



COUNTRY FACT SHEET ON FOOD AND AGRICULTURE POLICY TRENDS

Socio-economic context and role of agriculture

The Republic of Tunisia is the northernmost country in Africa and covers an area of 164,400 km. It is bordered by Algeria to the west, Libya to the southeast, and Mediterranean Sea to the north to the east.

Tunisia is an upper-middle income country and has been experiencing strong economic growth since 2000. This growth was interrupted during the mass protests and eventual ousting of the Government in 2011. The political transition has been fairly peaceful, leading to steady progress in a number of areas. By 2014, a new constitution was adopted; parliamentary and presidential elections were held; and a new government was formed, with an agenda of tough economic reforms to boost economic growth and job creation.

Before the revolution, statistics indicated that absolute poverty was almost eradicated: the proportion of people living on less than US\$ 1.25 a day declined from 5.9 percent in 1990 to 0.7 percent in 2010.¹ After reaching 32.4 percent of the population in 2000, the poverty rate dropped to 15.5 percent. About 33 percent of the poor live in rural areas.

The prevalence of undernourishment has been well below 5 percent since 1990. According to the 2015 State of Food Insecurity Report the prevalence of undernourishment declined from 0.9 percent in 1990-92 to 0.5 percent in 2014-16. The underweight and mortality rates of children under 5 years of age more than halved during the same period.

Selected indicators		2007	2011	2015
SOCIO-ECONOMIC	GDP (current billion US\$)*	38 908	45 810	43 015
	GDP per capita (current US\$)*	3 805	4 291	3 872
	Agricultural value added (percent of GDP)*	9.4	9.01	10.45
	Agricultural value added (annual percent growth)*	0.83	10.29	9.15
	Total population (million)	10.298	10.758	11.253
	Rural population (% of total)	34.4	33.8	33.1
	Employment in agriculture (percent of total employment)*	18.3	16.2	14.8 (2014)
	Human Development Index** (2015)	0.725 (ranking 97 out of 188 countries)		
	Gender Inequality Index (GII)** (2015)	0.289 (ranking 58 out of 188 countries)		
AGRICULTURAL PRODUCTION & TRADE	Per capita cultivated land (ha)	0.48	0.47 (2012)	0.47 (2014)
	Area equipped for irrigation (ha)	4 866 000 (2012)		
	Value of total agriculture (current million US\$)	2 771.8	3 444.7	3 812.4 (2013)
	Yield for cereals (hg/ha)	16 227	17 110	17 564 (2014)
	Cereal import dependency ratio (percent)	(2006-2008)	64	
		(2013-2015)	NA	
	Top 3 commodities	Production quantity (2013)	Milk, whole fresh cow; olives; tomatoes	
		Production value (2013)	Olives; tomatoes; milk, whole fresh cow	
		Import value (2013)	Wheat; soybeans; maize	
		Export value (2013)	Olive oil; dates; macaroni	
FOOD SECURITY & NUTRITION	People undernourished (million)	(2008-2010)	NS	
		(2014-2016)	NS	
	Prevalence of undernourishment (percent)	(2008-2010)	<5	
		(2014-2016)	<5	
	Obesity (body mass index > 30), age-standardized (percent) ^	Male (2014)	16.4	
		Female (2014)	31.6	
Global Hunger Index ^^	(2016)	5.5 (Low)		
Access to improved water sources (% of population)*		94.1	96.3	97.7

Source: FAOSTAT; *WB; **UNDP; ^WHO; ^^IFPRI.

1 World Bank. 2013. *World Development Indicators 2013*. Washington, DC.

Tunisian agricultural sector has played key role in the economic development strategy in the last two decades. The country is moving to a modern service economy, however, the agricultural sector is still of vital importance contributing 11 percent of GDP.

The sector employs almost one quarter of the country's active labor force. Agricultural produce represents about 6 percent of the country's export earnings.

1. Government objectives in agriculture and food and nutrition security

During the review period, the Government has developed a number of national economic and social plans and strategies to address agriculture and food and nutrition security:

- The 11th National Development Plan (2007–2011) had two main objectives – growth and job creation – and was based on three pillars: (i) strengthening of macro-economic policies and acceleration of reforms; and (ii) modernization of infrastructure and strengthening of the productive sector; and (iii) developing of human capital. This Plan underlined the importance of the agri-food industries subsector and considered it to encompass more than primary agricultural production. Also, the Plan aimed at boosting agriculture's share of the GDP.
- The Development Strategy (2012–2016) aimed to enhance agriculture competitiveness and the development of biological agriculture products. It also promoted investments in agriculture and highlighted the sustainable use of soil and water, while recognizing the special role of agriculture in the development of certain regions.
- The 11th five-year Plan for Agricultural Policy (2010–2014) was based on four main pillars: (i) improving food security as a national sovereignty vector; (ii) improving the competitiveness of the sector; (iii) promoting exports as an engine of growth;

and (iv) promoting natural resources as a basis for sustainable agricultural development.

