

The debt crisis in Tunisia: Don't prioritize debt repayments over human rights

A [study](#) by the Friedrich-Ebert-Foundation and [erlassjahr.de](#) (Jubilee Germany) shows: The sovereign debt of Tunisia is only sustainable at the price of social justice. The economic fallout of the COVID-19-pandemic caused the public debt to jump to 87 percent of GDP. The country faces high debt repayments and already early in the year, the IMF recommended fiscal consolidation to maintain them. On average, debt service payments would eat up more than 25 percent of government revenues [between 2019 and 2025](#). However, instead of prioritizing debt repayments, the Tunisian government should seek a debt restructuring to protect the rights of its citizens.

Kristina Rehbein from [erlassjahr.de](#), author of the paper, comments: "In order to bring the debt down to sustainable levels, the IMF suggests painful belt-tightening amidst the pandemic by reducing the public wage bill, phasing out energy subsidies and targeting social spending. In other contexts, the IMF strongly warned that fiscal austerity, that comes back too early, would threaten the recovery from the pandemic. Combatting unsustainable debt with austerity policies could cause a lost decade for Tunisia."

However, pandemic-related debt relief measures by the G20, such as the [G20 Common Framework for Debt Treatments beyond the DSSI](#), are not accessible for Tunisia, as only low-income countries have access.

Thomas Claes, project director of FES MENA, criticizes: "The international community seems to be willing to leave critically indebted middle-income countries like Tunisia behind. Tunisia can only repay its debt service in full and on time by prioritizing creditors' rights over the human and economic rights of Tunisian citizens."

The study shows that a debt crisis and subsequent austerity are not without alternative. Restructuring unsustainable debt even in absence of an imminent default risk can be a powerful way to stabilize the debt ratio and create fiscal space without overburdening the debtor's population. The burden of adjustment needs to be distributed more equally between debtor and creditor.

Thomas Claes further: "A new 'social compact', as recommended by the IMF, must start with comprehensive debt relief and a true national dialogue on economic reforms that are not prescribed by the IMF or other creditors. The human rights of Tunisian people should be prioritized over creditors' claims to be paid timely. Tunisia should demand an immediate debt service moratorium on all payments followed by a process of comprehensive debt restructuring."

Further Material:

"The Tunisian debt crisis in the context of the COVID-19 pandemic – Debt repayments over human rights?" ([English version](#), [Arabic Version](#))

Media package ([infographics and caricatures](#))
Video of the [“Flousna”-Series](#)