

**MONETARY DEVELOPMENT  
AND DISTRIBUTION OF CREDIT**

## **I. MAIN ECONOMIC, MONETARY AND FINANCIAL REGULATING MEASURES**

Having become aware of how serious the financial crisis was as soon as the initial signs appeared in the summer of 2007, Tunisia's public officials took the conservation measures needed to keep the banking and financial system secure and to maintain its role to finance and support economic activity in a proper manner. To this end, the President of the Republic decided to set up a watch-over unit at the Central Bank of Tunisia (BCT) and subsequently a governmental commission to monitor economic and financial conditions worldwide. Furthermore, as a prelude to carrying out in-depth prospective studies, a centre for financial and monetary research and studies was set up under the supervision of the Central Bank of Tunisia. On another front, measures related to current conditions and structural measures were taken in order to support investment and stimulate domestic demand and exports. At the same time, more accommodating monetary policy was carried out, especially a reduction in the BCT's key rate and reserve requirement rates, in line with the beginning of a move to lower inflation.

### **A. MEASURES CONCERNING THE FINANCIAL SYSTEM**

#### **1. CONDUCT OF MONETARY POLICY**

Measures taken in 2008 and early 2009 in the framework of conduct of monetary policy involved mainly modification of reserve requirement rates, lowering of the Central Bank of Tunisia's key rate and introduction of new instruments in running the monetary policy.

##### **a. Modification of the reserve requirement rates**

Faced with excess liquidity on the money market since August 2007 and throughout most of 2008, BCT proceeded to tighten monetary policy by raising the reserve requirement rates on two occasions. Thus the rate used for sight deposits, other sums due to clients, certificates of deposit with an initial duration of less than three months and shortage with respect to liquidity ratios for the month under consideration went up on 1<sup>st</sup> May 2008 from 5% to 7.5%<sup>1</sup>. This measure helped offset the extent of excess liquidity but was not enough to absorb it all. Thus the BCT introduced a further modification of these rates in September, bringing to 10% the rate applicable on the outstanding balance of deposits of less than three months and to 2% the rate applicable on durations of between three and 24 months, except for deposits in special savings accounts, for which the applied rate became 1% as of 1<sup>st</sup> October<sup>2</sup>. Furthermore, because of difficult international conditions and to allow Tunisian banks to dispose of more liquidity and consequently provide greater financing to the economy, the Issuing Institution decided on 31<sup>st</sup> December 2008 to lower this rate from 10% to 7.5% for the first category of deposits and from 2% to 1% for the second, to accompany measures taken by the State to support economic activity<sup>3</sup>. This decision, in effect since 1<sup>st</sup> January 2009, allowed for release of an additional envelope of some 250 MTD.

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<sup>1</sup> Cf. BCT circular to banks n°2008-09 of 30 April 2008.

<sup>2</sup> Cf. BCT circular to banks n°2008-20 of 30 September 2008.

<sup>3</sup> Cf. BCT circular to banks n°2008-24 of 31 December 2008.

## **b. Reduction of the Central Bank's key rate**

Given glum prospects for world economic growth as projected by the International Monetary Fund (IMF) and their impact on the national economy and considering the downward trend recorded in January 2009 for inflation at the national scale (3.5% in January 2009 vs. 4.1% in December 2008), the executive Board of the Central Bank of Tunisia decided on 17 February 2009 to lower the key rate by 75 base points, from 5.25% to 4.5%. This decision, which was well received by investors, is a real opportunity to promote investments and create jobs<sup>1</sup>.

## **c. Introduction of new instruments for the conduct of monetary policy**

In the framework of modernisation of the money market and in order to help banks to better manage their cash flows, both to meet their needs for liquidity and to place excess liquidity at the Issuing Institution, new instruments for the conduct of monetary policy were introduced starting 17 February 2009. These include standing facilities for 24-hour deposit and loan undertaken by banks at the end of the day.

If for the first category of facilities treasury surpluses are placed at the central bank and remunerated at its key rate minus a margin set in advance, for the second, banks can take in pawn public bills, claims or certificate of indebtedness on companies and private parties at an interest rate that is equal to the BCT's key rate, increased by a margin set in advance. As for conditions for trading liquidity on the interbank market, banks are now obliged to continually post their conditions for supply and demand of liquidity in line with annex n°4 of the circular concerning organisation of the money market. This posting must be done using the information network shared by all banks, responding to the usual norms of security and reliability<sup>2</sup>.

## **2. PURSUIT OF STATE POLICY TARGETING BETTER CONDITIONS FOR HOUSING CITIZENS**

To help Tunisians secure housing, and to implement the President of the Republic 2004 electoral programme, a series of measures were taken to provide access for all citizens to better financing for housing, given the high cost of real estate. This effort seeks also to make the most of savings as per State policy, to maintain citizens purchasing power, and to provide the best possible living conditions for all. In this framework, in support of measures relating to conditions for giving housing loans from the Bank of Housing (BH) announced in 2007, it was decided to lower by 1%:

- loan rates for home savings plans, with the normal home savings loan rate lowered from 6.75% to 5.75% and that of complementary loans from 7.5% to 6.5% ;
- the set rate for direct loans with a repayment period of over 15 years and four year El Jedid savings loans went down from 8.5% to 7.5% for the first category of loans and from 8% to 7% for the second ;
- the rates for loans granted under funding from FOPROLOS to help this social category of households get decent housing came down from 3.5% to 2.5% for FOPROLOS 1 loans

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<sup>1</sup> Cf. Press release of the BCT Executive Board Meeting held on 17 February 2009.

<sup>2</sup> Cf. BCT's circular to lending institutions n°2009-07 of 19 February 2009.

(financing of housing that does not exceed 50 m<sup>2</sup> for individual housing and 65 m<sup>2</sup> for collective housing and for people whose wages are between guaranteed minimum inter-professional wage (SMIG) and two times SMIG), from 5% to 4% for FOPROLOS 2 (for financing of housing with a surface area of no more than 75 m<sup>2</sup> for collective social housing and for people whose wages are between two and three times SMIG) and from 6.75% to 5.75% for FOPROLOS 3 loans (financing of housing with a surface area of between 80 m<sup>2</sup> and 100 m<sup>2</sup> for vertical collective housing and for people whose wages are between three times and 4.5 times SMIG)<sup>1</sup>;

- The rate of remuneration for home savings went down from 5.25% to 4.25%.

And a new category of home savings called « N » was launched, allowing the subscriber to apply for a loan of up to 134,000 dinars.

