

Key Facts on New Support for Tunisia

- Following the 2011 revolution, the World Bank moved quickly to provide budget support to the transitional government to allow it to focus on the **key reforms demanded by the Tunisian people**.
- That support has continued throughout the transition period with a series of **Development Policy Loans** aimed at underpinning efforts to adopt a new economic model that is both fair and open to all Tunisians, and create institutions that are transparent and accountable to citizens.
- The new **3rd Governance, Opportunity and Jobs Development Policy Loan** is the third and final loan in the US\$1.25 billion program begun in 2012, helping launch the reform program and laying the foundation for further World Bank support for the government's 5-year development plan.
- The World Bank is once moving quickly following the terrorist attacks in Sousse and at the Bardo museum, which along with the loss of life has led to lost revenue and jobs in the vital tourism sector, **causing shocks throughout the rest of the economy**.
- Coupled with the security situation, Tunisia faces a number of challenges as it presses forward to transform itself into **a vibrant democracy with a growing economy** that can provide jobs and attract domestic and foreign investment.
- Slow growth in recent years has not been enough to lower persistently high unemployment **and provide hope to many young people seeking new opportunities**.
- That's why the government and the World Bank have agreed to speed up the latest US\$500 million loan, to provide immediate financial support to address the economic shocks while maintaining the momentum on reforms to **make government more accountable and lay the foundation for stronger economic growth**.

The \$500 million will help stabilize the national budget and support the following goals that the government has committed to:

- A further simplification of the regulations on investments. The aim is to streamline procedures for opening and operating businesses, while increasing transparency to minimize the risk of corruption.

- A 50 percent reduction in the price of outgoing international phone calls to 20 US cents/minute and a six fold increase (to 220 Gbps) in the bandwidth available for international Internet traffic [by the end of 2016]
- Stricter regulation of the banking sector; restructuring of the three main public banks to bring their operations and financial soundness up to international standards
- Approval of a new bankruptcy law to provide a single, streamlined set of rules for restructuring viable businesses and quickly and efficiently liquidating non-viable ones
- Expand and develop the Open Government initiative to allow citizens easier access to information on new laws, draft and adopted budgets, and the way public funds are managed

The development policy loan program has supported a number of key reforms, including:

- The Competition Law recently adopted by parliament which will strengthen the mandate of the Competition Council to ensure that all Tunisian businesses are treated equally and face the same, predictable regulations; a critical step towards creating an open and competitive economy that will encourage investment and innovation, and lead to new businesses and job creation.
- To promote the growth of telecommunications services and lower prices, the government has approved a package of reforms. These included opening up the sector and allowing new Internet service providers.
- A number of steps taken to make government more transparent and provide citizens with easier access to public information. Adopted budgets are now published online, and beginning in 2014, a more user-friendly “Citizen’s budget” has been published.