



KNOWLEDGE PLATFORM ON INCLUSIVE DEVELOPMENT POLICIES

Mitigation strategies in response to COVID-19 and inequalities in Tunisia

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Abbreviations

AFD	French Development Agency
AMG	Free medical assistance
APTBEF	Tunisian Professional Association of Banks and Financial Institutions
ADB	African Development Bank
CAWTAR	Center of Arab Women for Training and Research
CNSS	National Social Security Fund
CRES	Centre for Research and Social Studies
EBCNV	National Household Budget, Consumption and Living Standards Survey
ENPE	National Population and Employment Survey
ERF	Economic Research Forum
FTDES	Tunisian Forum of Economic and Social Rights
GDA	Agricultural Development Group
GDP	Gross Domestic Product
ICRC	International Committee of the Red Cross
IFC	International Finance Corporation
ILO	International Labour Office
IMCCV	Building materials, ceramics and glass industries
IME	Electrical and mechanical industry
IMF	International Monetary Fund
JORT	Official Journal of the Tunisian Republic
KFW	Kreditanstalt für Wiederaufbau
MAS	Ministry of Social Affairs
MD	Million dinars
MEFAI	Ministry of the Economy, Finance, Trade, and Investment Assistance
NGO	Non-governmental organisation
ONMNE	National Observatory for New and Emerging Diseases
PCR	Polymerase Chain Reaction
PISA	Program for International Student Assessment
PNAFN	National Assistance Programme for Families in Need
SME	Small and medium-sized enterprises
SMIC/SMIG/SMA	Minimum Wage
G	
UNDP	United Nations Development Programme
WB	World Bank

Principal results

Tunisia has well-trained medical staff and specialized health institutions at the National level, that can be mobilised immediately to manage the crisis. The speed of the response and the significant restrictions that were introduced allowed the country to dodge the first wave of the COVID-19 pandemic.

The socio-economic consequences of social distancing measures have evolved in three phases. During the lockdown, the consequences were severe, followed by an improvement when restrictions were lifted. However, with the arrival of the second wave and the intensification of restrictions, there were repercussions towards late 2020.

The issue of inclusiveness was being addressed to some extent before COVID-19 by the State, international organisations and civil society. However, the health crisis was behind the stronger focus on this theme.

The reallocation of government budgets and international donor investment projects allowed for the acceleration of the allocation of resources to vulnerable groups. However, administrative procedures delayed the release of international funds, despite the urgency.

The pandemic served to reveal problems that were already present, particularly with respect to infrastructure. Moreover, the continuity of services and their quality proved to be a constraint, particularly in the context of the specific needs associated with the health crisis. This was particularly true in the field of education, where academic progress and school drop-out were widespread, even before the pandemic. The issue of catching up with this cumulative shortfall therefore continues to be a pressing one. In short, the difficulties resulting from the pandemic overlap with those that were already present before the arrival of COVID-19.

Civil society has made efforts to remedy this gap by providing assistance of all kinds: in kind, in cash, in services.

In the field of innovation, the Tunisian ecosystem has been able to express its full potential through the richness of its human capital, particularly thanks to the country's youth. The pandemic has highlighted Tunisia's ability to innovate in technical and organisational terms.

The regions were faced with a range of obstacles in terms of infrastructure and access to services that complicated local responses, particularly in the Centre-West, North-West and South. These were the regions that saw most demonstrations during the course of 2020.

One of the recurring problems relating to the management of the pandemic is thought to be the lack of coordination between stakeholders at different levels (local organisations, governorate etc.)

The change of government in Tunisia has had an impact on the management of the pandemic, particularly between the first and second waves.

The issue of governance and the effectiveness of the civil service had repercussions for the delivery of government assistance in terms of both quality and the level.

Completing the financing plan for the 2020 Budget was relatively complex because of the difficulties with mobilising external financing, which were due in particular to the delay affecting the establishment of a third programme with the IMF and the fact that it was impossible to gain access to the international financial markets because of the country's weak sovereign credit rating.

The interviews that were conducted indicated that political instability, as well as the inconsistency and lack of transparency of certain measures and bureaucratic procedures, constituted obstacles to delivering effective protection for the most deprived groups.

Many households have seen their living conditions deteriorate as a result of the lockdown. The various post-lockdown surveys found a relative improvement in the situation with the gradual lifting of restrictions prior to October, when the socio-economic situation began to deteriorate again.

The most acute effects on employment were seen during the lockdown but recovery was only partial thereafter due to the continuation of the restrictions and social distancing measures. That was particularly true for the most vulnerable groups.

The difficulties of accounting for and following up the most vulnerable groups have been all the more pronounced during this pandemic. Moreover, the general finding to emerge from our interviews was that the most vulnerable people have not necessarily been able to benefit from government assistance.

Informal workers have been most affected by the crisis. Nevertheless, according to the results of our interviews, the groups who were monitored were more likely to do better during this period of uncertainty and were more likely to obtain formal employment afterwards.

Introduction

The sudden and rapid spread of the COVID-19 pandemic and the drastic lockdown measures adopted around the world since March 2020 have triggered a widespread global economic recession of unprecedented magnitude.

Even though it successfully negotiated the first wave of the pandemic, Tunisia, like every other country in the world, was hard hit by COVID-19 and suffered relatively serious consequences, both social and economic (Hasell, 2020). Indeed, this crisis began in a situation of relative instability in which the development model was losing momentum and in which there were also distinct inequalities in labour markets relating to different regions, sexes, educational levels and social vulnerabilities (World Bank , 2015; Assaad et al., 2018). The existence and the post-revolutionary extension of social protection in the form of cash transfers (PNAFN) and free access to health care (AMGII) for the poorest made it possible to mitigate the social consequences of sluggish growth for the families most in need. (CRES, 2017 ; Krafft et al. , 2020)

Tunisia went into this crisis with few financial resources and against a background of government instability since 2019. Nevertheless, it had the advantage of well-trained medical staff (many of whom have incidentally been emigrating to Europe for a decade) and health institutions that could be mobilised immediately to manage the crisis, such as the National Observatory for New and Emerging Diseases (ONMNE) or the Pasteur Institute. Psychological support units were also established quickly, in particular by civil society.¹

In order to contain the spread of the pandemic and mitigate the likely impacts, the authorities opted for a proactive strategy that emphasised protecting lives and supporting vulnerable families and people in precarious employment (Krafft et al. ,2021). The government adopted a battery of staged preventive measures, with a total lockdown preceding a phase of gradual relaxation.

The action taken by the authorities also focused on the introduction of a set of measures to support the affected businesses and people in addition to the additional spending on the management of the pandemic's effect on health. The budgetary cost of these interventions exceeded 7.2%² of GDP in 2020.

This unprecedented crisis and the total lockdown in particular have had severe effects on the economic and social fabric (INS, 2020; Krafft et al., 2021) due to the specific features of the economic structure prior to the crisis, viz. a fairly high level of openness and structural fragilities (World Bank 2015). Highly exposed sectors, in this case those where human contact is important (such as tourism), employ large numbers and they have substantial knock-on effects on economic activity as a whole. (Marouani and Minh, 2020); Krafft et al., 2021)

Socially, low-income households and those who lost their jobs were particularly hard hit. Despite the large scale of government intervention, the crisis has accentuated social inequalities. (INS, 2020, INS/World Bank 2020, Krafft et al., 2021)

In this report, we combine an objective analysis of all the data sources available to date with the assessment of the main of the situation by the stakeholders interviewed. We first develop how the pandemic impacted differently various socio-economic groups. We also show that the pre-covid situation of households conditions the way this shock affects them. Secondly, the interviews highlight the contribution of non-State actors and the limits they faced while trying to relieve the population.

¹ According to our interviews

² Authors' calculations based on data from the complementary 2020 Finance Act.

Chapter 1. Economic and social situation and the pandemic

Although Tunisia has been successful in establishing the foundations of a democracy, its economic and social performance has been severely affected by the conjunction of several unfavourable factors (political instability, terrorist attacks, delay in the establishment of independent bodies, social movements and trade union demands, geopolitical tensions, recessions affecting trading partners, etc.) that resulted in the exacerbation of macroeconomic vulnerability. According to the IACE, 64% of business leaders believe that political instability has had a negative impact on their activities.³

1.1 Economic performance and social context

During the decade 2010-2019, the Tunisian economy suffered a severe slowdown in growth (1.8% on average during 2011-2019, by contrast with 4.2% in the previous decade) as well as a worsening of financial indicators. The recent past also saw unemployment persisting among young graduates and the deterioration of employment prospects for vulnerable groups, as well as the unsatisfactory results of efforts to redistribute wealth. At the sector level, agriculture, manufacturing and services account for 10%, 15% and 59% of added value respectively. They also account respectively for 13%, 33% and 54% of employment in Tunisia.⁴

Regarding inequalities, we can see the existence of a two-speed Tunisia in reality. The Arab Spring's momentum has been an opportunity to reshuffle the cards on the table with a Gini Index decreasing by three points between 2010 (35,8) and 2015 (32,8)⁵ and by 2 points for wages between 2010 (31.5) and 2017 (29.5) according to Marouani et al. (2020). Nevertheless, figures by themselves cannot traduce exactly this reality: this will be addressed in this report.⁶ One of the scarce estimations we do have is that around 20 000 individuals in Tunisia have wealth greater than \$ 500,000 or 0.16% of the surrounding population (FTDES, 2020), which contrasts sharply with the assessments above. Hence, the benefits of Tunisian relative growth do not contribute to the greatest number.

1.1.1 Changes in economic indicators

Growth in 2019 was 0.9%, the lowest level recorded since 2011. This slowdown was attributable to the effects of the decline in external demand on the performance of the export sectors, the impact of adverse weather conditions on agricultural production and the persistence of problems affecting extraction industries, despite good performance by the tourism sector. This sluggish growth has led to a decline in potential production that is likely to affect growth in the medium term.

The economic context has also seen a worsening of the current account deficit, which has risen to nearly 8.4% of GDP in 2019.

Turning to public finance, the twin impact of higher expenditure and lower revenue has led to a widening of the budget deficit. This situation has been exacerbated by the weak control over current expenditure and the urgency of the latent budgetary risks relating to public companies in particular. That has been seen in the growing need for additional financing and a deterioration in public debt ratios (72% of GDP). The improved collection of tax revenue led to a rise in the budget deficit to 3.5% of GDP in 2019. After reaching historically high levels, inflation was brought under control at an average of 6.7% by means of a prudent monetary policy.

³ "Assessment of the last government, the impact of political instability and the action required by the next government, according to business leaders." - August 2020 - IACE.

⁴ World Bank data, 2019

⁵ <https://data.worldbank.org/indicator/SI.POV.GINI?locations=TN>

⁶ A Gini Index equal to 1 means perfect inequality and 0 means the opposite.

Employment trends

In 2019, the unemployment rate was approximately 15% of the active population, with particularly high unemployment rates among graduates from higher education (28% in 2019) and quite significant regional disparities (the unemployment rate was approximately 20.3% in the North-West region in 2019, 17.5% in the Centre-West region and 24.8% in the South-West region). In addition, the Tunisian labour market is typically extremely insecure, resulting in low productivity.⁷

Jobs are created by the informal sector on the basis of fixed-term contracts, which means that workers are not entitled to any protection⁸. Formal work accounts for 53.6% of the workforce according to the INS. This tendency is exacerbated for women in Tunisia. (Assaad et al., 2020)

In order to preserve the purchasing power of employees, negotiations between the social partners resulted in an increase in public and private sector wages, and the minimum wage for the 48-hour system rose by the same amount as inflation (429.312 dinars⁹ in 2020 by comparison with 378 dinars in 2018). It is necessary to understand the structure of Tunisian companies in order to have a clearer picture of the impact of the COVID-19 lockdowns on the labour market.

Box 1. Descriptive data about Tunisian enterprises

- 771,032 companies in 2017 (Directory of Tunisian companies (2018))
- 87.7% of them have no employees, 7.1% have 1 or 2 employees and 2.6% have 3 to 5 employees
- 97.3% of enterprises have generated total added value amounting to 10.9% of GDP
- 704,054 micro-enterprises, including 455,515 in the informal sector with less than 6 employees + revenue of less than 1 million Tunisian dinars (without taking the agricultural sector into account).
- They employ 718,250 people, 76.5% of whom are men and 23.5% women.
- A survey has shown that 71.7% of jobs are accounted for by companies with fewer than two employees.
- 23.5% of jobs in companies with 3 to 5 employees.
- 64.1% of jobs → held by people who manage their own organizations as self-employed persons (37.7%) or owners and associates (26.4%)
- Employees (27.5%) apprentices (1%) and domestic help (7.4%)
- Average salaries: 432 dinars per month, with 32.3% being below that threshold

Source: UNDP (2020)

⁷ Social protection and the informal economy - CRES - May 2016.

⁸ Quarterly bulletins of employment and unemployment indicators (2011-2019) - INS

⁹ 1 dinar is approximately 0.3 euros.