In the framework of improving clients' ability to repay, encouraging citizens to save and guarding against possible increases in market rates, it was decided :

- \* to extend the time period for repaying loans from 20 to 25 years,
- \* to lower the auto financing rate from 30% to 20%, and
- \* to apply a set interest rate on housing loans of more than 15 years.

### 3. DOWNWARD REVISION IN CALCULATING EXCESSIVE INTEREST RATES

In an effort to curb some high interest rates that proved to be high compared to other categories of loans, it was decided to revise the modality for calculating excessive interest rates, to bring them down by lowering the legally mandated margin. In effect, any loan accorded at an overall effective interest rate that at the time it is granted is more than a fifth (vs. a third in the past) over the average effective rate charged over the previous semester by banks and financial institutions for operations of the same kind, is considered to be carrying an excessive interest rate<sup>2</sup>.

### 4. REDUCTION OF INTEREST RATES FOR EXTERNAL LINES OF FINANCING

A decision was made to lower, starting 21 January 2009, the interest rate on credit onlended in dinars to final beneficiaries from external credit lines made available to authorised intermediaries. This drop, which varied between 0.5 percentage point and 2 points, affected lines of credit for the following sources of financing:

- financial support to the small/medium sized industrial business upgrading programme,
- goods and services from Portugal for small/medium sized businesses initiated by Tunisian operators and Tuniso-Portuguese mixed companies,
- investment for environmental protection in the field of industry (FOCRED III), and
- the upgrading programme for hotels<sup>3</sup>.

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<sup>1</sup> Cf. Decree n°2009-698 of 11 March 2009, published in the Official Journal of the Tunisian Republic (JORT) n°23 of 20 March 2009.

<sup>2</sup> Cf. Law n°2008-56 of 4 August 2008, published in the Official Journal of the Tunisian Republic (JORT) n°63 of 5 August 2008.

<sup>3</sup> Cf. BCT circular to authorised intermediaries n°2009-01 of 21 January 2009.

## 5. IMPROVED QUALITY FOR BANKING SERVICES

### **a. Availability and proper running of cash machines and ATMs**

With a view to further improving the quality of banking services, banks will henceforth have to ensure that cash machines and ATMs are in proper working order at all times, affecting repairs in a timely manner when a problem occurs. Along these same lines, banks need to designate a person at each branch to keep an eye on the proper functioning of cash machines and ATMs throughout the day, on holidays and weekends<sup>1</sup>.

### **b. Strengthening security measures within bank branches**

To better reinforce the security system as per BCT circular n° 2006-05 of 20 June 2006, banks will have to install surveillance cameras at their agencies, branches and banknote exchange counters, permanently filming the main entrance, reception desk and service counters. The number of cameras and the disposition of their installation will be determined by surface area and architectural features<sup>2</sup>.

### **c. Procedure for transmitting files for manual clearing through the data exchange system « SED »**

The institution of a data exchange system by circular n°2008-07 of 13 March 2008, by virtue of which all data communicated by lending institutions to the Central Bank of Tunisia must go through this system, has made it necessary to reorganise procedures for physical clearing of bills. Following this new procedure, files for physical clearing that previously were sent to the BCT electronically are now sent through the data exchange system, contributing to a considerable reduction of the time it takes to encash bills turned in by clients at banks<sup>3</sup>.

## 6. CREATION OF A CENTRE FOR FINANCIAL AND MONETARY RESEARCH AND STUDIES

In conjunction with presidential decisions taken in 2008 in the wake of the international financial crisis, the BCT set up a new structure called « centre for financial and monetary research and studies », which is in charge of<sup>4</sup> :

- monitoring events and changes on the international financial and monetary scene, carrying out relevant prospective studies and research and analysis of their impact on the national economy, and suggesting appropriate measures ;
- developing applied research in the field of monetary policy ;
- developing national skills in research and analysis in the financial and monetary fields, by associating Tunisian skilled human resources both within and outside the country and by opening up to the university ; and
- organising conventions and specialised seminars at the national and international levels.

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<sup>1</sup> Cf. BCT circular to lending institutions n°2008-16 of 18 August 2008 and BCT circular to banks n°2008-15 of 15 August 2008.

<sup>2</sup> Cf. BCT circular n°2008-22 of 25 November 2008.

<sup>3</sup> Cf. BCT circular to banks and authorised intermediaries n°2008-23 of 18 December 2008.

<sup>4</sup> Cf. Decree n°2009-88 of 13 January 2009, published in the Official Journal of the Tunisian Republic (JORT) n°7 of 23 January 2009.

The centre is made up of a scientific council chaired by the Governor of the Central Bank of Tunisia or his representative and a Director General. The scientific council gives an opinion on the yearly activity plan, its administrative and financial operation, and draft budget. It can also give an opinion on any issues raised by its chairman.

The scientific council is made up of eight members, of whom four represent the Central Bank of Tunisia, two represent the ministries of Finance and of Development and International Cooperation and two are professors specialised in financial and monetary affairs named by the Minister in charge of Higher Education.

The attributions of the Director General consist of proposing a work plan for the centre and promoting partnerships with research and study institutions in the economic, monetary and financial fields.

## **7. CONSOLIDATION OF FINANCIAL BASES AT THE BANK TO FINANCE SMALL/MEDIUM SIZED BUSINESSES (BFPME) AND EXTENSION OF ITS NETWORK**

To enhance efforts targeting higher potentials in production, investment, employment and exports of small/medium sized businesses, the President of the Republic ordered to double capital of BFPME, up to 100 MTD and to structure the regime of guarantee to loans granted to this category of businesses to contribute to further enhancing of investment and initiatives.

In this framework, and to cover the greatest number of businesses, it has been decided to extend the network of BFPME by opening, in 2008, 5 representation bureaus in regional development zones with a perspective to cover all the territory of the country in the forthcoming years. Furthermore the ceiling for projects financed exclusively by the BFPME was raised to 300,000 dinars, up from 200,000 dinars earlier.

## **8. CREATION OF A WATCH-OVER UNIT AND OF A NATIONAL MONITORING COMMISSION**

To closely monitor evolving conditions on international financial markets and thus make the right decisions in a timely manner to keep the Tunisian economy from losing ground, a watch-over unit under the supervision of the Central Bank of Tunisia was set up on recommendation of the President of the Republic. The Head of State also ordered the creation of a national commission, chaired by the Prime Minister, to monitor developments in the current world crisis and prevent potential effects on the economy and propose measures to protect gains made by the Tunisian economy.

