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# Investing in rural people in **Tunisia**

Following the Arab Spring in 2011, Tunisia has made important progress in transitioning to an open and democratic system of governance.

Despite these positive developments, the country still faces a number of challenges, ranging from arid climate conditions, slow economic growth, slow recovery of the tourism sector to high unemployment rates, especially among youth. Tunisia is a middle-income country in North Africa with a gross national income per capita of US\$3,500 in 2017, according to the World Bank. The country had an estimated population of 11.5 million people in 2017.

The government has initiated economic reforms; economic growth has remained relatively weak, with a 2 per cent economic growth in 2017. In 2018, economic growth has increased slightly with 2.5 per cent recorded in June 2018, the highest since 2014. This can be attributed to an increase in agricultural production and increased exports. New reforms introduced to strengthen governance and improve access to finance are likely to create more jobs within the private sector.



IFAD projects follow a value-chain approach where **smallholder farmers** are linked to both **private and public sectors**

## Eradicating rural poverty in Tunisia

Agriculture plays a key role in the country's food security and occupies an essential place in the Tunisian economy. The development of agricultural value chains involving all those who play a part, while preserving the interests of vulnerable groups, is crucial, particularly in regions affected by poverty, unemployment and degradation of natural resources.

Poverty rates are still high in Tunisia: 15.5 per cent of the population were living below the national poverty line in 2016, with strong contrast between urban areas (10 per cent) and rural areas (26 per cent). There are large disparities between regions rich in natural resources such as the North East (10.3 per cent) and environmentally fragile areas, where poverty rates are high, such as the mountainous areas of the Central West (32.3 per cent) and the North West (25.7 per cent), and the desert areas in the southern parts of the country (19.7 per cent).

The size of the undernourished population has remained stable over the last fifteen years (5.6 per cent between 2004 and 2006 and five per cent between 2014 and 2016). However, food security is threatened by climate change and the degradation of natural resources, with the most vulnerable groups being rural people, especially women and young people.

Rural poverty in Tunisia is a consequence of regional imbalances reflected in basic infrastructure and economic activity, affecting access to transport, education, health, employment and housing. Smallholder farmers face challenges, such as limited access to financial services, climate change, lack of training and support, which would enable them to further advance their own development.

In a bid to reduce poverty, particularly in rural areas, the government has launched an economic and social development strategy designed to reduce regional imbalances through targeted interventions. Tunisia has adopted in particular a development strategy (2016-2020) which focuses on governance reforms, economic development, social inclusion, sustainable development and the promotion of green economies.

## IFAD's strategy in Tunisia

Since 1980, IFAD has financed 13 rural development programmes and projects in Tunisia for a total cost of US\$453 million, with an IFAD investment of US\$194.6 million directly benefiting 125,850 rural households. IFAD works closely with the government in its efforts to eradicate rural poverty in the country and support livelihood opportunities for rural populations. The new IFAD results-based country strategic opportunities programme (2019-2024) in Tunisia, will emphasize improving access to basic production and infrastructure services and sustainable management of natural resources. This includes improving well-structured agricultural value chains for poor rural people, and economic and social empowerment of vulnerable rural women and youth.

IFAD investment projects work to improve the living conditions of vulnerable rural populations through inclusive and participatory rural development interventions. Activities target the most vulnerable households, with a focus on creating employment opportunities for women and youth. IFAD investment projects encourage dialogue and strengthen linkages between the private and the public sector, enhancing the productive potential of smallholder farmers, while building the capacity of service providers in the areas of processing, marketing and consulting.

# Ongoing operations

## Siliana Territorial Development Value Chain Promotion Project

This project aims at improving livelihoods of vulnerable rural people living in the southern part of the Governorate of Siliana, particularly by creating new sustainable employment opportunities through value chain development. Increased value addition to agricultural products can be made profitable with the inclusion of organized smallholder producers.

