

World Bank Annexes: Appendix 1

World Bank Macro-Economic and Fiscal Overview for Tunisia

1. The following has been taken from the World Bank Country Brief on Tunisia dated April, 1995.

2. Tunisia is a country of medium size that, despite only modest natural resources, has made considerable economic and social progress without incurring excessive debt. Much of the country is arid or semi-arid; only 6 percent of arable land is irrigated and the output of rainfed agriculture fluctuates substantially according to rainfall. It has petroleum resources and, for a brief period, from the mid-1970s to the mid-1980s, the earnings from oil exports were substantial. But reserves are being depleted: extraction began to decline in 1980, and since 1994 Tunisia has become a net oil importer. There is a considerable phosphate mining and processing industry, but it is constrained by the low grade of ores. Most importantly, Tunisia's historic sites, beautiful beaches, and unusual scenery (and, of course, the climate), have made tourism a major industry and source of export earnings.

3. The GNP per capita in 1993 of US\$1,740 was exceeded in the whole of Africa only by some OPEC economies, Mauritius and South Africa. The new estimates show that the rate of absolute poverty has fallen from an estimated 11.2 percent in 1985 to 7.4 percent in 1990 and identify poverty as essentially a rural phenomenon. Since 1970, life expectancy has risen from 48 years to 68 years and infant mortality has fallen from 145 per thousand to 38 per thousand, thus reaching a level surpassed in Africa only by Mauritius. Over this period adult literacy rose from 15 percent to 65 percent. Similarly, primary school completion ratios have gone from 33 percent in the early 1970s to 62 percent by 1993. Population growth has declined continuously and is now growing by less than 2.0 percent per annum. But the growth of the labor force was higher, 3.0 percent p.a. for period 1986-1993, because of the increasing entry of women and the high proportion of young in the population. Despite the pace of economic growth, unemployment continues to increase to an estimated rate of 16 percent and constitutes one of the greatest concerns of the authorities. The Government, with Bank assistance, will be