- The Economic and Social Development Strategy (2012–2016) focuses on six pillars : (i) governance, social accountability and citizens' participation; (ii) improved public sector performance; (iii) integration into the global economy; (iv) human development and social and regional inclusion; (v) employability, job creation and economic sophistication; and (vi) improving conditions for financing the economy.
- TUNISIA 2020, a five-year plan launched in 2016, aims to achieve an annual growth rate of over 4 percent by 2020. It defines a new vision of social and economic development based on highly qualified human resources and first-class infrastructure. This plan aims to have a significant impact on the agriculture sector and rural development:
 - a. Improvement of Tunisian farmers income and modernization of farms (20 000 in 5 years);
 - b. Contribution of the agricultural GPD (+11 percent);
 - c. Strengthening agricultural production;
 - d. Creating jobs in rural areas; and
 - e. Improving national food security.

2. Trends in key policy decisions (2007-2016)

2.1 Producer-oriented policy decisions

The Government continues to be committed to agricultural development and producer support by: promoting public and private investments, particularly for irrigation, drainage and treatment of waste water; supporting edible oil exports; and continuing to implement its strategy to boost cereal production.

Developing irrigation infrastructure

Agriculture consumes 80 percent of the country's natural water resources.² Tunisia's water policy is mainly based upon water resources mobilization through complementary hydrological systems (catchment areas, systems of aquifers) connected through transfer networks. Tunisia has developed a significant amount of water infrastructure aimed at meeting its ever-increasing demand

for drinking water and for irrigation across the country. Storage or transfer facilities, situated primarily in the north of the country, are designed to respond to regional water needs. The government in collaboration with the World Bank implemented the Water Sector Investment Project II (2009–2015) to mobilize water and create irrigated areas to intensify production systems and improve yields. Irrigation accounts for almost 83 percent of the volumes mobilized, but excessive consumption and mismanagement have had devastating effects on the environment and, in the long term, the irrigation potential of the country is threatened. This problem raises the overall question of water management and its pricing.³ The price for irrigation water is set on minimum 0.02 dollar/m³ and maximum 0.123 dollar/m³, this does not encourage farmers to conserve water.⁴

2 The National Academic Press. 2007. *Water in Tunisia: a national perspective*. Available at: <https://www.nap.edu/read/11880/chapter/12>

3 World Bank. 2012. *Food and water security in the Arab World*. Washington. Available at: <http://web.worldbank.org/archive/website01418/WEB/IMAGES/FOODSECU.PDF>

4 Ibid.

In 2013, the government established the National Water Council to review current policies and strategies and prioritize and provide guidance to update the national policies on water.⁵

©FAO/Giampiero Diana



A water reservoir used for water conservation.

Supporting edible oil exports

Tunisia is one of the world's largest producers and exporters of olive oil. In 2015, the government sector support set targets to achieve seven main objectives, including:

- Increase the production of olive oil through an aging olive tree renewal plan and through a plan for new plantation in the northwest of the country;
- Promote the export of olive oil, and particularly bottled olive oil, in order to have better value-added;
- Increase exports to the European Union through negotiations to raise the non-tax quota from 56 000 metric tonnes per year to 91 000 metric tonnes for 2015–16 and 2016–17.

At the same time, to maintain low prices of edible oils in the local market, the Government has maintained the removal of taxes and value-added tax (VAT) on a list of edible oils (palm oil, soybean oil, corn oil and sunflower oil).

Implementing a cereal production strategy

Cereals cover 1.5 million hectares on average, representing one third of the cultivated area. 58 percent is located in the Northern and Western regions where durum wheat represents 54 percent against 36 percent for soft wheat and 10 percent for barley.

The Government continues to boost cereal production as part of its 11th five-year Plan for Agricultural Policy, since 2008. The government is allocating natural resources for cereal grains production; providing extension services and loans to producers to meet expenses, and supporting prices to producers through minimum guarantee prices. In 2015–16, the Government revised

farm-gate (production) prices for wheat and barley aligned with to international prices and local conditions. The Government's goal is to reach an average annual production of 2.7 million metric tonnes (MT) for cereals, of which 1.5 million MT is durum wheat, in order to achieve self-sufficiency.