## **B. CONSOLIDATION OF ACTIVITY ON THE CAPITAL MARKET**

### **1. CONSOLIDATION OF THE FINANCIAL MARKET COUNCIL'S (CMF) POWER OF INFORMATION ON COMPANIES MAKING PUBLIC CALL FOR SAVINGS**

In line with reforms launched in 2005, essentially those relating to greater security in financial relations that will help enhance the quality of information and protect the interests of companies and stockholders, it was decided to boost requirements for disclosure that must be met by companies making public call for savings. Under (new) article 44 of CMF regulations concerning public call for savings, such companies must include the following information in their annual report on corporate management<sup>1</sup> :

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<sup>1</sup> Cf. Bylaw of Minister of Finance of 17 September 2008, published in the Official Journal of the Tunisian Republic (JORT) n°77 of 23 September 2008.

- specific indicators by sector to be defined by general decision of the CMF ;
- rules about the nomination and replacement of Executive Board or Surveillance Board members ;
- the main delegations of authority being validated by the general assembly to administration and management structures ;
- the role of each administration and management structure ;
- if necessary, the permanent audit committee's report concerning in particular the proposal for designation of an auditor; and
- internal control measures.

## 2. SETTING UP A GUARANTEE FUND FOR CLIENTS ON THE STOCK MARKET AND FINANCIAL PRODUCTS

In application of article 62 of law n°94-117 of 14 November 1994, stockbrokers meeting at the extraordinary general assembly of 6 May 2009 decided to create a guarantee fund for clients on the stock and financial products market. This fund is managed by the Tunis Stock Market (BVMT) and it seeks to protect clients against non commercial risks tied to default by a stockbroker to honour his or her commitments. It intervenes only after the CMF college gives notification of such default. This fund's resources come from:

- 5% of the amount of fees paid to the BVMT for stock market transactions on the market,
- an annual contribution in the amount of 1,000 dinars paid by each stockbroker,
- proceeds from investment of the fund's resources.

Guarantee of this fund cannot exceed an amount equivalent to two thirds of its available resources. The amount released is distributed among the clients that the stock market decided to compensate, pro rated according to the interest of each client in the overall total of claims eligible for compensation, up to 30,000 dinars per client, whatever the number of his or her accounts ; the total of paid amounts must not exceed 90% of the relevant amount of compensation for each client<sup>1</sup>.

### C. MEASURES TO SUPPORT BUSINESSES

The Council of Ministers at its 23 December 2008 meeting decided on a series of measures related to current conditions and structural measures to support economic activity against fallout from the international financial and economic crisis, notably a drop in external demand and thus help companies to continue their activities and actively contribute to a more dynamic national economy.

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<sup>1</sup> Cf. Bylaw of Minister of Finance of 1 April 2009, published in the Official Journal of the Tunisian Republic (JORT) n°28 of 7 April 2009 and BVMT press release of 8 May 2009.

## 1. MEASURES RELATED TO CURRENT CONDITIONS TO SUPPORT TOTALLY EXPORTING BUSINESSES

These measures concerned in particular State assumption of<sup>1</sup>:

\* 50% of the employer's contribution to the national legal regime of social security for wages paid to workers concerned by the measure regarding reduction of working hours by at least eight hours a week, due to slower growth in activity for totally exporting businesses ;

\* the employer's contribution to the national legal regime of social security for wages paid to workers put on technical unemployment by totally exporting businesses for reasons tied to slower growth in activities linked to external markets.

It should be noted that eligibility for these two measures depends on two prior conditions. The first requires that action to reduce working hours and implement technical unemployment be carried out in line with the procedures outlined in the labour code. The second requires that companies benefiting from these advantages declare workers' wages, on the basis of wages paid over the period involved, deduct and pay the share of contributions due on the worker and the remaining share of the employer's contribution.

\* 50% of insurance premiums due on insurance contracts for exports by exporting businesses concluded by foreign trade insurance companies, in line with the principle of universality,

\* the differential between the interest rate on the rescheduled loan and the average money market rate, up to two percentage points for rescheduling of loans granted by lending institutions to exporting companies that have encountered delays in collecting claims from export transactions because of loss of foreign markets.

Lending institutions are authorised to deduct from the tax base all ordinary and late interest that has been part of their proceeds but that has been abandoned in the framework of the above mentioned rescheduling. A detailed statement of these claims must be attached to the annual corporate tax return.

Companies that have been involved in procedures outlined in law n° 95-34 of 17 April 1995 concerning recovery for companies undergoing economic difficulties or those with debt to lending institutions unpaid for more than nine months on the date the law went into effect cannot take advantage of the incentives provided for in law n°2008-79.

Moreover, as per BCT circular n°2008-25 of 31 December 2008, lending institutions must take measures to make it easy for exporting companies to take advantage of the incentives provided for under the above-mentioned law. To this end, they must consolidate unpaid maturities on loans granted to companies eligible for export loans and that have encountered delays in collecting claims from export because of loss of foreign markets. The duration of consolidation cannot exceed three years, must cover unpaid maturities on loans that have fallen due or that will fall due over the period 6 January 2009- 5 July 2009, and must not lead

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<sup>1</sup> Cf. Law n°2008-79 of 30 December 2008 and decree n°2008-3931 of 30 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°105 of 30 December 2008 and BCT circular to lending institutions n°2008-25 of 31 December 2008.

to revision of the relevant company's claim rating. Loans that are consolidated in this manner are accepted by BCT as counterpart for refinancing transactions.

Other measures were taken at the Council of Ministers meeting on 23<sup>rd</sup> December 2008<sup>1</sup> to help companies suffering from slowing activity that could be affected by fallout from the world financial crisis. These include the following :

- Make available to the Tunisian guarantee company of a line of guarantee amounting to 25 MTD for pre-financing of exports and mobilisation of claims abroad in order to help companies to finance their additional needs for working capital.
- Reduce time frames to restore tax credits and accelerate the release of corporate claims related to public markets.
- Adopt exceptional measures in order to immediately arrange for financing for training requests from companies encountering difficulties, in the framework of the fund to promote training and professional apprenticeship.
- Active anti-dumping mechanisms and implement a tailored programme to reduce black market trade.
- Create a commission at the Ministry of Industry/Energy/Small-Medium sized Businesses in charge of orienting companies that want to take advantage of support measures and to ensure coordination among the various actors.
- Extend the fund to access foreign markets in its second phase (FAMEX 2) by reserving 10 MTD in funds to include 200 new companies in 2009, adding to the 800 companies that are currently benefiting from the fund, pending start up of FAMEX 3.
- Review of intervention by the fund to promote exports (FOPRODEX) by increasing the volume of institutional support and premiums granted to export points and direct support to export businesses.
- Increase by a million dinars the budget earmarked to trade fairs and salons.
- Allocate an 8 MTD loan to settle files in suspense, in the framework of FOPRODEX for 2007 and 2008.
- Elaborate a programme to intensify campaigns to promote tourism.

