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.