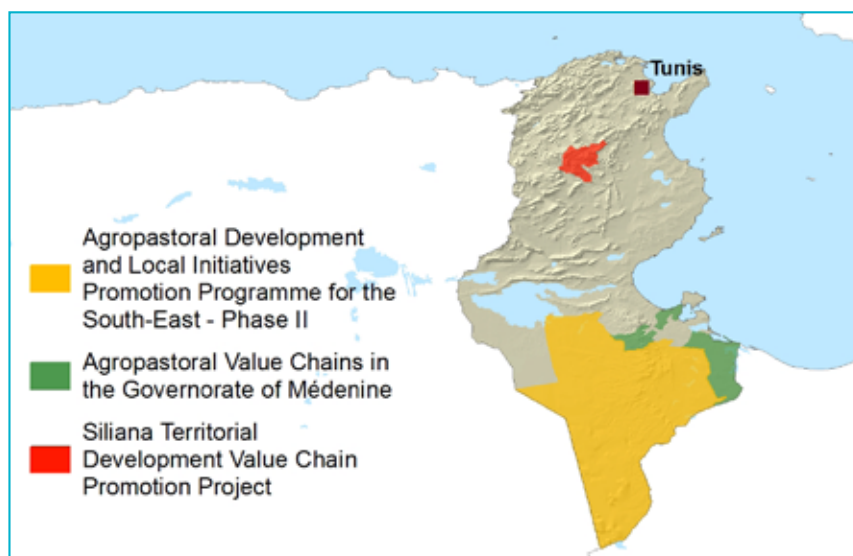
Activities focus on the creation of enabling conditions for value chain development, such as an improved institutional environment. The project's approach is oriented towards the promotion of win-win partnerships between actors in the selected value chains and the creation of local economic development hubs. The project involves 35 sectors in the southern portion of Siliana, which is mainly mountainous. Out of almost 115,000 inhabitants in the targeted areas, 54,400 derive from the most disadvantaged households directly benefit from the project.

The total cost of the project is US\$34.29 million, including a US\$23.6 million loan and a US\$0.5 million grant from IFAD. It is cofinanced by the Government of Tunisia (US\$7.6 million) and the beneficiaries themselves (US\$2.5 million). The project became effective in June 2017 with an expected closing date of December 2023.

## Agropastoral Value Chains Project in the Governorate of Médenine

The goal of the project is to improve living conditions for vulnerable rural people and to create new employment opportunities by strengthening the resilience of agropastoral production systems. The project seeks to help public and private actors manage and develop local agropastoral value chains, including those for camels and small ruminants. The project in particular supports value chains linked to red meats (sheep, goat and camel) and for other products, such as wool and leather, and creates incentives for farmers to develop a value chain for camel milk.

**Economic and social empowerment** of vulnerable rural women and youth is a **priority** area for IFAD in Tunisia



The project directly targets small livestock breeders and smallholder farmers with less than 20 hectares of rainfed rangeland or other land. It also directly targets young people and women for start-ups of small income-generating projects and microenterprises.

Running from 2014 to 2020, the total project cost is US\$36.85 million, including US\$19.5 million in financing from IFAD. The project is cofinanced by the European Union (US\$3.5 million), bank credit (US\$2.9 million), the Government of Tunisia (US\$10.1 million), and the beneficiaries (US\$0.8 million).

## Agropastoral Development and Local Initiatives Promotion Programme for the South-East – Phase II

With a total cost of US\$51.9 million, and running from 2014 to 2020, the programme aims to improve the management and productivity of collective and private range land, and of rainfed and irrigated farming systems, and to diversify incomes and employment opportunities for disadvantaged youth and women. Expected results include improvements in participatory rangeland management, and increased agricultural and livestock production and productivity – as well as better road infrastructure, more income-generating opportunities and stronger farmers' organizations.

IFAD is providing financing worth US\$11.4 million. The project is cofinanced by the Government of Tunisia for the amount of US\$17.2 million.

Other cofinancers include the Spanish Food Security Cofinancing Facility Trust Fund (US\$16.1 million) and the beneficiaries (US\$7.3 million).



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IFAD has invested in rural people for 40 years, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience.

Since 1978, we have provided US\$20.4 billion in grants and low-interest loans to projects that have reached about 480 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

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