On another front, in the framework of restructuring the export insurance sector and enhancing the resources of the Tunisian Company for foreign trade insurance (COTUNACE) to allow it to guarantee a higher level of exports, a decision was taken to increase its capital from 10 MTD to 15 MTD, 6 MTD of which were subscribed to by the State.

In the framework of the policy to support and enhance foreign direct investment in Tunisia and under supervision of the Central Bank of Tunisia, six offshore banks set up a 100-million euro credit line for non-resident companies and projects operating in Tunisia to help them to carry out their investments in the set deadlines.

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<sup>1</sup> Cf. Report on the Council of Ministers meeting of 23 December 2008.

In this same context, in order to consolidate resources at the system to guarantee loans to small/medium sized industries and service companies and holdings in their capital, it was decided to charge 0.3% of the amount of short term loans for export, insured against related risk. This will be in addition to amounts already applicable :

\* 0.6% in the form of annual interest rate on medium and long term loans or its equivalent in the form of a percentage of the amount of the loan, to be paid just once when the loan is granted, and

\* 1% to be paid just once on the amount of the loan authorised by the lending institution for short term loans<sup>1</sup>.

## 2. MEASURES OF A STRUCTURAL NATURE

Aside from measures related to current conditions, to support those companies that are the most exposed to the effects of the international financial crisis, authorities continued their efforts to enhance the strategic choices taken more than 20 years ago in the framework of liberalisation of the Tunisian economy. It is along these lines that measures taken in this area involved greater liberalisation for current transfers and promotion of investment.

### **a. Greater liberalisation of current transfers and capital transactions**

To help exporting companies position themselves on relevant regional and international markets and thus allow them to secure or increase export market shares, companies now benefit from a further increase in the ceiling for transfer from dinars to foreign currency to cover living expenses abroad for business purposes. The maximum amount for the exporter business travel allowance went up from 300,000 to 500,000 dinars a year<sup>2</sup>.

Furthermore, in the framework of support for their presence abroad and help for their export efforts, non exporting resident companies or those that over the preceding financial year recorded turnover in foreign currency of less than 50,000 dinars were able to take advantage of a further increase in amounts that can be freely transferred for financing investment abroad. They can now freely transfer the counter value of between 50,000 and 250,000 dinars a year (compared to 30,000-150,000 dinars previously) to finance representational or liaison offices abroad and from 100,000 to 500,000 dinars a year (up from 60,000 to 300,000 dinars previously) to finance investment abroad in the form of subsidiaries, affiliates or holdings in the capital of businesses<sup>3</sup>.

### **b. Measures in favour of investment promotion**

(i) Extension of the field of intervention for venture capital investment companies (SICAR) and venture capital mutual investment funds (FCPR)

The field of intervention for SICARs has been extended to subscription in newly issued stock or shares for initiatives taken in the framework of small/medium sized businesses and those that are eligible for incentives for reinvestment and profits from transmission of companies.

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<sup>1</sup> Cf. Minister of Finance bylaw of 3 February 2009, published in the Official Journal of the Tunisian Republic (JORT) n°12 of 10 February 2009.

<sup>2</sup> Cf. BCT circular to authorised intermediaries n°2009-06 of 9 February 2009.

<sup>3</sup> Cf. Exchange notice of the Minister of Finance, published in the Official Journal of the Tunisian Republic (JORT) n°20 of 10 March 2009 and BCT circular to authorised intermediaries n°2009-09 of 4 May 2009.

Furthermore, these entities have to use at least 65% of their paid-up capital and of each amount put at their disposal in the form of venture capital by no later than the end of the year following that in which capital was paid-up or payment of each amount made available to them in subscriptions to newly issued stock or shares. Moreover, the field of intervention for FCPRs was widened to include greater investment opportunities like SICARs, they will have to use at least 65% of their assets in the same investments listed for SICARs. It should also be pointed out that integral paying-up of capital at subscription, required for stocks and shares in mutual investment funds is no longer mandatory under the terms of the new law, as regards the shares of FCPR and shares in start-up funds that are paid-up according to the needs of the initiative for capital in which they have holdings<sup>1</sup>.

(ii) Harmonisation of fiscal arrangements relating to incentives for investment in SICARs with the legislation that governs them

Following broadening of the field of intervention for SICARs and FCPRs, it was decided to modify relevant tax legislation. In effect, income reinvested in the capital of SICARs or invested with them in the form of venture capital funds is deductible for up to 35% of overall taxable income. Deduction becomes total if a SICAR uses at least 75% of its paid-up capital and at least 75% of each amount invested with it in the form of venture capital funds, in subscription to newly issued stocks or shares by businesses located in development zones as per articles 23 and 24 of the investment incentives code. The condition relating to newly issued stocks and shares is not required in the case of companies encountering economic difficulties that benefit from the incentives for transmission transactions for reinvestment of income and profits as outlined in legislation currently in force. These provisions apply to paid-up capital in SICARs and any amount deposited in the form of venture capital funds and shares in FCPRs paid-up as of 1 January 2009<sup>2</sup>.

(iii) More flexibility for transmission of businesses eligible for tax and financial incentives

To ease and encourage transmission of companies that are eligible for tax and financial incentives, the 2009 finance law expanded the right to maintain these incentives for any transmission operation, for whatever reason. Taking advantage of this incentive depends on the commitment of the acquirer to maintain activity for the remaining 10 year period starting from the date of investment in effective production as long as prevailing legislation does not envisage a different period. To this end, the acquirer must submit to the appropriate authority a declaration<sup>3</sup> and a commitment to continue activity<sup>3</sup>.

Furthermore, those eligible for premiums linked to the quality of the promoter are obliged to reimburse these monetary incentives if the acquirer does not meet the conditions required to take advantage of these premiums, in line with prevailing legislation. Also, beneficiaries of reimbursable allotments and real estate loans must repay the amounts remaining for allotments and loans when the company is transmitted, as long as they have not been assumed by the acquirer who is eligible for such allotments and loans, in line with prevailing legislation.