The informal economy¹⁰ drives vulnerability, particularly in a context of uncertainty and risk resulting from a pandemic. It is all the more manifest among the poorest people. In the lowest decile, 71% work in the informal sector, as opposed to 19% in the richest decile. Moreover, there are more women than men working in the informal economy: 47% of employees are women, as opposed to 39% of men. Turning to geographical distribution, there is a disparity in the governorates with respect to this phenomenon. The Centre-West region has the highest proportion of informal workers with respect to its population (62%), followed by the North-West (54%) and the South-West (49%). Greater Tunis has the lowest proportion of workers in the informal economy (26%). Moreover, it emerges that the sectors most at risk in the context of the pandemic are also those with a relatively higher share of informal workers and, indeed, workers in these sectors are more vulnerable. The most notable sectors are agriculture (71%) and construction (68%), with the average being approximately 45%.

Changes in household living standards

Average household expenditure rose to 15,561 dinars in 2015 as opposed to 1,186 dinars in 2010¹¹. In urban areas, this expenditure was 17,365 dinars (13,069 dinars in 2010) per household as opposed to 11,204 dinars in rural areas (7,566 dinars in 2010). Average per capita expenditure also rose accordingly (3,871 dinars in 2015 as opposed to 2,601 dinars in 2010).

1.1.2 Poverty and vulnerability profile

The social categories considered vulnerable here – the poor, the elderly, people with special needs, etc. – lack resilience to uncertainty and crisis.

In the population as a whole, 15.2% were living below the poverty line in 2015. This percentage is 6.3% in large cities, rising up to 26.0% in rural areas.¹² More specifically, there are notable variations between certain regions: Greater Tunis has a poverty rate of 5.3%, while the rates in the Centre-West and North-West regions are 30.8% and 28.4%.

The poorest households in Tunisia belong to the socio-professional categories of agricultural workers (38.3%), non-agricultural workers (21.8%), farmers (21.4%), the unemployed (35.6%) and other inactive persons (19.5%). Agricultural workers represent only 2.2% of the total population but 5.5% of the population living below the poverty line. These workers rarely have access to social security¹³.

Tunisia is an interesting case study because it is characterized simultaneously by factors of inclusion and exclusion. The first factor of inclusion is social protection programs, the PNAFN cash transfers which coverage has increased after the 2011 Revolution as well as free (AMG I) or highly subsidized access to health insurance (AMG II). The second is untargeted food subsidies which benefit mostly the poor but also the Middle Class as the richer consume relatively less the products subsidized. The third factor of inclusion is the existence of an almost free education system. This system which played an important role in the social mobility of Tunisians after Independence is becoming less effective due the increasing costs of private tutoring needed to succeed.

Factors of exclusion are the prevalence of a large informal sector, regional inequalities (Greater Tunis + coasts VS interior governorates) and lacking opportunities for the youth. (World Bank, 2014) This results in a considerable propensity of young people qualified as NEETs (Not in Education, Employment or Training) which perfectly symbolizes the two-speed Tunisia mentioned above (Assad and Krafft, 2016).

¹⁰ Kokas, D., Lopez-Acevedo, G., El Lahga, A. R., & Mendiratta, V. (2020). Impacts of COVID-19 on Household Welfare in Tunisia. The authors drew on the data from the EBCNV (2015).

¹¹ National consumption survey. INS 2015.

¹² Map showing poverty in Tunisia, September 2020, p.14. Data used: INS EBCNV (2015)

¹³ Economic Impact of COVID-19: Vulnerability Analysis of Households and Micro-Enterprises (June 2020) - UNDP

1.1.3 Social protection programmes

Needy families receive direct assistance, particularly through the PNAFN programme¹⁴, one of the most extensive programmes in terms of the population covered and its geographical spread. The number of beneficiaries covered by this programme is in the order of 285,000 and the monthly cash allowance was 180 dinars in 2019, as opposed to 260,000 families and 150 dinars respectively in 2015. This is in addition to the Free Medical Aid Programme (AMG II), which covered an estimated number of beneficiaries of 620,000 in 2019.

In total, the households benefiting from the PNAFN account for 8.3% of all households and those benefiting from AMG II account for 21.7%. The geographical distribution has a strong focus on the western regions of the country (North-West, Central-West and South-West) and on rural areas¹⁵. Cash transfers under the PNAFN reached 635 million dinars in 2019, which is about 2% of government expenditure excluding debt servicing.

However, social welfare programmes have some shortcomings in terms of the institutional framework, poor coordination between the different public structures, etc. This is in addition to the difficulties of directly identifying families who are unable to meet their basic needs, and the conceptual and methodological difficulties relating to the definition and assessment of poverty, the evaluation of public policies designed to achieve social goals, etc.¹⁶

This can be shown through rural women working in the agricultural sector: approximately two third of the workforce in agriculture are women, but they still get less paid relatively to men. Plus, they tend to work under precarious contracts and 70% of this population is not covered by social protection¹⁷(Bajec, 2021). In fact, they are facing many challenges in terms of working conditions: intensity of work, security, and lacking social mobility opportunities. According to the the Ministry of Agriculture, one third of Tunisian women lives in the rural side. More precisely, a considerable share of this population is subject to drop out of school (64%), contributing to a high level of illiteracy rate (30%) according to the National Institute of Statistics.

At the same time, there are non-targeted subsidies for the prices of food products (bread, semolina, milk, sugar, etc.), oil products and public transport. Prices are adjusted periodically in order to mitigate the effect on the purchasing power of individuals caused by increases in production costs and changes in world prices. In 2019, subsidies on basic products amounted to 1,800 million dinars and the level of subsidies for hydrocarbons reached 2,538 million dinars. A substantial part of the latter went to less needy families¹⁸. In addition, it should be noted that social tensions and political instability have slowed down the planned adjustments to controlled prices (fuel, drinking water, electricity).

¹⁴ Public action relating to welfare is concentrated primarily in two programmes:

- The National Assistance Programme for Families in Need – PNAFN – which was established in 1986 to accompany the implementation of the Structural Adjustment Plan and cushion the effects of price liberalisation measures on vulnerable groups. This programme provides permanent cash payments for families deemed to be needy and destitute, and provides them with free access to care (Free Medical Insurance Type 1 - AMG1) in public hospitals.
- The Free Medical Insurance programme type 2 – AMG II – which has been managed since 1998 by the Ministry of Social Affairs, provides its beneficiaries with access to care at reduced rates in public health organisations in exchange for a fixed annual fee (stamp) of 10 dinars.

¹⁵ CRES guidance note. May 2017.

¹⁶ CRES report (2017)

¹⁷ Khira Cherif, Director of Relations with Beneficiaries of Social Cover and Social Cover Structures at the General Directorate of Social Cover

¹⁸ Inequalities in Tunisia (2020)

1.1.4 Access to basic services

The Tunisian education system is based on the principle of free access, which has furthered gender equity and aims to further equity with respect to social background. However, the latter is not always the case as a result of the increasing role of private tutoring. In addition, Tunisia is ranked 65th out of 70 countries in the PISA 2015 assessment, even though it devotes significant resources to education. Indeed, the budget of the Ministry of Education amounts to 4,862 million dinars, or 15% of the state budget in 2019, which is significantly higher than the budgets of other ministries. Nevertheless, despite these considerable resources, the Tunisian education system suffers from structural shortcomings relating to methods and content. The country did not wish to participate in the PISA ranking in 2018.

Poor performance is also reflected in the high illiteracy rate in Tunisia: according to the latest field survey conducted by the INS, it has risen to around 18.4%. This rate is higher in rural areas than in urban areas (28.6% and 13.4% respectively). In addition, the low rate of pre-school enrolment and drop-out rates are a significant problem in Tunisia. Drop-out rates at the primary, middle and high school levels are even higher in regions with high poverty rates¹⁹. School drop-out was highest among pupils aged 16 to 17 from disadvantaged families.

Access to health services has been very uneven. In several regions, individuals have difficulties accessing local health care organisations that can cater to their health needs, despite a fairly well-developed health map. These difficulties are due to limited supply of care provided by local health organization (shortage of services, medical supplies and human resources) and lacking resources available for some households relatively to health-related expenditures. (Ministry of Health, 2019) Most regional hospitals have a significant shortage of specialist physicians^{20,21}.

There is also a positive correlation between the poverty rate and infrastructure quality. For example, the rate for connections to drinking water networks is highest in north-eastern Tunisia, where the poverty rate is lowest. On the other hand, the South and Centre-West are the regions with the lowest connection rates (drinking water network, sewerage and electricity networks) and where there is a right to access to water guaranteed by the Constitution²². Furthermore, progress with digitalisation is uneven throughout the country. Although the differences are more heterogeneous in this respect, the trends in the South and Centre-West, where Internet access rates are lowest, are the same.

1.1.5 Political context

Tunisia's democratic transition has been consolidated by the organization of the second elections since the adoption of the 2014 constitution. The presidential elections were held on September 15, 2019 and the legislative elections on October 6, 2019. The dialogue for the appointment of a government lasted more than 4 months.

The inauguration of the Elyes Fakhfakh Government on February 27, 2020 coincided with the spread of the Covid-19 pandemic. The urgency of the health situation required the concentration of efforts to contain this pandemic by imposing health restrictions and general containment. Although, in terms of health, the Government's strategy favored control of the health situation in terms of infected cases and deaths, the fact remains that the economic and social fallout were quite pronounced.

On July 15, 2020, Elyes Fakhfakh, suspected in a conflict of interest case, resigned. This resignation prolonged political instability with an impact on the management of the Covid-19 crisis. A new process for appointing a new head of government has been launched. The new government, led by Hichem Mechichi, not belonging to any political party, was inaugurated on September 2, 2020. This government was, too, faced with the demands of a new wave of the pandemic. Moreover, the political scene has been

¹⁹ Map of poverty in Tunisia - 2020. Data used: INS EBCNV (2015)

²⁰ Economic Budget 2021 - October 2020 - MEFAI;

²¹ The right to health in Tunisia (October 2016) - Tunisian Association for the defence of the right to health.

²² <https://ftdes.net/leau-est-en-face-de-nous-et-on-meurt-de-soif/>

marked by differences of opinion and positioning between the Presidency of the Republic, the Parliament and the Presidency of the Government. An open crisis started with the refusal of the President of the Republic to ratify the partial cabinet reshuffle, which obtained the confidence of the Parliament on January 26, 2021.

1.2 The pandemic

The focus here is on the management of the first wave of the pandemic, although we will also analyse restrictions and impacts during the second wave. The management of the second wave was radically different, as in many countries of the world, due to economic constraints and social considerations. The analyses will be backed up by interviews with governmental and non-governmental actors²³.

1.2.1 Health crisis

The first case of COVID-19 observed in Tunisia was observed on 2 March 2020. The Tunisian authorities, at the recommendation of the Scientific Committee, adopted staged preventive measures (installation of thermal cameras in airports, cancellation of congresses and cultural events, prohibition of gatherings, curfews, etc.). A total lockdown was decreed from 20 March to 4 May 2020 before the country entered a phase of gradual relaxation between 5 May and 14 June of the same year.²⁴

In addition, quite strict health protocols were put in place for people coming from abroad, including a mandatory quarantine in hotels. This seems to have been the most effective measure in terms of stopping infections from outside the country. At the same time, a screening strategy was put in place to identify clusters and to help establish a clear picture of the spread of the pandemic. All this made it possible to contain the pandemic to a reasonable extent during the first wave. However, these measures proved inadequate and relatively ineffective in terms of managing the second wave. Indeed, the number of infections rose to 220,000 and the number of deaths to more than 7,000 in early February 2021, as opposed to 4,679 cases and 96 deaths in early August 2020.

1.2.2 Economic and social crisis

The economic cost of the measures implemented to parry the impact of the pandemic and the lockdown in particular was quite high for the Tunisian economy, which was faced with a dual crisis:

An unprecedented supply crisis due to production being shut down. An important share of the Tunisian production got paralyzed, leaving only industries considered as essential. The supply shock was transmitted to other industries through network effects. The impact of the pandemic was first felt in sectors focusing on the external market and then, in a second round and after the lockdown, in sectors focusing on the internal market. Remote working as an appropriate way of safeguarding the continuity of business operations affected only one person in ten. This proportion rose to one in three for the richest quintile²⁵.

A demand crisis due to the fall in individual consumption caused by lower household demand and a breakdown in investment due to global uncertainty.

²³ The main agencies surveyed were the World Bank, UNICEF, the Ministry of Finance, the Ministry of Health, the Ministry of Women, the Family and the Elderly, the Tunisian Institute for Competitiveness and Quantitative Studies, the Tunisian Institute for Strategic Studies, the Tunisian League for Human Rights, the Tunisian Association for the Defence of Children's Rights, the Tunisian Association for the Right to Health, Enda Tamweel and Enda Inter-Arab, the Center for Arab Women for Training and Research and the non-governmental organisation BADR.

²⁴ Without the measures taken by the authorities, in particular the lockdown, the number of cases for 22 April would have been 26,246 and the number of deaths 4,000, as opposed to the actual numbers of 726 cases and 34 deaths. Study - Estimation of Tunisia COVID-19 infected cases based on mortality rates - April 2020

²⁵ First wave of the socio-economic impact of COVID-19 on households (INS)

The COVID-19 crisis has also accentuated social inequalities and highlighted the problems of inclusiveness in the Tunisian economy and society. Before the pandemic, the resources available allocated to the poorest households were relatively low compared to the actual needs of this population. In the context of a sanitary emergency, the needs in terms of liquidities, goods and services are increasing while the resources available to manage the crisis are even scarcer compared to the pre-pandemic situation. Moreover, informal workers who had access to less benefits before Covid suffer a double burden with less jobs available and no social protection (except for those benefiting from PNAFN cash transfers).