In order to achieve the above mentioned goals, the government implemented the following measures⁶:

- Increasing the total acreage dedicated to irrigated wheat from 80 000 hectares to 120 000 hectares;
- Increasing the yield in irrigated land from 3.5 to 5 MT per hectare;
- Maintaining the farm-gate price policy for wheat and barley at a relatively high level to encourage local production; Increasing farmers' use of certified seeds to 450 000 quintals by maintaining price subsidies for certified varieties of cereal seeds;
- Giving a 25 percent subsidy for the cost of buying agricultural machines and a subsidy of 40 to 50 percent of the cost of irrigation equipment in order to promote private investment for cereal production; and
- Improving access to credit for small and medium-sized agricultural producers – smallholder farmers represent 62 percent of the cereals producers and operate on 21 percent of the total agricultural land allocated to cereal production.



A view of cultivated farmland, Tunisia continues implementing a cereal production strategy.

©FAO/Giulio Napolitano

2.2 Consumer-oriented policy decisions

The Tunisian government has been facilitating improved food access through a combination of policy measures aiming to alleviate poverty. Tunisia has several social protection programmes – cash transfers, food subsidies and public works and employment programmes.

5 CEDARE. 2014. *Tunisia Water Sector M&E Rapid Assessment Report*. Monitoring & Evaluation for Water In North Africa (MEWINA) Project, Water Resources Management Program, CEDARE.

6 USDA. 2016. *Tunisia grain and feed annual*. Available at: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_Tunis_Tunisia_3-30-2016.pdf

Supporting transfers (cash and in kind)

Direct transfers, in cash and in kind, are provided through the National Programme of Assistance to Needy Families, which started in the late 1980s. The programme targets the poorest families (such as those with elderly, disabled or schoolchildren, or those with no head of household) and is a mix between conditional and unconditional transfers. Programme components are:

- Allocation of free health care cards or reduced-price health care cards (under the Free Medical Assistance and the Programme for Access to Reduced-Price Health Care);
- Allocation of monthly financial assistance; and
- Conditional cash assistance depending on the number of children enrolled in school.

As of 2015, approximately 8.3 percent of the total population receives programme benefits. However, only 50 percent of households meet the eligibility criteria, and the rest should be covered by other programmes.⁷ As of March 2015, the Government has decided to reduce the monthly benefit from 150 dinars (US\$ 64) to 120 dinars (US\$ 54).⁸

Continuing food subsidies

The Government has maintained food subsidies on basic food products for decades. The universal food subsidies programme targets staple food products mainly consumed by the poorest people (i.e. bread, semolina, pasta, couscous and vegetable oil). The government since 1980s through the General Compensation Fund had set subsidized prices lower than production cost and without considering international price fluctuations, thus increasing consumers' purchasing power, yet burdening the national budget with the cost of such subsidies. In 2007 the Government reduced these subsidies. Nonetheless, at the outbreak of the political unrest in 2011, the Government responded by reducing the prices of food products (i.e. increasing the level of subsidies). Other subsidies (mainly energy) were also increased, reaching 7.2 percent of GDP (against 3.6 percent in 2010) for subsidies and transfers in 2014.⁹ This presents the challenge of finding a balance between fiscal burdens and sustaining peace.¹⁰ A better selection or targeting criteria as well as well-designed implementation modalities are required to achieve this balance.¹¹

Increasing employment programmes

High unemployment was one of the triggers for the 2011 "revolution"¹² and continues to be a source of social unrest.¹³ Successive governments have been trying to address the problems of unemployment and social exclusion.

In October 2012, new employment schemes were designed, including:

- Employability Improvement Cheque, which aims to improve – through training and vocational adjustment – the skills of young Tunisians registered with one of the regional ANETI (Agence nationale pour l'emploi et le travail indépendant) offices and so facilitate their entry into the labour market;
- Employment Support Cheque, which encourages private companies operating under the Investment Incentives Code to recruit Tunisian first-time jobseekers registered with an ANETI regional office;
- Programme to Foster Employment, which targets unemployed Tunisian university graduates (aged 28 and older, and whose household income is below three times the minimum wage) and aims to provide jobseekers with complementary skills and practical abilities to improve their employability and facilitate their entry into in the labour market.