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<sup>1</sup> Cf. Law n°2008-78 of 22 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°105 of 30 December 2008.

<sup>2</sup> Cf. Articles 19-21 of law n°2008-77 of 22 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°104 of 26 December 2008.

<sup>3</sup> Cf. Article 16 of law n°2008-77 of 22 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°104 of 26 December 2008.

It should be recalled that in the framework of facilitating corporation transmission, incentives were granted to this kind of transaction by the 2007 finance law, including :

- \* ongoing eligibility for the incentive of State assumption of the employer's contribution to the legal regime of social security ;
- \* non expiration of tax breaks to the transferring company or its stockholders ; and
- \* transmission of incentives to the acquiring party as per the conditions initially foreseen for the ceding party in the framework of the investment incentives code.

#### (iv) Modification of conditions for the granting of loans to mobilise claims abroad

To give concrete form to presidential decisions regarding support to economic activity and notably the export sector hit by the world crisis, it was decided to fix the maximum duration for use of bills drawn on exporting businesses abroad to 360 days. Thus, refinancing by the BCT of loans to mobilise claims abroad granted by local banks will be carried over the same period<sup>1</sup>.

#### (v) Other structural measures

There were decisions concerning other accompanying measures, notably :

- pursuit of reform of customs nomenclature, in the sense of reducing from 9 to 6 the number of rates and lowering customs fees due on import of equipment, raw materials, semi-finished products and certain other products<sup>2</sup>,

- creation of the national Board to fight against counterfeiting<sup>3</sup> by the Ministry in charge of Commerce, made up of 13 members representing the various ministries and structures concerned. This consulting Board is chaired by the Minister in charge of Commerce and has the following main responsibilities :

- \* Participation in drawing up a national programme aiming to curb counterfeiting and coordination of works of the different administrations and structures operating in this area,
- \* Participation in developing legislation in this field,
- \* Monitoring and evaluating implementation of programmes that seek to curb counterfeiting,
- \* Collecting information and setting up a data base in this area.

Three technical commissions have been set up within the national Board to fight against counterfeiting, the first in charge of developing a legislative and institutional framework, the second in charge of programming and monitoring, and the third in charge of information and awareness building.

- revision of attributions, composition of the national services Board, and creation within the Ministry in charge of Commerce of an objective-oriented management unit responsible for acting as the Board's secretariat and implementation of the programme to upgrade the

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<sup>1</sup> Cf. BCT circular to banks n°2009-05 of 9 February 2009.

<sup>2</sup> Cf. Article 12 of law n°2008-77 of 22 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°104 of 26 December 2008.

<sup>3</sup> Cf. Decree n°2009-418 of 16 February 2009, published in the Official Journal of the Tunisian Republic (JORT) n°15 of 20 February 2009.

services sector<sup>1</sup>. This Board, created in 2006 and grouping representatives of various ministries and structures, has undergone an expansion in its mandate to include participation in establishment of a system of statistics on indicators relating to development of the services sector, better quality systems, and facilitation of mutual recognition of diplomas and qualifications as well as upgrading of the sector.

## **D. ONGOING ENCOURAGEMENT AND PROMOTION OF VARIOUS ECONOMIC SECTORS**

Financing of the economy continued to attract particular attention. To this end, targeted measures were taken to promote agricultural and industrial activities, tourism and handicrafts.

### **1. MEASURES IN FAVOUR OF THE AGRICULTURAL SECTOR**

#### **a. Revision of the loan scale for cereal crops**

In the framework of ongoing support to farmers, in application of directives by the President of the Republic relating to revision of the seasonal loan scale for large-scale crops, needed because of higher prices for certain inputs such as consumables, manpower, seeds, etc. and to guarantee launching of the new large-scale crop season in good conditions, it was decided to raise by 10% the ceilings for seasonal crop loans. Thus the scale for loans granted for dryland farming of hard wheat, soft wheat and pulses was set at 545 dinars per hectare for zone I and 425 dinars for zone II, compared to 495 and 385 dinars respectively the year before.

Loans for dry-land farming of barley were set at 365 dinars per hectare in zone I, 330 dinars per hectare for zone II and 145 dinars per hectare for zone III, compared to 330, 300 and 130 dinars respectively previously. The scale for fodder crops went up from 275 dinars per hectare to 305 dinars for winter crops and from 345 dinars per hectare to 380 dinars for summer crops<sup>2</sup>.

#### **b. Rescheduling of loans**

Banks were authorised to reschedule loans to cereal farmers hit by drought for the 2007-2008 season for investment loans relating to cereal farmers. Farmers eligible for such rescheduling are those who met their banking commitments prior to the onset of drought and who farmed agricultural land located in areas declared to be disaster-stricken, as per decree n°2008-3172 of 6 October 2008.

Rescheduling principal on seasonal loans for large scale crops as well as principal and interest on portions of investment loans, to cereal farmers, that fell due in June, July and August 2008 was done for a maximum period of five years, at the same interest rate set for the initial loan. This was done on a case by case basis, in light of the financial situation of the individual farmer and the degree of damage suffered by him or her, on the basis of an attestation of damage from drought issued by the regional commissioner for agricultural development in the relevant region. Banks can obtain refinancing from the Central Bank for rescheduled loans at the call for bids rate. The national guarantee fund (FNG) covers the

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<sup>1</sup> Cf. Decree n°2009-417 of 16 February 2009, published in the Official Journal of the Tunisian Republic (JORT) n°15 of 20 February 2009.

<sup>2</sup> Cf. BCT circular to banks n°2008-18 of 10 September 2008.

interest on rescheduled loan operations that it has funded and that has been declared to the secretariat of the fund<sup>1</sup>.

### **c. Raising the scale of complementary loans for seasonal crops**

The scale for complementary loans for seasonal crops, meant for supplemental fertilisation and fungicidal treatment for the 2008-2009 cereal season, went up from 88 dinars to 99 dinars per hectare for both irrigated and dryland cereals in zone I and from 76 dinars to 86 dinars per hectare for dryland cereals in zone II<sup>2</sup>.

### **d. Promotion and development of large scale crops**

#### **(i) Creation of a national institute for large scale crops**

To boost productivity in large scale crops, the decision was made to create a national institute for large scale crops (INGC). Under the supervision of the Minister in charge of Agriculture, this structure has been entrusted with the following mandate:

- carry out studies on large scale crops in order to boost productivity and improve income, and on the international market situation for large scale crops ;
- provide technical support for large scale crops and introduce the most effective techniques and ways of growing that are best adapted to irrigated cereal crops ;
- work for higher production and use of improved seeds ; and
- provide ongoing support to technicians and large scale crop farms by implementing training programmes for them<sup>3</sup>.