Chapter 2. Support strategies and strategies to mitigate the impact of COVID-19

In addition to the health, economic and social issues, this crisis required the implementation of article 70 of the Constitution, which empowers the head of the government to issue decree-laws to address the consequences of COVID-19. This is an exceptional extension of regulatory power in the legislative domain.

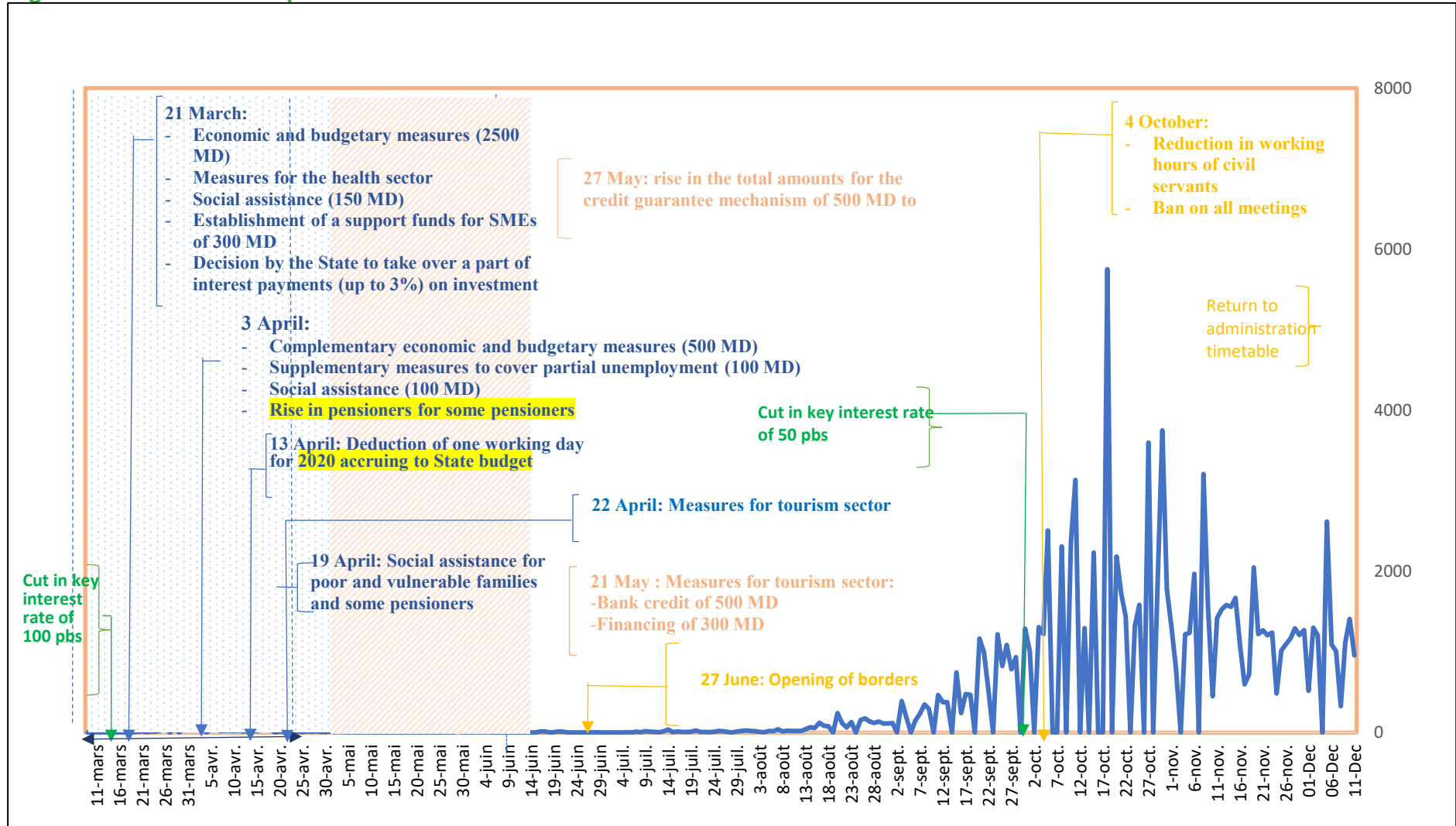
The decree-laws adopted by the government to support businesses and preserve jobs on 14 April 2020²⁶ relate primarily to the temporary suspension of certain provisions of the Labour Code in relation to the execution of employment contracts following an enforcement order (hours lost as a result of a collective work stoppage, etc.) and support for companies and employees affected by the total lockdown and exceptional measures.

2.1 Government policies and measures to mitigate the impact of the crisis

The efficient management of the first wave in Tunisia originated from the prompt and strict response of the government to manage to first incoming cases of Covid-19 within the territory: the European experience with Covid-19 triggered this management for Tunisia. At the end of the first wave, only XX death and XX active cases were compatibilized. However, the economic crisis was at the core of the government's preoccupations and social distancing policies were eased during summertime. (27 June). The second wave started to hit the country two months later, leading the stricter restrictions (4 October). The case count was about 200 cases per day at the beginning of the month of September while in mid-October the country was witnessing 3000 cases per day (first peak)., Tunisia suffered from a second peak in mid-December (about 2000 cases per day) and a third one in mid-January.

²⁶ JORT no. 32 of 14 April 2020

Figure 1. Evolution of the pandemic of COVID-19 and Government actions in Tunisia



Source: Compilation by authors

2.1.1 Health

Access to health services was almost exclusively limited to cases of COVID-19 and very urgent cases. The Ministry of Health prepared a strategic reserve of medicines (amounting to a total of 150 million dinars) at the Central Pharmacy and guaranteed a minimum staffing of public establishments by medical professionals.

2.1.2 Education

The total lockdown required the closure of schools and academic institutions, and it brought the 2019-2020 school year to an end, with the exception of the final examination classes. In higher education, a gradual return to public academic institutions was implemented in early June 2020 during the targeted lockdown.

2.1.3 Society

Approximately 332 million dinars was allocated to vulnerable groups²⁷ to help the poor and groups with specific needs during the total lockdown. This consisted of support for the families in need programme in the form of direct aid to be paid to the vulnerable groups directly affected by the crisis. This support was managed by the Ministry of Social Affairs. Direct cash transfers were granted to:

Box 2. Direct cash transfers of the Ministry of Social Affairs

- 260,000 families in need (50 dinars in addition to the initial monthly aid of 180 dinars)
- 464,000 families with limited incomes (200 dinars per family)
- 382 families caring for children without support (200 dinars per family), 121 families caring for the elderly (200 dinars per family), 286 families caring for persons with special needs (200 dinars per family), 120 foreign families and students (200 dinars per family).
- An exceptional welfare payment of 100 dinars was made to 140,000 retired persons receiving a pension of less than 180 dinars (a total of 60 million dinars).

It is important to note that efforts were made to suspend decisions to cut off water, electricity and telephone services during the two months of the lockdown. In addition, the government postponed the introduction of measures to rationalise the subsidies for basic commodities and actually raised the volume of grain subsidies by 616 million dinars to cover additional food needs. At the same time, exemptions and financial support have been granted, such as the deferral of repayments of bank loans for 6 months for employees with a salary of less than 1,000 dinars a month and 3 months for employees with a salary of more than 1,000 dinars.

2.1.4 Measures to protect businesses and precarious jobs

In parallel with the cut in the central bank's key interest rate by 100 pbs, the authorities introduced a package of measures²⁸ to shore up companies affected by the crisis and cushion the negative effects of the lockdown. The package announced by the government amounted to 2,500 million dinars (see Box A1 in the Annex).

²⁷ One dinar is the approximate equivalent of 0.3 euros.

²⁸ Websites of the Tunisian Investment Authority and MEFAI

Special assistance in the form of a bonus of 200 dinars per employee was paid to 12,250 companies (which were identified in the "Help Enterprise" procedure²⁹ launched by the Ministry of Social Affairs) employing about 247 thousand workers who were laid off temporarily. The payment of the remainder of the remuneration remains the responsibility of the employer³⁰.

In addition, approximately 34,000 self-employed workers affected by the lockdown measures and registered on the Batinda platform received a provisional exceptional allowance of 200 dinars. The global package is 100 million dinars. These allowances are charged to the budget of the Ministry of Social Affairs.

At the same time, the government has provided financial support packages to businesses amounting to 1,700 million dinars in total consisting of bank guarantees and investment funds (see Box A2 in the Annex).

Other financial support has been granted to business. It includes in particular the deferral of repayments on bank loans for a period of six months for companies affected by the crisis.

A deduction of one working day for 2020 accruing to the State budget³¹ was decreed by the government. This contribution was deducted for the month of April 2020 and paid to the Treasury on the basis of the same terms and time limits as those applicable to the deduction of tax at source.

At the same time, austerity measures to address the impact of COVID-19 have been taken by the government. These include freezing civil service recruitment, with the exception of certain priority specialisms of an urgent nature, and the rationalisation of the performance bonus awarded to employees so that it does not exceed an average of 80%. Promotions for 2020 will come into effect only in 2021 and those for 2021 will be postponed to 2022, and the packages of bonuses and overtime will be reduced by 50% for all departments with the exception of Defence, the Interior, Health and the Presidency of the Republic.

Although these measures have certainly helped to control the spread of the epidemic and the number of victims, they are considered to be inadequate to compensate for the effects of the lockdown, particularly in working-class neighbourhoods and inland regions. Indeed, unemployment and precariousness have become more marked, as have the structural problems in access to health and education services.

²⁹ The government proposed a platform through the Ministry of Social Affairs to help businesses: "Help Enterprise" provided businesses with assistance to cope with the consequences of the total lockdown and to help the employees concerned. The conditions for eligibility are (i) affiliation to the CNSS by 15 May 2020 at the latest, (ii) declaration of salaries to the CNSS for the fourth quarter of 2019 or the first quarter of 2020, (iii) regularisation of the situation of employees not registered with the CNSS by 15 May 2020 at the latest and (iv) documentation showing financial difficulties or a downturn in activity or cash flow difficulties resulting from the total lockdown.

The temporary cessation of activity must be confirmed by the competent department of the labour and conciliation inspectorate or by the directorate-general of the labour inspectorate

The solutions proposed to address the effects of the general lockdown: settlement of all annual leave days and/or early leave, and the total or partial payment of salaries by the employer during the temporary cessation of activities, with the possibility of recoupment during the six months after the lockdown

³⁰ Provided that the amount of the amount granted and that of the part of the salary paid by the employer does not exceed the amount of the salary registered with the National Social Security Fund

³¹ MEFAI site

2.1.5 Financing of additional needs associated with COVID-19

Additional coronavirus-related expenditure, in conjunction with the fall in tax revenue, has led to a larger financing shortfall given that Tunisia already has an external financing gap that is largely attributable to the failure to conclude the last review with the IMF and the impact on the mobilisation of funds from other donors.

In the face of the crisis and the emergence of a clear sense of solidarity, the government established an 1818 Fund to combat coronavirus and mitigate the economic and social impact. The donations amount to approximately 205 million dinars³². This fund is managed by a national commission which brings together all the stakeholders, including the social partners, and works on the procurement of equipment, ambulances etc. In the interests of transparency, the Ministry of Health has undertaken to publish the expenditure of the 1818 Fund. Nevertheless, this transparency has been the subject of public debate due to the lack of information about how the funds are being used.³³

Bilateral and multilateral cooperation agencies have taken action, often by redirecting funds from ongoing projects to support partner countries, including Tunisia (see Box A3 in the Annex). Most aid was received from the European Union (€250 million). Tunisia has also benefited from the IMF's rapid financing instrument, receiving USD 743 million, and other donors have worked together to provide a slightly lower amount (World Bank, ADB, AFD, KFW, etc.). All international donors are in agreement about the difficulty of disbursing funds due to the slowness of Tunisian procedures. The decision-making process at each level is subject to heavy administration-related requirements.

We will focus below on two actors working for vulnerable groups in particular: the World Bank and UNICEF.

The World Bank has mobilised international cooperation agencies in Tunisia with the aim of restructuring projects and releasing resources to provide Tunisia with financial support. Those activities include:

Box 3. The World Bank support

- In the first phase, USD 20 million was used to respond to the need for medical supplies.
- Investment projects were restructured to allow the disbursement of USD 25 million.
- Immediate support amounting to USD 5 million was provided for a target population of 73,271 independent tradesmen and professionals (with 200 dinars in cash).
- The remainder, for micro-enterprises and SMEs, has not yet been disbursed (as of December 2020).
- USD 10 million has been earmarked to meet urgent needs in pre-school education, with USD 5.2 million having been disbursed. This assistance has been provided to support television programmes and digital platforms from the 6th to the 9th grades, and also for teacher training.
- USD 20 million from the GOVTech fund, of which 8 million was allocated to boost the funds of the target groups; 370,000 households are eligible.
- USD 18 million has been earmarked to help 370,000 eligible households (no resources, no work, 1 or 2 children): the funds have not yet been transferred.

UNICEF's work focuses on three main areas: the delivery of assistance in kind and in cash to vulnerable groups, support for the management of the response to the pandemic and the process of including vulnerable groups by collecting statistical information about them³⁴. The activities undertaken by the organisation include:

³²Complementary Finance Act 2020.

