Tunisia Country Assessment

Steady Progress against Poverty

In 1995 about 6% of Tunisia’s people were poor, down from 33% three decades before. With the majority of people now in urban areas, the incidence of urban poverty is higher than that of rural poverty.

Steady growth - coupled with more jobs - has been a big factor in Tunisia’s remarkable record of poverty reduction, as has the decline in population growth to about 1.2% a year. Complementing these trends are the country’s poverty-oriented programmes, which have integrated the productive poor into the economic mainstream and provided social assistance to the more severely disadvantaged.

Social Development Programmes

Consistent with having economic growth serve human development imperatives, Tunisia’s social development programmes, though not part of an explicit poverty plan, represent about 19% of GDP. The programmes have taken various forms. The National Programme of Aid to Needy Families provides direct social assistance - subsidies for basic food staples, free health care for needy families, housing and education loans, and special assistance to such groups as the elderly and disabled. This support is provided by the Ministry of Social Affairs, using a poverty index to identify those in need and provide regular follow-up.

UNDP is supporting a government effort to implement an information system to track the impact of these programmes on poverty. The system, to be operational by mid-2000, will provide data on the social and economic integration of low-income groups and help coordinate assistance.

Tunisia also has regional development programmes to upgrade conditions in less developed areas, such as the mountainous northwest. Much of the emphasis is on building infrastructure - roads, electricity, health clinics and drinking water supply. In additions, jobs are being created by financing agriculture, handicrafts, microenterprises and public works. Most of these programmes target rural areas, but a more recent one focuses on poor urban areas, with an emphasis on microfinance and training.

The government, moving to decentralize its programmes, is setting up regional coordinating offices. But more integration among the interventions in each region is needed to get the most from the programmes. For this, regional authorities need more of a say in planning and management. The same applies to the government’s Integrated Rural Development Programme and its overcentralized administration.

For self-reliance, beneficiaries should do more in managing projects, as should civil society organizations. Already, about 200 civil society organizations are implementing micro-projects, such as those for training and credit. But a workable system is not yet in place to monitor and evaluate the impact of these programmes on low-income, vulnerable groups.

In 1997 the Tunisian Solidarity Bank was created to target microfinance to people not reached by the
country's other social development and regional development initiatives. Loans are directed to reduce youth unemployment and generate income in poorer areas. By May 1999 the bank had supported more than 13,000 small projects, 3,500 of them run by women. A new law in July 1999 bolstered these initiatives by authorizing non-bank institutions - associations - to offer microcredit. This new role will strengthen civil society organizations and broaden the outreach to the more deprived social groups.

**National Solidarity Fund**

The National Solidarity Fund, established in 1993, undertakes public works in underdeveloped rural areas. It is financed by voluntary contributions from individuals and private companies - as well as from some external donors. Its funds - mostly for roads, education, electricity, drinking water and health and sanitation - have benefited more than 170,000 households. The fund also supports income-generating activities to integrate vulnerable groups into the economy. Its secretariat reports directly to the president of the republic.

With official unemployment more than 15%, job creation remains a major concern. Wide-ranging economic restructuring could easily have raised unemployment, but such programmes as public works schemes, worker retraining and youth job training have helped stabilize it. Still, unless private investment can be boosted, an ongoing programme of privatization is sure to add to the rolls. The current development plan, extending through 2001, makes job creation its overriding objective.

Tunisia has announced its intention to create a National Fund for Employment, organized along the lines of the National Solidarity Fund. A special target of its activities will be young unemployed urban graduates.

A major problem with the government's programmes - whether for social assistance, regional development, microfinance or employment - is that they are not well integrated. Greater coordination and harmonization of activities would enhance the impact on poverty.