

## Objective 1.2. Improving private sector competitiveness

***To contribute to improving Tunisia’s competitiveness, WBG will focus on specific constraints affecting the development of the private sector, while continue supporting some key reforms that have greater stakeholders buy-in.*** The pre-requisite for all reforms considered under this sub-objective will be an assessment of the prevailing political and economic processes– specifically, the incentives, relationships, and distribution of power among different groups.

Focus will be on:

- (i) improving key aspects of the regulatory environment affecting private sector development, through a combination of activities focusing on transversal issues affecting SME development, sector-specific constraints affecting selected value chains and non “spatially blind” policies resulting in distortions in areas such as agriculture; forestry, labor market and subsidy reform, which drive the economic marginalization of lagging regions; and,
- (ii) continuing to support trade and regional integration through existing operations including furthering procedures related to Rades port efficiency, cargo transport, customs, export regulations and VAT.

***The WBG will continue to pursue key reforms in Tunisia’s financial sector in order to promote economic growth and employment creation.*** Interventions will aim at building a deep, diversified, and inclusive financial sector in Tunisia, through:

- (i) supporting the Government in the restructuring and possibly privatization of state-owned banks;
- (ii) expanding access to financial services for MSMEs with a focus on women entrepreneurs;
- (iii) supporting access to housing finance to low income households, particularly youth and in lagging regions;
- (iv) strengthening selected components of the financial sector landscape (insurance, private equity, export finance and micro-finance, etc.);
- (v) developing capital markets;
- (vi) improving financial infrastructure and legal/regulatory framework (including debt resolution, credit reporting and secured lending, and digital finance); and
- (vii) supporting regional expansion “South-South” of Tunisian financial institutions through investment and advisory services to enable them to access markets in MENA and Sub-Saharan Africa. The engagement will target specifically financial inclusion issues for disadvantaged groups such as women, youth and rural populations