³³ According to Ministry of Health publications, the 1818 Fund established in March 2020 (amounting to 204,134 million Tunisian dinars) has been used largely to finance the acquisition of medical equipment to the tune of 177 million dinars.

³⁴ Data available to date about the target populations are as follows: for children aged 0 to 5 years, transfers of 30 Tunisian dinars over a period of 8 months were made to approximately 50,000 individuals. For transfers relating to individuals between the ages of 6 and 18, the target population is approximately 310,000 individuals. (the first payments were made on 18/12/2020).

Box 4. UNICEF support

Assistance in kind and in cash	<ul style="list-style-type: none"> - Distribution of vouchers to vulnerable migrants - Food aid - Cash transfer of 200 dinars to 500 households in the Siliana region
Inclusion procedures	<ul style="list-style-type: none"> - Inclusion of vulnerable population groups (families with elderly people, people with a disability, with a child but without family support) in programmes + in databases (pensioners, elderly people, migrants, immigrants, workers in the informal sector) - Monitoring of the adoption of the bills on the Social Welfare Base, Single Register - Coordination with the Ministry of Social Affairs to support poor and vulnerable refugee families seeking asylum: 600 vulnerable families were allocated to the focal point of the Ministry of Social Affairs for possible inclusion in government assistance schemes <ul style="list-style-type: none"> - LNOB application to coordinate and scale up assistance for the most vulnerable
Bottom-up cooperation	<ul style="list-style-type: none"> - Support for the government for the organisation of social transfers - Support for the finalisation of the single register - Support for the establishment of a transit centre for female victims of violence to reduce the risk of COVID-19 - Support for civil society organisations to help the national and regional platform migrants to monitor the post-COVID situation

The picture to emerge from the interviews as a whole was that government priorities have been diverted to meet emergency needs. Initially, the restructuring of budgets allowed resources to be reallocated to tackle urgent needs. The first phase consisted of responding to very short-term needs. Indeed, governors and heads of delegation (municipal councils) worked with civil society on the organisation of campaigns to collect donations of food and cleaning products. This demand rose exponentially: for example, the state budget did not provide for expenses related to masks, gels, software for working from home, etc.).

The interviews showed that there was a range of opinion relating to the issue of transparency. Nevertheless, the authorities published a report outlining all expenditure associated with COVID-19 financing. The magnitude of the financing needs covered by the State budget meant that exceptional recourse to monetary financing was needed to balance the 2020 budget.

2.2 The response of non-state actors to the crisis

Previously, the role of non-governmental actors was primordial for addressing local needs, and, the crisis has highlighted their importance in the management of the pandemic.

2.2.1 Role of the media

The Independent High Authority for Audiovisual Communications issued a decree to regulate the role of the media in support of national efforts to combat COVID-19. The audiovisual media were asked to cover the pandemic in their various programmes. Under this decree, the media was required to call in specialists to help in the fight against the pandemic.

The audiovisual media undertake under the provisions of this decree not to film directly from hospitals and compulsory quarantine sites before consulting the health services. Where appropriate, they undertake not to reveal the identity of patients or persons in voluntary or mandatory quarantine without their permission.

2.2.2 Role of NGOs

Enda Tamweel's campaign (as of 31 October: 400,000 active clients, 101 agencies throughout Tunisia to assist and monitor Tunisian businesses) consisted primarily of monitoring businesses during the lockdown and thereafter. The main measures consisted of postponing repayment deadlines and refinancing credit for clients working in the most exposed sectors, as well as providing all the resources needed to safeguard the monitoring of clients. A few figures:

Box 5. Enda Tamweel's findings and support

- 26% of the clients were active during the total lockdown. 90% resumed activity after the lockdown
- 10% of clients reported that they had not resumed their activities after the return to the normal situation
- The impact was greatest on the south during the total lockdown, with 6% reporting that they had shut down permanently. This rate rose to 14% after the resumption of activity and the return to the normal situation.
- 25% of low-income employees and workers are currently unemployed.

Sanad, a fund aiming at financing small and medium enterprises as well as low income household by the mean of local lenders helped this population during COVID-19. Here are some figures related to the COVID-19 situation:

- client profiling: disbursed for 327 clients
- rural (49%) urban (51%)
- 88% of the clients with a Sanad loan had taken out at least a third Enda loan, with 64% of them having had more than five Enda loans.
- The poverty rate among Sanad clients is higher than for clients as a whole.

Enda Tamweel's activities continue to be noteworthy because it both supports clients in the regulation process (regularisation is two times more likely as a result of legal and fiscal support) and also facilitates all processes relating to changes of profession.

The mobilisation of civil society during the crisis backed up the authorities' interventions aiming to control the spread of the pandemic and support for vulnerable groups.

Organizations such as CAWTAR have taken it upon themselves to highlight groups that are sometimes forgotten, such as women farmers, by focusing on more detailed criteria, in particular work in agricultural development groups (GDAs). The aim of the latter is to boost the skills and civic involvement of these groups. More specifically, the initiative consists of accelerating the process of granting aid. Other organisations, such as Ehmini, have been active in this area. Nevertheless, the continuity of these services has been delayed due to the pandemic, which has made it even more complex to organise coordination between the various stakeholders.

The Tunisian Professional Association of Banks and Financial Institutions helped to release 112 million dinars to support the national fight against COVID-19³⁵. This was a concerted effort involving nine banks. The banking sector also contributed to the implementation of the accompanying measures introduced by the government to support Tunisian companies and low-income individuals through the network of banks and leasing and factoring companies. Nevertheless, this measure was not always equally appreciated by economic actors, with some complaining about the banks' lack of flexibility.

At the same time, working with the Ministry of Relations with Constitutional Bodies, Civil Society and Human Rights, civil actors established an associative platform to inform all stakeholders about government measures and to safeguard concerted associative intervention.

Moreover, civil society has made efforts to establish a framework for individual solidarity among citizens with local structures in order to optimise interventions in a context of social distancing. The establishment of local crisis committees in almost all municipalities (95.6%), bringing together local authorities and civil society, facilitated local crisis management while taking into account specific regional characteristics.

Donations in kind (health protection equipment, medication, food, household products) were collected by NGOs in collaboration with the Tunisian Union of Social Solidarity under the supervision of the Ministry of Social Affairs, which provided a collection point in each region.

A few NGOs with authorisation from the Presidency of the Republic collected cash donations directly from households and deposited them in the 1818 Fund.

Charitable associations such as the Scouts, the National Organisation for Tunisian Children and the Red Crescent established an intervention strategy to limit the spread of the pandemic with an ecosystem comprising more than 30,000 volunteers, 24 regional commissions and 426 local commissions.

This being said, the crisis has revealed the important role played by certain associations such as BADR in enhancing the resilience of vulnerable groups and the Tunisian Association for the Defence of Children's Rights in supporting children in difficulty and migrant children.

The International Committee of the Red Cross has adapted its activities to provide more support for the Tunisian authorities in their efforts to respond to the health emergency³⁶, in particular in collaboration with the Ministry of Health and the National Committee for Prisons and Rehabilitation. The ICRC has also supported the efforts of volunteers from the Tunisian Red Crescent to provide welfare aid to vulnerable groups and people in quarantine by providing them with basic necessities. Working with the local authorities, volunteers helped to disinfect public places such as post offices, police stations, hospitals and other public areas. They were also present in the centres established by the authorities to answer questions from the public on a toll-free number. The ICRC also supported volunteer activities in the governorates most affected by the epidemic, including the governorates of Ben Arous, Ariana, Médenine, Sfax and Kébili.

³⁵ APTBEF website

³⁶ ICRC website

Turning to innovation, the Tunisian ecosystem has been able to demonstrate its full potential through the richness of its human capital³⁷, particularly thanks to the youth of the country. The early days of the pandemic were characterised by Tunisian ingenuity, with people supporting health care provision by providing alternatives for paramedical devices³⁸. Secondly, there were the initiatives launched by small and medium-sized enterprises³⁹, the general public⁴⁰ or start-ups⁴¹ to respond to the pandemic in terms of information dissemination and logistics in order to make contributions to public health, distribute basic products to people in need or to provide services for individuals⁴².

³⁷ Novarobotic, PGuard, Veasense

³⁸ An example here is the provision of medical beds for COVID-19 patients that were developed by a regional hospital in Tozeur, and a respirator developed by the Sousse Engineering School.

³⁹ Ministerial sources refer to the following initiatives (the list is not exhaustive): Evocraft, CoArt, Telnet, Enova Robotics, CEPEX Platform, Ngsign, Visio.tn, Class Quiz, Autorisation.gov.tn, Robot PGuard, Initiative for providing market gardeners with free fertilisers (Cap Bon)

⁴⁰ According to ministerial sources (the list is not exhaustive): M3ak, EnaHouni, Thana.tn, 3awinni, Yidwa7da, N3awen.com, ETaxi etc...

⁴¹ According to ministerial sources (the list is not exhaustive): Med.tn, Katomi, Einoura, Avicenna - By SMartilogger, Covid-doc, Ageos

⁴² <http://horizon2020tunisia.org/initiatives-tunisiennes-pour-vaincre-le-covid19/>

Chapter 3. Impact and perception of pandemic support and mitigation strategies

Surveys carried out since the lockdown phase (INS/World Bank, IACE, ERF, ANRS etc.)⁴³ have made it possible to compensate for the lack of regular surveys of household living conditions in Tunisia⁴⁴. These surveys made it possible to conduct a regular evaluation of the effects of the pandemic and the views of the various actors and beneficiaries of the measures adopted.

First, the INS collaborated with the World Bank on a telephone survey of a panel of 1,339 households to study and monitor the impact of COVID-19 on the daily lives of Tunisians. Five rounds were completed successfully between late April and early October. Second, The Arab institute of Business Managers (IACE) conducted two surveys, one in April (with 600 business) and a second one in December 2020 (950 businesses with 10 employee or more, 200 businesses in creation and 1000 individuals of 18-35 years old) to assess the socio-economic consequences of Covid-19 on employment. Third, the Economic Research Forum with the support of the ILO is conducting four waves of household (2000) and firms' surveys (500), starting in October 2020 (Covid-19 MENA Monitor)⁴⁵. Last, we can also mention the CORES project survey⁴⁶ conducted in July/August 2020 to assess the economic consequences of the lockdown on 1200 SMEs in April/May 2020. All the surveys employed the C.A.T.I method, except the ANRS survey where face-to-face interviews were conducted with the enterprises.

To complete the analysis of the available data delivered by the surveys mentioned above, we conducted semi-directive interviews with the above-mentioned set of governmental and non-governmental organizations based on a questionnaire adapted to the needs of this report.

The results of these surveys were backed up by interviews conducted with numerous institutions about the views of government actors, civil society and international cooperation agencies relating to the management of, and responses to, COVID-19. The main findings show that 44.1% of these institutions maintained their activities at a distance and that 29.4% have cut back on their activities. In addition, 50% of the associations continued their activities with a full workforce.

3.1 Economic and budgetary impact of the crisis

3.1.1 Impact on economic activity

The negative growth rate expected in 2020 (-7% according to the IMF) can be explained to a large extent by the direct and indirect repercussions of the pandemic but also by the structural problems, which were accentuated by the crisis, in some economic sectors.

The results of the econometric analysis⁴⁷ (conducted on the basis of the difference between the growth forecasts made in February 2020 and the growth update in October⁴⁸) to distinguish between the impact of COVID-19 and the structural impact shows that the effect of the pandemic exceeded 70% in 2020.

⁴³ Using C.A.T.I method

⁴⁴ The budget-consumption survey takes place every five years.

⁴⁵ Krafft et al. (2020)

⁴⁶ Project launched by the IRD and ESSEC and financed by the French ANRS.

⁴⁷ Double exponential smoothing based on the quarterly series of added values (STATA).

⁴⁸ Economic Budget 2021 - MEFAI

Table 1. Econometric analysis of the COVID-19 impact on economic activity

<i>(Added values, Accr yoy)</i>	Share	February 2020	October 2020	Structural impact	Impact of COVID-19
Manufacturing industries	16.2	1.0	-11.5	2.6%	97.4%
<i>Textiles</i>	2.8	-1.0	-22.0	8.5%	91.5%
<i>IMCCV</i>	1.4	1.0	-12.0	8.9%	91.1%
<i>IME</i>	5.8	-0.5	-19.0	3.2%	96.8%
Non-manufacturing industries	8.5	3.4	-9.2	20.5%	79.5%
<i>Mines</i>	0.5	10.0	0.5	28.3%	71.7%
<i>Construction</i>	4.2	0.8	-18.0	7.4%	92.6%
Trade services	46.1	1.0	-10.6	8.4%	91.6%
<i>Commerce</i>	10.1	0.9	-7.0	16.3%	83.7%
<i>Tourism</i>	3.6	1.8	-37.0	6.0%	94.0%
<i>Transport</i>	7.6	-2.0	-21.0	5.7%	94.3%
Non-trading production	22.0	1.6	-1.9	41.8%	58.2%
GDP	100	1.6	-7.3	22.2%	77.8%

Source: Ministry of Economy, Finance and Investment Support - authors' calculations

3.1.2 Impact on the state budget

The urgency that characterised the government's response to this unprecedented crisis, particularly in the first wave, led to exceptional interventions and spending in three areas: safeguarding the continuity of public services, the procurement of essential materials and equipment, and support for groups in difficulty. Against a backdrop of falling tax revenues and limited budgetary room for manoeuvre, decisions have to be made, particularly in terms of prioritising crisis management spending and social transfers.

