with the necessary liquidity;
- Rescheduled the repayment of bank credits;
- Relaxed the calculation and requirements of the credit/deposit ratio;
- Lowered the BCT's key interest rate.

### My suggestions

- Suspend the distribution of dividends;
- Inconventionnel measures;
- Social finance instruments to help improve public social services ;
- Sustainable finance instruments, such as participatory finance (crowdfunding), SIB (Social Impact Bonds) and microfinance.

## 2) Measures related to health:

Investing in the public health sector.

### 3) Measures related to stimulate the national economy :

- Promote the mobility of employees in the public sector towards activities and regions experiencing a labor shortage in order to ensure better allocation of resources along with the implementation of other measures that enhance productivity;
- Reform educational, scientific research and vocational training;
- The government should maintain and adapt hundreds of kilometers of railway lines to current standards;
- the generalization of the digitalization to all sectors and economic activities in order to “ensure the traceability of operations and fight against corruption”
- The modernization of the agricultural sector.

# Conclusion

- The implementation of the proposed measures would require proper policy coordination between the fiscal and monetary authorities. They would also require that the «sovereign state» regain its role in the field of social security and in the realization of a public-private duality in all sectors (health, education, transport etc), ensuring social and economic equity;
- more effective international cooperation is needed in combatting this pandemic, while economic collaboration should also be promoted.

**THANK YOU FOR YOUR  
ATTENTION**



CENTER for MEDITERRANEAN  
INTEGRATION | CENTRE pour  
l'INTEGRATION de MÉDITERRANÉE  
مركز للتكامل المتوسطي