The full implementation of these programmes have faced considerable delays, due to limited capacities at the Ministry of Employment and ANETI,¹⁴ despite spending 6.8 percent of the GDP on social protection and labour programmes in 2013–2015.¹⁵ In December 2012, the National Employment Strategy (2013–17) was adopted and ratified. However, it is still not fully operational and there has been considerable criticism regarding the delay, actually till December 2015, the Employment Support Cheque has yet to be launched, while the Employability Improvement Cheque was being piloted.¹⁶ This strategy plans to progressively alleviate unemployment by promoting small businesses, improving vocational training systems and developing skills for sectors experiencing labour shortages.

7 All Africa. 2015. *Tunisie: efficacité des programmes d'assistance sociale en Tunisie - Un ciblage inadéquat des personnes bénéficiaires*. Available at: <http://fr.allafrica.com/stories/201503241609.html>

8 Ibid.

9 World Bank. 2015. *Country partnership framework: Republic of Tunisia- for the period FY2016-2020*. Available at: <http://pubdocs.worldbank.org/en/475101446151118489/Revised-CPF-Tunisia-for-Consultations.pdf>

10 Ibid.

11 African Development Bank Group. 2013. *Food subsidies and direct social assistance: Towards better targeting of monetary poverty and deprivations in Tunisia*. Available at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Procurement/Project-related-Procurement/Food_Subsidies_and_Direct_Social_Assistance-_Towards_Better_Targeting_of_Monetary_Poverty_and_Deprivations_in_Tunisia.pdf

12 Ansani, Andrea and Daniele, Vittorio. 2012. *About a revolution: The economic motivations of the Arab Spring*. International Journal of Development and Conflict, Vol. 3(3).

13 Reuters. 2017. Update 2-Tunisian job protests hit oil and gas output. Available at <http://uk.reuters.com/article/tunisia-protests-idUKL8N1IA4NV>

14 World Bank. 2016. *Consolidating social protection and labor policy in Tunisia, building systems and connecting jobs*. Policy Note. Available at: <http://documents.worldbank.org/curated/en/970691468197064763/pdf/103218-REVISED-PUBLIC-ENGLISH-Tunisia-SPL-Policy-Note-Dec-2015-EN-Rev.pdf>

15 Ibid.

2.3 Trade- and market-oriented policy decisions

The Tunisian trade policy is characterized by market liberalization and commitment to higher integration in the global economy. The policy, led by an export growth regime with high levels of diversification, has helped the economy to become less vulnerable to world price shocks. However, legal and regulatory constraints hinder private sector development, especially export competitiveness and capacity; therefore, economic and financial reforms will be needed.

In 2015, Tunisia food trade balance registered a surplus with total exports and imports reached US\$14.3 billion and US\$20.6 billion, respectively. Leading agricultural import commodity was wheat (US\$616 million).¹⁷

Adopting new laws to open markets

In September 2015, the new Competition Law was approved, aiming to improve the business environment by reducing barriers to entry and reducing discretionary application of regulations. In November 2015, the Law on Private-Public Partnerships was approved, with the aim to facilitate private concessions. The Bankruptcy Law was adopted by Parliament in April 2016. However, these laws have yet to be implemented. In September 2016, after many delays, the new Investment Code was finally approved by Parliament. This code focuses on simplifying investment procedures and aims to encourage infrastructure

projects in deprived areas. The code also provides a number of foreign investment incentives, including more flexibility to transfer funds abroad and tax exemptions.¹⁸

Lowering import tariffs

The 2016 Finance Law lowered tariffs on some imported products, such as consumer products; with the exception of agricultural products, tariff reductions ranged from 30 percent to 20 percent. In addition, the level of tariff protection for the agriculture sector has been substantially reduced, from an average of almost 67 percent in 2005 to 32 percent in 2016, with a maximum customs duty rate of 36 percent having been applied to food and fishery products since 2009. The objective is to support agri-food enterprises to improve their competitiveness on the domestic and international markets and to develop exports. Moreover, consumption tax on alcohol, tobacco, tea and coffee has been reduced in response to the growing problem of customs fraud at the borders.¹⁹

Formulating a new tax strategy

In 2013, Tunisia started a tax reform, focusing on direct taxation, VAT, transparency and fair competition, tax administration modernization and the “régime forfaitaire” (flat-rate scheme). The tax reform strategy was adopted by the Council of Ministers in May 2016. Measures include widening the VAT base, reducing the number of VAT rates, and narrowing the discrepancy between onshore and offshore tax rates.