The measures announced by the government, which were not budgeted for, and the reallocation of some spending to the health sector, had an impact on public finances and required the adoption of the complementary Finance Act for 2020.

The sharp decline in economic activity combined with the fall in private consumption had a strong impact on tax revenues (direct and indirect). The shortfall in the State's own revenue is estimated to have been nearly 5,600 million dinars⁴⁹ in 2020, the equivalent of 5.1% of GDP. At the same time, state expenditure increased as a result of additional interventions in response to the crisis (social transfers, support for affected businesses, procurement of medical equipment, strategic stockpiling of medicines at the central pharmacy, etc). The total budgetary cost of the pandemic in 2020 was approximately 7.2% of GDP, requiring larger levels of additional financing.

Completing the financing plan for the 2020 Budget was relatively complex because of the difficulties with mobilising external financing, which were due in particular to the delay affecting the establishment of a third programme with the IMF and the fact that it was impossible to gain access to the international financial markets because of the country's weak sovereign credit rating.

⁴⁹Complementary Finance Act 2020 - MEFAI

3.2 Impact on complementarity between the national government, municipal authorities and civil society

The health crisis has demonstrated that the public sector is in the front line when there is a major crisis and it has confirmed the importance of the complementary role of civil society in the areas of awareness raising and communications, as well as in providing the framework for solidarity initiatives. The various actors in civil society are well established in the country and they made major contributions to the national efforts to manage the crisis, both at the level of the organisation of prevention campaigns and at the level of the implementation of support strategies for families in need. Civil society also played an important role in terms of enhancing the resilience of communications during the crisis thanks to their direct contacts maintained by local volunteers focusing on the specific characteristics of the local and regional contexts. Moreover, the crisis demonstrated the importance of mobilising and furthering volunteer activities in terms of providing frameworks for the regional actors and charitable organisations in line with specific regional activities and the development of the health situation. The role of civil society was more pronounced at the level of interventions in the field, channelling aid to beneficiaries, publishing periodical reports about the development of the health situation, etc. Notwithstanding the importance of civil society interventions relating to crisis management, the low level of coordination with local authorities continues to be a limitation in terms of a comprehensive assessment of the role of civil society in times of crisis. The Ministry of Social Affairs did conduct an evaluation to identify the issues and realities involved in the management of this health crisis⁵⁰. The main results relate to the availability of health products, the quality of coordination and the obstacles encountered.

Firstly, the demand for health products has increased considerably to 1243% of the available supplies. Secondly, the study shows that coordination is all the more effective when it takes place horizontally: 90% assume that they have coordinated with local authorities, with 73% saying they have coordinated with one another; only 64% of municipal authorities are organised at the governorate level. Thirdly, the challenges encountered relate to logistics (88%), human resources (66%) and access to information (27%). Coordination also occupies an important position: it has been problematic with central government (35%), local authorities (11%), the regional authority (19%), the general public (11%), civil society (12%) and economic actors (18%).

The municipal authorities concerned submitted various requests in which they set out what they needed to mitigate the impact of the pandemic on health: the lack of protective equipment for workers (30%), the lack of financial support for the implementation of protective measures (15%), the need for better communications and direct coordination with the municipality (12%) and the financial and administrative burden associated with supporting material needs in an emergency context. In short, the evaluation indicates that there is support for the establishment of a "centralised system to facilitate exchanges between all the actors involved, i.e., the municipalities, the district heads of local affairs and the Ministry, while at the same time allowing for the digitalisation of the municipalities". The report also suggests that the resources needed to monitor people and equipment should be supplied in addition to indicators that will allow the rationalisation of the evaluation of municipal performance.

These suggestions, which date back to the beginning of the first wave, have been implemented at some levels since. One example is the initiatives in the agricultural sector. To centralise decision-making and address logistical problems, a range of initiatives have been introduced. For example, the Tunisian Union of Agriculture And Fishing (UTAP) allowed farmers to respond to rising input prices and the problem of unsold products by submitting applications to the relevant organisations. They are also taking steps to ensure the centralisation of information about the agricultural sector.

⁵⁰ Report of the Ministry of Social Affairs and the ILO (2020) "Evaluation of the intervention of municipalities in the fight against the spread of the COVID-19 pandemic in Tunisia (April 2020)"

The increase in the number of protests⁵¹ in Tunisia reflected the actual circumstances faced by the groups in most need. In its monthly publications, the Tunisian Forum for Economic and Social Rights (FTDES) has provided an overview of demonstrations since the lockdown began.

First of all, it should be noted that the number of demonstrations was particularly high in February: before the pandemic, there were already numerous demonstrations and the pandemic simply accentuated this trend. Otherwise, there was an increase of 81% in June over the previous month. In the period from February to December, most of these demonstrations took place in the public sector because of the trade union tradition in this sector. The demonstrations were driven by socio-economic factors and they related to access to education and other services. These factors were already present before the pandemic began but they were exacerbated by it. The demonstrations were located in particular in the Centre-West region, but also in the governorates of Kairouan, Sidi Bouzid, Gafsa etc. In addition, the regions where there were most demonstrations were also those with the highest levels of poverty and where services were affected by disruptions due to maintenance and monitoring difficulties. The government does not seem to have responded to these demonstrations⁵². According to the FTDES, there were approximately 1100 protests during the first period of Fakhfekh's government, without any response from the latter even though the reasons for these protests related to the implementation of agreements concluded previously.

According to the interviews conducted, political instability, but also the lack of coherence of certain measures and government transparency, bureaucratic practices and corruption, have been the main obstacles to ensuring effective protection for the most disadvantaged groups.

3.3 Impact on social inclusion

The crisis has highlighted the virtual absence of detailed statistics for the regular monitoring of household living conditions. The survey⁵³ developed by the INS in collaboration with the World Bank remediated this gap to some extent between late April and early October 2020. In addition, the interviews conducted made it possible to determine the views of several stakeholders and beneficiaries with respect to the measures adopted by the government to mitigate the impact of the crisis. The survey launched in November 2020 by the Economic Research Forum in collaboration with the ILO serves as a complementary source of information about the social impact of the crisis.

⁵¹ The monthly numbers of protests during the period February-December were 705, 233, 516, 934, 789, 397, 751, 871, 1025 and 1149. (The organisation was unable to provide a figure for March.)

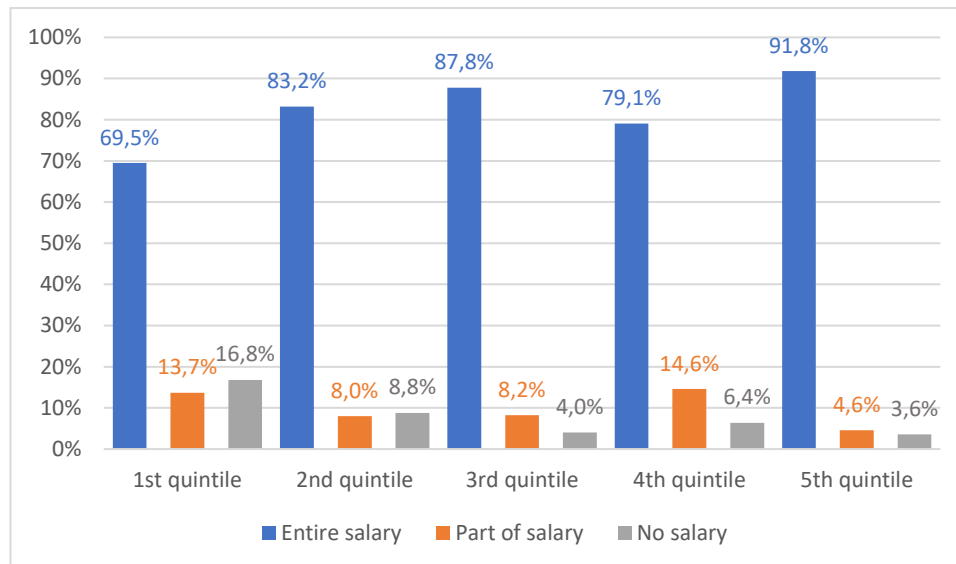
⁵² Publication of the month of June, FTDES (2020)

3.3.1 Impact on household living standards

Many households have seen their living conditions deteriorate as a result of the lockdown. The various post-lockdown surveys found a relative improvement in the situation with the gradual lifting of restrictions prior to October, when the socio-economic situation began to deteriorate again.

Indeed, in the survey conducted by the INS of household living conditions during the first wave, 60% said they had been affected in one way or another by the pandemic; this number fell to 38% during the second wave. During June, 40.8% of households experienced a deterioration in their standard of living, with 10.2% being more seriously affected⁵⁴. Of the poorest 20% of households, 58% suffered a deterioration in their living conditions. The suspension of work was one of the main factors: 57% of respondents reported being laid off working before the lockdown. This number was 41% in the second round, and 5% for the month of October. After the termination of the lockdown, 5.9% of workers lost their jobs and 29,000 unemployed people did not return to work, even when their employers resumed their activities⁵⁵. Sixty percent of the respondents were unable to obtain their salary; this number rose to 80% in the poorest groups.

Figure 2. Spread in the retention of salary by quintile



Source: INS 4th round of the household living standards survey

The inter-quintile difference is a persistent one: according to the results of the 4th round, 70% of households in the first quintile were able to obtain their salary and 17% of them were unable to do so; these figures were 92% and 4% respectively in the richest quintile. During October, the vast majority were able, ultimately, to obtain their salaries in full.

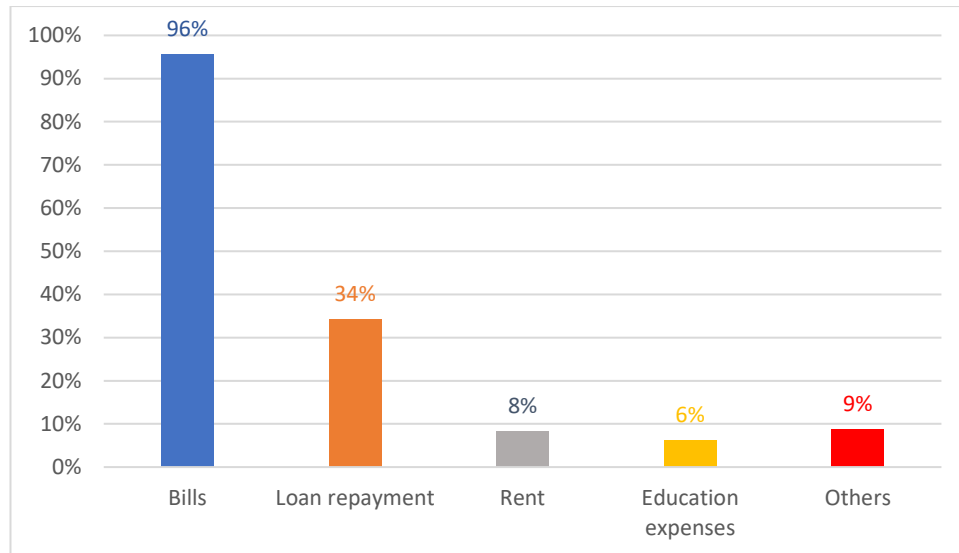
It is interesting to note, however, that the sectors developed differently from one period to the next. For example, in the first round, industry and agriculture were most affected. Thereafter, the majority of service sector workers were most likely to be unpaid (73% as opposed to approximately one third for both agriculture and industry). This is because industry and agriculture were no longer subject to the restrictions imposed on the service sector as a whole.

⁵⁴ The 4th round of the survey of household living standards during the period 22-28 June 2020.

⁵⁵ Indicators of employment and unemployment, Third quarter 2020 - INS

This deterioration was mainly seen in the incapacity to pay fixed charges: 28% of the households surveyed were unable to do so. However, this was an improvement since this proportion was previously more than half in the two quintiles (40%) with the poorest respondents. It can therefore be seen from these results that the distribution of financial aid to families in need or households that lost some or all of their income during the suspension of economic activity was not adequate to cover the needs of those households.

Figure 3. Rate of failure to pay fixed charges by type



Source: INS Survey - 4th round of the household living standards survey

The results of the survey show that the poorest people found it more difficult to pay expenses associated with education (33%) or health (34%). Despite these fluctuations, the number of households able to find a sum of 200 dinars in an emergency has risen during the course of the surveys: from 44% in the first round to 55% in the second and 62% in the month of October.

Nevertheless, the ERF survey shows that, when restrictions were reintroduced, 51% of households experienced a drop in income relative to February (of more than 25% in 38% of households and of less than 25% in 13%). More specifically, the socio-professional categories most affected were farmers, of whom 61% experienced a loss of income, the self-employed (69%), regular informal workers (63%), irregular informal workers (61%)⁵⁶ and the unemployed (60%)⁵⁷.

Vulnerable people do not only belong to the first wealth quintile: according to Krafft et al. (2021), the second and third quartiles have experienced the greatest losses (49%) while at the same time the richest have experienced an increase of their income (13%). In addition, a small share of the population is getting richer while the losses are consistent in time for a large part of the population. (it is important to note that data on the richest people in Tunisia are not included in this survey) (Krafft et al., 2021).