#### **(ii) Encouraging the use of agricultural land for large scale crops**

In the framework of ongoing development of large scale crops and in order to ensure food security, especially in cereals, the decision was made to encourage farming of agricultural land earmarked to large scale crops under rental contracts, by exempting these contracts from registry fees as well as from individual income tax or deducting such income from the corporate tax base as long as<sup>4</sup>:

- the rental contract is for at least three years;
- the renter is committed in the rental contract to farm large scale crops on such land ; and
- to take advantage of tax exemption on individual income or deduction of the income in question from the corporate tax base, the beneficiary must also have (in support of his or her tax return) an attestation issued by the relevant regional divisions of the Ministry in charge of Agriculture confirming that the land being rented is used for large scale crops, in line with the requirements of crop rotation over the effective period of exemption.

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<sup>1</sup> Cf. BCT note to banks n°2008-27 of 31 October 2008.

<sup>2</sup> Cf. BCT note to banks n°2009-04 of 3 February 2009.

<sup>3</sup> Cf. Law n°2009-15 of 16 March 2009, published in the Official Journal of the Tunisian Republic (JORT) n°22 of 17 March 2009.

<sup>4</sup> Cf. Articles 13 and 14 of law n°2008-77 of 22 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°104 of 26 December 2008.

## **e. Preserving palm groves**

A legal framework governing the safeguard and development of the national gene pool for date palms of all kinds was introduced in order to preserve this national treasure against degradation and the risks they face (such as pulling up, knocking down and destruction of date palm trees) and protecting palm groves from plagues and plant pathologies, while strengthening the contribution of oases to attaining national economic, social and ecological goals<sup>1</sup>.

## **f. Modalities for intervention and operation of the fund to promote the quality of dates**

Created under article 24 of law n°2007-70 of 27 December 2007 that constitutes the 2008 finance law, the fund to promote the quality of dates provides for financing of the following operations :

- up to 80% of cost, with a ceiling of 1,700 dinars per hectare, to promote greater use of mosquito netting ;
- up to 25% of cost, with a ceiling of 12 dinars per hectare, to help clear oases located on farmed land ;
- assumption of the entire cost, with a ceiling of 10,000 dinars a year, for all production zones, for organisation and supervision of date harvesting ;
- up to 70% of cost, with a ceiling of 5,000 dinars per centre for intangible investment to upgrade date collection centres ; and
- assumption of the entire cost, with a ceiling of 20,000 dinars a year, for anti-borer biological treatment of dates.

It also intervenes in all activities relating to enhanced quality of dates and promotion of production and marketing of dates<sup>2</sup>.

## **2. MEASURES IN FAVOUR OF INDUSTRY**

### **a. Encouraging private individuals and businesses in the textiles/clothing sector to move from sub-contracting to co-contracting**

The ceiling has been raised for reimbursable allotments or holdings in capital granted by the Fund to develop industrial competitiveness to Tunisians who run individual businesses or who have holdings in industrial companies working in the textiles/clothing sector and who move from sub-contracting to co-contracting. In the future, these allocations, given up to half of recapitalisation needs, cannot exceed 200,000 dinars vs. 150,000 dinars previously.

Help from this fund can be either in the form of a reimbursement allotment for a maximum duration of 12 years (including a five year grace period) with an annual interest rate of 3% or in the form of holdings in the capital of the company the sale of which is made for a maximum duration of 12 years at the nominal value of shares plus an annual interest rate of 3%, as per an agreement to be signed to this effect between the SICAR and beneficiaries<sup>3</sup>.

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<sup>1</sup> Cf. Law n°2008-73 of 2 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°98 of 5 December 2008.

<sup>2</sup> Cf. Decree n°2009-723 of 16 March 2009, published in the Official Journal of the Tunisian Republic (JORT) n°24 of 24 March 2009.

<sup>3</sup> Cf. Decree n°2008-2404 of 23 June 2008, published in the Official Journal of the Tunisian Republic (JORT) n°52 of 27 June 2008.

## **b. Encouraging real estate promotion companies to develop premises for industrial companies**

To encourage real estate promotion companies to develop premises for industrial companies in zones being encouraged in the framework of regional development, it has been decided to provide a premium calculated as a portion of the cost for developing these premises, determined by zone, as well as a premium for State participation in expenditure for the infrastructure required to set up these premises according to zone<sup>1</sup>. These incentives are granted by decree on the basis of a notice by the higher commission for investment.

## **3. MEASURES IN FAVOUR OF HANDICRAFTS AND SMALL/MEDIUM SIZED BUSINESSES**

### **a. Increase in the ceiling for investment cost for activities eligible for financing from the national fund for handicrafts and small trades (FONAPRA)**

In application of new dispositions introduced by decree n°2008-388 of 11 February 2008, a decision has been taken to increase the ceiling for the overall cost of investments in handicrafts, small-scale businesses and small trades that are eligible for financing from FONAPRA<sup>2</sup>.

In effect, medium term loans financing the above-mentioned investments are granted to finance initiatives for small scale businesses and small trades that do not exceed 100,000 dinars including working capital, up from 50,000 dinars previously or 80,000 dinars for projects initiated by graduates of higher education.

The list of activities eligible for this form of financing (as per annex VI of BCT circular n°1987-47), has been enlarged to include new activities developed these past few years such as refrigerated transport of agricultural products, consulting bureaus, service centres, data banks and view data services. Furthermore, promoters from the category of needy families who are registered on the national poverty register or from special-needs categories who cannot afford the personal contribution in cash required to finance their initiatives can now take advantage of a reimbursable allotment for 100% of equity.

### **b. Increase in the amount of the advance granted to small/medium sized businesses and craftsmen in public procurement**

To help small/medium sized businesses and craftsmen achieve better integration in the economic cycle by activating their participation in public procurement, the decision was taken to necessarily grant an advance equal to 20% of the amount of the contract payable in dinars to small/medium sized businesses and to increase from 15% to 20% that granted to craftsmen.

This decree defines small/medium businesses as those that are currently operational or recently set up, with the following conditions for bidding on public procurement :

- for construction and public work jobs : companies that are certified for categories 1 to 4, in line with prevailing legislation ;

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<sup>1</sup> Cf. Article 18 of law n°2008-77 of 22 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°104 of 26 December 2008.

