Republic of Tunisia

Country Partnership Framework

May 17, 2016

Chair Summary*

The Executive Directors discussed the joint IBRD/IFC/MIGA Country Partnership Framework (CPF) (R2016-0074[IFC/R2016-0090, MIGA/R2016-0023]) for the Republic of Tunisia for FY2016-FY2020. Directors commended Tunisian Authorities for a successful political transition, and acknowledged that the economic, political and security environment remains challenging. They noted that the economic success of Tunisia will be important for the Middle East and North Africa (MNA) Region, and the World Bank Group (WBG) needed to provide long-term support to the transition.

Directors noted that the CPF was well aligned with the Systematic Country Diagnostic and expressed their broad support to the focus on job creation, regional disparities, and social inclusion. They emphasized the measures outlined in the CPF for renewing the social contract which is central to implementing the new MNA strategy and encouraged the WBG to enhance collaboration with stakeholders and partners in advancing social inclusion and restoring cohesion. Directors welcomed the collaboration across global practices and with IFC and MIGA to promote greater private sector investment. They emphasized the importance of balancing fiscal discipline with growth-enhancing investments, stressing coordination with the IMF given the use of development policy lending in the Bank’s program. They urged close monitoring of the macroeconomic and financial developments as external debt grows as a result of the ambitious IBRD portfolio.

Directors noted that important challenges remain for the achievement of the expected development outcomes. They highlighted challenges related to public sector reform, governance, infrastructure, tourism, gender, tax reforms, and data transparency. They underscored the vital importance of focusing on value chains, education reforms, and key sectors that create jobs, especially for the youth and women who experience high unemployment. Directors looked forward to the completion of the gender assessment that can inform WBG engagements for women empowerment and inclusion.

Directors encouraged the continued progress towards inclusion, in particular, strengthening voice, accountability and stakeholder engagement to support reforms, especially reforms to the business environment. They welcomed greater infrastructure investment in regions that are lagging behind. Directors also encouraged efforts to promote regional integration across MNA. They stressed that as lending volumes increase to address these challenges, efforts should be maintained to improve the overall portfolio performance and quality.

Directors appreciated the candid assessment of risks and urged the WBG to continuously monitor them, and to work with the authorities and other development partners on mitigation. They in particular welcomed the opportunity to recalibrate and review the ambitious lending program in the second half of the CPF, and the possibility of leveraging other sources of financing, such as the New Financing Initiative to Support the MENA Region.

*This summary is not an approved record.