In addition, it should be mentioned that these realities were experienced differently depending on the gender. The pandemic has been experienced as a "double lockdown" for many Tunisian women, which can in some cases lead to parental burnout. At first, we can still note the large share of women in the public sector in Tunisia, which was also one of the most protected sectors during the pandemic. In addition, many women work in the informal sector, particularly in domestic work and agricultural work, and, on the one hand, they are over-represented in front-line jobs, those related to the hospital

⁵⁶ Regular workers have a permanent job, while irregular ones do not work permanently.

⁵⁷ November 2020 COVID-19 MENA Monitor (ERF)

environment. Also, the pre-pandemic trends were catalyzed by the pandemic: it should be noted that women tend to leave the labor market for family reasons relatively earlier compared to men (Selwaness and Krafft, 2020), this is even more true due to Covid-19 related issues (Krafft et al., 2021) . Thus, women are present in many essential sectors for the proper functioning of society, and, paradoxically, are subject to insecurities related to working conditions and employment.

In summary, the various surveys show a relative improvement in the situation with the gradual lifting of restrictions until October, when the socio-economic situation began to deteriorate again. Indeed, nearly 44% of respondents stated that their finances were worse in early October than before the crisis.

3.2 Impact on employment

Since employment is the primary determinant of income, our analysis will begin with the social impact associated with this variable. As stated above, the most acute effects were seen during the lockdown phase but the subsequent improvement was patchy given the ongoing restrictions and social distancing measures. To complete and refine the analysis of the impact of employment, we draw on rounds 2 and 3 of the INS National Population and Employment Survey and the ERF survey. As the ERF survey focuses on a more recent period, the results allow for a more concrete approach to the consequences of the pandemic in late 2020.

Table 2. Figures on employment by quarter

Indicator	T1 (2020) ⁵⁸	T2 (2020)	T3 (2020)
Minimum wage (hourly)		1.984 dinars	
Minimum wage (daily)		15.504 dinars	
Unemployment rate	15%	18%	16.2%
Unemployment rate (male)	12.3%	15.2 %	13.5 %
Unemployment rate (women)	22%	25 %	22.8 %
Unemployment rate (youth)		36.5%	35.7%
Workers in employment		-4.5%*	
Workers in employment (male)		-3.92%	
Workers in employment (female)		-6.14%	
Unemployed graduates	28%	31.2%	30.2%
Active labour force		-1.17%	
Participation rate	48%	47.4%	47.7%

Source: Compilation of the results of the ENPE 2020 survey, National Institute of Statistics

The health crisis led to a rise in the unemployment rate to 18% in the second quarter of 2020 by comparison with 15% in the first quarter and a loss of 161,000 jobs, 132,000 of which involved salaried employees. During the third quarter of 2020⁵⁹, the unemployment rate fell to 16.2%, with an increase in the number of people employed of 107,000 by comparison with the second quarter of the year. According to the ERF survey, the unemployment rate in November was 3 percentage points higher than before COVID-19. This increase was seen primarily among men, and particularly those who had completed primary education. Indeed, working women are generally better educated and prefer public service when they can.

⁵⁸ It should be noted that data collection for the National Population and Employment Survey had to be suspended when the lockdown began. According to the INS, 78% of the sample was surveyed.

⁵⁹ Indicators of employment and unemployment, Third quarter 2020 - INS

Secondly, there is the impact on salaries. According to the ERF survey⁶⁰, the employment situation in November was still being affected even though it had improved by comparison with the situation during the total lockdown: 32% had been laid off temporarily and 13% made redundant. In terms of the number of hours worked, 29% of workers were working for fewer hours. In addition, the wages of 21% of the respondents fell and there was a delay in the payment of wages for 36%. The sector most affected was tourism.

Moreover, the consequences are more manifest in certain socio-professional categories. Farmers were most affected: 8% who were employed before the pandemic were no longer engaged in active employment. In addition, 16% of private sector workers who were still employed in February were unemployed (6% of informal workers and 2% of farmers).

During the previous 60 days, 32% of employees had been laid off temporarily and 13% made redundant; 36% were experiencing delays in payment, 29% were working fewer hours, and 21% were being paid less. The survey found that irregular workers and regular informal workers were most affected during this period.

The trends are consistent over time, but we can still note a less significant integration into the labor market for women according to the results of the surveys conducted by the Economic research Forum. Between November 2020 and February 2021, the labor force participation (standard) increased significantly more for men (79 to 87%) than women (47 to 46%). It is also the case for the employment rate, men (69 to 77%) tend to be more employed than women (27 to 28%).

These results indicate that precarious employment was most affected. That type of employment is most common in small and medium-sized enterprises⁶¹. An understanding of supply-side effects and the coping strategies of business is needed for a better analysis of the results described here.

According to the first round of the INS/World Bank survey, private sector businesses made limited changes during the month of April 2020⁶²: 50.1% of businesses reported making no changes, 18.7% reported giving paid holidays and 9.6% unpaid holidays, and 11.5% of businesses reported wage cuts. Only 4.5% of enterprises said they had implemented redundancies in April and 1.2% said they took on new employees. In particular, the construction sector and the mechanical and electronic industries made most employment-related changes.

According to the INS survey⁶³, 59.0% of businesses made employment-related changes in July: 17.7% of them implemented redundancies, 18.2% granted paid leave and 7.2% unpaid leave, 10.9% cut wages and 27.1% cut the number of hours worked, while 4.8% of took on new staff.

According to the ERF survey, 38% of domestic businesses implemented temporary layoffs and 28% implemented redundancies.

According to the ANRS survey, more than half of the companies declared they had not received government assistance. The measures that have benefited most of the companies are the postponement of the payment of contributions from the CNSS for the second quarter for three months (22%) and the postponement of tax payments for three months from April 1 (16%). Employment remained stable for the month of April and (77% and 81% of companies declare stability in terms of employment) despite a decrease that remains to be considered (20% in April and 16% in the month of May). Full payment in April and May remains in the minority and represents around 1/3 of the companies surveyed. During the month of June, no reductions were known within the companies.

⁶⁰ "Assessing the impact of Covid-19 on Households, Firms and Farmers - Tunisia - ERF - November 2020". The survey took place from 25 October to 30 November 2020.

⁶¹ Inequalities, vulnerabilities to poverty and unemployment - Tunisian Forum for Economic and Social Rights

⁶² Socio-Economic Impact Study of the private sector - an IFC/INS partnership - 1st phase

⁶³ Socio-Economic Impact Study of the private sector - an IFC/INS partnership - 2nd phase

Paradoxically, the businesses that needed assistance most were not those which submitted most applications to the authorities: only a quarter of them applied for assistance or are in the process of receiving it⁶⁴. During the crisis, then, the financial assistance granted to companies under the "Help Enterprise" platform or in the Batinda context has not been adequate to preserve jobs, particularly during the lockdown.

Overall, according to the four rounds of the Household Living Standards Survey, only 5% of respondents who had been in employment before the lockdown had not yet returned to work by early October. The vast majority of those who returned to work did so with the same employer (90%) and they received their full salary (85%). (Source: INS, 4th round of the household survey.)

3.3 Impact on informal employment and social protection

The formal sector recorded a decline of 86,000 jobs, by comparison with an increase in the number of jobs in the informal sector of 31,300. According to the third round of the 2020 Employment Survey, the agriculture and construction sectors were in first and second place in terms of the proportion of informal jobs (85% and 72% respectively), followed by the commercial sector (66.2%).

Income losses for workers in the informal sector were quite significant, particularly during the lockdown. Indeed, the hardest-hit sectors were those with a high proportion of workers in informal employment.

Otherwise, 44.9%⁶⁵ of households surveyed by the INS during the month of June reported that they were unable to find paid work. After deducting the proportion of households that lost wages as reported by their employers (5.9%⁶⁶) during the same period, we can conclude that 39%⁶⁷ of workers in the informal sector lost their jobs.

Without appropriate policy measures, these workers are at a high risk of falling into poverty and they could have more serious difficulties in terms of regaining their livelihoods during the recovery period and beyond. The informal economy contributes to employment, income and livelihoods and it plays a major economic role. However, these workers do not enjoy the social protection usually provided by formal employment. They are also at a disadvantage in terms of access to health services and they have no alternative income if they stop working (or fall ill)⁶⁸. We can also mention the difficult access to family planning for women during this period⁶⁹.

Vulnerable groups face a multiplicity of situations reflecting combinations of factors which exacerbate their vulnerability. Examples include the situation of workers in the construction industry⁷⁰ which is also a feature of other sectors of activity. We can mention the situation of groups with sub-Saharan origins⁷¹, or that of people in difficult working conditions, where labour law is sometimes not respected⁷². As mentioned above, this sector is one of those where the risks are considered to be high and where informal employment is most widespread: 68% of workers in the construction sector are employed informally. The condition of workers in the context of the pandemic reflects three main factors: the transport crisis, the crisis in the wage system and the crisis in the delivery of assistance to beneficiaries. In other words, there are two categories: the category of administrative poverty (holders of cards for free health or a "white book") and the category of persons with free health insurance (AMG II), commonly known as the "yellow book", who are not covered by any health protection scheme. In addition, workers in this sector report a

⁶⁴ "Assessing the impact of Covid-19 on Households, Firms and Farmers"

⁶⁵ Data from the 4th round of the INS/World Bank household survey.

⁶⁶ Data from the INS/IFC survey.

⁶⁷ This figure is for information purposes only since the data come from two different surveys.

⁶⁸ Inequalities, vulnerabilities to poverty and unemployment - Tunisian Forum for Economic and Social Rights

⁶⁹ <https://www.jeuneafrique.com/986012/societe/tunisie-acces-des-femmes-a-la-sante-victime-collaterale-du-covid-19/>

⁷⁰ Tunisia: consequences of the pandemic for construction workers: the lockdown between government action and lived reality - Maddouri Haythem

⁷¹ <https://inkyfada.com/fr/2020/05/20/vendeuses-migrantes-covid-tunisie/>

⁷² Example of employees in the *call centres* in the book "La Tunisie face au Covid-19" (Tunisia facing COVID-19)

sense of injustice and indifference towards the government, particularly because of the perceived inconsistency in the conditions for obtaining assistance. Moreover, the procedure for obtaining a "white book" is controversial because the list of legal beneficiaries has not been updated. In addition, a successful application process sometimes requires a bribe⁷³.

The circumstances of workers in the agricultural sector have been affected due to knock-on effects and the position of their sector in the value chain⁷⁴. For example, the shutdown of the tourism sector has had a significant impact on demand for agricultural products as a result of the border closures. Although demand has been high during the lockdown for basic commodities⁷⁵, many farmers have been faced with the interruption of supplies of inputs such as imported feed materials or plant protection products. According to an ERF survey, 58% of the farmers surveyed used fewer inputs than in the same season in the previous year (this was probably also due to drought).

On top of mobility restrictions, this specific situation has been conducive to speculation and monopolisation in some food supply contexts. The National Anti-Corruption Authority also stated that 300 reports were received daily from the public about speculative practices. Moreover, basic food products such as semolina, subsidised flour and vegetable oil were seized by the authorities. The same applied to large quantities of sanitary products. For example, delegates were dismissed, including the delegation of Kalaat Sinan on the Algerian border: they were arrested for having concealed a large quantity of semolina with the aim of reselling it in Algeria⁷⁶.

Like construction workers, farmers are also exposed to the risk of having no social security cover. Initially, the circumstances led to an actual and expected fall in harvests for three-quarters of the farmers surveyed⁷⁷. This issue has already been targeted by civil society action, particularly with respect to the issue of women working in agriculture through the Ehmini project, which involves identifying women working in agriculture so they can benefit from social security.

Ultimately, informal sector workers were totally excluded from the scope of the measures implemented for households and businesses, with the exception of some types of assistance that was granted to families in need, and they were therefore affected more by a loss of income. More specifically, there is an important share of women working in the informal sector (domestic workers, agricultural and textile-related workers). Furthermore, the challenges facing workers might differ depending on the sector or the region. For instance, businesses in some regions tend to operate less than 9 years due to fiscal advantages permitted by the law investment, who have to proceed by the mean of delocalization to re-operate thereafter. Workers are then left in difficult situation, especially older people.⁷⁸

Their proportion increased significantly after the crisis since the proportion of informal workers reached 46.4% in the third quarter of 2020, by comparison with 44.8% in the previous year (fourth quarter 2019), as did the proportion of precarious jobs. This exacerbates the severity of the impact of possible major crises on employment, poverty and household living standards.

With respect to social assistance, only 14.2% of households surveyed by the National Institute of Statistics during May reported receiving social assistance in cash. It is important to point out that the share of public transfers in the assistance granted during the lockdown (transfers of money, food or other assistance) amounted to 88.1%⁷⁹, which reflects the importance of the social role of the State in times of crisis.

⁷³ According to the FTDES report on the impact of the COVID-19 pandemic on farmers.

⁷⁴ Agriculture in the context of a health crisis linked to COVID-19: reducing inequalities in the olive-oil value chain in Tunisia

⁷⁵ At the beginning of the pandemic, 65% of respondents had difficulty obtaining flour and semolina. This figure fell to 40% at the end of May, according to the INS survey.

⁷⁶ La Tunisie face au Covid-19 p.59-60.

⁷⁷ According to the ERF survey of households and farmers in Tunisia.