<sup>2</sup> Cf. BCT circular to banks n°2008-19 of 19 September 2008.

- for supply of goods and services : operational companies with annual turnover of no more than one million dinars and those recently set up at an investment cost of no more than 500,000 dinars ; and
- for studies: businesses with annual turnover of no more than 300,000 dinars and those newly set up at an investment cost of no more than 150,000 dinars<sup>1</sup>.

#### 4. MEASURES IN FAVOUR OF TOURISM : MODIFICATION OF LEGISLATION GOVERNING TIME SHARES AS A TOURISM OPTION

In the framework of diversification and enhancement of tourism options, the sector has over the past few years developed time-share tourism activity, governed since 1997 by law n°1997-46 of 14 July 1997. Modification of this law was deemed necessary given certain difficulties in its application. The changes introduced by the new law concern mainly the following points<sup>2</sup> :

- a decrease in the duration during which the right to time-share housing can be enjoyed, from 30 years to a minimum of five years, although a longer period can be specified in the contract ;
- prohibition for a tourism time share housing company to market weekly time shares before the property is completely built or when such a company is not the owner of these units; subcontracting cannot be used to market these properties, in order to limit the number of operators dealing in such contracts ;
- institution of a requirement for promoters in this area to secure a continuous banking guarantee to back up their professional obligations to clients, to replace the condition that 15% of amounts collected from sale of time shares be placed in a blocked account, which has discouraged foreign investors from entering this field ;
- an increase from 10 to 15 days for buyers to change their mind after signing for a time share ;
- institution of an obligation for companies working in this area to submit a copy of the sales contract to the relevant division of the Ministry of Tourism, to facilitate monitoring of time share marketing ; and
- setting by internal regulation in the form of a revisable annual lump sum every two years of the common costs required to maintain and keep up time share units that the time share buyer must pay for yearly.

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<sup>1</sup> Cf. Decree n°2008-3505 of 21 November 2008, published in the Official Journal of the Tunisian Republic (JORT) n°95 of 25 November 2008.

<sup>2</sup> Cf. Law n°2008-33 of 13 May 2008, published in the Official Journal of the Tunisian Republic (JORT) n°40 of 16 May 2008.

## **E. OTHER MEASURES**

### **1. PROMOTION OF THE COMMUNICATIONS SECTOR AND OF A DIGITAL ECONOMY**

#### **a. Creation of a higher council for communications and specifying how it is to be organised**

In the framework of developing the communications and information sector, a decision has been taken to set up a higher council for communications. This council is a public national institution with a legal status and financial autonomy<sup>1</sup>. Its mandate includes primarily :

- studying and proposing measures that will contribute to definition of an overall communications/information policy that gives concrete form to free and pluralist communication and development of relevant infrastructure ;
- ensuring monitoring of the information/communication sector through gathering of relevant national and international data and safeguarding in a data base, along with writing up of summary reports and studies on innovation in the sector ; and
- ensuring monitoring of services provided by public and private information/communication structures by studying their services and evaluating programmes and their content, and proposing ideas in line with national orientations and the ethics of journalism.

Its organisational structure provides for a chairman, a general secretariat, a national information Observatory, a legal department, studies and documentation, and an under-directorate of common services. It is made up of five permanent commissions to review the main issues involved in this activity. Two officials are designated to these commissions as permanent secretaries.

#### **b. Creation of an objective-oriented management unit to bring to fruition the initiative to develop a digital economy**

A decision was taken by the Ministry of Communications Technologies to set up an objectives-oriented management unit to implement the initiative to develop a digital economy. Its mandate is essentially :

- to coordinate between structures directly involved in partnership arrangements between the public and private sectors to promote a digital economy and to monitor implementation of activities ; and
- to monitor the carrying out of decisions and recommendations relating to promotion of a digital economy.

The duration for implementation of this initiative is set at four years and it will be carried out in three phases :

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<sup>1</sup> Cf. Law n°2008-30 of 2 May 2008, published in the Official Journal of the Tunisian Republic (JORT) n°37 of 6 May 2008 and decree n°2008-3222 of 13 October 2008, published in the Official Journal of the Tunisian Republic (JORT) n°84 of 17 October 2008.

### **1<sup>st</sup> phase : from May 2008 to December 2008**

This phase consists in participation in carrying out studies and evaluations involving the implementation of partnership arrangements between the public and private sectors in the area of the digital economy, in organising awareness-building and training events relating to this partnership and introduction of reference guides on partnership modalities.

### **2<sup>nd</sup> phase : from January 2009 to December 2010**

This phase consists in participating in the drawing up and carrying out of action plans to implement partnership initiatives between the public and private sectors and to monitor progress. This unit is expected to present useful proposals to promote administrative and technical aspects of these initiatives.

### **3<sup>rd</sup> phase : January 2011 to December 2011**

During this period, the management unit will pursue implementation of partnership initiatives and evaluate the initial results of these initiatives and will then write up a report on progress in implementing directives and recommendations regarding promotion of a digital economy.

A commission has been set up at the Ministry of Communication Technologies, in charge of monitoring and evaluating the responsibilities entrusted to the objectives-oriented management unit to implement an initiative to develop a digital economy. It is made up of six members representing the Prime Ministry and the Ministries of Development/International Cooperation, Communication Technologies, Industry, energy/Small-Medium sized Businesses, and Higher Education/Scientific Research/Technology. This commission will be chaired by the Minister of Communication Technologies or his representative<sup>1</sup>.

## **2. PROMULGATION OF A CUSTOMS CODE**

In the framework of better customs legislation and its adaptation to the requirements of rapid change on the international economic scene, a new customs code has been adopted<sup>2</sup>, seeking to :

- enhance economic competitiveness by restructuring customs regimes in line with international norms, thus helping Tunisian companies to work in an environment similar to that of competing foreign companies, introduce flexibility in conditions for suspensive customs regimes, especially with regard to the financial guarantees required to take advantage of these regimes and facilitate customs procedures so as to reduce costs for exporters and importers ;
- enhance the guarantees available to economic operators who use the customs administration, by introducing a mechanism for reconciliation that allows intervention in certain disputes between the customs administration and the economic operators (creation of a commission for reconciliation and customs expertise, including a second category judge from the head office of the judiciary professional organisation as chairman, an advisor from the administrative tribunal and two assessors designated for their technical expertise), and strengthening of the regulatory role over customs affairs that are penal based, such as a

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<sup>1</sup> Cf. Decree n°2008-1868 of 13 May 2008, published in the Official Journal of the Tunisian Republic (JORT) n°41 of 20 May 2008.