3. Challenges

Tunisia faces a delicate but promising outlook. With sound policy design and commitment to social welfare, the Government has the necessary instruments to continue its food subsidies and its agricultural policies and investments. In general, the political unrest experienced in the last few years and the economic downturns have forced successive governments to respond by implementing a series of measures to mitigate economic instability and address urgent social needs, in particular a series of national social protection programmes. The main challenge for the Government is sustainable economic growth, and the delicate budgetary situation borne from the cost of social protection and the agriculture-sector incentives. As far as agriculture sector is concerned, the growth will

be achieved through (i) linking social protection with employment programmes; (ii) reform of subsidies; (iii) operationalize market reforms policies.

Linking social protection with employment programmes

In order to address budgetary shortfalls, the links between social protection subsidies, employment programmes and budgetary shortfalls can be addressed in three ways: consider revising beneficiaries' identification and targeting means;²⁰ allow those not considered most vulnerable to benefit from the employment programmes;²¹ and reduce direct taxation and introduce VAT to help finance budgetary shortfalls.²²

16 Ibid.

17 US Department of Commerce. 2017. *Tunisia country commercial guide*. Available at <https://www.export.gov/article?id=Tunisia-agriculture>

18 EBRD. 2016. Transition report 2016-2017. Available at: http://2016.tr-ebrd.com/wp-content/uploads/2016/11/TR2016_CA_Tunisia.pdf

19 World Trade Organization. 2016. *Trade Policy Review*. Available at: www.wto.org/english/tratop_e/tpr_e/s341_e.pdf

20 African Development Bank Group. 2013. *Food subsidies and direct social assistance: Towards better targeting of monetary poverty and deprivations in Tunisia*. Available at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Procurement/Project-related-Procurement/Food_Subsidies_and_Direct_Social_Assistance_-_Towards_Better_Targeting_of_Monetary_Poverty_and_Deprivations_in_Tunisia.pdf

21 ETF. 2014. *Employment policies and active labour market programmes in Tunisia*. Available at: [http://www.etf.europa.eu/webatt.nsf/0/B32C0FCEDB47113DC1257D0100405D0F/\\$file/Employment%20policies_Tunisia.pdf](http://www.etf.europa.eu/webatt.nsf/0/B32C0FCEDB47113DC1257D0100405D0F/$file/Employment%20policies_Tunisia.pdf)

22 OECD. 2015. *Tunisia a reform agenda to support competitiveness and inclusive growth*. Available at: <https://www.oecd.org/countries/tunisia/Tunisia-a-reform-agenda-to-support-competitiveness-and-inclusive-growth.pdf>

Need to reform food subsidies

Studies show that food subsidies have positive impact on the life of the vulnerable and those most in need.²³ However, current food subsidies are financially unsustainable, in addition, universal targeting criteria undermines the effectiveness in achieving poverty reduction. Therefore, the design and implementation modality of food subsidies need to be re-evaluated.²⁴

Operationalize market reform policies

Recent governments have put forward different macro-economic reforms, mainly aiming to boost economic growth and reduce government subsidies.²⁵ It will be important to strengthen the political and institutional framework in support of agriculture, and strengthen policy and economic intelligence institutions/departments. A top priority should be to expedite the implementation of the reforms to offer social justice and economic efficiency.²⁶



©FAO/Giulio Napolitano

Women farmers taking a lunch break from sowing seeds in the field.

- 23 African Development Bank Group. 2013. *Food subsidies and direct social assistance: Towards better targeting of monetary poverty and deprivations in Tunisia*. Available at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Procurement/Project-related-Procurement/Food_Subsidies_and_Direct_Social_Assistance-_Towards_Better_Targeting_of_Monetary_Poverty_and_Deprivations_in_Tunisia.pdf
- 24 Atlantic Council. 2015. *Tunisia between subsidies and security*. Available at: <http://www.atlanticcouncil.org/blogs/menasource/tunisia-between-subsidies-and-security>
- 25 EBRD. 2016. *Transition report 2016-2017*. Available at: http://2016.tr-ebd.com/wp-content/uploads/2016/11/TR2016_CA_Tunisia.pdf
- 26 IMF. 2017. *IMF Statement on Tunisia*. Available at: <https://www.imf.org/en/News/Articles/2017/02/07/pr1739-IMF-Statement-on-Tunisia>



The FAPDA initiative promotes evidence-based decision making by collecting and disseminating information on policy decisions through a freely accessible web-based tool. For more information, please visit:
www.fao.org/in-action/fapda
www.fao.org/in-action/fapda/tool



or contact us at: fapda@fao.org

This fact sheet was prepared by the Food and Agriculture Policy Decision Analysis (FAPDA) team of the Food and Agriculture Organization of the United Nations, with contributions from the FAO Country Office in Tunisia. The information reported in this brief comes from the review of primary and secondary data sources, accessible in the FAPDA Tool.