⁷⁸ <https://inkyfada.com/fr/2021/03/25/ouvrieres-textile-monastir-covid-tunisie/>

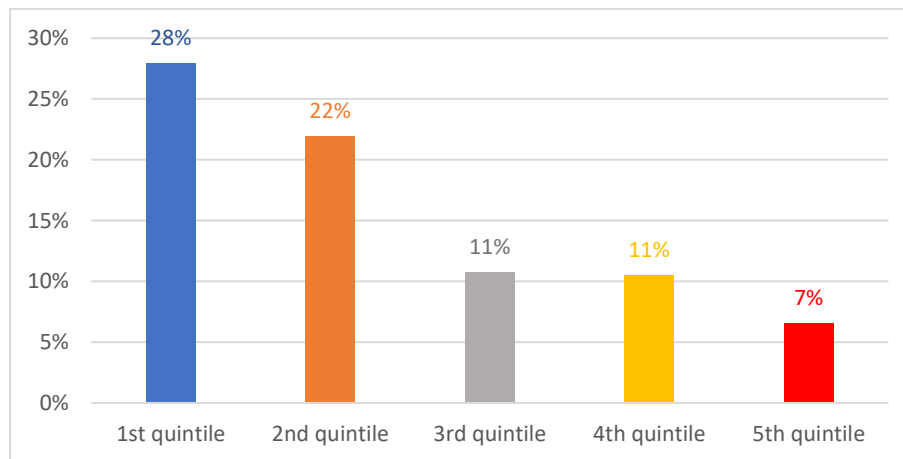
⁷⁹ The 2nd round of the household living standards survey during the period 15-21 May 2020.

On the poverty scale, it emerged that there were targeting errors in the distribution of households receiving money transfers by quintile. Only 27.9% of the poorest households received cash assistance, in other words fewer than 6% of the households that most deserve social benefits received cash assistance. It should be noted that the PNAFN currently covers nearly 9% of the Tunisian households that automatically qualify for exceptional assistance. Paradoxically, the survey results showed that 6.5% of the richest 20% of households received financial assistance.

According to ERF MENA Covid Monitor (Krafft et al., 2021), the percentage of this population benefiting from regular social assistance (PNAFN/AGMII) or recent COVID-19 related program decreased from 22% in November 2020 to 20% in February 2021. Nevertheless, a considerable share of beneficiaries belonging to the fourth quartile of income were receiving this support from the state (9%) (Krafft et al., 2021)

In summary, the allocation of financial assistance has suffered from a major targeting problem that has limited the expected impact in terms of mitigating negative effects on the living standards of households, and particularly the most vulnerable, during the crisis. Moreover, during the lockdown, only 4,000 families were covered by the PNAFN programme⁸⁰, still a relatively low figure given the increase in the number of families that have fallen into poverty.

Figure 4. Percentages of households receiving financial aid by quintile



Source: INS 2nd round of the household living standards survey

According to the ERF survey, 18% of respondents were able to obtain government assistance. The socio-professional categories⁸¹ more likely to actually receive government assistance were: regular informal workers (35%), the self-employed (23%), the unemployed (22%), people not included in the labour force (21%), irregular workers (20%), farmers (12%), regular formal workers (12%)⁸².

Nevertheless, with the return of restrictions, the ERF survey shows that 51% of households experienced a drop in income in February (more than 25% for 38% and less than 25% for 13%). More specifically, the socio-professional categories most affected were farmers, of whom 61% experienced a loss of income, the self-employed (69%), regular informal workers (63%), irregular informal workers (61%) and the unemployed (60%).

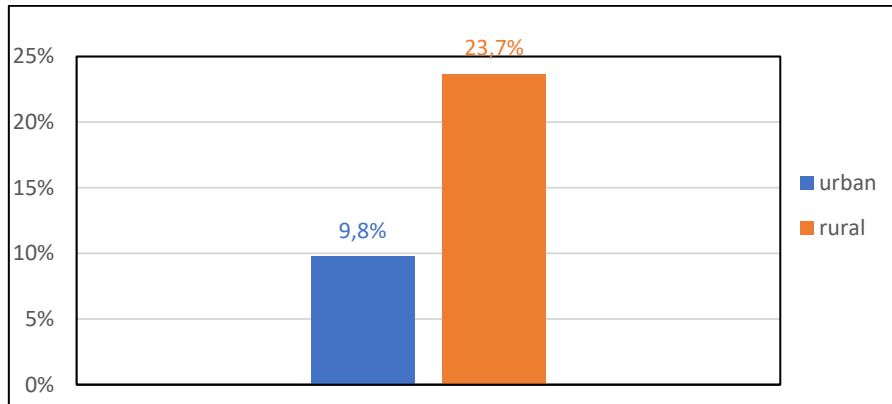
⁸⁰ According to an internal CRES source.

⁸¹ As at February 2020.

⁸² The Impact of COVID-19 on Middle Eastern and North African Labor Markets: Vulnerable Workers, Small Entrepreneurs, and Farmers Bear the Brunt of the Pandemic in Morocco and Tunisia

The spatial distribution of households receiving assistance favours non-urban households, where poverty is more highly concentrated than in urban households. Moreover, the targeting of financial assistance was better at this level.

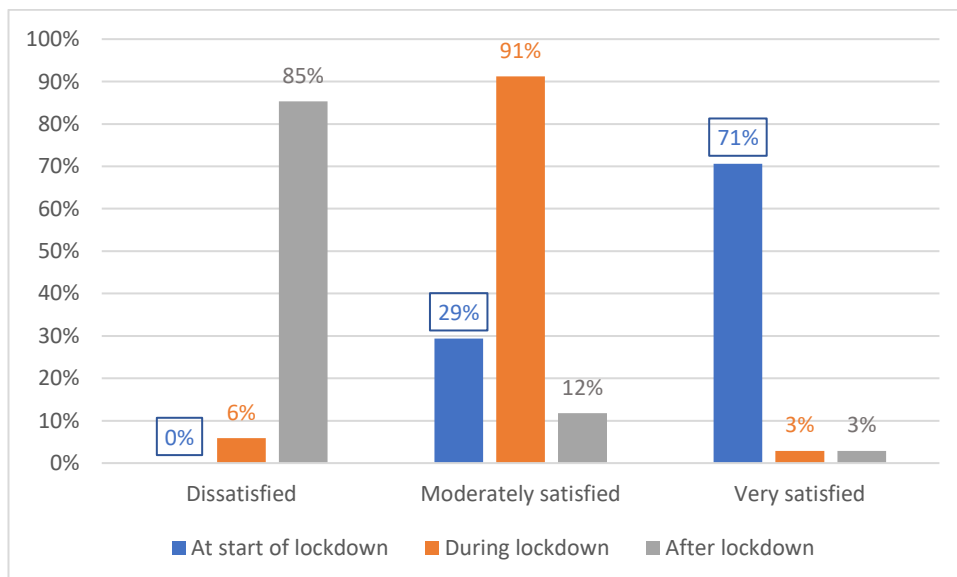
Figure 5. Percentage of households receiving financial assistance



Source: INS 2nd round of the household living standards survey

In terms of service delivery, the INS/World Bank survey showed that 14.7% of governmental and non-governmental institutions offer services that place a strong emphasis on the most vulnerable groups. This proportion is higher for governmental institutions with a social or health focus (28.6%) and for national associations (37.5%). During the spread of the first wave of COVID-19, the overall demand for the services offered increased for 41.2% of the institutions surveyed. This increase was more pronounced for government social and health institutions (71.4%) and national associations (75%). The interviews revealed the lack of monitoring of the most vulnerable households by almost all the institutions interviewed. In particular, 85.3% of the organisations interviewed are dissatisfied with the level of government assistance delivered to businesses and households. Moreover, 61.8% of the organisations believe this assistance falls short of the actual need.

Figure 6. Satisfaction with assistance allocated to businesses and households



The majority of actors said that they believed government assistance was not adequate for the most vulnerable groups. In addition, those most in need have not been able to obtain assistance because of problems with organisation and resources. A failure to identify vulnerable persons was also noted. The difficulties of finalising the response devised to process applications and the follow-up to those applications are all the more problematic. In addition, a series of interviews with agricultural workers⁸³ confirms this: the distribution of the assistance is thought to have been uncoordinated because the assistance was not covered by the circulars issued by the State as a consequence of infrastructure problems.

3.4 Impact on poverty

Overall, the pandemic undoubtedly weakened population groups that were not necessarily vulnerable previously, resulting in the emergence of a category of “new poor”⁸⁴. This category represents all the new poor and the marginal population thought to have left the poverty category in 2020⁸⁵. This definition is particularly relevant in the context of administrative poverty and the problems with targeting government assistance referred to above. To some extent, it is consistent with the categorisation on lines of perceived poverty, recorded poverty and poverty as assessed by the Ministry of Social Affairs⁸⁶.

The results of the simulations proposed by UNDP must be presented in a context where survey data are not available at this level of disaggregation. The rate of monetary poverty worsened during the two months of lockdown following the spread of the pandemic, primarily as a result of two main factors: falling consumer spending and rising prices for basic foodstuffs. In fact, according to UNDP simulations, 457,500 individuals fell below the poverty line. Moreover, the monetary poverty rate reached 19.2%⁸⁷ as opposed to 15.2% before the COVID-19 crisis. This can be explained by the decline in consumer spending by household group and the increase in the price of basic foodstuffs. The categories most affected by COVID-19 were workers, the unemployed and other inactive people, who have experienced a larger fall in their income than other household categories. As far as the last two of these categories are concerned, although inactive people do not receive any direct income, they receive assistance from their families and relatives. Inactive people and the unemployed are among those most affected by the health crisis because, in addition to rising prices, they suffer from the effect of the fall in the incomes of their relatives. In addition, the economic recession caused by coronavirus has affected multidimensional poverty. Indeed, the multidimensional poverty index⁸⁸ exceeded 15.6%, by comparison with 13.2%, due to the difficulties encountered by poor households in terms of food and health expenses.

⁸³ FTDES report on farmers

⁸⁴ “Profiles of the new poor due to the COVID-19 pandemic” 6 August 2020, World Bank

⁸⁵ According to projections.

⁸⁶ These categories were formulated in the report “Pandémie Covid-19 en Tunisie : Les inégalités, les vulnérables à la pauvreté et au chômage” Mahjoub Azzam - FTDES

⁸⁷ Study on the economic impact of COVID-19 in Tunisia - UNDP

⁸⁸ Multidimensional poverty is based on the calculation of an index (MPI) that identifies privation in terms of education, health and income. This index is based on 10 indicators covering (i) education (duration of schooling, children in school), (ii) health (infant mortality, nutrition), and (iii) standard of living (electricity, sanitation, drinking water, land, cooking fuel, equipment).

Box 6. Principal findings related to the impact of the pandemic on poverty according to UNDP

- Multidimensional poverty rose from 13.2% to 15.6%
- Food expenditure rose from 14.4% to 21.3%
- Healthcare spending rose from 44.5% to 49.1%
- The proportion of the poor increased in the category of agricultural workers (45.1% as opposed to a 38.3% before the health crisis), in the category of non-agricultural workers (27.3% as opposed to 21.8% before the health crisis), in the category of farmers (26.8% as opposed to 21.4% before the health crisis), in the category of the unemployed (41.7% as opposed to 35.6% before the health crisis) and in the category of other inactive persons (24.5% as opposed to 19.5% before the health crisis).
- According to the multidimensional approach, the poorest Tunisian households were poorer after the crisis. Indeed, the poverty rate rose in the category of agricultural workers (23.4% as opposed to 20.7% before the health crisis), in the category of non-agricultural workers (15.7% as opposed to 13.1% before the health crisis), in the category of farmers (19.6% as opposed to 16.8% before the health crisis), in the category of the unemployed (24.3% as opposed to 21.5% before the health crisis) and in the category of other inactive persons (24% as opposed to 17.7% before the health crisis).

Source: UNDP (2020)

3.5 The impact of the lockdown on access to basic services

3.5.1 Impact on the quality of education

The total lockdown in response to the pandemic included the closure of all schools and academic institutions. The options for online education in the public sector were limited due to the shortages of connection options, equipment and distance learning material.

More specifically, the majority of pupils and students were not able to maintain educational continuity, and after the lockdown, only 39% of school children were able to participate in a learning activity⁸⁹. These activities consisted of the following: completing homework (48%), following educational programmes (40%) and using digital platforms (37%). In addition, only 26% of households were able to contact a teacher; this proportion was 53% for the richest quintile and 11% for the poorest quintile. It should be noted, however, that the authorities, with assistance from civil society, produced educational television programmes to safeguard the continuity of distance learning for a large population of pupils, particularly in rural areas with few Internet connections. However, the impact of those programmes remains uncertain.

Education is therefore not exempt from the stark reality of greater inequality as a result of the crisis. Indeed, the proportion of students who have had contact with teachers is five times higher in richer households than in poorer ones. Furthermore, children whose parents come from modest families or who have poorly educated parents will face more difficulties when they return to school⁹⁰.

The main reasons for the educational shortfall are the lack of remote options (33%), a lack of interest (22.5%), lack of communications with teachers (18%), and lack of equipment and educational materials at home (11% of households)⁹¹.

The poor performance of remote education can be explained, in part, by the lack of digital resources and equipment in the education system, which is even more serious in the era of the digital transformation, but also by the modest digital resources produced as a matter of urgency in combination with the lack

⁸⁹ Second round of the household living standards survey for the period 15-21 May 2020

⁹⁰ COVID-19 pandemic in Tunisia: inequalities, vulnerabilities to poverty and unemployment - FTDES.