<sup>2</sup> Cf. Law n°2008-34 of 2 June 2008, published in the Official Journal of the Tunisian Republic (JORT) n°47 of 10 June 2008.

possibility in the future for the judge to declare attenuating circumstances, reduce sanctions, etc ; and

- adapt customs legislation to the national legal disposition and to the country's international commitments.

### 3. MODALITIES FOR FOREIGNERS TO REGULARISE THEIR TAX SITUATION FOR TRANSFER OF TAXABLE INCOME

In application of article 59 of law n°2007-70 of 27 December 2007 constituting the 2008 finance law and in the framework of improving collection of tax receipts, non resident private individuals, non resident and unestablished corporate entities, people exercising activity at a stable establishment located in Tunisia, and resident foreigners who move abroad are obliged to obtain a document attesting to regularisation of their tax status. This attestation is to be submitted to :

- the Ministry of the Interior and Local Development when applying for a certificate of change of residence, or

- customs when repatriating personal effects or materials, or

- the Central Bank of Tunisia or authorised intermediaries at the time of transfer of income or profits abroad.

A document attesting to regularisation of tax status is issued by the relevant tax control office no more than five days after the date of deposit of the request. If such a request is turned down, the tax control office must state in writing the reasons for this refusal, in which case the person making the request may have recourse to a commission in charge of deciding on requests for a further review of a request to obtain a document attesting to regularisation of tax status or of certificates of the tax exempt status of income and profits<sup>1</sup>.

### 4. MEASURES IN PURSUIT OF TAX REFORM AND BETTER TAX YIELD

In application of Minister of Finance bylaw of 1<sup>st</sup> December 2008 and with a view to extending the procedure for electronic tax returns to a larger number of tax payers, the minimum amount of turnover for electronically submitting a tax return has been brought to two million dinars. It was in the framework of better use of new communication technologies to facilitate tax requirements that the decision was made as per the finance laws for the 2003 and 2005 fiscal years for companies with turnover of more than five million dinars to oblige tax payers to submit tax returns electronically. In this same context, in order to give concrete form to measures to move to paper-free tax returns, the 2009 finance law provides for a fine of between 100 and 5,000 dinars for any tax payer required to make his or her tax return or provide any other document relating to tax returns or audit or payment of taxes by reliable electronic means but who has not fulfilled this requirement<sup>2</sup>.

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<sup>1</sup> Cf. Decree n°2008-1858 of 13 May 2008, published in the Official Journal of the Tunisian Republic (JORT) n°41 of 20 May 2008.

<sup>2</sup> Minister of Finance bylaw of 1<sup>st</sup> December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°98 of 5 December 2008 and article 37 of law n°2008-77 of 22 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°104 of 26 December 2008.

## 5. CREATION OF A HIGHER COUNCIL FOR BUSINESS

In the framework of application of the terms of the law governing economic initiative, a higher council for business has been set up to study and give an opinion on issues relating to better competitiveness and enhancement of the business environment, promotion of businesses (profitability, employability, competitiveness...), integration of businesses in the digital economy and in innovative sectors, and working for a culture of initiative.

This higher council for business is chaired by the Prime Minister, is made up of 14 members of the government and other members including the Governor of the Central Bank of Tunisia, the President of the Capital Market Council, the President of the Professional Association of Tunisian banks and financial institutions, and the President of the Association of venture capital investment companies, the Secretary General of the Tunisian general labour union, the President of the Tunisian Union for industry, commerce and handicrafts, and other members representing the political parties represented in the Chamber of deputies, hotels, agriculture and fishing. The Council meets at least once every six months and it has to write up an annual report about its activity<sup>1</sup>. The permanent secretariat of the council is provided by the Ministry of Development and International Cooperation, which is in charge of preparing the agenda for meetings, inviting members, writing up reports on meetings, and monitoring the decisions of the council and its recommendations.

## 6. PURSUING PROMOTION OF RESEARCH AND INNOVATION

To provide better support to companies to diagnose their needs for innovation and to help public research structures in the fields of intellectual property, transfer of technology, making the most of the results of research and dissemination of programmes and mechanisms linked to innovation and promotion of a culture of technological innovation, an agency named «the national agency for promotion of research and innovation» has been set up. This is a public establishment of a scientific and technological nature, with corporate status and financial autonomy<sup>2</sup>.

## 7. CREATION OF A NATIONAL INSTITUTE OF CONSUMPTION (INC)

A national institute of consumption has been set up in the framework of efforts to strengthen consumer protection, in a context of trends in the pace of commercial transactions because of higher living standards and ready supply of goods and services on a competitive market. The mandate of this public establishment of an administrative nature attached to the Ministry in charge of Commerce includes technical support to organisations and structures that deal with consumption, contribution to development of consumer information, orientation and more rational behaviour. This structure is led by a Director General named by decree, who is in charge of the Institute's administrative, financial and technical management, securing procurement and contracts, proposing the budget and organisation of INC, and ensuring application of the recommendations of the orientation council created within this structure, while also playing a consultative role<sup>3</sup>.

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<sup>1</sup> Cf. Decree n°2008-851 of 1<sup>st</sup> April 2008, published in the Official Journal of the Tunisian Republic (JORT) n°28 of 4 April 2008.

<sup>2</sup> Cf. Law n°2008-60 of 4 August 2008, published in the Official Journal of the Tunisian Republic (JORT) n°64 of 8 August 2008.

<sup>3</sup> Cf. Law n°2008-70 of 10 November 2008, published in the Official Journal of the Tunisian Republic (JORT) n° 94 of 21 November 2008 and decree n°2009-634 of 2 March 2009, published in the Official Journal of the Tunisian Republic (JORT) n°19 of 6 March 2009.

## 8. ONGOING ENCOURAGEMENT OF THE PRIVATE SECTOR TO INVEST IN THE FIELD OF STUDENT HOUSING

To continue to encourage the private sector to invest in student housing, the deadline of 31<sup>st</sup> December 2008 for investors to take advantage of the incentive for purchase of land at the symbol cost of one dinar has been extended to 31 December 2011<sup>1</sup>.

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<sup>1</sup> Cf. Article 22 of law n°2008-77 of 22 December 2008, published in the Official Journal of the Tunisian Republic (JORT) n°104 of 26 December 2008.