⁹¹ The 1st round of the Household Living Standards Survey for the period 29 April-8 May 2020

and inadequacy of teacher training and the poor mastery of digital tools. Moreover, it is important to note that two thirds of respondents in the four rounds of the household living standards questionnaire believe that the health measures taken in schools are inadequate to protect students and teachers and believe that priority should be given to improving infrastructure and equipment in schools.

The considerations set out here about the educational options available in Tunisia should also be seen in conjunction with the circumstances of children, which have been severely impacted by the pandemic. In addition, it has also been noted⁹² that there was an increase in insomnia, violence and depression among children in 34%, 33% and 18% of households respectively. More specifically, impaired concentration was seen in one third of the children. Their psychological condition may also be influenced by housing conditions: according to the 2014 national census, 27.6% of dwellings consist of fewer than two rooms, about 54% of dwellings in non-municipal areas are "*dar/houch arbi*" (traditional houses). These living conditions can be particularly affected by the family context: according to the Ministry for Women, the Family, Children and Seniors, violence against women has increased seven times during the lockdown: calls to dedicated numbers increased drastically during the lockdown (multiplied by 7)⁹³. In other words, the problems associated with delivering education are catalysed by the living conditions of children and the family circle in the context of uncertainty associated with the pandemic.

The short-term consequences referred to here should be viewed in the context of the situation prior to the pandemic. Indeed, this "missed year" for young Tunisians will exacerbate cumulative under-achievement, at whatever level of education. This observation takes us down two roads: how can this under-achievement be remedied and, above all, how can we prevent school drop-out, particularly among the most at-risk individuals exposed to a multiplicity of risk factors?

In summary, education is unquestionably one of the sectors most affected by the crisis, in particular because of the disruption of educational continuity, and the repercussions are irremediable, particularly for the most vulnerable. An assessment of learning during the general and targeted lockdown is therefore required. This is all the more crucial because almost a third of the respondents said that students will need more support teaching in 2021 because of the impact of health constraints on the proper completion of the 2020 academic year⁹⁴.

3.5.2 Impact on access to the health services

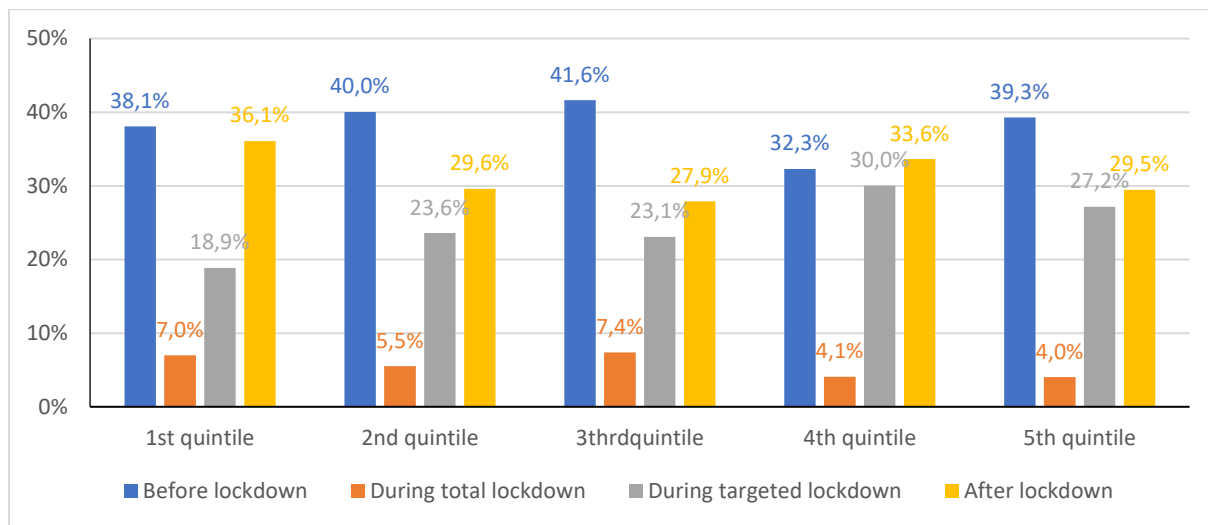
Access to medical assistance has gradually improved after the difficulties during the total lockdown. Household access to medical care after the lockdown has returned to almost the same level as before the spread of the pandemic, according to the INS survey conducted during the month of June. Indeed, 5.3% of the households surveyed were able to access health services during the total lockdown and 25.5% reported being able to access health services during the progressive relaxation of restrictions. Of the poorest 20% of households, only 7% had access to medical assistance during the total lockdown and 18.8% of them had access during the targeted lockdown.

⁹² The 2nd round of the household living standards survey during the period 15 May-21 May 2020

⁹³ <https://lapresse.tn/59099/retombees-sociales-du-confinement-total-la-femme-tunisienne-doublement-sanctionnee/>

⁹⁴ Monitoring of the socio-economic impact of COVID-19 on households (INS, October 2020)

Figure 7. Households' access to medical care by quintile



Source: INS 4th round of the household living standards survey

Turning to the quality of health services, 30.4% of the households surveyed reported dissatisfaction with the quality of care obtained. In addition, 44.3% of the poorest 20% of households reported being dissatisfied. The main reasons are the financial charges involved (22% overall, and 20.4% of the 20% poorest households) and the distance from health facilities (10.9% overall, and 21.8% of the 20% poorest households). Moreover, the pandemic has had a negative impact on the public health sector⁹⁵ in the light of:

Box 7. Consequences of the pandemic on the public health sector

- The fall in the level of activity of the public health structures and, consequently, the decline in their own revenue.
- The worsening health status of patients with chronic diseases.
- The urgent need for additional beds in the intensive care units (the available number of beds with oxygen facilities is 450 and the number of intensive care beds is just 240)⁹⁶.
- The depletion of stocks of medicines and shortages of medical equipment⁹⁷, particularly for people from the lower categories.
- The poor management of medical staff, and medical specialists in particular. In addition, the reduction and restriction of medical assistance during the lockdown has had an impact on health services.
- The increasing need of medical organisations to protect themselves against the pandemic.⁹⁸
- The delay in the establishment of some twenty hospital units.

⁹⁵ Economic budget for 2021

⁹⁶ Emergency Response Project - Environmental and Social Management Framework - Ministry of Health - September 2020

⁹⁷ "Appeal to the public authorities to safeguard supplies of medicines in the public health structures and to provide one million chronically ill people with the right to medication" - Civil society collective for the defence of the public health sector.

⁹⁸ "Frontline health service contribution to the continuity of services and to the fight against the COVID-19 pandemic" Tunisian Association for the Right to Health.

In addition, the cost of the PCR test represents a significant proportion of the household budget in the context of private clinics, given that a majority of them were not able to find 210 dinars in emergencies.

Moreover, the crisis has shown that the lack of means of transport and the minimum service requirements for medical assistance, both public and private, have negatively affected the quality of health services, particularly during the total lockdown. While the government's proactive strategy to contain the spread of the virus did succeed in limiting the number of deaths and infections during the first wave, the acuity of the sector's shortcomings and problems, and the lack of a coherent crisis management plan involving all stakeholders after the period of the progressive relaxation of the lockdown, were strongly felt. The worsening of the health situation and the exponential increase in the number of cases, both infections and mortalities, bear witness to this.

Conclusion

Tunisia was particularly successful in managing the first wave of the pandemic from a health perspective due to the early and strong response. This response had a very high economic cost and a disproportionate social impact that the state was able to mitigate in part only. Indeed, the economic difficulties of the previous decade left the Tunisian state with no room to manoeuvre in response to major crises. In addition, the presence of a large informal sector and the delay in the implementation of the unique identifier did not make the task any easier for the government, which had to respond extremely quickly.

In addition to the cost in terms of jobs and income, the education of working- and middle-class children has been the big loser: public education, unlike private education, has not made any provisions for remote schooling.

After the lockdown phase, Tunisia went through a partial recovery during the summer and early autumn due to the lifting of restrictions. The second wave had a more dramatic health impact because of the need to work with socio-economic constraints. The state no longer had the resources to compensate households or businesses. The most vulnerable therefore had to pay the price for this crisis.

The pandemic has once again highlighted malfunctions in terms of the monitoring, continuity and quality of services, especially for those who need them most. It has deepened inequalities and has again revealed the presence of a two-speed Tunisia. This pandemic is therefore not only a reflection of stark structural and social needs but also a window of opportunity to precipitate structural reforms. The ordeal of the pandemic has also highlighted the resilience of the Tunisian social fabric, particularly the capacity for adaptation of civil society and the general public.

One of the few positive aspects of this exceptional COVID-19 crisis is that it has helped accelerate certain structural reforms, and particularly the digitalisation of the administration and the economy. In addition, the completion of the Amen Social programme and of the unique identifier, the minimisation of inclusion and exclusion errors in the allocation of assistance, and the strengthening of financial inclusion are now seen as absolute priorities.

The success of these reforms will depend on the ability of leaders to forge consensus and compromise by organising a dialogue about reforms that can remedy structural difficulties on the lines of the dialogue that anchored the democratic transition.

Policy recommendations

The Government needs to mainstream social inclusion in the fight against the pandemic as it did for the first wave. Given the low availability of financial resources it should envisage all the possibilities of mobilizing more resources locally, including by coordinating better between the different stakeholders. It should also present a clear plan to international donors to guarantee more external support and to simplify any cumbersome procedures impeding the funds from reaching the final beneficiaries. On the longer run, the country needs to extend social protection to a larger share of the population by inciting informal workers and enterprises to become formal. These incentives must not be homogenous but vary with the different situations as shown by Ali and Marouani (2020) for Egypt.

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Annex

Box A1. Measures to protect businesses and precarious jobs

The tax measures for all businesses, regardless of size and sector of activity, include:

- The postponement of corporate tax returns until the end of May 2020, except for companies subject to corporate tax at the rate of 35%.
- The suspension of all control operations and all deadlines related to tax audit procedures as well as deadlines for objections until the end of May 2020.
- Shortening of the time limits for refunding the tax credit by scheduling the meetings of the assessment committee for refund claims every week instead of every fortnight.
- The revaluation of built and non-built properties included on balance sheets in line with their actual value and exemption from revaluation gains subject to non-transfer.
- Cancellation of penalties for delays for companies that have concluded public contracts for a maximum of 6 months.

Other measures have been adopted to help the companies most affected:

- The rescheduling of tax and customs debts for a maximum period of 7 years.
- The suspension of penalties for the late payment of tax for a period of three months from 1 April to 30 June 2020.
- The postponement of the payment of the contributions of the National Social Security Fund for the 2nd quarter for 3 months (which excludes the due date for the 1st quarter of 15 or 25 April).
- The simplification of the procedures for refunding the VAT credit based on operations by waving the condition of continuity for a period of six months.

Businesses working with exports only can be authorised to sell their goods on the local market on an exceptional basis and for the financial year 2020 only subject to the following new limits:

- For businesses working with exports only operating in the food and health sectors: the percentage of 30% has been increased to 100%.
- For other companies working with exports only, the percentage of sales on the local market has been increased from 30% to 50%.

With respect to direct financial assistance, a package of 300 million dinars was earmarked for workers who were laid off temporarily (170 million dinars only were spent). This measure was primarily intended to benefit SMEs, as proposed by the Ministry of Finance, in order to strengthen the SME support fund.

Box A2. Details of the distribution of the financial packages of business support provided by the government

A package of 500 million dinars to increase the stock of basic products for public businesses working with medicines (Central Pharmacy), food (Cereal Office) and oil (Tunisian Refining Industries Company).

A credit line of 500 million dinars to enable private businesses in difficulty to obtain bank credits to maintain their operations (credits granted until the end of December 2020 for a period of 7 years with a two-year grace period). The tourism sector (hotels, travel agencies, restaurants, craftsmen, transport, culture) qualifies for this measure, according to the Ministry of Finance.

Three new investment funds financed by the Caisse de Dépôt et de Consignations amounting to 700 million dinars: (i) The first for 500 million dinars (of which 100 million dinars will be released in the first tranche) to be paid to large businesses, and particularly strategic ones, to strengthen their capital and maintain employment, (ii) the second for 100 million dinars is a bridging fund for the takeover of the participating interests of existing investment funds in companies in difficulty in strategic sectors and (iii) the third for 100 million dinars to finance the acquisition of equipment for hospitals and public health institutions.

Box A3. Financing of additional requirements for COVID-19

Tunisia also benefited from external financial support in the form of donations⁹⁹:

- A gift of 40 million euros from the European Union for the Sahti Aziza (My health is precious) programme.
- A gift of USD 30 million from the World Health Organization.
- A gift of 13 million dinars from Japan.
- A gift of 1.2 million dinars from Sweden.
- A gift of one million Kuwaiti dinars from FADES.

At the same time, Tunisia also benefited from loan facilities in the context of multilateral and bilateral financial cooperation to respond to the pandemic:

- A loan of USD 745 million from the IMF.
- A loan of USD 180 million from the World Bank.
- A loan of 180 million euros from the African Development Bank.
- A loan of 80 million euros from the French Development Agency
- A loan of 50 million euros from Italy.

⁹⁹ Complementary Finance Act 2020.